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

Sub.: Transcript of Earning Conference Call held on May 2, 2022 for Q4 and FY2022 Financial Results

Dear Sir,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith transcript of earning conference call held on May 2, 2022 wherein audited Financial Results for Q4 and FY2021-22 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.

Yours faithfully,

For, Meghmani Organics Limited

(Formerly known as Meghmani Organochem Limited)



Jayesh Patel

Company Secretary & Compliance Officer

Mem.No:A14898



Encl: As above

Meghmani Organics Limited
Q4 FY22 Earnings Conference Call
May 02, 2022

Moderator: Good evening, ladies and gentlemen. I am Jacob, the moderator for this conference. Welcome to Q4 FY22 Earning Conference Call of Meghmani Organics Limited organized by Dickenson World. At this moment all participants are in the listen-only mode later we will conduct a question and answer session. At that time, if you have a question, please press '*' and '1' on your telephone keypad. Please note this conference is being recorded. I would now like to hand the floor over to Ms. Sonam Raghuvanshi. Thank you and over to you, Ma'am.

Sonam Raghuvanshi: Good evening everyone. I welcome you all to the Earnings Call of Meghmani Organics Limited for the Q4 FY22. Today, we have with us from the management represented by Mr. Ankit Patel – Chief Executive Officer; Mr. Gurjant Singh Chahal – Chief Finance Officer and Mr. Bharat Mody - Advisor-IR Strategy, Meghmani Organics Limited. 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 the forward looking statements. Any statement we make on the call today is based on our assumption as on date, and we have no obligation to update these statements as a result of new information or future events. I would now like to invite Mr. Ankit Patel Chief Executive Officer to make his opening remarks. Over to you, sir.

Ankit Patel: Thank you Sonam. Thank you very much. Good afternoon, everyone and a very warm welcome to the Q4 FY22 Earning's Call of Meghmani Organics Limited. Before highlighting the performance of the period I hope that you and your family members are all keeping healthy safe, and sound.

I'm pleased to inform you that for Q4 and FY2022, the company has delivered outstanding numbers. Our top line revenue has surge by 53%. Y-o-Y to nearly Rs. 2,500 crore. This was helped by higher capacity utilization, along with that improvement in volumes and realization from the Pigment and Agrochemicals business. The solid performance was a major achievement given that the year was riddled with a challenging business environment impacted by uncertainties caused by global commodity inflation, raw material price fluctuations, and supply chain disruptions.

Our gross profit registered a sharp improvement of 43.3% year-on-year. To reach Rs. 1,040 Crore while EBITDA margin improved by 35.5% to contribute nearly Rs. 380 Crore. Our PAT grew solidly by 66% and it has reached Rs. 308 crore. The rise in other income and decline in finance costs also contributed to further improving the company's results. On the balance

sheet front, company's debt to equity ratio stood at 0.34 as on 31st March 2022. The company's annualized ROC and ROE return ratios came in strongly at 19% and 23.6%, respectively. Our working capital cycle has also improved significantly from 113 days in last financial year to 76 days in 2022.

On our various CAPEX front, I'm pleased to inform you that the on ground execution work is on track as per plan. We expect commercial production to come on stream by Q2 FY23 for our Agrochemicals division expansion plan project. This will additionally contribute significantly to the top line of our company going forward. During Q3FY22 Meghmani Organics fast track its foray into the new product category of Titanium dioxide by acquiring Kilburn Chemicals Limited. This acquisition was funded through company's internal approval deploying Rs. 132 crore. We are doing CAPEX of Rs. 275 crore for commercializing the capacity in the first wave. This includes the acquisition cost of Rs. 132 crore. There will be Rs. 325 crore CAPEX for further capacity expansion in phase two. The Phase One capacity is expected to be commercialized in the Q3FY23 while the phase two is expected to be commissioned by Q3 FY24. This plant is expected to contribute around Rs. 700 to 750 crore to Meghmani Organics top line on a full financial year basis.

The addition of the company's Titanium Dioxide project represents an important diversification from our existing Tefine and base segments. In the coming years, this capacity addition will further strengthen Meghmani Organics overall margin profile and return ratios. In summary, I'm pleased to inform you that the company is performing well and is consistently producing strong numbers each year. We are confident to sustain this level of performance in the medium terms too. In fact, given our various CAPEX plan. Our companies should be able to double its revenue by FY25. In the meantime, we are continuing to the recommended sound and sustainable dividend despite the considerable CAPEX spent by the company in FY22. Our corporate governance continues to be the steadfast and efforts in protecting the environment and contributing to the society continuous unabated. Going forward we are squarely focused on sustaining our contribution to shareholders well, in the coming years with this, we would be happy to take any question you may have. Thank you.

Moderator:

Thank you very much, we will now begin with the question-and-answer session. Anyone who wishes to ask a question you may press '*' and '1' on your touch tone telephone. if you wish to withdraw yourself from the question queue, you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Aman Vij - Astute Investment Management. Please go ahead.

Aman Vij: Yeah sir my first question is on this guidance itself. You are saying from what Rs. 2500 core sales in FY 22. You are now targeting Rs. 5000 cores sales.

Ankit Patel: No, I think that was a misunderstanding. Let me correct it. So, in the year of 2021, we were at about Rs. 1,500 crore. At that time, we made an announcement that will be doubling the revenue by FY24 to Rs. 3,000 crores which will be Rs. 2,000 crore Agrochemical and Rs. 1,000 Crore pigment, so, we will try to achieve it maybe more in advance, but our target remains that we should be able to achieve our target well within the time limit so that is Rs. 3,000 crore.

Aman Vij: Sure sir, but given the FY22 performance shouldn't we be revising our estimates of those.

Ankit Patel: Yeah, we should be able to achieve it well before the time limit. So, this year has been very volatile in terms of the commodity prices as well as the other prices have gone up. So, there has been support from the pricing point of view as well. But on a long term basis if this remains constant then yes, we should be able to achieve it very well in advance.

Aman Vij: My question on the business side, so if you look at our Agrochemical side first, so if you can broadly talk about what is the segmentation of the three main insecticide categories to our revenue, like you had explained in, I think last call organophosphate, insecticide, neonicotinoid insecticide and pyrethroid insecticide. What is the contribution of these three Agrochemicals If you can talk about for FY22 And what kind of growth are we expecting in these three segments for us as a company?

Ankit Patel: Sure, so Meghmani, we have always been a pyrethroid based company and so pyrethroid product portfolio is always a strong product portfolio. Almost two thirds of our revenue comes from that segment and that will remain more or less in the same range I would say we are also adding some other products into the same basket. So, that can be increased in that product. It is relatively safe insecticide compared to neonicotinoids and organophosphate insecticide. We have some amount of organophosphate revenue as well in our basket as well as we have one herbicide which is 2,4D phenoxy herbicides so that is also contributing relatively good amount of revenue in our top line.

Aman Vij: Organophosphate will be like what 10 to 20%.

Ankit Patel: I would, say approximately 10%.

Aman Vij: Okay, neonicotinoid.

Ankit Patel: Neonicotinoid is less, but 24D which phenoxy herbicides would be about 20%.

Aman Vij: Sir, on this 24D side So, what was our utilization level for the full year as well as we what is our capacity now? Is this if you can explain.

Ankit Patel: So, capacity is 22000 tons. If you remember, we commissioned about flat in the last financial year. So, and we were expecting that after capacity expansion, we thought that for the first year we should be able to utilize the newer capacity by 50 to 55% followed by the third year we should be able to reach at about 80% plus, but I'm happy to say that first year itself, we have been able to utilize the plant by more than 75% capacity.

Aman Vij: Sure sir and if you can talk about the current pricing, what we heard are some Chinese players have come back so the pricing have come down, you can talk about this game.

Ankit Patel: See Chinese companies are already there in the 2, 4 D market. It was not like that they have come back, but depending on the demand as well as the market conditions point of view price keeps on varying. It went at very high level, which I think in the history nobody has seen that kind of rise in the last financial year, but yes, it has come to the reasonable level it has come down.

Aman Vij: It is around \$3.5-\$4 now.

Ankit Patel: You can say that about \$3.5.

Aman Vij: Sure sir and on the MPP site if you can talk little bit. Will you be introducing mostly insecticide and the pyrethroid insecticides or we are focusing on some other products or herbicides

Ankit Patel: So, a lot of people ask us this question, but we would like to keep it confidential for the time being because we are coming with some new generation products, which are going to be either manufactured by a multinational company in India or not being manufactured. So, we will be typically the second runner after that. So, relatively new product better chemistry, so from the business perspective, we are keeping it low profile. So, once the plant is commercialized/ commissioned will be announcing the kind of the products we are coming up with, but for the time being I can say it is all insecticides.

Aman Vij: My question is on Agrochem side and then one question on the Pigment side sir what do you expect the base business to grow without the new product? So, we have a base of 1700 crore now, what should be the growth in this phase

Ankit Patel: Aman bhai the thing is you know, the growth will come definitely, you know we are expecting very high amount of growth in coming year. So, if we do not add the new products then growth remains little low, so definitely in the existing production, there will be some amount of growth, but the major growth will be coming from the new products.

Aman Vij: So, base business. It is correct to assume like 5% to 6 % kind of growth or even lower.

Ankit Patel: No 5%, 6% is too low. We expect little more than that at least 10% stuff, but just a minute. So, 5 or 6 % would be too low. Definitely we'll have small growth in the existing product, but the major growth will come from the new product segment.

Aman Vij: Final question on the Pigment side so on Titanium Dioxide there are a number of global players who have like 5 lakh tons to 10 lakh tons kind of big capacity four-five players each. So, how will we compete with them? What is their import landed price. Are we thinking of getting some antidumping duty? What are your thought process on this game.

Ankit Patel: As far as the Titanium dioxide is concerned the market is huge and that is KEEP ON expanding mainly because of the expansion in the paint segment and India import more than 200,000 tons of Titanium dioxide approximately so the demand is already there. The global players which are there in Europe, US in other markets. Now in current time when the situation in terms of the logistic cost is very high, the utility cost is very high. So, we are going to cater firstly to the Indian market so we'll have that first advantage. Second thing definitely there is a duty on titanium dioxide depending approximately 7.5%. So, that is not an issue. And we have done the calculation even on without duty basis and our calculation says that we should be able to complete with a global player there should not be a much problem.

Aman Vij: Even if our capacity will be much, much smaller than big giants you think we can compete and win market share.

Ankit Patel: Yes correct.

Aman Vij: You have already spoken to customers and do we have some kind of order book of this product since it will be coming only be Titanium dioxide.

Ankit Patel: No yes our customer knows that we are coming in Titanium dioxide. We have acquired the company. They know very well they are very happy with that and they are they are going to add us as one more product basket point of view and so it is going to help us definitely and as of now because the plant has not started so we do not have any order booked. Once we will be commercializing the production, we will have a stable production at that time we will go aggressively on the marketing, but as of now we have started discussions with the various customers.

Aman Vij: On the Inventory side, receivables have gone up a lot this year. What is the mix of inventory finished goods, say raw materials and what are the thought process of saw reducing it?

Ankit Patel: In current time, you know when the prices all the raw material prices are up. At the same time the logistics time cycle has increased. Every company, I would say inventory has gone up meet at the raw material level at WIP level at the same time finished goods level. So, we are in the same segment where we have expanded the capacities over requirements for the raw

material has gone up. The WIP portion has also increased because of the capacity. At the same time what was done over our top line has also increased. So, because of all these factors that has been significant increase in working capital and mainly at the inventory level and going forward, the base has already been made. So, it will improve in coming days. It will not increase further.

Aman Vij: On receivable sir.

Ankit Patel: Yeah the same way because the sales moment sales goes up the receivable also goes up and typically in the Agrochemicals market there is a credit policy. So, yes, the receivable cycle has also gone up.

Management: Just to add what Ankit said because you know due to global chain disruption. So, there is increase in cycle time on both ends. So, the raw material side also and finished goods also so in our sale where the CIF sale is there stock targets inventory goes up so that is also one sector which says increase inventory.

Moderator: Thank you. The next question is from the line of Rahul Veera from Abakkus. Please go ahead.

Rahul Veera: Just wanted to understand like you made a comment that there was some kind of a price increase which has helped in creating the delta you know. So, what if the price normalizes. Will we continue with the 800 Crores, or it will sharply come off like again, it will be back to Rs. 700-750 crores of top line quarterly.

Ankit Patel: Rahul definitely global situation if we see that every company for every raw material, we are seeing the new levels currently. It has gone up drastically in basic chemicals be it every other commodities and if at all it will comes down, then it will not go to the original level everything will have a new base now. Be it a logistic cause, be it a utility cause, be it a raw material. So, we don't see that drastically It should go down. At the same time in the near future, we don't see the things going back to normal very soon. So, it will be there for quite some time. At the same time, our own growth into the new projects will also drive a good amount of growth. So, we don't see the things going down.

Rahul Veera: Right. So, this new MPP plant that we are talking about it is coming in June. Is that correct? Or is there some delay?.

Ankit Patel: We hope to commission the plant by end of Q2 FY23. So, we hope that by September we should be able to commercialize.

Rahul Veera: So, H2 FY23 the Titanium Dioxide capacity plus MPP Plant show growth. Is that correct?

Ankit Patel: Yeah, so Titanium dioxide, Kilburn Plant we hope to commission first phase by December. So, we'll have probably Q4 for the Kilburn Chemicals that is Titanium Dioxide for the agro chemicals I think we should have nearly four to five months' time.

Moderator: Thank you. The next question is from the line of Hemant Gupta with Navich Data Analytics. Please go ahead

Hemant Gupta: Sir first of all congratulations for excellent results. And my questions are regarding backward integration in last concall. Ankit ji you mentioned that we are trying to get backward integrated in most of the key products. I mean you mentioned probably apart from one or two backward integrated, so I just want to understand where we stand on that and in the similar question like that new products if we are coming up in agro chemical are would backward integrity in that.

Ankit Patel: Yes, for the majority of our current products we are already backward integrated. And yes, the moment I mentioned in my last con call that we will be further backward integrated that is the purpose that in the new project which we are doing about 300 Crore plus CAPEX in the agro chemical division. The product which we are bringing I would say majority of the products we are coming with about five products. Out of five products, four products we are going to be backward integrated.

Hemant Gupta: Thats excellent sir thank you very much and the another question is just to understand once we say that we are backward integrated, would that bring benefit in terms of supply shorts. Is it some cost benefit also effective to us.

Ankit Patel: Definitely the cost point of view. It should help, but apart from the cost we look at it from the sustainable business growth point of view. Because we are more into exports business our customers always look at Meghmani as how sustainable we are. Because, if we are dependent on somebody else, or let's say China then my customers in the overseas market will not like it. So, to have a strong fundamental growth and base, we have to be backward integrated that helps in the future growth plan and definitely to some extent it definitely helps in the costing also.

Hemant Gupta: Thank you Ankit ji my last question to you like with specific pesticide products case you can tell, which is still not backward integrate from pesticides perspective.

Ankit Patel: I would say you know the products where we don't have a significant volume or if we are targeting from the Indian market perspective and then there are chances if we don't have bigger volume we don't go for the backward integration. But for the products where we have a big volume and long term planning we always go for the backward integration. So, I would say today, more than 85% of our Agrochemical revenue is a backward integrator.

Moderator: Thank you, the next question is from the line of Dr. Amit Vora. From the Homeopathic Clinic. Please go ahead sir.

Dr. Amit Vora: My question is that Pigment side. The margins of FY21 were 18.1% and FY 22 is 9.3%. So, do you see margins improving on the Pigment side further as still 9.3% is almost 50% less than eight 18.1% of FY21 on the pigment side.

Ankit Patel: The thing is, you know the pigment, typically Phthalocyanine based Pigment where we are present. Typically the margin varies in the range of 12 to 14%. Last year was one of its kind where the market conditions were is very, very favorable, raw material prices were very low, so the margin improves from in the range of about 12 to 13% it went up to 18% so at that time also we mentioned that this 18% is never sustainable. We are getting the market benefit in this situation. This year, yes, it has come down drastically because of the pressure in two areas in raw material as well as the logistic cost. That is major problem even in current situation, there is some pressure, because the heavy raw material price increase. We have been trying to pass it on to the customer and we are very confident that in the coming quarters it should improve.

Dr. Amit Vora: Any idea to around what level it can come to 12% to 13%

Ankit Patel: In this current situation is even more volatile than the last year. So, it is difficult to predict. But we have been very vigilant and continuously discussing with our customers and about the cost increase is about the raw material price increase. And we have been doing quarter-on-quarter. So, it may take one or two quarters more but in the long run it will come back to normal level.

Dr. Amit Vora: Okay. one more question. sir, you have said that our revenue might double by 2025. So, Rs. 2,500 crores in current year to around Rs. 5,000 crores in 2025 So, just a roadmap of what products how much from pigment division, how much from agro chemical division, do you see in 2025.

Ankit Patel: I'm sorry, you know, I clarified to in the first question also, I'm clarifying again, that you know, in the FY2021 We were at about Rs. 1,500 Crore. At that time we come up with a three years vision that in the three years will be doubling our topline from Rs. 1,500 crore to Rs. 3,000 crore and we started doing various project in that line and we are also very much committed to achieve the Rs. 3000 crore top line before FY24. Looking at this year's number it looks that we should be able to do it much more in advance and that would be our target. So, once we achieve Rs. 3,000 crores plus top line after that will be again announcing our three more years vision where we will be reaching both in Agrochemicals as well as in pigment.

Dr. Amit Vora: Okay, did I miss year that the revenue will double by mid-2025.

Ankit Patel: No that was miscommunicated by me so I'm correcting it.

Dr. Amit Vora: Okay, any risk and any foreseeable risk in both the Agrochemical and Pigments section. Do you see.

Ankit Patel: There has been some pressure in terms of raw material price increase volatility because of the global situation and it has been very challenging coming days and times are very challenging. But we like it and it gives us the challenging time helps to improve your performance. So, we keep on working on that and improvise our performance. So, let's see how we go further.

Moderator: Thank you, the next question is from the line of Yogansh Jeswani from Mittal Analytics. Please go ahead sir.

Yogansh Jeswani: Sir, two questions on Titanium Dioxide business that we are proposing to start. So, I think Kilburn Capacity has shared for very long time. Are we facing any issues in streamlining the production of what is the kind of response that you are getting in setting up of plant. any progress that would be appreciated.

Ankit Patel: Yeah so definitely we acquired this asset Kilburn Chemical, it was not running. So, once the chemical plant is not under operation if you want to restart there are some challenges. At the same time, we need to take all the government approvals again because we acquired it from the NCLT. So, we are taking all the approvals again, certain approvals were already available, but we are already doing along with the first phase we are doing Capex for the second phase also. So, whatever remaining approvals are also there we are taking all those approvals. We want to have the plant as per the Meghmani standards. Current plant was not as per our standards so, it will take some time to upgrade it and bring it to the operation

Yogansh Jeswani: Okay sir once you start the production from there what is utilization that you are expecting post commercialization.

Ankit Patel: There is some disturbance can you repeat your question?

Yogansh Jeswani: I think the time of starting the commercial production. What is kind of utilization your expecting in the Q3 or Q4 that we start.

Ankit Patel: Yeah. So, when we start in the Q4, Q3 we plan to commission the Plant. So, initially the utilization is going to be challenging, but for the first year we expect that we should be able to utilize between 55 to 60% and later on we have a target to go above 80%.

Yogansh Jeswani: Okay understood, sir there was also an announcement by running a loop trying to set up another Titanium Dioxide Plant. So, any one process from you how you look at this competition, you'll see there is enough place in the Indian market for another player to come

in, especially when we are doubling our capacity and there is enough capacity globally, which is also get into Indian markets. How do you look at this new competition given the fact that Adani is very aggressive whenever they are

Ankit Patel: Yes, we also got that Adani is planning to enter into Titanium Dioxide and definitely we are nowhere near to Adani. They are very large conglomerate and the kind of Capex on the product they will be coming up with we don't know as of now, but the information what we have currently that they are coming with a petrochemical complex, where they will be putting up the PVC caustic chlorine everything in Mundra and sometimes what happens to they want to have integrated campus. So, to utilize the chlorine or some other commodity they might be putting up a Titanium Dioxide Plant. But when they are planning to put a plant from the zero level, so I think it will take at least three to four years' time for them to enter.

Yogansh Jeswani: There is no other asset like Kilburn available in the market or is there still any other asset available.

Ankit Patel: See there are two-three other plants which are in South India, Kerala mineral, Tuticorin

Yogansh Jeswani: I think the two plants that you mention are fairly operational right. I think something like Kilburn which is available on the block for sale. Is there any other asset in India now

Ankit Patel: Titanium dioxide you mean to say. No, as of now apart from this there is no other asset available for Titanium dioxide.

Yogansh Jeswani: Okay just the two other companies which you mention right.

Ankit Patel: Yeah, at the same time, the Adani which you have mentioned, they are coming into not exactly Titanium Dioxide, but they are coming Titanium Slack. So, my assumption is they may go for a Titanium metal in the long term from Titanium Slack.

Yogansh Jeswani: Okay, but then again that are three or four years down the line so we still have time to figure out.

Ankit Patel: Yeah, definitely.

Yogansh Jeswani: Sir overall you did mention about the Pigment business having faced some challenges so going forward how do you look at the industry standing out. Do you still cease this pressure and pain to continue for say next year or so or do you demand coming back and where exactly you seeing this pressure coming from is it lack of demand or is it there some new capacities which are pushing in the market?

Ankit Patel: The major pressure is because of the input cost which is raw material like urea, phthalic anhydride, copper sulfate and everything and prices of this raw material have increased

drastically and it is not coming down in the near term so that is one of the major factor. At the same time when we try to increase the price of the segment beyond certain limits very significantly then the demand gets impacted because the customer cannot absorb that kind of price increase. So, this is the transition phase slowly, gradually the industry is trying to pass on the price increase to the customer and so it will take some time maybe one or two quarters, but in the long run we are very confident that it will go back to the normal margin like earlier days.

Moderator: Thank you. The next question is from the line of Manan Shah from Moneybee Securities. Please go ahead.

Manan Shah: I just had one question there was a news in some Gujarati newspaper regarding some penalty on our company for disposal toxic waste or something, in you can research somewhere in February if I can recollect, so can you update what was this regarding and have we provided for this penalty and any further action that has been taken against our company?

Ankit Patel: It was not just against one company it was for the whole industrial area for various companies and industry all put together as an association they have gone to the ministry as well as to the pollution control board this was regarding what happens typically if I give you little bit more in detail idea during the monsoon time industries are not allowed to dispose off the solid waste because of the monsoon. The solid waste disposal site remains closed for four months. So, nobody is allowed to dispose it off. So, you have to store it in your factory properly. Last year what happened the rain got elongated little bit during the end season. So, the solid waste site remained close instead of four months they were close for almost 6 months. So, the accumulation at all the factories even apart from Meghmani also the accumulation took place in every company plant and everyone was talking that please restart this site so that we can dispose it off properly and during the same time they visited and they saw that there is a lot of solid waste accumulation and without any reasoning they started penalizing everyone and there has been strong representation made by the industry to the ministry as well as to the government department and they have considered it. So, far nobody has paid even a single rupee and it is not going to happen in near future if at all we need to fight in the court then we will fight, but as a legal point of view every company is in the safe mode nothing to worry.

Participant: Secondly on the titanium dioxide we were earlier planning to commission this plant by end of Q2 now it seems there is a delay of another 3 months, so any specific reason for this?

Ankit Patel: No we announce Q3 only from the first phase only we said that we will be commercializing the plant in the Q3 of FY23.

Moderator: Thank you. The next question is from the line of Amar More from Alfa Equity Advisors. Please go ahead.

Amar More: Couple of questions, number one is it like in the whole year as a whole you would be having like 50% kind of volume growth in the agro chemical and around about 20% kind of volume growth in the pigment business, is this a right number?

Ankit Patel: That is correct it is the right number. So, when we compare it with the previous year there are two factors what has happened in the previous year because of the COVID beginning it was a proper COVID year at that time the plant utilization was less which has gone back to the earlier level. At the same time we also expanded the capacities so that also has in the volume growth.

Amar More: I believe in the agro chemical , the 50% volume growth, bulk of the volume growth would also come from your new foot to **2,4-D** expansion?

Ankit Patel: Yes.

Amar More: As you indicated that 2,4-D expansion and utilization was basically very fast then your expected timeline now the next CAPEX which you are talking about into the MPP this would be around something around 1,600 to 1,700 metric ton kind of a capacity again?

Ankit Patel: the capacity for the new plant you are talking about?

Amar More: Yeah MPP plant?

Ankit Patel: MPP plant capacities so far we have not announced in the market. So, we would like to announce it when we are commercializing the plant along with the product names.

Amar More: So, what I was trying to understand like 2,4-D despite being a new product we have been able to utilize the plant at a very early timeline. Secondly now this the new CAPEX which you are doing is more of a unique kind of a CAPEX, so should we expect that by FY24 you should be able to utilize like 70% to 75% of your plant?

Ankit Patel: Because 2,4-D we were there in the market since last 10 years we already had some capacity. Agrochemical is a registration oriented business. So, you need to have a registration of the product and in various market more the registration more the customer base, more the product you can sell. So, because of our 10 years of experience of 2,4-D we were having a reasonable amount of the registration in various markets. So, the moment we expand in the capacity we were sure that we should be able to cater to all our customer with the new registration base and that is what has happened in the case of 2,4-D. Now with the new product line which we are coming in the multipurpose plant over there these products are completely new for us as well as these are relatively high value products. So, normally what happens this company other company what they do want they put up the plant then they generate the data then they do the registration. So, even after putting up the plant utilization

does not happen at very fast level. In case of Meghmani we started doing it parallelly while putting up the plant we parallelly generated the data, we already submitted in various market to obtain the registration and we are confident that we should be able to utilize the plant at the fair capacity in the coming days time, but it will not ramp up as fast as 2,4-D capacity it will take some time for sure because these are new products.

Amar More: So, normal tenure you are saying is three years?

Ankit Patel: Correct.

Amar More: So, first year as you said that 50%, 55%, second year would be around 65% to 70% and then reaching to the 80%, 85% capacity?

Ankit Patel: Correct.

Amar More: Secondly, you know in terms of your margins I believe in this quarter you had also seen a good amount of price increase both in your agro and pigment business on a year-over-year basis, so this kind of margin is now likely to sustain going forward. I am saying Q4 exit margin of agrochemical and you will see some improvement in the pigment business again so this kind of margin at 18% kind of a level at a consolidated number is sustainable now?

Ankit Patel: If we just go by quarter-to-quarter then it would be difficult because what has happened that the Russia, Ukraine situation at the same time the China again COVID wave situation all these came in the end of Q4 March was a peak for the war kind of situation where the commodity prices have started going up be it crude, coal, natural gas . So, the impact of this all the raw material and everything has started coming up in the Q1. So, it is going to be difficult to have or to maintain that kind of margin in the Q1, but yes as a year as a whole we will try to regain because we are very hopeful that this kind of situation may not last long. So, on an average it should be better, but if you look at immediately Q1 may be difficult.

Amar More: I believe your other income in this whole year had come up at around Rs. 96, 97 crore and out of that what kind of the normal run rate we should assume for FY23?

Ankit Patel: Out of this Rs. 96 crore there were some one time entries were there I would say about Rs.25 to 26 crores where the one time entries were there apart from that there was big gain which was FOREX gain because of our export exposure and our export is always going to be there. If dollar keeps appreciating then there will be margins and there will be other income for sure because of that. So, you can consider out of Rs. 96 crore at least Rs. 26 crore were one of its kind situation which is not permanent otherwise Rs. 70 crore was more or less mainly because of the export and other factors.

Amar More: And out of that like you said Rs. 26 crore is one off and out of that remaining how much could be the FOREX gain?

Ankit Patel: Rs. 45 crore was the FOREX gain. Excluding the dividend actually this is on RPS.

Amar More: That you are saying is the dollar appreciate that will come I mean this is the rupee dollar gain?

Ankit Patel: Yes you can say that.

Moderator: Thank you .The next question is from the line of Alisha from Envision Capital. Please go ahead.

Alisha: Firstly I just wanted to understand in the pigment segment we are at about 90% capacity utilization is this the peak or is there scope for us to grow in FY23 also for volume growth?

Ankit Patel: For the pigment green and pigment blue we already had good capacity utilizations. So, there is not much scope so that is why for the pigment division growth point of view the major growth will come from the titanium dioxide segment.

Alisha: Which will come on stream from H2 of FY23?

Ankit Patel: Correct.

Alisha: And in the agrochemical business at 80% that is obviously scope for us to continue volume growth till the MPP plant comes?

Ankit Patel: Yeah definitely and at the same time we also keep on doing small, small debottlenecking in the agrochemical plant. So, that helps in increase in the production at the same time the major growth will come from the new plant for sure.

Alisha: And what is the CAPEX were doing for the MPP plant?

Ankit Patel: Approximately Rs. 310 crore.

Alisha: Which will also come towards the end of this year and what is the kind of asset you were expecting on this plant?

Ankit Patel: On the full year of operation basis we should be able to generate revenue of close to Rs. 600 crore plus.

Alisha: And just a clarification the volume growth in the agrochemical segment was mentioned as 30% or 50%?

Ankit Patel: It was 50%.

Moderator: Thank you. The next question is from the line of Hemant Gupta from Naviz Data Analytics. Please go ahead.

Hemant Gupta: Just want to understand little bit around bio pesticides, I mean the country in which we export do you see bio pesticide as a sort of a challenge to us from the industry perspective, do we see ourselves going into that direction anytime soon?

Ankit Patel: Bio pesticide I would say the market compared to the conventional pesticide, synthetic pesticide is very small. It is a good thing like if we compare in pharma like what we have homeopathy versus Allopathic. So, you see the similarly the market will always remain big for this segment our side of the product, but yes the bio pesticide market will also grow. As of now currently I would say there are many players in the market, but not all of them are regulated player. There are lot of irregularities into bio pesticide by adding conventional product they sell in the name of bio pesticide so it unnecessary spoils the name of the agro chemical industry. So, the moment the government makes it regularize at that time it will be more matter and that is what government is working on. As of now we are not thinking in a big way into bio pesticides we are not at all there, but maybe in future if the things are good we can think of entering into it, but as of now no.

Hemant Gupta: Just one more small question in terms of there is lot of talk about some pesticide brand etcetera across the world, do you see ourselves getting affected in near future in one or two year timeline by end user to proposed them around face-to-face?

Ankit Patel: So, definitely lot of products is getting banned globally in different market probably in India. As a Meghmani this products are getting banned based on the toxicity. So, there are toxicity triangles. So, the red triangle products are the most toxic product. As Meghmani we are not manufacturing a single red triangle product. We do not sell a single kg of red triangle basket. So, we were having few products, but in the year of 2018-2019 we discontinued all of them. So, as of now we do not have any revenue coming from the red triangle product so that is the biggest advantage. Second thing the pyrethroid range of product what we are manufacturing are relatively safe insecticides where we have a sizable business and we do not see any problem coming in our current basket so there is not any issue.

Moderator: Thank you. The next question is from the line of Hemant from Rajeshwar Capital. Please go ahead.

Hemant: In the last conference call you had mentioned that you are looking forward to announce one more round of CAPEX for your Agrochem division, so any update on that sir?

Ankit Patel: Definitely we are already working on it. Our plan is the moment we commercialize the first phase of multipurpose plant at the same time we would like to start with the second phase of expansion. So, the detailing is going on we hope the board approval in the coming days' time. So, I hope that probably in the first quarter concall and maybe after that we should be able to announce that.

Hemant: And sir this Rs. 16 crores dividend which was about to be received from Meghmani Finechem, so is it accounted in the other income this quarter or is it yet to be received or accounted for the next quarter?

Ankit Patel: We have done the provision so it is as a part of other income so we are yet to receive it.

Moderator: Thank you. The next question is from the line of Navneet Bhaiya an Individual Investor. Please go ahead.

Navneet Bhaiya: Sir you have added about Rs. 350 crores of gross block in FY22 I believe of that Rs. 130 odd crores is to all the Kilburn Chemicals Plant that you have taken over, can you give details of the remaining, is it pertaining to the new chemical Agrochem complex that you are building which is expected to come in Q2?

Ankit Patel: That is correct.

Navneet Bhaiya: What is the remaining CAPEX lined up for FY23 as in what is the total amount you are expected to spend of the announced projects?

Ankit Patel: So, even in this FY23 also we will be doing a CAPEX the remaining CAPEX which is left for the agrochemical complex that we will be completing in this financial year. Apart from that some small routine CAPEX we will be doing in our existing plants where we will be upgrading the facility where we will be putting up some facilities to improve the safety environment norms and everything, ongoing projects will be there worth about Rs. 65 crore. So, approximately Rs. 300 crore worth of CAPEX will be there in the Meghmani Organics Limited apart from that we will be doing the CAPEX into Kilburn Chemicals also.

Navneet Bhaiya: So, a total consolidated CAPEX of about Rs. 400 crores, 500 crores for the year?

Ankit Patel: Approximately 450 crores.

Navneet Bhaiya: And your EBITDA for this year was about Rs. 370 odd crores, so we are looking to maintain our debt level if we can maintain our EBITDA or do you see it decreasing or increasing over the year?

Ankit Patel: Yeah definitely our aspiration would be to increase the EBITDA and the way we will be growing in top line the EBITDA will also improve and on an average EBITDA margin will be in more or less same range.

Navneet Bhaiya: I was talking about the debt level sir so we are at about?

Ankit Patel: Definitely for the Kilburn projects we will be taking some debt and also for the existing, but as we have mentioned that we will be maintaining the debt to equity in the range of nearly 0.5. We will try to maintain it more or less in that range.

Navneet Bhaiya: When can we expect you to come out with your new guidance because Rs. 3,000 crores is not very far of where we are already I totally appreciate your points on the price fluctuation and everything, but do you expect to come out with a fresh guidance in the next couple of quarters or something like that?

Ankit Patel: Definitely we would like to announce it by the next year for sure maybe we should be doing it in this year onwards whenever we will get a chance maybe in next two or three quarters we should be able to announce it.

Moderator: Thank you. The next question is from the line of Aman Vij from Astute Investment Management. Please go ahead.

Aman Vij: My question is on this we have talked about you are getting to get this responsible care in FY23, so any firm target in terms of which quarter are we targeting this?

Ankit Patel: The work is going on already and normally they come for the inspection that did not come for the inspection. We hope that will be visiting probably in the third quarter of this financial year and if they will find everything okay then we should have it by end of this financial year.

Aman Vij: And if we get this what kind of additional benefits do you think we can get are there any geographies or companies which only accept responsible care products so if you can talk little bit about the same?

Ankit Patel: Definitely it is a very prestigious certificate and moment you have it, it shows the responsibility of the company towards environment, health, safety for their employee for the society everyone. Globally the big companies and your customer base take it very positively at the same time the SEBI has come up with a ESG guidelines that first 1,000 companies listed in India has to do ESG compliance and they have to do the ESG reporting. So, this responsible care is one of its path for the ESG. So, we were not knowing that SEBI is coming with such kind of guidelines, but this RC approval will help in a big way for the ESG certification also.

Aman Vij: I was talking about ZLD and there were lot of issues in say other chemical companies in this agrochem space in the last couple of quarters, so what are we doing to avoid such kind of issue with our number?

Ankit Patel: See frankly speaking scientifically we people talk very good things about ZLD zero liquid discharge, but we have been discussing with the pollution control board, with the ministry of environment and forest and that has been scientifically improve that if you want to make a zero liquid discharge practically there is nothing called zero liquid discharge and if at all you do zero liquid discharge then the cost is very high and apart from the cost you are converting one pollution into other pollution. What is zero liquid discharge? It is basically let us say the water affluent you vaporize it you burn it. So, to do that you need to have a steam or you need to have a power so that will be again you will be generating from the coal. So, you will be converting one pollution into other pollution. At the same time while burning the water you will have some residue at the end that will be the solid waste. You need to again dispose it off. So, it is basically converting one affluent into another affluent you cannot make it zero it is not possible. If you burn it then there will be air pollution. So, that has scientifically been as a Meghmani we have already been doing it whatever best possible we do it, we call it water conservation policy you cannot make it zero, but you need to keep on improving it by reducing the water consumption, by recycling it and that is what every year we submit it to the different departments.

Aman Vij: On the contract manufacturing side if you can talk about what were the contribution in FY22 and are we targeting to make this segment big?

Ankit Patel: As a Meghmani we are not a pure contract manufacturing company reason is we are already there one our own into various markets. So, in a way we are already competing with certain companies so they do not come to us for the contract manufacturing, but with the kind of the assets we are coming up with and lot of companies are looking at the China plus one strategy they want to have the good asset available in India market. So, there could be good opportunities in the coming days with our new CAPEX which we are coming up with.

Aman Vij: So, can you it become like 10%, 20% of our Agrochem revenue are we targeting something of that sort?

Ankit Patel: I cannot comment more in that segment. We do win certain contract manufacturing, but I cannot disclose much information about it, but if there is such contract if we come up with any other business where we do not have confidentiality with our customer then we can disclose it.

Aman Vij: Final question from my side so in the agrochemical sales Rs.1,700 odd crores, so if you remove the 2,4-D for sure what was the volume growth and value growth in rest of the business in agrochem?

Ankit Patel: I need to calculate that because I have not calculated it separately apart from 2,4-D

Aman Vij: If we can talk about pyrethroid group how much was the volume growth for the group?

Ankit Patel: Volume growth for the agrochemical right so it was about 50%.

Aman Vij: Agrochem numbers are there I am talking about this specific group in pyrethroid group?

Ankit Patel: So, that is what I am saying I have it the complete group number so I have to calculate it separately apart from the 2, 4-D what is the actual growth. So, about 10% to 15%.

Aman Vij: So, it will be similar broadly?

Ankit Patel: Correct.

Moderator: Thank you. The next question is from the line of Jayesh Shroff from Cask Capital. Please go ahead.

Jayesh Shroff: My question was pertaining to our investor in preference shares of Meghmani Finechem so this is real long-term investment I believe it is spread over more than 15 years, so we have an aggressive plan of growth CAPEX everything, so any thought process that we have in terms of monetizing this large investment that we have?

Ankit Patel: I think when we did that it was for a very long-term perspective at the same time both the companies Meghmani Finechem is also having a good amount of CAPEX cycle. So, it will not happen immediately in near future, but I think internally we will discuss and once we have some plan we will be announcing for the interest of the existence.

Moderator: Thank you. The next question is from the line of Amar More from Alpha Equity Advisors. Please go ahead.

Amar More: So, when you see that the margin in this quarter was basically like not likely to sustain, but ideally this commodity inflation is there from last three, four quarters, but still you have been able to maintain a good healthy margin at least in the agro chemical side, so I am just trying to understand the historical trend is likely to sustain?

Ankit Patel: We would like to maintain it, but I am just giving the scenario what is happening in the market. We have seen couple of other companies results also where the margins have been under pressure. So, we will always try to have a better margin that would be our aspiration and we will work towards that, but it is always we need to be little cautious so just giving some idea.

Amar More: so are you saying the pressure is more from the synthetic pyrethroid chemistry?

Ankit Patel: I am not saying this product wise, but in general if we talk in general situation where the basic commodity prices have gone up drastically, the solvents prices have gone up drastically and situations are not improving in near future. Initially when the Russia, Ukraine war kind of situation was there so there was a prediction that the situation will become normal very soon, but only two months have been passed and nothing has been improving. So, looking at this situation the cost overall is keeping up at the same time we also try to pass it on to our customer base. So, that is the ongoing exercise so there may be some gap. So, that is why I said that on a long run it will be better as an average, but there may be a gap for about one or two quarters.

Participant: But as a year as a whole like you close the year at a 15.1% kind of EBITDA margin even as a whole we will be like up right on the year over year basis?

Ankit Patel: Definitely that would be our aspiration.

Moderator: Thank you. The next question is from the line of Naresh Vaswani from Sameeksha Capital. Please go ahead.

Naresh Vaswani: Sir my question is in agrochemicals your capacity has increased by around 18,000 tons in FY22 out of that 10,000 would be relating to 2,4-D capacity, can you tell me the remaining capacity which project has added that and second question is on the margins per kg or per ton margin of agrochemical segments so despite the cost are going up this year you have improved the per ton EBITDA, so what is driving that is this the product mix change or can you explain what has driven that?

Ankit Patel: The first question you asked about the 2,4-D and the other product capacities the other product capacity where there has been increase is a pyrethroid segment and the second question you asked about the margin per kg. So, we do not calculate margin per kg as a basket of agrochemical, but from product-to-product it can vary. In this financial year the margin was better in certain products like 2,4-D the margins were better, some other products also the margins were better we changed some product mix. So, we always keep on doing that and we analyze the market well in advance wherever there is an opportunity we take the advantage of it, be it a raw material kind of situation, be it a market kind of situation and that is what in the volatile time if you sit idle then you will have a tough time, but if you be vigilant and keep the market trend then you can always take advantage of it and that is what we keep on doing.

Naresh Vaswani: There was a formulation in capacity which also came this year, so what was the volume of that capacity?

Ankit Patel: Again, the formulation capacity expansion we have done it from the long term perspective where we have a vision to expand our formulation business in a long run basis and we have

added good amount of capacity. So, there the utilization might be low in this financial year, but by doing small CAPEX you can keep on doing the expansion.

Naresh Vaswani: So, I was asking the capacity in what was the capacity which were added?

Ankit Patel: About 13,500 tons.

Moderator: Thank you. The next question is from the line of Krishna Agarwal from Niveshaay. Please go ahead.

Krishna Agarwal: My question is that you mentioned about the group Organophosphate contribute about 10% of revenue and in that group the pesticide named Chlorpyrifos is being banned in many countries and in the banning list in India as well and I read it somewhere in the annual report that it contributes around 320% back in 2020 and also the group contributes around 10%, so do we see any threat from this seeing that banned in most of the countries are export oriented only?

Ankit Patel: We have not just Chlorpyrifos in our basket. Chlorpyrifos is a very small in our basket we have Profenofos, Chlorpyrifos and some other small Organophosphate products in our baskets and Chlorpyrifos you rightly mentioned that it is having pressure in certain markets, but still it is widely used product in India in many more other market like US, Brazil, Argentina varies in the market. So, it is not going to be banned very soon and but at the same time as a Meghmani we are not expanding further into Organophosphate segment. It is being 10% as of now and the moment we will be heading other products this percentage as a file will go down slowly, gradually. We are not going to expand into Organophosphate in a big way.

Krishna Agarwal: So, basically pyrethroid range will become even bigger than because the new products are going to be from the pyrethroid range only?

Ankit Patel: Pyrethroid range as well as some other new range of products also.

Moderator: Thank you. As there are no further questions I now hand the conference over to Mr. Ankit Patel CEO to make his closing comments.

Ankit Patel: Thank you everyone for your valuable time and joining us for this conference call. Thank you very much.

Moderator: Thank you. On behalf of Dickenson World that concludes this conference. Thank you for joining us and you may now disconnect your lines.