DALALBYTES RESEARCH

Vinati Organics

Vinati Organics Ltd

The world's largest maker of IBB and ATBS: about 65% global share in each, 29% operating margins, an AA+ balance sheet, and a price near its 52-week low

NSE: VINATIORGA · BSE: 524200

October 20, 2026

Reference: Rs 1,118.60, NSE close of October 19, 2026. Founding story, products, integration, the Veeral deals, financials, competition, management and governance, valuation vs peers, risks, and FY2029 scenarios.

© DalalBytes

VERDICT

70 / 100 : Selective Positive

Vinati Organics is the world's largest producer of two specialty chemicals most investors have never handled: IBB, the key intermediate for ibuprofen, and ATBS, a performance monomer used in oilfield, water treatment and personal care applications. CARE Ratings puts its global share at about 65% in each. It is also India's largest maker of isobutylene (IB) and butyl phenols, and the sole domestic producer of TBA, TB Amine and butyl phenols. That is a real moat in small ponds, run on a near debt-free balance sheet with a CARE AA+ Stable rating.

The operating record is strong and lumpy in equal measure. Revenue rose from Rs 1,616 cr in FY22 to Rs 2,227 cr in FY26, operating profit margin expanded to 29% in FY26, and PAT reached Rs 444 cr with EPS of Rs 42.80. The path was not smooth: FY24 revenue fell to Rs 1,900 cr and PAT to Rs 323 cr, and FY26 revenue was flat even as margins recovered, because the new Veeral Organics capacities ramped late and dragged consolidated profit below the standalone figure.

The market has repriced the lumpiness, not the franchise. At Rs 1,118.60 the stock sits close to its 52-week low of Rs 1,115, about 34% below its level a year ago, at 25.9 times earnings. Peers with weaker global positions trade higher. Q1 FY27 gave the first clean evidence that growth is returning: revenue up 28% to Rs 696 cr. That combination, a dominant niche franchise, a fortress balance sheet, a visible capacity pipeline and a low-end price, is what earns Selective Positive. The deductions that keep it from Positive are a partial sunrise (mature end markets, not a boom), a free cash flow record interrupted by heavy capex, and an expansion programme whose returns are still to be proven.

Reference price: Rs 1,118.60 (NSE close, Monday, October 19, 2026). Market cap Rs 11,596 cr. 52-week range Rs 1,115 to Rs 1,713.

FY2029 targets: Bear Rs 1,090 / Base Rs 1,685 / Bull Rs 2,390. See Section 14 for assumptions.

1. SNAPSHOT

Item	Detail
Company	Vinati Organics Ltd, Mumbai, India
Founded	1989 by Vinod Banwarilal Saraf; named after his daughter Vinati
Business	Specialty chemicals: IBB, ATBS, isobutylene (IB), butyl phenols, TBA, TB Amine, antioxidants and derivatives, 30+ products
Global position	World's largest producer of IBB and ATBS, about 65% global share in each (CARE Ratings)

Item	Detail
Plants	4 manufacturing sites at Mahad and Lote, Maharashtra
Scale	FY26 revenue Rs 2,227 cr (flat year on year); Q1 FY27 revenue Rs 696 cr (+28%)
Mix	Exports about 56% of revenue, 40+ countries; customers include BASF, Dow, SNF, Mitsubishi and Chemtall
Balance sheet	Borrowings about nil on Screener FY26 (Rs 26.71 cr total borrowings per CARE); gearing 0.01x; CARE AA+ Stable / A1+ reaffirmed October 8, 2026
Ownership	Promoters 74.29% (September 2026, unchanged 8+ quarters, zero pledging); FII 3.64%, DII 9.00%, public 13.07%
Returns	ROCE 19.8%, ROE 14.9% (Screener headline, October 2026)
Dividend	Rs 8.50 a share for FY26, payout about 20%, yield 0.76% at the reference price
Forward guide	Management EBITDA margin guidance of 26 to 27% for FY27 (September 2026)

2. FOUNDING STORY: A 17-YEAR-OLD GRADUATE BUILDS A CHEMICALS HOUSE

The founder. Vinod Banwarilal Saraf completed his B.Com at 17 and was an MBA topper at BITS Pilani, then worked with the Aditya Birla group and MRPL team before turning entrepreneur. The training shows in the company's shape to this day: conservative finance, process discipline, and a preference for products where technology, not scale alone, decides who wins.

The founding bet. Vinati Organics was founded in 1989 and named after Saraf's daughter Vinati, then age six. The first product was IBB, made with French IFP technology, in a Rs 14 cr project at Mahad. Commercial production began in July 1992 at 1,200 TPA.

Why IBB was the right first pond. Indian ibuprofen makers then imported IBB at a 110% import duty. Globally there were only two makers, in the UK and the US, and both later exited the business. Vinati entered as the import substitute, learned the process, and inherited the pond as the incumbents left. When Chevron Phillips exited in 2007, US demand shifted to Vinati. The pattern set here, pick a small global market, master a difficult process, and outlast larger rivals who find the pond too small to defend, is still the company's strategy.

The second pond. The Lote plant started ATBS commercial production in October 2002 at 1,000 MT, making Vinati only the third producer globally. ATBS became the second global leadership position and, over time, the larger growth engine. Turnover in FY06 was Rs 66 cr. From that base the company compounded into a Rs 2,227 cr revenue business by FY26 without ever leaning on debt.

The succession. Vinati Saraf Mutreja, the founder's daughter and the company's namesake, joined in 2006 as executive director after a Wharton degree in economics and finance and a stint at Oliver Wyman. She has been Managing Director and CEO since 2018. The founder remains Chairman. Section 10 grades the handover and the record under both generations.

3. THE BUSINESSES: TWO WORLD TITLES, ONE INTEGRATED CHAIN

IBB: the ibuprofen intermediate

What it is. IBB (isobutyl benzene) is the key starting intermediate for ibuprofen, one of the world's most widely used pain and fever medicines. The buyer set is concentrated: ibuprofen active ingredient makers who qualify a supplier once and then buy for years, because a change in an intermediate supplier means revalidation work with drug regulators.

The position. Vinati is the world's largest IBB producer, with about 65% global share per CARE Ratings. The original Mahad line began at 1,200 TPA in 1992; the two original global rivals in the UK and US have exited, and the 2007 Chevron Phillips exit moved US demand to Vinati. A market this small, with qualification barriers this real, is hard to attack profitably from outside.

The economics. Demand tracks global ibuprofen volumes: steady, non-cyclical in the way pharmaceutical volumes are, and unspectacular. IBB is the annuity of the portfolio, not the growth engine. Pricing is supported by the qualification moat and by long relationships rather than by scarcity pricing, and sales across the portfolio are largely on cost-plus or long-term contract terms per company commentary.

ATBS: the growth engine

What it is. ATBS is a specialty monomer whose sulfonic acid chemistry gives polymers stability at high temperature, high salinity and high shear, exactly the conditions where ordinary polymers fail. That single technical property opens four distinct demand pools.

Where it is used. In oilfield work and enhanced oil recovery, ATBS-based polymers keep viscosity and performance in hot, salty reservoirs. In water treatment, they act as scale inhibitors and dispersants. In personal care, they are used in formulations that need stable texture and performance. Further uses include adhesives and specialty polymers.

The position. Vinati is the world's largest ATBS producer, with about 65% global share per CARE Ratings, from a standing start as the third global producer at Lote in 2002 with 1,000 MT. Customers include BASF, Dow, SNF, Mitsubishi and Chemtall, a list that itself signals qualification depth: these are buyers with global procurement teams and no shortage of alternatives.

The capacity step. ATBS Phase 1 expansion of 10,000 TPA was commissioned on November 5, 2025, taking ATBS capacity to 50,000 MT. Capacity of that size, added by the share leader into its own market, is both a growth bet and a share defence: it lets Vinati serve volume growth at SNF, Dow and peers without inviting a second source into the account.

Isobutylene and derivatives: the integrated backbone

What it is. IB (isobutylene) is the feedstock backbone of the portfolio, and Vinati is India's largest IB maker. From IB and related streams the company makes TBA, TB Amine and a family of derivatives, several of them as the sole domestic producer.

Why integration matters technically. Specialty chemical margins are often decided at the feedstock step, not the finishing step. A maker who produces its own IB controls cost, purity and availability for IBB, butyl phenols and derivative lines downstream, while a non-integrated rival buys the same molecule at a merchant margin. Integration is also a capacity moat: a new entrant must build the chain, not just the last reactor.

The sole-producer list. Per CARE and company disclosures, Vinati is the sole domestic producer of TBA, TB Amine and butyl phenols, and also lists OSBP and DSBP among its sole-producer products. Sole domestic production does not mean no competition, imports still compete, but it does mean Indian buyers who want a local, qualified source have one name to call.

Butyl phenols: India's largest position

What it is. Butyl phenols are intermediates used downstream in applications including antioxidants and specialty formulations. Vinati is India's largest maker of butyl phenols.

The link forward. Butyl phenols feed directly into the antioxidant chain, which is why the Veeral Additives merger in Section 5 is vertical logic, not diversification for its own sake: the company already made a key input, and the merger bought the downstream conversion.

Antioxidants: the newest pond

What it is. Antioxidants protect polymers, rubber, fuels and lubricants from heat and oxygen degradation. They are volume products with global competition, a different competitive texture from IBB and ATBS.

The position. The Veeral Additives merger (December 2023) brought antioxidant capacity of 24,000 TPA, described as among Asia's largest antioxidant setups. Broker notes flag that antioxidants face pricing pressure from China and Singapore supply. This is the one business in the portfolio where Vinati is a scale player without a global title, and the report grades it that way in Sections 8 and 9.

The portfolio in one view

Line	Position	Role in the portfolio
IBB	World's largest, about 65% global share	Pharma-linked annuity, qualification moat
ATBS	World's largest, about 65% global share; 50,000 MT capacity after Nov 2025 expansion	Growth engine across oilfield, water, personal care
IB (isobutylene)	India's largest	Integrated feedstock backbone
Butyl phenols	India's largest; sole domestic producer	Intermediate, feeds antioxidants
TBA, TB Amine, OSBP, DSBP	Sole domestic producer	Niche derivatives, import substitution

Line	Position	Role in the portfolio
Antioxidants	24,000 TPA via Veeral Additives, among Asia's largest setups	Newest pond, price-competitive
VOPL products (MEHQ, Guaiacol, Anisole, Iso Amylene, 4-MAP)	New capacities ramping	Forward integration and new niches

4. THE FLYWHEEL: INTEGRATION, QUALIFICATION, COST-PLUS

Layer one: feedstock integration lowers the cost floor. Captive IB and the Mahad and Lote site integration mean the flagship products start the cost race one step ahead. In cost-plus and long-term contract structures, a lower cost floor converts directly into either margin or share defence, at the company's choice.

Layer two: qualification compounds. Every year an IBB or ATBS line runs inside a BASF, Dow or SNF process, the cost of switching away rises. Drug and performance-chemical buyers revalidate slowly and reluctantly. About 65% global share in two products is the accumulated result of thousands of such small lock-ins, not of a single patent or brand.

Layer three: exports diversify the cycle. Exports are about 56% of revenue across 40+ countries. Oilfield demand, water treatment demand and pharma demand do not move together, so a portfolio sold into all three, on two continents' customer bases, smooths what a single end market would make violent. CARE notes US tariff impact as negligible, with ATBS exempt and limited substitutability, which protects this layer for now.

Layer four: the balance sheet funds patience. A near debt-free company can build 10,000 TPA of ATBS or a Rs 500 cr subsidiary programme through a flat year without asking a lender or the equity market for permission. FY26, flat revenue and a delayed ramp, is the proof: the programme continued, the rating held at AA+ Stable, and no equity was diluted.

Where the flywheel slips. Integration helps only where the chain is actually integrated. The newest ponds, antioxidants and the VOPL product set, are still ramping, still proving yields and customer acceptance, and in antioxidants face import pricing the flywheel cannot repeal. Section 5 prices that gap.

5. EXPANSION AND DEALS: VEERAL IN, VEERAL ORGANICS RAMPING

The Veeral Additives merger. Veeral Additives was merged into Vinati Organics in December 2023 under an NCLT-approved scheme. The asset that came with it is antioxidant capacity of 24,000 TPA, described as among Asia's largest antioxidant setups. Strategically the deal is backward-to-forward integration: Vinati already produced butyl phenols, a key input into the antioxidant chain, and the merger internalised the conversion step and its customer relationships.

What the merger did not bring. It did not bring a global title. Antioxidants are contested by China and Singapore producers on price, per broker notes, so the merged capacity earns its return by utilisation, yield and input integration rather than by share dominance. Investors should grade this asset as a manufacturing business, not as a third IBB.

Veeral Organics Pvt Ltd (VOPL): the Rs 500 cr programme. VOPL is a wholly owned subsidiary building a new product slate: MEHQ and Guaiacol at 3,000 TPA combined, Anisole at 5,000 TPA, Iso Amylene at 30,000 TPA, and 4-MAP at 1,000 TPA, within a capex programme of about Rs 500 cr. MEHQ and Guaiacol extend the phenol chain the company already leads domestically (Guaiacol is a step toward vanillin and flavour chains; MEHQ is a polymerisation inhibitor), Anisole broadens the intermediates shelf, and Iso Amylene at 30,000 TPA is the volume leg of the programme.

The ramp is the FY26 story. CARE records that the VOPL ramp was delayed in FY26. The P and L shows the cost plainly: standalone FY26 PAT was Rs 488 cr on company results, while consolidated PAT was Rs 444 cr. The roughly Rs 44 cr gap is, in substance, the drag of a subsidiary in ramp: depreciation, start-up costs and overheads arriving before volume and yield do. Until VOPL prints at scale, consolidated earnings will understate the core franchise and overstate nothing. That is a timing drag if the ramp completes, and a capital allocation question if it does not.

The ATBS step, restated as a deal with itself. The 10,000 TPA ATBS Phase 1 expansion commissioned on November 5, 2025 took capacity to 50,000 MT. Unlike VOPL, this is capacity in the flagship product, sold to existing qualified customers, and it is the lowest-risk growth capital in the programme.

The rest of the programme. Capex was Rs 391 cr in FY25, with FY26 guided at Rs 350 to 400 cr. The company added 32.5 MW of solar capacity in FY25, a cost and energy-security investment for power-hungry chemical operations in Maharashtra. A US subsidiary, Vinati Organics USA Inc, was incorporated in February 2025, putting a local entity under the largest export geography. None of these items is transformational alone; together they describe a company spending its flat years building capacity, energy cover and market presence for the next growth leg.

Expansion item	Scale	Status at this report
ATBS Phase 1 expansion	+10,000 TPA, to 50,000 MT total	Commissioned November 5, 2025
Veeral Additives merger	Antioxidants 24,000 TPA	Merged December 2023 (NCLT)
VOPL: MEHQ + Guaiacol	3,000 TPA combined	Ramping; delayed in FY26 per CARE
VOPL: Anisole	5,000 TPA	Part of about Rs 500 cr programme
VOPL: Iso Amylene	30,000 TPA	Part of about Rs 500 cr programme
VOPL: 4-MAP	1,000 TPA	Part of about Rs 500 cr programme
Solar	32.5 MW	Added in FY25

Expansion item	Scale	Status at this report
US subsidiary	Vinati Organics USA Inc	Incorporated February 2025

6. FINANCIALS: MARGIN UP, GROWTH PAUSED, THEN A STRONG QUARTER

Consolidated figures from Screener.in unless noted. Operating profit is Screener's operating profit line. Q1 FY27 is consolidated per CARE and Screener.

Fiscal year	Revenue (Rs cr)	Operating profit (Rs cr)	OP margin	PAT (Rs cr)	EPS (Rs)
FY22	1,616	435	27%	347	33.72
FY23	2,066	573	28%	419	40.78
FY24	1,900	471	25%	323	31.15
FY25	2,248	582	26%	405	39.09
FY26	2,227	655	29%	444	42.80
Q1 FY27	696	170	24%	109	n.d.

Read the arc in three parts. FY22 to FY23 was the post-Covid specialty upcycle: revenue up 28%, PAT up 21%, margins at 28%. FY24 was the correction: revenue down 8% to Rs 1,900 cr, PAT down 23% to Rs 323 cr, margin down to 25%, as global chemical destocking hit volumes and pricing across the sector. FY25 to FY26 was a margin-led recovery without a volume headline: revenue recovered to Rs 2,248 cr in FY25 and held at Rs 2,227 cr in FY26, while operating margin climbed back to 29% and PAT set the series high at Rs 444 cr.

FY26 quality check. The FY26 print deserves a careful read. Operating profit rose 13% to Rs 655 cr on flat revenue, which means the year was won on mix, pricing and cost, not on volume. EPS of Rs 42.80 is the series high. Against that, the consolidated PAT of Rs 444 cr sits below standalone PAT of Rs 488 cr because of the VOPL ramp drag covered in Section 5, so the core business earned more than the consolidated line shows.

Q1 FY27 is the hinge quarter. Revenue of Rs 696 cr was up 28% on Q1 FY26 revenue of Rs 542 cr, the strongest growth print since FY23, with operating profit of Rs 170 cr at a 24% margin and PAT of Rs 109 cr against Rs 104 cr a year earlier. The margin was softer than the FY26 average, consistent with new capacity and mix in the base, and management guidance for FY27 EBITDA margin is 26 to 27% (September 2026). One quarter does not close the VOPL question, but volume growth at 28% is the right first answer.

Returns are good, not elite. Screener headline ROCE is 19.8% and ROE 14.9%. The ROCE series runs 27%, 28%, 19%, 20% and 20% across FY22 to FY26: the FY23 peak belonged to the upcycle, and the current 20% band reflects a heavier asset base (fixed assets of Rs 2,122 cr and CWIP of Rs 214 cr at FY26)

built ahead of its earnings. If the new capacities fill, ROCE rebuilds from volume; if they do not, the asset base stays heavy. The dividend for FY26 is Rs 8.50 a share, a payout of about 20%.

7. CASH FLOW AND CAPITAL ALLOCATION: STRONG OPERATIONS, HEAVY BUILDING

Fiscal year	Operating cash flow (Rs cr)	Free cash flow (Rs cr)	Borrowings (Rs cr)
FY22	127	-47	18
FY23	515	200	35
FY24	332	-65	5
FY25	458	-39	63
FY26	558	288	about nil

Free cash flow is operating cash flow less capex on Screener's series. FY26 borrowings are about nil on Screener; CARE records total borrowings of Rs 26.71 cr and gearing of 0.01x for FY26.

The operating engine is excellent. Operating cash flow rose to Rs 558 cr in FY26, and CFO to EBITDA was 106% in FY26: the year's profit converted into cash in full. That conversion, in a year of flat revenue, is the balance sheet doing its quiet work, and it is why the expansion programme never needed outside money.

The free cash flow record is the honest deduction. Free cash flow was negative in three of the five years (FY22, FY24, FY25) because capex ran ahead of operations during the build phase, then printed Rs 288 cr in FY26 as operating cash peaked. Cumulatively the company has self-funded an ATBS expansion, a merger, a Rs 500 cr subsidiary programme and 32.5 MW of solar while keeping borrowings near zero and paying a dividend every year. That is disciplined capital allocation with a lumpy cash signature, and the five-pillar companion grades Free Cash Flow PARTIAL for exactly that lumpiness.

Working capital is lengthening. Debtor days were 85 in FY26, inventory days rose to 110 from 68, the cash conversion cycle was 152 days, and working capital days were 130 (Screener). Inventory building ahead of new capacity explains part of the rise; it still means each incremental rupee of growth now carries more working capital than it used to, and it is a named watch item for FY27.

The balance sheet itself needs no caveat. Net worth is about Rs 3,161 cr (equity capital Rs 10 cr, reserves Rs 3,151 cr) against total assets of Rs 3,579 cr. CARE reaffirmed AA+ Stable and A1+ on October 8, 2026, with gearing of 0.01x. Promoters hold 74.29% with zero pledging, unchanged for eight-plus quarters. There is no refinancing story, no pledge story and no dilution story in this company.

8. STRENGTHS

What to watch

Veeral Organics utilisation after the delayed FY26 ramp, ATBS volumes as the 50,000 MT capacity fills, and inventory days after FY26 hit 110 decide whether a 25.9x multiple has anywhere to go.

- 1. **Two world titles in qualified products.** About 65% global share in both IBB and ATBS (CARE), in products where buyers qualify suppliers slowly and switch reluctantly. Share at that level, in niches that size, is a structural position, not a cyclical one.
- 2. **Integration from feedstock to finished niche.** India's largest IB capacity feeds IBB, butyl phenols and derivatives in-house, and the butyl phenol position feeds the antioxidant chain bought with Veeral Additives. Cost, purity and availability are controlled inside the fence.
- 3. **A fortress balance sheet with a top-tier rating.** Borrowings near nil, gearing of 0.01x, net worth of about Rs 3,161 cr, and CARE AA+ Stable / A1+ reaffirmed in October 2026. The company funds growth internally through flat years.
- 4. **Cash conversion at the top of the sector.** Operating cash flow of Rs 558 cr in FY26 with CFO to EBITDA of 106%, and free cash flow of Rs 288 cr in the same year, after funding the build phase internally.
- 5. **Customer quality as evidence.** BASF, Dow, SNF, Mitsubishi and Chemtall buy from Vinati across 40+ export countries, with exports at about 56% of revenue. That customer list is third-party validation of quality systems and reliability.
- 6. **Contract structure softens the cycle.** Sales are largely cost-plus or long-term contracts per company commentary, which is why operating margin recovered to 29% in FY26 even on flat revenue.
- 7. **Promoter alignment without pledge risk.** Promoters hold 74.29%, unchanged for eight-plus quarters, with zero pledging, and the dividend payout of about 20% has been maintained through the capex cycle.

9. WEAKNESSES AND RISKS

- 1. **The growth record is lumpy, and FY26 was flat.** Revenue fell 8% in FY24 and rose 0% in FY26 (Rs 2,248 cr to Rs 2,227 cr). The investment case needs the Q1 FY27 growth rate to persist; the recent base rate says specialty chemical volumes arrive in waves, with destocking waves in between.
- 2. **The VOPL ramp is unproven and currently dilutive.** The roughly Rs 500 cr programme was delayed in FY26 per CARE, and the gap between standalone PAT of Rs 488 cr and consolidated PAT of Rs 444 cr is its current cost. MEHQ, Guaiacol, Anisole, Iso Amylene and 4-MAP must each find volume and yield; a second year of drag would turn a timing issue into a capital allocation verdict.
- 3. **Antioxidants do not carry the flagship moat.** The 24,000 TPA Veeral capacity competes on price against China and Singapore supply per broker notes. This is the portfolio's most contestable business, and it is also one of its newest and largest by tonnage.

- 4. **Free cash flow is interrupted by design.** Three negative free cash flow years in five (FY22, FY24, FY25) reflect a deliberate build phase, and FY27 guidance of continued capex means the interruption can recur. Investors who need steady cash yield will find the 0.76% dividend yield thin compensation.
- 5. **Working capital is absorbing more cash.** Inventory days up to 110 from 68, a cash conversion cycle of 152 days and working capital days of 130 mean growth is more balance-sheet hungry than it was. In a downturn, that inventory is the first place margin pressure hides.
- 6. **Concentration cuts both ways.** Two products carry the global-title economics. A process disruption at Mahad or Lote, a regulatory change touching ibuprofen intermediates, or a demand shift in oilfield chemicals would land on a concentrated base, even with 30+ products around it.
- 7. **End markets are mature, not booming.** Ibuprofen volumes grow steadily, oilfield spending is cyclical, and water treatment grows at infrastructure pace. Management's own FY27 EBITDA margin guidance of 26 to 27% sits below the 29% FY26 print, a sober guide that this report takes at face value.
- 8. **Tariff and trade exposure is low today, not zero.** CARE assesses US tariff impact as negligible, with ATBS exempt and limited substitutability. Exemptions are policy decisions and can be revisited; exports at 56% of revenue keep the question live even when the current answer is comfortable.

10. MANAGEMENT AND GOVERNANCE

Two generations, one operating style. Vinod Banwarilal Saraf founded the company in 1989 after an Aditya Birla and MRPL grounding, built IBB on licensed French IFP technology, added ATBS in 2002, and kept the balance sheet near debt-free for three decades. Vinati Saraf Mutreja joined in 2006 with a Wharton economics and finance degree and Oliver Wyman experience, and has run the company as Managing Director and CEO since 2018, with the founder as Chairman. The handover is complete in operational terms: the ATBS expansion, the Veeral merger, the VOPL programme and the US subsidiary are all decisions of the current leadership, executed in the founder's financial style.

Did they do what they said. The delivery record is good on finance and mixed on ramp timelines. The company said it would expand ATBS, and 10,000 TPA was commissioned in November 2025 taking capacity to 50,000 MT. It said it would integrate antioxidants, and the Veeral Additives merger closed in December 2023. It guided FY26 capex of Rs 350 to 400 cr after Rs 391 cr in FY25, consistent with a funded, staged programme. The miss is VOPL: a delayed ramp in FY26 per CARE, visible in the standalone-to-consolidated PAT gap. One delayed subsidiary ramp against a long list of delivered capacity is a partial deduction, not a pattern.

Capital allocation grade. The pattern is consistent: reinvest in adjacent niches where the company holds or can build a top-two position, fund it from operating cash, keep a token but real dividend (Rs 8.50 for FY26, about 20% payout), and carry no debt for optionality. No unrelated diversification, no large unrelated acquisition and no equity dilution appear in the record reviewed. The open test is return on the newest capital: fixed assets of Rs 2,122 cr plus CWIP of Rs 214 cr must convert into the revenue the capacities were built for.

Governance structure. Promoters hold 74.29% with zero pledging and no change across eight-plus quarters, which removes the usual Indian mid-cap governance risks (pledge spirals, quiet exits) from the checklist. The high promoter holding also means a small free float (public holding 13.07%, FII 3.64%, DII 9.00%), so institutional discovery is still early and liquidity is thinner than the market cap suggests. The five-pillar companion grades Leadership PASS: a trained successor, a delivered capacity record and clean promoter behaviour outweigh one delayed ramp.

11. COMPETITION

In IBB and ATBS, the competition is mostly history. The original IBB makers in the UK and US exited, Chevron Phillips exited in 2007, and Vinati's about 65% global share in each flagship (CARE) has no single named challenger of comparable scale in the sources reviewed. Competition in these ponds takes the form of imports at the margin, customer dual-sourcing policies, and the ever-present option for a large customer to backward integrate. None has displaced the incumbent, because the ponds are small relative to the effort of requalifying a new global supplier.

In antioxidants, the competition is the story. China and Singapore producers set a hard price ceiling, per broker notes, and the 24,000 TPA Veeral setup competes as a cost and integration player. If Chinese export pricing stays aggressive, antioxidant returns will lag the flagship returns for years, and consolidated margins will carry that mix effect.

Against listed Indian specialty peers, Vinati is the share leader with the lowest multiple. Fine Organic Industries competes in specialty additives with a premium rating; Aarti Industries is a larger, more diversified chemical maker working through its own downcycle; Galaxy Surfactants owns consumer-linked surfactant niches; SRF combines chemicals with technical textiles and packaging films. Section 12 puts the multiples side by side. The competitive point for this report is simpler: none of those peers holds a 65% global share in two products, and the market currently pays Vinati the least for that distinction, because its recent growth print is the weakest of the set.

Customer concentration as soft competition. Selling to BASF, Dow and SNF means selling to buyers who can credibly threaten second sources and who negotiate cost-plus formulas hard. The contract structure protects margin percentage; it does not protect volume if a customer's own end demand falls, as FY24 demonstrated.

12. VALUATION VS PEERS

At Rs 1,118.60 (October 19, 2026): price to earnings of 25.9 times FY26 EPS of Rs 42.80, price to book of about 3.7 times (book value Rs 305), dividend yield 0.76%, market cap Rs 11,596 cr, and a price near the bottom of the 52-week range of Rs 1,115 to Rs 1,713. The one-year return is about -34%. The stock has, in plain terms, been de-rated from growth multiple to value multiple while its margins were recovering.

Company	P/E (x)	Note
Vinati Organics	25.9	FY26 EPS Rs 42.80; about 65% global share in IBB and ATBS
Fine Organic Industries	about 37.8	Specialty additives; premium-rated niche leader
Galaxy Surfactants	about 25.2	Consumer-linked surfactants
Aarti Industries	about 34.5 to 36	Diversified chemicals, larger scale
SRF	about 36.4	Diversified: chemicals, textiles, films

Peer multiples are approximate, as of October 19, 2026 (Finnhub and IIFL approximations per the data pack). They are shown for relative context, not as precise same-day closes.

The honest comparison. Vinati trades in line with Galaxy Surfactants and at a clear discount to Fine Organics, Aarti and SRF, despite holding the strongest global share positions in the table and the cleanest balance sheet. The discount has a reason: FY26 revenue was flat and the newest capital is unproven, while several peers are priced on recovery or growth already in motion. The valuation question is therefore a delivery question. If Q1 FY27's 28% revenue growth is the start of the capacity-led leg, 25.9 times for a 65%-share franchise with AA+ finances is undemanding. If FY27 reverts to flat, the multiple is fair for a mature, high-quality compounder and no more.

13. WHY THE SCORE IS 70, NOT HIGHER OR LOWER

The business quality alone grades in the high 70s: two world-title products at about 65% global share, an integrated feedstock chain, operating margin of 29% in FY26, operating cash conversion above 100%, a near debt-free balance sheet rated AA+ Stable, and a promoter record with no pledging and no dilution. Three deductions bring it to 70. First, the sunrise is partial: ibuprofen, oilfield and water treatment are steady or cyclical end markets, not a demand boom, and management itself guides FY27 margins below the FY26 print. Second, delivery risk is live: FY26 revenue was flat, the VOPL ramp was delayed and currently costs roughly Rs 44 cr of consolidated PAT against standalone, and antioxidants face import pricing the moat cannot repeal. Third, free cash flow, while strong in FY26 at Rs 288 cr, was negative in three of the last five years, and working capital intensity is rising (cycle of 152 days). Below about Rs 900, where the multiple approaches the low 20s on the same earnings, the same facts would grade Positive. At the 52-week high of Rs 1,713 they priced a growth leg that had not yet printed. At Rs 1,118.60, with Q1 FY27 growth at 28% as the first receipt, Selective Positive is the honest label.

14. FY2029 SCENARIOS (INR)

Built on FY26 EPS of Rs 42.80 and about 10.37 cr shares. Exit multiples assume the market continues to pay for delivered growth rather than for capacity announcements. Estimates are DalalBytes modelling, not company guidance.

Bear Rs 1,090: 5% EPS CAGR (VOPL ramp slips again, antioxidants stay price-led, ATBS volume growth is offset by oilfield softness and margins settle at the guided 26 to 27%), FY29 EPS about Rs 50, exit P/E 22x as the market prices Vinati as a mature, high-quality niche maker.

Base Rs 1,685: 12% EPS CAGR (ATBS capacity fills with existing customers, VOPL reaches useful utilisation during FY27 and FY28, antioxidants contribute at modest margins, revenue growth holds in low double digits), FY29 EPS about Rs 60, exit P/E 28x, a modest re-rating on delivered growth.

Bull Rs 2,390: 18% EPS CAGR (the full programme delivers: ATBS share holds while volumes compound, VOPL products hit stride including Iso Amylene at scale, mix lifts margins back toward 29% and working capital normalises), FY29 EPS about Rs 70, exit P/E 34x as the market restores a growth multiple to a proven second leg.

The base case is about 51% above the reference price over the period to FY29, plus dividends at about a 20% payout: a low-teens annualised return if, and only if, the capacities built in FY25 and FY26 convert into volume. That conditional is the whole verdict in one sentence.

15. WHY IT MATTERS

Vinati Organics is a clean test of an idea Indian specialty chemicals keep offering: that the durable money is not in the biggest molecules but in the smallest ponds, held for decades by the lowest-cost, best-qualified producer. The bulls' evidence is structural: about 65% of the world's IBB and ATBS, a feedstock chain inside the fence, customers named BASF and Dow, an AA+ balance sheet with no debt to speak of, and a 28% growth quarter just printed. The bears' evidence is also structural: a flat FY26, a delayed subsidiary ramp, a new antioxidant business priced by China, and end markets that grow at the pace of painkillers and water plants, not software. Both are true, which is why the stock sits at its 52-week low on recovering margins. At 70/100 Selective Positive, the verdict is: own the two world titles and the balance sheet, price the ramp honestly, and let VOPL utilisation and ATBS volumes, quarter by quarter, set the temperature.

SOURCES

- Screener.in consolidated company page for Vinati Organics, accessed October 20, 2026: FY22 to FY26 profit and loss (revenue, operating profit and margin, PAT, EPS), balance sheet (borrowings, reserves Rs 3,151 cr, equity capital Rs 10 cr, total assets Rs 3,579 cr, fixed assets Rs 2,122 cr, CWIP Rs 214 cr), cash flow series (CFO and free cash flow), ratios (ROCE 19.8%, ROE 14.9%, debtor days 85, inventory days 110, cash conversion cycle 152 days, working capital days 130, ROCE series), shareholding to September 2026 (promoters 74.29%, FII 3.64%, DII 9.00%, public 13.07%), market data (price, market cap Rs 11,596 cr, book value Rs 305, dividend yield 0.76%, 52-week range Rs 1,115 to Rs 1,713)

- CARE Ratings, October 2025 review and October 8, 2026 reaffirmation (AA+ Stable / A1+): about 65% global share in IBB and ATBS, India's largest IB and butyl phenols maker, sole domestic producer positions, total borrowings Rs 26.71 cr and gearing 0.01x for FY26, Q1 FY27 consolidated revenue Rs 696 cr, VOPL ramp delay in FY26, US tariff impact assessed as negligible (ATBS exempt, limited substitutability)

- Company disclosures and results: founding in 1989, IBB with French IFP technology, Rs 14 cr Mahad project, commercial production July 1992 at 1,200 TPA, ATBS at Lote from October 2002, standalone FY26 PAT Rs 488 cr against consolidated Rs 444 cr, FY26 dividend Rs 8.50 a share, capex Rs 391 cr in FY25 and FY26 guidance of Rs 350 to 400 cr, 32.5 MW solar added in FY25, Veeral Additives merger December 2023 (NCLT) with 24,000 TPA antioxidant capacity, VOPL capacities (MEHQ and Guaiacol 3,000 TPA combined, Anisole 5,000 TPA, Iso Amylene 30,000 TPA, 4-MAP 1,000 TPA) within an about Rs 500 cr programme, US subsidiary incorporated February 2025, FY27 EBITDA margin guidance of 26 to 27% (management, September 2026)

- Company summary via Kotak: ATBS Phase 1 expansion of 10,000 TPA commissioned November 5, 2025, taking ATBS capacity to 50,000 MT

- Reference price cross-checks: Sharekhan and Finnhub (NSE close Rs 1,118.60 on Monday, October 19, 2026; Screener rounds to Rs 1,119); one-year return about -34%

- Peer multiples: Finnhub and IIFL approximations as of October 19, 2026 (Fine Organic Industries about 37.8x, Galaxy Surfactants about 25.2x, Aarti Industries about 34.5 to 36x, SRF about 36.4x), labelled approximate

- Broker notes as cited in the data pack: antioxidant pricing pressure from China and Singapore supply

DalalBytes Research. Estimates labelled as such are DalalBytes modelling. Verified facts are drawn from the sources above as at October 20, 2026.