Meghmani Organics Ltd.

CMP: Rs.98| TP: Rs.145| Upside: 48%

27th June, 2025

Meghmani Organics Ltd (MOL) has established its operations in 1986, headquartered in Ahmedabad, Gujarat. It is a fully integrated chemicals company with a diversified presence across segments, such as Crop Protection, Crop Nutrition and Pigments.

Investments and Industry tailwinds to drive the future growth

i) In the Crop Protection segment, MOL commissioned its Multipurpose Plant (MPP) in 2023 to manufacture new age high-value products. The management is targeting revenue of Rs. 1,000 cr by FY27/28E, from Rs. 250 cr in FY25. Additionally, 2,4-D, a key herbicide (capacity: 21,600 TPA), is expected to witness increased demand from US following the significant tariff (ADD+CVD) differential between India (17.7%) and China (126.58%) effective from May 2025. It contributes 15-20% of MOL's total revenue. Historically, China and India together accounted for ~80% of total 2,4-D imports into the U.S, where Corteva is the sole domestic producer. It has created significant export opportunities for Indian players such as Meghmani Organics and Atul Ltd, with Meghmani enjoying a competitive edge due to lower effective duties of 9.5% versus 25.9% for Atul Ltd.

ii) In the Crop Nutrition segment, significant growth is expected in Nano urea over the medium to long term, supported by a rising number of field demonstrations across India and growing export potential (working with 35-40 countries, started receiving trial orders from few markets). Its key advantage lies in replacing costlier conventional urea. However, adoption in the domestic market has been limited so far due to relatively lower price difference compared to subsidized conventional urea, lack of awareness amongst farmers, and the need for greater support and education on proper usage. Apart from this, MOL aims to add 2-3 products in Crop Nutrients segment by the end of FY26, which is expected to drive further growth. The management has guided for strong operating margins of 20% in this segment.

TiO_2 turnaround: From acquisition setbacks to margin-driven revival

In 2021, Meghmani acquired Kilburn Chemicals to diversify into the titanium dioxide (TiO_2) segment. Following the acquisition, the business faced headwinds due to a global decline in TiO_2 prices, resulting in operational losses. The imposition of anti-dumping duties (ADDs) by India on Chinese TiO_2 ($460–$681/MT) has strengthened domestic industry fundamentals, supporting a recovery in business performance with projected margins of 15–20% over the next 2–3 years. The actual impact of ADD is expected from Q3FY26 onwards, where ~20-25% price increase is expected in the near term.

Meghmani Organics Ltd.

CMP: Rs.98| TP: Rs.145| Upside: 48%

27th June, 2025

Muted growth to continue in its conventional pigment business

MOL has not invested in its conventional pigment business due to high cost of production vs small industry players made it difficult to run the business. It has indicated stable growth with high single digit margins for FY26E.

Business Segments	Revenue (Rs. Cr)				Revenue CAGR (FY25-27E)
	FY25	% of Rev	FY27E	% of Rev	
Pigment	587	28.3%	1,054	34.3%	34.0%
Crop Protection	1451	69.8%	1,896	61.7%	14.3%
Crop Nutrition	41	1.9%	125	4.1%	75.7%

Source: Company Data, NBRR

Valuation

Post sailing through the continued challenges over the last 2 years, Meghmani Organics is poised to deliver strong performance backed by key growth drivers such as overall increase in the demand for agrochemicals (Crop protection and crop nutrition), stability in chemical prices and expected revival in TiO2 margins. In Q4FY25, MOL has delivered resilient performance with ~35% growth in its topline and improved operating margins at 11.8% (vs Q4FY24: 0.5% & Q3FY25: 7.2%). The management is guiding for revenue growth of 15-20% range in FY26E with margins of 15-16% range in Crop protection segment, ~20% in Crop nutrients and 8-9% range in the pigments business. With this, MOL is expected to deliver a significant growth in its bottom-line over the next two years. The stock is currently trading at 12x to FY27E EPS. We assign PE valuation of 18x to FY27 EPS to arrive at a target of Rs. 145/share, providing with an upside of 48% over the CMP.

Figures in Rs Cr

Particulars (Rs. Cr)	Revenue	Growth %	EBITDA	EBITDA Margin %	Adj PAT	Margin %	EPS	P/E	EV/EBITDA	ROE	ROCE
FY24	1566	-39%	-20	-1.3%	-106	-6.8%	-4.17	NM	NM	-6.9%	-3.2%
FY25	2080	33%	143	6.9%	-11	-0.5%	-0.42	NM	18.9x	-0.7%	3.4%
FY26E	2458	18%	267	10.9%	80	3.3%	3.15	31.1x	12.1x	4.6%	7.7%
FY27E	2949	20%	412	14.0%	204	6.9%	8.04	12.2x	7.5x	10.6%	12.8%

RESEARCH TEAM

27th June, 2025

FUNDAMENTAL TEAM

Name	Sectors	E-mail	Numbers
Sunil Jain	Head Equity Research - Retail	sunil.jain@nirmalbang.com	6273 8195/96
Jehan Bhadha	Banks & NBFC, Auto, Capital Goods	jehankersi.bhadha@nirmalbang.com	6273 8174
Priyanka Ghadigaonkar	Chemicals, FMCG	priyanka.g@nirmalbang.com	6273 8177
Kavita Vempalli	IT, Telecom, Logistics, Textile	kavita.vempalli@nirmalbang.com	6273 8034
Devendra Pawar	Auto, Capital Goods	devendra.pawar@nirmalbang.com	6273 8149
Vrushali Puniwala	Banks & NBFC	vrushali.puniwala@nirmalbang.com	6273 8021
Janvi Shah	Metal, Cement	Janvi.shah@nirmalbang.com	6273 8058
Shivani Walam	Database Management	Shivani.walam@nirmalbang.com	6273 8091
Saurav Motivaras	Database Management	Saurav.Motivaras@nirmalbang.com	6273 8054
Darxit Jain	Database Management	darxit.jain@nirmalbang.com	6273 8054

TECHNICAL AND DERIVATIVES TEAM

Vikas Salunkhe	Sr. AVP-Technical Analyst	vikas.salunkhe@nirmalbang.com	6273 8254
Swati Hotkar	AVP - Technical Analyst	swati.hotkar@nirmalbang.com	6273 8255
Nirav Chheda	AVP- Derivatives & Technical Analyst	nirav.chheda@nirmalbang.com	6273 8199
Amit Bhuptani	Sr.Derivatives & Technical Analyst	amit.bhuptani@nirmalbang.com	6273 8242
Yadnesh Shendge	Technical Analyst	Yadnesh.shendge@nirmalbang.com	62738159
Sumit Vartak	Associate	sumit.vartak@nirmalbang.com	62738261

DISCLOSURE

Research Reports that are published by Nirmal Bang Securities Private Limited (hereinafter referred to as “NBSPL”) are for private circulation only. NBSPL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH000001766. NBSPL is also a registered Stock Broker with National Stock Exchange of India Limited, BSE Limited, Metropolitan Stock Exchange of India Limited, Multi Commodity Exchange of India Limited and , National Commodity and Derivative Exchange Limited in Capital Market , Equity and Commodities derivatives segments and Currency Derivatives Segment .

NBSPL has other business divisions with independent research teams separated by Chinese walls, and therefore may, at times, have different or contrary views on stocks and markets.

NBSPL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market since last 20 years. NBSPL, its associates or analyst or his relatives do not hold any financial interest (Except Investment) in the subject company. NBSPL or its associates or Analyst do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. NBSPL or its associates or Analyst or his relatives may or may not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

NBSPL or its associates / analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. NBSPL or its associates have not received any compensation or other benefits from the company covered by Analyst or third party in connection with the research report. Analyst has not served as an officer, director or employee of Subject Company. NBSPL / analyst has not been engaged in market making activity of the subject company.

Analyst Certification: The research analysts and authors of these reports, hereby certify that the views expressed in this research report accurately reflects my/our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s) principally responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

DISCLAIMER

The Research Report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice. NBSPL is not soliciting any action based upon it. Nothing in the research report shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing the research report, we did not take into account the investment objectives, financial situation and particular needs of the reader.

The research report has been prepared for the general use of the clients of NBSPL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in the research report in any way. Though disseminated to all the customers simultaneously, not all customers may receive the research report at the same time. NBSPL will not treat recipients as customers by virtue of their receiving the research report. The research report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NBSPL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. NBSPL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in the research report. NBSPL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of the research report should rely on their own investigations.

This information is subject to change without any prior notice. NBSPL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, NBSPL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

DISCLAIMER

Before making an investment decision on the basis of research report, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of NBSPL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of the research report and/or further communication in relation to the research report. Here it may be noted that neither NBSPL, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profit that may arise from or in connection with the use of the information contained in the research report.

Our reports are also available on our website www.nirmalbang.com

Registration granted by SEBI and certification from NISM in no way guarantee performance of NBSPL or provide any assurance of returns to investors.

Nirmal Bang Research (Division of Nirmal Bang Securities Pvt. Ltd.)
B-2, 301/302, Marathon Innova,
Opp. Peninsula Corporate Park
Off. Ganpatrao Kadam Marg
Lower Parel (W), Mumbai-400013
Board No. : 91 22 6723 8000/8001
Fax. : 022 6723 8010