

Deepak Nitrite (DN IN)

Rating: HOLD | CMP: Rs1,634 | TP: Rs1,673

February 14, 2026

Q3FY26 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current FY27E	Previous FY28E	Current FY27E	Previous FY28E
Rating	HOLD		HOLD	
Target Price	1,673		1,729	
Sales (Rs. m)	86,146	98,932	86,717	99,262
% Chng.	(0.7)	(0.3)		
EBITDA (Rs. m)	11,712	14,242	13,164	15,781
% Chng.	(11.0)	(9.7)		
EPS (Rs.)	49.7	57.8	57.4	66.1
% Chng.	(13.4)	(12.6)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	82,819	77,499	86,146	98,932
EBITDA (Rs. m)	10,918	8,275	11,712	14,242
Margin (%)	13.2	10.7	13.6	14.4
PAT (Rs. m)	6,974	4,461	6,772	7,883
EPS (Rs.)	51.1	32.7	49.7	57.8
Gr. (%)	(14.0)	(36.0)	51.8	16.4
DPS (Rs.)	7.5	4.9	7.3	8.5
Yield (%)	0.5	0.3	0.4	0.5
RoE (%)	13.7	8.0	11.2	11.8
RoCE (%)	15.4	8.4	10.0	9.8
EV/Sales (x)	2.8	3.1	3.0	2.7
EV/EBITDA (x)	21.2	29.3	21.8	18.8
PE (x)	32.0	50.0	32.9	28.3
P/BV (x)	4.1	3.9	3.5	3.2

Key Data

	DPNT.BO DN IN
52-W High / Low	Rs.2,258 / Rs.1,513
Sensex / Nifty	82,627 / 25,471
Market Cap	Rs.223bn / \$ 2,459m
Shares Outstanding	136m
3M Avg. Daily Value	Rs.290.92m

Shareholding Pattern (%)

Promoter's	49.33
Foreign	6.05
Domestic Institution	23.20
Public & Others	21.42
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	4.0	(12.8)	(27.0)
Relative	5.3	(15.0)	(32.7)

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Margins remain under pressure

Quick Pointers:

- MIBK/MIBC projects to be commissioned by Q4FY26; dismantling of polycarbonate plant in Germany underway
- The US removes ADD on sodium nitrite exports in Jan'26; volume growth expected going ahead

DN's Q3FY26 revenue stood at Rs19.8bn, registering growth of 3.8% YoY and QoQ. The Advanced Intermediates segment reported sales growth of 18% YoY and 11% QoQ led by higher volumes; however, margins were impacted by the continued influx of Chinese imports, resulting in pricing pressure across the portfolio. The Phenols segment witnessed volume growth, but profitability remained subdued compared to historical peak margins due to weaker spreads. Projects such as MIBK/MIBC are expected to be commissioned in Q4FY26, while nitric acid plant commissioned in Dec'25. Dismantling of the polycarbonate plant in Germany is underway; the project timeline has been guided to be Dec'27, but we believe it could be delayed.

DN continues to undertake growth initiatives, primarily focused on the Phenolics segment. While domestic demand for phenol is expected to remain strong, the threat of low-priced imports is likely to keep margins under pressure. The stock is currently trading at ~28x FY28 EPS. We value the stock at 30x Dec'27E EPS and maintain 'HOLD' rating with TP of Rs1,673.

- **Consolidated revenue increases by 3.8% YoY and QoQ:** DN's reported consolidated revenue stood at Rs19.8bn (+3.8% YoY /+3.8% QoQ; PLe/Consensus: Rs19.5bn), driven by 18% YoY and 11% QoQ growth in the Advanced Intermediates segment, while 9MFY26 revenue came in at Rs57.6bn, declining 5.5% YoY.
- **EBITDA increases by 25% YoY:** EBITDA stood at Rs2.1bn, up by 25.1% YoY and 3.2% QoQ, while EBITDA margin came in at 10.7% (vs. 8.9% in Q3FY25 and 10.7% in Q2FY26; PLe: 11.3%). Gross profit margin was 27.8% (vs. 26.8% in Q3FY25 and 27.6% in Q2FY26; PLe: 28.6%).
- **Segmental mix:** Phenolics accounted for 67% of total revenue, with EBIT/kg at Rs12.4 (calculated), compared with Rs10.4 in Q3FY25 and adj EBIT of Rs11 in Q2FY26, after excluding the government subsidy in Q2FY26. No government subsidy was received in Q3FY25 and Q3FY26. Advanced Intermediates contributed to 33% of revenue with EBIT margin of 2.3%. Phenolics generated 91% of overall adjusted EBIT, while Advanced Intermediates contributed to the remaining 9%.
- **Concall takeaways:** (1) Domestic and export revenue mix stood at 83%:17% in Q3FY26. (2) In the Phenolics segment, volumes increased YoY, driven by improved plant utilization. (3) India imports phenol from some Asian countries and China. (4) Advanced Intermediates margins declined as pricing pressure continued due to dumping from China. (5) Volumes increased across

Advanced Intermediates segment during the quarter. **(6)** MIBK/MIBC projects are expected to be commissioned in Q4FY26. **(7)** MIBK/MIBC, Photo chlorination utilization to ramp up in Q1FY27. **(8)** The US removed ADD on sodium nitrite exports in Jan'26. **(9)** For the last few years, DN has been exporting 5ktpa of sodium nitrate to the US; going ahead, this volume is expected to increase. **(10)** The company has pipeline of 15 products, which are currently at various stages from R&D to sample approval to customers. **(11)** These products have applications in mining, flame retardants, personal care, and polymers. **(12)** The management has guided capex of Rs25bn for FY26 and FY27. **(13)** The polycarbonate plant in Stade, Germany, is being dismantled as part of its relocation to India, with the project progressing as scheduled.

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	19,750	19,034	3.8	19,462	1.5	19,019	3.8	57,667	61,022	(5.5)
Gross Profit	5,498	5,103	7.7	5,572	(1.3)	5,245	4.8	16,035	18,267	(12.2)
Margin (%)	27.8%	26.8%		28.6%		27.6%		27.8%	29.9%	
EBITDA	2,109	1,685	25.1	2,197	(4.0)	2,043	3.2	6,047	7,753	(22.0)
Margin (%)	10.7%	8.9%		11.3%		10.7%		10.5%	12.7%	
Other Income	85	210	(59.5)	214		200	(57.4)	530	611	(13.2)
Depreciation	576	482	19.3	560	2.8	533	8.1	1621	1441	12.4
EBIT	1,619	1,413	14.5	1,851	(12.6)	1,710	(5.3)	4,957	6,922	(28.4)
Interest	110	61	80.7	81		79	39.0	271	182	49.3
PBT before exceptional items	1,508	1,352	11.5	1,770	(14.8)	1,630	(7.5)	4,686	6,740	(30.5)
Total Tax	382	371	2.9	485	(21.3)	443	(13.8)	1,249	1,792	(30.3)
ETR (%)	25.3%	27.4%		27.4%		27.2%		26.7%	26.6%	
Adj. PAT	1,127	981	14.8	1,285	(12.3)	1,188	(5.1)	3,437	4,949	(30.6)
Exceptional Items	128	0		0	-	0		128	0	
PAT	998	981	1.7	1,285	(22.3)	1,188	(15.9)	3,308	4,949	(33.1)

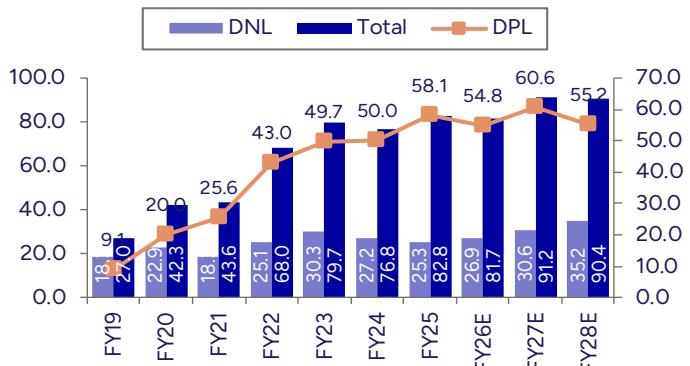
Source: Company, PL

Exhibit 2: Q3FY26 - Segmental Performance (Rs mn)

Y/e March	Q3FY26	Q3FY25	YoY gr.	Q2FY26	QoQ gr.	9MFY26	9MFY25	YoY gr.
Advanced Intermediates	6,525	5,517	18.3%	5,878	11.0%	18,456	18,734	-1.5%
Phenolics	13,338	13,657	-2.3%	13,335	0.0%	39,712	42,728	-7.1%
Intersegment	113	140.3	-19.7%	194		501	440	13.9%
Total Revenue	19,750	19,034		19,019		57,667	82,819	-30.4%
Advanced Intermediates	149	169	-11.4%	230	-35.0%	734	1,308	-43.9%
Phenolics	1453	1212	19.9%	1448	0.4%	4,080	5,436	-24.9%
Interest	110	61	80.7%	79	39.0%	271.1	181.6	49.3%
Other unallocable expenses	-16	-33	-51.2%	-32	-50.6%	-143.1	-177.4	-19.3%
Exceptional item	128					128.4		
Total EBT	1,380	1,352	2.0%	1,630	-15.4%	4,557	6,740	-32.4%
EBIT Margins								
Advanced Intermediates	2.3%	3.1%		3.9%		4.0%	7.0%	
Phenolics	10.9%	8.9%		10.9%		10.3%	12.7%	

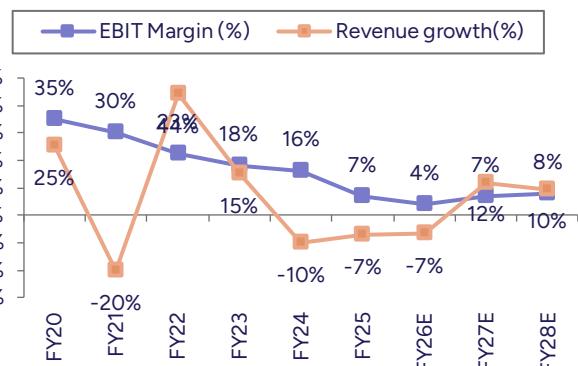
Source: Company, PL

Exhibit 3: Revenue to grow at 3% CAGR in FY25-28E



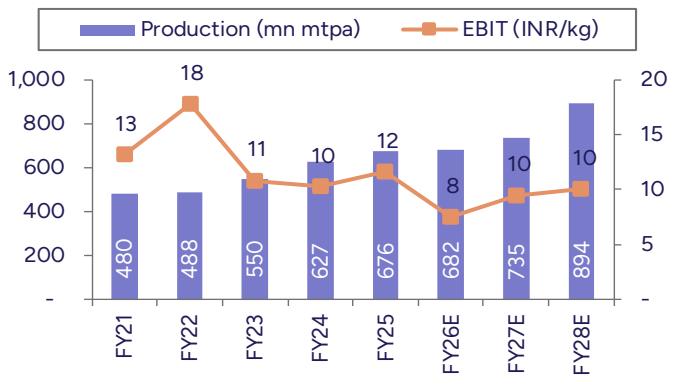
Source: Company, PL

Exhibit 4: AI EBIT margin to be at 8% in FY28E



Source: Company, PL

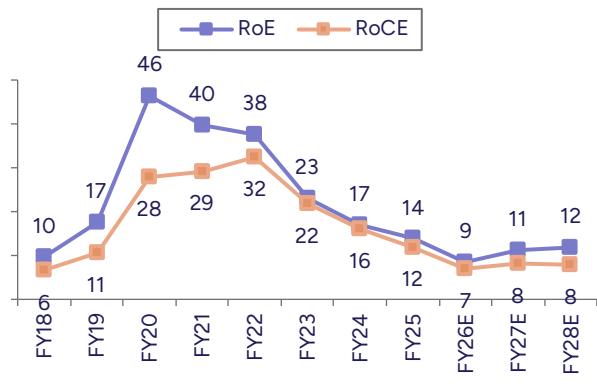
Exhibit 5: Phenolics EBIT to be at Rs10/kg in FY28E



Source: Company, PL

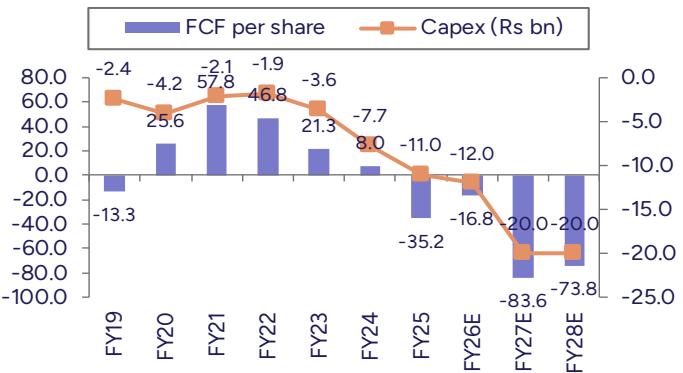
(FY26E and FY27E EBIT/kg is Inclusive of government incentives of Rs800mn per year)

Exhibit 6: Return ratios to hover at 11-12%



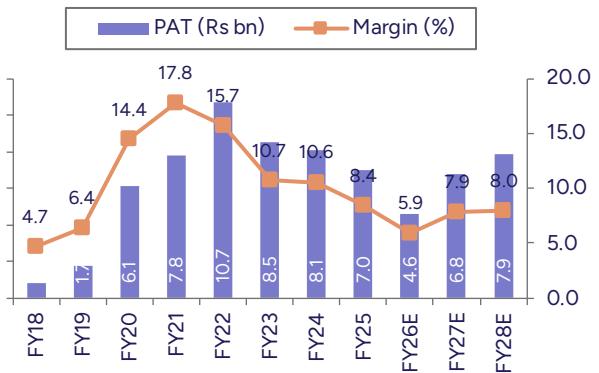
Source: Company, PL

Exhibit 7: Capex not in sync with FCF



Source: Company, PL

Exhibit 8: PAT margin at 8% in FY28E



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	82,819	77,499	86,146	98,932
YoY gr. (%)	7.8	(6.4)	11.2	14.8
Cost of Goods Sold	57,879	55,767	60,121	68,642
Gross Profit	24,940	21,731	26,025	30,290
Margin (%)	30.1	28.0	30.2	30.6
Employee Cost	3,922	4,157	4,406	4,671
Other Expenses	10,101	9,300	9,907	11,377
EBITDA	10,918	8,275	11,712	14,242
YoY gr. (%)	(2.8)	(24.2)	41.5	21.6
Margin (%)	13.2	10.7	13.6	14.4
Depreciation and Amortization	1,954	2,218	2,978	3,898
EBIT	8,964	6,057	8,734	10,344
Margin (%)	10.8	7.8	10.1	10.5
Net Interest	275	375	530	780
Other Income	839	775	948	1,088
Profit Before Tax	9,528	6,329	9,152	10,652
Margin (%)	11.5	8.2	10.6	10.8
Total Tax	2,554	1,741	2,380	2,770
Effective tax rate (%)	26.8	27.5	26.0	26.0
Profit after tax	6,974	4,589	6,772	7,883
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	6,974	4,461	6,772	7,883
YoY gr. (%)	(14.0)	(36.0)	51.8	16.4
Margin (%)	8.4	5.8	7.9	8.0
Extra Ord. Income / (Exp)	-	128	-	-
Reported PAT	6,974	4,589	6,772	7,883
YoY gr. (%)	(14.0)	(34.2)	47.6	16.4
Margin (%)	8.4	5.9	7.9	8.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,974	4,589	6,772	7,883
Equity Shares O/s (m)	136	136	136	136
EPS (Rs)	51.1	32.7	49.7	57.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	42,739	54,739	74,739	94,739
Tangibles	42,739	54,739	74,739	94,739
Intangibles	-	-	-	-
Acc: Dep / Amortization	10,717	12,934	15,912	19,810
Tangibles	10,717	12,934	15,912	19,810
Intangibles	-	-	-	-
Net fixed assets	32,022	41,804	58,826	74,929
Tangibles	32,022	41,804	58,826	74,929
Intangibles	-	-	-	-
Capital Work In Progress	16,491	16,491	16,491	16,491
Goodwill	27	-	-	-
Non-Current Investments	5,109	5,109	5,109	5,109
Net Deferred tax assets	(2,128)	(2,128)	(2,128)	(2,128)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	9,264	8,919	9,590	10,912
Trade receivables	12,738	10,616	11,801	13,552
Cash & Bank Balance	4,066	195	271	267
Other Current Assets	4,937	4,620	5,136	5,898
Total Assets	84,653	87,755	107,224	127,157
Equity				
Equity Share Capital	273	273	273	273
Other Equity	53,614	57,530	63,309	70,035
Total Networth	53,887	57,802	63,581	70,308
Non-Current Liabilities				
Long Term borrowings	12,591	20,000	33,000	45,000
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	5,218	5,023	5,401	6,146
Other current liabilities	2,993	2,801	3,114	3,576
Total Equity & Liabilities	76,817	87,755	107,224	127,157

Source: Company Data, PL Research

Cash Flow (Rs m)					Key Financial Metrics				
Y/e Mar	FY25	FY26E	FY27E	FY28E	Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	9,528	6,457	9,152	10,652	Per Share(Rs)				
Add. Depreciation	1,954	2,218	2,978	3,898	EPS	51.1	32.7	49.7	57.8
Add. Interest	275	375	530	780	CEPS	65.5	49.0	71.5	86.4
Less Financial Other Income	839	775	948	1,088	BVPS	395.1	423.8	466.1	515.5
Add. Other	(560)	-	-	-	FCF	(35.2)	(16.8)	(83.6)	(73.8)
Op. profit before WC changes	11,196	9,050	12,660	15,330	DPS	7.5	4.9	7.3	8.5
Net Changes-WC	(2,798)	2,397	(1,681)	(2,629)	Return Ratio(%)				
Direct tax	(2,152)	(1,741)	(2,380)	(2,770)	RoCE	15.4	8.4	10.0	9.8
Net cash from Op. activities	6,247	9,707	8,600	9,932	ROIC	12.2	6.3	7.4	7.2
Capital expenditures	(11,049)	(12,000)	(20,000)	(20,000)	RoE	13.7	8.0	11.2	11.8
Interest / Dividend Income	337	-	-	-	Balance Sheet				
Others	(4,201)	-	-	-	Net Debt : Equity (x)	0.2	0.3	0.5	0.6
Net Cash from Invt. activities	(14,913)	(12,000)	(20,000)	(20,000)	Net Working Capital (Days)	74	68	68	68
Issue of share cap. / premium	102	-	-	-	Valuation(x)				
Debt changes	8,069	7,409	13,000	12,000	PER	32.0	50.0	32.9	28.3
Dividend paid	(1,023)	(673)	(993)	(1,156)	P/B	4.1	3.9	3.5	3.2
Interest paid	(194)	(375)	(530)	(780)	P/CEPS	25.0	33.4	22.9	18.9
Others	1,108	-	-	-	EV/EBITDA	21.2	29.3	21.8	18.8
Net cash from Fin. activities	8,062	6,361	11,477	10,064	EV/Sales	2.8	3.1	3.0	2.7
Net change in cash	(605)	4,067	76	(4)	Dividend Yield (%)	0.5	0.3	0.4	0.5
Free Cash Flow	(4,802)	(2,293)	(11,400)	(10,068)	Source: Company Data, PL Research				

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	21,797	18,899	19,019	19,750
YoY gr. (%)	2.5	(12.8)	(6.4)	3.8
Raw Material Expenses	15,124	13,607	13,774	14,252
Gross Profit	6,673	5,292	5,245	5,498
Margin (%)	30.6	28.0	27.6	27.8
EBITDA	3,165	1,896	2,043	2,109
YoY gr. (%)	5.1	(38.7)	(31.3)	25.1
Margin (%)	14.5	10.0	10.7	10.7
Depreciation / Depletion	513	513	533	576
EBIT	2,653	1,383	1,510	1,534
Margin (%)	12.2	7.3	7.9	7.8
Net Interest	93	81	79	110
Other Income	228	246	200	85
Profit before Tax	2,787	1,547	1,630	1,508
Margin (%)	12.8	8.2	8.6	7.6
Total Tax	762	425	443	415
Effective tax rate (%)	27.3	27.5	27.2	27.5
Profit after Tax	2,025	1,123	1,188	1,093
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,025	1,123	1,188	1,093
YoY gr. (%)	(20.2)	(44.6)	(38.9)	11.4
Margin (%)	9.3	5.9	6.2	5.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,025	1,123	1,188	1,093
YoY gr. (%)	(20.2)	(44.6)	(38.9)	11.4
Margin (%)	9.3	5.9	6.2	5.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,025	1,123	1,188	1,093
Avg. Shares O/s (m)	136	136	136	136
EPS (Rs)	14.9	8.3	8.7	8.0

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jan-26	Hold	1,729	1,626
2	14-Nov-25	Hold	1,768	1,741
3	07-Oct-25	Hold	1,924	1,844
4	14-Aug-25	Hold	1,883	1,831
5	07-Jul-25	Reduce	1,799	1,963
6	29-May-25	Reduce	1,799	2,096
7	08-Apr-25	Reduce	1,645	1,835
8	17-Feb-25	Hold	1,960	1,899

Analyst Coverage Universe

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Accumulate	466	430
2	Bharat Petroleum Corporation	Accumulate	406	373
3	Bharti Airtel	Accumulate	2,313	2,038
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	190	160
8	Gujarat Fluorochemicals	Hold	3,434	3,360
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	195	176
13	Indraprastha Gas	Hold	196	190
14	Jubilant Ingrevia	Hold	657	626
15	Laxmi Organic Industries	Reduce	125	143
16	Mahanagar Gas	Accumulate	1,305	1,181
17	Mangalore Refinery & Petrochemicals	Accumulate	162	151
18	Navin Fluorine International	Accumulate	7,038	6,598
19	NOCIL	Hold	159	153
20	Oil & Natural Gas Corporation	BUY	307	242
21	Oil India	Accumulate	527	479
22	Petronet LNG	Hold	281	295
23	Reliance Industries	BUY	1,683	1,458
24	SRF	Hold	2,894	2,883
25	Vinati Organics	Accumulate	1,671	1,496

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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