CHEMISTRY OF SUCCESS AT WORK

On the path to Recovery with Portfolio Expansion

ArihantCapital
Generating Wealth

Initiating Coverage
17th October, 2024

Meghmani Organics Ltd

On the path to recovery with portfolio expansion

CMP: INR 110

Rating: BUY

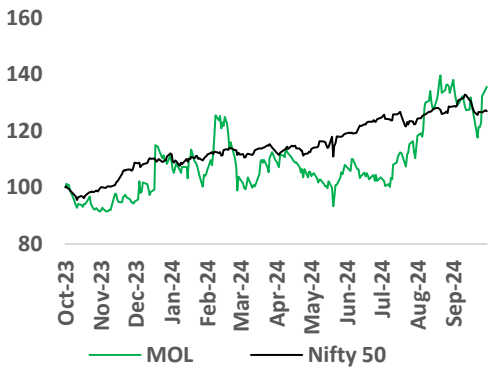
Target: INR 195

Stock Info	
BSE	543331
NSE	MOL
Sector	Agrochemicals
Face Value (INR)	1
Equity Capital (INR Mn)	254.3
Mkt Cap (INR Mn)	27,860
52w H/L (INR)	116/71.4
Avg Daily Vol (in 000')	1,860

Shareholding Pattern % *(As on June, 2024)*	
Promoters	49.32%
Public & Others	50.68%

Stock Performance (%)	1m	6m	12m
MOL	5.2	29.4	37.4
Nifty 50	-2.5	12.5	25.8

MOL Vs Nifty 50



Meghmani Organics Ltd (MOL) is a fully integrated chemical company, operating in the Crop Protection, Crop Nutrition and Pigments segment. It is one of the leading players in the Phthalocyanine based pigments segment, ranking in the top three companies globally with 8% market share. The Company also is a prominent player in pesticides with presence across the entire value chain. The Company has a wide customer base in India with 400+ customers, catering 36+ own brands of various pesticides formulations. The Company has global presence in 75+ countries with 9 manufacturing facilities with backward integration capabilities enabling presence across the supply chains. MOL has also forayed into new product categories like Titanium Dioxide, Nano Urea and other high value products in order to penetrate the domestic markets. The new products will act as key growth drivers for the company going forward.

Capitalizing on import substitution opportunity of Titanium Dioxide

MOL has forayed into Titanium Dioxide (TiO2) production by acquiring Kilburn Chemicals Ltd. India has a high import dependency for TiO2 as domestic manufacturers are able to cater only 27% of the annual demand. Meghmani saw this an opportunity and planned capacity establishment of 33,000 MTPA, with 16,500 MTPA (Phase 1) already capitalized. Capex for the planned project was INR 6 bn, with INR 4 bn already incurred. Phase 1 capacity has the revenue potential of ~INR 3bn at peak utilization. With this capacity, MOL looks to capitalize on the import substitute opportunity and will become one of the leading domestic players of TiO2 with ~29% market share (capacity wise). TiO2 being a high margin product, will drive the margin expansion for the company over the coming period.

Entering Nano Technology with IFFCO partnership for Nano Urea

MOL has partnered with IFFCO and forayed into Nano Urea production. Nano Urea is viewed to be the replacement for conventional Urea given its increased effectiveness and efficiency and better pricing along with ease to use. Nano Urea is in early stage of acceptance across the globe as farmers are gradually adapting to it. The product is expected to reform agricultural industry as it provides better yield, and is cheaper compared to conventional urea and has a wider base of applications. MOL has added annual capacity of 5 crores bottles (500 ml) of Nano Urea by incurring a capex of INR 750 mn. The revenue potential from this project is ~INR 10 bn at peak utilization, leading to an asset turnover of ~13.3x. The adoption of Nano Urea is slow globally but is expected to transform the industry significantly.

Margin expansion to be driven by new age high value products

Looking at the increasing demand for high-value new-age insecticides, MOL has commissioned a new Multipurpose Plant with 5,000 MTPA capacity at Dahej. The MPP will enable backward integration capability along with producing high-value products. The products planned at this facility are high-value insecticides with very few manufacturers in the market. As MOL forays into these products, they will have first mover advantage.

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Agrochemical sector on the cusp of a turnaround

The agrochemical sector has been facing major headwinds for the past couple of years due to reduced raw material prices, low demand from end users, inventory destocking and rising inflation. The turnaround has begun with improvement in realizations and demand coming back, especially in the domestic market. With the "China+1" strategy and India being viewed as an export hub by global companies, the Exports from India are expected to increase. MOL is already an export-oriented player with around +80% of revenue coming from export sales. MOL saw improvement in prices in the recent time, especially in their flagship products.

Major capex cycle completed

MOL has incurred substantial capex of INR 8.65 bn over the last 3-4 years including the acquisition of Kilburn Chemicals Ltd. (KCL) and ramping up of Titanium Dioxide facility, new MPP plant in Dahej SEZ and setting up 50 Mn bottles/year capacity of Nano Urea. Majority of the planned capex has already been incurred and we believe this will aid the company's cash generation capabilities, eventually helping them in debt reduction. With the Titanium Dioxide and Nano Urea segments having a revenue potential of ~INR 13 bn, MOL is set to see higher growth in topline and profitability going ahead.

Pigment segment to see gradual growth with stable margins

MOL generates ~30% of its total revenue from the Pigments segment where they produce Phthalocyanine pigments, Azo Pigments and High Performance pigments. They currently hold 8% global market share in Phthalocyanine pigments, ranking among top 3 players globally. Given the current demand scenario in the Pigments industry, we expect the pigments segment to stabilize from hereon and generate reasonable growth along while maintaining similar margins. As MOL has a wide product portfolio in this segment and its positioning in the global market, we do not expect any major downtrend in the business.

Valuation and View

Meghmani Organics is set for a strong recovery, largely driven by new products like Titanium Dioxide and Nano Urea over the next couple of years while headwinds in the Agrochemical industry are expected to ease out from H2FY25 onwards on a global level. Export oriented players like MOL are expected to see quick recovery, given the destocking situation and price improvement anticipation. The major capex cycle of the company has completed with future cash generation from the new projects aiding their debt reduction drive. We believe Titanium Dioxide and new high value agrochemical products will drive margin expansion for the coming period accompanied by Nano Urea as the gradual adoption on the domestic and global level has begun for the same. The new agrochemical products will provide first mover advantage, Crop nutrition segment will open up new geographies and customer base, and massive Titanium Dioxide capacity addition enabling them in capturing major market share. We expect MOL's Revenue/EBITDA/PAT to turn back positive and show exponential growth over FY24-27E owing to incremental revenue contributions from new products. We expect the EBITDA margins to see substantial improvement from -1% in FY24 to ~10% in FY27E given the superior product mix. ROCE/ROE are expected to improve from -6%/-7% in FY24 to 9%/10% in FY27E. Hence, we initiate coverage on the company with a "BUY" Rating for a Target Price of INR 195 using weighted average valuation approach using EV/EBITDA and DCF valuation, giving an upside of 77%.

Overview

Business Model	Meghmani Organics is one of leading players in the Agrochemical and Pigments space, focusing majorly on the export market. They operate in the Crop protection division with an annual capacity of 54,660 MT in Crop Protection and 33,180 MT in Pigments. Other than this, they have also forayed into Nano Urea and Titanium Dioxide production will annual capacity of 50Mn bottles and 33,000 MT (16,500 MT commercialised). They intend to target the domestic market with the new products.
Strategic Positioning	Export oriented player with presence across developed and emerging markets. Diverse Crop Protection portfolio of 36+ brands across the value chain. 8% global market share of Phthalocyanine based pigments. 29% domestic market share (capacity wise) of Titanium Dioxide post expansion. Only private player of Nano Urea in India with annual capacity of 50Mn bottles, with an expected Asset turnover of ~13.3x at peak utilization.
Competitive Edge	Leading player in the phthalocyanine and High performance pigments. Big basket of products in the Crop protection segment with a strong registration pipeline.
Financial Structure	Meghmani's revenue mix includes 70% of sales coming from Agrochemicals while 30% is contributed from Pigments. As of FY24, the company's net worth stands at INR 15.65bn with Gross Debt of INR 5.97bn (Standalone).
Future Revenue drivers	Change in the product mix with inclusion of Titanium Dioxide, Nano Urea, New age high value products in the Crop Protection segment will be one of the key growth drivers. With the capacity addition of Titanium Dioxide, the company can highly contribute in reducing India's import dependency. Gradual worldwide adoption of Nano Urea will provide the company massive first mover advantage, especially in the domestic market and also in the export market.
Share Holder Value proposition	Agrochemical industry is on the cusp of a turnaround with revival signs in realizations and demand seen across geographies. New age high value products to drive revival in EBITDA margins.
Earnings visibility	The Revenues/EBITDA/PAT will turn back positive and show exponential growth over FY24-27E period.
Risk	Major risks include current industry headwinds like inventory destocking and low realizations. Low demand for Pigments also a concern for the company.

Exhibit: Summary

Consolidated (INR Mn)	Net Sales	EBITDA	PAT	EPS (INR)	EBITDA Margin (%)	EV/EBITDA	P/E (x)
FY23	25,526	3,410	2,377	9.3	13.4%	10.5	11.8
FY24	15,663	-203	-1,060	-4.2	-1.3%	-178.2	-26.4
FY25E	19,092	1,502	410	1.6	7.9%	23.9	68.2
FY26E	24,368	2,348	1,192	4.7	9.6%	15.0	23.5
FY27E	29,447	2,956	1,687	6.6	10.0%	11.9	16.6

Foray into Titanium Dioxide through KCL acquisition

MOL acquired Kilburn Chemicals Ltd (KCL) through NCLT in December 2021. With this acquisition, the company forayed into manufacturing of the white pigment (TiO2) with an initial capacity of 16,500 MTPA, which got commissioned in Q4FY23 in Phase 1. Capex of INR 6 bn is estimated for the total project for setting up 33,000 MTPA capacity which includes INR 1.25 bn acquisition cost of KCL and a captive power plant. The company currently has put the Phase 2 of the planned expansion on hold as the product is still not established due to the oversupplies from Chinese players.

With India having a major import dependency on the Chinese players for TiO2 (~73% of total demand is being imported), Meghmani has a big opportunity to capitalize with its current installed 16,500 MTPA capacity along with planned Phase 2 expansion by another 16,500 MTPA. No other player has announced expansion in the TiO2 space. Meghmani, with its wide customer base and strategic positioning in the Pigments segment, will highly benefit in reaching out to potential customers and gaining market share, especially in the domestic market.

MOL looks to capture the growing demand for TiO2 in the domestic market. They look to take advantage of the negligible threat from alternative products and its application along with focusing on import substitution. With the total capacity of 33,000 MTPA, MOL will garner ~29% domestic market share (capacity-wise), making it one of the leading manufacturers of the pigment. With Phase 1 already commissioned, the company will cater ~4% of total domestic demand in FY26E and ~8% once the total planned capacity comes on board.

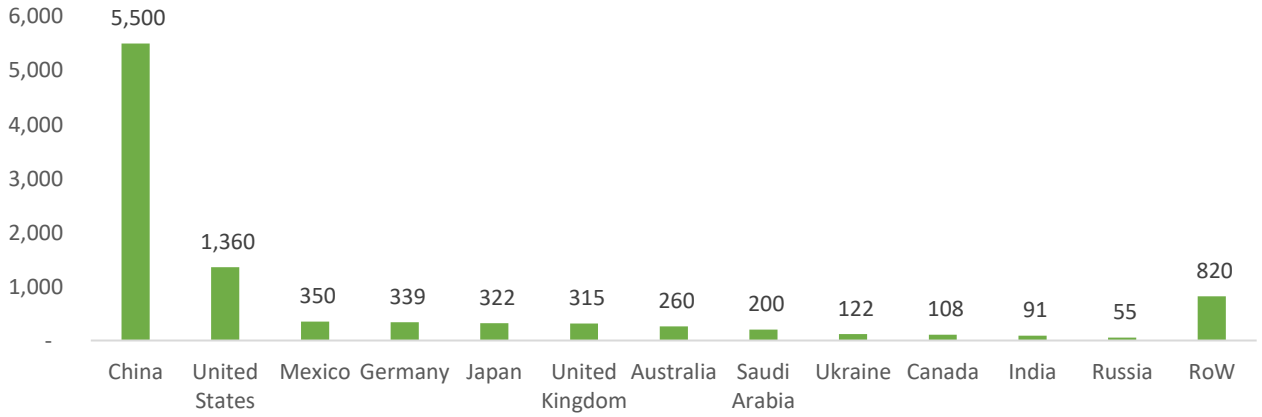
The company has also set up a Co-gen power plant at their TiO2 facility which will help them in captive power consumption and eventually lead to cost efficiency and better margins. Currently, the company is operating at minimal capacity utilisation of 35% as the product is still in testing phase with customers, but we believe the utilisation will reach to 70% in H2FY25 once orders start flowing in.

Anti-Dumping duties on Titanium Dioxide are also expected to come in by Q3FY25, which will largely benefit domestic players and lead to substantial improvement in volumes and profit margins.

The Paints industry is witnessing consolidation among regional players with major companies like Grasim Industries, JK Group and JSW Group are entering the domestic Paints market with huge set ups. The demand for Paints has already been strong and is expected to continue this momentum. This boost in the sector will be positive for the TiO2 demand and help MOL onboard potential customers.

MOL has adopted the Sulfate process for TiO2 production. Sulfate is the dominant and preferred process of production; 78% of total TiO2 production is done through this process. The Sulfate process is cost efficient and relatively easier than the Chloride process.

Exhibit: Global Titanium Dioxide capacity in 2023 ('000 MTPA)



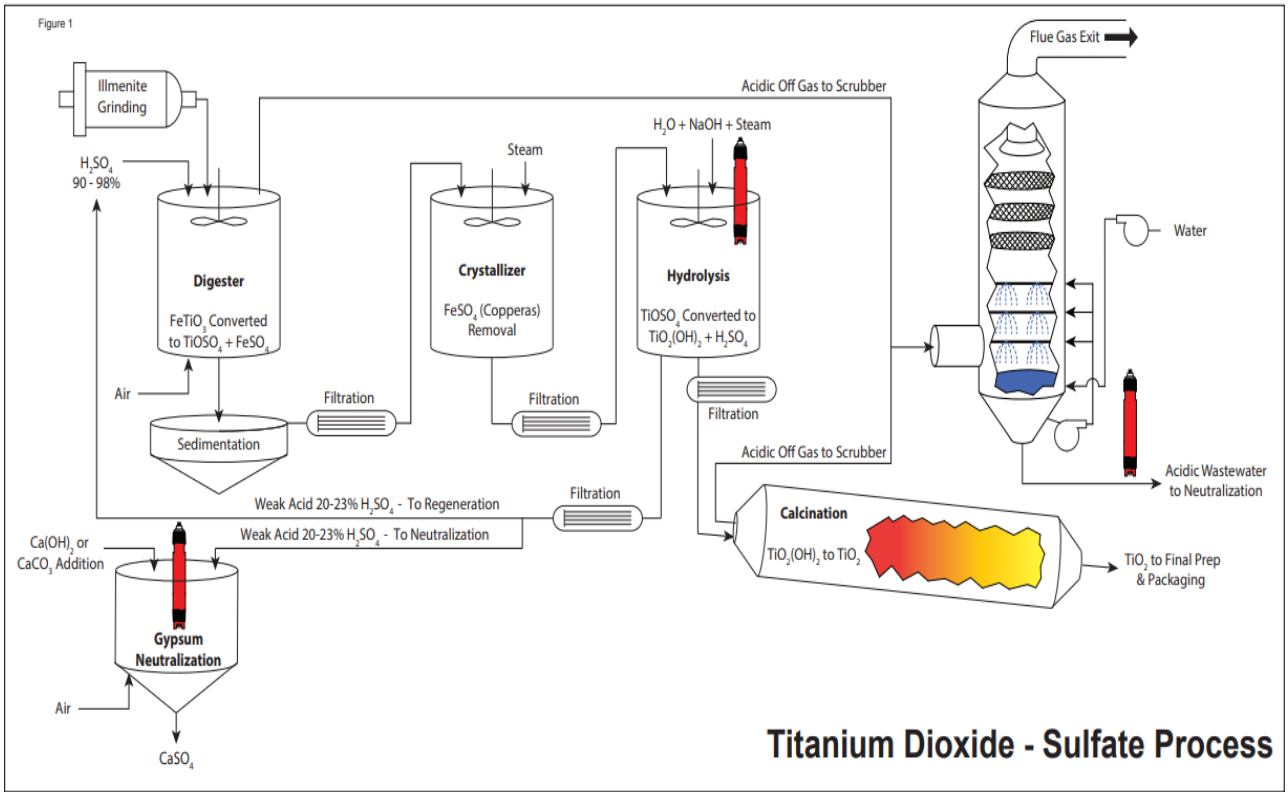
Source: Arihant Research

Titanium Dioxide

Titanium dioxide (TiO2) is a white powdered chemical compound that provides bright white pigmentation. It is commonly used as a pigment in paints, coatings, and plastics to enhance whiteness and brightness. In the cosmetics industry, it is a key ingredient in sunscreens for UV protection. TiO2 also serves as a food additive (E171) to whiten and brighten various food products.

TiO2 is majorly available in two grades – Anatese Grade and Rutile Grade. Key raw materials for TiO2 production are ilmenite ore and sulphuric acid. Majorly, two routes are followed for TiO2 production, Sulfate and Chloride. **MOL will be producing TiO2 through Sulfate process.**

Exhibit: Sulfate process to produce Titanium Dioxdie



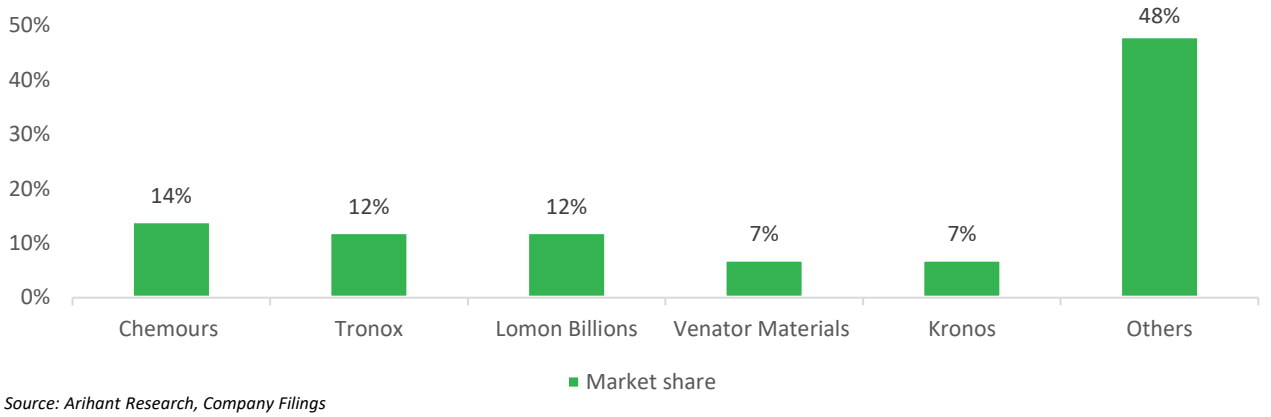
Global Titanium Dioxide market

The global market size of Titanium Dioxide was estimated at USD 20.4 Bn in CY2023 and is projected to grow at a CAGR of 6.5%, reaching USD 31.7 Bn in CY2030. Asian Pacific region is the largest market of TiO2 accounting for 45% of global demand.

TiO2 is widely used in paints & coatings applications. TiO2 combined with other coloured pigments is employed in numerous end-use applications, including automotive coatings, aircraft coating, marine coatings, and architecture & decorative coatings.

Increasing investments in the chloride production processes and the flourishing construction industry worldwide are anticipated to contribute to the growth of the market for titanium dioxide (TiO2)in the coming years. Growing construction activities are positively influencing the demand for paints & coatings, thereby creating significant demand for TiO2.

Exhibit: Global leading TiO2 players



Source: Arihant Research, Company Filings

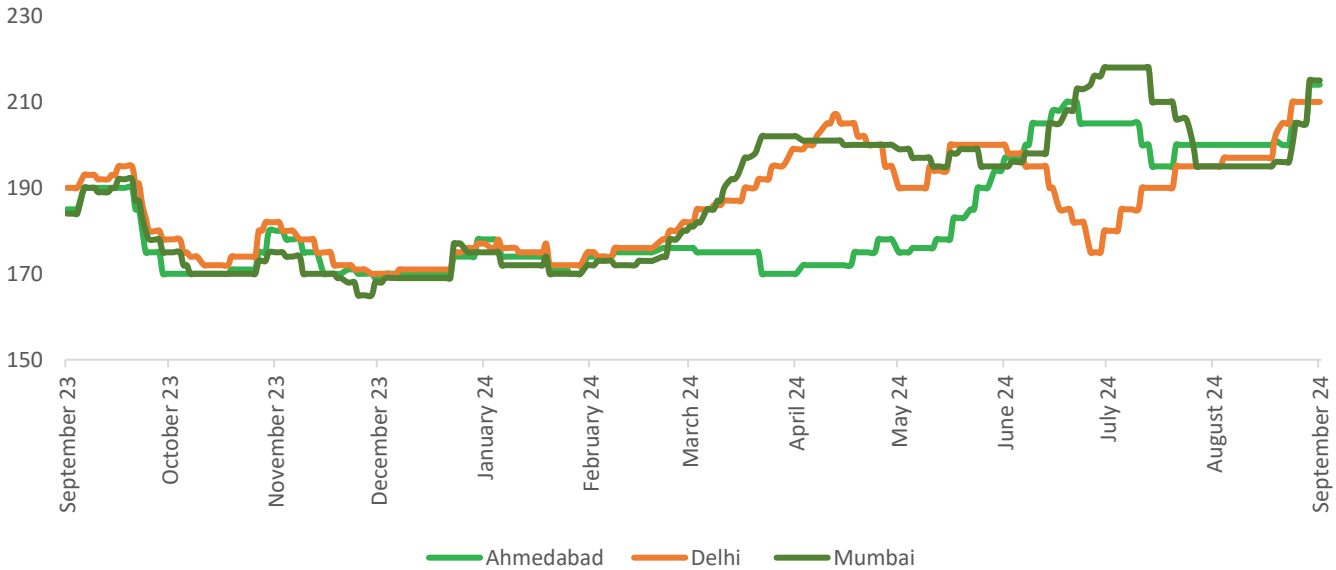
India Market:

The key raw materials used for TiO2 production is ilmenite ore. India has huge reserves of ilmenite and rutile, majorly located in coastal regions of Southern India. TiO2 market size in India is 4,00,000 MTPA and has been constantly growing in double digits given the rising demand.

As India's annual consumption of TiO2 is 4,00,000 MTPA, India has to depend heavily on imports leading to ~73% of TiO2 requirements being fulfilled by imports. One of the major reasons for dependency on imports is that there are very few TiO2 manufacturers in India. Players leading the domestic market include The Kerela Minerals and Metals Ltd, Travancore Titanium Products Ltd, V.V. Titanium Pigments Ltd, who hold majority of the market share.

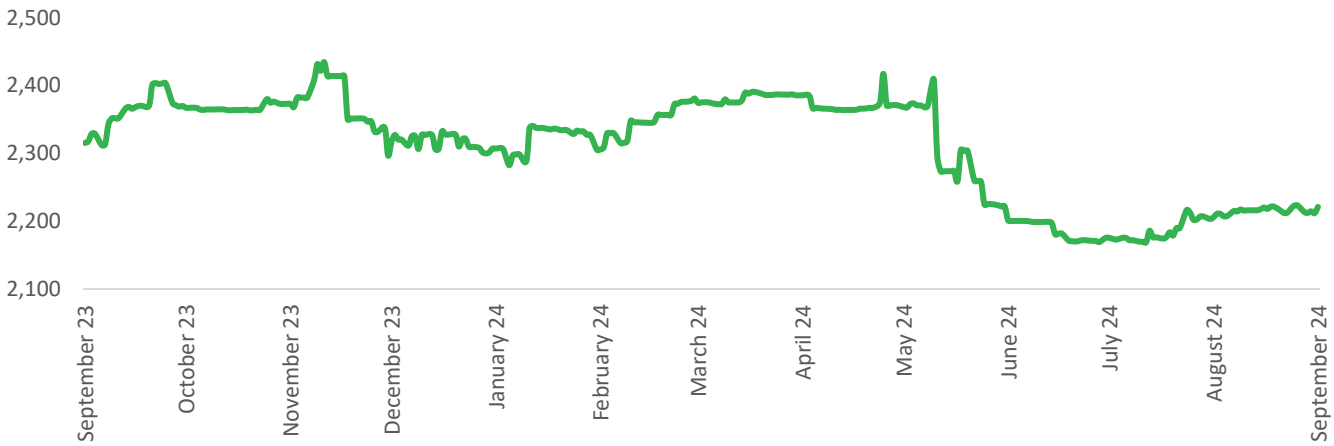
Paints and Coatings industries has been the major consumer of Titanium Dioxide in the domestic market with 60% share followed by Plastics and Polymers and other different industries. Western India has been the frontrunner in TiO2 consumption with 61% of total demand coming in from this region due to the presence of significant paints and coatings manufacturers like Asian Paints in Gujarat and Maharashtra.

Exhibit: Titanium Dioxide Price in Domestic market



Source: Arihant Research

Exhibit: Titanium Dioxide Price in China (USD/MT)



Source: Arihant Research

Key demand drivers for TiO2:

Expansion of construction industry

The demand for paints and coatings is being driven primarily by the global construction industry, which includes both residential and non-residential infrastructure. Rapid urbanization and industrialization, rising purchasing power parity (PPP), high living standards, and rising disposable income are the main factors driving the construction industry's expansion. Paints and Coatings segment account for ~80% of global consumption. Thus, growth in these sectors will eventually lead to rapid growth in demand for TiO2.

Growing adoption of architectural paints & coatings

Architectural paints and coatings are used with titanium dioxide. While certain specialist coatings must be chemical and corrosion-resistant, architectural paints must be UV and water-resistant. Titanium dioxide offers a very strong and long-lasting coating that is resistant to UV radiation from the sun and keeps paint looking brand- new for a long period. Paints and coatings intended for external surfaces contain titanium dioxide to improve resistance to color fading, chalking, and cracking.

Increased adoption in the cosmetics industry

The particle size of ultrafine titanium dioxide is less than 100 nm. Titanium dioxide, an ultrafine nanomaterial, offers superior dispersibility, greater transparency, and more potent UV absorption and scattering capabilities.

These UV rays damage the skin, resulting in sunburn, cancer, and other issues. In the cosmetics sector, ultrafine titanium dioxide is used in a variety of products, including lotions, sunscreens, blushes, eyeshadows, and loose and pressed powders. Brightness, superior protection from UV radiation, and a faultless appearance are all provided by TiO2's ultrafine nanoparticles.

Strategic expansion into Crop Nutrition segment with Nano Urea

MOL has forayed into Nano Urea manufacturing with partnership with IFFCO through its wholly owned subsidiary "Meghmani Crop Nutrition Limited (MCNL)". MOL is the first private player to enter this product.

The company has recently commissioned the manufacturing facility at Sanand, Gujarat in Q4FY24 with an annual capacity of 5 crore bottles (500ml). Capex incurred for the same is ~INR750 mn.

Along with Nano Urea, the company has launched 8 new products in fertilizers, bio-stimulant & micronutrient category and already have 4-5 other products in pipeline.

About Nano Urea:

Nano Urea is a liquid fertilizer containing nanoparticles of urea, designed to provide plants with nitrogen more efficiently than conventional urea. It enhances crop productivity by ensuring better nitrogen utilization, reduces environmental pollution due to overuse of conventional fertilizers, and supports sustainable farming practices.

The raw materials used to produce nano urea are ammonia and carbon dioxide. It contains 4% active nitrogen and boasts over 85% efficiency. Nano Urea, applied as a foliar spray, is absorbed directly by the leaves, reducing the need for large quantities and minimizing soil, air, and water pollution. This eco-friendly fertilizer improves both yield and quality of crops. Nano Urea has much smaller particles (20-50 nanometer) compared to traditional urea granules (3-5 mm), allowing for better absorption by plants.

India's urea consumption and import dependency:

India's urea demand for FY23 stood at 35 MMT, of which 29 MMT was domestic produce while the rest of the demand had to be fulfilled by imports. The government of India has been working towards eliminating India's dependency on urea imports by 2025 and promote the usage of Nano Urea. Some improvements were seen in FY24; urea imported till Jan'24 saw a 12% year on year decline, standing at 6.4 MMT. The consumption of conventional urea also saw a decline during the period in 344 districts while sales of locally produced nano urea increased in 74 districts. Fertiliser subsidy for the year 2024-25 has been set at INR 1,640bn with Urea being allotted INR 1,190 bn.

Benefits of Nano Urea in comparison with conventional urea:

Higher efficiency: Liquid Nano urea has an impressive efficiency of upto 80% while its conventional counterpart has only 30-50% efficiency; this efficiency can be attributed to nanotechnology, creating small particles with enhanced surface-to-mass ratio. The technology also enables very minimal nitrogen loss during irrigation, thereby enhancing efficiency.

Cost effective: A normal sized bottle (500 ml) of Nano Urea is effectively 10% cheaper than a bag of conventional urea. Trials by IFFCO have revealed that Nano Urea has the capability to replace 50% of urea granules consumed in the domestic market. India's dependency on imports can see substantial reduction along with lessening the subsidy burden on the government, reducing transport and storage costs.

Better yields leading to increased income for farmers: With Nano Urea being cheaper and substantially effective than conventional urea, it becomes very beneficial for farmers as it reduces input costs, leads to better yields, improving quality of crops produced. As per field trials conducted by IFFCO, there has been an average increase of INR 2,000/acre in farmer income. Tests concluded by Meghmani with farmers have revealed 8% increase in yields.

Reduced environmental impact: Nano urea promotes agricultural sustainability and environmental safety through resource friendly production. It minimizes nitrogen wastage along with reducing soil, water and air pollution. Nutrient recovery of conventional urea is only 30-50%. In contrast, nano urea decreases nitrogen losses, improves utilisation with positive implications for environmental conservation.

Nano Urea adoption

Even though the Nano Technology is supposed to revolutionary for the agriculture industry, the adoption of the same has appeared to be slow among farmers. IFFCO is currently working at 15% capacity utilisation for Nano Urea and believes it will take at least 3 years to reach to 80% utilisation. Farmers would start using nano-fertilisers if they see an increase in efficiency in its usage which is currently yet to be established.

The government of India has also taken the initiative to promote Nano Urea among farmers and are also encouraging PSU companies like NFL and RCF to set up Nano Urea plants.

The adoption of Nano Urea is highly correlated to education of farmers. As more farmers become aware about the product and understand its benefits in terms of compatibility, storage capacity, efficiency and ease of use, it will boost the demand for Nano Urea and lead to rapid adoption of the product.

New-age high-value products in the Crop protection segment

MOL is an integrated crop protection manufacturer with products across the value chain which includes pesticides intermediates, technical grade pesticides and pesticide formulations (Bulk packaging and brand business). To support this, the company also operates a state-of-the-art in house R&D facility and GLP accredited laboratory.

Meghmani's major products include 2,4D, Cypermethrin, Bifenthrin, Permethrin and Profenophos. The company has well recognised formulations brands like Megacyper, Megaban, Synergy, Courage, Megaclaim, Megastar Power, Megakill, Megastar.

MOL, being a major export player, has presence across 75+ countries across continents and caters to 400+ marquee customers. The company's major business comes from North America and South America with US and Brazil contributing to 45% of the total demand.

They also have significant presence in the domestic market in 19 states with a wide network of 3,500+ dealers and network, reaching ~10mn Indian farmers.

MOL has recently commissioned a new Multipurpose product (MPP) plant at Dahej SEZ with an annual capacity of 5,000 MTPA. The plant will play a major part in the backward integration capabilities along with producing high value insecticides. Major advantages of this plant and products is that the company is one of the early players to manufacture these products in India, which will attract global customers. The new age infrastructure and advance manufacturing capabilities will lead to sustainable supply.

Major Products at the new Multipurpose Plant in Dahej
Lambdacyhalothrin Tech
Flubendamide
Beta Cyfluthrin
Cyfluthrin
Spiromesifen
Pymetrozine
Ethiprole

Agrochemical industry on the cusp of a turnaround:

The agrochemical industry witnessed major stocking by distributors due to supply chain challenges during Covid. The supply chain issues continued in 2021-22 leading to substantial rise in key RM prices, which directly affected operating margins of players in the industry. Rising freight costs due to the Russia-Ukraine War coupled with weak demand in the export market, constrained companies from passing on the elevated costs.

The destocking is expected to come down along with gradual recovery of demand in the export market, largely driven by South American and North American markets while European market is expected to remain subdued for some time.

Recent Commentary from Industry peers	
Rallis India (Q1FY25)	On the industry side, we have seen an early sign of demand recovery after a long time. All of you know that the couple of years have been a little bad. In domestic markets, there is a positive sentiment primarily driven by monsoon prediction of IMD. However, on the export front, recovery remains soft with the key markets like Brazil, US, SEA. So, while volumes have started picking up, prices continue to depress due to oversupply from China. We think with the ongoing season in the Northern Hemisphere including US, should lead to some balancing of the inventory and hopefully things will move start looking positively from there. Domestic crop care business has started to see improvements while international business continues to remain under pressure largely because of price.
P I Industries (Q1FY25)	The long-term runway for the agrochemical demand in India is good with sustained Government support, advanced mechanization and technology used on the fields. The overall trend and sentiment have stayed moderate. While there is a very initial sign of improvement, it is expected to take some time for it to be business as usual.
Dhanuka Agritech (Q1FY25)	The effects of El Nino have subsided; however, the La Nina affect is yet to be observed. The raw material prices have mostly stabilized now; however, there is still price reduction on the basis of Q1 FY24 versus Q1 FY25. The shipment cost which had gone almost 3-4 times has now come down to almost like 2x for it was at the beginning of this calendar year.
Sharda Cropchem (Q1FY25)	The situation is getting improved now. The Chinese have controlled their production. Some of them have cut down or shut down their extra capacities, and the demand is coming closer to the production. But the product has still to be ordered. The waiting period for the shipments is much lesser because most of the factories are carrying inventory this situation may change in the next four to six months when the stocks of the manufacturing factories go down to the normal level. Chinese are cutting down on the capacities so that they can sell the product and not sit on the inventories. This situation is getting slowly towards normality.
Insecticides India (Q1FY25)	The crop situation broadly is very good across the country and there is a very good demand across all segments, namely, herbicides, insecticides and fingicides. Demand in the domestic market has been strong on the back of good monsoon season. Prices in the international market have already touched bottom and market has stabilized. Demand-supply gap has been visible leading to slight increase in price.
Anupam Rasayan (Q1FY25)	The agricultural industry is facing significant headwinds since last one year, largely due to the unwinding of the channel inventories. We anticipate this trend to persist until the end of H1 FY25.

Industry Overview

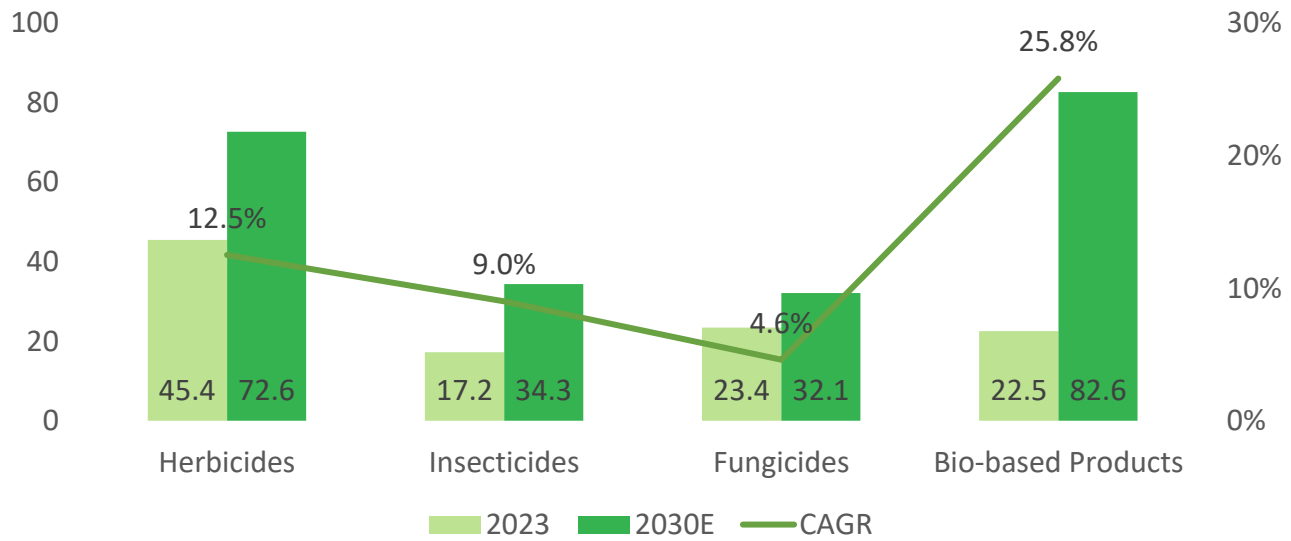
Global Agrochemical Industry

In 2023, the Global agrochemical industry was valued at USD 225.8 Bn, with the Asia-Pacific region contributing over 27%, making it a key player. Population growth and increased demand for nutritious food have driven agricultural production, despite challenges like urbanization and declining arable land.
By 2024, the industry is projected to grow to USD 253.29 Bn and reach USD 308.17 Bn by 2029, driven by rising demand for crop protection products and nutritious foods.
The increasing demand in European Crop protection market for food safety and quality, coupled with stringent regulations, is driving the adoption of bio-pesticides, especially as the demand for organic food rises.
Asia-Pacific's crop protection market, valued at USD 13.08 Bn in 2023, is set to reach USD 17.06 Bn by 2028, growing at a faster CAGR of 5.46%. APAC will contribute 35.07% of the market's incremental growth and is expected to increase its share from 33.13% in 2023 to 33.56% by 2028.
The Middle East and Africa region will contribute 7.14% of the market's incremental growth and increase its share from 6.56% in 2023 to 6.69% by 2028.
In 2024, North America's crop protection market is valued at USD 24.51 Bn and is projected to grow to USD 31.00 Bn by 2029, with a CAGR of 4.81%. The region benefits from diverse climate zones supporting grain and cereal crops, with a focus on sustainable food production to address food security.

Global Crop Protection Industry – Category wise

Key growth drivers for herbicides market include population growth, weed resistance management, precision agriculture, and sustainable farming. The Asia-Pacific region led the market in 2023, with South America as the second-largest market.
Rising food demand driven by population growth and increased agricultural activities are boosting the global insecticides market. Fungicides help control crop diseases caused by fungi, improving crop productivity, storage life, and market value.
The global market for bio-based products, valued at USD 22.50 Bn in 2023, is expected to grow rapidly to USD 82.60 Bn by 2030, at a CAGR of 25.8%. These eco-friendly chemicals, used across sectors like agriculture and packaging, reduce environmental impact and support sustainable practices. Bio-based agrochemicals such as bio-pesticides, bio-stimulants, and bio-fertilizers are increasingly used for pest control and improving crop yield.

Exhibit: Global market size over 2023-30E (USD Bn)



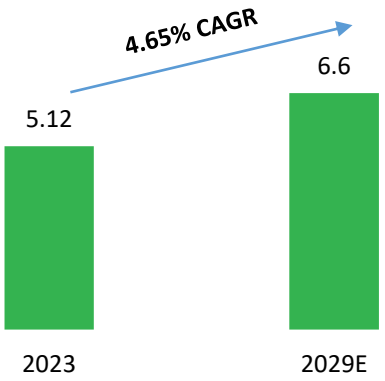
Source: Arihant Research

Indian Agrochemical Industry:

India is the 4th largest producer and 2nd largest exporter of agrochemicals, benefiting from strong manufacturing capacity and low-cost labor. The agrochemical sector significantly contributes to the country's GDP and Gross Value Addition, with key export markets including the US, China, Japan, and Brazil.

As global economies adopt the China+1 strategy to diversify supply chains, India is emerging as a favorable alternative. Despite a decline in FY 2024, with the industry's market value at USD 8.22 Bn, the overall industry remains optimistic about future growth. The FICCI predicts the sector will grow by 8-10% through FY 2025, positioning India as a dominant player in the global agrochemical market.

Exhibit: Indian Crop Protection market (USD Bn)



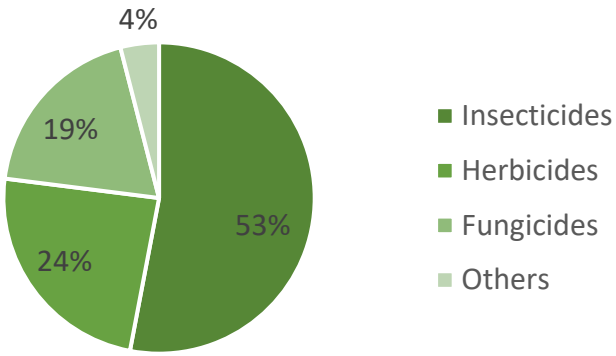
Source: Arihant Research

Indian Crop Protection market

India, an agrarian nation with over 50% of its population relying on agriculture, has seen a declining contribution of agriculture to its economy due to lower crop yields compared to regions like North America, Europe, and China. Despite this, India is the 4th largest agrochemical producer globally. The Indian crop protection market is projected to grow from USD 5.12 Bn in 2023 to USD 6.60 Bn by 2029, at a CAGR of 4.65%.

Key drivers of this growth include increasing awareness among small farmers about crop protection, expanding cultivation of high-value crops, and the rising population. Indian farmers face significant income losses due to pests and weeds, with an estimated 15-25% of crops lost annually. Crop protection chemicals are becoming essential for safeguarding crops, boosting farm productivity, and mitigating damage caused by unpredictable weather and new plant diseases.

Exhibit: Domestic market segmentation by type



Source: Arihant Research

Global Pigment Industry Overview

Pigments are fine powdered particles used across various industries, including paints, coatings, plastics, textiles, and inks. In 2023, the global pigment industry was valued at USD 24.13 Bn, with Asia-Pacific, particularly China, India, and Japan, leading the market. Key growth factors include rising demand for packaged foods and natural additives, as well as advancements in nanotechnology.

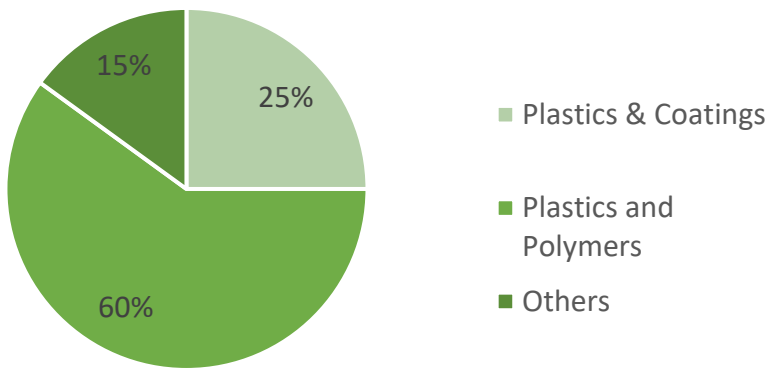
The pigment market is divided into organic and inorganic segments. Inorganic pigments, known for their stability and wide color range, are commonly used in automotive, packaging, and construction, with titanium dioxide, carbon black, and iron oxides being popular choices. Organic pigments are primarily used in the automotive and plastics industries.
The global pigment market is expected to grow to USD 30.23 Bn by 2024 and USD 34.86 Bn by 2029. The organic pigment market is projected to reach USD 6.0 Bn by 2029, while the inorganic pigment market is set to grow by 9.9% by 2031, driven by increased construction activities, urbanization, and rising consumer disposable income.

Indian Pigment Industry Overview

The Indian pigment market, once dependent on imports, has transformed into an export-driven industry. In FY 2024, its growth was fueled by rising demand for paints and coatings, increased construction activities, expansion of the automobile sector, higher textile sales, and robust infrastructure rehabilitation efforts.

The market is projected to reach USD 2.95 billion by 2026, driven by growing exports, advancements in research and development, and government initiatives like 'Make in India,' which are expected to further strengthen the industry.

Exhibit: End-User Industry Application



Source: Arihant Research

Current headwinds in the Pigments industry

The pigment market is facing challenges, including rising production costs and geopolitical disruptions, which had adversely affected supply chains, especially from Asia to Europe due to the Red Sea crisis. While global demand is projected to grow, the European market remains sluggish, with ongoing issues in the construction sector and stringent regulations. Some industry participants foresee a slight recovery, but significant uncertainties persist.

About Meghmani Organics

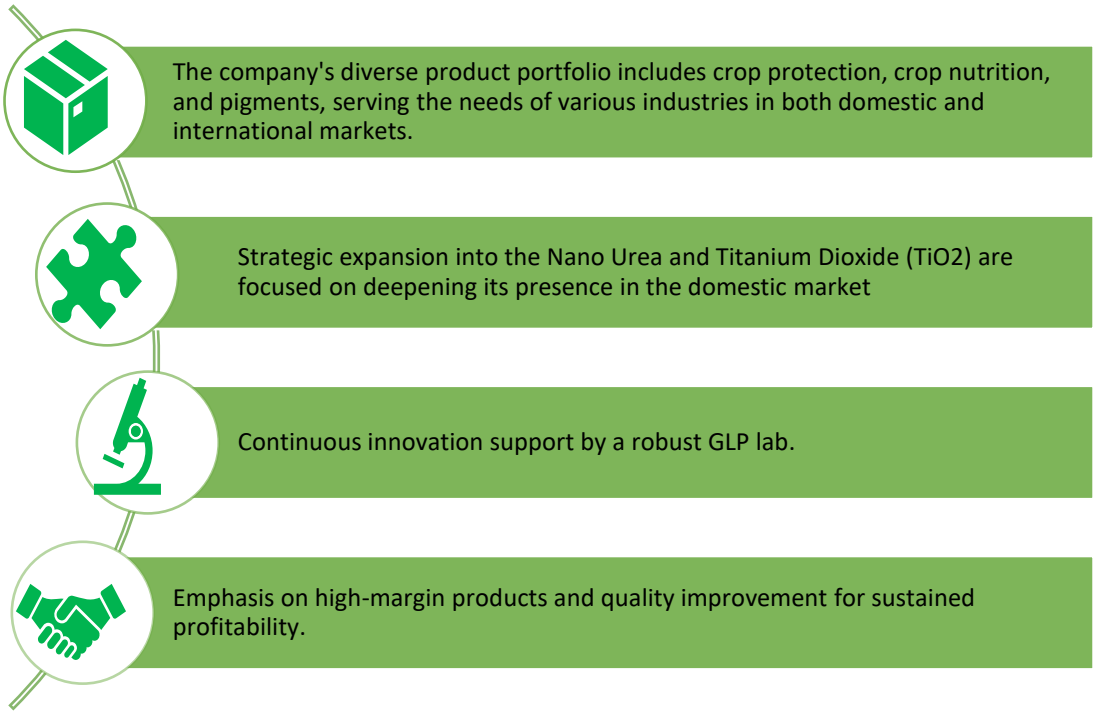
Meghmani Organic Industries Ltd (MOL) is a diversified chemical company, founded in 1986. It manufactures the variety of pigment and agro-chemical products through its 9 integrated manufacturing units located in Gujarat state of India.

It operates in 3 business segments namely Crop Protection, Pigment and Crop Nutrition with 68%, 29% and 3% contribution respectively in overall revenue. It entered into the Crop Nutrition segment through its WOS "Meghmani Crop Nutrition Ltd" and also has a licensing agreement with IFFCO for producing Nano Urea (Liquid) Fertilizer. The company also acquired "Kilburn Chemicals Ltd" and marked foray into Titanium Dioxide production.

MOL is an export oriented company with 84% of revenue from Crop Protection segment is generated via exports with Brazil and US being their major markets.

The company is amongst the top 3 world copper phthalocyanine based blue pigment player having 8% market share and among the top 10 manufacturers of pesticides in India. It has 400+ customer base across diverse industries with a global presence in 75+ countries and 3500+ distributors & dealers across India.

Exhibit : Core Competencies of MOL



Name of the Subsidiary	Status
Meghmani Organics USA INC. (USA)	Active- Distribution Business
P T Meghmani Organics Indonesia (Indonesia)	Operations Closed - Distribution Business
Meghmani Crop Nutrition Limited	Recently commissioned Nano Urea manufacturing facility in Q4FY24
Kilburn Chemicals Limited	Engaged in manufacturing of Titanium Dioxide (TiO2)

Source: Arihant Research, Company Filings

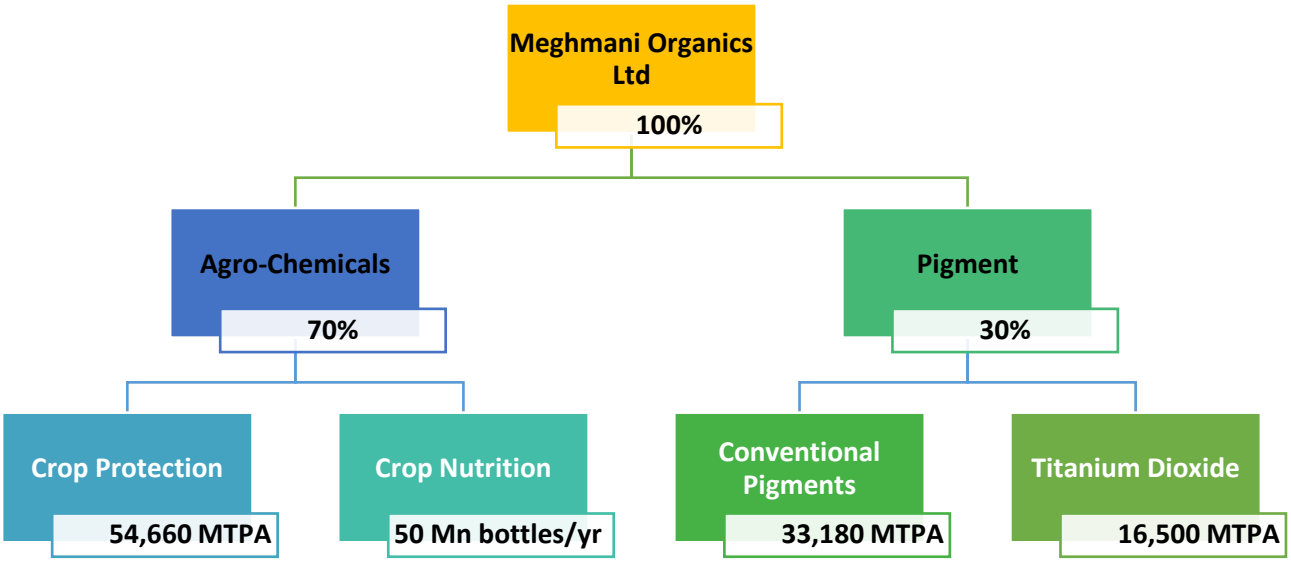


Exhibit: Integrated Manufacturing facilities of MOL with presence across the value chain

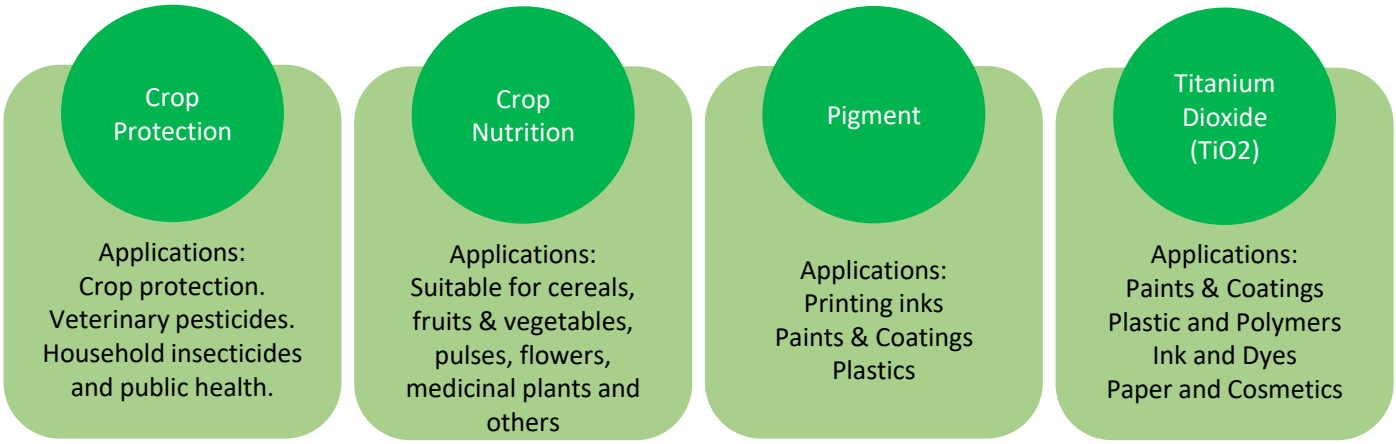
S.No	Manufacturing Plant	Product Segment	Production Capacity (MTPA)	Overall Capacity Utilisation (FY24)
1.	Agro-chemical Plant, Ankleshwar	Crop Protection	7,800	67%
2.	Agro Plant, Panoli	Crop Protection	13,500	
3.	Agro Plant, Dahej	Crop Protection	~28,360	
4.	Multi Purpose Plant, Dahej	Crop Protection	5,000	
5.	Crop Nutrition Plant, Sanand	Crop Nutrition	50 Mn bottle (500 ml)/year	-
6.	GIDC Vatva, Ahmedabad	Pigments	3,180	41%
7.	GIDC Panoli, Bharuch	Pigments	17,400	
8.	Pigment Plant (Export), Dahej	Pigments	12,600	
9.	Titanium Dioxide Plant, Dahej	Pigments	16,500	

Source: Arihant Research, Company Filings

Product Portfolio

Meghmani Organics Ltd manufactures products mainly in three categories: Crop Protection, Crop Nutrition and Pigments.

Exhibit 25: Products Portfolio



Crop Protection

The crop protection segment produces a variety of insecticides, herbicides, intermediates, technical grade pesticides, pesticide formulations, veterinary pesticides, household insecticides and public health. It is present in every part of value chain excluding raw materials i.e. intermediaries, pesticides and formulations.

The total production capacity for crop protection is 54,660 MTPA with capacity utilisation of 67%. The company has a pan-India presence across 19 states, supported by a network of over 3,500 distributors and dealers. It operates 4 manufacturing units and 19 warehouses across the country, reaching around 10 million Indian farmers with its products and services.

Exhibit: Products Range in Crop Protection

Key products in the crop protection segment

2,4-D

2,4-D is a selective herbicide made from chloroacetic acid and 2,4-dichlorophenol or by chlorinating phenoxyacetic acid. It controls broadleaf weeds in crops like cereals, rice, and turf, and is also used in forestry and non-crop areas like roadsides. Meghmani generates significant revenue from 2,4-D, mainly through exports. In FY21, the company doubled its 2,4-D production capacity from 10,800 TPA to 21,600 TPA and increased its formulation capacity to 13,500 TPA. Its herbicides include 2,4-D Acid Tech, 2,4-D Sodium Salt WP/SP, 2,4-D Ester Tech, and Triclopyr Butoxy Ethyl Ester.

Cypermethrin

Cypermethrin is a synthetic insecticide used to control a wide range of pests in agriculture, forestry, and homes. It acts quickly, has low toxicity to humans, and is especially effective in protecting crops like cotton, pulses, and vegetables. Made from pyrethrin, a natural extract from chrysanthemum flowers, it has strong demand in agricultural regions like Asia, North America, and Europe.

Cyfluthrin

Cyfluthrin, a synthetic pyrethroid, is highly effective in controlling pests in agriculture, public health, and residential areas. In Q2FY23, only Bayer Crop Science manufactured it in India. The company targets registration in North and Latin America, along with other markets. Meghmani recently started commercial production of Cyfluthrin and other high-value products like Lambdacyhalothrin, Flubendamide, Beta Cyfluthrin, and Spiromesifen at its Dahej plant for both domestic and export markets.

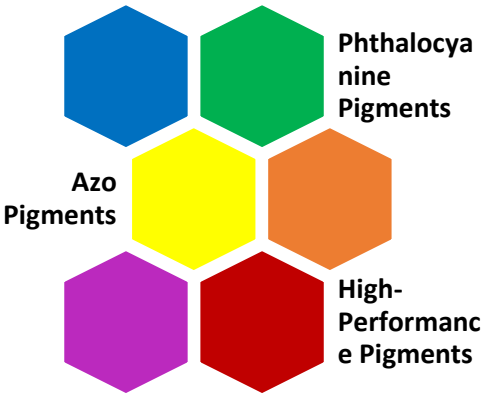
Foray into Crop Nutrition Segment

Nano Urea

Meghmani's wholly owned subsidiary, Meghmani Crop Nutrition Ltd introduced its first product, Meghmani Nano Urea (liquid), in partnership with IFFCO. Nano Urea offers over 85% efficiency in nitrogen delivery compared to traditional urea and significantly reduces waste. Meghmani's Nano Urea plant capacity is of 50 Mn bottles/year. The company has marketed its product to 65,000 farmers and conducted over 3,500 field demonstrations across various crops.

Pigments

MOL generates ~30% of their total revenues from their Pigments business. They produce Phthalocyanine pigments, Azo Pigments and High Performance pigments.



Phthalocyanine Pigments

The company specializes in Phthalocyanine Pigments, particularly pigment green and blue, with a 8% global market share in Copper Phthalocyanine (CPC) blue, making it one of the top three producers worldwide. CPC blue is an upstream commodity, which is not only used by the business for captive consumption in producing Pigment Blue and Green but also sold and marketed to other Pigment players across the globe. Phthalocyanine pigments are used in paints, inks, plastics, textiles, and automotive finishes due to their vibrant colors and durability.

Azo Pigments

It is used in paints, inks, textiles, and plastics, are valued for their strong color and stability. Raw materials for Azo pigments, such as amine, HCL, and sodium nitrite, are sourced both locally and internationally.

High-Performance Pigments (HPPs)

HPPs are made from advanced materials, are used in applications requiring durability, such as automotive coatings, aerospace materials, and specialty packaging. Their long-lasting color makes them ideal for high-end consumer goods.

MOL operates its Pigments business on a global scale with a strong customer base of various MNCs. Their success in the segment can be attributed to its robust global distribution network, enabling them having direct presence in various geographies. Their USA subsidiary plays a very pivotal role in managing the international demand and supply chain. Given its goodwill in the market, they have built a significant level of trust and loyalty from its clients, thereby maintaining 90% customer stickiness.

Titanium Dioxide

Titanium Dioxide (TiO_2) is a white pigment known for its excellent light-scattering abilities, making it widely used in paints, coatings, plastics, and sunscreens for UV protection. It also serves as a food additive (E171) and has applications in photocatalysis, such as self-cleaning surfaces and air/water purification.

With high and rapidly increasing demand for TiO_2 in the Indian market and looking at the import dependency for the product, MOL plans to invest INR 6,000 Mn to establish a TiO_2 production capacity of 33,000 MT in two phases (16,500 MT capacity has already been installed & commercialized).
The facility also includes a co-gen power plant, and the company produces both Anatase (higher margin) and Rutile (larger market) grades of TiO_2.

Key Milestones

1986
- Incorporated as a Pigment Manufacturer in GIDC Vatva, Ahmedabad with 3,180 MTPA capacity for Green Pigment.

1995
- First Crop Protection Plant in Sanand.

1996
- Diversification by setting up 17,400 MTPA Greenfield Pigment Plant for CPC Blue, Alpha and Beta Blue in GIDC Panoli, Bharuch.

2003
- Acquired 7,800 MTPA Crop Protection plant in Ankleshwar.

2006
- Commissioned new 7,200 MTPA Formulation plant in Panoli.

2010
- Commissioned 10,800 MTPA 2,4-D plant in Dahej.

2013
- Setup 12,600 MTPA Greenfield Pigment plant in Dahej exclusively for Exports of CPC Blue, Alpha and Beta Blue.

2016
- GLP Accredited Lab and expansion of R&D facility.

2021
- Doubling 2,4-D plant capacity to 21,600 MTPA in Dahej.
- Increased capacity at existing Formulation plant to 13,500 MTPA in Panoli.
- Acquisition of Kilburn Chemicals; foray into Titanium Dioxide (TiO_2) with 16,500 MTPA in Dahej

2023
- Commissioned 5,000 MTPA Multi-Purpose Plant (MPP) for new age high value products in Dahej

2024
- Commissioned Nano Urea Liquid Fertilizer plant at Sanand.
- Commissioned Co-gen power plant at Titanium Dioxide (TiO_2) facility

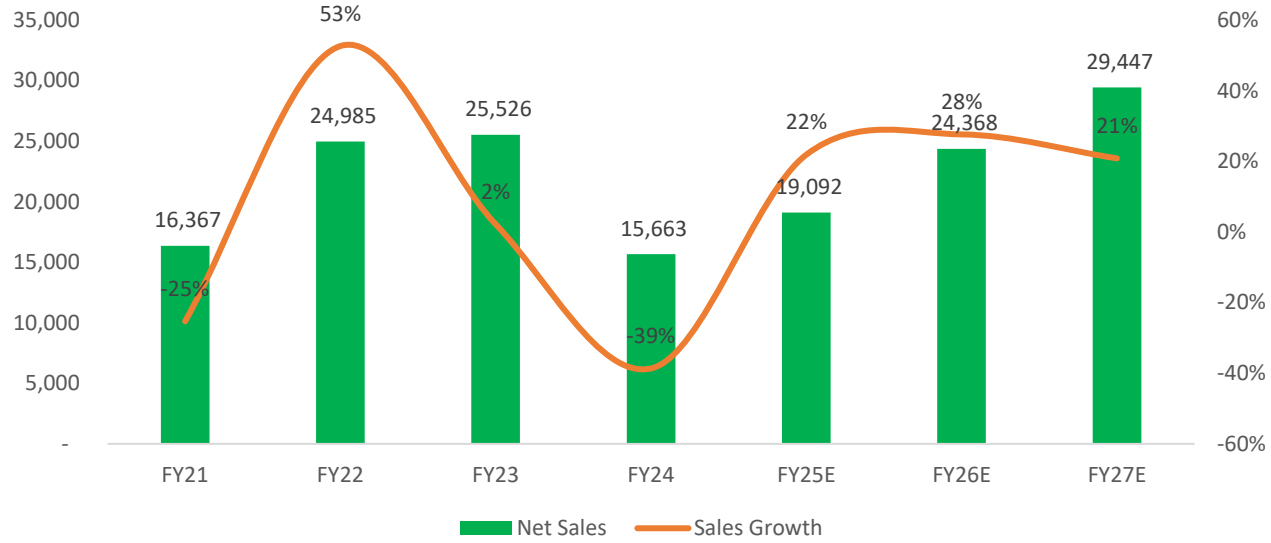
Source: Arihant Research, Company Filings

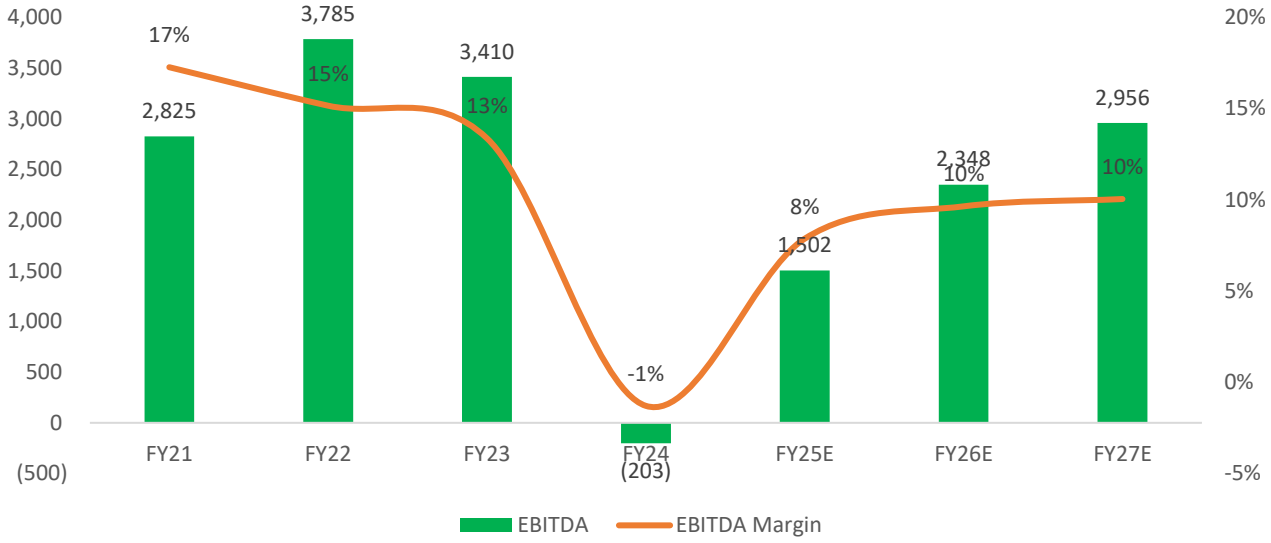
Management Details

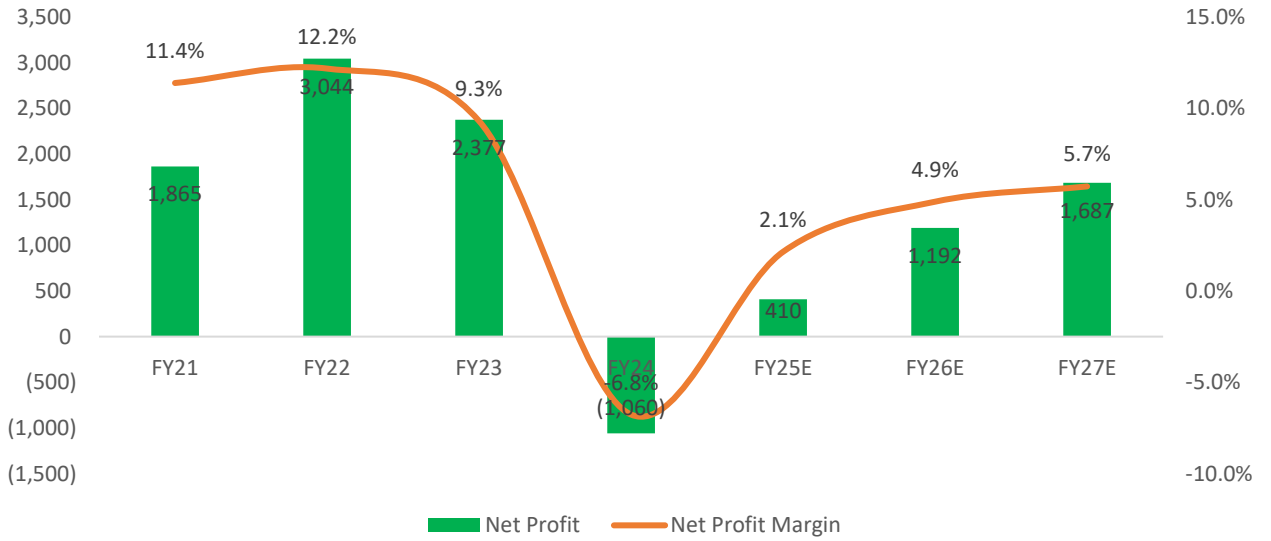
Personnel	Designation	Description
Mr. Ankit Patel	Chairman & Managing Director	Mr. Ankit Patel holds a bachelor's degree in chemical engineering from S.P. University, Anand, a master's in engineering from Griffith, Australia, and a Global MBA from SP Jain Centre of Management. He joined the company in 2009 as Manager in the Agro division and became Chief Executive Officer in 2017. On August 14, 2023, he assumed the role of Chairman and Managing Director.
Mr. Karana Patel	Executive Director	Mr. Karana Patel holds a Diploma in Chemical Engineering from Nirma University and a bachelor's degree in chemical engineering from Drexel University, USA. He joined the company in 2007 as Manager-Operations within the Agro division. In 2017, he became the Chief Operating Officer. On August 14, 2023, Mr. Patel assumed the role of Executive Director and continues to manage the agrochemical business vertical.
Mr. Darshan Patel	Executive Director	Mr. Darshan Patel holds a bachelor's in chemical engineering from Nirma University, a master's in engineering management from Griffith University, Australia, and an MBA from NYIT, USA. He joined Meghmani Organics Ltd in 2011 as a manager and became Chief Operating Officer in 2017. As of August 14, 2023, Mr. Patel serves as Executive Director, overseeing the pigments business.
Mr. G.S. Chahal	Chief Financial Officer	Mr. GS Chahal holds a B. Com from Kurukshetra University and is a Chartered Accountant. He joined Meghmani Organics Ltd as Chief Financial Officer in December 2017. Prior to this, he worked at Gujarat Industries Power Company Ltd as a CFO and he was Controller of Finance at Tata Chemicals Ltd, with over 6 years in the chemicals business and more than 7 years in crop nutrition and agri-business.
Mr. Maulik Patel	Non-Executive Director	Mr. Maulik Patel holds a BE in Chemical Engineering from S.P. University, Anand, a master's in chemical engineering from the University of Southern California, USA, and an MBA from Long Island University, USA. With over 16 years of experience in the chemical industry, he brings significant expertise to his role. He also serves on the boards of Epigral and KCL.
Mr. Kaushal Soparkar	Non-Executive Director	Mr. Kaushal Soparkar holds a B.S. (Chemical) from University of New Haven, USA and M.S. (Engineering Management) from Northeastern University, USA. He brings more than 15 years of experience in the chemical industry, serving on the board of Epigral and KCL.
Mr. Nikunt Raval	Independent Director	Mr. Nikunt Raval is an advocate specializing in securities, corporate law, land, banking, tax, and commercial laws. He is a Partner at Raval & Raval Advocates and serves as Senior Standing Counsel for the Income Tax Department and Customs, Excise, GST, and DRI Department. He represents clients before the Supreme Court, various High Courts, SAT, Consumer Forum, and Civil Courts.
Mr. Manubhai K. Patel	Independent Director	Mr. Manubhai Patel is a Chartered Accountant with over three and half decades of experience in Forex, Treasury, and Credit Management. He serves on the boards of GVFL Trustee Company Private Limited, Dialforhealth Unity Limited, Cliantha Research Limited, and others. .
Prof. (Dr.) Ganapati Yadav	Independent Director	Dr. Ganpati Yadav is a Padmashri Awardee and former Vice Chancellor of the Institute of Chemical Technology (ICT), has authored over 300 research papers. He currently serves on the boards of Godrej Industries Ltd, Bhageria Industries Ltd, and Clean Science and Technology Ltd. His extensive academic and industry experience enriches his contributions.
Dr. Varesh Sinha	Independent Director	Dr. Varesh Sinha holds a master's in science from Lucknow University and a Ph.D. in Statistics. He joined the IAS in 1977 and retired in 2014, having held prominent positions such as Collector of Jamnagar, Managing Director of various Gujarat Government companies, and Chief Secretary of the Government of Gujarat. Post-retirement, he served as State Election Commissioner from 2014 to 2019.
Ms. Urvashi Dhirubhai Shah	Independent Director	Ms. Urvashi Shah holds a Bachelor of Arts (Economics) degree and has over 15 years of experience practicing with the Income Tax Appellate Tribunal. She serves on the boards of Jhajjar Power Limited and Kohima-Mariani Transmission Limited.

Story in Charts

Figures in INR Mn







Story in Charts

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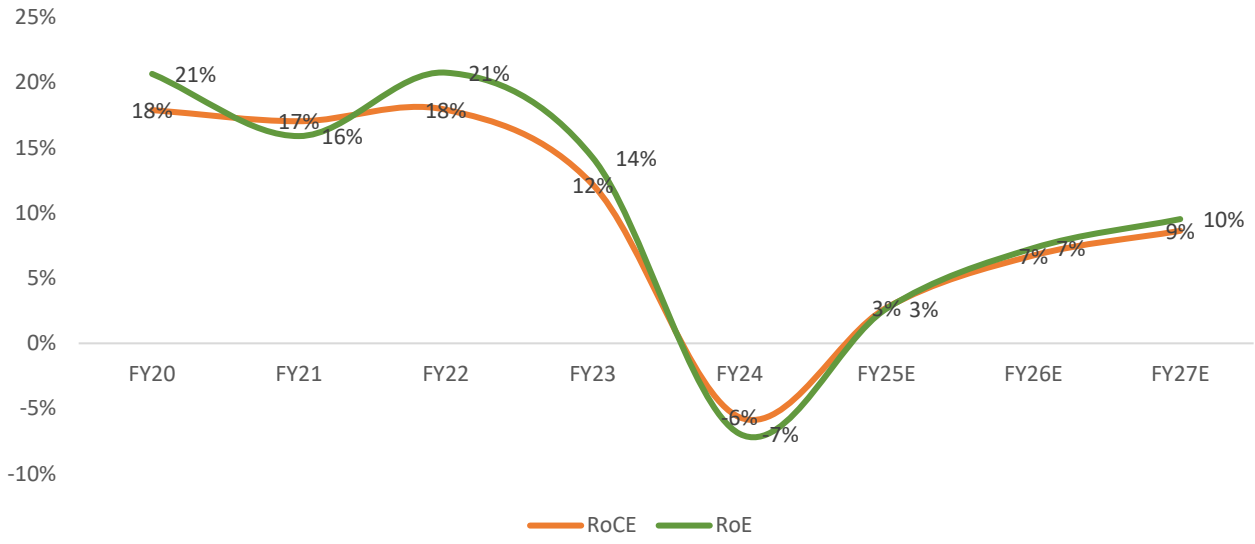

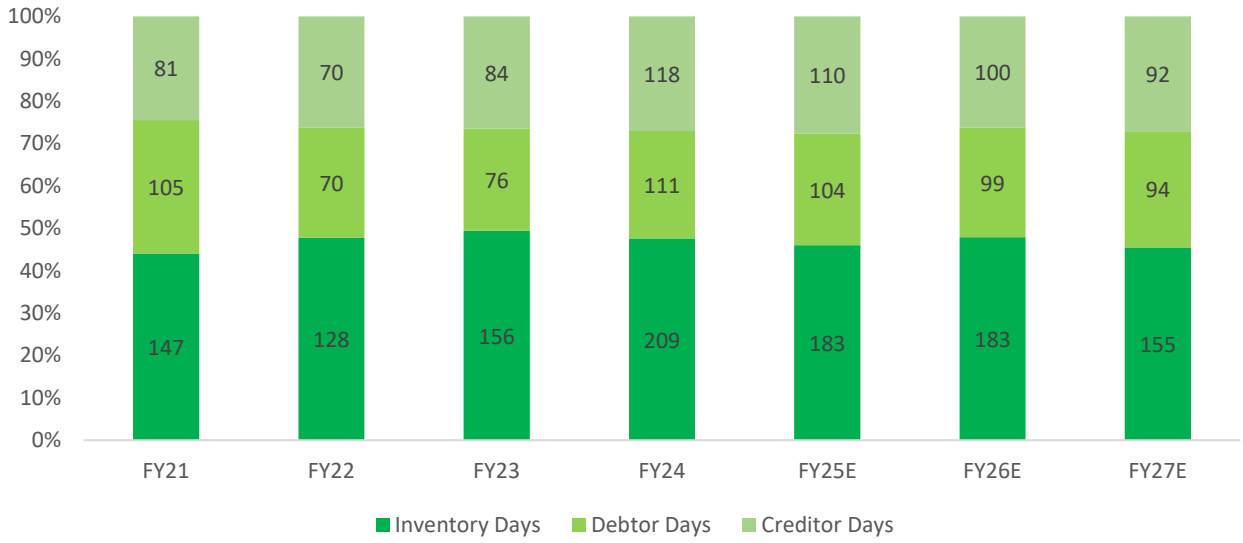

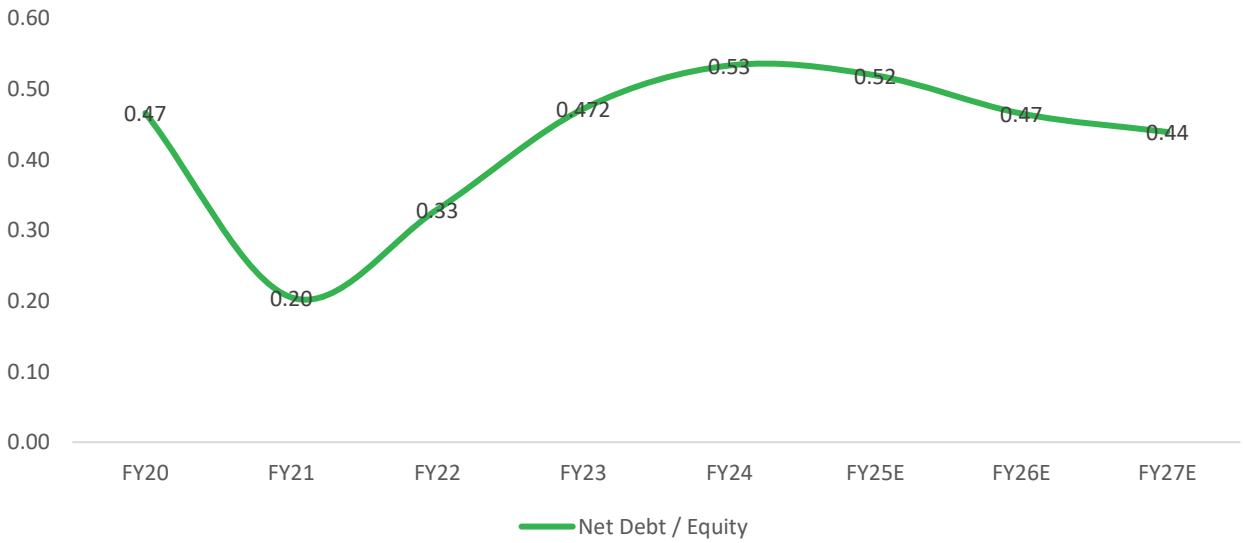

Financials

Figures in INR Mn

Income Statement

Year End-March	FY23	FY24	FY25E	FY26E	FY27E
Gross Sales	25,526	15,663	19,092	24,368	29,447
Net Sales	25,526	15,663	19,092	24,368	29,447
YoY (%)	2.2%	-38.6%	21.9%	27.6%	20.8%
Adjusted COGS	**15,091**	**10,231**	**11,668**	**14,655**	**17,592**
YoY (%)	3.8%	-32.2%	14.0%	25.6%	20.0%
Personnel/ Employee benefit expenses	1,295	1,159	1,180	1,515	1,830
YoY (%)	8.3%	-10.5%	1.8%	28.3%	20.8%
Manufacturing & Other Expenses	5,730	4,475	4,742	5,850	7,070
YoY (%)	4.7%	-21.9%	6.0%	23.4%	20.8%
Total Expenditure	**22,116**	**15,866**	**17,590**	**22,020**	**26,491**
EBITDA	**3,410**	**-203**	**1,502**	**2,348**	**2,956**
YoY (%)	-9.9%	-105.9%	840.0%	56.4%	25.9%
EBITDA Margin (%)	13.4%	-1.3%	7.9%	9.6%	10.0%
Depreciation	771	922	958	949	1,042
% of Gross Block	5.0%	5.7%	5.8%	5.5%	5.4%
EBIT	**2,640**	**-1,125**	**544**	**1,399**	**1,914**
EBIT Margin (%)	10.3%	-7.2%	2.8%	5.7%	6.5%
Interest Expenses	657	464	406	394	383
Non-operating/ Other income	960	377	410	523	632
PBT	**3,131**	**-1,212**	**548**	**1,528**	**2,163**
Tax-Total	754	-152	138	336	476
Adj. Net Profit	**2,377**	**-1,060**	**410**	**1,192**	**1,687**
Reported Profit	**2,377**	**-1,060**	**410**	**1,192**	**1,687**
PAT Margin	9.3%	-6.8%	2.1%	4.9%	5.7%
Shares o/s/ paid up equity sh capital	254	254	254	254	254
Adj EPS	9.3	-4.2	1.6	4.7	6.6
Dividend payment	356	0	127	178	254
Dividend payout (%)	15.0%	0.0%	31.0%	14.9%	15.1%
Retained earnings	2,021	-1,060	283	1,014	1,433

Balance Sheet

Year-end March	FY23	FY24	FY25E	FY26E	FY27E
Sources of Funds					
Equity Share Capital	254	254	254	254	254
Reserves & Surplus/ Other Equity	16,438	15,023	15,305	16,319	17,752
Networth	**16,692**	**15,277**	**15,560**	**16,574**	**18,006**
Unsecured Loans/ Borrowings/ Lease Liabilities	8,239	8,368	8,134	7,910	7,697
Other Liabilities	958	729	846	985	1,188
Total Liabilities	**31,984**	**30,401**	**31,307**	**33,229**	**35,650**
Total Funds Employed	**58,977**	**56,241**	**58,125**	**62,011**	**66,822**
Application of Funds					
Net Fixed Assets	**11,760**	**11,643**	**11,017**	**10,836**	**11,840**
Capital WIP	3,456	5,086	5,086	5,086	5,086
Current assets	**14,657**	**12,131**	**14,049**	**16,380**	**17,897**
Inventory	6,517	5,172	5,834	6,581	7,182
Days	156	209	183	183	146
Debtors	5,234	4,329	5,455	6,586	7,362
Days	76	111	104	99	91
Other Current Assets	1,382	1,385	1,412	1,441	1,469
Cash and Cash equivalent	311	169	187	456	464
Current Liabilities/Provisions	**10,300**	**10,563**	**11,259**	**12,209**	**13,166**
Creditors / Trade Payables	4,478	4,935	5,481	6,237	6,859
Days	84	118	110	100	92
Liabilities	1,616	1,090	1,284	1,520	1,898
Net Current Assets	**4,356**	**1,569**	**2,790**	**4,171**	**4,731**
Total Asset	**31,984**	**30,401**	**31,307**	**33,229**	**35,650**
Total Capital Employed	**27,628**	**28,833**	**28,516**	**29,057**	**30,919**

Cash Flow Statement

Year End-March	FY23	FY24	FY25E	FY26E	FY27E
Profit before tax	**2,377**	**-1,060**	**410**	**1,192**	**1,687**
Adjustments: Add					
Depreciation and amortisation	771	922	958	949	1,042
Interest adjustment	-303	87	-4	-129	-249
Change in assets and liabilities	2,488	-51	1,237	1,834	2,226
Inventories	-123	1,345	-662	-747	-601
Trade receivables	194	906	-1,126	-1,131	-776
Trade payables	-1,259	458	546	756	622
Other Liabilities and provisions	1,171	-392	224	282	442
Other Assets	145	11	-72	-74	-77
Taxes	-3	12	17	19	41
Net cash from operating activities	**2,587**	**2,269**	**159**	**934**	**1,871**
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-4,982	-2,430	-332	-769	-2,045
Net Sale/(Purchase) of investments	1,243	1,065	767	704	686
Net cash (used) in investing activities	**-3,796**	**-1,331**	**434**	**-67**	**-1,361**
Interest expense	1,413	-707	-571	-544	-500
Dividend paid	-356	0	-127	-178	-254
Other financing activities	-347	-355	-68	-178	-254
Net cash (used) in financing activities	**1,422**	**-1,062**	**-571**	**-544**	**-500**
Closing Balance	**326**	**203**	**224**	**548**	**557**
FCF	**-750**	**1,485**	**-173**	**165**	**-175**
Capex (% of sales)	3,320	784	300	731	2,000

Key Ratios

Year-end March	FY23	FY24	FY25E	FY26E	FY27E
Solvency Ratios					
Debt / Equity	0.5	0.5	0.5	0.5	0.4
Net Debt / Equity	0.5	0.5	0.5	0.4	0.4
Debt / EBITDA	2.4	-41.2	5.4	3.4	2.6
Current Ratio	2.3	-40.2	5.3	3.1	2.4
DuPont Analysis					
Sales/Assets	0.8	0.5	0.6	0.7	0.8
Assets/Equity	1.9	2.0	2.0	2.0	2.0
RoE	14.2%	-6.9%	2.6%	7.2%	9.4%
Per share ratios					
Reported EPS	9.3	-4.2	1.6	4.7	6.6
Dividend per share	1.4	0.0	0.5	0.7	1.0
BV per share	65.6	60.1	61.2	65.2	70.8
Cash per Share	1.2	0.7	0.7	1.8	1.8
Revenue per Share	100.4	61.6	75.1	95.8	115.8
Profitability ratios					
Net Profit Margin (PAT/Net sales)	12.2%	9.3%	-6.8%	2.1%	4.9%
Gross Profit / Net Sales	40.9%	34.7%	38.9%	39.9%	40.3%
EBITDA / Net Sales	13.4%	-1.3%	7.9%	9.6%	10.0%
EBIT / Net Sales	10.3%	-7.2%	2.8%	5.7%	6.5%
ROCE (%)	12.2%	-5.7%	2.7%	6.7%	8.5%
Activity ratios					
Inventory Days	156.1	208.5	182.5	182.5	146.0
Debtor Days	76.2	111.4	104.3	98.6	91.3
Creditor Days	83.8	118.3	109.6	100.0	92.4
Leverage ratios					
Interest coverage	4.0	-2.4	1.3	3.5	5.0
Debt / Asset	0.3	0.3	0.3	0.2	0.2
Valuation ratios					
EV / EBITDA	10.5	-178.2	23.9	15.0	11.9
PE (x)	11.8	-26.4	68.2	23.5	16.6

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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