

February 2, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		BUY	
Target Price	1,671		1,887	
Sales (Rs. m)	24,647	27,737	26,274	30,025
% Chng.	(6.2)	(7.6)		
EBITDA (Rs. m)	6,622	7,571	6,856	8,016
% Chng.	(3.4)	(5.6)		
EPS (Rs.)	41.8	48.0	43.3	51.0
% Chng.	(3.5)	(6.0)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	22,482	22,188	24,647	27,737
EBITDA (Rs. m)	5,809	6,614	6,622	7,571
Margin (%)	25.8	29.8	26.9	27.3
PAT (Rs. m)	4,053	4,334	4,337	4,972
EPS (Rs.)	39.1	41.8	41.8	48.0
Gr. (%)	25.4	6.9	0.1	14.6
DPS (Rs.)	8.1	9.8	-	-
Yield (%)	0.5	0.7	-	-
RoE (%)	15.4	14.6	13.0	13.4
RoCE (%)	18.4	18.3	16.1	16.5
EV/Sales (x)	6.9	6.9	6.2	5.5
EV/EBITDA (x)	26.8	23.3	23.2	20.1
PE (x)	38.3	35.8	35.8	31.2
P/BV (x)	5.6	4.9	4.4	4.0

Key Data

52-W High / Low	Rs.2,040 / Rs.1,413
Sensex / Nifty	81,666 / 25,088
Market Cap	Rs.155bn / \$ 1,695m
Shares Outstanding	104m
3M Avg. Daily Value	Rs.37.31m

Shareholding Pattern (%)

Promoter's	74.28
Foreign	3.66
Domestic Institution	9.83
Public & Others	12.11
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(6.5)	(16.6)	(14.5)
Relative	(1.9)	(17.7)	(18.8)

Swarnendu Bhushan

swarnendubhushan@plindia.com | 91-22-66322260

Saurabh Ahire

saurabhahire@plindia.com | 91-22-66322537

Tejas Kadam

tejaskadam@plindia.com | 91-22-66322222

Lower input costs fuel margin expansion

Quick Pointers:

- Phase I of ATBS capacity expansion commercialized, to ramp up over next 2 years
- Plants of products like 4MAP, TAA and PTAP to come online in Q4FY26

VO reported revenue of Rs5.3bn in Q3FY26, growing by modest 1.7% YoY, while declining 3.5% QoQ. EBITDA margin expanded by 220bps YoY, driven by a decline in raw material costs. The management expects sustainable margins to remain in the range of 26%–28%. ATBS, the company's flagship high-margin product, accounted for 36% of total revenue during the quarter. New ATBS capacity of ~10,000mtpa was commercialized in Q3 and is expected to be ramped up gradually over the next 2 years. Phase II of the capacity expansion is scheduled for commissioning in Q1FY27. The antioxidants segment contributed 14% to the overall revenue mix and has a peak revenue potential of Rs7bn. Revenue contribution from new products such as MEHQ and guaiacol, currently in the customer approval phase, is expected to commence from FY27, with a gradual ramp-up thereafter. Additionally, plants for upcoming products such as 4MAP, TAA and PTAP are expected to be operationalized in Q4FY26, providing further medium-term growth visibility. The stock is currently trading at 31x FY28E EPS. We value the company at 38x Dec'27E EPS and downgrade the stock to 'Accumulate' rating due to earning downgrade, with a revised TP of Rs1,671.

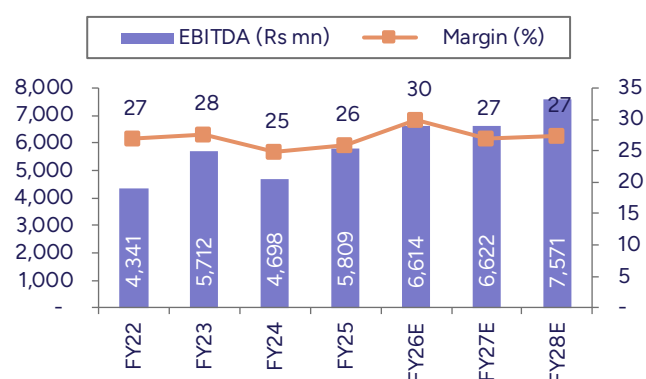
- Modest YoY revenue growth of 1.7%:** Consolidated revenue stood at Rs5.3bn, up 1.7% YoY, but down 3.5% QoQ (PL: Rs5.5bn). Actual topline was 4.1% lower than our estimates. 9MFY26 revenue was 1.5% higher than 9MFY25. Gross profit margin was 56% (vs. 49% in Q3FY25 and 56% in Q2FY26), and an improvement of 660bps YoY due to decrease in overall raw material cost.
- EBITDAM expands by 220bps YoY:** EBITDA at Rs1.6bn increased 10% YoY but declined 6.4% QoQ (PL: Rs1.7bn). EBITDAM stood at 29.5% (PL: 30.1%) as against 27.3% in Q3FY25 and 30.4% in Q2FY26. Reported consolidated PAT was Rs1,008mn (7.6% YoY/ -12.2% QoQ), while margins stood at 19% vs. 18% in Q3FY25 and 21% in Q2FY26.
- Additional insights:** (1) Declining raw material prices supported margin expansion during Q3. (2) All plants of Veeral Organics will be commissioned in Q4FY26, and revenue contribution will start from FY27. (3) Capex for FY26 should be ~Rs3.5bn. (4) Revenue mix: ATBS: 36%, IBB: 8%, Butyl Phenols and IB Derivatives: 18%, Antioxidants: 14%, Others: 24%. (5) Phase I of ATBS capacity expansion (10,000mtpa) will be ramped up gradually and is expected to reach full utilization in the next 2 years. (6) Phase II is expected to come online by Q1FY27.

Exhibit 1: Q3FY26 Result Overview - Consolidated (Rs mn)

Y/e March	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var.	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Sales	5,308	5,217	1.7	5,537	(4.1)	5,502	(3.5)	16,230	15,997	1.5
Gross Profit	2,953	2,558	15.4	3,092	(4.5)	3,068	(3.7)	8,858	7,426	19.3
Margin (%)	55.6	49.0		55.8		55.8		54.6	46.4	
EBITDA	1,566	1,424	10.0	1,668	(6.1)	1,673	(6.4)	4,836	4,008	20.7
Margin (%)	29.5	27.3		30.1		30.4		29.8	25.1	
Other Income	89	67	32.8	117	(24.0)	160	(44.7)	323	381	(15.4)
Depreciation	293	223	31.1	270	8.2	261	12.2	809	660	22.6
EBIT	1,362	1,267	7.5	1,514	(10.1)	1,573	(13.4)	4,349	3,729	16.6
Interest	0	1	(88.9)	2	(95.0)	0	-	4	6	(35.6)
PBT before exceptional items	1,361	1,266	7.5	1,512	(10.0)	1,573	(13.4)	4,346	3,723	16.7
Total Tax	353	329	7.3	399	(11.5)	424	(16.7)	1,147	901	27.3
ETR (%)	25.9	26.0		26.4		26.9		26.4	24.2	
Adj. PAT	1,008	937	7.6	1,113	(9.4)	1,149	(12.2)	3,199	2,822	13.4
Exceptional Items	0	0		0		0		0	0	
PAT	1,008	937	7.6	1,113	(9.4)	1,149	(12.2)	3,199	2,822	13.4

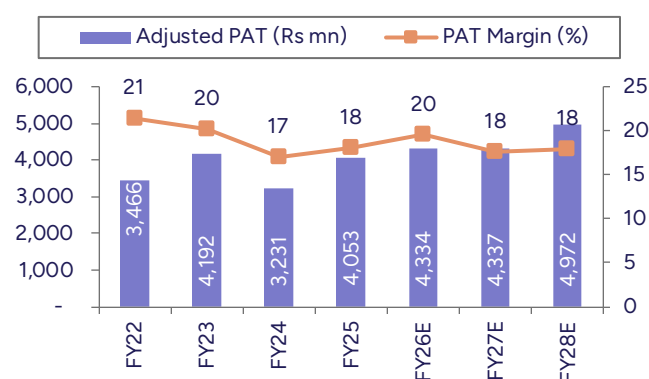
Source: Company, PL

Exhibit 2: EBITDA margin to be at 30% in FY26



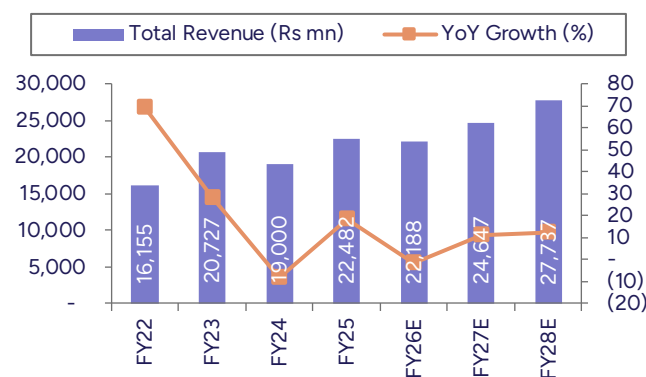
Source: Company, PL

Exhibit 3: PAT to grow at 7% CAGR over FY25-28E



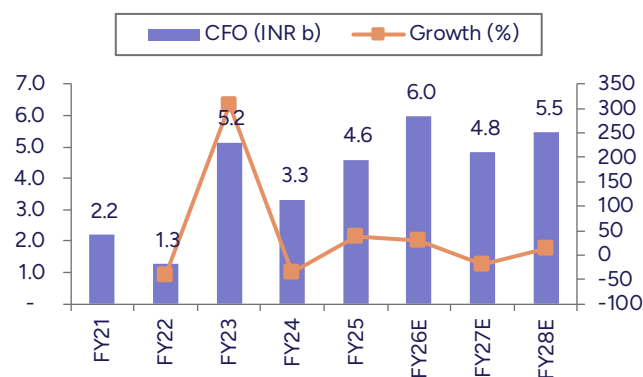
Source: Company, PL

Exhibit 4: Revenue to grow 7% CAGR over FY25-28E



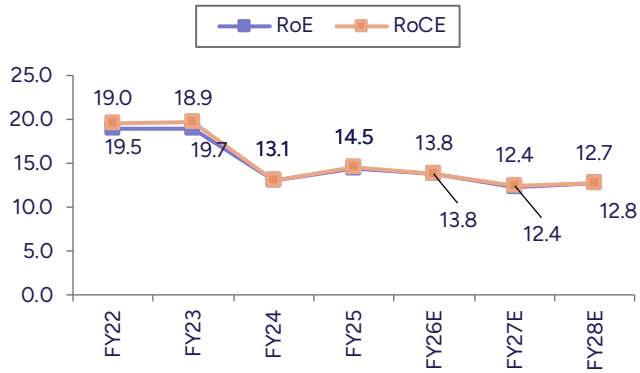
Source: Company, PL

Exhibit 5: Strong growth in CFO



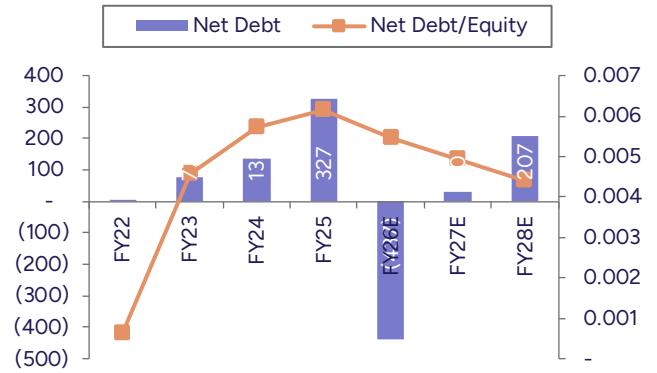
Source: Company, PL

Exhibit 6: Return ratios to hover at 12-13%



Source: Company, PL

Exhibit 7: Net debt/equity estimated at 0-0.004 in FY28E



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	22,482	22,188	24,647	27,737
YoY gr. (%)	18.3	-	-	-
Cost of Goods Sold	11,960	10,029	11,954	13,452
Gross Profit	10,522	12,159	12,693	14,285
Margin (%)	46.8	54.8	51.5	51.5
Employee Cost	1,396	1,773	2,128	2,553
Other Expenses	1,804	1,997	1,972	2,219
EBITDA	5,809	6,614	6,622	7,571
YoY gr. (%)	23.7	13.9	0.1	14.3
Margin (%)	25.8	29.8	26.9	27.3
Depreciation and Amortization	885	1,128	1,278	1,436
EBIT	4,924	5,486	5,344	6,135
Margin (%)	21.9	24.7	21.7	22.1
Net Interest	5	5	5	5
Other Income	443	399	444	499
Profit Before Tax	5,362	5,881	5,783	6,629
Margin (%)	23.8	26.5	23.5	23.9
Total Tax	1,309	1,547	1,446	1,657
Effective tax rate (%)	24.4	26.3	25.0	25.0
Profit after tax	4,053	4,334	4,337	4,972
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	4,053	4,334	4,337	4,972
YoY gr. (%)	25.4	6.9	0.1	14.6
Margin (%)	18.0	19.5	17.6	17.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,053	4,334	4,337	4,972
YoY gr. (%)	25.4	6.9	0.1	14.6
Margin (%)	18.0	19.5	17.6	17.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,053	4,334	4,337	4,972
Equity Shares O/s (m)	104	104	104	104
EPS (Rs)	39.1	41.8	41.8	48.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	21,226	24,826	28,426	31,426
Tangibles	21,221	24,821	28,421	31,421
Intangibles	4	4	4	4
Acc: Dep / Amortization	3,985	5,113	6,390	7,827
Tangibles	3,985	5,113	6,390	7,827
Intangibles	-	-	-	-
Net fixed assets	17,241	19,713	22,035	23,599
Tangibles	17,237	19,708	22,031	23,594
Intangibles	4	4	4	4
Capital Work In Progress	4,382	4,382	4,382	4,382
Goodwill	-	-	-	-
Non-Current Investments	791	791	791	791
Net Deferred tax assets	(1,519)	(1,519)	(1,519)	(1,519)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	2,212	1,566	1,867	2,101
Trade receivables	5,923	5,845	6,493	7,307
Cash & Bank Balance	39	989	1,388	3,007
Other Current Assets	1,531	1,511	1,678	1,888
Total Assets	32,791	35,470	39,307	43,748
Equity				
Equity Share Capital	104	104	104	104
Other Equity	27,829	31,385	34,893	39,035
Total Network	27,933	31,489	34,997	39,139
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	626	-	-	-
Trade payables	1,485	1,245	1,484	1,670
Other current liabilities	1,022	1,011	1,102	1,215
Total Equity & Liabilities	32,791	35,470	39,307	43,749

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	5,362	5,881	5,783	6,629
Add. Depreciation	885	1,128	1,278	1,436
Add. Interest	5	5	5	5
Less Financial Other Income	443	399	444	499
Add. Other	(146)	-	-	-
Op. profit before WC changes	6,107	7,014	7,066	8,070
Net Changes-WC	(579)	493	(787)	(959)
Direct tax	(944)	(1,547)	(1,446)	(1,657)
Net cash from Op. activities	4,583	5,960	4,833	5,454
Capital expenditures	(4,971)	(3,600)	(3,600)	(3,000)
Interest / Dividend Income	149	-	-	-
Others	396	-	-	-
Net Cash from Invst. activities	(4,425)	(3,600)	(3,600)	(3,000)
Issue of share cap. / premium	(7)	-	-	-
Debt changes	580	(626)	-	-
Dividend paid	(724)	(778)	(830)	(830)
Interest paid	(5)	(5)	(5)	(5)
Others	0	-	-	-
Net cash from Fin. activities	(156)	(1,409)	(835)	(835)
Net change in cash	2	951	399	1,619
Free Cash Flow	(419)	2,360	1,233	2,454

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	39.1	41.8	41.8	48.0
CEPS	47.6	52.7	54.2	61.8
BVPS	269.4	303.8	337.6	377.5
FCF	(4.0)	22.8	11.9	23.7
DPS	8.1	9.8	-	-
Return Ratio(%)				
RoCE	18.4	18.3	16.1	16.5
ROIC	14.0	13.7	12.5	13.2
RoE	15.4	14.6	13.0	13.4
Balance Sheet				
Net Debt : Equity (x)	0.0	0.0	0.0	(0.1)
Net Working Capital (Days)	108	101	102	102
Valuation(x)				
PER	38.3	35.8	35.8	31.2
P/B	5.6	4.9	4.4	4.0
P/CEPS	31.4	28.4	27.6	24.2
EV/EBITDA	26.8	23.3	23.2	20.1
EV/Sales	6.9	6.9	6.2	5.5
Dividend Yield (%)	0.5	0.7	-	-

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	6,485	5,420	5,502	5,308
YoY gr. (%)	17.8	3.3	(0.6)	1.7
Raw Material Expenses	3,412	2,583	2,434	2,355
Gross Profit	3,073	2,837	3,068	2,953
Margin (%)	47.4	52.3	55.8	55.6
EBITDA	1,804	1,597	1,673	1,566
YoY gr. (%)	-	-	-	-
Margin (%)	27.8	29.5	30.4	29.5
Depreciation / Depletion	225	256	261	293
EBIT	1,579	1,341	1,413	1,273
Margin (%)	24.3	24.8	25.7	24.0
Net Interest	2	4	-	-
Other Income	62	74	160	89
Profit before Tax	1,639	1,412	1,573	1,361
Margin (%)	25.3	26.0	28.6	25.6
Total Tax	409	370	424	353
Effective tax rate (%)	24.9	26.2	26.9	25.9
Profit after Tax	1,230	1,042	1,149	1,008
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,230	1,042	1,149	1,008
YoY gr. (%)	18.1	23.8	10.1	7.6
Margin (%)	19.0	19.2	20.9	19.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,230	1,042	1,149	1,008
YoY gr. (%)	18.1	23.8	10.1	7.6
Margin (%)	19.0	19.2	20.9	19.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,230	1,042	1,149	1,008
Avg. Shares O/s (m)	104	104	104	104
EPS (Rs)	11.9	10.0	11.1	9.7

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jan-26	BUY	1,887	1,615
2	06-Nov-25	BUY	1,915	1,662
3	07-Oct-25	BUY	1,946	1,690
4	18-Aug-25	BUY	2,091	1,720
5	07-Jul-25	Accumulate	1,882	1,944
6	19-May-25	Accumulate	1,882	1,765
7	08-Apr-25	Accumulate	1,620	1,459
8	03-Feb-25	Accumulate	1,934	1,749

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Accumulate	401	375
2	Bharat Petroleum Corporation	Accumulate	381	349
3	Bharti Airtel	Accumulate	2,259	2,113
4	Clean Science and Technology	Hold	841	861
5	Deepak Nitrite	Hold	1,729	1,626
6	Fine Organic Industries	BUY	5,103	4,274
7	GAIL (India)	BUY	202	169
8	Gujarat Fluorochemicals	Hold	3,639	3,485
9	Gujarat Gas	Accumulate	422	399
10	Gujarat State Petronet	Hold	296	303
11	Hindustan Petroleum Corporation	Accumulate	457	428
12	Indian Oil Corporation	Accumulate	175	164
13	Indraprastha Gas	Hold	196	190
14	Jubilant Ingrevia	Hold	755	744
15	Laxmi Organic Industries	Reduce	125	143
16	Mahanagar Gas	BUY	1,356	1,074
17	Mangalore Refinery & Petrochemicals	Accumulate	162	151
18	Navin Fluorine International	Accumulate	6,722	5,751
19	NOCIL	Hold	152	148
20	Oil & Natural Gas Corporation	BUY	307	242
21	Oil India	BUY	538	426
22	Petronet LNG	Hold	281	295
23	Reliance Industries	BUY	1,683	1,458
24	SRF	Hold	2,894	2,883
25	Vinati Organics	BUY	1,887	1,615

PL's Recommendation Nomenclature (Absolute Performance)

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

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Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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