Vinati Organics Ltd.

DEVEN CHOKSEY RESEARCH

Result Update || Current Market Price – **Rs 1,300** || Target Price – **Rs 1,420** || Upside – 9.2% || Date: 31st July 2026

Key Investment thesis

- Vinati Organics is entering a volume-led growth phase after a prolonged period of pricing-led earnings, with management maintaining confidence in achieving ~15% volume growth in FY27. Q1 FY27 revenue was primarily supported by a strong export performance, aided by rupee depreciation, while antioxidants witnessed healthy volume growth. Management expects a meaningful recovery in ATBS demand during H2 FY27, supported by improving industrial demand and a stronger second half, reaffirming the long-term growth outlook.

- Despite the healthy revenue performance, EBITDA margins remained under pressure as a sharp increase in raw material costs could only be passed on selectively across products, leading to margin compression. Nevertheless, management has reiterated its 26–27% EBITDA margin guidance, subject to raw material price movements and product mix. The key monitorables remain the recovery in ATBS volumes, successful commercialization of new specialty products, and the commissioning of the Veeral Organics facility, expected by December 2026 after re-engineering, which is unlikely to contribute materially to revenue before then.

Outlook

Vinati Organics is favourably placed to capitalize on the recovery, backed by its leadership in ATBS, expanding antioxidants portfolio, and healthy balance sheet. Management expects a stronger H2 FY27 with around **15% volume growth**, driven by recovering ATBS demand and improved capacity utilization.

However, margin expansion is likely to remain contingent on raw material cost normalization and product mix, while the successful commissioning of the Veeral Organics facility and commercialization of new specialty products will be key catalysts for sustaining long-term earnings growth.

Valuation

We expect the company to increase its Revenue/EBITDA/PAT at a CAGR of 13.7% / 8.2% / 7.0% for the period FY26-FY28. The company is currently trading at 26.5x FY28E and we value the company at a PE of 29x FY28E EPS, implying a target price of INR 1,420 with the upside of 9.2%. Rating: ACCUMULATE.

Key Risk

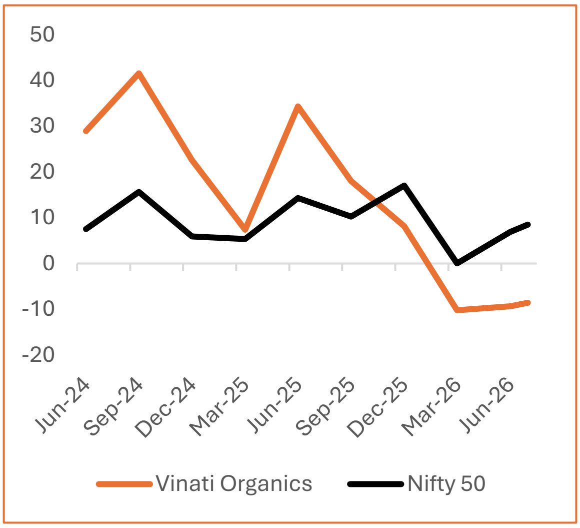
- Raw Material Price Volatility: Sharp fluctuations in crude-linked raw material prices could compress margins if cost increases cannot be passed on to customers in a timely manner.
- Delay in ATBS Demand Recovery: A slower-than-expected recovery in global industrial demand, particularly for ATBS, could impact volume growth and capacity utilization.
- Execution Risk in New Projects: Delays in commissioning the Veeral Organics facility or slower commercialization of new specialty chemicals could postpone the next growth phase.

Particulars	
CMP	1,300
Market Cap (Cr)	13,482
Free Float Market Cap (Cr)	3,390
52 Week High / Low	1,878/1,203
Avg Daily Vol (1Yr.) shares	60,159
No. of Shares (Cr.)	10.4

Key Financials (Mn.)	FY26	FY27E	FY28E
Revenue	22,269	25,488	28,767
EBITDA	6,539	6,376	7,660
EBITDA (%)	*29.4%*	*25.0%*	*26.6%*
PAT	4,438	4,152	5,076
ROE	14.0%	11.9%	12.9%

Multiples	FY26	FY27E	FY28E
P/E (x)	**30.37**	**32.46**	**26.55**
EPS	42.8	40.0	49.0

Holding	Sep-25	Dec-25	March-26
Promoters	74.29	74.29	74.29
FII	3.77	3.72	3.72
DII	9.84	9.91	9.91
Public	12.11	12.10	12.10
TOTAL	**100**	**100**	**100**



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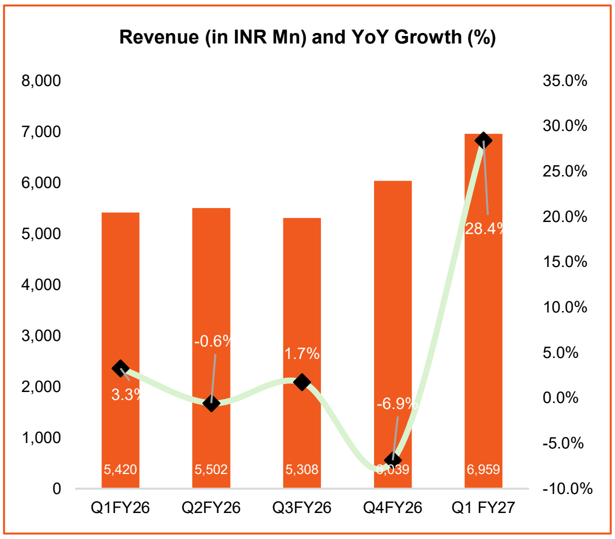
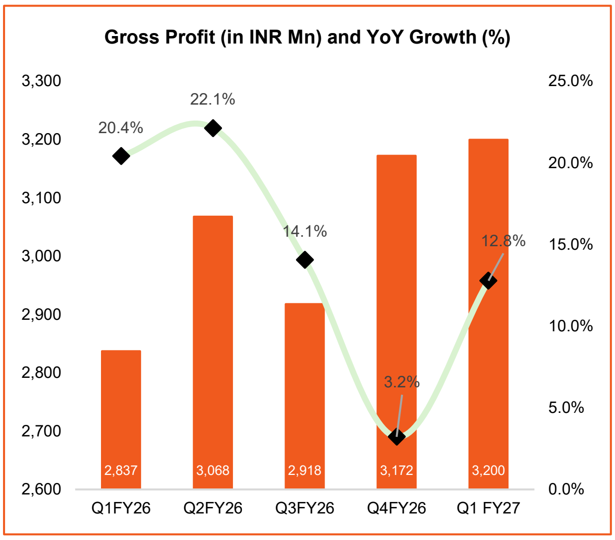
Story in Charts

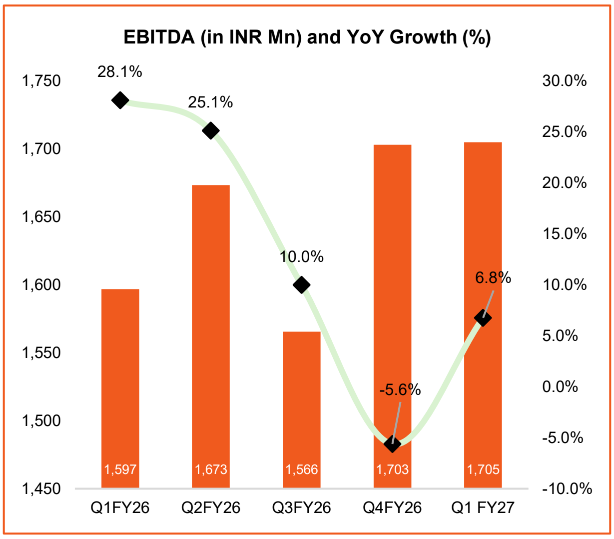
Volume-led topline surge of ~30% YoY masks limited pricing power amid RM inflation



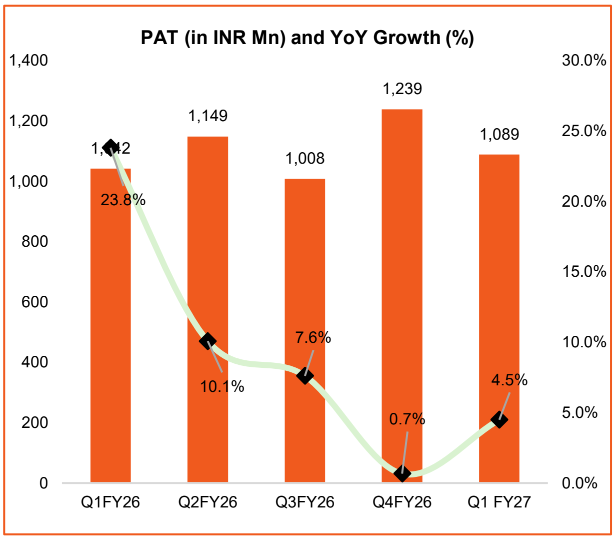
Gross margin contracts as RM cost pass-through remains restricted to select products



Operating profit growth trails topline at ~7% YoY; input cost headwinds compress margins



Bottom-line growth muted at ~5% YoY; ATBS demand recovery key catalyst for H2 FY27



Source: Company Research, Deven Choksey Research

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Result Snapshot

Particulars (INR Mn)	Q1 FY27	Q4 FY26	Q1 FY26	Q-o-Q	Y-o-Y
Revenue	**6,959**	**6,039**	**5,420**	**15.2%**	**28.4%**
Total Expenditure	5,254	4,336	3,823	21.2%	37.4%
Cost of Materials consumed	3,806	2,595	2,815	46.7%	35.2%
Purchase of Stock-in-trade	0	0	0	NA	NA
Changes in Inventories	-47	273	-232	(117.1%)	(79.9%)
Employee cost	505	433	424	16.6%	19.1%
Other Expenses	496	630	435	(21.3%)	14.0%
Power and fuel	494	406	382	21.7%	29.6%
EBITDA	**1,705**	**1,703**	**1,597**	**0.1%**	**6.8%**
EBITDA Margins (%)	**24.5%**	**28.2%**	**29.5%**	**-370bps**	**-497bps**
Depreciation & amortization	317	305	256	4.1%	24.1%
EBIT	1,388	1,398	1,341	(0.8%)	3.5%
Finance Cost	0	0	4	(100.0%)	(100.0%)
Other Income	90	204	74	(55.9%)	21.8%
PBT	1,478	1,602	1,412	(7.8%)	4.7%
Tax	389	363	370	7.0%	5.2%
PAT	**1,089**	**1,239**	**1,042**	**(12.1%)**	**4.5%**
PAT Margin	**15.6%**	**20.5%**	**19.2%**	**-487bps**	**-358bps**
Diluted EPS	**10.5**	**11.9**	**10.0**	**(12.1%)**	**4.5%**

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Key Financials

Exhibit 1: Profit & Loss Statement

INR Mn	FY25	FY26	FY27E	FY28E
Revenue	**22,482**	**22,269**	**25,488**	**28,767**
COGS	11,960	10,274	13,448	14,552
Gross profit	**10,522**	**11,995**	**12,040**	**14,214**
Employee cost	1,396	1,754	1,894	2,158
Other expenses	1,804	2,026	1,885	2,244
Power & Fuel	1,513	1,676	1,884	2,153
EBITDA	**5,809**	**6,539**	**6,376**	**7,660**
EBITDA Margin	***25.8%***	***29.4%***	***25.0%***	***26.6%***
Depreciation & amortization	885	1,114	1,242	1,335
EBIT	**4,924**	**5,425**	**5,134**	**6,326**
Interest expense	5	4	0	0
Other income	443	527	450	480
PBT	**5,362**	**5,948**	**5,584**	**6,806**
Tax	1,309	1,510	1,432	1,729
Minority interest	0	0	0	0
PAT	**4,053**	**4,438**	**4,152**	**5,076**
Adj. PAT	**4,053**	**4,438**	**4,152**	**5,076**
EPS (INR)	**39.1**	**42.8**	**40.0**	**49.0**
Adj. EPS	**39.1**	**42.8**	**40.0**	**49.0**

Exhibit 2: Balance Sheet

INR Millions	FY25E	FY26	FY27E	FY28E
Equity				
Equity Capital	104	104	104	104
Other Equity	27,829	31,513	34,885	39,184
Non controlling interest	0	0	0	0
Total Equity	**27,933**	**31,617**	**34,989**	**39,287**
Non-Current Liabilities				
Deferred tax liabilities (Net)	1,519	1,838	1,838	1,838
Other Liability	207	186	110	124
Total Non-Current Liabilities	**1,725**	**2,024**	**1,948**	**1,962**
Current Liabilities				
Borrowings	626	0	0	0
Trade Paybles	1,485	1,213	1,842	1,993
Other financial liabilities	197	258	223	252
Other current liabilities	826	784	1,483	1,674
Total Current Liabilities	**3,133**	**2,254**	**3,548**	**3,919**
Total Liabilities	**32,791**	**35,895**	**40,485**	**45,168**
Non-Current Assets				
Property Plants and Equipments	17,237	21,216	21,985	23,150
CWIP	4,382	2,141	2,141	2,141
Investments	259	0	0	0
Other current assets	536	373	977	1,102
Total Non-Current Assets	**22,413**	**23,730**	**25,103**	**26,393**
Current Assets				
Inventories	2,212	3,111	2,304	2,758
Trade Receivables	5,923	5,213	6,773	7,645
Cash and Bank	5	38	2,306	4,076
Bank Balance	34	23	23	23
Oher current assets	2,204	3,781	3,984	4,281
Total Current Assets	**10,378**	**12,166**	**15,391**	**18,783**
Total Assets	**32,791**	**35,895**	**40,494**	**45,176**

Exhibit 3: Cash Flow Statement

INR Mn	FY25	FY26	FY27E	FY28E
Net Cash Generated From Operations	4,582	5,579	4,602	4,573
Net Cash Flow from/(used in) Investing Activities	(4,425)	(4,135)	(1,550)	(2,020)
Net Cash Flow from Financing Activities	(156)	(1,411)	(784)	(784)
Net Inc/Dec in cash equivalents	**1**	**33**	**2,268**	**1,770**
Opening Balance	4	5	38	2,306
Adjustments	0	0	0	0
Closing Balance Cash and Cash Equivalents	**5**	**38**	**2,306**	**4,076**

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Vinati Organics Ltd.			
Date	CMP (INR)	TP(INR)	Recommendation
31-July-26	1,300	1,420	ACCUMULATE
29-July-26	1,325	1,460	ACCUMULATE
18-May-26	1,372	1,482	ACCUMULATE
24-Nov-25	1,595	1,750	ACCUMULATE
25-Aug-25	1,675	1,880	ACCUMULATE
20-May-25	1,830	2,033	ACCUMULATE

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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