

CMP: INR 80

Rating: BUY

Target Price: INR 165

Stock Info

BSE	543331
NSE	MOL
Sector	Agrochemicals
Face Value (INR)	1
Equity Capital (INR Bn)	254.3
Mkt Cap (INR Mn)	19,488
52w H/L (INR)	116 / 57
Avg Yearly Vol (in 000')	1,539

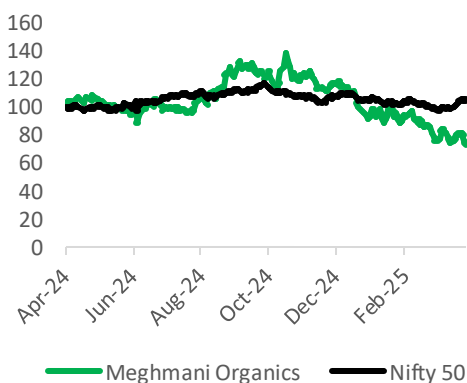
Shareholding Pattern %

(As on Mar, 2025)

Promoters	49.41
Public & Others	50.59

Stock Performance (%)	1m	6m	12m
MOL	-5.28	-41.08	-25.77
Nifty	4.32	-8.83	4.71

MOL Vs Nifty



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Meghmani Organics has posted strong set of numbers driven by the improved product mix in both the segments. This growth was largely driven by its Crop Protection segment, which saw a 34% revenue increase and a 343% surge in EBITDA in the quarter. Overall, the company has seen impressive improvement in margins sequentially while PAT was impacted to due one-off deferred tax liability. Consolidated Revenue came in at INR 5,534 Mn (+34.97% YoY/-2.64% QoQ) against our estimates of INR 5,350 Mn. EBITDA came in at INR 655 Mn vs INR 408 Mn in Q3FY24 (+60.4% QoQ) against our estimate of INR 574 Mn. EBITDA margins came in at 11.83% vs 7.18% in Q3FY25 and 0.49% in Q4FY24 against our estimate of 10.37%. PBT came in at INR 305 Mn vs INR 74 Mn in Q3FY25 and INR (143) Mn in Q4FY24 against our estimate of INR 37.18 Mn. Reported PAT came in at INR 198 Mn vs INR (44) Mn in Q3FY25 and INR (179) Mn in Q4FY24 against our estimate of INR 29 Mn. Adjusted PAT came to INR 268.87 Mn, against our estimate of INR 39 Mn (Q4FY25 includes a deferred tax liability of INR 90.64 Mn owing to changes in indexation benefits rule.)

Positive Outlook for TiO2 Business: The MoF has imposed an ADD of \$460 to \$681/MT on TiO2 imports from China. This is expected to provide a relief to domestic players and improve price realizations. The actual impact is expected to be visible from Q3FY26 onwards as channel inventories clear. Post the anti-dumping duty, prices are expected to increase by 20-25%. We expect this will likely to enhance the profitability of TiO2 segment. The company is also targeting export markets for TiO2, particularly regions where anti-dumping duties on Chinese TiO2 are already in place.

Strong Performance in the core segments: Crop protection segment contributes 72% of the total revenue and its production increased by 14% YoY to ~42,000 MT, with capacity utilization reaching ~76%. Revenue grew by 34% YoY to ~INR 14,500 Mn, and EBITDA jumped by 301% YoY to INR 1,770 Mn in FY25. EBITDA margins of 15-16% is expected for this segment in FY26.

The pigments segment saw production rise by 11% YoY to ~15,000 tons, with capacity utilization at 46%. Revenue increased by 20% YoY to INR 5,530 Mn, and EBITDA stood at INR 270 Mn, compared to a negative EBITDA of INR 66 Mn in the FY24.

Multi Purpose Plant ramp up, Deleveraging and Brazil market further support the growth:

The Multi Purpose Plant generated ~INR 2,500 Mn in revenue in FY25 at a utilization of 45% and has a potential of INR 10,000 Mn at optimal capacity of 80-90% in the next 2 to 3 years. The company plans to reduce its long-term debt of INR 4,420 Mn by ~INR 1,600 Mn in the FY27. No major capex is planned for FY26. The standalone entity is expected to be debt-free by FY26-27. The company is also in the process of establishing a subsidiary in Brazil, with final approval pending at the RBI level. This is expected to drive 15-20% YoY growth from the Brazilian market, will further add growth.

Valuation & View: Our view for Meghmani Organics remains positive, and we project sustained strong performance in the coming years, driven by the following key factors 1) The main crop protection business is set for stable 15-16% EBITDA margins, benefiting from recovering global demand as excess inventories have cleared. 2) A new anti-dumping duty on Chinese TiO2 is a major win. 3) With utilization ramping from 45% to 75-80%, the MPP plant aims for INR 10,000 Mn revenue by FY27-28. 4) Actively developing markets for Nano Urea in 35-40 countries, will further boost this segment. 5) Reducing Debt; aiming to have no standalone debt by FY27. **We maintain our "Buy" Rating for the stock with a Target price of INR 166, giving 50:50 weightage to EV/EBITDA and DCF methods.**

Financial Performance

Particulars (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenues	25,526	15,663	20,797	24,613	29,364	35,537
EBITDA	3,410	-203	1,427	2,488	3,085	3,990
EBITDA Margins	13.36%	-1.29%	6.86%	10.11%	10.51%	11.23%
PAT	2,377	-1,060	-106	1,298	1,778	2,528
EPS	9.35	-4.17	-0.42	5.10	6.99	9.94
P/E	11.23	-25.19	-251.96	20.58	15.02	10.56
EV/EBITDA	7.9	-134.3	19.0	8.7	6.9	10.7

Source: Arihant Research, Company Filings

Q4FY25 Consolidated Performance

Particulars (INR Mn)	Q4FY25	Q3FY25	Q4FY24	QoQ	YoY
Revenue from operations	5,535	5,685	4,100	-2.65%	34.98%
COGS	3,117	3,447	2,499	-9.56%	24.72%
Gross Profit	2,417	2,238	1,601	8.00%	50.99%
Gross Profit Margins	43.68%	39.37%	39.05%	431bps	463bps
Expenses					
Employee Benefits Expenses	297	282	286	5.32%	3.72%
Other Expenses	1,466	1,548	1,294	-5.33%	13.22%
EBITDA	655	408	20	60.40%	3135.74%
EBITDA Margins	11.83%	7.18%	0.49%	465bps	1134bps
Other Income	139	91	89	51.87%	55.13%
EBITDA (incl. OI)	794	500	110	58.84%	623.45%
EBITDA Margins	14.34%	8.79%	2.68%	555bps	1166bps
Depreciation	295	297	228	-0.60%	29.35%
EBIT	499	203	-118	145.74%	-521.68%
EBIT Margins	9.01%	3.57%	-2.88%	544bps	1190bps
Finance Cost	193	129	25	49.97%	675.32%
PBT	305	74	-143	312.26%	-313.34%
Exceptional Items	0	0	0		
Profit Before Tax	305	74	-143	312.26%	-313.34%
Tax Expenses	107.3	118.0	36.4	-9.08%	194.49%
PAT	198.17	-43.92	-179.63	NA	NA

Segmental Performance

Particulars (INR Mns)	Q4FY25	Q3FY25	Q4FY24	QoQ	YoY
Pigment	1,527	1,599	1,259	4.75%	21.21%
Agrochemicals	3,697	4,105	2,750	11.03%	34.47%
Others	445	124	111	-72.15%	11.53%

Source: Arianth Research, Company Filings

Q4FY25 Concall Key Highlights

- Pigment business experienced volume growth of ~11% for FY25 but price realization improvements were only 2-4%. Expects to maintain EBITDA margin in this segment in the range of 8-9% in the coming years.
- The conventional pigment segment generates ~ INR 5,500-6,000 Mn in revenue with minimal expected growth going forward.
- Current TiO₂ capacity is 16,500 tons, with focusing on improving utilization of phase 1 before expanding to the planned 33,000 tons capacity. Most of the Capex for the 2nd Phase is completed during the 1st phase, minimal additional investment is required for capacity expansion.
- The TiO₂ business is currently making losses of ~INR 250 Mn-INR 260 Mn per quarter, expected to improve after the implementation of the ADD.
- The agrochemical segment contributed 15-17% EBITDA margin, with targeting growth in both revenue and profitability and expects revenue to grow by 15-20% in the upcoming year.
- The new multi-purpose plant generated INR 2,500 Mn in revenue at ~45% utilization in FY25, with potential to generate INR 10,000 Mn at full capacity. Management expects to reach 75-80% capacity utilization in 2-3 years.
- The company expects the crop nutrition segment to maintain ~20% EBITDA margins going forward.
- The company is investing in renewable energy, which offers cost benefits of INR 4-5 per unit compared to INR 9-9.5 for conventional power; aims to achieve 50% of its energy capacity from renewable sources.
- China has imposed anti-dumping duty on cypermethrin coming from India, but the company has minimal exposure to the Chinese market for this product.
- Crop protection Production stood at ~42,000 MT in FY25, up by 14% YoY. Capacity utilization was ~76%. Revenue reached INR 14,500 Mn, up by 34% YoY. EBITDA for the segment was INR 1,770 Mn, up by 301% YoY. The company expects double digit growth both in top line and bottomline and 15-16% margins for FY26.
- Pigment Production stood at ~5,000 tons in FY25, up by 11% YoY. Capacity utilization stood at ~46%. Revenue was INR 5,530 Mn, up by 20% YoY. EBITDA stood at ~27%, compared to negative EBITDA of INR 66 Mn in the FY24.
- ADD of \$460 to \$681/MT has been imposed on TiO₂ imports from China as of May 10, 2025. Management expects a price increase of ~ 20-25% once the anti-dumping duty is fully implemented. The actual impact of anti-dumping duty to be visible from Q3FY26 onwards, after channel inventory is cleared.
- Current capacity utilization for TiO₂ is very low, but expected to improve gradually over the next 2-3 months.
- Plans to expand the product portfolio in Crop nutrition by adding 2-3 new products in FY26.
- Current utilization of the Nano Urea plant is very low due to large capacity; expected to take 2-3 years to reach 50% utilization. Nano Urea business is being developed in ~35-40 different countries, with some trial orders already received.
- Awaiting final approval from RBI for the establishment of subsidiary in Brazil. Management expects 15-20% YoY growth in the Brazil market.
- Long-term debt stands at INR 4,420 Mn, with plans to repay ~ INR 1,600 Mn in FY26. They expect the standalone entity to be debt-free by FY26-27. Consolidated debt will take longer to clear due to existing debt in subsidiaries.

Financials

(INR Mn)

Income statement

Particulars (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY278E
Gross Sales	25,526	15,663	20,797	24,613	29,364	35,537
Net Sales	25,526	15,663	20,797	24,613	29,364	35,537
YoY (%)	2.2%	-38.6%	32.8%	18.3%	19.3%	21.0%
Adjusted COGS	15,091	10,231	12,639	14,815	17,557	20,995
YoY (%)	3.8%	-32.2%	23.5%	17.2%	18.5%	19.6%
Employee benefit expenses	1,295	1,159	1,144	1,390	1,658	2,006
<i>Other Expenses</i>	5,730	4,475	5,588	5,920	7,063	8,546
Total Expenditure	22,116	15,866	19,370	22,125	26,279	31,546
EBITDA	3,410	-203	1,427	2,488	3,085	3,990
YoY (%)	-9.9%	-105.9%	840.0%	74.3%	24.0%	29.3%
EBITDA Margin (%)	13.4%	-1.3%	6.9%	10.1%	10.5%	11.2%
Depreciation	771	922	1,081	950	1,042	1,130
EBIT	2,640	-1,125	346	1,539	2,043	2,860
EBIT Margin (%)	10.3%	-7.2%	1.7%	6.3%	7.0%	8.0%
Interest Expenses	657	464	690	394	383	373
Non-operating/ Other income	960	377	439	519	620	750
PBT	3,131	-1,212	95	1,664	2,279	3,237
Tax-Total	754	-152	201	366	501	709
Adj. Net Profit	2,377	-1,060	-106	1,298	1,778	2,528
Reported Profit	2,377	-1,060	-106	1,298	1,778	2,528
PAT Margin	9.3%	-6.8%	-0.5%	5.3%	6.1%	7.1%
Shares o/s/ paid up equity sh capital	254	254	254	254	254	254
Adj EPS	9.3	-4.2	-0.4	5.1	7.0	9.9

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	16,018	17,542	19,815
Networth	16,692	15,277	15,153	16,272	17,796	20,070
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	32,714	34,960	37,382
Total Funds Employed	58,977	56,284	58,043	60,986	65,443	70,198
Application of Funds						
Net Fixed Assets	11,760	11,643	15,804	10,771	11,774	12,699
Capital WIP	3,456	5,086	771	771	771	771
Current assets	14,657	12,116	13,501	20,398	21,639	23,131
Inventory	6,517	5,172	5,990	6,863	7,215	7,710
Days	156	209	183	183	146	146
Debtors	5,234	4,329	5,668	6,652	7,341	7,107
Days	76	111	104	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	3,914	4,029	4,893
Current Liabilities/ Provisions	10,300	10,621	12,036	12,000	12,687	12,747
Creditors / Trade Payables	4,478	4,919	5,505	6,301	6,742	6,473
Days	84	118	110	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	8,398	8,951	10,385
Total Asset	31,984	30,386	30,854	32,714	34,960	37,382
Total Capital Employed	27,628	28,891	29,389	24,316	26,008	26,997

Source: Arihant Research, Company Filings

Cash Flow Statement

Particulars (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY27E
Profit before tax	2,377	-1,060	-106	1,298	1,778	2,528
Adjustments: Add						
Depreciation and amortisation	771	922	1,081	950	1,042	1,130
Interest adjustment	-303	87	251	-125	-236	-377
Change in assets and liabilities	2,488	-51	1,100	1,944	2,330	3,027
Inventories	-123	1,345	-818	-873	-352	-495
Trade receivables	194	906	-1,339	-984	-689	234
Trade payables	-1,259	442	585	796	441	-269
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	1,236	2,148	3,028
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-4,982	-2,430	-975	4,083	-2,045	-2,055
Net Sale/(Purchase) of investments	1,243	1,065	1,551	532	625	754
Net cash (used) in investing activities	-3,796	-1,331	405	4,611	-1,423	-1,305
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	5,380	5,538	6,725
FCF	-2,082	1,199	-4,821	5,215	102	973
Capex (% of sales)	3,320	784	300	738	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	0.2	0.1	0.0
Debt / EBITDA	2.4	-41.2	5.8	3.2	2.5	1.9
Current Ratio	2.3	-40.2	5.6	1.0	0.7	0.2
DuPont Analysis						
Sales/Assets	0.8	0.5	0.7	0.8	0.8	1.0
Assets/Equity	1.9	2.0	2.0	2.0	2.0	1.9
RoE	14.2%	-6.9%	-0.7%	8.0%	10.0%	12.6%
Per share ratios						
Reported EPS	9.3	-4.2	-0.4	5.1	7.0	9.9
Dividend per share	1.4	0.0	0.5	0.7	1.0	1.0
BV per share	65.6	60.1	59.6	64.0	70.0	78.9
Cash per Share	1.2	0.7	0.9	15.4	15.8	19.2
Revenue per Share	100.4	61.6	81.8	96.8	115.5	139.7
Profitability ratios						
Net Profit Margin (PAT/Net sales)	12.2%	9.3%	-6.8%	-0.5%	5.3%	6.1%
Gross Profit / Net Sales	40.9%	34.7%	39.2%	39.8%	40.2%	40.9%
EBITDA / Net Sales	13.4%	-1.3%	6.9%	10.1%	10.5%	11.2%
EBIT / Net Sales	10.3%	-7.2%	1.7%	6.3%	7.0%	8.0%
ROCE (%)	12.2%	-5.7%	1.8%	7.4%	9.2%	11.6%
Activity ratios						
Inventory Days	156.1	208.5	182.5	182.5	146.0	146.0
Debtor Days	76.2	111.4	104.3	98.6	91.3	73.0
Creditor Days	83.8	118.1	109.6	100.0	92.4	73.7
Leverage ratios						
Interest coverage	4.0	-2.4	0.5	3.9	5.3	7.7
Debt / Asset	0.3	0.3	0.3	0.2	0.2	0.2
Valuation ratios						
EV / EBITDA	7.9	-134.3	19.0	8.7	6.9	5.0
PE (x)	8.0	-18.0	-180.0	14.7	10.7	7.5

Source: Arianth Research, Company Filings

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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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