

May 19, 2026

## Washed out FY26; prospects promising for FY27...

**About the stock:** Vinati Organics is a leading manufacturer of specialty chemical and organic intermediaries with global market leadership in its two key products- 2- Acryl amido 2 Methylpropane Sulphonic Acid (ATBS) and Isobutyl Benzene (IBB). Other key products include IB, ATBS, Butyl phenols besides foray into antioxidants.

- The company has two manufacturing facilities at Mahad and Lote.
- The company has increased its capacities in ATBS from 40000MT to 60000 MT in a phased manner.
- Vinati in December 2024 completed full acquisition of Veeral Organic (VOL). Which manufactures specialty chemicals such as MEHQ, PTAP, 4-MAP, Anisole among others besides Anti-oxidants (AO)

### Investment Rationale

- **Steady profitability despite poor revenues performance:** Revenues stood at ₹604 crore, down 7% YoY. GPM for the quarter stood at 52.5%, up ~510 bps YoY. EBITDA for the quarter stood at ₹170 crore, down 6% YoY, translating to margins of 28.2%, up ~40 bps YoY. PAT for the quarter stood at ₹124 crore, up 1% YoY. In FY26, the revenue stood at ₹2,227 crore, down 0.9% YoY. GPM came in 53.5%, up ~670 bps YoY. EBITDA for the year stood at ₹654 crore, up 13% YoY, translating to margins of ~29.4%, up ~350 bps YoY. PAT for the year stood at ₹444 crore, up 9% YoY.
- **New products from VOL, ATBS expansion to drive growth:** Vinati Organics reported a weak performance in FY26, as muted demand in ATBS and lower realizations led the company to miss its volume growth guidance of 10-12%. Additionally, the anticipated revenue contribution from subsidiary Veeral Organics Limited (VOL) was delayed, resulting in an estimated ~5% revenue impact during the year. However, management remains optimistic on the FY27 outlook, supported by an expected recovery in ATBS demand amid rising crude oil prices and continued healthy traction in the Anti-Oxidants segment. Backed by these factors, the company has guided for ~15% volume growth in FY27, along with EBITDA margins in the range of 26-27%. Given that FY26 was a washout year and that the company has missed its guidance, we have cut our FY27E Sales/EBITDA/PAT estimates by 15%/15%/17% respectively. However, given the ~33% correction from its peak over the last one year, we believe the correction is overdone. Going ahead, the key monitorable would be its ability to achieve its guidance, given the uncertain macro environment.

### Rating and Target Price

- We have introduced FY28E estimates and value Vinati Organics at 21x FY28 EV/EBITDA of ₹760.8 crore and thus arrive at a Target Price of ₹1,610 per share.



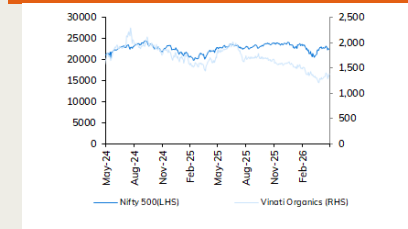
### Particulars

Particular	Amount
Market cap (₹ Crore)	14,082
FY26 Total Debt (₹ Crore)	84
FY26 Cash & Inv (₹ Crore)	0
EV (₹ Crore)	14,166
52 Week H/L	2040/1203
Equity Capital (₹ Crore)	10.4
Face Value (₹)	1

### Shareholding pattern

in %	Jun-25	Sept-25	Dec-25	Mar-26
Promoter	50.3	50.3	50.3	50.3
DII	18.8	19.5	20.2	21.2
FII	18.2	18.0	17.5	16.7
Others	12.7	12.2	12.1	11.9

### Price Chart



### Key risks

- Lower than expected revenue growth in the new products
- Continued softness in the ATBS segment.

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### Key Financial Summary

(₹ Crore)	FY24	FY25	FY26	2 year CAGR (FY24-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Net Revenue	13,138.5	12,433.7	15,786.5	9.6	17,416.7	19,733.0	11.8
EBITDA	2,584.1	2,718.4	3,409.6	14.9	3,697.6	4,547.1	15.5
EBITDA Margins (%)	19.7%	21.9%	21.6%		21.2%	23.0%	
Adj.PAT	1,335.7	1,250.8	1,750.2	14.5	1,833.3	2,364.8	16.2
Adj. EPS (₹)	44.9	42.1	58.8		61.6	79.5	
EV/EBITDA	33.0x	31.2x	24.9x		23.1x	18.6x	
P/E	60.7	64.8	44.2		44.2	34.3	
ROE (%)	11.6	9.9	12.5		11.9	13.7	
ROCE (%)	13.3	12.9	15.1		14.8	16.5	

Source: Company, ICICI Direct Research

Exhibit 1: Key Products

Product	Market Position	Application / End usage	Relevance
ATBS	Largest manufacturer in the world and only manufacturer in the country	Water treatments chemicals, Emulsions for paint and paper coatings, Adhesives, Textiles auxiliaries and acrylic fibre, Detergents and cleaners, oil field and mining chemicals, Construction chemicals	Used to manufacture dispersants in water chemicals Important ingredient to manufacture polymers for Enhanced Oil Recovery(EOR) Important for giving dye receptability for acrylic fibre and other specific qualities
IBB	Largest manufacturer in the world and largest market share	Pharmaceutical	The main raw material for Ibuprofen – widely used drug in US, Europe and Asia
IB	Largest manufacturer in the country	Agro based chemicals, food additives, anti oxidants	Used as an intermediate
Butyl Phenol	Only manufacturer in the country	Perfumery, Resins, Agrochemicals, Plastic additives, Antioxidant, Dyestuff	
Anti Oxidant	Only manufacturer in the country	Polymer, Automotive, Agriculture, Construction	
MEHQ	-	Polymerization Inhibitor, stabilizer, intermediate	
Guaiacol	-	Used in agrochemicals and as Intermediate to manufacture API – Guaifenesin(cough syrups ingredient), Eugenol and Vanillin	The products are backward integrated with Anisole and phenol

Source: Company, ICICI Direct Research

Q4FY26 Management media interaction highlights

- Management highlighted that the slowdown in ATBS demand witnessed from October 2025 began recovering from April 2026 onward, supported by rising crude oil prices, which has created a favourable demand environment for the product.
- Given the slowdown, the ATBS volumes were down by 5-10% from their estimated projections.
- In terms of volume growth, Anti-Oxidants grew 25% while IB, IBB reported flat growth.
- The revenue recognition from their subsidiary Veeral Organics Limited is delayed due to the new process, which is expected to take another six months to finish. Notably, they lost ~5% of expected revenue from here too.
- The company passes most of the increase in raw material prices ahead to its customers.

Guidance

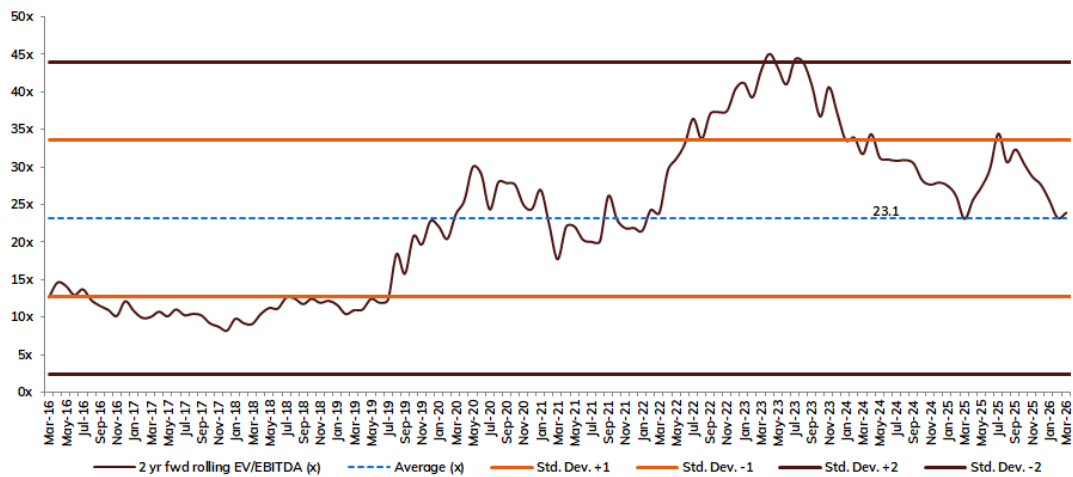
- For FY27, the management has guided for ~20% volume growth in ATBS.
- Revenues from the subsidiary is expected to kick-in from October'26
- Overall, the management expects ~15% volume growth in FY27 and has maintained 26-27% EBTIDA margin guidance.

Exhibit 2: Manufacturing Facilities

Facilities	Plant 1	Plant 2	Veeral Organics
Location	Mahad-Raigad, Maharashtra	Lote-Ratnagiri, Maharashtra	Mahad-Raigad, Maharashtra
Products manufactured	IBB and NBB	ATBS, NaATBS, TBA, IB, HPMTBE, DAAM, Butyl phenols	Anti Oxidants,MEHQ, Guaiacol, Anisole
Cutting-edge technology	InstitutFrancais du Petrole (IFP) France	National Chemical Laboratories (NCL), Pune (for ATBS), SaipemSpA, Italy (for IB)	

Source: Company, ICICI Direct Research

Exhibit 3: 2 year forward EV/EBITDA graph



Source: Company, ICICI Direct Research

## Financial Summary

Exhibit 4: Profit and loss statement					₹ crore
Year end March	FY25	FY26	FY27E	FY28E	
<b>Total Operating Income</b>	<b>2,248.2</b>	<b>2,226.9</b>	<b>2,526.6</b>	<b>2,817.9</b>	
Growth (%)	18.3	-0.9	13.5	11.5	
Raw Material Expenses	1,196.0	1,034.4	1,313.8	1,465.3	
Employee Cost	139.6	175.4	151.6	169.1	
Other Expenses	331.7	363.2	379.0	422.7	
Total Operating Expenditure	1,667.3	1,573.0	1,844.4	2,057.0	
<b>EBITDA</b>	<b>580.9</b>	<b>653.9</b>	<b>682.2</b>	<b>760.8</b>	
Growth (%)	23.7	12.6	4.3	11.5	
Other Income	44.3	52.6	50.0	50.0	
Depreciation	88.5	111.4	126.2	137.5	
Net Interest Exp.	0.5	0.4	0.7	0.7	
Other exceptional items	0.0	0.0	0.0	0.0	
PBT	536.2	594.7	605.3	672.7	
Total Tax	130.9	151.0	142.3	158.1	
<b>PAT</b>	<b>405.3</b>	<b>443.7</b>	<b>463.1</b>	<b>514.6</b>	
Adjusted PAT	405.3	443.7	463.1	514.6	
Growth (%)	25.5	9.5	4.4	11.1	
Adjusted EPS (₹)	39.1	42.8	44.7	49.6	

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement					₹ crore
Year end March	FY25	FY26	FY27E	FY28E	
PBT & Extraordinary	536.2	594.7	605.3	672.7	
Add: Depreciation	88.5	111.4	126.2	137.5	
After other adjustments					
(Inc) / Dec in Working Capital	-57.9	8.7	48.4	-80.8	
Taxes	-94.4	-136.4	-142.3	-158.1	
Others	-14.1	-20.5	0.7	0.7	
<b>CF from operating activities</b>	<b>458.2</b>	<b>557.9</b>	<b>638.3</b>	<b>571.9</b>	
Purchase of Fixed Assets	-500.3	-269.6	-281.1	-200.0	
Others	57.8	-143.9	0.0	0.0	
<b>CF from investing activities</b>	<b>-442.5</b>	<b>-413.5</b>	<b>-281.1</b>	<b>-200.0</b>	
Issue/(Buy back) of Equity	-0.7	0.0	0.0	0.0	
Inc/(dec) in loan funds	58.0	-62.8	-9.2	0.0	
Dividend paid & dividend tax	0.0	0.0	-92.6	-102.9	
Others	-73.0	-78.4	-0.7	-0.7	
<b>CF from financing activities</b>	<b>-15.6</b>	<b>-141.1</b>	<b>-102.5</b>	<b>-103.6</b>	
Net cash flow	0.1	3.3	254.8	268.4	
Opening cash	0.4	0.5	3.8	258.5	
<b>Closing cash</b>	<b>0.5</b>	<b>3.8</b>	<b>258.5</b>	<b>526.9</b>	

Source: Company, ICICI Direct Research

Exhibit 6: Balance Sheet					₹ crore
Year end March	FY25	FY26	FY27E	FY28E	
<b>Liabilities</b>					
Equity Capital	10.4	10.4	10.4	10.4	
Reserves & Surplus	2,782.9	3,151.3	3,521.8	3,933.5	
<b>Total Shareholders Funds</b>	<b>2,793.3</b>	<b>3,161.7</b>	<b>3,532.2</b>	<b>3,943.8</b>	
Minority Interest	0.0	0.0	0.0	0.0	
Long Term Borrowings	20.9	18.6	9.4	9.4	
Net Deferred Tax liability	154.0	183.8	183.8	183.8	
Other long term liabilities	0.0	0.0	0.0	0.0	
Long term provisions	0.0	0.0	0.0	0.0	
<b>Current Liabilities and Provisions</b>					
Short term borrowings	62.6	0.0	0.0	0.0	
Trade Payables	148.5	121.3	207.7	231.6	
Other Current Liabilities	92.5	94.1	106.7	119.0	
Short Term Provisions	9.4	10.1	11.5	12.8	
Total Current Liabilities	313.0	225.4	325.8	363.4	
<b>Total Liabilities</b>	<b>3,281.3</b>	<b>3,589.5</b>	<b>4,051.2</b>	<b>4,500.5</b>	
<b>Assets</b>					
Net Block	1,724.1	2,121.8	2,490.8	2,553.3	
Capital Work in Progress	438.2	214.1	0.0	0.0	
Intangible assets under devl.	0.0	0.0	0.0	0.0	
Goodwill on Consolidation	0.0	0.0	0.0	0.0	
Non-current investments	55.4	37.0	37.0	37.0	
Deferred tax assets	0.0	0.0	0.0	0.0	
Long term loans and advances	0.0	0.0	0.0	0.0	
Other Non Current Assets	25.9	0.0	0.0	0.1	
<b>Current Assets, Loans &amp; Advances</b>					
Current Investments	10.0	190.5	190.5	190.5	
Inventories	221.2	311.1	311.5	347.4	
Sundry Debtors	592.3	521.3	553.8	617.6	
Cash and Bank	0.5	3.8	258.5	526.9	
Loans and Advances	46.1	47.6	47.6	47.6	
Other Current assets	167.8	142.4	161.5	180.1	
Current Assets	1,037.8	1,216.6	1,523.4	1,910.1	
<b>Total Assets</b>	<b>3,281.3</b>	<b>3,589.5</b>	<b>4,051.2</b>	<b>4,500.5</b>	

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios				
Year end March	FY25	FY26	FY27E	FY28E
<b>Per share data (₹)</b>				
Adj. EPS	39.1	42.8	44.7	49.6
Adj. Cash EPS	47.6	53.5	56.8	62.9
BV	269.4	304.9	340.6	380.3
DPS	7.8	8.6	8.9	9.9
<b>Operating Ratios (%)</b>				
Gross Margin (%)	46.8	53.5	48.0	48.0
EBITDA Margin (%)	25.8	29.4	27.0	27.0
PAT Margin (%)	18.0	19.9	18.3	18.3
Debtor Days	96	85	80	80
Inventory Days	36	51	45	45
Creditor Days	24	20	30	30
Cash Conversion Cycle	108	117	95	95
<b>Return Ratios (%)</b>				
Return on Assets (%)	12.4	12.4	11.4	11.4
RoCE (%)	18.7	18.7	17.1	17.0
RoE (%)	14.5	14.0	13.1	13.0
<b>Solvency</b>				
Total Debt / Equity	0.0	0.0	0.0	0.0
Interest Coverage	1,032.1	1,451.6	919	1,021
Current Ratio	3.3	5.4	4.7	5.3
Quick Ratio	2.6	4.0	3.7	4.3
<b>Valuation Ratios (x)</b>				
EV/EBITDA	24.4	21.3	20.0	17.6
P/E	34.8	31.7	30.4	27.4
P/B	5.0	4.5	4.0	3.6
EV/Sales	6.3	6.2	5.4	4.7

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%

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