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Dear Sir/s

Sub:- Transcript of Q2 (FY-17) Earnings Conference Call

We forward herewith transcript of a Conference Call held on **27th October, 2016** for Q2'FY17 Earnings for information of members.

Thanking you.

Yours faithfully,
For Meghmani Organics Limited

K D Mehta
Company Secretary & Compliance Officer

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"Meghmani Organics Limited Q2 FY-17 Earnings Conference Call"

October 27, 2016

CHEMISTRY OF SUCCESS AT WORK

Four-S Services
Strategies and Services for Stakeholder Success

CHORUS CALL

MANAGEMENT: MS. DEVAL SOPARKAR – HEAD-CORPORATE COMMUNICATION, MEGHMANI ORGANICS LIMITED.
MR. UPEN SHAH – CHIEF FINANCIAL OFFICER, MEGHMANI ORGANICS LIMITED.

MODERATORS: MS. NISHA KAKRAN – ASSISTANT VICE PRESIDENT, FOUR-S SERVICES PRIVATE LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Meghmani Organics Limited Q2 FY17 Earnings Conference Call. As a reminder, all participants' 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 '*' then '0' on your touchtone telephone. I now hand the conference over to Ms. Nisha Kakran from Four-S Services. Thank you and over to you.

Nisha Kakran: Good evening everyone. On behalf of Four-S Services, I welcome all the participants for the Q2 FY17 conference call of Meghmani Organics Limited. Today on the conference call, we have Ms. Deval Soparkar – Head of Corporate Communication and Mr. Upen Shah – CFO, Meghmani Organics Ltd. I would like to thank the management for giving us the opportunity to organize this call. I would now handover the call to Deval. Over to you.

Deval Soparkar: Good evening everyone and a very warm welcome to the Q2 FY17 earnings conference call of Meghmani Organics Limited. I will begin the call with a brief discussion about Q2 FY17 highlights, outline our growth outlook and then open the floor for discussion and questions.

We are pleased to report a steady growth in the quarter as our strategy to aggressively focus on the domestic market helped us overcome the anticipated subdued performance in exports as well as the transient impact of the unfortunate incident of Beta Blue pigment plant fire. Domestic market witnessed strong growth in the quarter on the back of a good monsoon. Around 85% of the country's geographical area received normal or excess rains this season. This has set the stage for a record agricultural output of 270 million tons this year which is 2% in excess of the government's target for kharif and rabi crops of 2016.

According to CRISIL with kharif sowing improving and minimum support prices increasing domestic demand growth for agrochemicals will swing back to double digits after almost two years of struggle. Meghmani Organics is focused towards monetizing this opportunity by stepping up branding and strengthening our pan India presence in our agrochemical business.

Also India is expected to grow at a healthy 7.6% in this year we expect our other businesses i.e. basic chemicals and pigments to continue to grow well domestically in line with economic growth. The domestic market already contributes 52% to our revenues. Global demand on the other hand continues to be muted with softer realizations for agrochemicals particularly in the USA and Europe. And the recovery is expected to be very slow starting in Latin America and Asia Pacific .We have a diversified presence across 75 countries in the world that includes developed as well as a significant number of emerging markets. Argentina, China and Hong Kong are amongst our top 5 markets. We believe this should help us to move for a faster recovery. As we mentioned in the last call, we had an accidental fire in our Beta Blue plant at Dahej SEZ. This is one of our pigment factories which contributed 4% to our FY16 revenue.

This had one-off impact on pigment volume in the current quarter that led to overbooking in H2 FY17.

Last quarter in one of our announcement also we disclosed that the Beta Blue turnover was Rs. 49 crores for the full year. The other plants located in Dahej SEZ namely our CPC plant and our Alpha Blue plant have already begun operation in full swing and our Beta Blue plant which got affected in fire has already started reaching normal capacity and we are doing about 30% to 40% utilization from that plant.

We are expecting no impact on any of the pigment revenue because of this and momentarily we are temporarily relocating our production to other facilities. We have also recognized an estimated loss of Rs. 24 million as an exceptional item this quarter. The company has all risk insurance policy including loss of profits and is fully covered for insurance claims.

Coming to the financials. Consolidated revenue for the quarter increased 8% to Rs. 3,821 million from Rs. 3,550 million in Q2 FY16. Domestic revenue increased 28% whereas the exports declined marginally. EBITDA for the quarter increased 14% to Rs. 795 million from Rs. 695 million in Q2 FY16 and EBITDA margin reached 20.8% up from 19.6% in last year. PAT for the period at Rs. 252 million and PAT margin at 6.6% this includes the exceptional items for the quarter on account of estimated loss due to Beta Blue plant's fire of Rs. 24 million.

Consolidated revenue for H1FY17 grew by 12% YoY on the back of strong domestic performance whereas export revenue remains stable. EBITDA for the period increased 35% YoY to Rs. 1,544 million resulting in significant expansion of 359 basis points in EBITDA margin which is at 21%. PAT grew by 46% to reach Rs. 440 million. Total debt including current maturities as on 30 September 2016 is at Rs. 4,963 million compared to Rs. 5,803 million as on 31 March 2016.

The company paid out a debt amounting to Rs. 52 crores in half yearly FY17 improving our debt-to-equity ratio to 0.7x from 0.9x at the end of March 2016. Total cash and cash equivalent as on 30 September is at Rs. 152 million.

Looking at each segment's performance in detail:

Pigment posted a revenue growth of 22% to reach Rs. 1,281 million from Rs. 1,047 million in Q2 FY16 driven by robust growth of 125% in domestic markets and marginal growth of 2% in exports market. Contribution from domestic market is up at 41% from 24% in Q2 FY16. Volume increased by 8% to reach 3,064 metric tons from 2,829 metric tons in Q2 FY16 which was slightly impacted due to fire in Beta Blue pigment plant. EBITDA increased 23% to Rs. 179 million from Rs. 146 million in Q2 FY16 and EBITDA margin is stable at 14% and utilization is at 56%. Pigment's revenue for H1 FY17 grew by 14% YoY to Rs. 2,554 million led by 11% YoY growth in volumes. EBITDA for the period doubled to Rs. 419 million taking EBITDA margin up to 16%.

Agrochemicals witnessed growth of 4% to reach Rs. 1,441 million in revenue from Rs. 1,381 million in Q2 FY16. Domestic revenue grew by 27%. Volumes are also up by 34% to 4,949 metric tons compared to 3,695 metric tons offsetting the decrease in blended realization on account of changed product mix. EBITDA declined 5% to Rs. 230 million from Rs. 242 million in Q2 FY16 mainly due to lower realizations and change in product mix. EBITDA margin reduced to 16% from 18% in Q2 FY16. Utilization declined to 55% in Q2 FY17 compared to 72% in Q2 FY16 on account of increase in production capacity. Agrochemicals' revenue for H1 FY17 increased 20% YoY at Rs. 2,758 million on the back of 41% YoY growth in volumes. EBITDA declined by 11% YoY to Rs. 307 million, EBITDA margin is at 11%.

Revenue from our basic chemicals business reached Rs. 1,000 million from Rs. 977 million in Q2 FY16. Our new caustic potash plant is ramping up as per schedule and is expected to stabilize in Q4 FY17. Caustic soda volumes and utilization continues to be impacted due to synchronization process of the new plant. EBITDA for the segment increased 9% to reach Rs. 329 million compared to Rs. 302 million in Q2 FY16. EBITDA margin improved to 33% from 31% in Q2 FY16. Basic chemicals H1FY17 revenue increased by 3% YoY at Rs. 1,956 million on account of higher ECU realizations. EBITDA for the period is up 28% YoY at Rs. 758 million resulting in significant increase in EBITDA margin to 39%.

Going forward we are hopeful of a better Q3FY17 and the second half with increased domestic demand and ongoing recovery in global markets. Execution of overbooked pigment orders, optimization of new plant in basic chemicals will further boost growth. We also expect softer inputs prices in most of the products to percolate improved profitability in coming quarters. At this point I also would like to mention that we have observed sharp increase in coal prices and we believe that it may have some impact on our basic chemical division. We plan to reduce our debt by additional Rs. 50 crores in next six months that will further reduce our interest cost.

I would like to now introduce you to Mr. Upen Shah who joined us as our Chief Financial Officer. Upen Bhai comes with over 30 years of experience with firms like Precision Wires, Investment and Precision Castings and Power Build Limited. Before joining Meghmani he was working with INOX Leisure Ltd as a CFO in Mumbai. He was also partner with Kashiparekh & Associates, an audit firm for a few years. We believe his expertise in the field will be an immense value and add to our organization.

So with this I come to an end of my comments. I would like to thank everyone for joining our conference call and would be happy to take any questions that you may have at this stage. I also would like to wish Happy Diwali and Nutan Varsh Abhinandan to everyone. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. We have the first question from the line of Kunal Bhakta from Lastaki Advisors. Please go ahead.

Kunal Bhakta: I have a few questions. So on the basic chemical business can I have the volume separately for caustic soda and the caustic potash for the last quarter?

Upen Shah: Yeah, I am getting you the details. We may move to next question.

Kunal Bhakta: I will just continue with the other questions. So what I also want to understand is while I can understand that agrochemicals is a business which is quite volatile from a margin point of view. I wanted to understand what are the drivers which are causing so much volatility on the basic chemical side because Q4FY16 we had a 38% EBIT margin which came down to 26% in Q1FY17 and it has come down to 19% now. So what I want to understand is if we segregate the impact of the synchronization then whether there is any delta in terms of the gross margin of the caustic soda business per se?

Deval Soparkar: No, the EBITDA margin is at 39%.

Kunal Bhakta: I am talking about the EBIT, the segmental margin which has been reported for Q2FY17?

Deval Soparkar: For basic chemicals?

Kunal Bhakta: Yeah, for basic chemicals there is a reduction in the EBIT margin compared to the previous quarters?

Deval Soparkar: We have already mentioned in our last conference call also that coming three quarters are going to be challenging for the basic chemical division. Three things that is going to happen. One is that two of our competitors have come out with the increased production capacity. In my last conference call I have also given the detail of production figures. So about 800 tons of additional chlorine per day will be in the market from Diwali. So that will disturb and push the chlorine realization to negative. That is one thing.

Second thing is that the coal prices have started moving up. One of the reason is that China because of the environment concerns have reduced the mining days from 350 days to 230 days and that 230 days with lot of push by the industry has been revised to 275 days and in this situation Indonesian coal prices because everyone would like to monetize the opportunity that is on their way, we have seen a rise of about 40% in this.

Kunal Bhakta: So what does that translate into per unit cost increase for us on the power side?

Deval Soparkar: So our cost rate is about Rs. 4.25 including depreciation and interests and everything. We believe that it would move to almost Rs. 5 plus. The third thing that will impact the Basic Chemicals business is that caustic potash business will take time to stabilize because it is not a commodity business like say chlorine and hydrogen and it goes into pharma and agrochemicals where testing requires more time. So they first start with the sample then the industrial testing and then the final approval will come.

So, that way we believe that Q4 would be the ideal platform to look at it. The fourth thing is that we have always been saying that Q3FY16, Q4FY16 and Q1FY17 the ruling prices of caustic chlorine market was unrealistic. And that is why the company has always given guidance that the EBITDA margin for basic chemical division would be in a range of 30% to 34% which is a long run sustainable business margin.

Kunal Bhakta: So this 60 MW Power Plant is sufficient for our entire capacity now?

Deval Soparkar: Yes.

Kunal Bhakta: And can it support any incremental expansion or any incremental expansion need more captive power to be setup?

Deval Soparkar: It depends on what type of products are there. Like it is sufficient for our caustic potash. If any further expansion on downstream products that we announce, we will have to check at that point of the time looking at the project that we want to do.

Kunal Bhakta: Right, so as you mentioned that on the chlorine side there is going to be a temporary over supply situation which is sending the conversion margin negative. So would it be logical to go for a chloromethane kind of a project to process the chlorine further?

Deval Soparkar: We have identified couple of projects. So I think it is too premature to announce in the public.

Kunal Bhakta: And on the pigment side?

Deval Soparkar: Like you are rightly mentioned that any company who wants to have a five year, 10-year vision for this business they have to think about chlorine consuming business project only.

Upen Shah: This is Upen. Regarding you wanted the production of basic chemicals?

Kunal Bhakta: Yes.

Upen Shah: Q1FY17 was about 32,000 metric tons and Q2FY17 was about 36,000 metric tons. So there is an increase in the production so and the capacity utilization has gone up from 77% to 83%, as Deval has mentioned about the raw material prices basically coal prices. It is showing an upward trend and that is why margins have eroded.

Kunal Bhakta: So coming to the pigment side of the business. The impact of the fire was only on the Beta Blue part of it, right? So out of the total capacity at Dahej only 2,400 tons I believe was from Beta Blue?

Deval Soparkar: Yes.

Kunal Bhakta: So was there any impact on the rest of the facility during that period in terms of production halt?

Deval Soparkar: For about two weeks.

Kunal Bhakta: And what would it translate, just a delay in terms of fulfilling the orders or it is also resulted in some loss of orders?

Deval Soparkar: No, there is no loss of orders because Panoli plant and Vatva plant supported this. And also in two weeks CPC and Alpha Blue started operations. So we were able to manage the bookings and the orders. There is of course with some delays which our customer also understood.

Kunal Bhakta: On the agrochemical side has there been any significant improvement in terms of the branded side? Have you seen any traction there?

Deval Soparkar: So this year the branded side push was good. The season picked up little late like it started but then in two months the monsoon was well covered. Except Gujarat which was still under deficit but most of the parts of India was well covered with monsoon. And we could get rid of lot of channel inventory. We meaning most of the Agrochemical companies could get rid of channel inventory and I think there is a slow recovery but there is recovery at least from last two years it was a very bad situation in the agrochemical business.

Moderator: Thank you. We have the next question from the line of Pawan Kumar from Unifi Capital. Please go ahead.

Pawan Kumar: I just had a question about your agrochemical division. You have mentioned in your presentation that realizations have come down in this particular quarter. So what is the kind of product mix change that has happened and are the realizations expected to sustain at this particular level or as the branded sales go up we might expect some improvement?

Deval Soparkar: The thing is that we had to change couple of product mixes meaning from the organo phosphorus compound which is our strong business we had to move the product mix because of the late season lot of pest attack did not happen on plants. And also when you move from say Chlorpyriphos to Imidacloprid you could sell up to say 500 tons also. But Imidacloprid is smaller molecule, it can go up to say 20 to 30 metric tons only. But we need to put that in a formulation because we are now focusing on the branding. So that is one thing. In overall smaller molecule you had to take a larger overheads burden. So that is why you feel that when we do a combined realization for all the products and all the production put together we believe that the realization has come down. But we believe that couple of products that have now come and is now been demanded in Latin American market especially in Brazil and Argentina is of good margins. We believe that going forward that will help the company to grow in the agro business.

Pawan Kumar: Deval, regarding that product which you had talked about that launch will happen in Latin America. So how has the product performance been and what are the kinds of revenues we are expecting to generate from that particular product may be say over a period of next one to two years at full capacity?

Deval Soparkar: I can send you all the details later because we are working on four products and I need to check vis-à-vis market size what is our target strategy. Currently we are yet to receive registration for these four products.

Pawan Kumar: So we had not got one registration is it? We have got four registrations?

Deval Soparkar: We have already applied for four registrations.

Pawan Kumar: Could you give us at least any kind of idea about the market size of these products or something like that?

Deval Soparkar: We are already selling that products in the market. I cannot disclose the names of those products. But to give you an example that one of the products that we are selling right now to because we are not registered as a main technical supplier we registered as a seller. So we are selling that product let us say $11. But with have our own registration, the same product can be sold at $13.

Pawan Kumar: So if I wanted to just understand the model of how this is different from other products that you are selling? We have one of the listed peers say Sharda Cropchem who actually registered for these molecules and then give them for manufacturing, is that a similar kind of model that has been attempted in these particular molecules from your side?

Deval Soparkar: Sharda does not do manufacturing. They are focusing on registrations. What we are doing is that we are already selling these products under someone else's registration for many multinational. What we are doing is we are still continuing with manufacturing of our own products but using strategy like Sharda having our own registration and then selling it.

Pawan Kumar: So you are getting your own registration and then selling it?

Deval Soparkar: Yes.

Pawan Kumar: You are manufacturing and then selling it. So can we expect some significant improvement in margins going forward in this particular division, may be for one or two years down the line?

Deval Soparkar: I am pretty hopeful that the brand business will stabilize in another one to two years as per plan and this registration process will come through. Then agro business can look for other growth cycle after that. In last conference call I also mentioned that we are in process of establishing our own GLP laboratory because if you want to have registration process going faster you need to generate lot of data for re-registration also to support the main registration. And for that we have seen that we are not getting timely response from the laboratory that we applied to.

So we are going to put up our own GLP laboratory that will give significant economic impact also because to give you an example couple of tests which can be done outside for Rs. 22 lakhs we can do it in-house with a team we have about 45 people working in that team right now which will do generate the same test for Rs. 8 lakhs. But once again to mention to you we are not looking at that aspect, we are looking at how much faster generation of dossiers that we could do. First visit of that GLP laboratory has already been concluded by Department of Science, Delhi and we are going to have another visit in November and we believe the certification should come through by May or June next year.

Pawan Kumar: Okay so we are quite serious about getting into this registration in manufacturing over at least a medium to long term, right?

Deval Soparkar: We are always very serious about manufacturing. But we believe that along with manufacturing if we put some CAPEX in registration and brand building and channel distribution also then it will be a full proof model for agrochemicals.

Pawan Kumar: Just one last question from my side. So EBITDA margins what are the kind of margins we can look at may be once the process mature? I know it is quite far right now. It might take one or two years. But may be at a matured stage what the kind of margins we can expect?

Deval Soparkar: I think too difficult to give such kind of an indication.

Pawan Kumar: I do understand.

Moderator: Thank you. We have the next question from the line of Veena Patel from I-Wealth Management. Please go ahead.

Veena Patel: Well, I was just listening to the previous participant's question. So again get it back on a few of the data related questions. So beginning first with the basic chemical division. The breakup that has been provided in the presentation and what has been mentioned by Mr. Upen, so I just want the discrepancies. Is that with regard to the caustic potash?

Upen Shah: Pardon?

Veena Patel: The sales volume data that you provided in the basic chemical division was it including even the caustic potash?

Upen Shah: No, that was purely NOH.

Veena Patel: So how much was the sales of caustic potash?

Upen Shah: Yeah, let me get this detail. We can move ahead.

Veena Patel: Moving to the pigment division. Is the affected plant operational now after the outbreak of the fire?

Deval Soparkar: Yeah, I mentioned that during the opening presentation that we are already doing about 30%. We have to ramp up the capacity slowly because we do not want to take it to the full capacity and realize that there could be else because the plant when it gets fire we actually do not know what could be the internal damage. So we do not want to do any other mishap or anything. So to be very cautious we are slowly ramping up the capacity.

Veena Patel: So like what kind of utilizations on which we can move ahead? Because you had just mentioned in the second half you are already overbooked?

Deval Soparkar: No, what we are doing is that the CPC and Alpha we are making it in-house and there will be any additional order for pigment what has happened is that pigment from CPC to Beta Blue itself is a seven stage process. So in that there are lot of equipment's that is gets used. Now couple of the equipment's are burned and to procure that also takes three to four months. So couple of these we are getting it outsourced and getting done either at Panoli plant or outside.

But the final treatment the success treatment where the brain comes in and that where the product gets differentiated.

We are doing it in-house in our laboratory and or at Panoli plant or at vatva depending on the product and on the end application. But we believe that there will not be any impact on the topline this year. Bottom-line we have to check because we are having this additional cost of moving products back and forth or using Panoli plant more than it is required. So we think that extra waste requires additional permissions and additional money. So we are doing all these things because for us the customer is most important.

Veena Patel: I was just trying to come down to the EBITDA margins. So because of these all costs your margins have been on the lower side. So going ahead we will be seeing an improvement with the export market picking up?

Deval Soparkar: The margin this year in pigment is little difficult as I mentioned. But the product which comes out straight from CPC to Beta Blue then the surface treatment and comes out one plant from movement we are actually doing three to four movements of that product. So that is an additional thing. And we have to be careful but and the overheads and all of Dahej plant is booked completely.

Veena Patel: But the margins overall will be better than the Q2 numbers?

Upen Shah: Of previous quarter? On YoY?

Veena Patel: I am talking about like 14% is what the margins that we have done in Q2?

Upen Shah: YoY?

Veena Patel: Yeah.

Upen Shah: Yeah, similarly there is an improvement as far as on YoY is concerned. If you compare with the immediate previous quarter, we are slightly here and there by some more at times 15 bps here and there.

Veena Patel: So just been trying to have an understanding and overall basis if you just got the full year for FY17 then will be the position to at least to make 15% to 16% EBITDA margins?

Deval Soparkar: For pigment?

Veena Patel: Yes.

Deval Soparkar: Yeah, we are quite hopeful on that.

Veena Patel: And are we seeing realization improvement happening or it is only because of the export market picking up there will be improvement in realization overall?

Deval Soparkar: See the thing is that our earlier plan was to capitalize on Beta Blue plant. If you take all the previous presentations or call or even personal meetings and all I would always say that Beta Blue is our winning product. But unfortunately that plant got on fire.

Veena Patel: But in spite of that in Q2 FY17 we have recorded 13% improvement in the realization on year-on-year basis?

Deval Soparkar: Yeah, but then our overall plan was to move the pigment business EBITDA to 18% in two years. I think that plan is very much on track. We also believe with the limited disclosure that I could do but I believe that next year is going to be a very good year for pigment business.

Veena Patel: Now you just give about your strategies with regard to the agrochemical to the previous participant. Now how have been our pickup in the domestic business and how much we have done in the first half in the agrochemicals?

Upen Shah: See as far as the agrochemicals the topline is about Rs. 1,441 million against that on a YoY Rs. 1,381 million showing an increase of 4%. On a half yearly basis, it is Rs. 2,758 million against Rs. 2,303 million over YoY which shows an increment of 20%.

Veena Patel: Mr. Upen, how much we will see domestic sales as to say of the branded formulations business?

Upen Shah: I am coming to that. Around 59% is exports and around 41% is domestic during Q2 FY17. On for last year same period it is 67% and 33%.

Veena Patel: Sir, I am asking about the branded business which we sell on our own brand name?

Deval Soparkar: No, that would be around Rs. 35 crores, we have done so far in branding. And in a year we expect that it should be about Rs. 82 crores.

Veena Patel: This Rs. 35 crores is for Q2 or it is for the first half?

Deval Soparkar: Q2.

Veena Patel: Okay then what would have been the figure for first half?

Deval Soparkar: Full year we believe last year we did about Rs. 60 crores of brand business. This year we should do about Rs. 82 crores.

Veena Patel: So like what was the figure for the first half? Rs. 35 crores you mentioned for Q2 so?

Deval Soparkar: Q1 I will have to find out and get back to you. Full year our target is to do Rs. 82 crores.

Veena Patel: Just on the agrochemicals, last question. We have increased our capacities and on that increased capacities we are doing about 55% utilization. So here going on for the second half are we expecting an increase in utilizations?

Deval Soparkar: Yes.

Veena Patel: I mean to say that action is coming from the export markets?

Deval Soparkar: No, we believe that there were some issues with the 2, 4-d project. The pricing of 2, 4-d were in severe pressure. But there is improvement in 2, 4-d plan that is going meaning the prices overall getting better. That is one thing and we have also seen that overall the order book looks good as of now. From the export market I am talking about.

Veena Patel: So we will be in the plus of at least 60% on the utilization for the entire year?

Deval Soparkar: Yeah.

Veena Patel: So like what kind of guidance can you just give on the margins front for FY17?

Deval Soparkar: I still believe that we should be little conservative because agro is difficult business. So we always give a very conservative margin on agro and I believe if we do about 16% this year on a year-on-year basis it would be good.

Veena Patel: I was asking for the overall. Overall you have been 20% for the first half?

Deval Soparkar: But still I think I always like to give conservative and then give you a good Diwali gift.

Veena Patel: Okay what is that conservative number?

Deval Soparkar: Say about 16%.

Veena Patel: So I will just take offline the data on the caustic potash.

Deval Soparkar: Yeah.

Moderator: Thank you. We have the next question from the line of Pravin Sharma, an individual investor. Please go ahead.

Pravin Sharma: I have couple of data point questions. One is this exceptional loss. This exceptional loss of Rs. 2.3 crores which we have taken, is this the final or do we expect some more loss to be booked in Q3, Q4 something more to be amortized?

Upen Shah: As we have made it clear in our notes also, this is an estimation of loss perceived by the management. Because it is always an accounting principle to estimate and provide for your losses if you have any slight inclinations. So this is management perception.

Pravin Sharma: Basically means as far as the perception is concerned this is the final figure which we have?

Upen Shah: Yeah, the figure.

Pravin Sharma: We do not expect material difference to be added in Q3 and Q4?

Upen Shah: No.

Pravin Sharma: The second point is if I heard Deval we target to increase our EBITDA margin in pigment business to around 18%, correct in this year?

Deval Soparkar: I always give a long-term guideline and our earlier guideline was to make it to 18% this year. But looking at the incident I do not see that this year 18% will be achievable.

Pravin Sharma: So this year we will be more or less on whatever we have right now or we expect some improvement in the second half?

Deval Soparkar: There will be an improvement in the second half.

Pravin Sharma: We expect an improvement, correct?

Deval Soparkar: Yes, so the plant will start running, slowly we are ramping up the plant which got affected.

Pravin Sharma: Okay, so basically the material which we are moving back and forth the periodicity will reduce and we expect improvement there? Am I right?

Deval Soparkar: Yes.

Moderator: Thank you. As we have no further questions from participants, I would like to hand the floor back to the management for closing comments.

Deval Soparkar: I wish once again a very Happy Diwali. We had a marathon last month where we had to conclude the board meeting on time and have a conference call with you. If there are any further questions, we would be happy to answer. You can send us a mail, you can get in touch with Nisha or you can directly call us. Have a very safe Diwali.

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