Savita Oil Technologies (SAVOIL)

ICICI Direct

CMP: ₹775 | Target ₹ 950 (+23%) | Target Period: 12 months | **BUY**

August 6, 2026

Healthy demand, better realisations to drive growth…

About the stock: Savita Oil Technologies Limited (SOTL) 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 & Industrial Oils. FY26 revenue mix: Domestic/Exports: 83%/17%
- Company currently has total capacity of ~5.5 lakh tonnes across 4 units (one each at Mahad and Navi Mumbai and two at Silvassa)

Investment Rationale:

- **Volume growth outlook remains healthy**: During the quarter, the company recorded double-digit-volume growth in Exports and Lubricating Oil segments on a YoY basis; while a de-growth in domestic white oil volume. However, we believe that company's overall volume growth to remain healthy in double-digits in the coming period, driven by healthy demand and ramp-up of existing capacities. Growth will also be supported by its new product portfolio such as SAVSOL lubricant, which is showing good traction among consumers (grew 4x of industry growth in Q1) and QuantiCool (led by strong demand from data centers, BESS modules, EV battery packs). 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. We estimate overall volume CAGR of ~13% over FY26-28E (vs 7% CAGR over FY23-FY25)
- **Margins are expected to improve considerably**: Company's EBITDA margin improved significantly during the quarter and stood at 25% (vs 6% in Q1FY26 and 5% in Q4FY26), possibly supported by sharp increase in realisations. Going ahead, we expect that EBITDA/KL would improve considerably by ~24% CAGR over FY26-FY28E to Rs 7431/KL in FY28E (from Rs 4555/KL in FY26), supported by a combination of improved realisations and operating leverage. Higher raw material costs are likely to be largely offset through price hikes across transformer oil and lubricants, while robust volume growth should drive better operating leverage and further improve profitability

Rating and Target Price:

- We believe that Savita Oil Technologies is well positioned to benefit from strong demand traction in transformer oils & industrial lubricants. Moreover, strong focus on expanding portfolio towards better-margin premium products would help the company in better realisations and overall profitability growth. We expect revenue to grow ~32% CAGR over FY26-28E while EBITDA & PAT are expected to grow at ~41% & ~41% CAGR respectively
- We maintain our **BUY** rating on SOTL with a revised target price of Rs 950 (based on 18x P/E on FY28E basis)

SAVITA
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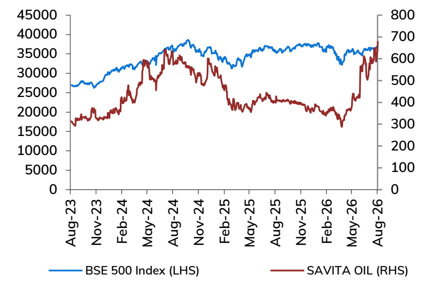
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	5,330
FY26 Gross Debt (₹ Crore)	0
FY26 Cash (₹ Crore)	135
EV (₹ Crore)	5,195
52 Week H/L (₹)	815 / 286
Equity Capital	13.7
Face Value	2.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	68.9	68.9	68.9	68.9
FII	0.8	0.9	0.9	1.0
DII	13.1	13.2	13.2	13.2
Others	17.1	17.0	17.0	16.9

Price Chart



Key risks

(i) Slowdown in Demand

(ii) Volatility in raw material prices

(iii) High competition

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Key Financial Summary

Key Financials (₹ 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%	6,273	7,584	31.9%
EBITDA	336	253	162	245	-9.9%	393	485	40.5%
EBITDA margin (%)	9.3	6.8	4.2	5.6		6.3	6.4	
Net Profit	226	201	113	182	-6.9%	292	362	41.2%
EPS	32.9	29.3	16.5	26.5		42.6	52.8	
P/E (x)	23.6	26.5	47.1	29.3		18.2	14.7	
EV/EBITDA (x)	15.7	20.3	32.5	21.2		13.1	10.6	
RoCE (%)	15.6	12.4	6.8	10.0		14.2	15.5	
RoE (%)	15.6	12.4	6.8	10.0		14.2	15.5	

Source: Company, ICICI Direct Research

Q1FY27 – Result highlights

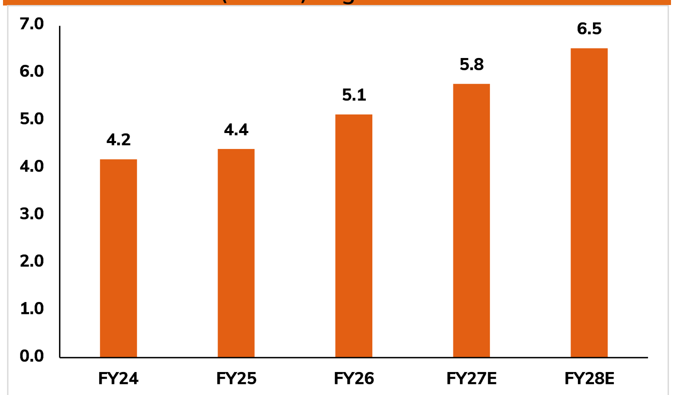
- Revenue increased by 50% YoY (+21% QoQ) to Rs 1479.8 crore.
- EBITDA margin improved significantly during the quarter and stood at 25% (vs 6% in Q1FY26 and 5% in Q4FY26). Absolute EBITDA increased by +508% YoY (+460% QoQ) to Rs 363 crores
- PAT was up 415% YoY (+508% QoQ) to Rs 288.1 crores with PAT margin at 19% (vs 6% in Q1FY26)

Exhibit 1: Q1FY27 consolidated result overview (₹ crore)

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Operating Income	1,479.8	589.1	63.1	1,224.0	20.9	Revenue increased YoY led by better realization
Other income	32.9	50.0	26.6	15.4	113.4	
Total Revenue	1,512.7	639.1	62.1	1,239.4	22.1	
Raw materials costs	937.4	353.4	23.8	981.8	-4.5	
Employees Expenses	41.8	82.0	71.4	26.2	59.4	
Other Expenses	136.8	121.0	50.1	150.9	-9.4	
Total Expenditure	1,115.9	556.4	27.9	1,158.9	-3.7	
EBITDA	363.8	32.6	959.2	65.0	459.5	
EBITDA margins (%)	24.6	5.5	2080 bps	5.3	1927 bps	EBITDA margins increased due to better sales realization
Interest	4.0	1.3		4.7		
Depreciation	6.2	9.9	3.2	7.7	-20.2	
Tax	98.5	18.4	547.0	20.7	376.4	
PAT	288.1	53.1	827.7	47.3	508.4	

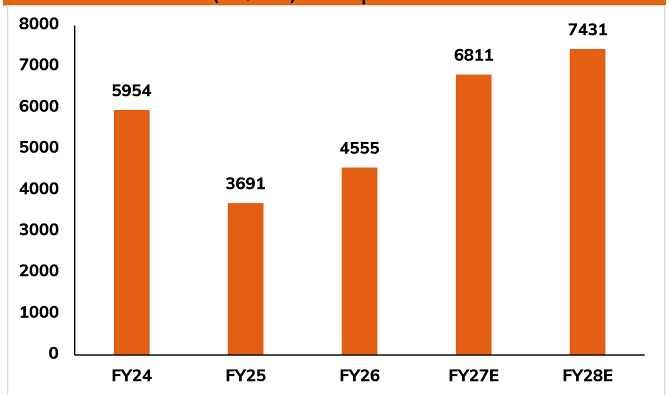
Source: Company, ICICI Direct Research

Exhibit 2: Volumes (Lac KL) to grow at ~13% over FY27-28E



Source: Company, ICICI Direct Research

Exhibit 3: EBITDA (KL/MT) to improve over FY27E-FY28E



Source: Company, ICICI Direct Research

Financial summary

Exhibit 4: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Revenue	3,813.7	4,362.6	6,272.7	7,584.3
% Growth	(43.8)	14.4	43.8	20.9
Other income	46.0	45.1	49.6	54.6
Total Raw Material Costs	3,178.8	3,569.3	5,159.8	6,238.7
Employee Expenses	95.0	108.6	157.4	188.9
other expenses	378.1	439.3	562.3	671.9
Total Operating Expenditure	3,651.9	4,117.1	5,879.5	7,099.6
Operating Profit (EBITDA)	161.8	245.5	393.1	484.7
% Growth	(84.6)	51.7	60.2	23.3
Interest	27.9	19.5	19.3	19.1
PBDT	179.9	271.1	423.5	520.2
Depreciation	24.2	26.7	28.2	30.3
PBT before Exceptional Items	155.7	244.4	395.2	489.8
Total Tax	42.5	62.6	102.8	127.4
PAT before MI	113.2	181.8	292.5	362.5
PAT	113.2	181.8	292.5	362.5
% Growth	(76.0)	60.6	60.8	23.9
EPS	683.0	1,138.0	1,083.0	1,722.9

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	113.2	181.8	292.5	362.5
Depreciation	24.2	26.7	28.2	30.3
Interest	27.9	19.5	19.3	19.1
Cash Flow before WC changes	165.3	228.0	340.0	411.9
Changes in inventory	53.1	(87.5)	(318.7)	(251.5)
Changes in debtors	6.0	(136.6)	(391.7)	(273.1)
Changes in loans & Advances	0.0	(0.0)	(0.2)	(0.1)
Changes in other current assets	(3.0)	(24.8)	1.9	(13.4)
Net Increase in Current Assets	56.1	(254.6)	(608.7)	(538.2)
Changes in creditors	(154.3)	165.1	398.4	244.4
Changes in provisions	2.6	2.7	0.7	3.7
Net Inc in Current Liabilities	(163.3)	195.6	419.6	268.4
Net CF from Operating activities	58.1	169.0	150.9	142.2
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(38.4)	(33.6)	(40.0)	(35.0)
Net CF from Investing activities	(59.6)	(60.1)	(40.0)	(35.0)
Dividend and Dividend Tax	(27.4)	(34.3)	(54.9)	(69.6)
Net CF from Financing Activities	(101.4)	(47.8)	(74.2)	(88.7)
Net Cash flow	(102.9)	61.1	36.7	18.5
Opening Cash/Cash Equivalent	176.6	73.8	134.9	171.6
Closing Cash/ Cash Equivalent	73.8	134.9	171.6	190.1

Source: Company, ICICI Direct Research

Exhibit 6: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	13.7	13.7	13.7	13.7
Reserve and Surplus	1,647.7	1,801.2	2,038.8	2,331.7
Total Shareholders' funds	1,661.4	1,814.9	2,052.5	2,345.4
Total Debt	-	-	-	-
Total Liabilities	1,682.3	1,840.1	2,077.7	2,370.5
Gross Block	502.7	531.3	571.7	606.7
Acc: Depreciation	246.7	273.4	301.7	332.0
Net Block	256.0	257.8	270.0	274.7
Capital WIP	19.3	24.4	24.0	24.0
Total Fixed Assets	276.1	283.0	294.8	299.5
Non-Current Assets	187.3	218.1	218.1	218.1
Inventory	796.8	884.3	1,203.0	1,454.5
Debtors	777.8	914.4	1,306.1	1,579.2
Other Current Assets	77.4	102.3	100.4	113.8
Cash	73.8	134.9	171.6	190.1
Total Current Assets	1,895.7	2,211.3	2,856.7	3,413.4
Current Liabilities	605.1	770.2	1,168.6	1,413.0
Provisions	7.6	6.9	6.9	6.9
Total Current Liabilities	676.9	872.4	1,292.0	1,560.5
Net Current Assets	1,218.8	1,338.9	1,564.7	1,852.9
Total Assets	1,682.3	1,840.1	2,077.7	2,370.5

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
EPS	16.5	26.5	42.6	52.8
Cash per Share	10.8	19.7	25.0	27.7
BV	242.2	264.6	299.2	341.9
EBITDA Margin	4.2	5.6	6.3	6.4
PAT Margin	3.0	4.2	4.7	4.8
RoE	6.8	10.0	14.2	15.5
RoCE	11.1	14.5	20.2	21.7
RoIC	8.7	13.0	19.4	21.1
EV / EBITDA	32.5	21.2	13.1	10.6
P/E	47.1	29.3	18.2	14.7
EV / Net Sales	1.4	1.2	0.8	0.7
Sales / Equity	2.3	2.4	3.1	3.2
Market Cap / Sales	1.4	1.2	0.8	0.7
Price to Book Value	3.2	2.9	2.6	2.3
Asset turnover	2.3	2.4	3.1	3.2
Debtors Turnover Ratio	4.9	5.2	5.6	5.3
Creditors Turnover Ratio	5.6	6.3	6.5	5.9
Debt / Equity	-	-	-	-
Current Ratio	2.6	2.4	2.2	2.2
Quick Ratio	1.4	1.3	1.2	1.2

Source: Company, ICICI Direct Research

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Sell: <-15%

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