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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 February 10, 2025 to discuss Q3 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 February 10, 2025 to discuss Q3 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  
Q3 FY25 Earnings Conference Call”

February 10, 2025



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

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

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

I now hand the conference over to Mr. Aman Jain from Arihant Capital Markets Limited.

**Aman Jain:** Thank you. Good morning, everyone, and welcome to the Q3 and nine months FY25 Earnings Conference Call of Meghmani Organics Limited. On behalf of Arihant Capital, I would like to thank the management for giving us opportunity to host the call.

Today from the management, we have Mr. Ankit Patel, Chairman and Managing Director of the company. We have Mr. Gurjant Singh Chahal, Chief Financial Officer; and we also have Mr. Nishant Vyas, Investor Relations. So without further ado, I would now like to hand over the call to the management for the opening remarks.

**Ankit Patel:** Thank you, Aman. Good morning, everyone, and thank you for joining us on our Q3 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, I'm pleased to share that our core segments, crop protection and pigment are getting back on track, reflected by their improved performance in recent quarters.

Both the segments reported positive profitability primarily due to improved product mix during the quarter, coupled with the positive momentum in the demand recovery that we are witnessing from Q2 FY25.

On standalone basis, in Q3 FY25, revenue from operations reported robust growth of about 62% Y-o-Y to INR 558 crore, while our EBITDA grew to INR 60.4 crore, compared to a negative EBITDA of INR 0.4 crore in the same quarter previous year. Our profit after tax stood at INR 30.2 crore against a loss of INR 27.2 crore in the same quarter previous year.

If I talk about the revenue mix in Q3 FY25, crop protection constitutes about 74% of the total revenue, while the balance 26% comes from the Pigment segment.

Now let us look at our segment-wise performance in Q3 FY25.

In Crop Protection segment, production stood at about 10,700 metric tons, up by about 12%. Capacity utilization for the segment stood at about 78%, and the revenue from the segment was up by 72% Y-o-Y to INR 410.5 crore while the EBITDA grew to INR 61 crore from INR 5.1 crore in the corresponding previous year quarter.

For Pigments segment, production stood at about 3,900 metric tons, up by 21%. And the capacity utilization for the segment was about 48%. The segment reported revenue of INR 147 crore, up by 40% Y-o-Y, and EBITDA grew to INR 5.2 crore, compared to INR 0.9 crore in the corresponding previous year.

For the nine months ended 31st December 2024, revenue from the operation was up by 32% to INR 1,501 crore. And EBITDA grew to INR 115 crore against the negative EBITDA of INR 0.7 crore in the corresponding previous year.

In our Crop Nutrition segment, we are rigorously focusing on reaching the last mile. In this context, we have recently signed the MoU with Hindustan Insecticides Limited. Simultaneously, we are also conducting extensive field activities to demonstrate the efficacy of Meghmani Nano Urea across different crops in various states like Gujarat, Rajasthan, Maharashtra, Madhya Pradesh, Uttar Pradesh.

In Titanium Dioxide segment, despite having achieved the desired quality, we are facing headwinds on pricing front, particularly due to aggressive dumping by China. Currently, the prices are under tremendous pressure. And we anticipate the scenario to improve post the antidumping duty on titanium dioxide from China, which is expected by March 2025.

To conclude, our core segments have regained the growth momentum and are getting back on the track, which is a big positive to regain our normal double-digit growth trajectory, which we had demonstrated throughout all these years. We are also confident that the headwinds currently faced in the Titanium Dioxide and Nano Urea are temporary, and there lies a huge potential in these businesses. Lastly, our long-term growth prospects remain intact given our state-of-the-art infrastructure, plant compatibility, wider product range and geographical reach.

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

**Moderator:** Thank you very much. We'll take the first question from the line of Ankit Gupta from Bamboo Capital. Please go ahead.

**Ankit Gupta:** Congratulations for the revival that we have seen in agrochemicals as well as the pigment business of the company. So Ankit, my first question is on the agrochemical itself. So if you can talk about how the industry condition currently, we've seen sharp jump in our margins to almost 15% this quarter. What do you think about the sustainability of these numbers? And how do you see the growth going forward industry-wise as well as our own business prospect, if you can talk about?

**Ankit Patel:** Thank you, Ankit. The thing is last 2 years, as we know, we're a little critical globally from

the agrochemical demand point of view. The reason was there was a very high inventory at all the levels. Now in last 1.5 - 2 years' time, this inventory has been going down significantly. And when we analyze at a different level, now the inventory is at the normal level, which used to be before a few years. So we are expecting good demand already. and demand has started growing step by step.

Going forward, we expect the demand will remain -- continue in a similar mode. And with this, because the margins were under tremendous pressure in last few quarters, now it is slowly gradually going back to the normal. In the good times, we have seen the EBITDA margin more than 20% also. But I think that will take some time, but will be at a reasonable EBITDA level going forward. And we expect good demand going forward in the Agrochemical segment.

**Ankit Gupta:** Sure. So on -- like we have almost crossed INR400 crore of revenues in this quarter. So you think this run rate will continue over the next -- in the near to medium term?

**Ankit Patel:** See, Agrochemical is a seasonal business. So in some quarters, it is plus in some quarter it is a little less. But on an average, because of our geographical reach, we expect this momentum of growth will continue in the Agrochemical segment.

**Ankit Gupta:** Sure. And on the margins, like we should be expecting 15% kind of margins going forward? Or you see that this was -- like we saw some advantages of some price or some things that we got because of which we reported 15% kind of margin? And going forward, what do you think is the outlook on the margins?

**Ankit Patel:** So I think going forward in the next few quarters, I think we will be somewhere in the range of 14% to 16% EBITDA margin. If market further improves from a pricing point of view, then the margin can improve. But I think looking at the current scenario, we believe, will be in this range.

**Ankit Gupta:** Okay. Okay. And on the pricing side, if you can talk about like how is the scenario currently? And dumping from China. So if you can talk about the pricing scenario, as well as the pricing pressure that we have been seeing from Chinese players in the industry for past 2 years now. So what is your view on that? And how do you think the pricing is expected to play out in the medium term?

**Ankit Patel:** So there is a pressure from China, no doubt about it. So I would say for a majority of the products in the chemical segment, the prices are running at bottom level. So with the demand improving, we feel that prices should also improve, may not be drastically but at least certain percentage.

At the same time, the raw materials have also reduced drastically. So the margins we expect

should improve going forward. So there will not be any significant problem in the margin. The only thing is there is a huge capacity line in India as well as in China. So which is creating little issue to -- from the pricing point of view to take it further.

But now everyone is facing this problem. So we believe that we will not have the significant profitability which was there before 3 years or so. But every company will try to focus on reasonable profitability.

**Ankit Gupta:** Sure. And sir, if we look at our volume growth or at least the production data, in Q3, this quarter, we have done almost 10,733 metric ton of production. And in last year, we -- in the same quarter, we did almost 9,583 metric tons. So the jump in the volumes, if I'm expecting the sales volume largely in line with this.

So the sales volumes have grown by this 12%, 13%. While our revenues have jumped significantly in the segment from INR 239 crore to INR 411 crore. So what is the reason for the same? And is it the change in product mix or like what exactly explains this difference in the volume and the revenue growth for this quarter?

**Ankit Patel:** It is mainly because of the change in the product mix

**Ankit Gupta:** Okay. I think 2-4D would have contributed significantly last year and this quarter, we would have seen sales pick up in other products as well, it is that the right assumption?

**Ankit Patel:** Now the new products, whatever we launched, those new products have also started giving the results in revenue. So because of the new product mix, there is an improvement in the revenue mix.

**Ankit Gupta:** Sir. And sir, on the geographical side, if you can talk about which geographies led to the significant jump in our revenues -- like if you can briefly talk about whether it was revival in U.S., Latin America, European, Asian markets, briefly, if we can talk about each of these geographies, how they are doing?

**Ankit Patel:** I would say the inventory was mainly into U.S. and the Latin American market in the last 2 years compared to other markets. So now these 2 markets, inventory level is quite low and the demand has improved in this 2 market significantly.

**Ankit Gupta:** Okay, okay. And sir, on the Titanium Dioxide side, if you can tell we have seen significant losses in the quarter. So how is the scenario there? And what is your outlook going forward in this segment? And we have seen -- I think this number would have also been impacted with our fixed cost as well as interest and depreciation coming in. So if you can talk about how do you think, how is the segment doing and outlook for the same going forward?

**Ankit Patel:** See, as a product and as a segment, Titanium Dioxide has got tremendous opportunity going

forward. Currently, the Indian market is more than 4 lakh tons, and it is growing also significantly. Major application, as we know, is into the Paint segment, and we know the growth of Paint segment. So from the market point of view, from the opportunity point of view, this is very good. More than 3 lakh tons is being imported in Indian market currently. So under Make In India, it has got tremendous opportunity and potential.

The only thing is China is dumping everywhere, not only in India, but many other markets. In last 6 months, Europe has imposed antidumping duty on China TiO<sub>2</sub>. Brazil has imposed antidumping duty on China. U.S. there is already a 25% duty -- extra duty on China. So we can understand the big continent, big markets, they are imposing, they are also facing the dumping from China issue.

So as India, we initiated antidumping duty last year. So we believe that the outcome, the antidumping should come by -- tentative by March 2025, in the next 2 months' time. So once that antidumping comes, it will give support to the domestic industry. And then we see the potential of the growth happening into Titanium Dioxide segment.

**Ankit Gupta:** Sure. Sir, we have incurred almost around INR 25 crore of losses at the PBIT level on the Pigment -- on the Titanium Dioxide side. So given the antidumping duty is expected to come only from, let's say, next year FY26. So do you think the kind of losses that we have seen in TiO<sub>2</sub> are expected to continue at least for the next quarter per se?

**Ankit Patel:** So there is already some positive momentum because now the Indian consumers also know that the antidumping duty is coming. So they also try to develop the domestic player as a supplier. So that already momentum has already started. So we will see the trend improving in the next 1 or 2 quarters.

**Ankit Gupta:** So the losses are expected to come down, is what you're saying?

**Ankit Patel:** That is what the target is, yes.

**Ankit Gupta:** But has the plant stabilized now? Like how is the stability in all sort of plant?

**Ankit Patel:** Yes. So the plant from the quality point of view, it is quite stable, relatively stable, but only because of the pricing, we are not able to take the advantage of it.

**Moderator:** Next question is from the line of Keshav Pareek from Vitta Global.

**Keshav Pareek:** I wanted to ask the same what Ankit asked, that what is the latest about antidumping duty on TiO<sub>2</sub> from China as antidumping duty being imposed and by European Union? And what do we expect from India? How long -- as in July, we heard that it will be coming next quarter. Now it's been 2 upcoming quarters. So how much long we can anticipate dumping duty towards China from India now?

**Ankit Patel:** Keshav, from the antidumping point of view, it is difficult to get the idea of what would be the percentage or amount of antidumping duties. But just to share in Europe, there is about 39% antidumping has been imposed on Chinese Titanium Dioxide only. So India point of view, the cost of Indian manufacturers, the import from China, everything is compared very transparently. So we expect the outcome very soon. And there will be some reasonable amount of antidumping duty, which will support the Indian manufacturers.

**Keshav Pareek:** Can you also tell us about traction on a ground level in Crop Nutrition segment? Like if you can provide any specific metric like sales volume or market share to quantify the traction and demonstrate the segment growth.

**Ankit Patel:** So Keshav, from the Crop Nutrition point of view, it is a relatively new product, and it has got tremendous opportunity and possibility to grow significantly because Indian urea market is more than 34 million tons. So only if we convert part of the urea market into nano urea, then also it has got tremendous scope.

So, the only thing is farmer has to understand the potential of the product. And for that, a lot of field activity demonstration has to be given. So our team is doing that significantly in various states on the fields, giving demonstration and explanation about the product. Once that will happen once farmer will have a confidence, the market will improve significantly.

**Moderator:** We take our next question from the line of Deepak Pawar from Vasuki India Fund.

I'm sorry, the current participant is not there in the queue right now. We'll take our next question from Ankit Gupta.

**Ankit Gupta:** Sir, my question was on -- we have seen revival in Agrochemicals in this quarter and your outlook also seems to be a bit encouraging. But overall, as I know, we -- over the past 3, 4 years, we have expanded into TiO<sub>2</sub> we have expanded into nano urea. So when -- just a question on -- just a broader question on the management philosophy of you of expanding into these new areas.

Don't you think now with Agrochemical reviving our overall performance has been hampered by the performance of the TiO<sub>2</sub> segment? And hopefully, if the demand -- God forbid if the demand from the nano urea doesn't pick up the way we are anticipating, then this segment also can impact our overall performance. So what is your view on the same? And how do you think will we continue to expand into some of these new products or our focus will remain on our existing set of products and reviving TiO<sub>2</sub> and improving the Nano Urea performance as well?

**Ankit Patel:** So Ankit from the strategy point of view, let me be very clear. As a management, Agrochemical segment is a very very important segment for the management. And we are



very much focused on the Agrochemical segment. So we have not just done investment in Nano urea as well as TiO<sub>2</sub>, but we have also invested close to INR 400 crore in multipurpose product plant, which has started 1.5 years back, but because of the market conditions, we were not able to take the advantage of it.

But now once the market has started improving, we are going to have the advantage from the new manufacturing plant. Now that has started running very well. And we see the revenue from the new plant is also picking up slowly gradually. In the next financial year, we see very good growth coming into Agrochemical segment as well. So as a management, we are very much, very much focused on Agrochemical segment, so no doubt about it.

Now coming to the Crop Nutrition. Now Crop Nutrition is an allied business to the Crop Protection business. So same marketing, same channel works very well. So from that point of view and the Nutrition, we are not focusing on the conventional fertilizers. We are talking of new generation, new technology-oriented products. We have also started taking the trial because of our global reach. We are taking the product trials with our customer base in more than 40 countries.

And in some of the markets, we have already received the trial order. And we expect good growth potential in this segment. And nano urea is not just one product. We are going to add many more new technological advanced technological products over a period of next 1 or 2 years' time. So from that point of view, it is going to give us very good growth, and it is not a very high capex business model, as far as the nano urea is concerned.

Coming to the Titanium Dioxide. Why we selected this project, just to give you the idea, because in the Pigment segment, there is a competition from the unorganized player. From the growth point of view in the Pigment segment, we wanted to add some products where there is an entry barrier, where there is a technological barrier and not small players cannot enter where we don't face competition from the small small companies. So we have selected a product which has got a huge growth potential. Which is a domestic at the same time, there is a high entry barrier.

So we are very optimistic. And currently, because of only China, which is dumping, we have taken the corrective action from the antidumping point of view. And we are very optimistic. Going forward, this segment will also be very good. And so there is no doubt about it. But yes, as a focus point of view, as a strategy point of view, Agrochemical segment remains the core growth focus for the management.

**Ankit Gupta:**

Sir, just on the Agrochem side, I had one question on the product side. So if you can talk about some of the products which are doing well, and we have introduced new products in the past 2 - 3 years when we started this MPP. So which products have led to revival in demand and even last quarter was I know recently have seen significant recovery, which has

continued and improved significantly in Q3 as well. So which products have contributed for this, the old products or the new products that we had introduced some of this first to be launched in the Indian market. And some of them are going off patent and has got off patent recently.

So if you can talk about which products are performing well for us on the Agrochem side? Is it a broader recovery that we have seen?

**Ankit Patel:** Yes. So apart from the conventional product where we are present, those products have started showing the revival from the growth point of view. But at the same time, we have introduced a lot of new products like Pymetrozine, Ethiprole, Flubendamide, Spiromesifen, Cyfluthrin, Beta-Cyfluthrin. So a lot of new products we have introduced in the last 1 or 2 years' time. These are all new products coming from the new multiproduct multipurpose plant, which over there, we have invested more than INR 400 crore.

And the same new products, we are doing registrations in the various markets. We have already started getting the product approval and registration in various markets. And I think over a period of next 2 years' time, a lot of new registrations are also expected, which will drive this growth. So we are very much bullish about Agrochemical segment. and the new product will give a significant growth profile to the Agrochemical segment.

**Moderator:** We'll take our next question from the line of Deepak Pawar from Vasuki India Fund.

**Deepak Pawar:** So my question is on TiO<sub>2</sub>. Can you please elaborate what kind of capacity utilization we have right now?

**Ankit Patel:** So Deepak, as I mentioned, currently, the plant is stable, quality is stable. But because of the market pressure, we are not able to utilize the plant at full capacity level. So plant is running at lower capacity.

**Deepak Pawar:** Any percentage that you can give?

**Ankit Patel:** I'm sorry?

**Deepak Pawar:** I mean we are running at lower capacity, but what kind of -- by how much?

**Ankit Patel:** About 35%.

**Deepak Pawar:** So we can go up to 100 any time once the prices are favorable?

**Ankit Patel:** Yes, yes.

**Deepak Pawar:** Right. My next question is on Nano urea. You said that you are educating all the farmers in

different geographies. So currently, which states we are currently targeting for the sales, apart from Gujarat at most?

**Ankit Patel:** So in -- apart from Gujarat, we have started doing marketing of Nano urea in Rajasthan, in Madhya Pradesh, Maharashtra, Uttar Pradesh, Haryana, in South, we are targeting Telangana, Andhra. And in the East, we are targeting Chattisgarh, Orissa and West Bengal. So these are the states we have started focusing on.

**Deepak Pawar:** Okay. And currently, what is the capacity utilization of the nano urea plant?

**Ankit Patel:** From the utilization point of view, our capacity is significantly large. So it is running at very, very low capacity, not even 10%. So -- but it has got a huge growth potential going forward. And apart from the Indian market, as I mentioned, we have also started -- because of our global reach, we have started showcasing the trial in more than 40 countries.

And so in the other markets also, we have seen good results. And based on that, we have started receiving some trial orders in the export market. So once we will get approval in different other markets also, that will also drive a good growth.

**Moderator:** We'll take our next question from the line of Bhumika from Neumerc Research Lab.

**Bhumika:** My question was regarding the capacity utilization in our Crop Protection segment. So as we have seen the PPT, it has reduced, would you like to share some reason for that? Any specific reason we couldn't achieve the capacity utilization in Crop Protection?

**Ankit Patel:** So you're asking -- Bhumika, you are asking about the capacity utilization in Crop Protection segment?

**Bhumika:** Yes, sir.

**Ankit Patel:** So it is about 78%.

**Bhumika:** Yes. So my question was regarding why our capacity utilization has reduced?

**Ankit Patel:** Why it has reduced -- utilization?

**Bhumika:** Yes.

**Ankit Patel:** We have added a new plant. New capacity has added. So because of increase in the production capacity, the percentage has gone down.

**Bhumika:** The multipurpose plant is what you are referring to?

**Ankit Patel:** Yes.

- Bhumika:** So how much revenue do we see coming in from a multipurpose plant in the coming years? Because right now, since you go take advantage of the full pricing in the market? When do we see a good revenue coming in from the plant?
- Ankit Patel:** So the multipurpose plant where we have invested close to INR 400 crore, it has got potential to generate revenue of more than INR1,000 crore.
- Bhumika:** Right. And when do we feel like in the coming 1 or 2 financial years? Or will it take longer?
- Ankit Patel:** Yes, definitely. So I think it will take nearly 2 to 3 years to reach at nearly INR 1,000 crore level -- better utilization point of view. But we see the growth in the next financial year and year after that. So every year, we'll be seeing good growth coming from the new plant.
- Bhumika:** Okay. Sir, if you like to give some color on the top line growth that we expect for the coming financial year.
- Ankit Patel:** So we expect about 20% growth in the next financial year, in Agrochemical segment.
- Moderator:** We'll take next question from the line of Keshav Garg from Counter Cyclical PMS.
- Keshav Garg:** Sir, I wanted to understand at current realization, if we are operating at full capacity utilization, what kind of revenue can we generate from our Agrochem division, Pigment division and Titanium dioxide?
- Ankit Patel:** So with the current plant capacity because there is a formulation also in the Agrochemical segment. But yes, it has got a potential to reach more than INR 2,500 crore to INR 3,000 crore level. In the Pigment segment, it can be in the range of about INR 550 crore to INR 650 crore. In the Titanium Dioxide, with the current capacity, what we have, what we are running, it has got potential to be at about INR 250 crore to INR 300 crore.
- And by doing small, small modification that there can be significant further revenue improvement but that will happen post antidumping duty.
- Keshav Garg:** And sir, last call, you mentioned that by third quarter of this financial year, ADD was expected to come, but I don't think it has come. So by when will it finally come? And when will it get implemented? And sir, the customers Paint companies will anticipating duty won't they just stock up a lot of Titanium Dioxide, so that even once the antidumping duty comes, it will take a far longer period for basically to be helpful to us.
- Ankit Patel:** Keshav, yes, you are correct, it has taken longer time because there is an opposition site there's a strong lobby also in the Paint, Plastic. So they also do a lot of representation. We, from the manufacturer side, also we do a lot of representation. So the time line is getting extended. But now it is at the final stage, and we expect the notification to come out very soon.

And once it will be out to the antidumping duty by the finance ministry will be implemented probably by March or beginning of April. That is what we believe. And so now first, the matter is very clear, the antidumping duty will come for sure. That is very clear. So that is a good thing. Now how much it will come that will be mentioned in the notification.

**Keshav Garg:** Okay, sir. And sir, what about our deleveraging plan, sir, what is our net debt today? How much do you expect it to be on year-end that is 31st March? And what is the expectation for next year-end and by when will we become debt free?

**Gurjant Chahal:** Okay. As far as debt is concerned, so we have long-term debt of consolidated basis at around INR474 crore. On standalone basis, we see in the next FY26-27, we will be debt free.

**Keshav Garg:** Right, sir. And sir, what are your thoughts on demerger of the company into basically Agrochem, Pigment and Titanium Dioxide, so that there can be a value unlocking. And sir, as the shareholders have experienced in the previous demerger between Meghmani Organics and Epigral, there was a huge value creation. So why don't we further like last time, you mentioned that there is no synergy between Pigment and Agrochem, the plants are different in which everything is different. So then why not go for that demerger?

**Ankit Patel:** So Keshav, first of all, I would like to mention in between that from the debt point of view, we will not be doing any big capex for the next 1 or 2 years' time. In Agrochemical segment as well as in other segments also. So because of that, we don't require any new significant fund. And from the operation, we'll be keep on reducing the debt. So that is one part.

And your question on demerging the segment. So yes, we are getting a lot of suggestions from the investor side that we should do it. But at the same time, some of the investors and advisors have mentioned that we need to reach at a reasonable level in Pigment segment as well as the Agrochemical segment because the market conditions were not very favorable.

So we wanted to showcase the next 1 year, the growth trajectory in all the segments. Once we reach at a reasonable level, then yes, there is a plan to demerge the segment to unlock the value.

**Keshav Garg:** Right, sir. And sir, if we see our Pigment division standalone, sir, even then if we compare it with our smaller competitor, Asahi Songwon, sir, they are doing around 10% operating margin in pigment segment with less than INR 100 crore revenue and despite INR150 crore level of revenue in Pigment, sir, our margins are far less than what they are doing in percentage terms as well as in absolute terms.

So then, sir, I'm not able to understand that why is this the case. And specially, sir, if you see our capital employed in the Pigment division which is also huge as compared to what Asahi Songwon capital employed in that business. So then why is this the case that the product being

same we're having a far larger capacity, sir, we should instead be enjoying economies of scale, which is not the case?

**Ankit Patel:** So Keshav, yes, when we compare the pigment division with other companies like Asahi Songwon, there are a lot of parameters, which we cannot discuss openly, but we do face competition from small, small unorganized player where their overheads are low, where their other expenditures are low. And sometimes the kind of practice what they follow as a corporate, we cannot follow.

So because of all these factors, we are facing the pressure from the margins point of view. And we have been facing this since last couple of years. And because of that, as a Meghmani, as a management, we decided we'll not do any capex, any growth into the current Pigment business, which is Pigment Green and Blue.

So we are not putting any new money into that. So we are just trying to run this segment as an optimum level, we try to make some changes in the product mix where we improve our profitability. So that will continue. But as a strategy point of view, we are not going to put any new money in this segment.

**Moderator:** We'll take our next question from the line of Aman Jain from Arihant Capital Markets.

**Aman Jain:** So just some questions on TiO<sub>2</sub> side. So what was the revenue contribution from TiO<sub>2</sub> in this quarter? And also, if you could provide what were the margins?

**Gurjant Chahal:** The margin perspective, as Ankit has already informed that so far, it is not giving any positive because we are running at less capacity. -- and due to aggressive pricing reduction by China. So we capitalized only at the end of September. So in this quarter, it is around INR 13 crore.

**Aman Jain:** Okay, sir, understood. Sir, and also as per the data that we have, the TiO<sub>2</sub> price currently in the domestic market is upwards of INR 200 per kg. So that is for the Rutile grade, sir. So just wanted to understand the -- this TiO<sub>2</sub>, the best pricing has remained in the range of INR 200 to INR 220. So but as you are saying that currently, TiO<sub>2</sub> is facing pricing pressure. So just wanted to understand that, sir.

**Ankit Patel:** So Aman, the pricing point of view, it has come under tremendous pressure. I think now the prices are in the range of about INR 175 to INR 180. So that is the current pricing level. And even further dumping is happening because now the antidumping is anticipated very soon. So a lot of companies are bringing in a little more material. So that is creating a problem.

**Aman Jain:** Okay, sir. Sir, just one question on Nano urea side. So there are -- we have seen some competitors in the private space other than the government companies like RCF and NFL, there are some private players have also entered this segment of Nano Urea. So how do we see the competition in this, sir?

**Ankit Patel:** So Aman, we take it very positive. In fact, we want -- NFL has not done anything so far. They have dropped the project. RCF, yes, they have done along with IFFCO like what we have done. Apart from that, in private segment one big company, which is Coromandel, which has also entered into a nano-based fertilizer. So I would say it is positive because more and more companies entered and did demonstrate in -- down the line in the field, the market can grow tremendously.

It has got significant potential. So I think currently not every company is focusing on it. Once the market will improve once there will be some significant market in this segment. I see that more than 50 companies entering in this business. So it is good that more and more players should enter in this segment. And rather than creating a competition, I would say it is creating a market.

**Moderator:** We'll take the next question from the line of Bhumika from Neumerc Research Lab.

**Bhumika:** My question was that we derived 91% of our revenue from exports. So with Trump coming in and the effect of tariffs implemented do we see any effects on us regarding that?

**Ankit Patel:** Bhumika, you're mentioning about the market share from the domestic as well as from the export point of view, right?

**Bhumika:** Yes, sir.

**Ankit Patel:** Yes. So yes, in the Agrochemical segment, as well as in Pigment, the majority of the revenue is coming from the exports business, where we export to more than 75 - 80 countries. So that is significant and the kind of the product mix, what we have, it has got potential from -- of the growth in the export market.

And the domestic market also, we have been selling this product, but market size is not significant. At the same time, we are not very big clear into in B2C. So this is the factor.

**Bhumika:** So do we see any impact coming in from like the tariff Trump might impose in India?

**Ankit Patel:** We don't see the tariffs coming on India. If at all it comes, then also will be at par with China. So let's say, before tariff came into the picture in the previous term of the Trump Ministry. So at that time also, we were selling in the U.S. market. After that, also, we have been selling. So if the new tariff comes also then also we will be competing with China, any other markets. So we are very confident. We don't see any pressure because of the tariff.

**Moderator:** Next question is from the line of Suresh Aggrawal, an Individual Investor.

**Suresh Aggrawal:** Sir, regarding insurance claim, how we have accounted the insurance claim in our accounting?

- Gurjant Chahal:** As far as insurance claim is concerned, so we have received the full amount. So there is no claim pending as of now.
- Suresh Aggrawal:** No, it has taken into P&L profit and loss account or it has come into balance sheet?
- Gurjant Chahal:** No, no. We accounted by account claim receivables and now the amount is received.
- Moderator:** A follow-up from the line of Aman Jain from Arihant Capital Markets.
- Aman Jain:** So currently, we are seeing some good improvement in margins. We have closed this quarter at about 7.2%. So just wanted to get a view on this. So what is the margin level that we are expecting in FY25 and also for FY26?
- Ankit Patel:** So Aman, we expect good growth happening -- this year, we have already show-cased a good growth. In the next financial year also, we expect good revenue growth for sure. And along with the good revenue growth, we see the margins should also improve. But it would be a little difficult to mention about at what level we expect at current position. I think in the next quarter and we will have better idea.
- Aman Jain:** Okay. Sure. Understood. Sir, just one last question on the Pigment side. So we have seen some good improvement in terms of revenue, while our margins are still under pressure in the segment. So can we expect this revenue growth to continue while we expect gradual improvement in margins?
- Ankit Patel:** Yes. But overall, as the pigment business, the revenue would be on a yearly basis between INR 550 crore to INR 650 crore. We don't see any significant growth happening beyond this level. And definitely from the margin point of view, which is even today, it is not very good. We see some improvement taking place in the margin also in Pigment segment.
- Moderator:** We'll take our next question from the line of Darshika Khemka from AV Fincorp.
- Darshika Khemka:** My question is on the Pigment segment, can you help me with the breakdown of the margins that we are making between Pigment and TiO<sub>2</sub> so that we can get better clarity on how the prospects improve from here on?
- Gurjant Chahal:** As far as Pigment is concerned, so you see in this quarter, around the 3.5% margin we have seen. As far as our Phthalocyanine pigment is concerned, TiO<sub>2</sub>, we have explained because we are not running at optimum capacity as of now. So it is not EBITDA positive.
- Darshika Khemka:** And by when do we expect to breakeven, sir?
- Gurjant Chahal:** Actually, now we are expecting the antidumping duty, which will be in the March. So after that, so we will be ramping up the capacity. So as Ankit said, next year, we are expecting INR



250 crore to INR 300 crore of top line. So then after the antidumping duty coming in, we will be able to give a good projection on that.

**Darshika Khemka:** Right, sir. And what is the peak capacity that we can manufacture in TiO<sub>2</sub> -- sorry, peak revenue that we can do with the current capacity?

**Ankit Patel:** Darshika, this is what -- based on the current capacity only, we hope that it has got potential to be in this range. But once there is antidumping duty once we ramp up our current plant capacity, we have got an infrastructure by doing small modification in the current plant. It has got a potential to increase the capacity significantly and which will help in increasing the revenue also. But I think for that, we'll be able to give you the idea once there is an antidumping duty, once we run our current plant at reasonable good capacity. At that time, we'll have a better idea.

**Moderator:** Ladies and gentlemen, we'll take that as the last question for today. I now hand the conference over to management for closing comments. Over to you, sir.

**Ankit Patel:** On behalf of the management, we thank you for joining us today. We appreciate your trust and support on us. 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 and Mr. Nishant Vyas and they will connect with you offline. Thank you.

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