



# Q2FY26 Vinati Organics Ltd



## Vinati Organics Ltd.

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

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

### 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:

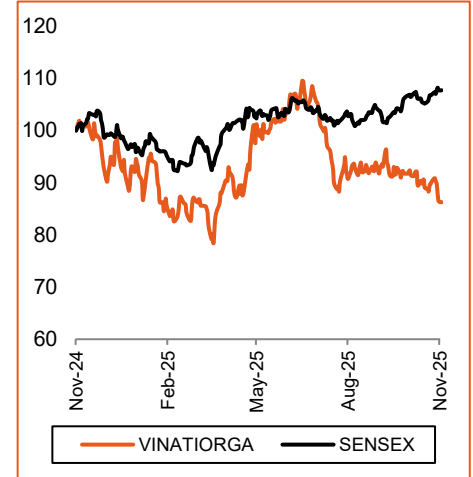
We maintain a constructive stance on Vinati Organics' long-term outlook, supported by the expansion in ATBS capacities, improved utilization in Antioxidant segment and incremental contribution from the Veeral Organics facility, cementing its position in high-margin segments, leading to improved operating 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
FIIIs	3.8	3.9	3.8
DIIIs	9.5	9.2	9.2
Others	12.4	12.6	12.7
Total	100	100	100

**8.0%**

Revenue CAGR  
between FY25-27E

**14.8%**

PAT CAGR  
between FY25-27E

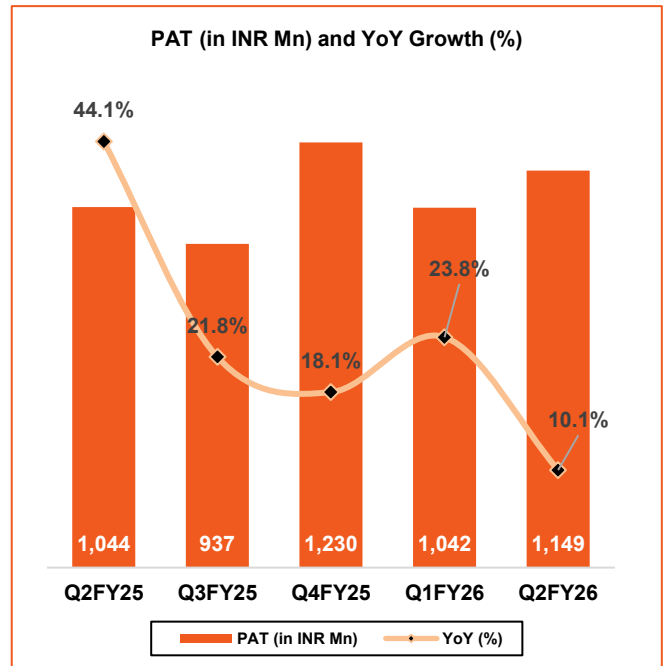
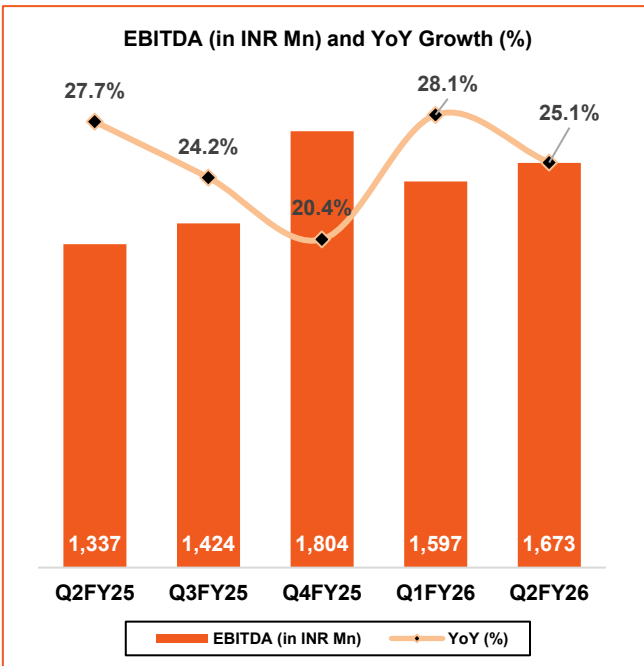
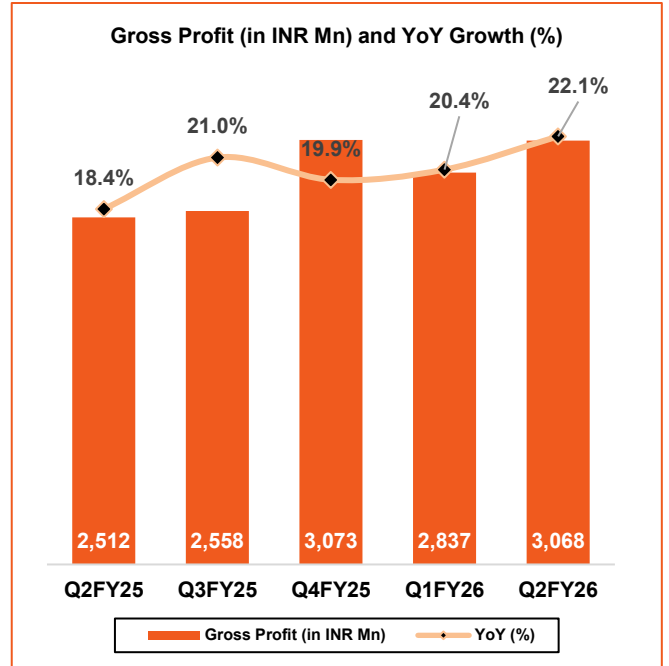
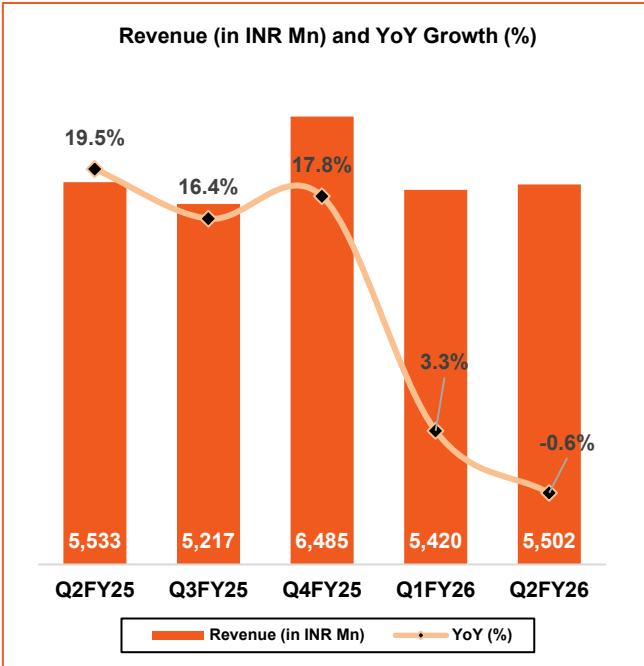
### KEY FINANCIALS

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
<b>Revenue</b>	<b>5,502</b>	<b>5,420</b>	<b>5,533</b>	<b>1.5%</b>	<b>(0.6%)</b>
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%
<b>EBITDA</b>	<b>1,673</b>	<b>1,597</b>	<b>1,337</b>	<b>4.8%</b>	<b>25.1%</b>
<b>EBITDA Margin (%)</b>	<b>30.4%</b>	<b>29.5%</b>	<b>24.2%</b>	<b>95bps</b>	<b>624bps</b>
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	<b>424</b>	<b>370</b>	<b>292</b>	14.6%	45.2%
<b>PAT</b>	<b>1,149</b>	<b>1,042</b>	<b>1,044</b>	<b>10.3%</b>	<b>10.1%</b>
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
<b>Revenue</b>	<b>22,482</b>	<b>23,430</b>	<b>26,244</b>	<b>29,772</b>
COGS	11,960	10,964	12,757	14,279
<b>Gross profit</b>	<b>10,522</b>	<b>12,465</b>	<b>13,487</b>	<b>15,493</b>
Employee cost	1,396	1,780	1,741	2,012
Other expenses	1,804	1,895	1,968	2,233
<b>EBITDA</b>	<b>5,809</b>	<b>6,982</b>	<b>7,880</b>	<b>9,024</b>
<b>EBITDA Margin</b>	<b>25.8%</b>	<b>29.8%</b>	<b>30.0%</b>	<b>30.3%</b>
Depreciation	885	1,050	1,160	1,230
<b>EBIT</b>	<b>4,924</b>	<b>5,932</b>	<b>6,720</b>	<b>7,794</b>
Interest expense	5	19	19	19
Other income	443	374	425	460
<b>PBT</b>	<b>5,362</b>	<b>6,287</b>	<b>7,126</b>	<b>8,235</b>
Tax	1,309	1,619	1,782	2,059
Minority interest	0	0	0	0
<b>PAT</b>	<b>4,053</b>	<b>4,668</b>	<b>5,345</b>	<b>6,176</b>
<b>Adj. EPS</b>	<b>39.1</b>	<b>45.0</b>	<b>51.6</b>	<b>59.6</b>

**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)
<b>Change in Capital</b>	<b>573</b>	<b>5</b>	<b>5</b>	<b>5</b>
Closing Cash	5	861	1,521	3,199
<b>FCF</b>	<b>(389)</b>	<b>1,193</b>	<b>788</b>	<b>2,163</b>

**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
<b>Equity</b>				
Equity Capital	104	104	104	104
Other Equity	27,829	31,797	36,607	41,857
Non controlling interest	0	0	0	0
<b>Total Equity</b>	<b>27,933</b>	<b>31,900</b>	<b>36,711</b>	<b>41,961</b>
<b>Non-Current Liabilities</b>				
Deferred tax liabilities (Net)	1,519	1,519	1,519	1,519
Other Liability	207	101	113	128
<b>Total Non-Current Liabilities</b>	<b>1,725</b>	<b>1,620</b>	<b>1,632</b>	<b>1,647</b>
<b>Current Liabilities</b>				
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
<b>Total Current Liabilities</b>	<b>3,133</b>	<b>3,560</b>	<b>4,140</b>	<b>4,589</b>
<b>Total Liabilities</b>	<b>32,791</b>	<b>37,080</b>	<b>42,483</b>	<b>48,198</b>
<b>Non-Current Assets</b>				
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
<b>Total Non-Current Assets</b>	<b>22,413</b>	<b>25,130</b>	<b>27,080</b>	<b>28,987</b>
<b>Current Assets</b>				
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
Oher current assets	2,204	2,522	3,062	3,743
<b>Total Current Assets</b>	<b>10,378</b>	<b>11,950</b>	<b>15,403</b>	<b>19,211</b>
<b>Total Assets</b>	<b>32,791</b>	<b>37,080</b>	<b>42,483</b>	<b>48,198</b>

## Vinati Organics Ltd.

Vinati Organics Ltd			
Date	CMP (INR)	TP (INR)	Recommendation
24-Nov-25	1,595	1,750	ACCUMULATE
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

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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