

# **Shubh Nivesh**



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## Healthy volumes, better margins to drive profitability...

**About the stock:** Savita Oil Technologies Limited (Savita) is a leading manufacturer of specialty petroleum products. Company has two major segments - Petroleum Specialty Oils and Lubricating Oils, contributing ~73% and ~26% to the total sales respectively

- Petroleum Specialty Oil portfolio includes Transformer Oils, White & Mineral Oils, Formulated Specialty Products. Lubricating Oils portfolio includes Automotive Oils, Industrial Oils
- FY26 revenue mix: 83% domestic and 17% exports

### Investment Rationale

- Presence across diversified segments; Volume growth outlook remains healthy:** With the total capacity of ~5.5 lakh tonnes across 4 units (one each at Mahad and Navi Mumbai and two at Silvassa), company caters to diversified end-user segments like power & distribution transformer, cosmetics and healthcare, and automotive & industrial lubricants. Company's total sales volume grew significantly by ~17% YoY in FY26, led by double-digit-growth across all the segments. We believe that company's double-digit growth to continue in the coming period, driven by healthy demand for its products (transformer oils, specialty products and lubricants). Company has also expanded its capacity for synthetic ester-based products at Mahad in two phases, which is expected to augment volumes as the capacity ramps up. We estimate volume CAGR of ~14% over FY26-28E (vs 7% CAGR over FY23-FY25)
- Introducing new products to capture new market:** Company has extended its product portfolio with newer products to cater newer markets. It re-launched SAVSOL with new ester molecule in its lubricants segment. The product delivered sales growth 5x of the industry growth in FY26 showing good traction among the consumers. It has also launched two high-performance fluids like QuantiCool-EG50 (for BESS modules, EV battery packs, and next-generation energy systems) and QuantiCool-PG25 (for AI, HPC systems and cloud data centres). With strong growth expected in energy storage and data centres, market size of these immersion coolants is expected to grow to \$ 2 bn by 2031 (from \$ 400 mn at present), which implies growth of ~38% CAGR
- Margins are expected to improve considerably:** After witnessing a decline in EBITDA/KL over the period FY22-25, company reported an improvement of 23% YoY in FY26 to Rs 4555/KL, mainly led by better gross margins. Going ahead, we expect that EBITDA/KL would improve considerably by ~20% CAGR over FY26-FY28E on account of increase in blended realisation (as increase in cost of raw materials/base oil is likely to be passed on through price hikes in transformer oil & lubricants) and positive operating leverage (led by healthy volume growth over the period)

### Rating and Target Price

- We expect revenue to grow ~34% CAGR over FY26-28E while EBITDA & PAT are expected to grow at ~36% & ~37% CAGR respectively.
- We recommend **BUY** on Savita Oil Technologies with a target price of Rs 690 (based on 14x P/E on FY28E)

### Key Financial Summary

(Rs crore)	FY23	FY24	FY25	FY26	3 Year CAGR (FY23-26)	FY27E	FY28E	2 Year CAGR (FY26-28E)
Revenues	3,630	3,741	3,814	4,363	6.3%	6,543	7,863	34%
EBITDA	336	253	162	245	-9.9%	366	453	36%
EBITDA margin (%)	9.3	6.8	4.2	5.6		5.6	5.8	
Net Profit	226	201	113	182	-6.9%	273	339	37%
EPS	32.9	29.3	16.5	26.5		39.7	49.5	
P/E (x)	17.4	19.5	34.6	21.5		14.4	11.5	
EV/EBITDA (x)	11.5	14.8	23.7	15.4		10.4	8.4	
RoCE (%)	15.6	12.4	6.8	10.0		13.4	14.7	
RoE (%)	15.6	12.4	6.8	10.0		13.4	14.7	

Source: Company, ICICI Direct Research



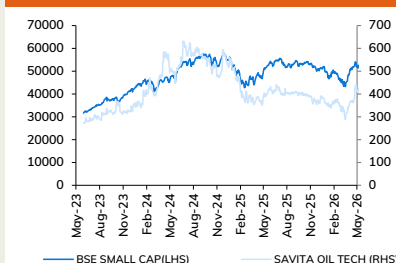
### Particulars

Particular	Amount
Market Capitalisation (Rs Crore)	3,917
FY26 Gross Debt (Rs Crore)	0
FY26 Cash (Rs Crore)	74
EV (Rs Crore)	3,843
52 Week H/L (Rs)	600 / 286
Equity Capital	13.7
Face Value	2.0

### Shareholding pattern

	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	68.9	68.9	68.9	68.9
FII	0.8	0.8	0.9	0.9
DII	13.0	13.1	13.2	13.2
Others	17.3	17.1	17.0	17.0

### Price Chart



### Recent Event & Key risks

- Slowdown in demand
- Volatility in raw material prices
- High competition

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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