

CMP: INR 47

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)	11,950
52w H/L (INR)	106 / 37
Avg Yearly Vol (in 000')	838

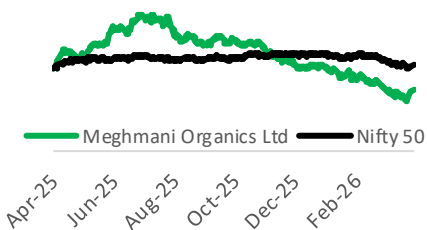
Shareholding Pattern %

(As on Dec, 2025)

Promoters	48.98
Public & Others	51.02

Stock Performance (%)	1m	6m	12m
MOL	-3.27	-44.54	-25.14
Nifty	-6.22	-8.41	3.46

MOL Vs Nifty



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Meghmani Organics Limited (MOL) approved a draft scheme to amalgamate its wholly-owned subsidiaries — Kilburn Chemicals Limited (TiO2) and Meghmani Crop Nutrition Limited (crop nutrition) — into the listed parent effective from January 1, 2026 (pending NCLT, shareholder, and regulatory approvals), the merger transfers all assets, liabilities, and tax benefits (including losses) on a going-concern basis with nil consideration. It simplifies group structure, unlocks operational/financial synergies, cuts duplication/costs, and strengthens MOL's chemicals portfolio. We remain optimistic about long term profitable growth in agrochemical segment, however persistent sector headwinds in pigments are expected to weigh on overall earnings. We maintain our "Buy" rating at 10x EV/EBITDA multiple on Dec'27 EBITDA with a target price of INR 75.

Strategic Rationale

The proposed amalgamation aims to streamline Meghmani Organics' group architecture by consolidating its wholly-owned subsidiaries into a single listed entity, thereby pooling operational and financial resources to unlock meaningful synergies while systematically curtailing costs and eliminating structural duplication. This strategic move draws parallels to UPL Limited's 2020 subsidiary mergers, where similar integration efforts drove a robust 200bps expansion in EBITDA margins through enhanced operational cohesion and efficiency gains.

Following are the key rationales for the amalgamation:

- **Structural Simplification:** Integrates all subsidiary operations seamlessly into the listed parent entity, thereby obviating redundant regulatory compliances across multiple legal structures and fostering a cohesive, unified brand identity that enhances market perception and stakeholder communication.
- **Resource Optimization:** Enables the consolidation of tangible and intangible assets, facilitating their optimal allocation and deployment to drive focused strategic initiatives with heightened operational agility and reduced internal silos.
- **Synergies & Cost Savings:** Generates substantial operational and financial synergies through rigorous cost rationalization measures, prudent capital management practices, and the outright elimination of duplicative overheads

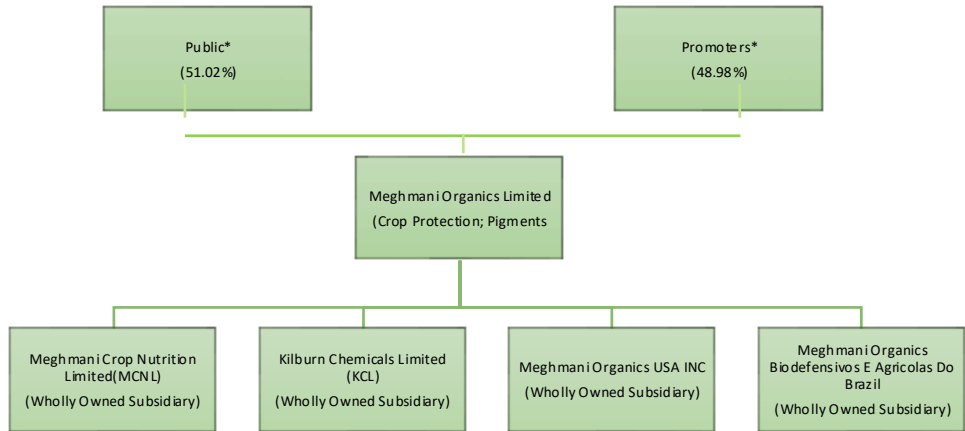
Key Terms

Particulars	Details
Consideration	Nil (wholly-owned; MOL holdings cancelled).
Authorised Capital Post-Merger	INR 97 mn equity shares of INR 1 (subsidiaries pref shares reclassified).
Dissolution	Subsidiaries dissolve sans winding-up.
Approvals Needed	Shareholders/creditors, NCLT Ahmedabad, regulators.

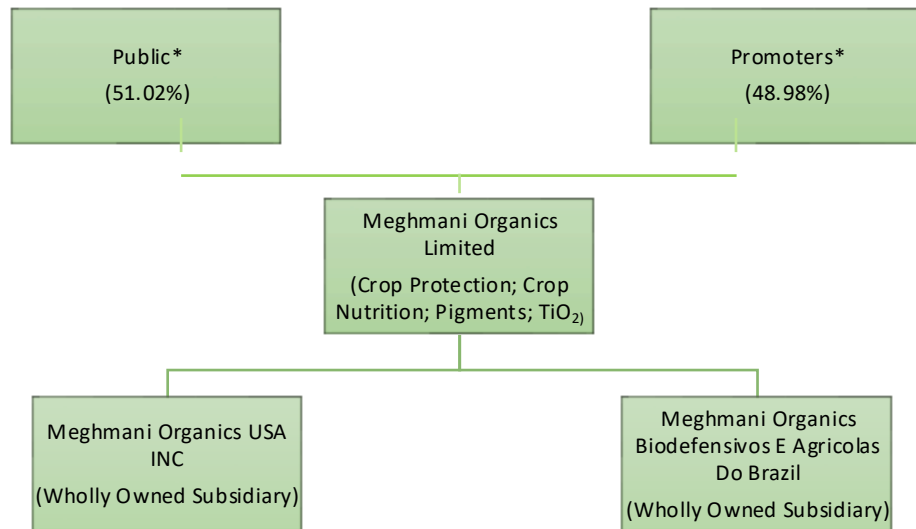
The restructuring is positive from a structural standpoint, as it should simplify MOL's legal entity framework, improve operating control, and reduce compliance overheads. Additionally, it is anticipated to drive better resource deployment across the combined portfolio, which should support margin improvement over time through lower duplication and tighter cost discipline. Near term impact is neutral to earnings.

Source: Arihant Research, Company Filings

Pre-Amalgamation



Post-Amalgamation



Source: Arianth Research, Company Filings

Financials

(INR Mn)

Income statement

Particulars (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Gross Sales	25,526	15,663	20,797	22,694	26,098	30,535
Net Sales	25,526	15,663	20,797	22,694	26,098	30,535
YoY (%)	2.2%	-38.6%	32.8%	9.1%	15.0%	17.0%
Adjusted COGS	15,091	10,231	12,639	13,587	15,789	18,474
YoY (%)	3.8%	-32.2%	23.5%	7.5%	16.2%	17.0%
Employee benefit expenses	1,295	1,159	1,144	1,351	1,566	1,740
Other Expenses	5,730	4,475	5,588	5,447	6,525	7,634
Total Expenditure	22,116	15,866	19,370	20,385	23,880	27,848
EBITDA	3,410	-203	1,427	2,309	2,218	2,687
YoY (%)	-9.9%	-105.9%	840.0%	61.8%	-3.9%	21.1%
EBITDA Margin (%)	13.4%	-1.3%	6.9%	10.2%	8.5%	8.8%
Depreciation	771	922	1,081	1,554	1,604	1,651
EBIT	2,640	-1,125	346	756	614	1,036
EBIT Margin (%)	10.3%	-7.2%	1.7%	3.3%	2.4%	3.4%
Interest Expenses	657	464	690	394	383	373
Non-operating/ Other income	960	377	439	736	901	1,090
PBT	3,131	-1,212	95	1,097	1,132	1,752
Tax-Total	754	-152	201	433	424	660
Adj. Net Profit	2,377	-1,060	-106	665	708	1,092
Reported Profit	2,377	-1,060	-106	665	708	1,092
PAT Margin	9.3%	-6.8%	-0.5%	2.9%	2.7%	3.6%
Shares o/s/ paid up equity sh capital	254	254	254	254	254	254
Adj EPS	9.3	-4.2	-0.4	2.6	2.8	4.3

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	15,385	15,838	16,676
Networth	16,692	15,277	15,153	15,639	16,093	16,930
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	31,475	32,601	33,455
Total Funds Employed	58,977	56,284	58,043	58,508	60,726	62,345
Application of Funds						
Net Fixed Assets	11,760	11,643	15,804	14,960	15,392	15,784
Capital WIP	3,456	5,086	771	771	771	771
Current assets	14,657	12,116	13,501	14,970	15,662	16,120
Inventory	6,517	5,172	5,990	6,392	6,555	6,853
Days	156	209	161	183	146	146
Debtors	5,234	4,329	5,668	6,134	6,525	6,107
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	685	756	1,144
Current Liabilities/Provisions	10,300	10,621	12,036	11,394	12,032	11,959
Creditors / Trade Payables	4,478	4,919	5,505	5,695	6,087	5,686
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	3,576	3,630	4,161
Total Asset	31,984	30,386	30,854	31,475	32,601	33,455
Total Capital Employed	27,628	28,891	29,389	27,899	28,971	29,295

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	665	708	1,092
Adjustments: Add						
Depreciation and amortisation	771	922	1,081	1,554	1,604	1,651
Interest adjustment	-303	87	251	-342	-518	-717
Change in assets and liabilities	2,488	-51	1,100	1,698	1,540	1,772
Inventories	-123	1,345	-818	-402	-163	-298
Trade receivables	194	906	-1,339	-466	-391	418
Trade payables	-1,259	442	585	190	392	-401
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	1,375	1,795	2,023
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-4,982	-2,430	-975	-710	-2,036	-2,043
Net Sale/(Purchase) of investments	1,243	1,065	1,551	749	907	1,094
Net cash (used) in investing activities	-3,796	-1,331	405	35	-1,133	-953
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	942	1,039	1,572
FCF	-2,082	1,199	-4,821	661	-243	-24
Capex (% of sales)	3,320	784	300	681	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	0.4	0.4	0.3
Debt / EBITDA	2.4	-41.2	5.8	3.4	3.5	2.8
Current Ratio	2.3	-40.2	5.6	3.0	3.0	2.2
DuPont Analysis						
Sales/Assets	0.8	0.5	0.7	0.7	0.8	0.9
Assets/Equity	1.9	2.0	2.0	2.0	2.0	2.0
RoE	14.2%	-6.9%	-0.7%	4.3%	4.4%	6.4%
Per share ratios						
Reported EPS	9.3	-4.2	-0.4	2.6	2.8	4.3
Dividend per share	1.4	0.0	0.5	0.7	1.0	1.0
BV per share	65.6	60.1	59.6	61.5	63.3	66.6
Cash per Share	1.2	0.7	0.9	2.7	3.0	4.5
Revenue per Share	100.4	61.6	81.8	89.2	102.6	120.1
Profitability ratios						
Net Profit Margin (PAT/Net sales)	12.2%	9.3%	-6.8%	-0.5%	2.9%	2.7%
Gross Profit / Net Sales	40.9%	34.7%	39.2%	40.1%	39.5%	39.5%
EBITDA / Net Sales	13.4%	-1.3%	6.9%	10.2%	8.5%	8.8%
EBIT / Net Sales	10.3%	-7.2%	1.7%	3.3%	2.4%	3.4%
ROCE (%)	12.2%	-5.7%	1.8%	3.8%	3.0%	4.8%
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	1.9	1.6	2.8
Debt / Asset	0.3	0.3	0.3	0.3	0.2	0.2
Valuation ratios						
EV / EBITDA	6.3	-106.7	15.0	8.8	9.1	7.2
PE (x)	5.7	-12.7	-127.1	20.3	19.0	12.3

Source: Arian Research, Company Filings

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Stock Rating Scale

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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