Q1FY26
Vinati Organics Ltd

Result Update

25th Aug 2025

Vinati Organics Ltd.

Miss on the top-line overshowed margin outperformance, outlook supported by revenue growth

CMP*	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 1,675	INR 1,880	12.2%	INR 174,573	ACCUMULATE	Specialty Chemicals

Result Highlights

Financial Performance

Q1FY26 Revenue grew marginally by 3.3% YoY (-16.4% QoQ) to INR 5,420 Mn., stood below our estimates by 4.6%. Gross profit grew by heathy rate of 20.4% YoY (-7.7% QoQ) to INR 2837 Mn., resulting in improvement of gross margin by 744bps YoY (+496bps QoQ) to 52.3%.

EBITDA grew at a robust pace of 28.1% YoY (-11.5% QoQ) to INR 1,597 Mn., stood above our estimates by 6.7%, driven by significant improvement in gross margins. While management has guided EBITDA margins to remain in the range of 26.0 to 27.0%, margins for Q1FY26 came in significantly higher at 29.5% (+571bps YoY / +164bps QoQ). Net profit stood at INR 1,042 Mn, up 23.8% YoY (-15.3% QoQ), above our estimates by 4.8%, driven by improved operational performance.

Financial Guidance

Vinati Organics expects the revenue to grow at 20.0% CAGR over the FY24-FY27E, majorly led by strong contribution from ATBS segment, steady performance in butyl phenols, strong expansion in antioxidants. The Company expects the EBITDA margin to sustain in the range of 26.0%-27.0% over the medium to long term.

Vinati Organics plans to significantly scale its production capacity to maintain its leadership in the specialty chemical industry. It aims to expand its ATBS capacity by 50% from 40,000 MTPA to 60,000 MTPA over two phases with an outlay of INR 3,000 Mn., to capitalize on higher demand across Oil & gas and water treatment sectors. Phase I will witness capacity expansion by 25.0–30.0% (to be completed by June 2025), while the Phase II is expected to be operational by Q1FY26. Moreover, it plans to invest INR 5,000 Mn. for building capacities for adding high-margin niche products including MEHQ, Guaiacol, Iso Amylene and Anisole, which is expected to generate incremental revenue of INR 1bn by FY26E. The Company has earmarked CapEx of INR 3,600 Mn, for FY26 for improving capacity expansion, operational scalability and new product launches supported by ongoing R&D.

Valuation and Outlook:

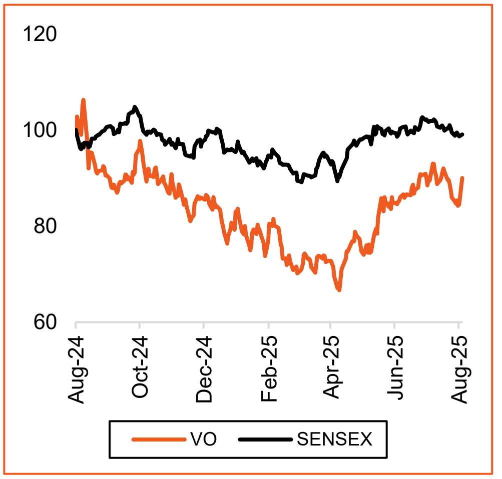
We maintain a constructive stance on Vinati Organics' long-term outlook, supported by the expansion in ATBS capacities, improved utilization in Antioxidant segment and incremental contribution from the Veeral Organics facility, cementing its position in high-margin segments, leading to improved operating leverage and diversified revenue streams.

We have revised our FY26E/FY27E EPS estimates by -4.6%/-5.9%, respectively, as we factor in weaker revenue momentum, reflected in Q1FY26 performance, moderate improvement in EBITDA margins and lower other income. Margin resilience is expected to be driven by improvement in operating leverage led by significant capacity additions in ATBS segment, ramp-up of Antioxidants portfolio, new product launches and better product mix.

We have rolled forward our valuation basis to Jun'27 estimates. We value Vinati Organics at 34.0x Jun'27 EPS, implying a target price of INR 1,880.

We reiterate our "ACCUMULATE" rating on the stock.

SHARE PRICE PERFORMANCE



MARKET DATA

Shares outs (Mn.)	103.7
Mkt Cap (INR Mn.)	174,573
52-Week H/L (INR)	2,135/1,412
3M Volume Avg (In '000)	73
Face Value (INR)	1.0
Bloomberg Code	VO IN

*Based on previous closing
Note: All the market data is as of previous closing

SHARE HOLDING PATTERN (%)

Particulars (%)	Jun-25	Mar-25	Dec-24
Promoters	74.3	74.3	74.3
FIIs	3.9	3.8	5.3
DIIs	9.2	9.2	7.6
Others	12.6	12.7	12.8
Total	100	100	100

15.7% Revenue CAGR between FY25-27E

16.6% PAT CAGR between FY25-27E

KEY FINANCIALS

INR Millions	FY24	FY25	FY26E	FY27E	FY28E
Revenue	19,000	22,482	26,066	30,073	34,560
EBITDA	4,697	5,809	6,957	8,099	9,431
EBITDA Margin	24.7%	25.8%	26.7%	26.9%	27.3%
PAT	3,230	4,053	4,680	5,509	6,481
EPS	31.2	39.1	45.1	53.1	62.5

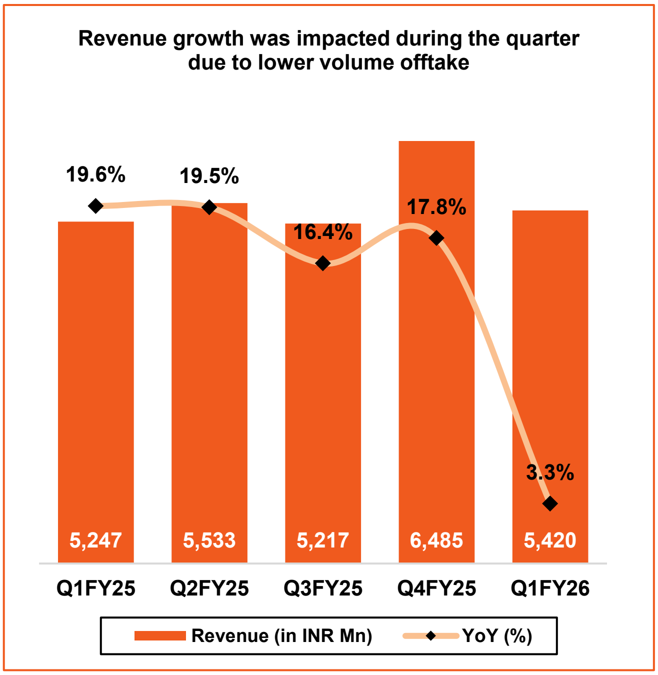
Source: Company, DevenChoksey Research

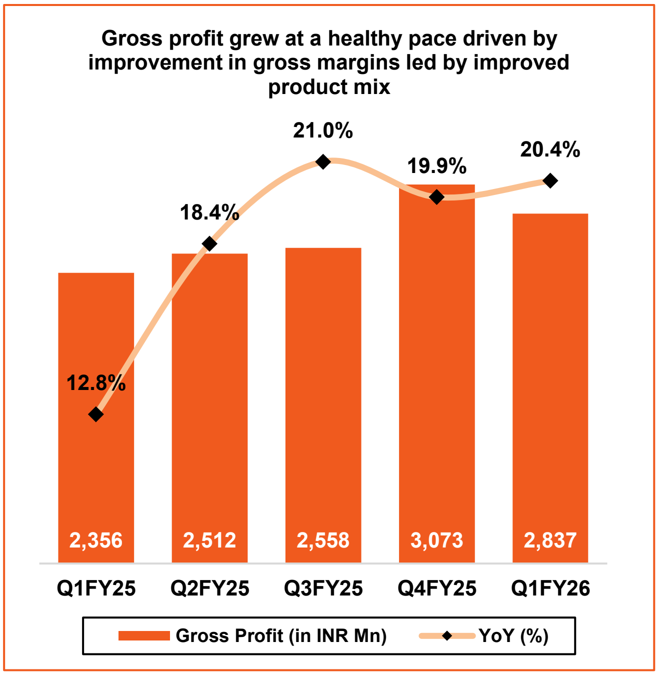
RESEARCH ANALYST
Ishank Gupta, fundamental-research2@devenchoksey.com

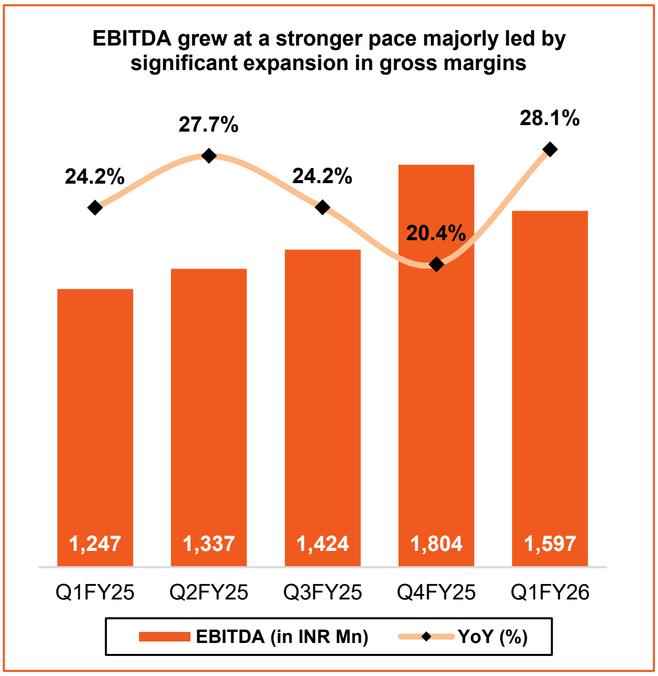
Phone: +91-22-6696 5555 | Ext-519
www.devenchoksey.com

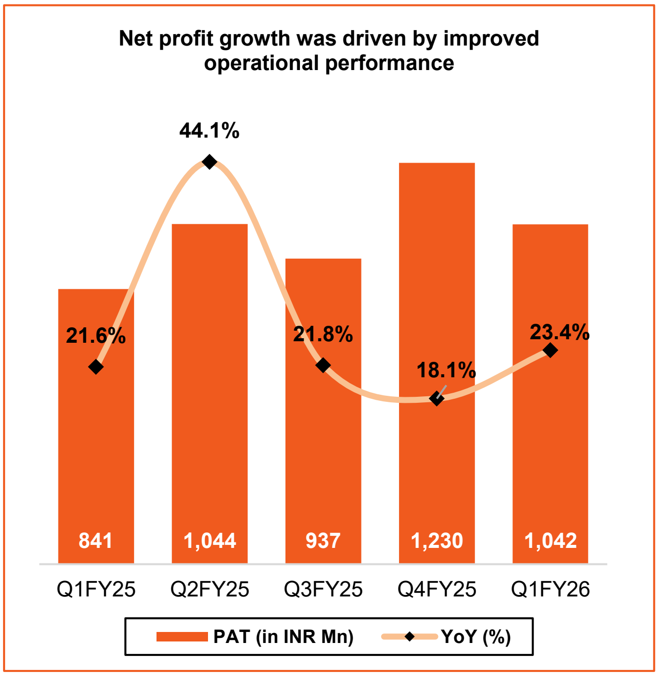
Vinati Organics Ltd.

Story in Charts









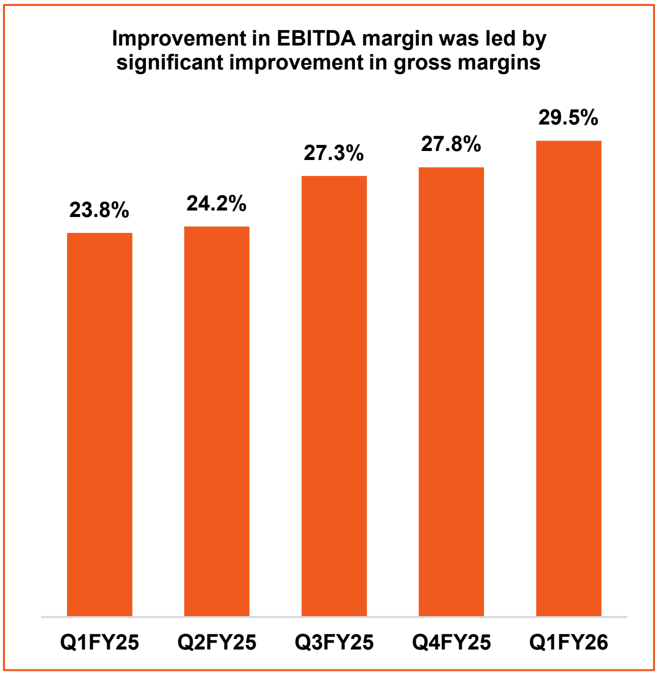
Source: Company, Deven Choksey Research

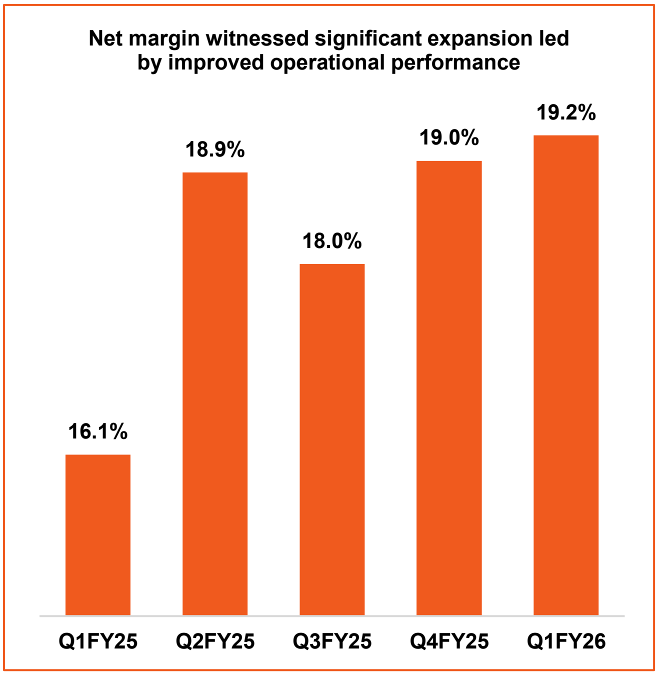
Vinati Organics Ltd.

Result Snapshot

Particulars (INR Mn)	Q1FY26	Q4FY25	Q1FY25	Q-o-Q	Y-o-Y
Revenue	**5,420**	**6,485**	**5,247**	**(16.4%)**	**3.3%**
Cost of Materials consumed	2,815	3,081	3,202	(8.6%)	(12.1%)
Purchase of Stock-in-trade	0	0	0	NA	NA
Changes in Inventories	-232	331	-311	(170.2%)	(25.3%)
Employee cost	424	375	336	12.9%	26.0%
Other Expenses	435	515	413	(15.6%)	5.4%
Power and fuel	382	378	360	0.8%	5.9%
EBITDA	**1,597**	**1,804**	**1,247**	**(11.5%)**	**28.1%**
EBITDA Margin (%)	**29.5%**	**27.8%**	**23.8%**	**164bps**	**571bps**
Depreciation & amortization	256	225	214	13.5%	19.6%
EBIT	1,341	1,579	1,033	(15.0%)	29.9%
Finance Cost	4	2	5	131.3%	(17.8%)
Other Income	74	62	93	20.0%	(20.2%)
PBT	1,412	1,639	1,121	(13.9%)	25.9%
Tax	**370**	**409**	**280**	(9.5%)	32.2%
PAT	**1,042**	**1,230**	**841**	**(15.3%)**	**23.8%**
Diluted EPS	10.1	11.9	8.1	(15.3%)	23.8%

Source: Company, Deven Choksey Research





Source: Company, Deven Choksey Research

Vinati Organics Ltd.

Change in Estimates:

Vinati Organics delivered a mixed Q1FY26 performance, with revenue at INR 5,420 Mn. (+3.3% YoY, -16.4% QoQ), stood below our estimates by 4.4%, while with EBITDA came in at INR 1,597 Mn., up 28.1% YoY, stood above our estimates by 6.7%. Stronger growth in EBITDA was driven by significant improvement in margins which came in at 29.5% compared to guidance range of 26.0–27.0%. Net profit grew at 23.8% YoY to INR 1,042 Mn., above our estimates. The Company expects revenue to grow at 20.0% CAGR and EBITDA margins to sustain in the range of 26.0–27.0% over the medium term, aided by large-scale capacity expansions, expected to drive improvement in operating leverage and support improved product mix.

We have revised our FY26E/FY27E EPS estimates by -4.6%/-5.9%, respectively, as we factor in weaker revenue momentum, reflected in Q1FY26 performance, moderate improvement in EBITDA margins and lower other income. Margin resilience is expected to be driven by improvement in operating leverage led by significant capacity additions in ATBS segment, ramp-up of Antioxidants portfolio, new product launches and better product mix.

	New Estimates			Old Estimates			Variation		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	26,066	30,073	34,560	26,978	31,834	NA	-3.4%	-5.5%	NM
EBITDA	6,957	8,099	9,431	7,122	8,404	NA	-2.3%	-3.6%	NM
EBITDA Margin (%)	26.7%	26.9%	27.3%	26.4%	26.4%	NA	29bps	53bps	NM
PAT	4,680	5,509	6,481	4,904	5,853	NA	-4.6%	-5.9%	NM
EPS	45.1	53.1	62.5	47.3	56.5	NA	-4.6%	-5.9%	NM

Source: Company, DevenChoksey Research

Valuation:

We have rolled forward our valuation basis to Jun'27 estimates. We value Vinati Organics at 34.0x Jun'27 EPS, implying a target price of INR 1,880.

We reiterate our "**ACCUMULATE**" rating on the stock.

Company	CMP	MCAP	Revenue CAGR	EBITDA CAGR	EBITDA Margin (%)	P/E		ROE (%)	
	INR	In Mn.	FY25-27E (%)	FY25-27E (%)	FY25	FY26E	FY27E	FY26E	FY27E
Vinati Organics	1,675	1,74,573	15.7%	18.1%	25.8%	34.7x	29.0x	15.5	15.9
Domestic Peers									
Clean Science & Technology	1,194	1,26,894	25.6%	23.1%	32.9%	39.1x	30.8x	20.7	22.0
Deepak Nitrite	1,820	2,48,235	10.4%	24.1%	10.0%	31.5x	25.7x	13.5	14.6
Mean			**18.0%**	**23.6%**	**21.5%**	**35.3x**	**28.2x**	**17.1**	**18.3**
Median			**18.0%**	**23.6%**	**21.5%**	**35.3x**	**28.2x**	**17.1**	**18.3**

Source: Company, DevenChoksey Research

RESEARCH ANALYST
Ishank Gupta, fundamental-research2@devenchoksey.com

Phone: +91-22-6696 5555 | Ext-519
www.devenchoksey.com

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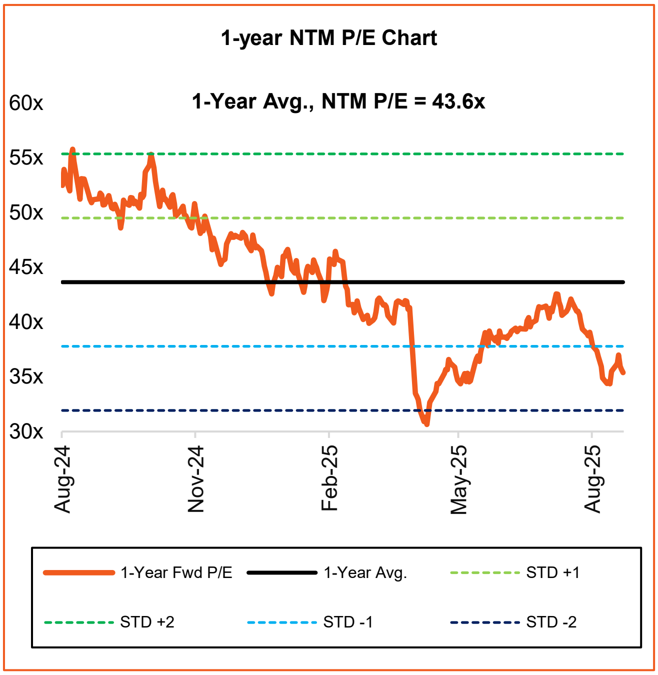
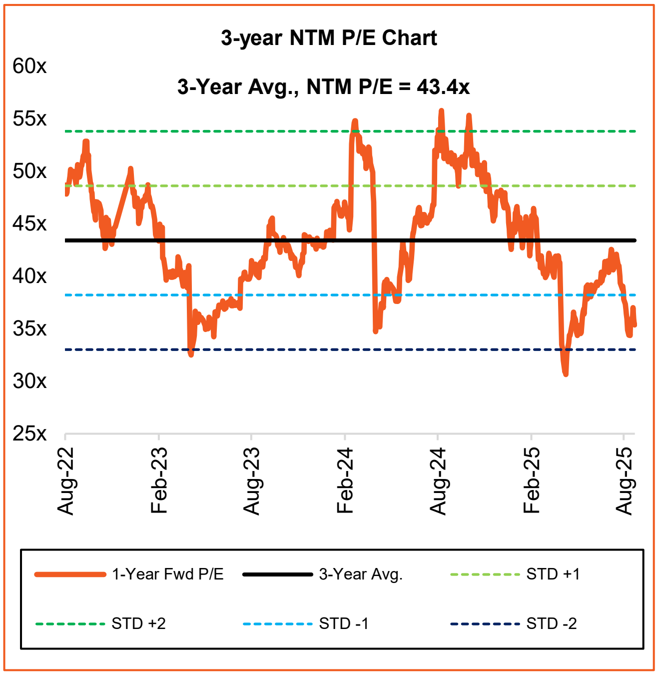
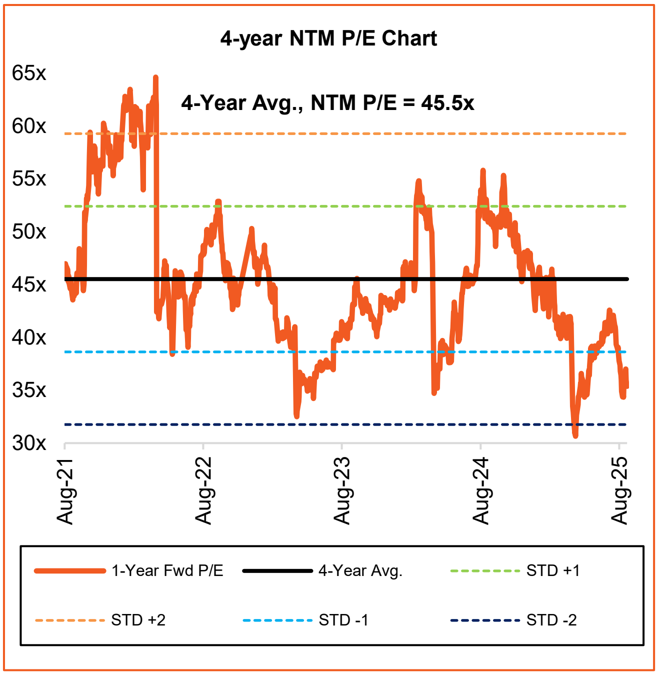
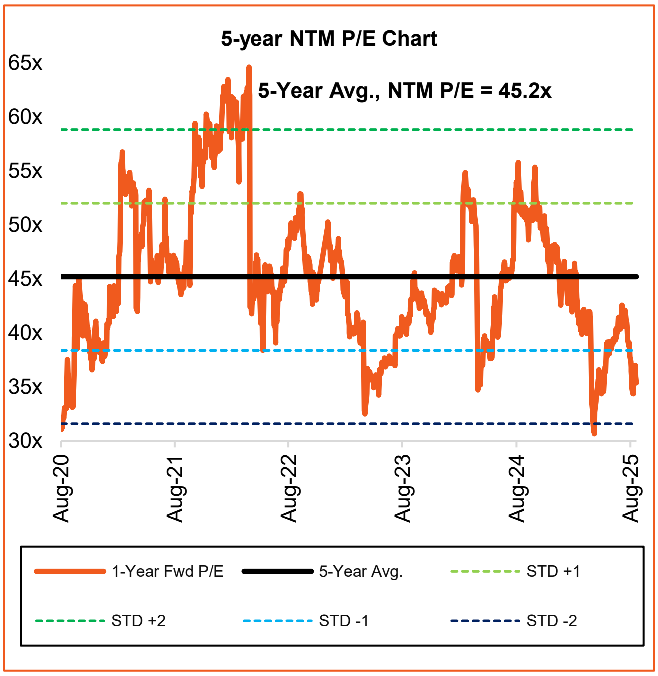
Valuation Charts









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KEY FINANCIALS

Exhibit 1: Profit & Loss Statement

INR Millions	FY25	FY26E	FY27E	FY28E
Revenue	**22,482**	**26,066**	**30,073**	**34,560**
COGS	11,960	13,658	15,843	18,119
Gross profit	**10,522**	**12,409**	**14,230**	**16,441**
Employee cost	1,396	1,727	1,990	2,298
Other expenses	1,804	2,054	2,255	2,592
EBITDA	**5,809**	**6,957**	**8,099**	**9,431**
EBITDA Margin	***25.8%***	***26.7%***	***26.9%***	***27.3%***
Depreciation	885	1,050	1,160	1,230
EBIT	**4,924**	**5,908**	**6,939**	**8,201**
Interest expense	5	19	19	19
Other income	443	374	425	460
PBT	**5,362**	**6,263**	**7,345**	**8,642**
Tax	1,309	1,582	1,836	2,160
Minority interest	0	0	0	0
PAT	**4,053**	**4,680**	**5,509**	**6,481**
Adj. EPS	**39.1**	**45.1**	**53.1**	**62.5**

Exhibit 2: Balance Sheet

INR Millions	FY25	FY26E	FY27E	FY28E
Equity				
Equity Capital	104	104	104	104
Other Equity	27,829	31,807	36,765	42,275
Non controlling interest	0	0	0	0
Total Equity	**27,933**	**31,911**	**36,869**	**42,379**
Non-Current Liabilities				
Deferred tax liabilities (Net)	1,519	1,519	1,519	1,519
Other Liability	207	112	130	149
Total Non-Current Liabilities	**1,725**	**1,631**	**1,648**	**1,668**
Current Liabilities				
Borrowings	626	631	636	641
Trade Payables	1,485	1,695	2,170	2,482
Other financial liabilities	197	228	263	302
Other current liabilities	826	1,516	1,749	2,010
Total Current Liabilities	**3,133**	**4,071**	**4,819**	**5,436**
Total Liabilities	**32,791**	**37,613**	**43,336**	**49,483**
Non-Current Assets				
Property Plants and Equipments	17,237	19,587	21,427	23,197
CWIP	4,382	4,382	4,382	4,382
Investments	259	259	259	259
Other current assets	536	1,001	1,155	1,326
Total Non-Current Assets	**22,413**	**25,229**	**27,222**	**29,164**
Current Assets				
Inventories	2,212	2,565	3,296	3,787
Trade Receivables	5,923	6,927	9,063	10,415
Cash and Bank	5	75	242	1,769
Bank Balance	34	34	34	34
Oher current assets	2,204	2,782	3,477	4,310
Total Current Assets	**10,378**	**12,383**	**16,112**	**20,316**
Total Assets	**32,791**	**37,612**	**43,334**	**49,480**

Exhibit 3: Cash Flow Statement

INR Millions	FY25	FY26E	FY27E	FY28E
CFFO	4,582	3,808	3,311	5,058
Capex	(5,003)	(3,400)	(3,000)	(3,000)
Dividend Paid	(724)	(702)	(551)	(972)
Change in Capital	574	5	5	5
Closing Cash	5	75	242	1,769
FCF	(420)	408	311	2,058

Exhibit 4: Key Ratios

Key Ratios	FY25	FY26E	FY27E	FY28E
Gross Margin (%)	46.8%	47.6%	47.3%	47.6%
EBITDA Margin%	25.8%	26.7%	26.9%	27.3%
ROE%	14.5%	14.7%	14.9%	15.3%
ROCE%	18.1%	18.7%	19.1%	19.7%
P/E	40.4x	37.0x	31.5x	26.7x
EV/EBITDA	28.3	25.0	21.4	18.3

Source: Company, DevenChoksey Research

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Vinati Organics Ltd.

Vinati Organics Ltd			
Date	CMP (INR)	TP (INR)	Recommendation
25-Aug-25	1,675	1,880	ACCUMULATE
20-May-25	1,830	2,033	ACCUMULATE
01-Feb-25	1,749	2,002	ACCUMULATE
14-Nov-24	1,835	2,002	ACCUMULATE
22-Aug-24	1,977	2,002	HOLD
28-May-24	1,766	1,795	HOLD
16-Feb-24	1,671	1,692	HOLD

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

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DRChoksey FinServ Private Limited

CIN Number -U67100MH2020PTC352816

Registered Office and Corporate Office:

5th Floor Abhishek Building, Behind Monginis Cake Factory, Off New Link Road, Andheri West, Mumbai-400058

ISHANK NAVAL GUPTA

Digitally signed by ISHANK NAVAL GUPTA
Date: 2025.08.25 09:34:04 +05'30'