Q1FY26 Result Update
01st August 2025

Meghmani Organics Ltd.

Rebound Growth and Strong Outlook Ahead

CMP: INR 99

Rating: BUY

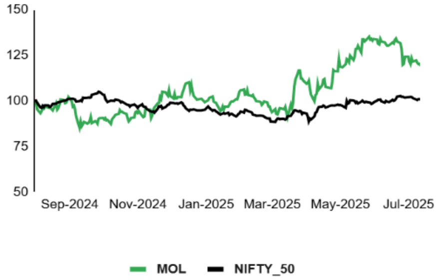
Target Price: INR 165

Stock Info	
BSE	543331
NSE	MOL
Sector	Agrochemicals
Face Value (INR)	1
Equity Capital (INR Cr)	25.4
Mkt Cap (INR Mn)	25,220
52w H/L (INR)	116 / 56
Avg Yearly Vol (in 000')	1,471

Shareholding Pattern % *(As on Mar, 2025)*	
Promoters	48.98
Public & Others	51.02

Stock Performance (%)	1m	6m	12m
MOL	-2.56	5.76	-0.35
Nifty	1.14	28.32	13.30

MOL Vs Nifty



Abhishek Jain
abhishek.jain@arihantcapital.com
022-422548871

Ayush Chaturvedi
ayush.chaturvedi@arihantcapital.com
022-67114834

Heli Shah
heli.shah@arihantcapital.com

Meghmani Organics delivered a robust operating performance this quarter, with EBITDA rising 11x YoY, primarily driven by a 68% YoY increase in Agrochemical revenues. This was supported by a strong ramp-up at the MPP facility, resulting in a favorable product mix and enhanced operating leverage. While the Agrochemicals segment posted stellar results, this was partially offset by continued losses in the Pigments business, which remains impacted by subdued realizations and heightened competition owing to persistent Chinese dumping. Consolidated PAT stood at INR 127 mn, a strong turnaround from a post-tax loss of INR 168 mn in the same quarter last year, despite higher depreciation and finance costs—reflecting the sharp growth in EBITDA to INR 669 mn from INR 59 mn.

Agrochemicals: Strong Growth Driven by Improved Mix- Volumes in the Agrochemicals segment grew 6% YoY to 10,600 MT, on the back of increased capacity utilization (now at 78%) and incremental ramp-up in MPP. More importantly, a marked shift in the product mix towards higher-value products drove a 68% YoY revenue increase to INR 4.6 bn (vs. INR 2.7 bn last year). Segment EBIT surged to INR 711 mn, compared to an operating loss of INR 12 mn last year, underscoring the operational turnaround. Going forward, we expect the segment to maintain strong growth, supported by new product launches, expanded market reach, and a healthy registration pipeline. Continued focus on new chemistries and specialty products should further drive margin expansion over the medium term.

Pigments: Performance Constrained by Chinese Dumping- The Pigments segment remained under pressure due to persistent Chinese dumping and increased competition from unorganized domestic players, leading to capacity utilization of just 46%. Segment revenue grew 8% YoY to INR 1.5 bn, driven by flattish volume growth (3,700 MT), but weak utilizations and realizations resulted in an operating loss of INR 112 mn.

TiO2 Business: Positive Outlook Post Anti-Dumping Duty: Although TiO2 segment utilization remained low in Q1 due to ongoing dumping, management notes early signs of a demand revival following the imposition of anti-dumping duty (ADD) by the MoF ($460–681/MT on Chinese imports). The benefits—higher domestic demand and improved realizations—are expected to materialize from Q3FY26 as channel inventories normalize. Post-ADD, realizations are likely to increase by 20–25%, supporting profitability improvement in the TiO2 portfolio. The company is also pursuing export opportunities in geographies where ADD on Chinese TiO2 is already in place.

Valuation & View: We remain positive on Meghmani Organics, particularly on the back of the Agrochemicals segment's strong performance, with expectations of sustained robust growth driven by new product launches, improved operational leverage from higher utilization, and expansion into key regulated markets. The pigments business should stabilize as channel inventories are absorbed and the impact from Chinese dumping moderates post-ADD. We project a 43% EBITDA CAGR over FY25–28E, underpinned by ~22% revenue CAGR and a 430bps improvement in EBITDA margin to 11.2%, supported by (1) ramp-up in MPP contribution (by ~INR 10 billion), (2) improving Agrochemical margins from a better mix, new launches, and market expansion, and (3) double-digit growth in Nano Urea exports as new registrations and product launches gain traction. **We maintain our "Buy" rating with a target price of INR 165, valuing the company at 15x EV/EBITDA on FY27E EBITDA.**

Financial Performance

Particulars (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenues	25,526	15,663	20,797	25,889	30,881	37,335
EBITDA	3,410	-203	1,427	2,611	3,237	4,178
EBITDA Margins	13.4%	-1.3%	6.9%	10.1%	10.5%	11.2%
PAT	2,377	-1,060	-106	936	1,540	2,356
EPS	9.3	-4.2	-0.4	3.7	6.1	9.3
P/E	11.2	-25.2	-251.9	28.5	17.3	11.3
EV/EBITDA	9.8	-165.6	23.4	12.5	10.0	16.5

Source: Arihant Research, Company Filings

Q1FY26 Consolidated Performance

Meghmani Organics (Consolidated)					(INR Mn)
Particulars (INR Mns)	**Q1FY26**	**Q1FY25**	**YoY**	**Q4FY25**	**QoQ**
Revenue from operations	6,136	4,139	48%	5,535	11%
COGS	3,785	2,628	44%	3,117	21%
Gross Profit	2,352	1,511	56%	2,417	-3%
Gross Profit Margins	38.3%	36.5%	181bps	43.7%	-536bps
Expenses					
Employee Benefits Expenses	296	278	7%	297	0%
Other Expenses	1,386	1,174	18%	1,466	-5%
EBITDA	**669**	**59**	**1040%**	**655**	**2%**
EBITDA Margins	**10.9%**	**1.4%**	**948bps**	**11.8%**	**-93bps**
Other Income	166	89	87%	139	19%
EBITDA (incl. OI)	835	148	466%	794	5%
EBITDA Margins	13.6%	3.6%	1004bps	14.3%	-74bps
Depreciation	297	235	26%	295	1%
EBIT	538	-87	-716%	499	8%
EBIT Margins	8.8%	-2.1%	1087bps	9.0%	-25bps
Finance Cost	295	106	178%	193	52%
PBT	**243**	**-193**	**-226%**	**305**	**-20%**
Exceptional Items					
Profit Before Tax	243	-193	-226%	305	-20%
Tax Expenses	116	-26	-554%	107	8%
PAT	**127**	**-168**	**-176%**	**198**	**-36%**

Segmental Performance

Particulars (INR Mns)	Q1FY26	Q4FY25	Q1FY25	QoQ	YoY
Pigment	1,507	1,527	1,390	1.27%	8.44%
Agrochemicals	4,579	3,697	2,726	-19.25%	67.96%
Others	135	445	115	229.73%	288.07%

Source: Arihant Research, Company Filings

Q1FY26 Concall Key Highlights

Segmental Performance

Crop Protection:

Revenue and Margin Expansion

• Segment EBITDA increased sevenfold to INR 790 mn; EBITDA margin expanded to 17.3%, returning to historical averages amid improved product mix.

Production and Capacity Utilization

• Production volume: 10,600 metric tons (+6% YoY).

• Capacity utilization at 78%, with management emphasizing overall annual utilization for new multipurpose plant which delivered strong ramp-up and is expected to drive further growth.

Volume Outpaced by Value

• While production volume increased just 6% YoY, revenue growth was significantly higher, underscoring gains from higher-value/lower-volume products and a favorable shift in product mix.

New Product Pipeline and Growth Visibility

• Strong focus on specialty/new chemistry introductions since FY18, including products like Cyfluthrin, Beta Cyfluthrin, Ethiprole, Flubendiamide, Flonicamid.

• Newer products seeing traction as registrations occur in key global markets (notably Brazil, US, Argentina, Australia, Africa).A patented combination product (Flonicamid+Fipronil, branded 'Iconic') launched in India with plans for global roll-out.

• Management projects double-digit CAGR in crop protection for the next three years, supported by broadening market reach, new product launches and registration pipeline.

Titanium Dioxide (TiO_2):

Tariff Impact and Recovery Outlook

• Government imposed anti-dumping duty ($460–$681/MT) on Chinese TiO_2 effective May 10, 2025 (~INR 40–50/kg), expected to aid domestic industry.

• Channel inventory built up at low prices from China should clear by Q3FY26; pricing and utilization gains anticipated from Q3 onwards.

• Utilization in Q1 low due to dumping pressure; now seeing improvement in demand and realization post-ADD.

Strategic Market Positioning

• Domestic customers increasingly prefer local supply; experimental orders underway from larger paint manufacturers who previously prioritized imports.

• Management targets first to stabilize current operations and then potentially expand capacity, but concrete expansion details are deferred to subsequent quarters.

Pigments:

Steady-State, Margin-Focused Approach

• Production volume: 3,700 MT (+1% YoY), capacity utilization at 46%.

• Management aims to run the business at optimized levels, with a clear bias toward exports over domestic due to higher realization and competitive intensity from unorganized local players.

• Segment is expected to remain flattish with minor YoY fluctuations (INR 500–600 mn range).

Crop Nutrition (including Nano Urea):

Growth Initiatives and Market Response

• Nano Urea field activities are ongoing in several international markets; seven product registrations received globally.

• FY25 revenue from Nano Urea at INR 400 mn, management guides for double-digit growth in this vertical in FY26, underpinned by positive domestic and international response.

• Significant expansion of product portfolio (2–3 new products targeted for the year).

Market and Industry

Agchem Pricing and Demand Trends

• Global channel inventory in crop protection normalized after two years of overhang; new demand visible but pricing yet to recover sharply.

• Raw material and output prices have steadied; expectation of gradual price uptick as Chinese industry faces margin pressure and capacity rationalization.

Export Markets and Regulatory Developments

• US imposing 25% tariffs on Indian agchem exports was a negative surprise (management had expected 10–15%); impact under analysis but India remains at an advantage versus China (total Chinese tariff load is ~55%).

• Company's geographical diversification across 75+ countries mitigates concentration risk.

Product Registrations and Global Expansion

• Ongoing push for registrations in regulated and semi-regulated markets, especially Brazil (high entry barrier) — management working towards opening Brazilian subsidiary.

• Management highlighted strong pipeline with several registrations expected annually over the next three to four years.

Titanium Dioxide Market Potential

• Demand for TiO2 remains high in India, with diverse end-use applications (paints, ceramics, rubber, paper, etc.).

• ADD is shifting the competitive balance toward local producers; management confident of significant market potential ahead.

Capital Allocation

Capex and Debt Management

• Minimal capex expected for FY26, focused on sweating existing assets.

• Priority on debt repayment; management targets further deleveraging through internal accruals.

Strategic Outlook

Management Guidance

• Remains positive on sustaining double-digit growth trajectory in core business areas.

• Strategy anchored in new product launches, operating leverage from improved capacity utilization, and expansion in key regulated markets.

• Long-term prospects underpinned by proprietary technology, diversified portfolio, and wider market presence.

Financial Performance

• Standalone total debt: INR 5.62 bn (short-term: INR 3.8 bn; long-term: INR 1.82 bn).

• Consolidated total debt: INR 8.09 bn (short-term: INR 3.99 bn; long-term: INR 4.09 bn).

• INR 380 mn of debt repaid during the quarter, with no major capex planned for FY26; management aims to further reduce gearing.

Financials (INR Mn)

Income statement

Particulars (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Gross Sales	25,526	15,663	20,797	25,889	30,881	37,335
Net Sales	25,526	15,663	20,797	25,889	30,881	37,335
YoY (%)	2.2%	-38.6%	32.8%	24.5%	19.3%	20.9%
Adjusted COGS	**15,091**	**10,231**	**12,639**	**15,781**	**18,701**	**22,345**
YoY (%)	3.8%	-32.2%	23.5%	24.9%	18.5%	19.5%
Employee benefit expenses	1,295	1,159	1,144	1,364	1,627	1,967
Other Expenses	5,730	4,475	5,588	6,133	7,316	8,845
Total Expenditure	**22,116**	**15,866**	**19,370**	**23,277**	**27,644**	**33,157**
EBITDA	**3,410**	**-203**	**1,427**	**2,611**	**3,237**	**4,178**
YoY (%)	-9.9%	-105.9%	840.0%	83.0%	24.0%	29.1%
EBITDA Margin (%)	13.4%	-1.3%	6.9%	10.1%	10.5%	11.2%
Depreciation	771	922	1,081	1,562	1,612	1,659
EBIT	**2,640**	**-1,125**	**346**	**1,049**	**1,625**	**2,520**
EBIT Margin (%)	10.3%	-7.2%	1.7%	4.1%	5.3%	6.7%
Interest Expenses	657	464	690	394	383	373
Non-operating/ Other income	960	377	439	580	692	836
PBT	**3,131**	**-1,212**	**95**	**1,235**	**1,934**	**2,983**
Tax-Total	754	-152	201	299	393	627
Adj. Net Profit	**2,377**	**-1,060**	**-106**	**936**	**1,540**	**2,356**
Reported Profit	**2,377**	**-1,060**	**-106**	**936**	**1,540**	**2,356**
PAT Margin	9.3%	-6.8%	-0.5%	3.6%	5.0%	6.3%
Shares o/s/ paid up equity sh capital	254	254	254	254	254	254
Adj EPS	9.3	-4.2	-0.4	3.7	6.1	9.3

Balance sheet

Particulars (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds						
Equity Share Capital	254	254	254	254	254	254
Reserves & Surplus/ Other Equity	16,438	15,023	14,898	15,656	16,942	19,044
Networth	**16,692**	**15,277**	**15,153**	**15,910**	**17,197**	**19,298**
Unsecured Loans/ Borrowings/ Lease Liabilities	8,239	8,368	8,292	7,888	7,671	7,464
Other Liabilities	958	655	833	983	1,192	1,445
Total Liabilities	**31,984**	**30,386**	**30,854**	**32,689**	**34,805**	**36,941**
Total Funds Employed	**58,977**	**56,284**	**58,043**	**60,936**	**65,134**	**69,317**
Application of Funds						
Net Fixed Assets	**11,760**	**11,643**	**15,804**	**15,047**	**15,471**	**15,856**
Capital WIP	3,456	5,086	771	771	771	771
Current assets	**14,657**	**12,116**	**13,501**	**16,097**	**17,788**	**19,535**
Inventory	6,517	5,172	5,990	6,940	7,685	8,209
Days	156	209	161	183	146	146
Debtors	5,234	4,329	5,668	6,997	7,720	7,467
Days	76	111	88	99	91	73
Other Current Assets	1,382	1,369	1,110	1,132	1,154	1,178
Cash and Cash equivalent	311	169	227	478	609	1,652
Current Liabilities/Provisions	**10,300**	**10,621**	**12,036**	**12,337**	**13,132**	**13,078**
Creditors / Trade Payables	4,478	4,919	5,505	6,638	7,187	6,804
Days	84	118	94	100	92	74
Liabilities	1,616	1,149	1,055	1,251	1,540	1,910
Net Current Assets	**4,356**	**1,494**	**1,465**	**3,760**	**4,655**	**6,457**
Total Asset	**31,984**	**30,386**	**30,854**	**32,689**	**34,805**	**36,941**
Total Capital Employed	**27,628**	**28,891**	**29,389**	**28,929**	**30,150**	**30,484**

Source: Arihant Research, Company Filings

Cash Flow Statement

Particulars (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	**2,377**	**-1,060**	**-106**	**936**	**1,540**	**2,356**
Adjustments: Add						
Depreciation and amortisation	771	922	1,081	1,562	1,612	1,659
Interest adjustment	-303	87	251	-186	-308	-463
Change in assets and liabilities	2,488	-51	1,100	2,135	2,590	3,297
Inventories	-123	1,345	-818	-950	-745	-524
Trade receivables	194	906	-1,339	-1,329	-723	253
Trade payables	-1,259	442	585	1,133	549	-383
Other Liabilities and provisions	1,171	-333	1,047	-717	384	494
Other Assets	145	27	790	-40	-41	-42
Taxes	-3	-4	3	16	34	41
Net cash from operating activities	**1,256**	**1,984**	**390**	**1,342**	**2,088**	**3,175**
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-4,982	-2,430	-975	-806	-2,036	-2,043
Net Sale/(Purchase) of investments	1,243	1,065	1,551	593	698	840
Net cash (used) in investing activities	**-3,796**	**-1,331**	**405**	**-217**	**-1,342**	**-1,207**
Interest expense	1,413	-692	-1,734	250	-522	-493
Dividend paid	-356	0	-127	-178	-254	-254
Other financing activities	-347	-355	41	-178	-313	-254
Net cash (used) in financing activities	**2,754**	**-777**	**-686**	**-780**	**-566**	**-536**
Closing Balance	**326**	**203**	**312**	**657**	**837**	**2,270**
FCF	**-2,082**	**1,199**	**-4,821**	**533**	**50**	**1,129**
Capex (% of sales)	3,320	784	300	777	2,000	2,001

Key Ratios

Particulars	FY23	FY24	FY25	FY26E	FY27E	FY28E
Solvency Ratios						
Debt / Equity	0.5	0.5	0.5	0.5	0.4	0.4
Net Debt / Equity	0.5	0.5	0.5	0.5	0.4	0.3
Debt / EBITDA	2.4	-41.2	5.8	3.0	2.4	1.8
Current Ratio	2.3	-40.2	5.6	2.8	2.1	1.2
DuPont Analysis						
Sales/Assets	0.8	0.5	0.7	0.8	0.9	1.0
Assets/Equity	1.9	2.0	2.0	2.1	2.0	1.9
RoE	14.2%	-6.9%	-0.7%	5.9%	9.0%	12.2%
Per share ratios						
Reported EPS	9.3	-4.2	-0.4	3.7	6.1	9.3
Dividend per share	1.4	0.0	0.5	0.7	1.0	1.0
BV per share	65.6	60.1	59.6	62.6	67.6	75.9
Cash per Share	1.2	0.7	0.9	1.9	2.4	6.5
Revenue per Share	100.4	61.6	81.8	101.8	121.4	146.8
Profitability ratios						
Net Profit Margin (PAT/Net sales)	12.2%	9.3%	-6.8%	-0.5%	3.6%	5.0%
Gross Profit / Net Sales	40.9%	34.7%	39.2%	39.0%	39.4%	40.1%
EBITDA / Net Sales	13.4%	-1.3%	6.9%	10.1%	10.5%	11.2%
EBIT / Net Sales	10.3%	-7.2%	1.7%	4.1%	5.3%	6.7%
ROCE (%)	12.2%	-5.7%	1.8%	5.2%	7.5%	10.6%
Activity ratios						
Inventory Days	156.1	208.5	161.2	182.5	146.0	146.0
Debtor Days	76.2	111.4	87.7	98.6	91.3	73.0
Creditor Days	83.8	118.1	94.2	100.0	92.4	73.7
Leverage ratios						
Interest coverage	4.0	-2.4	0.5	2.7	4.2	6.8
Debt / Asset	0.3	0.3	0.3	0.2	0.2	0.2
Valuation ratios						
EV / EBITDA	9.8	-165.6	23.4	12.5	10.0	7.3
PE (x)	10.7	-24.0	-239.9	27.2	16.5	10.8

Source: Arihant Research, Company Filings

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park	
Building No. 10, 1st Floor	6 Lad Colony,
Andheri Ghatkopar Link Road	Y.N. Road,
Chakala, Andheri (E)	Indore - 452003, (M.P.)
Mumbai – 400093	Tel: (91-731) 4217100/101
Tel: (91-22) 42254800	CIN: L66120MP1992PLC007182

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%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Arihant Capital Markets Ltd.
1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800