

Q2FY26

Vinati Organics Ltd



Vinati Organics Ltd.

Vinati Organics delivered a broadly stable topline in Q2 with healthy improvement in profitability.

CMP* INR 1,595	Target INR 1,750	Potential Upside 9.7%	Market Cap (INR Mn) INR 165,880	Recommendation ACCUMULATE	Sector Specialty Chemicals
-------------------	---------------------	--------------------------	------------------------------------	-------------------------------------	--------------------------------------

Result Highlights

Financial Performance

Q2FY26 Revenue declined slightly by 0.6% YoY (+1.5% QoQ) to INR 5,502 Mn., stood below our estimates by 15.0%.

Gross profit grew by healthy rate of 22.1% YoY (8.1% QoQ) to INR 3,068 Mn., resulting in improvement of gross margin by 1036bps YoY (+342bps QoQ) to 55.8%.

EBITDA grew at a pace of 25.1% YoY (+4.8% QoQ) to INR 1,673 Mn, driven by significant improvement in gross margins. Net profit stood at INR 1,149 Mn, up 10.1% YoY (+10.3% QoQ)

Other Highlights

Vinati Organics Limited (VOL) has made an additional equity investment in its wholly owned subsidiary, Veeral Organics Pvt. Ltd. (VOPL), by subscribing to 3,84,50,000 equity shares at a face value of INR 10 each, aggregating to INR 38.45 crore, through a rights issue.

The investment is a related party transaction but carried out at arm's length, with cash consideration. VOPL operates in the chemical industry, manufacturing organic fine specialty chemicals, and reported a turnover of INR 10.55 crore in FY 2024–25. This investment does not change VOL's shareholding percentage, and VOPL continues to remain a 100% wholly owned subsidiary

Valuation and Outlook:

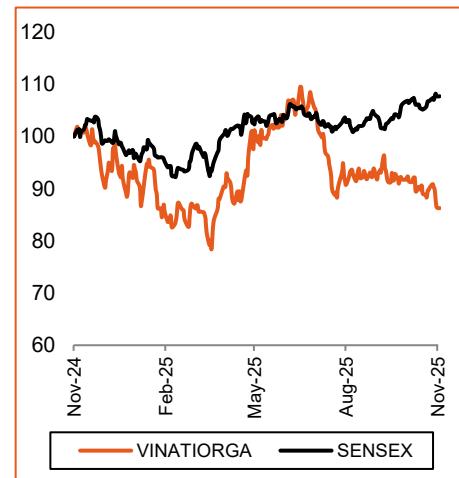
We maintain a constructive stance on Vinati Organics' long-term outlook, supported by the expansion in ATBS capacities, improved utilization in Antioxidant segment and incremental contribution from the Veeral Organics facility, cementing its position in high-margin segments, leading to improved operating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

We have revised our FY26E/FY27E EPS estimates by -0.2%/-2.9%, respectively, as we factor in weaker revenue momentum, reflected in Q2FY26 performance, moderate improvement in EBITDA margins. 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 Sept'27 estimates. We value Vinati Organics at 33.0x Sept'27 EPS, implying a target price of INR 1,750.

We reiterate our "ACCUMULATE" rating on the stock.

SHARE PRICE PERFORMANCE



MARKET DATA

Shares outs (Mn.)	104
Mkt Cap (INR Mn.)	1,65,880
52-Week H/L (INR)	2,039/1,416

*Based on previous closing

Note: All the market data is as of previous closing

SHARE HOLDING PATTERN (%)

Particulars (%)	Sep-25	Jun-25	Mar-25
Promoters	74.3	74.3	74.3
FII	3.8	3.9	3.8
DII	9.5	9.2	9.2
Others	12.4	12.6	12.7
Total	100	100	100

8.0%

14.8%

Revenue CAGR
between FY25-27E

PAT CAGR
between FY25-27E

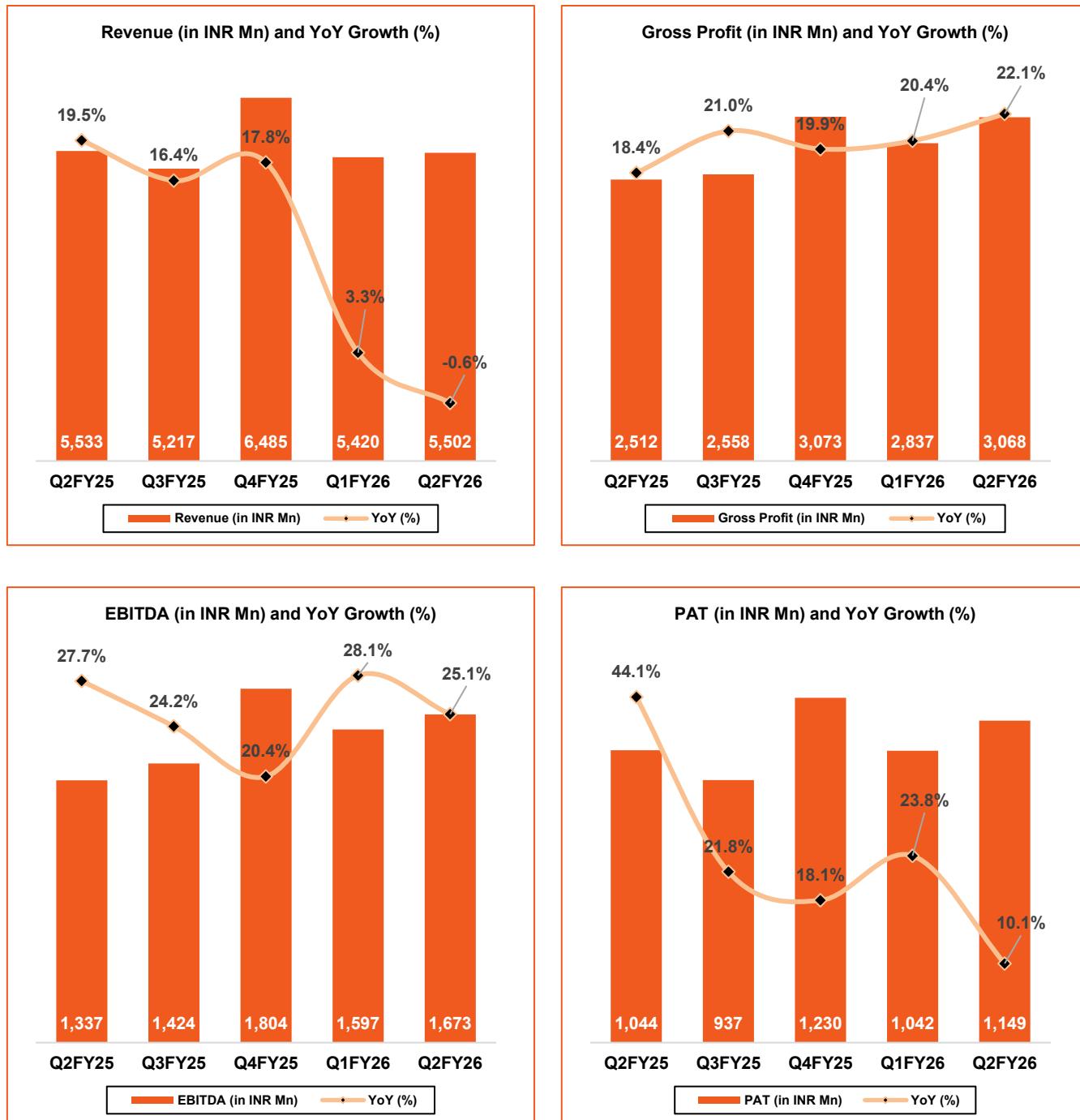
KEY FINANCIALS

INR Millions	FY24	FY25	FY26E	FY27E	FY28E
Revenue	19,000	22,482	23,430	26,244	29,772
EBITDA	4,697	5,809	6,982	7,880	9,024
EBITDA Margin	24.7%	25.8%	29.8%	30.0%	30.3%
PAT	3,230	4,053	4,668	5,345	6,176
EPS	31.2	39.1	45.0	51.6	59.6

Source: Company, DevenChoksey Research

Vinati Organics Ltd.

Story in Charts



Source: Company, Deven Choksey Research

Vinati Organics Ltd.

Result Snapshot

Particulars (INR Mn)	Q2FY26	Q1FY26	Q2FY25	Q-o-Q	Y-o-Y
Revenue	5,502	5,420	5,533	1.5%	(0.6%)
Cost of Materials consumed	2,567	2,815	2,978	(8.8%)	(13.8%)
Purchase of Stock-in-trade	5	0	23	NA	(77.4%)
Changes in Inventories	-138	-232	21	(40.6%)	(769.4%)
Employee cost	447	424	355	5.4%	25.9%
Other Expenses	460	435	446	5.7%	2.9%
Power and fuel	489	382	374	28.0%	30.7%
EBITDA	1,673	1,597	1,337	4.8%	25.1%
EBITDA Margin (%)	30.4%	29.5%	24.2%	95bps	624bps
Depreciation & amortization	261	256	223	2.1%	16.8%
EBIT	1,413	1,341	1,114	5.3%	26.8%
Finance Cost	0	4	1	(97.3%)	(85.7%)
Other Income	160	74	222	116.6%	(27.9%)
PBT	1,573	1,412	1,335	11.4%	17.8%
Tax	424	370	292	14.6%	45.2%
PAT	1,149	1,042	1,044	10.3%	10.1%
Diluted EPS	11.1	10.0	10.1	10.3%	10.1%

Source: Company, Deven Choksey Research

Vinati Organics Ltd.

KEY FINANCIALS

Exhibit 1: Profit & Loss Statement

INR Millions	FY25	FY26E	FY27E	FY28E
Revenue	22,482	23,430	26,244	29,772
COGS	11,960	10,964	12,757	14,279
Gross profit	10,522	12,465	13,487	15,493
Employee cost	1,396	1,780	1,741	2,012
Other expenses	1,804	1,895	1,968	2,233
EBITDA	5,809	6,982	7,880	9,024
EBITDA Margin	25.8%	29.8%	30.0%	30.3%
Depreciation	885	1,050	1,160	1,230
EBIT	4,924	5,932	6,720	7,794
Interest expense	5	19	19	19
Other income	443	374	425	460
PBT	5,362	6,287	7,126	8,235
Tax	1,309	1,619	1,782	2,059
Minority interest	0	0	0	0
PAT	4,053	4,668	5,345	6,176
Adj. EPS	39.1	45.0	51.6	59.6

Exhibit 3: Cash Flow Statement

INR Millions	FY25	FY26E	FY27E	FY28E
CFFO	4,582	4,593	3,788	5,163
Capex	(4,971)	(3,400)	(3,000)	(3,000)
Dividend Paid	(724)	(700)	(534)	(926)
Change in Capital	573	5	5	5
Closing Cash	5	861	1,521	3,199
FCF	(389)	1,193	788	2,163

Exhibit 4: Key Ratios

Key Ratios	FY25	FY26E	FY27E	FY28E
Gross Margin (%)	46.8%	53.2%	51.4%	52.0%
EBITDA Margin%	25.8%	29.8%	30.0%	30.3%
ROE%	14.5%	14.6%	14.6%	14.7%
ROCE%	18.1%	18.8%	18.6%	18.9%
Net Profit Margin	18.0%	19.9%	20.4%	20.7%

Source: Company, DevenChoksey Research

Exhibit 2: Balance Sheet

INR Millions	FY25	FY26E	FY27E	FY28E
Equity				
Equity Capital	104	104	104	104
Other Equity	27,829	31,797	36,607	41,857
Non controlling interest	0	0	0	0
Total Equity	27,933	31,900	36,711	41,961
Non-Current Liabilities				
Deferred tax liabilities (Net)	1,519	1,519	1,519	1,519
Other Liability	207	101	113	128
Total Non-Current Liabilities	1,725	1,620	1,632	1,647
Current Liabilities				
Borrowings	626	631	636	641
Trade Payables	1,485	1,361	1,748	1,956
Other financial liabilities	197	205	230	260
Other current liabilities	826	1,363	1,527	1,732
Total Current Liabilities	3,133	3,560	4,140	4,589
Total Liabilities	32,791	37,080	42,483	48,198
Non-Current Assets				
Property Plants and Equipments	17,237	19,586	21,426	23,196
CWIP	4,382	4,382	4,382	4,382
Investments	259	259	259	259
Other current assets	536	904	1,013	1,150
Total Non-Current Assets	22,413	25,130	27,080	28,987
Current Assets				
Inventories	2,212	2,305	2,876	3,263
Trade Receivables	5,923	6,227	7,909	8,972
Cash and Bank	5	861	1,521	3,199
Bank Balance	34	34	34	34
Other current assets	2,204	2,522	3,062	3,743
Total Current Assets	10,378	11,950	15,403	19,211
Total Assets	32,791	37,080	42,483	48,198

Vinati Organics Ltd.

Vinati Organics Ltd				Rating Legend (Expected over a 12-month period)	
Date	CMP (INR)	TP (INR)	Recommendation	Our Rating	Upside
24-Nov-25	1,595	1,750	ACCUMULATE	Buy	More than 15%
25-Aug-25	1,675	1,880	ACCUMULATE	Accumulate	5% – 15%
20-May-25	1,830	2,033	ACCUMULATE	Hold	0 – 5%
01-Feb-25	1,749	2,002	ACCUMULATE	Reduce	-5% – 0
14-Nov-24	1,835	2,002	ACCUMULATE	Sell	Less than – 5%
22-Aug-24	1,977	2,002	HOLD		
28-May-24	1,766	1,795	HOLD		

ANALYST CERTIFICATION:

I, **Yogesh Tiwari (MBA)**, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & Conditions and other disclosures:

DRChoksey FinServ Private Limited (hereinafter referred to as DCFPL) is a registered member of SEBI as a Research Entity vides Registration No. INH000011246 under SEBI (Research Analyst) Regulations, 2014, Portfolio Managers Entity vides Registration No. INP000007906 under SEBI (PORTFOLIO MANAGERS) Regulations, 2020 & Investment Adviser Entity vides Registration No. INA000017903 under SEBI (INVESTMENT ADVISERS) REGULATIONS, 2013.

The information and opinions in this report have been prepared by DCFPL and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of DCFPL. While I would endeavor to update the information herein on a reasonable basis, DCFPL is not under any obligation to update the information. Also, there may be regulatory, compliance or other reasons that may prevent DCFPL from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or DCFPL policies, in circumstances where DCFPL might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. DCFPL will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. DCFPL accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Our employees in sales and marketing team, dealers and other professionals may provide oral or written market commentary or trading strategies that reflect opinions that are contrary to the opinions expressed herein, in reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

I submit that no material disciplinary action has been taken on DCFPL and its associates (Group Companies) by any Regulatory Authority impacting Equity Research Analysis activities.

DCFPL prohibits its associate, analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analyst covers.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives do not hold any financial interest/beneficial ownership of more than 1% (at the end of the month immediately preceding the date of publication of the research report) in the company covered by Analyst and has not been engaged in market making activity of the company covered by research analyst.

It is confirmed that, I, **Yogesh Tiwari** Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific brokerage service transactions.

DCFPL or its Associates (Group Companies) have not managed or co-managed public offering of securities for the subject company in the past twelve months.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of brokerage services or specific transaction or for products and services other than brokerage services.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report other than investment banking or merchant banking or brokerage services from the subject company

DCFPL encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. DCFPL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither DCFPL nor Research Analysts his associate or his relative, have any material conflict of interest at the time of publication of this report.

It is confirmed that **Yogesh Tiwari**, Research Analyst do not serve as an officer, director or employee of the companies mentioned in the report.

DCFPL or its associates (Group Companies) or its research analyst has may been engaged in market making activity for the subject company.

The securities quoted are for illustration only and are not recommendatory.

DCFPL (Research Entity) and its research analysts uses Artificial Intelligence tools.

DCFPL and or its Research analysts shall be solely responsible for the security, confidentiality and integrity of the client data, use of any other information or data for research services, research services based on output of Artificial Intelligence tools and compliance with any law for the time being in force.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other

Jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject DCFPL and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform them of and to observe such restrictions.

Investment in securities are subject to market risks, read all the documents carefully before investing.

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

•Please send your feedback to research.retail@devenchoksey.com

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