Arihant Capital
Generating Wealth

Q1FY27 Result Update
31st July 2026

Meghmani Organics Ltd.

Profitability Sprints while Revenue Rests

CMP: INR 55

Rating: BUY

Target Price: INR 75

Stock Info	
BSE	543331
NSE	MOL
Sector	Agrochemicals
Face Value (INR)	1
Equity Capital (INR Cr)	25.4
Mkt Cap (INR Mn)	14,070
52w H/L (INR)	96.7 / 36.4
Avg Yearly Vol (in 000')	1024

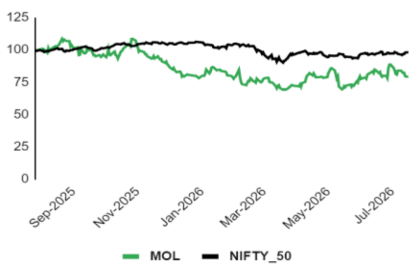
Shareholding Pattern %

(As on July, 2026)

Promoters	48.95
Public & Others	51.05

Stock Performance (%)	1m	6m	12m
MOL	11.64	3.05	-45.17
Nifty	2.08	-2.89	-1.64

MOL Vs Nifty 50



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

Meghmani Organics delivered a quarter marked by weak topline but sharply improved profitability. Standalone revenue fell ~12% YoY to ~INR 5230mn, dragged by soft demand across export and domestic markets, while consolidated revenue was ~INR 5420mn, also down ~12% YoY. Despite the revenue decline, disciplined pricing, a better product mix and operational efficiencies drove a strong margin recovery: standalone net profit rose 42% YoY to ~INR 580mn and EBITDA grew 16% YoY to ~INR 940mn, while consolidated net profit surged 280% YoY to INR 482mn and EBITDA rose 46% YoY to ~INR 979mn. Consolidated EBITDA margin expanded sharply to 18%, up from 10.9% in the year-ago quarter. The revenue mix stood at roughly 75% Crop Protection and 25% Pigments. TiO_2 operations remained shut through the quarter, and macro volatility continues to be flagged as the key near-term swing factor.

Crop Protection: Volumes soft, but margins resilient and medium-term growth outlook intact The segment produced ~8,880 MT at ~63% capacity utilization, generating revenue of INR 3910 Mn and EBITDA of INR 778 mn, translating into a healthy 19.9% EBITDA margin — comfortably above management's own 15–17% target band, which is pegged to the broader industry average. Management guided to double-digit topline growth over the next two to three years, backed by continued investment in new registrations and product development. Notably, management pushed back on an analyst's recollection of a INR 25,000 Mn revenue guidance for the segment, clarifying instead that INR 25,000–30,000 Mn of revenue is achievable only at 85–90% utilization - framed explicitly as peak potential rather than a near-term target, given the segment is currently running at just 63% utilization.

Pigments: Unusually strong quarter, but management tempers expectations going forward - Pigments production came in at 3,233 MT at 39% utilization - deliberately low, by design - with revenue of INR 1310 Mn, EBITDA of INR 159 Mn and a margin of ~12.1%.Management was candid that this margin print was unusually strong and guided towards amore sustainable ~10% EBITDA margin going forward. Of the sharp margin jump (from~3% to ~12%), roughly 5–6 percentage points were attributed to better realizations, with the balance from operational efficiency gains. The company reiterated it is prioritizing profitability over volume in a pressured market, expects utilization to stay in the 40–50%range by choice, and is not deploying incremental capex into the segment. Annualized revenue is guided at INR 5000–6000 Mn, and last year's tariff-related drag is now described as fully behind the business as of 1st April.

TiO2 (Kilburn Chemical): Plant remains shut on commercial unviability- The Titanium Dioxide business remained suspended through the quarter, posting a negative EBITDA of ~INR 30 Mn. The shutdown continues to be driven by elevated sulfuric acid and sulfur-based raw material costs alongside weak realizations following the withdrawal of anti-dumping duty. Management estimates that if the plant were to remain idle for the full year, the annual loss would be INR 100–120 Mn and noted that keeping the facility suspended has meaningfully reduced the cash burn versus running it. No reinstatement timeline was provided.

Crop Nutrition (Nano Fertilizers): Widening product range, incremental but growing contributor The nano-fertilizer portfolio made a positive contribution to both revenue and profit in the quarter. Beyond nano-urea, the company has now added nano-DAP, nano-NPK and nano-Zinc, and continues to seek regulatory approvals across additional markets to widen the range further. Trial orders in select global markets are yielding encouraging results, with both domestic and international sales picking up. While volumes were not disclosed, management expects the segment to generate a couple of hundred crore of revenue over the next two to three years, with growth and profitability expected to compound on a QoQ basis.

Valuation & View

Q1FY27 marks a clear profitability inflection even as topline remains soft, with both segments running below full utilization by design (Crop Protection at 63%,Pigments at 39–50%) - implying meaningful operating leverage on the table should volumes recover. The medium-term growth algorithm rests on three legs: (1) double-digit Crop Protection revenue growth over FY27–29E as new registrations scale and utilization climbs toward the 85–90% range management flagged as the segment's revenue ceiling; (2)a steady, capex-light Pigments business generating INR 5000–6000 Mn of annualized revenue at a normalized ~10% margin; and (3) an emerging Nano Fertilizer franchise(nano-urea, DAP, NPK, Zinc) that could add a couple of hundred crore of high-margin revenue over the next two to three years. TiO2 remains a wildcard — currently a modest drag (~INR 100–120 Mn annualized loss if idle) but a potential swing factor should anti-dumping protection or raw material costs normalize. Accordingly, we maintain our " rating, albeit on a maintaining 10.5x EV/EBITDA multiple on March' 28 EBITDA, with a target price of INR 75.

Particulars (INR	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenues	25,526	15,663	20,797	21,740	25,218	29,757
EBITDA	3,410	-203	1,427	1,764	2,144	2,619
EBITDA Margins	13.4%	-1.3%	6.9%	8.1%	8.5%	8.8%
PAT	2,377	-1,060	-106	287	971	1,514
EPS	9.3	-4.2	-0.4	1.1	3.8	6.0
P/E	11.2	-25.2	-251.9	92.9	27.5	17.6
EV/EBITDA	6.3	-107.8	15.2	11.7	9.3	14.1

Meghmani Organics (Consolidated) **(INR mn)**

Particulars (INR mn)	Q1FY27	Q1FY26	YoY	Q4FY26	QoQ
Revenue from operations	5,428	6,136	-12%	4,743	14%
COGS	2,901	3,785	-23%	3,014	-4%
Gross Profit	2,527	2,352	7%	1,729	46%
Gross Profit Margins	46.56%	38.32%	824bps	36.45%	1011bps
Expenses					
Employee Benefits Expenses	337	296	14%	320	5%
Other Expenses	1,212	1,386	-13%	1,212	0%
EBITDA	**979**	**669**	**46%**	**197**	**396%**
EBITDA Margins	**18.04%**	**10.90%**	**714bps**	**4.16%**	**1388bps**
Other Income	119	166	-28%	372	-68%
EBITDA (incl. OI)	1,098	835	32%	570	93%
EBITDA Margins	20.2%	13.6%	663bps	12.01%	822bps
Depreciation	298	297	0%	293	2%
EBIT	800	538	49%	276	190%
EBIT Margins	14.74%	8.76%	598bps	5.83%	892bps
Finance Cost	131	295	-56%	205	-36%
PBT	**670**	**243**	**176%**	**72**	**836%**
Exceptional Items	0	0		0	
Profit Before Tax	670	243	176%	72	836%
Tax Expenses	187.9	116.1	62%	-8.8	-2225%
PAT	**482**	**127**	**280%**	**80.4**	**NA**

Segmental Performance

Segmental Revenue (INR mn)	Q1FY27	Q1FY26	YoY	Q4FY26	QoQ
Pigment	1,436	1,507	-5%	1,290	11%
Agrochemical	3,916	4,579	-14%	3,486	12%
Others	317	135	135%	208	53%
Total	**5,669**	**6,221**	**-9%**	**4,984**	**14%**
Less: inter-segmental	-241	-85	183%	-241	0%
Net Sales	**5,428**	**6,136**	**-12%**	**4,743**	**14%**

Source: Arihant Research, Company Filings

Q1FY27 Earnings Call Highlights

The quarter was defined by weak demand but strong profitability. Revenue fell ~12% YoY on soft demand across export and domestic markets, yet disciplined pricing, a better product mix and operational efficiencies drove a sharp margin expansion and much higher profits. Management is confident on medium-term growth - double-digit topline growth in crop protection over the next two to three years, a steady INR 5000–6000 Mn pigment business run at deliberately low utilization for profitability, and a fast-emerging nano-fertilizer opportunity worth a few hundred crore over 2–3 years. Titanium dioxide stays shut. Macro volatility remains the key near-term swing factor.

Financials

On a standalone basis, revenue was ~INR 5230 Mn, down 12% YoY, while net profit grew 42% YoY to ~INR 580 Mn and EBITDA grew 16% YoY to ~INR 940 Mn. On a consolidated basis, revenue was ~INR 5420 Mn (also down ~12%), net profit surged 280% YoY to INR 482 Mn, and EBITDA rose 46% YoY to ~INR 979 Mn. Consolidated EBITDA margin expanded to 18%, versus 10.9% in the year-ago quarter. The revenue mix in the quarter was roughly 75% crop protection and 25% pigment.

Crop protection

The segment produced ~8,880 MT at ~63% capacity utilization, with revenue of INR 3910 Mn and EBITDA of INR 778 Mn, giving a 19.9% EBITDA margin. Management guided to double-digit topline growth over the next two to three years alongside a healthy bottom line improvement, supported by heavy investment in new registrations and product development. It targets margins at or above the 15-17% industry average. Notably, management explicitly rejected an analyst's recollection of a INR 25,000 Mn crop-protection guidance but did say that at 85–90% utilization the segment could generate INR 25,000–30,000 Mn in revenue - framing that as peak potential, not guidance.

Pigment

Production stood at 3,233 MT at just 39% utilization, with revenue of INR 1310 Mn, EBITDA of INR 159 Mn, and a ~12.1% EBITDA margin. Management was candid that this was an unusually strong quarter and that a ~10% EBITDA margin is the more realistic sustainable level. Utilization is expected to stay around 40–50% by choice - the company prioritizes profitability over volume in a pressured market and is not pursuing capex here. Annualized revenue is guided to INR 5000 to 6000 Mn. On the margin jump (from ~3% to ~12%), roughly 5–6 percentage points came from better realization and the balance from improved efficiency. Last year's tariff drag is described as behind them since 1 April.

Crop nutrition / nano-fertilizers

The segment made a positive contribution to both revenue and profit. Beyond nano-urea, the company has added nano-DAP, nano-NPK and nano-Zinc, and is seeking approvals across markets to widen the range further. Trial orders in select global markets are yielding encouraging results, and sales are picking up domestically and internationally. Volumes were not disclosed, but management expects a couple of hundred crore of revenue from this segment over the next two to three years, with growth compounding quarter on quarter alongside profitability.

Titanium dioxide (Kilburn Chemical)

Operations remain suspended on commercial unviability - elevated sulfuric acid / sulfur-based raw material costs combined with weaker realizations after the withdrawal of anti-dumping duty. The segment posted a negative EBITDA of ~INR 30 Mn in Q1; management estimates the annual loss would be INR 100–120 Mn if the plant stays idle all year and noted that keeping it suspended has substantially reduced losses.

Balance sheet and debt

As of 30 June 2026, standalone total debt was ~INR 5550 Mn (INR 4740 Mn short-term, INR 810 Mn long-term), for a debt-to-equity ratio of ~0.31. Consolidated total debt was INR 7320 Mn (INR 4770 Mn short-term, INR 2560 Mn long-term), with a D/E of 0.46. The company repaid ~INR 320 Mn of debt during the quarter.

Demand & Corporate Update: Low channel inventory a positive signal; amalgamation progressing-Channel inventory across Latin America, Europe and India remains low, with customers buying on a spot basis — a constructive signal for restocking-led demand ahead— and underlying demand in both core segments described as reasonably healthy, with macro volatility remaining the primary swing factor. On the corporate front, the amalgamation of two wholly-owned subsidiaries has progressed, with the scheme filed in April and a second-motion application filed after securing creditor approval; the company now awaits the next NCLT hearing date. The merger, structured under the pooling-of-interest method, leaves consolidated financials unchanged and is expected to deliver cost, operational and compliance synergies rather than a step-change in margins.

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

Disclaimer: This disclosure statement is provided in compliance with the SEBI Research Analyst Regulations, 2014. Arihant Capital Markets Limited (ACML) is a registered stockbroker, merchant banker, and research analyst under SEBI, and is also a Point of Presence with the Pension Fund Regulatory and Development Authority (PFRDA). ACML is registered with SEBI with Research Analyst Registration Number INH000002764, Stock Broker Registration Number INZ000180939, and is a Trading Member with NSE, BSE, MCX, NCDEX, and a Depository Participant with CDSL and NSDL.

ACML and its associates may have business relationships, including investment banking, with companies covered by its Investment Research Department. The analysts of ACML, and their associates, are prohibited from holding a financial interest in securities or derivatives of companies they cover, though they may hold stock in the companies they analyze. The recommendations provided by ACML's research team are based on technical and derivative analysis and may differ from fundamental research reports.

ACML confirms that neither it nor its associates have a financial interest or material conflict concerning the companies covered in the research report at the time of publication. Furthermore, ACML, its analysts, and their relatives have no ownership greater than 1% in the subject companies as of the month prior to publication. ACML guarantees that the compensation for its research analysts is not influenced by specific securities or transactions.

ACML affirms that neither the analyst nor the company has served as an officer, director, employee, or engaged in market-making activities for any of the subject companies. Additionally, the research report does not reflect any conflict of interest and is not influenced by specific recommendations made. Neither ACML nor its analysts have received compensation for investment banking or brokerage services from the subject companies in the last 12 months.

The views expressed in this report are those of the analysts and are independent of the proprietary trading desk of ACML, which operates separately to maintain an unbiased stance. Analysts comply with SEBI Regulations when offering recommendations or opinions through public media. The report is intended for informational purposes only and is not an offer or solicitation for the purchase or sale of securities.

This report, which is confidential, may not be reproduced or shared without written consent from ACML. It is based on publicly available data believed to be reliable but has not been independently verified, and no guarantees are made about its accuracy. All opinions and information contained in the report are subject to change without notice. ACML disclaims liability for any losses resulting from reliance on this report. The report does not constitute an offer to buy or sell securities, and ACML is not responsible for the risks involved in investments. ACML and its affiliates may have positions in the securities discussed or hold other financial interests in them.

The distribution of this report in certain jurisdictions may be restricted by law, and the report is not intended for distribution where it would violate local laws. Investors are advised to consider their financial position, risk tolerance, and investment objectives before engaging in transactions, particularly in high-risk financial products such as derivatives.

ACML reserves the right to modify this disclosure statement without prior notice. The report has been prepared using publicly available information and internally developed data, though ACML does not guarantee its completeness or accuracy. Historical price data for securities can be accessed via official exchanges like NSE or BSE. ACML and its affiliates may conduct proprietary transactions or investment banking services for the companies mentioned in this report. In compliance with SEBI regulations, ACML maintains comprehensive records of research reports, recommendations, and the rationale for those recommendations, which are preserved for at least five years. An annual compliance audit is conducted by a member of the ICAI or ICSI to ensure adherence to applicable regulations. This report is issued in accordance with applicable SEBI regulations and does not guarantee future performance or returns.

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

Abhishek Chhajed Jain
Digitally signed by Abhishek Chhajed Jain
Date: 2026.08.11 12:37:58 +05'30'