

May 16, 2025

## Q4FY25 Result Update

☒ Change in Estimates | ☒ Target | ☐ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>ACCUMULATE</b>		<b>ACCUMULATE</b>	
<b>Target Price</b>	<b>1,882</b>		<b>1,620</b>	
Sales (Rs. m)	26,176	29,389	25,643	28,215
% Chng.	2.1	4.2		
EBITDA (Rs. m)	6,865	7,744	6,650	7,364
% Chng.	3.2	5.2		
EPS (Rs.)	46.7	52.3	43.7	47.7
% Chng.	6.9	9.7		

### Key Financials - Standalone

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	19,000	22,481	26,176	29,389
EBITDA (Rs. m)	4,701	5,852	6,865	7,744
Margin (%)	24.7	26.0	26.2	26.4
PAT (Rs. m)	3,234	4,152	4,840	5,421
EPS (Rs.)	31.2	40.0	46.7	52.3
Gr. (%)	(22.8)	28.4	16.6	12.0
DPS (Rs.)	7.0	7.5	8.7	9.8
Yield (%)	0.4	0.4	0.5	0.6
RoE (%)	13.8	15.8	16.1	15.8
RoCE (%)	16.8	18.9	18.2	17.1
EV/Sales (x)	9.6	8.2	7.0	6.2
EV/EBITDA (x)	38.9	31.4	26.8	23.6
PE (x)	56.6	44.1	37.8	33.8
P/BV (x)	7.4	6.5	5.7	5.0

### Key Data

VNTI.BO | VO IN

52-W High / Low	Rs.2,331 / Rs.1,413
Sensex / Nifty	82,331 / 25,020
Market Cap	Rs.183bn / \$ 2,139m
Shares Outstanding	104m
3M Avg. Daily Value	Rs.121.81m

### Shareholding Pattern (%)

Promoter's	74.28
Foreign	3.83
Domestic Institution	9.21
Public & Others	12.67
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	8.6	(3.8)	12.0
Relative	1.6	(9.4)	0.2

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## ATBS Phase 1 expansion to come online in Jun'25

### Quick Pointers:

- 20% revenue growth guidance for next 3 years, margin guidance of 26%-27% for FY26
- Phase 1 of ATBS capacity expansion to commence by Jun'25. ATBS contributed 35% of topline in FY25

**Vinati Organics (VO IN) reported revenue of Rs6.5bn in Q4FY25, marking a robust 17.8% YoY and 24% sequential increase. The management has reiterated its guidance of 20% revenue CAGR over the next 3 years, along with EBITDA margins in the range of 26%–27%. ATBS, the company's key high-margin product, delivered strong growth during the quarter, driven by rising demand in the O&G sector, where it is used as a tertiary oil recovery agent. The antioxidants segment, which generated ~Rs2.2bn revenue in FY25, is expected to see robust growth ahead, supported by annual contracts the company plans to secure with domestic customers. New products like MEHQ and Guaiacol are expected to make a meaningful contribution in FY26, with a peak revenue potential of Rs4bn. The ongoing ATBS expansion, with Phase 1 expected to be commissioned by Jun'25, is well aligned with increasing market demand. Additionally, new product launches, including anisole, 4MAP, TAA, and PTAP, are expected in Q2FY26 and Q3FY26. These product launches position the company for strong performance in the coming years. We maintain 'Accumulate' rating with revised TP of Rs1,886, valuing it at 36x FY27 EPS.**

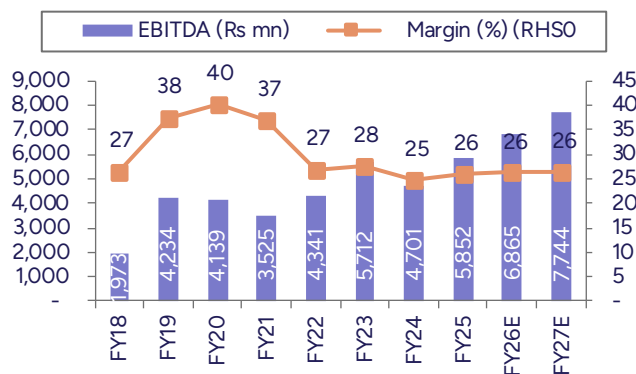
- Healthy YoY and QoQ topline growth:** Standalone and consolidated revenue stood at Rs6.5bn (17.8% YoY/ 24% QoQ; PLe: Rs6.2bn, Consensus: Rs6.3bn). Reported topline was 5.5% higher than our estimates. FY25 revenue was 22.5% higher than FY24. Gross profit margin at 47.4% (vs 46.6% in Q4FY24 and 49% in Q3FY25) declined sequentially by 160bps due to increase in overall raw material cost.
- EBITDAM expands by 90bps QoQ and 100bps YoY:** EBITDA stood at Rs1836mn, up 22.2% YoY and 28.6% QoQ (PLe: Rs1,836mn, Consensus: Rs1,754mn). EBITDAM stood at 28.3% (PLe: 27.6%) as against 27.3% in Q4FY24 and 27.4% in Q3FY25; the 90bps sequential increase was due to lower operating expenses. Reported standalone PAT stood at Rs1,267mn (22% YoY/34% QoQ), while margin was 20% vs 19% in Q4FY24 and 18% in Q3FY25.
- Management commentary:** (1) ATBS showed 30% growth in FY25, driven by volume increase. VO continues to maintain 60-65% global market share in ATBS. (2) ATBS is witnessing high demand from the O&G sector. VO has an order backlog due to capacity constraints. (3) ATBS capacity expansion will be completed in phases: 25-30% increase in Phase 1, and Phase 2 will come online after a year post commercialization of Phase 1. (4) Antioxidants saw 70% revenue increase YoY, and robust growth is expected in FY26. (5) Butyl phenol and antioxidants together are expected reach Rs8-8.5bn revenue in FY26, with total peak revenue expected at Rs10bn. (6) Antioxidants' plants are running at ~50% utilization, and are expected reach 90% in the next 2 years. (7) Antioxidants are facing import competition for from China and Singapore. (8) VOPL: ~Rs1bn revenue is expected in FY26; of Rs5bn planned capex, Rs2.5bn has already been incurred. Asset turnover is expected to be 1x. (9) New products like anisole, 4MAP, TAA, and PTAP are expected to be launched in Q2FY26 and Q3FY26.

Exhibit 1: Q4FY25 Result Overview - Standalone (Rs mn)

Y/e March	Q4FY25	Q4FY24	YoY gr. (%)	Q4FY25E	% Var.	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
<b>Net Sales</b>	<b>6,485</b>	<b>5,503</b>	<b>17.8</b>	<b>6,149</b>	<b>5.5</b>	<b>5,217</b>	<b>24.3</b>	<b>22,481</b>	<b>19,000</b>	<b>18.3</b>
Gross Profit	3,071	2,563	19.8	3,007	2.1	2,557	20.1	10,517	8,886	18.4
Margin (%)	47.4	46.6		48.9		49.0		46.8	46.8	
<b>EBITDA</b>	<b>1,836</b>	<b>1,502</b>	<b>22.2</b>	<b>1,697</b>	<b>8.2</b>	<b>1,428</b>	<b>28.6</b>	<b>5,852</b>	<b>4,701</b>	<b>24.5</b>
Margin (%)	28.3	27.3		27.6		27.4		26.0	24.7	
Other Income	61	96	(36.2)	84	(27.0)	67	(8.1)	443	388	14.2
Depreciation	202	194	4.0	214	(5.8)	205	(1.6)	808	728	10.9
<b>EBIT</b>	<b>1,695</b>	<b>1,404</b>	<b>20.7</b>	<b>1,567</b>	<b>8.2</b>	<b>1,290</b>	<b>31.5</b>	<b>5,488</b>	<b>4,361</b>	<b>25.8</b>
Interest	2	9	(81.2)	2	(17.9)	1	77.8	5	36	(85.7)
<b>PBT before exceptional items</b>	<b>1,694</b>	<b>1,396</b>	<b>21.3</b>	<b>1,565</b>	<b>8.2</b>	<b>1,289</b>	<b>31.4</b>	<b>5,482</b>	<b>4,325</b>	<b>26.8</b>
Total Tax	418	351	19.2	400	4.6	333	25.5	1,330	1,091	21.9
ETR (%)	24.7	25.1		25.5		25.8		24.3	25.2	
<b>Adj. PAT</b>	<b>1,276</b>	<b>1,045</b>	<b>22.1</b>	<b>1,166</b>	<b>9.4</b>	<b>956</b>	<b>33.5</b>	<b>4,152</b>	<b>3,234</b>	<b>28.4</b>
Exceptional Items	0	0		0		0		0	0	
<b>PAT</b>	<b>1,276</b>	<b>1,045</b>	<b>22.1</b>	<b>1,166</b>	<b>9.4</b>	<b>956</b>	<b>33.5</b>	<b>4,152</b>	<b>3,234</b>	<b>28.4</b>

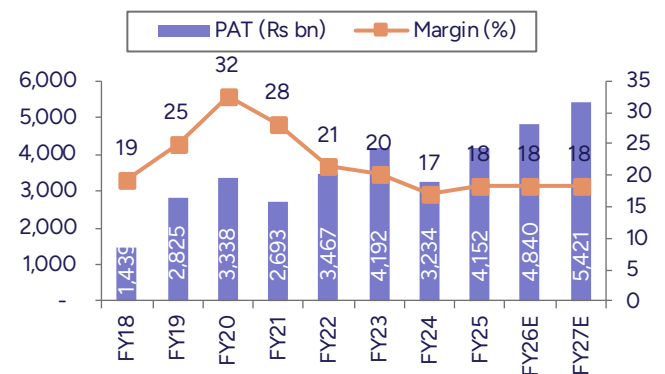
Source: Company, PL

Exhibit 2: EBITDA margins to be maintained at 26%



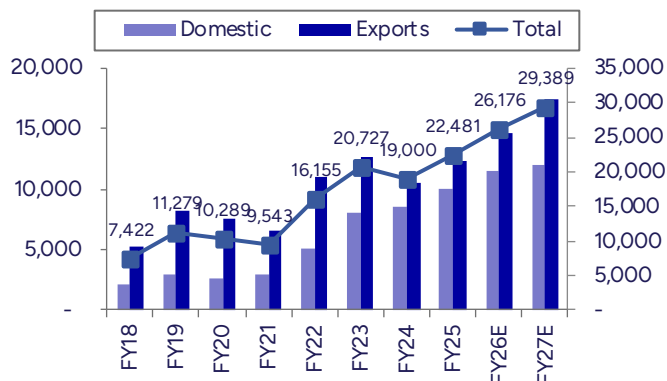
Source: Company, PL

Exhibit 3: PAT to grow at 14% CAGR over FY25-27E



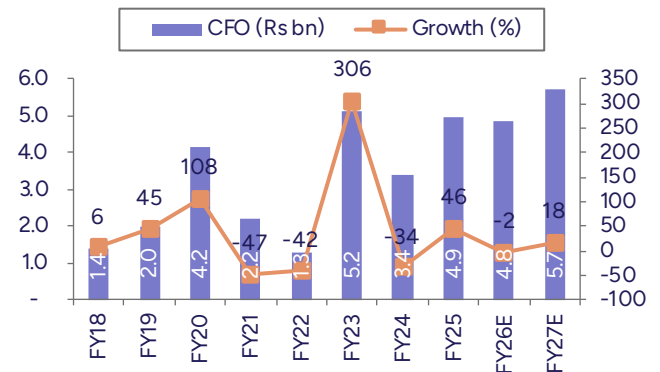
Source: Company, PL

Exhibit 4: Revenue to grow 14% CAGR over FY25-27E



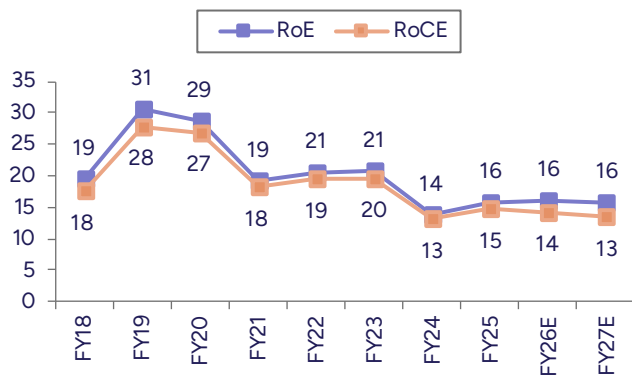
Source: Company, PL

Exhibit 5: Strong growth in CFO



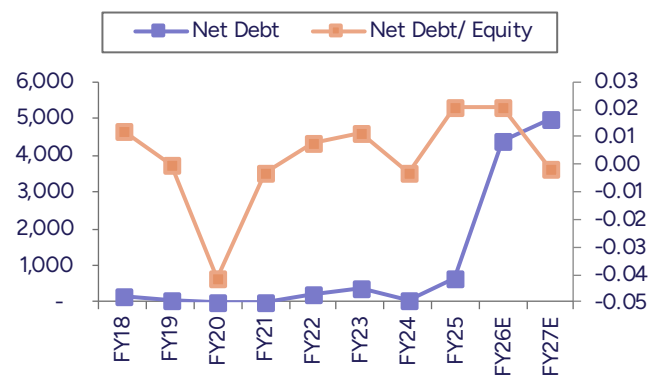
Source: Company, PL

**Exhibit 6: Return ratios to hover at 13-16%**



Source: Company, PL

**Exhibit 7: Net debt/equity estimated at 0-0.02 in FY27E**



Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>19,000</b>	<b>22,481</b>	<b>26,176</b>	<b>29,389</b>
YoY gr. (%)	(8.3)	18.3	16.4	12.3
Cost of Goods Sold	10,113	11,964	13,743	15,429
Gross Profit	8,886	10,517	12,434	13,960
Margin (%)	46.8	46.8	47.5	47.5
Employee Cost	1,189	1,380	1,642	1,954
Other Expenses	2,996	3,285	3,926	4,261
<b>EBITDA</b>	<b>4,701</b>	<b>5,852</b>	<b>6,865</b>	<b>7,744</b>
YoY gr. (%)	(17.7)	24.5	17.3	12.8
Margin (%)	24.7	26.0	26.2	26.4
Depreciation and Amortization	728	808	925	1,095
<b>EBIT</b>	<b>3,973</b>	<b>5,045</b>	<b>5,940</b>	<b>6,650</b>
Margin (%)	20.9	22.4	22.7	22.6
Net Interest	36	5	10	10
Other Income	388	443	524	588
<b>Profit Before Tax</b>	<b>4,325</b>	<b>5,482</b>	<b>6,453</b>	<b>7,227</b>
Margin (%)	22.8	24.4	24.7	24.6
Total Tax	1,327	1,535	1,613	1,807
Effective tax rate (%)	30.7	28.0	25.0	25.0
<b>Profit after tax</b>	<b>3,234</b>	<b>4,152</b>	<b>4,840</b>	<b>5,421</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>3,234</b>	<b>4,152</b>	<b>4,840</b>	<b>5,421</b>
YoY gr. (%)	(22.8)	28.4	16.6	12.0
Margin (%)	17.0	18.5	18.5	18.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>3,234</b>	<b>4,152</b>	<b>4,840</b>	<b>5,421</b>
YoY gr. (%)	(22.8)	28.4	16.6	12.0
Margin (%)	17.0	18.5	18.5	18.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,234	4,152	4,840	5,421
<b>Equity Shares O/s (m)</b>	<b>104</b>	<b>104</b>	<b>104</b>	<b>104</b>
<b>EPS (Rs)</b>	<b>31.2</b>	<b>40.0</b>	<b>46.7</b>	<b>52.3</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>16,566</b>	<b>17,888</b>	<b>21,488</b>	<b>25,088</b>
Tangibles	16,566	17,888	21,488	25,088
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>3,262</b>	<b>4,069</b>	<b>4,995</b>	<b>6,089</b>
Tangibles	3,262	4,069	4,995	6,089
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>13,296</b>	<b>13,819</b>	<b>16,494</b>	<b>18,999</b>
Tangibles	13,296	13,819	16,494	18,999
Intangibles	-	-	-	-
Capital Work In Progress	2,461	2,985	2,985	2,985
Goodwill	-	-	-	-
Non-Current Investments	2,373	5,233	5,233	5,233
Net Deferred tax assets	(1,335)	(1,540)	(1,540)	(1,540)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	1,984	2,168	2,524	2,834
Trade receivables	5,296	5,937	6,913	7,762
Cash & Bank Balance	127	35	3,728	5,061
Other Current Assets	-	-	-	-
<b>Total Assets</b>	<b>28,268</b>	<b>32,629</b>	<b>40,731</b>	<b>46,079</b>
<b>Equity</b>				
Equity Share Capital	104	104	104	104
Other Equity	24,540	27,964	31,897	36,303
<b>Total Network</b>	<b>24,644</b>	<b>28,067</b>	<b>32,001</b>	<b>36,407</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	46	626	4,400	5,000
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	1,007	1,425	1,660	1,863
Other current liabilities	1,235	971	1,130	1,269
<b>Total Equity &amp; Liabilities</b>	<b>28,268</b>	<b>32,630</b>	<b>40,731</b>	<b>46,079</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	4,325	5,482	6,453	7,227
Add. Depreciation	728	808	925	1,095
Add. Interest	36	5	10	10
Less Financial Other Income	388	443	524	588
Add. Other	(152)	(146)	-	-
Op. profit before WC changes	4,937	6,149	7,389	8,332
Net Changes-WC	(683)	(261)	(938)	(816)
Direct tax	(871)	(943)	(1,613)	(1,807)
<b>Net cash from Op. activities</b>	<b>3,383</b>	<b>4,944</b>	<b>4,837</b>	<b>5,709</b>
Capital expenditures	(2,445)	(1,897)	(3,600)	(3,600)
Interest / Dividend Income	89	149	-	-
Others	(1,178)	(3,049)	(403)	(350)
<b>Net Cash from Inv. activities</b>	<b>(3,534)</b>	<b>(4,797)</b>	<b>(4,003)</b>	<b>(3,950)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	(306)	580	3,774	600
Dividend paid	(723)	(724)	(906)	(1,015)
Interest paid	(36)	(5)	(10)	(10)
Others	-	0	1	-
<b>Net cash from Fin. activities</b>	<b>(1,065)</b>	<b>(149)</b>	<b>2,859</b>	<b>(425)</b>
<b>Net change in cash</b>	<b>(1,216)</b>	<b>(2)</b>	<b>3,692</b>	<b>1,334</b>
Free Cash Flow	938	3,047	1,237	2,109

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	31.2	40.0	46.7	52.3
CEPS	38.2	47.8	55.6	62.8
BVPS	237.6	270.7	308.6	351.1
FCF	9.0	29.4	11.9	20.3
DPS	7.0	7.5	8.7	9.8
<b>Return Ratio(%)</b>				
RoCE	16.8	18.9	18.2	17.1
ROIC	11.7	13.6	14.5	14.5
RoE	13.8	15.8	16.1	15.8
<b>Balance Sheet</b>				
Net Debt : Equity (x)	-	0.0	0.0	-
Net Working Capital (Days)	121	108	108	108
<b>Valuation(x)</b>				
PER	56.6	44.1	37.8	33.8
P/B	7.4	6.5	5.7	5.0
P/CEPS	46.2	36.9	31.7	28.1
EV/EBITDA	38.9	31.4	26.8	23.6
EV/Sales	9.6	8.2	7.0	6.2
Dividend Yield (%)	0.4	0.4	0.5	0.6

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>Net Revenue</b>	<b>5,247</b>	<b>5,533</b>	<b>5,217</b>	<b>6,485</b>
YoY gr. (%)	-	19.5	16.4	17.8
Raw Material Expenses	2,891	2,999	2,660	3,413
Gross Profit	2,356	2,534	2,557	3,071
Margin (%)	44.9	45.8	49.0	47.4
<b>EBITDA</b>	<b>1,251</b>	<b>1,340</b>	<b>1,428</b>	<b>1,836</b>
YoY gr. (%)	-	27.9	24.5	22.2
Margin (%)	23.8	24.2	27.4	28.3
Depreciation / Depletion	196	205	205	202
<b>EBIT</b>	<b>1,055</b>	<b>1,135</b>	<b>1,223</b>	<b>1,634</b>
Margin (%)	20.1	20.5	23.4	25.2
Net Interest	4	1	1	2
Other Income	92	222	67	61
<b>Profit before Tax</b>	<b>1,143</b>	<b>1,357</b>	<b>1,289</b>	<b>1,694</b>
Margin (%)	21.8	24.5	24.7	26.1
Total Tax	284	295	333	418
Effective tax rate (%)	24.8	21.8	25.8	24.7
<b>Profit after Tax</b>	<b>859</b>	<b>1,061</b>	<b>956</b>	<b>1,276</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>859</b>	<b>1,061</b>	<b>956</b>	<b>1,276</b>
YoY gr. (%)	-	46.4	24.1	22.1
Margin (%)	16.4	19.2	18.3	19.7
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>859</b>	<b>1,061</b>	<b>956</b>	<b>1,276</b>
YoY gr. (%)	-	46.4	24.1	22.1
Margin (%)	16.4	19.2	18.3	19.7
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>859</b>	<b>1,061</b>	<b>956</b>	<b>1,276</b>
Avg. Shares O/s (m)	103	103	103	103
<b>EPS (Rs)</b>	<b>8.4</b>	<b>10.3</b>	<b>9.3</b>	<b>12.4</b>

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	Accumulate	1,620	1,459
2	03-Feb-25	Accumulate	1,934	1,749
3	08-Jan-25	Accumulate	1,925	1,707
4	12-Nov-24	Accumulate	2,055	1,835
5	05-Oct-24	Accumulate	2,220	2,015
6	12-Aug-24	Accumulate	2,237	2,108
7	04-Jul-24	Accumulate	2,048	1,948
8	18-May-24	Accumulate	1,781	1,620

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	394	449
2	Bharat Petroleum Corporation	Reduce	267	311
3	Bharti Airtel	Accumulate	1,988	1,834
4	Clean Science and Technology	Hold	1,224	1,167
5	Deepak Nitrite	Reduce	1,645	1,835
6	Fine Organic Industries	BUY	4,930	4,176
7	GAIL (India)	Hold	191	184
8	Gujarat Fluorochemicals	Reduce	3,328	3,671
9	Gujarat Gas	Hold	395	393
10	Gujarat State Petronet	Hold	288	288
11	Hindustan Petroleum Corporation	Sell	319	397
12	Indian Oil Corporation	Reduce	122	143
13	Indraprastha Gas	Sell	150	185
14	Jubilant Ingrevia	Hold	735	700
15	Laxmi Organic Industries	Reduce	160	169
16	Mahanagar Gas	Hold	1,410	1,410
17	Mangalore Refinery & Petrochemicals	Sell	109	129
18	Navin Fluorine International	Accumulate	5,161	4,595
19	NOCIL	Reduce	156	166
20	Oil & Natural Gas Corporation	BUY	264	220
21	Oil India	BUY	659	343
22	Petronet LNG	Reduce	248	278
23	Reliance Industries	Accumulate	1,482	1,300
24	SRF	Hold	3,069	2,928
25	Vinati Organics	Accumulate	1,620	1,459

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

## **ANALYST CERTIFICATION**

### **(Indian Clients)**

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