

CMP: INR 73

Rating: BUY

Target Price: INR 110

Stock Info

BSE	543331
NSE	MOL
Sector	Agrochemicals
Face Value (INR)	1
Equity Capital (INR Cr)	25.4
Mkt Cap (INR Mn)	18,510
52w H/L (INR)	106 / 56
Avg Yearly Vol (in 000')	24

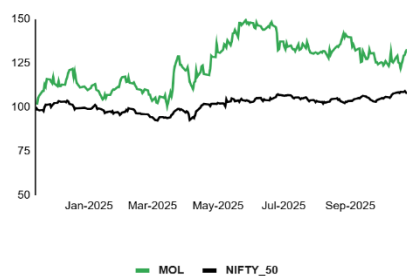
Shareholding Pattern %

(As on Sept, 2025)

Promoters	48.98
Public & Others	51.02

Stock Performance (%)	1m	6m	12m
MOL	-9.23	-2.39	-24.32
Nifty	2.57	3.82	8.34

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 mixed performance this quarter as robust growth in Standalone EBITDA of 71% YoY to INR 705mn anchored by sustained growth in the Crop Protection segment and improved margin profile on the back of favorable product mix and enhanced operating leverage was offset by sustained losses in the Pigments business, which remains impacted by remained challenged, facing ongoing pricing pressure and subdued market conditions, particularly due to Chinese dumping and input cost inflation, but management’s cautious capacity utilization and portfolio discipline limited the segmental drag. Consolidated PAT stood at INR 116 mn, a strong turnaround from a post-tax loss of INR 93 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- The segment continued to deliver a robust performance with segment EBITDA growing 73% YoY to INR 749mn driven by 600bps YoY EBITDA margin expansion to ~17% in Q2FY26 vs ~11% last year. The sustained expansion in margins is on the back of mix improvement towards specialty products and formulations. Segment revenues grew 11% YoY to INR 4.4bn despite 12% YoY decline in production volumes indicating underlying optimization in portfolio as lower margin products are replaced by high value-low volume products to enhance margins, while capacity utilization was healthy at around 72%. Management remains confident of sustaining double-digit CAGR driven by innovation, formulation expansion, and geographic diversification.

Pigments: Performance Constrained by Chinese Dumping- The Pigments segment continues to remain suppressed with revenue declining 15% YoY in Q2 FY26 to INR 1.15bn due to persistent weakness in global demand, pricing challenges, and intensified competition from domestic unorganized players as well as Chinese dumping. Capacity utilization was muted at 45%, impacting operating leverage and resulting in weak EBITDA margins around 3.5%. Management remains cautious and patient for market normalization while optimizing cost and operational efficiencies.

TiO2 Business: Positive Outlook Post Anti-Dumping Duty: Q2 FY26 performance remained under pressure due to persistent dumping from China, raw material cost inflation, and low capacity utilization at 45%. Management’s near-term focus is on stabilizing operations and financials, while larger capacity expansion plans remain on hold until market conditions improve.

Valuation & View: The Agrochemicals segment is expected to sustain robust growth, supported by new product launches, higher utilization driving operational leverage, and expansion into key regulated markets. However, persistent weakness in pigments demand remains a significant overhang on business ramp-up. We forecast a 31% EBITDA CAGR over FY25–28E, led by an estimated 21% revenue CAGR and a 190bps EBITDA margin improvement to 8.8%, driven by (1) ~INR 10 billion ramp-up in MPP contribution, (2) improved Agrochemical margins through a better mix, new launches, and broader market reach, and (3) double-digit Nano Urea export growth as registrations and product introductions scale up. While Agrochemicals is expected to deliver strong double-digit EBITDA growth, sector headwinds in pigments are likely to constrain overall earnings. Accordingly, we maintain our “Buy” rating, albeit on a lower 12x EV/EBITDA multiple on Sept’27 EBITDA (versus 15x earlier), with a target price of INR 110.

Financial Performance

Particulars (INR Mn)	FY25	FY26E	FY27E	FY28E
Revenues	20,797	25,889	30,549	36,658
EBITDA	1,427	2,289	2,597	3,226
EBITDA Margins	6.9%	8.8%	8.5%	8.8%
PAT	-106	711	1,116	1,666
EPS	-0.4	2.8	4.4	6.5
P/E	-251.9	37.5	23.9	16.0
EV/EBITDA	18.6	11.3	9.9	16.6

Source: Arihant Research, Company Filings

Q2FY26 Consolidated Performance

Meghmani Organics (Consolidated)

(INR Mn)

Particulars (INR Mns)	Q2FY26	Q2FY25	YoY	Q1FY26	QoQ
Revenue from operations	5,772	5,439	6%	6,136	-6%
COGS	3,420	3,447	-1%	3,785	-10%
Gross Profit	2,352	1,992	18%	2,352	0%
Gross Profit Margins	40.75%	36.62%	413bps	38.32%	243bps
Expenses					
Employee Benefits Expenses	367	286	28%	296	24%
Other Expenses	1,464	1,400	5%	1,386	6%
EBITDA	521	306	70%	669	-22%
EBITDA Margins	9.02%	5.62%	340bps	10.90%	-188bps
Other Income	278	120	132%	166	67%
EBITDA (incl. OI)	798	425	88%	835	-4%
EBITDA Margins	13.83%	7.82%	601bps	13.60%	23bps
Depreciation	300	255	18%	297	1%
EBIT	498	171	192%	538	-7%
EBIT Margins	8.63%	3.14%	550bps	8.76%	-13bps
Finance Cost	238	262	-9%	295	-19%
PBT	261	-92	-384%	243	7%
Exceptional Items	0	0		0	
Profit Before Tax	261	-92	-384%	243	7%
Tax Expenses	145	1	14888%	116	25%
PAT	115	-93	-224%	127	-9%

Segmental Performance

Particulars (INR Mns)	Q2FY26	Q1FY26	Q2FY25	QoQ	YoY
Pigment	1,302	1,507	1,356	15.8%	-4.0%
Agrochemicals	4,426	4,579	3,977	3.5%	11.3%
Others	228	135	181	-40.7%	-25.5%

Source: Arianth Research, Company Filings

Q2FY26 Concall Key Highlights

Outlook

Meghmani Organics delivered a robust Q2FY26 with margin improvement in core crop protection, but pressure in TiO₂ offsets aggregate returns. Near-term, discipline in portfolio mix, margin focus, and prudent risk management should support earnings, while a sustained TiO₂ turnaround remains the key monitorable amid global headwinds.

Financial Performance Highlights

- Standalone Q2FY26 revenue at INR 5,580 million (+5% YoY); EBITDA at INR 700 million (+71% YoY); PAT at INR 430 million versus INR 90 million YoY, supported by improved mix and raw material normalization.
- Crop protection contributed ~79% of revenue; pigment segment (including TiO₂) ~21%.
- Segmental Q2 breakdown:
 - Crop Protection: Production at 10,136 MT, 72% utilization, revenue INR 4,430 million (+11% YoY), EBITDA INR 750 million (+73% YoY), margin ~17%.
 - Pigment/TiO₂: Production at 3,759 MT, 45% utilization, revenue INR 1,150 million, EBITDA INR 40 million (margin 3.5%).
- Consolidated Q2FY26 revenue at INR 5,770 million (+6% YoY), EBITDA INR 520 million (+70% YoY), PAT at INR 120 million (vs loss of INR 90 million YoY).
- H1 consolidated revenue at INR 11,910 million (+24% YoY), EBITDA INR 1,190 million (+227%), PAT at INR 240 million (vs loss prior).
- Debt as of 30-Sep-25: Standalone INR 5,970 million (short-term INR 4,540 million, long-term INR 1,430 million); Consolidated INR 8,360 million (short-term INR 4,790 million, long-term INR 3,570 million); INR 900 million repaid in H1.

Crop Protection Segment Outlook

- Portfolio realignment emphasizing high-margin, lower-volume products drove margin expansion against a backdrop of volume contraction.
- Over 80% of crop protection revenues are from exports, impacted by US tariffs and patchy global macros.
- Newer formulations and innovative combinations steadily increase share in the mix, driving profitability.
- The registration pipeline (~780–790 as of Mar-25) is strong, with management targeting double-digit revenue CAGR through FY29, mostly via new launches.
- Product selection determined by market potential and competitive landscape—no focus on any single class.

Pigment Segment and Titanium Dioxide (TiO₂) Challenges

- TiO₂ division remains under pressure: price realization stagnant despite anti-dumping; raw material costs up.
- Q2 saw further pricing pressure from Chinese dumping and prolonged demand slump; legal status of anti-dumping duty under review, but remains in effect as of call date.
- Management remains conservative with volumes to curb incremental losses; no current plans for backward/forward integration, focus is on loss reduction.
- Strategic long-term view maintained for TiO₂, given India's structural demand, but profitability remains volatile and timeline to break-even is still not visible.
- Losses in TiO₂ at EBITDA level (~INR 250 million per quarter) expected to abate from Q3, but visibility still guarded.

Crop Nutrition Segment and Nano Urea

- The crop nutrition business remains a two-to-three year high-growth lever, with new products, multiple global market registrations, and field activity.
- Q2FY26 segment revenue up to INR 230 million (from INR 140 million in Q1); growth is structural, not one-off.
- Management targets three-digit revenue in INR million (i.e. >INR 1,000 million) by FY27.

Working Capital and Balance Sheet Management

- Trade receivables extended to 126 days (from 97), mirroring the credit-intensive nature of export crop protection.
- Inventory days reduced by 18; payables extended by 10 days; net working capital days stable.

Sustainability Initiatives

- Achieved certification in ISO 20400 (sustainable procurement), ISO 27001 (information security), and ISO 37001 (anti-bribery), reinforcing commitment to governance and ESG standards.

Segmental Charts:

Pigment Segment

Exhibit 1: Pigment sector revenue declined 4% YoY.

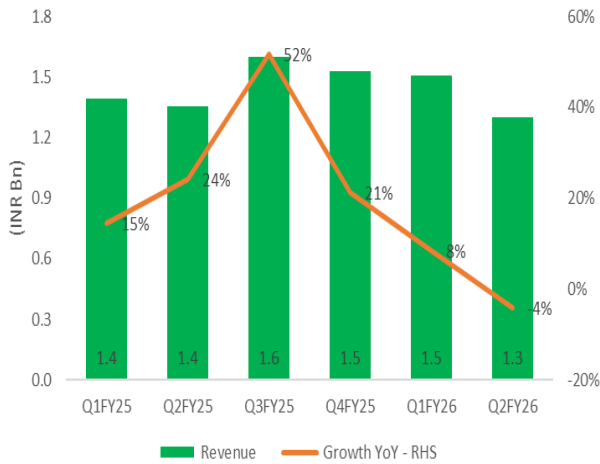
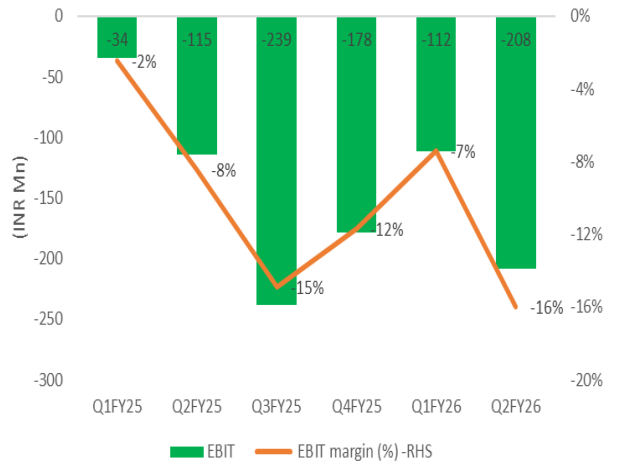


Exhibit 2: EBIT Loss Widens to INR 208 Mn in Q2FY26 with margin at 16%.



Agrochemicals/Protection

Exhibit 3: Muted Q2FY26 Performance Following Strong Q1FY26 with 11% YoY growth.

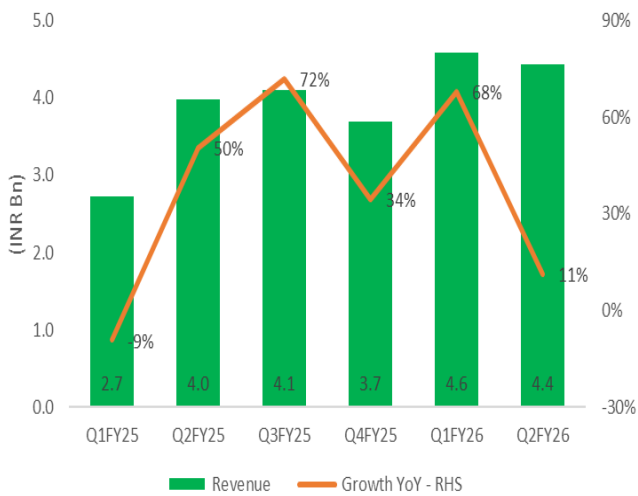
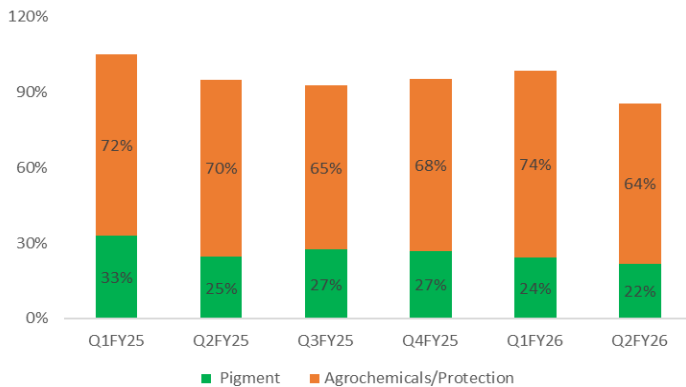


Exhibit 4: Strong Performance in Q2FY26 with Margin Expansion.



Exhibit 5: Q2FY26 Sees Lower Agrochemical Share; Pigment Mix Stable.



Story in Charts

Exhibit 6: Topline Recovery in FY25 Led by Strong Demand

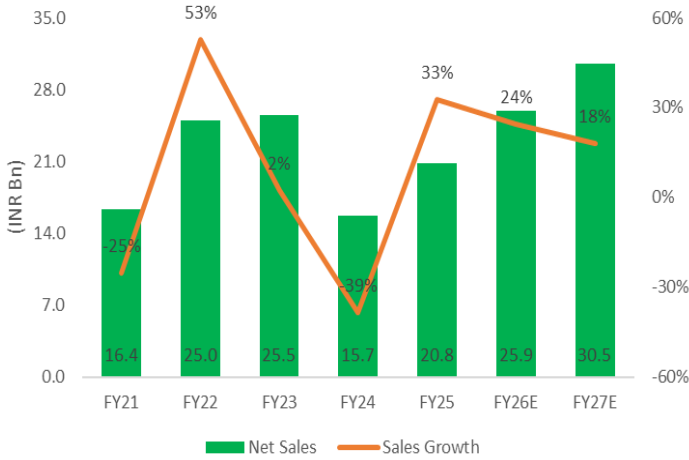


Exhibit 7: EBITDA Rebounds Post FY24 Decline; Margins Recover Gradually Through FY25



Exhibit 8: FY25 Booked Loss but Recovered from Sharp Decline in FY24.

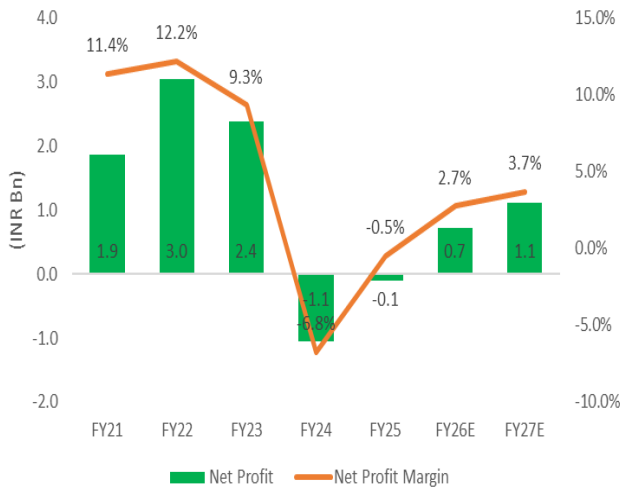
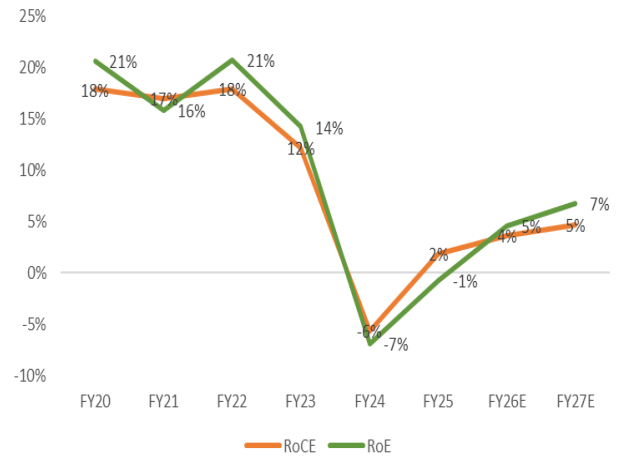


Exhibit 9: ROCE Shown Recovery in FY25.



Financials

(INR Mn)

Income statement

Particulars (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Gross Sales	25,526	15,663	20,797	25,889	30,549	36,658
Net Sales	25,526	15,663	20,797	25,889	30,549	36,658
YoY (%)	2.2%	-38.6%	32.8%	24.5%	18.0%	20.0%
Adjusted COGS	15,091	10,231	12,639	15,663	18,482	22,178
YoY (%)	3.8%	-32.2%	23.5%	23.9%	18.0%	20.0%
Employee benefit expenses	1,295	1,159	1,144	1,464	1,833	2,090
Other Expenses	5,730	4,475	5,588	6,472	7,637	9,165
Total Expenditure	22,116	15,866	19,370	23,599	27,952	33,432
EBITDA	3,410	-203	1,427	2,289	2,597	3,226
YoY (%)	-9.9%	-105.9%	840.0%	60.4%	13.4%	24.2%
EBITDA Margin (%)	13.4%	-1.3%	6.9%	8.8%	8.5%	8.8%
Depreciation	771	922	1,081	1,562	1,612	1,659
EBIT	2,640	-1,125	346	727	985	1,567
EBIT Margin (%)	10.3%	-7.2%	1.7%	2.8%	3.2%	4.3%
Interest Expenses	657	464	690	394	383	373
Non-operating/ Other income	960	377	439	715	876	1,059
PBT	3,131	-1,212	95	1,047	1,477	2,253
Tax-Total	754	-152	201	336	360	587
Adj. Net Profit	2,377	-1,060	-106	711	1,116	1,666
Reported Profit	2,377	-1,060	-106	711	1,116	1,666
PAT Margin	9.3%	-6.8%	-0.5%	2.7%	3.7%	4.5%
Shares o/s/ paid up equity sh capital	254	254	254	254	254	254
Adj EPS	9.3	-4.2	-0.4	2.8	4.4	6.5

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	15,432	16,294	17,705
Networth	16,692	15,277	15,153	15,686	16,548	17,959
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	32,544	34,224	35,657
Total Funds Employed	58,977	56,284	58,043	60,647	63,971	66,749
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	15,953	17,206	18,250
Inventory	6,517	5,172	5,990	6,911	7,612	8,132
Days	156	209	161	183	146	146
Debtors	5,234	4,329	5,668	6,997	7,637	7,332
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	394	300	872
Current Liabilities/Provisions	10,300	10,621	12,036	12,417	13,199	13,133
Creditors / Trade Payables	4,478	4,919	5,505	6,718	7,254	6,859
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	3,535	4,007	5,118
Total Asset	31,984	30,386	30,854	32,544	34,224	35,657
Total Capital Employed	27,628	28,891	29,389	29,009	30,217	30,539

Source: Arian Research, Company Filings

Cash Flow Statement

Particulars (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	2,377	-1,060	-106	711	1,116	1,666
Adjustments: Add						
Depreciation and amortisation	771	922	1,081	1,562	1,612	1,659
Interest adjustment	-303	87	251	-321	-492	-686
Change in assets and liabilities	2,488	-51	1,100	1,775	1,982	2,384
Inventories	-123	1,345	-818	-921	-701	-520
Trade receivables	194	906	-1,339	-1,329	-640	305
Trade payables	-1,259	442	585	1,213	536	-395
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	1,092	1,594	2,306
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	728	881	1,063
Net cash (used) in investing activities	-3,796	-1,331	405	-82	-1,158	-984
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	542	412	1,199
FCF	-2,082	1,199	-4,821	283	-444	260
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	0.5	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	3.4	3.0	2.3
Current Ratio	2.3	-40.2	5.6	3.2	2.8	1.9
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	2.1	2.0
RoE	14.2%	-6.9%	-0.7%	4.5%	6.7%	9.3%
Per share ratios						
Reported EPS	9.3	-4.2	-0.4	2.8	4.4	6.5
Dividend per share	1.4	0.0	0.5	0.7	1.0	1.0
BV per share	65.6	60.1	59.6	61.7	65.1	70.6
Cash per Share	1.2	0.7	0.9	1.6	1.2	3.4
Revenue per Share	100.4	61.6	81.8	101.8	120.1	144.1
Profitability ratios						
Net Profit Margin (PAT/Net sales)	12.2%	9.3%	-6.8%	-0.5%	2.7%	3.7%
Gross Profit / Net Sales	40.9%	34.7%	39.2%	39.5%	39.5%	39.5%
EBITDA / Net Sales	13.4%	-1.3%	6.9%	8.8%	8.5%	8.8%
EBIT / Net Sales	10.3%	-7.2%	1.7%	2.8%	3.2%	4.3%
ROCE (%)	12.2%	-5.7%	1.8%	3.6%	4.7%	7.0%
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	1.8	2.6	4.2
Debt / Asset	0.3	0.3	0.3	0.2	0.2	0.2
Valuation ratios						
EV / EBITDA	7.8	-131.7	18.6	11.3	9.9	7.7
PE (x)	7.8	-17.5	-175.1	26.1	16.6	11.1

Source: Arian Research, Company Filings

Arihant Research DeskEmail: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office

#1011, Solitaire Corporate Park
 Building No. 10, 1st Floor
 Andheri Ghatkopar Link Road
 Chakala, Andheri (E)
 Mumbai – 400093
 Tel: (91-22) 42254800

Registered Office

6 Lad Colony,
 Y.N. Road,
 Indore - 452003, (M.P.)
 Tel: (91-731) 4217100/101
 CIN: L66120MP1992PLC007182

Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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INH000002764

SMS: 'Arihant' to 56677

www.arihantcapital.cominstresearch@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

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Arihant Capital Markets Ltd.

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