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

**Sub: Transcript of Earnings Conference call held on July 31, 2025 to discuss  
Q1 FY26 Financial Results**

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Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith transcript of Earnings Conference Call held on July 31, 2025 to discuss Q1 FY26 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

Encl: As above



“Meghmani Organics Limited  
Q1 FY26 Earnings Conference Call”

July 31, 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. AYUSH CHATURVEDI – ARIHANT CAPITAL MARKETS**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Meghmani Organics Limited Q1 FY '26 Earnings Conference Call hosted by Arihant Capital. 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ayush Chaturvedi from Arihant Capital. Thank you, and over to you.

**Ayush Chaturvedi:** Good morning, everyone, and thank you for joining us for the earnings call of Meghmani Organics on behalf of Arihant Capital, I'd like to welcome the investors, the analyst community and the management for taking their time. Without further ado, I'll now hand it over to the management for the opening remarks.

**Ankit Patel:** Thank you, Ayush. Good morning, everyone, and thank you for joining us on our Q1 FY '26 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.

I'm pleased to share that our strategic move on improving our product mix is yielding positive results. This is reflected in our quarterly performance, where we have seen improved revenue and profitability, both on quarter-on-quarter and year-on-year basis.

On standalone basis, in Q1 FY '26, revenue grew by 44% Y-o-Y to INR593 crores and our EBITDA increased nearly six-fold to approximately INR81 crores from INR14 crores in the corresponding quarter previous year. Our profit after tax stood at INR40 crore against the loss of INR6.3 crore in the corresponding quarter previous year. This was on the back of improved product mix, stabilizing raw material prices and coupled with improving demand.

If we talk about revenue mix in the Q1, crop protection constitutes about 77% of the total revenue, while the balance 23% comes from the pigment segment.

Now let us look at our segment-wise performance for the Q1 FY '26.

In the Crop Protection segment, production stood at about 10,600 metric tons, which is up by 6% Y-o-Y. And the capacity utilization for the segment stood at about 78%. Revenue for this segment stood at about INR458 crores, which is up by 68% Y-o-Y and the EBITDA for the segment increased seven-fold to nearly INR79 crores. EBITDA margin for the segment stood at about 17.3%.

For the pigment segment, production stood at about 3,700 metric tons, which is up by 1%. And the capacity utilization for the segment is about 46%.

The segment reported revenue and the EBITDA of INR135 crores and INR7 crores, respectively. EBITDA margin for this segment is around 5.3%.

In our Crop Nutrition segment, along with the domestic field activities, we are conducting extensive field activities for Meghmani Nano Urea in various international markets as well. I'm pleased to share that we have been getting good response in the market and so far, we have got about 7 registrations in the different markets.

Additionally, we are also expanding our product mix and the product portfolio, and we'll be adding about 2 to 3 new products in this financial year, which will further strengthen our market position.

In the titanium dioxide, during the quarter, on 10th May 2025, Government of India has imposed antidumping duty of \$460 to \$681 per metric ton on Chinese titanium dioxide.

We have witnessed gradual improvement in the sales realization. However, we anticipate the actual impact of the antidumping duty on the prices could be coming from the Q3 FY '26 onwards once the channel inventory built up by China in Indian market gets liquidated.

On a consolidated basis, in Q1 FY '26, revenue grew by 48% to INR614 crores, and the EBITDA increase eleven-fold to nearly INR67 crores from INR5.9 crores. Our profit after tax stood at INR12.7 crores against a loss of INR16.8 crores in the corresponding quarter of previous year.

As of 30th June 2025, on a standalone basis, our total debt stands at about INR562 crores, which comprised of INR380 crores of short-term debt and INR182 crores of long-term debt. On a consolidated basis, our total debt stands at about INR809 crores which includes about INR399 crores of short-term debt and INR409 crores of long-term debt.

During the quarter, we repaid approximately INR38 crores of debt and with no significant capex plan for the current financial year, we aim to continue reducing our debt levels in the coming quarters.

So to conclude, we are very positive and are on track to regain our normal double-digit growth trajectory, which we had demonstrated throughout all the years. Lastly, our long-term growth prospect remains 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 the question and answer. Thank you.

**Moderator:**

Thank you very much. The first question is from the line of Rahul Jain from Credence Wealth. Please go ahead.

**Rahul Jain:**

Congratulations on a very good set of numbers Ankit bhai. Coming to the question, sir, with regards

to Agrochemicals compared to last 3 months, how has the overall situation changed in terms of volume growth in the current quarter? Sorry, in terms of overall industry volumes, how are they growing? How is the demand in the industry. And on the pricing side, is there some improvement on the pricing or pricing continues to be stable? And what is your expectation going ahead? This is my first question with regards to crop protection.

**Ankit Patel:**

Thank you, Rahul bhai. As far as the Crop Protection segment is concerned, as we all know that in last 2 years, there was a heavy channel inventory in the global market, which led to very less demand. And there was a heavy pressure because of the demand, the prices were under pressure, and there was continuous fall in the pricing.

Now in the global market, the channel inventory has reached at the reasonable level. I would say the new demand has started picking up very well. And that is the main reason where we have been seeing the growth in the Crop Protection segment.

As far as the pricing is concerned, still, there is no significant improvement in the pricing. China is still selling at very, very low prices. But I would say at the same time, the raw material prices have also dropped significantly. And now raw material prices as well as the sales price, both of them are more or less stable. So what we see is that anything happens with the current demand improving, slowly and gradually prices should also start going up. But still, there is a lot of capacity -- overcapacity in the market in China.

So it may take some time. But now the Chinese companies are also under tremendous pressure. They also want to increase their price. They are also bleeding so we hope that slowly gradually, the prices should also start improving.

**Rahul Jain:**

Sure. Second question on the crop protection side, sir. With regards to new products, we have been continuously working on new products for the last 2, 3 years or more. So typically, how is the new product, first of all, some more details, if possible, in terms of maybe you could avoid the names of the products, but how many products we have introduced and which are more specialty kind of or kind of not me-too products. And typically, how is the contribution from these new products move for us in last 3, 4 quarters.

**Ankit Patel:**

Yes, Rahulji, as far as the crop protection segment, new products are concerned, I think we started focusing on the new product development somewhere from 2017 - '18 onwards where we decided that we wanted to change the face of the crop protection segment completely and introduced a lot of new products where we started doing development activity, data generation, registration, putting up a plant. So this all takes a couple of years.

But in between '23, '24 was a typical -- difficult period. But I would say -- it is a cleaning year where -- only the long-term vision-oriented compatible companies will stay in the market. So we come up

with a lot of new products like Cyfluthrin, Beta Cyfluthrin, Ethiprol, Pymetrozine, Spiromesifen, Flumendamide, Flonicamid.

So, there are a couple of new products. And these are showing the growth in our crop protection segment now. So we did not spend or we did not expand in the old product range, whatever in the good times we earn, we spend on the new product range. And going forward, these new products will give the growth potential.

**Rahul Jain:** Possible to share the contribution from these new products?

**Ankit Patel:** It would be difficult to share the product-wise contribution. But I can say now this product is slowly gradually as we are getting the registration in different, different markets, demand is improving.

**Rahul Jain:** Sure. Last question from my side. With regards to, sir, titanium dioxide, so you have mentioned in your commentary and in the presentation about improvement from Q3 onwards. So typically, how is the utilization now and how it is expected to move up in the coming quarters? And going ahead, what kind of potential do you see now post this anti-dumping duty which has been imposed given the realisation have also moved up.

**Ankit Patel:** Yes. So, in the titanium dioxide segment as we have been telling that there was a tremendous pressure from the Chinese companies, and they were dumping not only in India, but various other markets. So initially, the anti-dumping came in the Europe then in Brazil. So these are the big markets and there was no anti-dumping in India. So the Chinese company started dumping in a big way in the Indian market as well.

And then the -- finally, when the anti-dumping came on 10th of May, now we see the reduction in the import happening from China. The only thing is the channel inventory, which has piled up in India has to clear, which is the old low-priced material. And we have been seeing the positivity now from the market that they want to have the local source where they can get at a better price compared to the China. And once the channel inventory from the second quarter onwards will go down, in the third quarter we'll see the improvement in the pricing, in the utilization of the plant where we'll be able to sell more volume.

**Rahul Jain:** Okay. So, if you could share some numbers for our company in terms of the titanium dioxide segment going ahead?

**Ankit Patel:** So, I think as we have been telling, we will be able to give you more clarity in the third quarter. So that is the right time, I would say.

**Moderator:** The next question is from the line of Rohit Sinha from Sunidhi Securities.

**Rohit Sinha:** Yes. Thank you for taking my question and congratulations, sir, for a very good set of numbers. So, firstly, on the MPP side, I mean the crop protection segment, just wanted to know what was the overall contribution from the MPP plant in this quarter? And how was the overall utilization as of now for the MPP?

**Ankit Patel:** Thank you, Rohitji. So I think the overall utilization of the MPP plant, I think normally, we check it on full year basis. But it has been ramping up relatively well. The utilization is improving, I can say that. And we see that going forward, that will give the major growth in the crop protection segment.

**Rohit Sinha:** Okay. So actually, I was just looking at the last 4, 5 quarters trend from the crop protection side, which is gradually improving. And just wanted to understand how this MPP has been contributing to this growth and how the -- I mean, the previous products are contributing. So I just wondered if you can give a color on how the MPP contribution has been in this quarter or in the last 2, 3 quarters?

**Ankit Patel:** So, we mentioned, Rohitji, in the last financial year, we generated about INR250 crores revenue from the multipurpose plant. So, in this financial year also, there will be significant improvement coming from the multipurpose plant.

But I would say we will be able to share with you more detail probably in the second half once there will be more growth happening from this segment. But yes, the plant utilization in this new plant is happening quite well.

**Rohit Sinha:** Okay. Okay. Fair enough. Secondly, obviously, in this tariff angle, US tariff angle. So, 25% is there for India, and we have, I think, a decent exposure in the US side also. So how we are looking at this development. And going forward, I mean, would there be anything significant on the margin side for us?

**Ankit Patel:** Yes. So yesterday, we all know that there has been tariff imposition on India, which is 25% plus penalty. We don't know so far what will be the penalty. So, it came as a surprise. We as an Indian company, we were clear that there will be some tariffs, no doubt about it. But it would be probably in the range of 10% to 15%. That was our internal assumption. But the 25% has come as a surprise, but our team has started doing the analysis.

So typically, in the chemicals segment, for the US. market, we evaluate India and China, we don't get much competition from any other market. So, when we analyse China, during the first term of the Trump administration, they imposed 25% tariff on China, which is called 301 tariffs.

Then in the second term, Trump administration-imposed fentanyl tariff, which is about 20%, which is again only on China. And then the reciprocal duty on various countries, I would say, all other countries. So, so far on China, the reciprocal duty is 10%. So, if we make the total, so 25%, plus 20%, plus 10%, which makes about 55%. So, in the case of India, the reciprocal tariff, which has

been imposed yesterday is 25%.

We don't know what will be the penalty. But still when we analyse, so we are still better off than the China. But yes, there will be some impact. The tariff will create some issues. So our team has started reaching out to various customers. Our customers have also started evaluating. So we are yet to confirm what will be the exact impact. But on the long-term basis, if the China will have 55% and India will have somewhere in the 25% - 30% range, then we will still have an upper edge over China.

**Rohit Sinha:**

Okay. Okay. Got it. Secondly, sir, on the pigment side, I know, I mean, we are not that much focused as of now in this side. But if we look at our revenue on domestic and export side, for last, I would say, 3, 4 quarters, we have been seeing that export has been quite good, while domestic has been continuously going down.

So can you just give us color on the domestic picture as well as on the export side? I mean, are we completely ignoring the domestic market opportunity? Or is it just a competition here? And is it in the export market that we are exporting new revenues where our exports are growing? Or it is just a pricing angle?

**Ankit Patel:**

So typically, in the pigment segment, there won't be any significant growth as we have been telling. So we would try to run it at the optimized level. And as far as the export and the domestic is concerned, as the management, we always try to fetch the better price realization, wherever it is possible.

In the domestic market, the quality consciousness is relatively less. There has been competition from the small, small unorganized player. So there has been more pricing pressure in the domestic market. So that is the reason we have been focusing more on the export, nothing else. So as overall, as a pigment segment, our aim is to have the better price realization where we can have better profitability.

**Rohit Sinha:**

Okay. Okay. Thank you. And one last question on titanium dioxide. I mean just what was the overall utilization in this quarter, and what is the pricing right now prevailing in this segment?

**Ankit Patel:**

So, as we have been telling, there was pressure from the China dumping point of view. So utilization was quite, quite low. Now the demand has started improving after anti-dumping duty. So utilization will also start improving. So far, there was not any significant utilization.

**Moderator:**

The next question is from the line of Prateek Giri from Shubh Labh Research.

**Prateek Giri:**

Thank you. Hi, Mr. Patel, good morning. Mr. Patel, I would like to extend the question on the Agrochemical. So probably, sequentially, if we see we have done an improvement of about 24% in the segment from INR370 crores to INR458 crores. Right? And this is in spite of the fact that you're saying the pricing has not improved materially.



And in fact, if you look at other players' numbers sequentially in ag-chem, they are not this better. So if you can help us understand what has led to this growth -- is there a pre-buying due to the anticipated tariffs. Do you see this growth continuing in the ag-chem? and I'm assuming here the MPP has not played a material part, as you mentioned in your opening comment. I mean, as an answer to the previous participant's question. So yes, if you can help us here.

**Ankit Patel:**

Thank you, Prateekji. So as far as the ag-chem growth is concerned, as I mentioned in the last 2 years, there was a heavy pressure because of the very less demand and globally, there was a huge inventory in various markets. Now in the last 2 years, this inventory has been utilized quite well. And now the inventory level is quite low in different markets.

So the new demand has started picking up very well. So that is one of the main reasons. And we -- as Meghmani, we have quite fragmented market share, we have been exporting to more than 75 countries globally. And that is one of the reasons where we de-risk our business model.

And as far as the growth compared to other companies are concerned, we have differentiated our business model where earlier we were focusing more on the old products, but in the last 5 years, we have invested heavily into completely new set of products where the prices are relatively high. Profitability is a little better. And demand slowly, gradually, as we will start getting registration in different market. Demand will also improve. So we foresee in the next 3 years, there will be reasonably good growth happening in the crop protection segment. And internally, we believe that we will be having double-digit CAGR growth for the next 3 years.

**Prateek Giri:**

Very comforting. Very comforting. And, Ankit Bhai, the other thing which I wanted to understand was about the pricing trend in titanium dioxide. So we have been listening about Chinese capacity shutdown, etc. So just wanted to check, was it even after the ADD, so China is very notorious for matching prices even after ADD in certain cases. So I was just wondering, how are you seeing the market panning out now in terms of pricing? Though, I understand that the channel is filled with inventory, but still on the pricing side, how you are noticing the trend after the imposition of ADD as you mentioned.

**Ankit Patel:**

Yes. So, as we all know, there has been imposition of anti-dumping duty, which is if we convert in terms of rupees, it will be in somewhere in the range of INR40 to INR50. So which is a reasonably good thing. And after anti-dumping duty, we have been seeing positivity in the market from the domestic customer point of view. Earlier they were getting easy supply from various markets, they were not giving priority to the Indian manufacturer. But now there is a different view in the domestic market. They have been given priority to the Indian domestic player. So that is a positive thing.

And the prices we are, for sure, the Chinese companies even before the anti-dumping the price where they were selling, they were kind of losing money. We have seen the financial number of the various

Chinese companies where they are also bleeding heavily. And this is across various segment, not just in the titanium dioxide.

And I'm sure you might have heard that the Chinese President Xi Jinping has called a meeting where they -- he also want that the Chinese companies because of huge competition, they should not continuously drop the price and lose money. So ultimately, somewhere down the line, there is a pressure from the Chinese government.

What we feel that because of this slowly, gradually Chinese companies would also like to improve the pricing. There may be shut down in certain plants or consolidation, something will happen. But ultimately, in the long run, there will be improvement in the pricing. So this is tough time, but we have to keep on fighting. We have to keep on improving, and that is what we have been doing.

And we are very confident that going forward, this will be a very significant segment as far as Meghmani is concerned. And we all know that India, from the market point of view, there is a huge potential, huge demand and demand will keep on growing. So there is a huge potential in this segment. For the time being, yes, there has been a challenge, but we are quite confident. Thank you.

**Prateek Giri:**

No, no. For sure, for sure, Ankit Bhai. In fact, we all have read how painstakingly you have taken the initiative of getting the ADD evaluation started in the country for this titanium dioxide. So definitely, kudos to you.

Just one follow-up on this, Ankit Bhai, if you don't mind. So, I understand it will take some time for the channel inventory to get cleared out. But I was wondering from the marketing and sales perspective, how has been our product approval for titanium dioxide, the accounts which we have reached out to the kind of feedbacks which we are getting from them. So if you can help us or rather throw some light on this for us.

**Ankit Patel:**

Sure. So as we all know, we have been making the sulfate-route Anatase grade product. In the titanium dioxide, there are various segments. So, we have been making one particular segment. And as far as the application is concerned we all know the major application is the paint.

And in the paint, there are more than -- if we consider from top to bottom, there are more than, I would say, 1,500 companies in India. At the same time, the application is into ceramic, is in rubber, is in paper. So there has been various, various application of titanium dioxide. And we have been selling in various markets.

So as of now, we have not been selling to the top most customer this grade because they don't give priority. But now they have also seen that after anti-dumping duty they have started giving priority. So far, we were not selling to the big paint companies, but we hope that slowly gradually, there will be entry for the Indian companies like Meghmani in this segment. But as far as the sales is concerned,

we have been able to sell in various markets. There has been approval in different applications.

**Prateek Giri:** Understood. So some experimental quantity with the biggest players have also started. Is that understanding correct, Ankit Bhai?

**Ankit Patel:** So these big players, as I mentioned, normally, they don't give priority because they get easy supply and they were getting the material of various other grades based on their application at much lower price. But now after anti-dumping duty, now they have started opening the door for the Indian companies where we come on. So now the samples have started going over there. So the things have started improving. Earlier it was not the case.

**Moderator:** The next question is from the line of Sunil Jain from Nirmal Bang Securities Private Limited.

**Sunil Jain:** Yes. Congratulations for a good set of numbers, sir. First question is the level at which we have reached in crop protection in this quarter. Are these sustainable? Or is there any one-off sale of any specific product which has happened in this quarter?

**Ankit Patel:** Thank you, Sunilji. So, see, typically, crop protection segment on quarter-on-quarter, it is difficult to measure. But I would say on the full year basis, as I mentioned, there will be a good growth story. And we see for the next 3 years, there will be double-digit growth in the crop protection segment. So there may be the case depending on market to market, one quarter will be better, one quarter will be a little less, but if we compare on a yearly basis, it will be fairly good.

**Sunil Jain:** And what about the margins, sir, margin, we have also seen improvement. So are they sustainable?

**Ankit Patel:** So the challenge is there today to maintain the margin there has been still pricing pressure. We have been applying different strategies to improve our margin. And I would say, in current challenging time that will continue. But as a management and as a company, our team has been working quite well, and we are confident we should be able to have a reasonably good margin.

So, 17% is a good margin, which used to be the normal average margin for the industry and we have achieved in this quarter. It is difficult to promise that we'll maintain this kind of profitability. But yes, there will always be the try to have the higher profitability.

**Sunil Jain:** Okay. And sir, second question relating to Nano Urea since you got the registration in 7 countries for this product. So what will be the process and when we will start seeing a major revenue on the export side from the Nano Urea?

**Ankit Patel:** So, in the Nano Urea, the things are moving relatively positively. And in this market, I think the next page is the trial order from this market. So last year, we did INR40 crore revenue and this year, we see that there will be double-digit growth happening in the Nano Urea segment as well.

I would say the domestic market has also picked up relatively well. Demand is improving. And next 2 to 3 years will drive major growth in Nano Urea segment. I would say there will be a significant growth happening in this segment in next 2 to 3 years' time.

**Sunil Jain:**

Sir, one last question relating to one of the herbicide 2,4-D. So our positioning was comparatively better than our peer in India and China. So how is the demand for that product and how that will be impacted because of the tariff?

**Ankit Patel:**

So demand for the 2,4-D is quite well. As we all know, in the US market, there has been anti-dumping imposition on 2,4-D on India as well as on China on all the companies. And among all the companies, Meghmani has got the least anti-dumping duty. I would say China is nowhere, nowhere near to India, the anti-dumping imposition on China is close to more than 100%, approximately 130% plus.

So whether we consider tariff or whether we don't consider tariff, China will have a tough time particularly for the US market for 2,4-D. So India has upper edge. And we have been seeing good demand. Our plant is running at reasonably good capacity, I would say, 85% plus capacity, 2,4-D plant is running.

**Moderator:**

The next question is from the line of Ayush from Arihant Capital.

**Ayush:**

Yes. Yes. So, thank you for the opportunity, sir. Firstly, during the quarter, we've seen increase in contribution from the agri side. Now we see that the agri segment will continue having its own ebb and flow in the month. And the pigment segment is currently struggling with realization pressures. The titanium dioxide is yet to ramp up. So my first question would be where do you ideally see the big setting over the next 2, 3, 4 years as the issues get sort of behind us?

**Ankit Patel:**

Thank you, Ayushji. Ayushji, as I've been telling that there will be double-digit growth for the next 2 to 3 years in the crop protection segment that will be there. Pigment, which is pigment green and pigment blue segment will be kind of flattish. There may not be significant growth, maybe INR50 crores, INR60 crores here and there. So there will not be significant growth.

As far as crop nutrition segment is concerned, we are very optimistic there will be tremendous growth happening in this segment. And we are very bullish as the developments are happening in various other markets. At the same time, the Kilburn will be the domestic growth story. There is a tremendous big market. Demand is not at all concerned.

The only concern was the pricing, which we have been facing. And with the help of other Indian companies together, we have brought in the anti-dumping duty. That is the first thing. And now with the anti-dumping duty coming in, we see the prices should start improving.

At the same time, if the demand is also there and utilization will also improve in the titanium dioxide

segment. So I think we see the good growth potential in titanium dioxide segment as well. And we will be able to give you more clear picture probably in the third quarter as far as the titanium dioxide is concerned.

**Ayush:** Sure. Sure. So -- but just on that point, there's some headroom for further growth as the utilization ramps up and operating leverage kicks in to titanium dioxide as well. Also, if you could throw some light on what are your plans in Kilburn. Currently, you have a couple of pigments and if you could throw some light on the product pipeline and how it would ramp up.

**Ankit Patel:** So you are asking about how the titanium dioxide plant will ramp up, right?

**Ayush:** Yes, yes. And also in the Kilburn, if you have any plans for further additions or new products that could come up in the next couple of years.

**Ankit Patel:** Yes. So we have a big plan as far as the titanium dioxide is concerned. But if I tell you at this juncture, then it will be not right. So as we have been telling our first target is to stabilize the current phase -- first phase with a better realization and we run the plant at better capacity. That is the first target. And once we do that, we have some planning to ramp up how to take it to the next level that is also there in the planning. Our team has been working on that parallelly. But I'll be able to give you more idea probably in the third quarter in that.

**Moderator:** The next question is from the line of Ankit Gupta from Bamboo Capital.

**Ankit Gupta:** Hello. Thanks for the opportunity and congratulations for a good set of numbers. Sir, on the crop protection side, if you look at our volumes, there hasn't been much growth in the volumes like at least the production volumes, they didn't give out. So that has increased just 6% Y-o-Y. So the major impact on the numbers has come from the product mix.

So if you can -- you did speak about some of the products that you have done. So if you can talk about what is helping us in growth with these new products? So is it new geographies that we are entering or new registrations are helping us. Some of the products, like few products which are doing well for us. Some of the product that you spoke about, also seem to have decent competition from the Indian market, from other Indian players. So if you can elaborate on that.

**Ankit Patel:** Thank you, Ankit Bhai. As far as the crop protection segment is concerned, you rightly mentioned that from the volume point of view, there has been a 6% increase. But as far as the revenue is concerned, there has been a significant increase. So as we have been telling that we have changed the strategy rather than focusing on the old generic product, we have been focusing on the new product, what we have been developing in the last 5, 6 years.

And this product, as we know, that we put up the plant, new multipurpose plant where these new

products are going to be manufactured, we have already started making all this product. So far, we have not been running at the full capacity as the registrations are happening in various markets.

And if we look at the markets like Brazil, Argentina, US, Australia, different other markets, we have started getting registration in different, different markets. Brazil is one of the biggest agrochemicals market and that is highly entry barrier-oriented market where the registration takes somewhere in the range of 5 to 7 years even the cost of the registration is also significantly high.

As a Meghmani, we started focusing somewhere from 2017 onwards. And we have got a few registration and many, many registrations are in pipeline. So over a period of next 3 to 4 years' time, every year, we'll be getting a few registration in this market. We also plan to open a Brazilian subsidiary company, 100% subsidiary company of Meghmani Organics Limited going forward. And so that will drive the major growth.

And US is also going to be there. Argentina is going to be there. Africa, we are there, Asian market, we are there. So, we have been keeping quite fragmented our presence, but when we need a volume, then the volume it will come from somewhere in the US and the Latin American market. And over there, we have been focusing heavily.

So this new product registrations are already going on. And not only the technical registration, we have been focusing on the formulation somewhere not just a conventional common formulation, but new combination formulations also are in the pipeline. So things have been improving as -- I'm sorry, I forgot to mention that we got our first 9(3) combo patented registration even for the Indian market which is the Flonicamid plus Fipronil.

We have launched the brand with the name of Iconic and it has been picking up very well. In the next 3 years, this brand will be a big brand and it's a patented product. So only we can sell or if we want to give it to any partner, then we can give it to other partners. We will be doing registration of this product in various other markets as well. Thank you.

**Ankit Gupta:**

Sir, Sir, on some of the markets, like you spoke about, especially Brazil. So we have seen significant competition from the Chinese players in the Brazil market, not just in technical, but even in the formulation segment. So for the product that we have launched and registered in the Brazil market, isn't there a significant competition from the Chinese companies?

**Ankit Patel:**

There will be contribution not only in Brazil, I would say where we are present in 75 countries everywhere there will be competition. And the competition was there even before also. So, we have been differentiating. We have been selecting the partner. We have been doing not only the technical business, but as I mentioned, we have been doing the formulation.

In the formulation also, we have been doing certain changes where we have upper edge over China.

Some combinations, some niche formulation and tying up with the different partners. And even in the global market, now everyone knows that they cannot depend 100% on China. So everyone would like to have the second source.

So depending on company to company, where they divide quantity 50-50, somewhere 70-30, 40-60. So company to company strategy varies. And they give the priority so in a tough time, who remains firm with a solid supply chain, they have been given top priority. So we have been doing this in the last few years, and we are quite confident that this will happen going forward as well.

**Ankit Gupta:** So how many products have registered in the Brazilian market currently and how many other are in pipeline. If you can talk about some of the products which are approved and how is the competition in those products, broadly if you can give us?

**Ankit Patel:** Yes. So if you look at both technical registration and the formulation registrations. So all put together, we have got more than 40 registrations all put together. As of now, we have got about 6 registrations on hand, more than 30, 35 registrations are in pipeline.

**Ankit Gupta:** This is for the Brazil market you are talking about?

**Ankit Patel:** That is for the Brazil market.

**Ankit Gupta:** Sure. Sure. And in terms of competition for 6 of these products like how many players have approvals in the Brazil market for these products?

**Ankit Patel:** Definitely, as I mentioned, Ankitji, the competition is going to be there. There are a few other registrations as well. So, the thing comes how do you differentiate yourself with the better formulation, better service, better quality. And that is what we have been doing. And we are very confident going forward as we have been adding the product range.

Our partners in the Brazil, they know that we are coming up with a variety of new products. So, they would like to give priority in the existing time to the company like Meghmani, so that they know that we are going to come up with various new products. And if they want that kind of product going forward, so they need to keep Meghmani as one of their supplier. So, we keep them as our esteemed customer going forward.

**Ankit Gupta:** Okay. Okay. Just one last question on the China side. Like one of our peers in the industry, they spoke about some of the pollution curbs that the Chinese government is now again -- has started taking for the chemical companies. Are we hearing anything about that or any news that you are hearing from your sources in China. Can you comment on that?

**Ankit Patel:** I would say, see from this level, if anything happens in China, then it is good for the whole world.

The price will start going up and the growth trajectory would be at a different level. So today, what we are speaking from the growth point of view is with the current base. Let's say, if nothing improves, then also we keep on going. But if something happens in China, then the growth will be at different levels and Chinese companies are also bleeding.

In fact, if we relate the business model of the Indian company and the Chinese company, they have been backed by the government and they have been getting various support subsidies by the government, whether export incentive, whether capital expenditure subsidy. So, they have been getting various, various support. And when we compare Indian government, we all know that the export incentive, what we get is hardly anything, not even 1%.

And as far as the capex subsidy is concerned, we don't get much any support from the government. So, our business model is more sustainable than the Chinese business model. If the Chinese government reduces this kind of things, then we will be better than the China. So that is the business model we are having.

And, let's say, be it environment, be it pricing pressure, be it competition, we have been hearing that the Chinese companies wants to increase the price. They are desperately looking at increase in the price. And somewhere it should start happening. If that happens, then it will be good for everyone.

**Moderator:** The next question is from the line of Mohit Vijay from Oculus Capital.

**Mohit Vijay:** Yes. Hi, sir. Good morning. Sir, I just wanted to know that how is the competition from China and that dumping from China happening now? And what's the scenario for the global crisis?

**Ankit Patel:** There has been competition from China, Mohitji, and it will remain in the future also. But the good thing is the channel inventory, which was there in the last 2 years, that has cleared very well and the new demand has started picking up. So which is a positive thing. And there was inventory even at the manufacturer level, be it India or China.

Now that has also been clear. So no one is having any high-priced inventory of raw material, technical or finished goods at any level. So that is a positive thing. And now even the Chinese companies want to increase the price, if that happens, then it will be positive for everyone. But the demand will be there for sure.

**Mohit Vijay:** Okay. So are we seeing the early signs of price recovery?

**Ankit Patel:** So far, there has not been much improvement in the pricing, but we hope that it should start happening. But it won't be like what we have seen in the year of '20, '21, '22 that was unrealistic price increase. That was one of the kind. There may be an increase by a few percentage. It may not be significant increase in the pricing.



- Moderator:** The next question is from the line of Abhijit from PI Asset Management.
- Abhijit:** Yes. Thank you. Just a few basic questions. There was a sharp increase in inventory change in the last quarter, and that led to a significantly higher COGS. So, can you please explain on this? Were there any operational bottlenecks, or there was a deliberate raw material stocking?
- Ankit Patel:** So Abhijitji, it was a move that we were planning that we started utilizing our plant at better capacity. So the raw material requirement was also there, and the raw material was moving at the rock bottom level. So we thought of buying raw material for running the plant. And we are -- we see the demand is picking up very well, which you have been seeing in the numbers. So going forward also, there has been good demand. And to run the plant at better capacity, we will need higher inventory. So this will continue.
- Abhijit:** Makes sense. And regarding depreciation, it was largely flat in this quarter. But we recently concluded the capex. So shouldn't we expect a higher depreciation?
- G S Chahal:** No. In this quarter, we have not capitalized any new capex. So it is continuing the way it was in the fourth quarter. So that's why it is in line with that.
- Abhijit:** Okay. So in FY '27, we are going to see an increase in depreciation rate?
- G S Chahal:** Abhijitji, we have already capitalized all the capex. There is no further capex happening. So, depreciation will remain in this line only.
- Abhijit:** Got it. Got it. And lastly, on the tax rate, there was a significantly higher tax rate. And there was no deferred tax adjustment also. So can you please explain on this?
- G S Chahal:** So, tax rate is mainly because last year, there was first time profitability in MCNL. And there is no further deferred tax impact we have created in this quarter because we see going forward profitability in all the segments.
- Abhijit:** So, what should we expect going forward the tax rate to be in FY '27?
- G S Chahal:** Our tax rate should be around 25%.
- Abhijit:** 25%. Understood. And lastly, on the finance cost, there was a sharp increase in finance cost. I think it must be on account of forex-related components, right?
- G S Chahal:** Yes. So we keep on managing. In the short-term now, because there is a volatility into the euro and dollar. So we are borrowing in INR, while we had long-term loans, which are early in euro and dollar, so euro you've seen in this quarter, it has gone up from 92 to 100 euro.

So, there's a significant increase in this quarter. So that has led to of MTM of around INR15 crores. But because we are net exporters, so we see INR8 crores in other income. There is a currency gain. So net impact is around INR7 crores in this quarter due to foreign currency fluctuation.

**Abhijit:** Understood.

**Ankit Patel:** At the same time, I would like to add as far as the foreign currency is concerned, we don't speculate at all. We have a very stable clear-cut policy and nobody is allowed to speculate as far as the forex is concerned.

**Moderator:** The next question is from the line of Bhavya Gandhi from Dalal & Broacha Stock Broking.

**Bhavya Gandhi:** Yes. Hi. Thanks for the opportunity. Sir, you mentioned that you want to grow the crop protection business at double digits for next 2, 3 years. Just wanted to understand because our capacity utilization has already reached 76% as I see for FY '25. I don't know about the latest quarter, somewhere closer to 70% plus. So if you can just throw some light, how will we achieve what is the peak level of revenue that we can generate and how can we achieve double-digit revenue growth?

**Ankit Patel:** Thank you, Bhavyaji. As far as the utilization is concerned, it's in the range of about 76% to 77%. And as you are asking, how we'll achieve without any major capex. So, as I mentioned, the multipurpose plant over there whatever capacity we have built in, those are high-value new generation products.

So this product, even with the lower volume will have a higher value and better profitability. So that will drive the major growth. And partly, we'll be converting our technical into formulation as well. So the formulation plant utilization will also improve where there will be improvement in the realization and profitability.

**Bhavya Gandhi:** Fair enough, sir. And sir, this would be low double-digit or high double-digit, some sort of range, if you can provide on that front?

**Ankit Patel:** Bhavyaji, so it will be difficult to mention whether it will be low double-digit or high double-digit. But yes, for sure with the kind of growth potential and the kind of the strategy what we have been having and a lot of registrations in pipeline in various markets, we see there will be a reasonable good amount of double-digit growth.

**Bhavya Gandhi:** Fair enough, sir. And just one more thing on the registration base, sir, because largely we're still an export-oriented company, but our CIB registrations in India are much higher. So, is it the quantum that we should look at? Or is it just maybe numbers?

**Ankit Patel:** So, the thing is, Bhavyaji, when we do the registration in various other markets, we -- as per the law

in India, we also need to take the CIB registration first. So CIB registration of different kind. One is for the export; one is for the domestic use. So, for, let's say, I want to do the new registration in Brazil, the same I need to take the CIB export registration as well.

**Moderator:** The next question is from the line of Raj Vyas from TM Investment Technologies Private Limited.

**Raj Vyas:** Congratulations, on a very good set of numbers, sir. My first question is with respect to the industry landscape. So across your agro-chemicals and pigments, how are we looking at the prices currently? And how is the demand shaping up? So, if you can give us some inventory levels as well, what are the inventory levels currently for different segments? So it will be very helpful.

**Ankit Patel:** So, Raj Bhai, as far as the inventory at our level is concerned, we have moderate inventory, I would say, looking at the demand. We don't have a very, very high inventory. As far as the pricing is concerned for the crop protection segment or for the pigment segment, both are running relatively at low level and flattish. We see there will be improvement going forward maybe after a few quarters, maybe 1 or 2 quarters later, there should be some improvement in the crop protection segment.

As far as the pigment is concerned, there will be difficulty in the prices improvement. At the inventory at the customer level in the global market now at every level, there has been inventory reduction and no one is having very high-priced old inventory. And that has led to the new demand.

**Raj Vyas:** And regarding this Europe subsidiary, which has been set up for our crop protection. So how much percentage of the market are we looking to capture because as you have mentioned that it's a high entry barrier and the demand is also very good over there.

**Ankit Patel:** So you are asking for the Brazil market?

**Raj Vyas:** Yes, for Brazil market?

**Ankit Patel:** Yes. So the Brazil market is one of the biggest market as far as agrochemical is concerned, close to \$15 billion market. So, it is quite, quite significant market. So, India, let's say, we are somewhere in the range of \$4 billion, \$4.5 billion market. Brazil is almost more than 3x than the Indian market. And as I mentioned, it is highly entry barrier oriented in terms of the time line and the cost of the registration. So which we have been spending money, we have been spending time, so which will drive the major growth.

**Raj Vyas:** Okay. And historically we have seen Q2 has been some bit of mixed performance for the company where we have seen a certain increase in certain costs, like, for example, raw material or logistic costs increasing and that has impacted the margins as well. So with respect to the cost structure or expenses, can you share some light like how we are taking things going forward?

- Ankit Patel:** I'm sorry, your voice is not clear. Can you repeat your question?
- Raj Vyas:** Question is with respect to the expenses, like raw material cost or logistic cost because historically, we have seen Q2 as well, where they have seen certain pressure with respect to these costs. So are we looking at the cost structure currently going forward in the coming quarters?
- Ankit Patel:** Yes. So, two things. First of all, the logistic cost. Now the logistic cost last year it was quite volatile. There was in between increase in the logistic cost. Again, it has started reducing. It has reached to the reasonable level. So, because globally, there has been different situation as well as the war condition in different countries are concerned, which has led to increasing the logistic costs. Now if anything volatile doesn't happen, and we see the logistic cost will not increase much, it will be more or less in this range.
- As far as the raw material cost is concerned, the raw material prices have also been relatively stable, and it is running at the lower level. If something happens majorly in China, where the Chinese government increases their environmental search or they want Chinese companies wants to increase the price, in that case, there will be improvement in the raw material costs, there will be increase in the raw material cost. But ultimately, that will be passed on maybe on the later on quarter to the customer. So maybe that may be impact for 1 or 2 quarters but it should be on a positive side.
- Raj Vyas:** Understood. And my last question is with respect to your guidance that earlier as well and in today's call as well, you have highlighted of double-digit growth in the top line. So is it fair to assume that we will stick to continue with the 15% to 20% of growth and the same kind of performance in the bottom line. And if you can provide us with the margins as well, how we are looking for margins for FY '26?
- Ankit Patel:** So double-digit, this quarter, we have done 20% growth because the last quarter base was relatively low. So, as the base will keep on growing, it will be difficult to maintain such kind of growth, but we are confident with that also, we should have the double-digit growth. Whether it will be more than 20% or more than 10%, that is difficult to mention at this level.
- And as far as the profitability is concerned, we are always optimistic that -- and focus on increasing the profit. And we would like to maintain the double-digit EBITDA margin for sure. This quarter, we were -- for the crop protection, we were in certain range, we are in the range of 17%. We would like to have this kind of range going forward also. Let's see how it goes, but it is difficult to mention that what would be the profitability percentage at this level.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as the last question. I now hand the conference over to management for closing comments.
- Ankit Patel:** On behalf of the management, we thank you for joining us today. We appreciate your trust and

support on us. With this, we hope that we have been able to address most of your queries. In case of further queries, you may reach out to Mr. G.S. Chahal or Mr. Nishant Vyas. They will connect with you offline. Thank you.

**Moderator:**

Thank you. Ladies and gentlemen, on behalf of Arihant Capital Markets Limited and Meghmani Organics Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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This document has been edited to improve readability.