

Vinati Organics Ltd.

No. of shares (m)	103.66
Mkt cap (Rs crs/\$m)	13478/1414.6
Current price (Rs/\$)	1300/13.6
Price target (Rs/\$)	1552/16.3
52 W H/L (Rs.)	2040/1203
Book Value (Rs/\$)	296/3.1
Beta	0.8
Daily volume NSE (avg. monthly)	82114
P/BV (FY27e/28e)	3.9/3.5
EV/EBITDA (FY27e/28e)	18.3/15.5
P/E (FY27e/28e)	30.1/25.1
EPS growth (FY26/27e/28e)	9.5/0.8/19.9
OPM (FY26/27e/28e)	29.4/27.0/28.0
ROE (FY26/27e/28e)	15.3/13.7/14.7
ROCE (FY26/27e/28e)	15.1/13.8/14.7
D/E ratio (FY26/27e/28e)	-/-/-
BSE Code	524200
NSE Code	VINATIORGA
Bloomberg	VO IN
Reuters	VNTI.BO

Shareholding Pattern

	%
Promoters	74.3
MFs / Banks / FIs	9.9
Foreign Portfolio Investors	3.7
Govt. Holding	0.0
Public & Others	12.1
Total	100.0

As on March 31, 2026

Recommendation

ACCUMULATE

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Quarterly Highlights

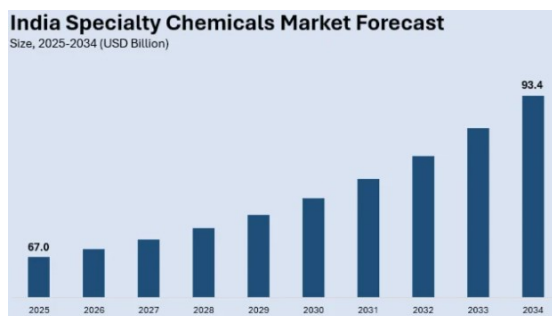
- Despite stable growth of its major revenue contributor, ATBS, overall revenue from operations fell to Rs 603.92 crs in Q4FY26 from Rs 648.46 crs in Q4FY25, depicting a de-growth rate of some 6.9%. Going forward the Company aims to improve performance of ATBS and butyl phenol with better capacity utilization. With growing applications of high purity ATBS in water treatment, mining, detergents, etc. VOL completed its capacity expansion of ATBS from 40000 mt to 50000 mt in FY26. The company plans to ramp up production of ATBS but susceptibility of demand continues to cast shadow on ATBS throughput.
- Operating profit fell by 5.6% (y-o-y) to Rs 170.29 crs in Q4FY26 as against Rs 180.42 crs in Q4FY25. Operating margin inched up to 28.2% in Q4FY26 from 27.8% in the corresponding period of the previous year. In spite of 150 bps increase in net profit margins- as a result of effectively passing on both raw material and logistics cost fluctuations- net profits remained nearly flat at Rs 123.86 crs in Q4FY26. The Company foresees antioxidants to become a bigger revenue contributor in future. VOL plans to scale up this segment by capitalizing on market expansion and introducing new products.
- The stock currently trades at 30.1x FY27e EPS of Rs 43.14 and 25.1x FY28e EPS of Rs 51.73. Going forward we expect VOL to have an operating margin in the range of 27-28% as a result of improving margins in ATBS and ramping up in production of antioxidants. Value-added products catering to fragrance, plastic, personal care, and food additives industry will also prevent suppression in margins. The Company is also spending on R&D to introduce new products like MEHQ, Guaiacol, 4-MAP and anisole in its subsidiary Veeral Organics Pvt. Ltd. which is expected to generate meaningful sales going forward. These measures will aid in revenue growing at a CAGR of 12.5% over the next two years. Weighing odds, we assign 'accumulate' rating on the stock with target price of Rs 1552 (previous target Rs 1759) based on 30x FY28e EPS of Rs 51.73.

Figures in Rs crs	FY24	FY25	FY26	FY27e	FY28e
Income from operations	1899.96	2248.17	2226.89	2469.62	2817.81
Other Income	38.80	44.31	52.64	58.56	65.96
EBITDA (other income included)	509.84	626.62	706.51	725.35	854.95
PAT	322.97	405.25	443.74	447.24	536.22
EPS (Rs)	31.15	39.09	42.80	43.14	51.73
EPS growth (%)	-23.6%	25.5%	9.5%	0.8%	19.9%

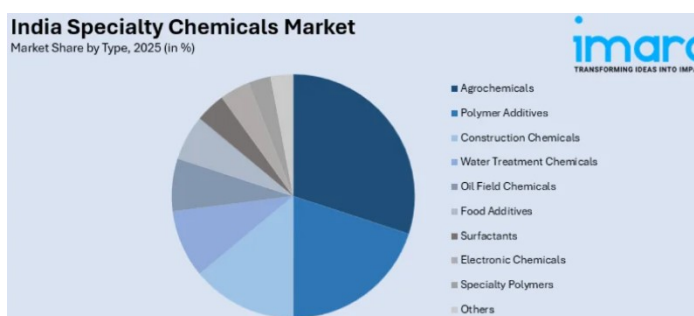
Outlook & Recommendation

Indian Specialty Chemicals Industry

According to a report by Imarc, Indian specialty chemical size reached USD 67 bn in 2025 and is expected to reach USD 93.4 bn by 2034, growing at a GAGR of 3.65% in the period 2026-2034. Growth is driven by demand in sectors including agriculture, construction, electronics, automotive, etc. Rise in industrial infrastructure and urbanisation coupled with innovation in product development is further fueling growth in this industry making it as a pivotal segment in the Indian economy.



Source: IMARC



Source: IMARC

At a recent conclave of The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Tejveer Singh, Secretary, Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, Government of India, stated the importance of a self-reliant specialty chemical sector amidst global supply chain disruption due to West Asia crisis. He further outlined major infrastructure initiatives in line with the budget announcement of setting up of three dedicated chemical parks with a minimum area of 8 square kms with an allocation of Rs 1000 crs each in the next 5 years aiming to reduce the nation's second largest import bill after petroleum. The Indian chemical companies are expanding their global footprint via acquisition, exports and strategic partnerships. The aspiration of Indian Government of developing 'Aatmanirbhar Bharat' is attracting capital allocation towards the chemical sector. According to a report by Indian Chemical News, India intends to achieve record output in production of USD 1 tn by 2040.

With increased development in the construction and manufacturing sectors, the market for specialty chemicals is seeing traction. According to a report by Grand View Research, the global specialty chemical industry was valued at USD 1.02 tn in 2025 and is expected to reach USD 1.53 tn in 2033. The key drivers of specialty chemical industry include increasing requirement for construction chemicals, essential chemicals and growing adoption of dyes and pigments.

Many commodity chemical manufacturers are shifting toward specialty chemicals, driven by rising end user demand and the sector's high value, high margin characteristic. The companies are also investing in innovating newer value-added solutions to cater to exclusive demands of consumer and explore untapped markets. For instance in the pharma sector, specialty chemicals play a major role in boosting drug formulation and speeding R&D trials. However, the market is heavily influenced by price sensitivity, regulatory changes along with high cost of capital, poor logistics facilities and warehousing infrastructure which poses as major caveats for the sector.

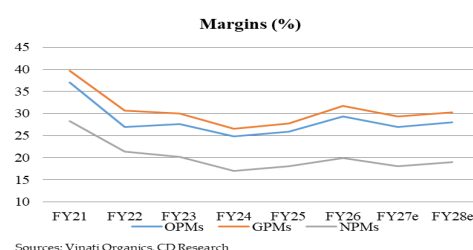
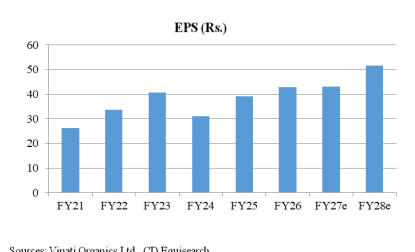
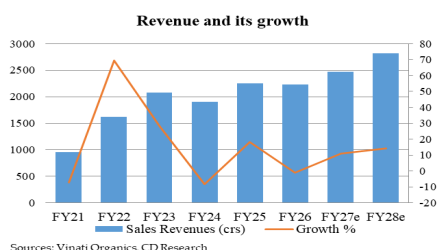
According to a report by Grand View Research, Asia Pacific remains the largest and fastest growing market in the specialty chemicals industry as the construction and infrastructure activities in countries like China, India and southeast Asian countries are rising. The application of specialty chemicals can mostly be seen in automotive, construction, medical, packaging and consumer goods industries. The market is highly innovation-driven and application-specific with companies focusing on R&D, retaining customers and following strict government regulations. The demand for specialty chemicals is also increasing due to the growing focus on eco-friendly and high-performance products. As consumers are becoming environmentally conscious, the need for specialty chemicals that are environmentally safe is also surging.

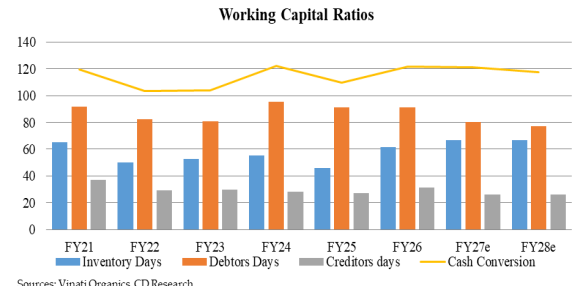
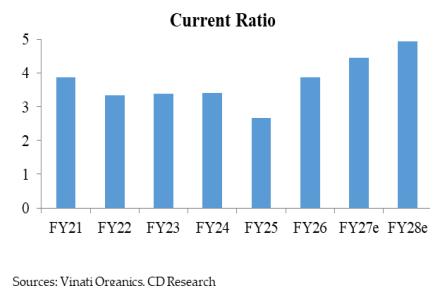
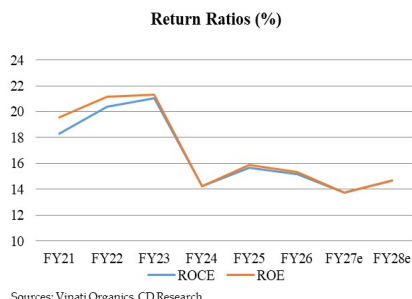
Financials & Valuation

VOL's reported revenue from operations remained flat at Rs 2226.89 crs in FY26 (vs Rs 2248.17 crs in FY25) on the back of somewhat stable ATBS demand. Revenues could have been higher if not for a temporary softening demand for ATBS from October which affected non US markets due to customer stocking and restocking fluctuations. Operating profits rose by 12.3% from Rs 582.31 crs in FY25 to Rs 653.87 crs in FY26, margins increased by over 350 bps to 29.4% in FY26 from 25.9% in FY25. ATBS remains the single largest contributor towards sales and margins other drivers include antioxidants, butyl phenol, IBB and IB derivatives. Hence, softness in its demand would severely reflect in the Company's overall financial performance. However, demand for ATBS in the oil and gas sector still remains strong with management expecting mid-teens growth in the coming 2-3 years. The demand is also sustained by its varied use cases in water treatment, personal care, detergents and mining industry. Despite healthy capacity utilization of 70-75%, external sales of butyl phenol will be limited, whereas volumes of IBB fell by 20% in FY26 due to the outbreak of US-Iran war but is expected to remain rebound in FY27.

The capital expenditure (entirely funded via internal accruals) in FY27 will largely be directed towards creating a diversified portfolio of high-value derivatives. During FY26, ~ Rs 270 crs was incurred towards facilitating the expansion of ATBS capacity (40000 MT to 50000 MT) and its subsidiary VOPL for capacity expansion and new product development. Going forward we expect capex of around Rs 250 crs and Rs 300 crs in FY27 and FY28 respectively mainly for VOL and a small portion towards VOPL to be utilized in the production of MEHQ, derivatives of butyl phenol, niche value-added chemicals, new anti-oxidants, Guaiacol, anisole, etc. With VOPL's product under reengineering phase it shall generate revenues to the tune of some Rs 100-150 crs from Q3FY27 onwards. The Company is focusing on gradually ramping up the increased capacity at ATBS' plants to achieve scale at optimum utilization at around 80%.

Veeral Organics Pvt. Ltd. (VOPL), its wholly-owned subsidiary, created for the sole-purpose for expanding the company's downstream integration into value-added niche chemicals, will start generating revenues from Q3FY27 with MEHQ and Guaiacol as the main contributors. Other derivatives such as new antioxidants, 4-MAP, etc. catering to fragrances, personal care and food additives remain on-track while isoamylene derivatives, tertiary amyl alcohol, and PTAP have been permanently dropped due to challenges in backward integration. Despite challenges from China, antioxidants business delivered 15% growth in revenue in FY26 on the back of increased realizations with the momentum to further spill over in the coming years. This segment faced significant headwinds due to aggressive undercutting and dumping from Chinese manufacturers prompting the management to re-file an application for anti-dumping duty.





The stock currently trades at 30.1x FY27e EPS of Rs 43.14 and 25.1x FY28e EPS of Rs 51.73. With dominant global market share in ATBS and IBB, VOL has built its competitive advantage over the years. Although VOL operates in a capital intensive industry, its production capacity is well integrated. All capacity addition and new product additions were funded internally without raising external capital and going forward the company aims to fund its R&D and capital investments without borrowing. This minimizes its costs and also proves to be a moat which helps in gaining market share. Due to stable oil prices, prospects for ATBS would largely bank on non-oil & gas sales. Earnings growth would top at some 10% on average over the next two years. Weighing odds, we assign 'accumulate' rating on the stock with target price of Rs 1552 (previous target Rs 1759) based on 30x FY28e EPS of Rs 51.73 over a period of 9-12 months. For more information refer to our June, 2024 report.

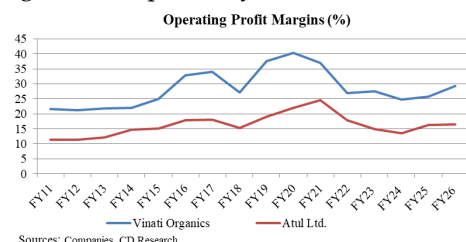
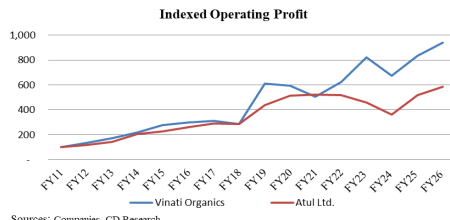
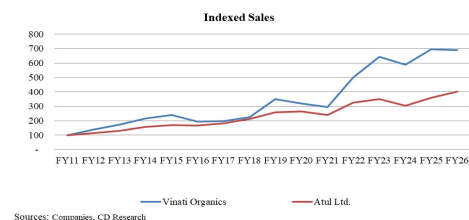
Cross Sectional Analysis

Company	Equity*	CMP	MCAP*	Sales*	Profit*	OPM (%)	NPM (%)	Int Cov	ROE (%)	Mcap/Sales	P/BV	P/E
Vinati	10	1300	13478	2227	444	29.4	19.9	1451.6	15.3	6.1	4.4	30.4
Atul Ltd	29	6470	19047	6274	678	16.4	10.9	52.3	11.7	3.0	3.1	28.1

*figures in crores; calculations on ttm basis; based on consolidated statements

Revenue from operations of Atul Ltd increased by some 12.4% to Rs 6273.54 crs in FY26, predominantly from increase in volumes by ~10%. Operating profits for FY26 grew by 12.9% to Rs 1030.79 crs as against Rs 912.96 crs in FY25, while OPMs remained stable at 16.4% in FY26. Profits grew by some 40% to Rs 677.90 crs in FY26 while margins stood at 11.1%.

Both the reporting segments of the Company witnessed growth in FY26. With contribution of over 70% to total revenue from operations of Atul (before adjustment for inter-segment revenue), performance and other chemicals' revenues stood at Rs 4608.73 crs in FY26 (increase of 13.6% from Rs 4058.24 crs in FY25). Growth in volumes for liquid epoxy, chloro-alkali products and high performance pigments boosted earnings of performance and other chemicals segment. Life science chemicals, with a contribution of 28% to revenue from operations, depicted a growth of 6.7% y-o-y (Rs 1805.24 crs in FY26 from Rs 1691.67 crs in FY25). The surge in sales was on the back of increased demand for herbicides, insecticides and API products. Going forward capacity expansion, introduction of new products in performance and other chemicals and expansion into new geographies, debottlenecking and formulation of newer APIs will help boost earnings in both the segments respectively.



Financials

Consolidated Quarterly Results

Figures in Rs crs

	Q4FY26	Q4FY25	% chg.	FY26	FY25	% chg.
Income From Operations	603.92	648.46	-6.9	2226.89	2248.17	-0.9
Other Income	20.39	6.16	231.0	52.64	44.31	18.8
Total Income	624.31	654.62	-4.6	2279.53	2292.48	-0.6
Total Expenditure	433.63	468.04	-7.4	1573.02	1667.25	-5.7
EBITDA (other income included)	190.68	186.58	2.2	706.51	625.23	13.0
Interest	0.02	0.16	-87.5	0.41	0.52	-21.2
Depreciation	30.46	22.52	35.3	111.36	88.53	25.8
PBT	160.20	163.90	-2.3	594.74	536.18	10.9
Tax	36.34	40.86	-11.1	151.00	130.93	15.3
PAT	123.86	123.04	0.7	443.74	405.25	9.5
EPS(Rs)	11.95	11.87	0.7	42.80	39.09	9.5

Consolidated Income Statement

Figures in Rs crs

	FY24	FY25	FY26	FY27e	FY28e
Income From Operations	1899.96	2248.17	2226.89	2469.62	2817.81
Growth (%)	-8.3	18.3	-0.9	10.9	14.1
Other Income	38.80	44.31	52.64	58.56	65.96
Total Income	1938.76	2292.48	2279.53	2528.18	2883.78
Total Expenditure	1428.92	1665.86	1573.02	1802.82	2028.83
EBITDA (other income included)	509.84	626.62	706.51	725.35	854.95
Interest*	4.95	1.91	0.41	0.45	0.50
Depreciation	72.93	88.53	111.36	128.59	139.50
PBT	431.96	536.18	594.74	596.31	714.96
Tax	108.99	130.93	151.00	149.08	178.74
PAT	322.97	405.25	443.74	447.24	536.22
EPS (Rs)	31.15	39.09	42.80	43.14	51.73

*Includes Bank charges as and when applicable

Consolidated Balance Sheet

Figures in Rs crs

	FY24	FY25	FY26	FY27e	FY28e
Sources of Funds					
Share Capital	10.37	10.37	10.37	10.37	10.37
Reserves	2451.21	2782.91	3151.31	3510.43	3958.53
Total Shareholders' Funds	2461.58	2793.28	3161.68	3520.80	3968.90
Long Term Debt	-	-	-	-	-
Total Liabilities	2461.58	2793.28	3161.68	3520.80	3968.90
Application of Funds					
Gross Block	1814.01	2129.08	2638.21*	2852.30	3102.30
Less: Accumulated Depreciation	325.31	405.01	516.37	644.96	784.45
Net Block	1488.71	1724.08	2121.84	2207.34	2317.85
Capital Work in Progress	249.16	438.15	214.09	250.00	300.00
Investments	64.28	35.89	190.45	361.86	542.78
Current Assets, Loans & Advances					
Inventory	198.54	221.20	311.13	345.75	394.49
Trade receivables	529.61	592.25	521.26	568.01	619.92
Cash and Bank	12.80	3.93	6.06	26.39	60.91
Short term loans (inc. OCA)	224.02	210.40	187.66	201.74	219.36
Total CA	964.97	1027.78	1026.11	1141.89	1294.69
Current Liabilities	210.56	303.60	215.35	239.28	268.78
Provisions-Short term	7.75	9.42	10.08	10.08	10.08
Total Current Liabilities	218.31	313.02	225.43	249.36	278.86
Net Current Assets	746.66	714.76	800.68	892.53	1015.83
Net Deferred Tax Liability	-133.41	-154.04	-183.81	-199.66	-217.16
Net long term assets	46.18	34.44	18.43	8.73	9.61
Total Assets	2461.58	2793.28	3161.68	3520.80	3968.90

*Estimated

**Capex estimates as given by management

Key Financial Ratios

	FY24	FY25	FY26	FY27e	FY28e
Growth Ratios(%)					
Revenue	-8.3	18.3	-0.9	10.9	14.1
EBITDA	-18.5	22.9	12.7	2.7	17.9
Net Profit	-22.9	25.5	9.5	0.8	19.9
EPS	-23.6	25.5	9.5	0.8	19.9
Margins (%)					
Operating Profit Margin	24.8	25.9	29.4	27.0	28.0
Gross profit Margin	26.6	27.8	31.7	29.4	30.3
Net Profit Margin	17.0	18.0	19.9	18.1	19.0
Return (%)					
ROCE	14.3	15.7	15.1	13.8	14.7
ROE	14.3	15.9	15.3	13.7	14.7
Valuations					
Market Cap/ Sales	8.0	7.3	6.2	5.5	4.8
EV/EBITDA	29.8	26.2	19.2	18.3	15.5
P/E	47.2	40.4	30.9	30.1	25.1
P/BV	6.4	6.0	4.5	3.9	3.5
Other Ratios					
Interest Coverage	88.2	281.7	1451.6	1323.2	1442.2
Debt Equity	0.0	0.0	0.0	0.0	0.0
Current Ratio	3.4	2.7	3.9	4.5	4.9
Turnover Ratios					
Fixed Asset Turnover	1.4	1.4	1.2	1.1	1.2
Total Asset Turnover	0.8	0.9	0.8	0.8	0.8
Inventory Turnover	6.6	7.9	5.9	5.5	5.5
Debtors Turnover	3.8	4.0	4.0	4.5	4.7
Creditor Turnover	12.9	13.4	11.7	14.0	14.0
WC Ratios					
Inventory Days	55.1	46.0	61.8	66.5	66.6
Debtor Days	95.4	91.1	91.3	80.5	76.9
Creditor Days	28.4	27.3	31.3	26.0	26.2
Cash Conversion Cycle	122.2	109.7	121.7	121.0	117.4

Cumulative Financial Data

Figures in Rs crs

Figures in Rs. crs	FY23-25	FY26-28e
Income from operations	6221	7514
Operating profit	1626	2110
EBIT	1541	1907
PBT	1531	1906
PAT	1147	1427
Dividends	222	270
OPM (%)	26.1	28.1
NPM (%)	18.4	19.0
Interest coverage	152.4	1405.5
ROE (%)	25.4	21.7
ROCE (%)	25.1	21.5
Debt-Equity*	0.0	0.0
Fixed asset turnover	1.6	1.2
Debtors turnover	4.0	4.1
Inventory turnover	7.2	5.9
Creditors turnover	11.3	11.9
Debtor days	92.0	88.3
Inventory days	50.4	62.4
Creditor days	32.2	30.7
Cash conversion	110.1	120.0
Dividend payout ratio (%)	19.4	18.9

FY 23-25 implies three year period ending fiscal 2025; *as on terminal year

As the demand for ATBS recovered in the last quarter of FY26, the Company is looking forward to achieve higher utilization in its manufacturing capacity by meeting the requirements of customers from oil & gas sector and tapping demand from other industries. Growth prospects in butyl phenol remain stable, whereas in IBB segment it remains moderate. The Company is investing in its R&D to come up with new products in its newly established antioxidants segment. As the Company is expanding its product portfolio in the antioxidants segment, revenue might get a leg up if new products find acceptance in the market. The Company is exposed to rising volatility in the prices of raw materials and threats of cheap substitutes from China. The volume of sales is dependent on various macroeconomic factors.

With recovery in volumes of ATBS, OPM would all but stabilized during FY26-28 period. The company plans to remain debt-free. With recovery expected to remain fragile, cumulative revenues is estimated to grow by a barely pleasing 20.8% during FY26-28 period when compared to that in the previous three year period. Rise in OPMs would barely support growth in cumulative PAT during FY26-28 period. ROE will see a decline of over 350 bps to 21.7% in FY26-28e from 25.4% in FY23-25.

Financial Summary- US Dollar denominated

million \$	FY24	FY25	FY26	FY27e	FY28e
Equity capital	1.2	1.2	1.1	1.1	1.1
Shareholders' funds	286.5	317.3	324.7	360.3	406.8
Total debt	0.6	7.3	0.0	0.0	0.0
Net fixed assets (incl. CWIP)	208.4	252.7	246.8	257.9	274.8
Investments	7.7	4.2	20.1	38.0	57.0
Net current assets	80.9	74.4	75.3	84.4	96.8
Total assets	286.5	317.3	324.7	360.3	406.8
Revenues	229.5	265.8	252.2	259.2	295.8
EBITDA	61.6	74.1	80.0	76.1	89.7
EBDT	61.0	73.9	80.0	76.1	89.7
PBT	52.2	63.4	67.3	62.6	75.0
PAT	39.0	47.9	50.2	46.9	56.3
EPS(\$)	0.38	0.46	0.48	0.45	0.54
Book value (\$)	2.76	3.06	3.13	3.48	3.92

Income statement figures translated at average rates; balance sheet at year end rates; projections at current rates (Rs 95.2731/\$).
All dollar denominated figures are adjusted for extraordinary items.

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buy: >20% accumulate: >10% to ≤20% hold: ≥-10% to ≤10% reduce: ≥-20% to <-10% sell: <-20%

Rs/\$	FY22	FY23	FY24	FY25	FY26
Average	74.51	80.39	82.79	84.57	88.31
Year end	75.81	82.22	83.37	85.58	94.65

All \$ values mentioned in the write-up translated at the average rate of the respective quarter/ year as applicable. Projections converted at current exchange rate.