



## HIGHLIGHTS

- Vinati Organics reported an 18.2% YoY growth in annual revenue to ₹2,292 Cr in FY25, with Q4FY25 revenue rising 16.9% YoY to ₹655 Cr. It also posted a robust 25.5% YoY growth in annual net profit to ₹405 Cr in FY25, while Q4FY25 net profit rose 18.1% YoY to ₹123 Cr.
- Vinati Organics is the world's largest producer of IBB and ATBS, with a 65% global market share, and the sole manufacturer of TBA, TB Amine, Butyl Phenols, OSBP, and DSBP.
- EPS has grown at a rate of 25.8% annually, indicating improved operations and better resource utilization.



## INDUSTRY OUTLOOK

The global specialty chemicals industry plays a vital role in many everyday and industrial applications — from the food we eat and the cosmetics we use to buildings and electronic devices. Just four sectors — food & beverages, personal care, construction, and electronics — account for more than half of all global specialty chemical consumption. With rising urbanization, higher living standards, and rapid growth in emerging economies, demand for these chemicals is expected to continue rising steadily. The global market, valued at approximately USD 641.5 billion recently, is expected to grow to USD 914.4 billion by 2030, at a healthy CAGR of 5.2%.

The Asia-Pacific region is the most significant contributor to this demand, accounting for nearly half of global revenues. India is quickly becoming a key player, now ranking as the second-largest market in the region for specialty and fine chemicals.

In India, the chemical industry plays a central role in the country's long-term growth goals. It's expected to contribute nearly USD 1 trillion to India's economy by 2040. As of FY24, the sector was valued at USD 220 billion, with the specialty chemicals segment alone making up nearly USD 41.9 billion. This segment is growing rapidly — at a rate of 9.3% annually — thanks to demand from high-growth industries such as pharmaceuticals, textiles, personal care, and agrochemicals.

Specialty chemicals account for nearly 20% of India's total chemical exports, underscoring their growing importance in the global market. This growth has been supported by increased investments in infrastructure and research and development, which have enhanced the industry's international competitiveness. The 2024–25 Union Budget reinforces India's focus on green and sustainable development, offering strong tailwinds for specialty chemical companies. Key measures, such as the solarisation scheme (targeting one crore households), a reduction in customs duty on Fluorspar from 5% to 2.5%, and PLI incentives for import substitution, are expected to drive demand. Companies engaged in fluorination and green tech—serving solar, EV batteries, and water treatment—stand to benefit the most. Vinati Organics is one of the major players in India's specialty chemical space, with over 140 clients, and has evolved from a single-product company to an integrated business. For some of its products, such as TB Amine and TBA, it is the sole producer in India. A high entry barrier characterizes the specialty chemicals industry. Some other prominent players in the sector include Gujarat Fluorochemicals Ltd, Navin Fluorine International Ltd, and Aarti Industries, among others. Most companies mentioned above operate in different niches, but Vinati Organics has been able to create and maintain a dominant position in the global landscape for years.



## BUSINESS DESCRIPTION

Incorporated in 1989 and headquartered in Mumbai, Vinati Organics Limited is a leading Indian manufacturer of specialty organic intermediaries and monomers. The company is led by Ms. Vinati Saraf Mutreja, who serves as its Managing Director.



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## STOCK QUOTE (CURRENCY : INR )

52 WK HIGH / LOW	20,264/1,412	MARKET CAP (CR)	19,497
		SHARES OUT. (CR)	10.37
20 DAY AVG VOLUME (MLN)	0.93	FLOAT %	24.64%
BETA	0.71	EPS	39.09
Source: NSE			Image 1.1

**June 25, 2025**

Over the years, Vinati Organics has developed a diverse product portfolio comprising over 30 high-value chemical compounds, primarily catering to the pharmaceutical, personal care, construction, and polymer industries. The company's product mix spans 6 main categories, which are mentioned below:

- **ATBS (Acrylamido Tertiary-Butyl Sulfonic Acid):** A high-performance monomer used in oil & gas (enhanced oil recovery), water treatment, textiles, and paints. One of Vinati's flagship products with global leadership.
- **IBB (Iso Butyl Benzene):** An essential intermediate used in the manufacture of Ibuprofen (a common painkiller), Vinati is a global leader in IBB production.
- **IB & Derivatives (Iso Butylene and related products):** Used to produce high-value chemicals like ATBS and Butyl Phenols, enabling vertical integration within the product chain.
- **Butyl Phenols:** Specialty chemicals used in coatings, stabilisers, and resins; also used internally for making Antioxidants.
- **Antioxidants (AO):** Used to improve the shelf life and heat stability of plastics and rubber, gaining traction as capacity ramps up.
- **Others (Specialty Polymers & Inorganic Chemicals):** This category includes specialty polymers for the construction and ceramic industries, as well as potassium bicarbonate, which is used in food processing, healthcare, and agriculture.
- **Vinati Organics maintains a global footprint with exports spanning over 40 countries.** While exports accounted for 55% of revenues in FY24 (down from 68% in FY22), the company has seen a steady rise in domestic demand, reflecting a balanced growth strategy. Its integrated operations and focus on high-margin, niche products have positioned it as a key player in the global specialty chemicals value chain.



## FINANCIAL PERFORMANCE

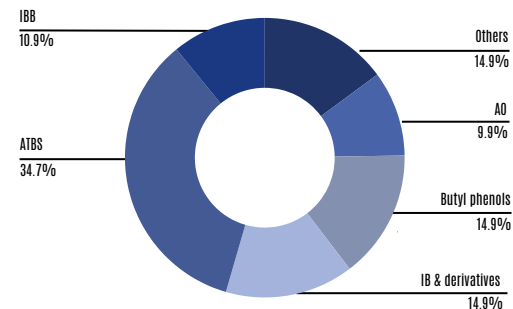
Vinati Organics Ltd demonstrated a noteworthy financial performance recently. Its Q4 FY25 quarterly revenue results showed a substantial increase of 24.3% to reach Rs 648.46 Crores compared to Rs 521.68 crores in the previous quarter. This achievement surpassed the sector's average quarterly revenue growth, which was approximately 10%. Furthermore, the company's brief overview of its financial performance over the past four years is presented in the table below.

The annual net income grew by 18.32% compared to last year, totalling Rs 2,292 crores in FY25. The revenue has grown at a brisk pace of 11% CAGR over the previous three years. Despite operating in a mature market, the company's 5-year EBITDA CAGR of 8% indicates that it is still growing and has a moat in its product segments. Last year, the PAT also expanded by 25% to Rs. 405 crores from Rs. 323 crores in the previous FY. The management expects growth to continue on the same trajectory for the coming years, backed by strong tailwinds in the oil and gas sectors due to the favourable policies of the newly elected US government.

The Price to Sales ratio at 7.29x is below the 4-year average of 11.11X. The Price to Book ratio at 5.87x is also below to its 4-year trailing average of 8.72x. Thus, the company is comfortably placed in terms of valuation metrics. The company is debt-free, and all its expansion is financed through internal accrual. Without the debt burden, management has the leeway to expand and explore different opportunities, products, and markets. The company's current ratio stands at 3.31x and remains a strong indicator of short-term liquidity. Vinati Organics has a solid history of paying dividends – a feature that investors love. The promoter pledge stands at a modest 0.8% and has remained constant for several quarters.


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## REVENUE MIX ( FY25 )



Source: Annual Report

Image 1.2

## RATIOS

FOR THE FISCAL PERIOD ENDING	31ST MARCH 2025	31ST MARCH 2024	31ST MARCH 2023	31ST MARCH 2022
<b>PROFITABILITY RATIOS</b>				
OPERATING MARGIN %	21.88%	20.69%	26.07%	24.04%
RETURN ON CAPITAL EMPLOYED%	18.10%	16.82%	26.47%	23.38%
RETURN ON EQUITY %	14.51%	13.12%	20.65%	18.96%
<b>SHORT TERM LIQUIDITY</b>				
QUICK RATIO	2.61X	3.62X	3.65X	3.59X
CURRENT RATIO	3.31X	4.53X	4.52X	4.64X
<b>ASSET TURNOVER RATIO</b>				
INVENTORY TURNOVER	5.70X	6.88X	5.90X	5.77X
DEBTORS TURNOVER	4.01X	3.59X	4.17X	3.27X
ASSET TURNOVER	73.48%	70.54%	89.92%	84.50%
<b>VALUATION RATIO</b>				
PE RATIO	40.44X	47.21X	40.58X	57.92X
PRICE TO BOOK RATIO	5.87X	6.19X	8.38X	10.98X
PRICE TO SALE RATIO	7.29X	8.03X	8.92X	12.43X

Source: Annual Report

Image 1.3

The company overall has strong fundamentals, is a sector leader with increasing investments in its capacities and improving return ratios, and can be an interesting case for investors.

Backed by a debt-free balance sheet, improving scale, and margin guidance of 26–27%, management has guided for a 20%+ revenue CAGR through FY27, making Vinati Organics a well-positioned play on niche specialty chemical growth.

## ★ CURRENT DEVELOPMENTS AND FUTURE EXPECTATIONS

### Financials

Vinati Organics reported a solid performance in Q4 FY25, reflecting strong execution, favorable demand dynamics, and operational efficiency. The company reported a 17.5% year-over-year increase in revenue, with operating profit rising 20.4% year-over-year and net profit up 18.1% year-over-year, indicating margin resilience and robust cost control. A key growth driver was the ATBS (Acrylamido tertiary-butyl sulfonic acid) segment, which registered an impressive 30% y-o-y growth in FY25, led almost entirely by higher volumes. Vinati continues to maintain a dominant 60–65% global market share in ATBS, with strong offtake from oil & gas (notably enhanced oil recovery) and water treatment industries. The company is currently oversold with a backlog of orders, reinforcing the decision to expand ATBS capacity by 50% to 60,000 MT.

Additionally, the Butyl Phenols segment delivered a commendable 26% y-o-y growth in FY25, continuing its consistent upward trajectory. Demand remains strong, and the company expects sustained performance in FY26, supported by strategic customer relationships and internal integration, as Butyl Phenols are also used as feedstock for its Antioxidants (AO) segment. With AO capacity utilization expected to increase from 50% to 90% over the next two years and a strategic Rs. 500 crore investment in specialty chemicals under Vinati Organics Pvt. Ltd. (VOPL), the company is strengthening its portfolio of high-margin, value-added products.

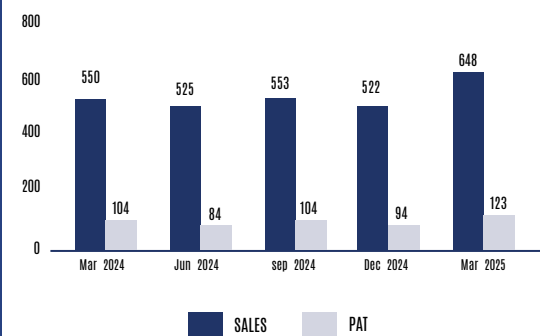
### Business and Future Expectations

Vinati Organics is entering an intense investment phase to support its next leg of growth, with a sharp focus on capacity expansion, sustainability, and product innovation. The company incurred a capital expenditure of ~₹400 crore in FY25 and has earmarked an additional ~₹360 crore for FY26, primarily directed towards expanding existing capacities, enhancing process efficiencies, and launching new high-margin products. A major portion of this—₹300 crore—is allocated for a brownfield expansion of its ATBS capacity, which is already running at full utilization and remains a core revenue driver. In line with its sustainability goals, Vinati also added 32.5 MW of solar power capacity in FY25, which will help reduce power costs and improve its green credentials.

On the innovation front, the company is pursuing a focused R&D strategy, leveraging both in-house teams and collaborations with external agencies. This targeted R&D approach supports a robust product pipeline, with 3–4 new products currently under development, which could potentially trigger the next phase of capital investment.

Vinati's product development strategy centers on adjacent chemistries and integration opportunities—including vertical, horizontal, and downstream integration—enabling it to move closer to end-use industries while enhancing cost control and value addition. With robust capex plans, a strong R&D engine, and a clear strategic roadmap, Vinati Organics is well-positioned to build a more diversified and resilient specialty chemicals portfolio over the next 2–3 years.

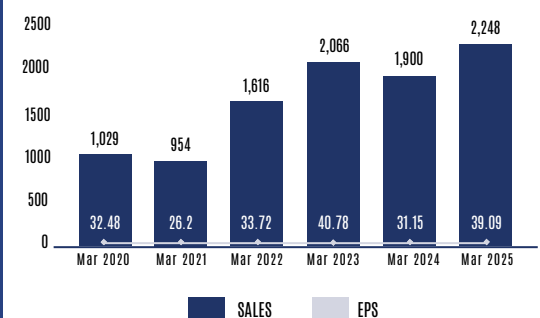
### QUARTERLY PERFORMANCE



Source: Annual Report

Image 1.4

### ANNUAL FINANCIAL PERFORMANCE



Source: Annual Report

Image 1.5

### Recent events

Vinati Organics, through its subsidiary Vinati Organics Pvt Ltd (VOPL), has commissioned a new plant for MEHQ and Guaiacol, marking a significant step in its product diversification strategy. Additional products such as Anisole, 4-MAP, and Iso Amylene are also set to be commercialized in FY26. The newly installed capacities include 3,000 TPA for MEHQ and Guaiacol (combined), 5,000 TPA for Anisole, 30,000 TPA for Iso Amylene, and 1,000 TPA for 4-MAP.

### Strengths

- Vinati Organics has maintained healthy operating cash flows, with ₹494 crore generated in FY25, up from ₹338 crore in FY24. The company is completely debt-free and funds its expansion plans through internal accruals. This strong cash position gives it the flexibility to invest in growth while continuing to reward shareholders.
- The company has a diverse clientele that spans multiple geographies, economies, and industries. This vastly reduces concentration risk and showcases the demand potential of its products.
- Management has a proven track record of excellent performance and has been able to grow shareholders' wealth by a whopping 49x in the last 10 years.
- The company trades at a lower Price-to-Earnings Growth (PEG) ratio compared to the industry average, indicating that the stock offers better growth potential at a reasonable valuation.
- The stock is trading above its short-, medium-, and long-term moving averages, indicating a bullish trend.
- Mutual Funds increased their shareholding in the last quarter, reflecting growing institutional confidence in the company.
- Vinati Organics has declared 23 dividends since 2005, including a ₹7 per share dividend in FY25, highlighting its consistent track record of rewarding shareholders.



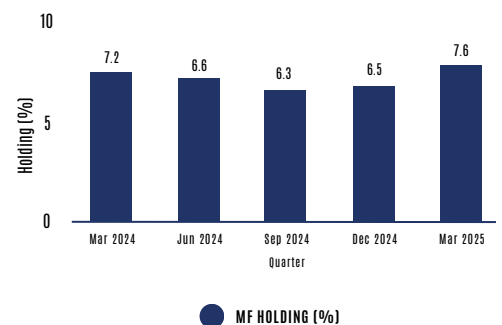
### CONCLUSION

Vinati Organics has consistently demonstrated strong financial performance, market leadership, and a clear strategic direction. With dominant global positions in key products like ATBS and IBB, a robust product pipeline, and a debt-free balance sheet, the company is well-positioned to capitalise on industry tailwinds and rising global demand for specialty chemicals. Its continued investments in capacity expansion, R&D, and diversification further enhance its long-term growth potential. Given its solid fundamentals and future-ready approach, Vinati Organics is a fundamentally strong company worth looking into for investors.



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### HISTORICAL MF HOLDING



Source: Screener

Image 1.6



1408 PARINEE CRESENZO, BKC  
MUMBAI 400051



OFFICE NO. 901B, 9TH FLOOR,  
90 DEGREE MAGNUS, Y-19, EP BLOCK,  
SECTOR V, BIDHANNAGAR,  
KOLKATA - 700091



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