PL Capital
PRABHUDAS LILLADHER

Q1FY27 Result Update

Deepak Nitrite (DN IN)

August 06, 2026

☑ Estimate Change | ☑ Target | ■ Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	REDUCE		REDUCE	
Target Price	1,586		1,514	
Sales (INR mn)	93,830	102,210	86,273	99,775
% Chng.	*8.8*	*2.4*		
EBITDA (INR mn)	14,580	14,879	11,049	13,410
% Chng.	*32.0*	*11.0*		
EPS (INR)	61.8	54.6	43.4	48.8
% Chng.	*42.4*	*11.9*		

Key Data

Key Data	DPNT.BO | DN IN
BSE Code	506401
NSE Code	DEEPAKNTR
52-W High / Low	INR 1,904 / INR 1,280
Face Value	2
Sensex / Nifty	78,955 / 24,636
Market Cap	INR 239 bn / $ 2,507 mn
Shares Outstanding	136.39 mn
3M Avg. Daily Value	INR 432.76 mn

Shareholding Pattern (%)

Promoters	49.34
FIIs	6.25
Mutal Funds	11.45
Domestic Institutions	12.31
Public & Others	20.65
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	9.2	(3.9)	8.2	(3.4)
Relative	8.3	(5.1)	14.6	(1.5)

Key Financials - Consolidated

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	82,819	78,871	93,830	102,210
EBITDA (INR mn)	10,918	9,807	14,580	14,879
Margin (%)	*13.2*	*12.4*	*15.5*	*14.6*
PAT (INR mn)	6,974	5,379	8,431	7,460
EV (INR mn)	247,640	252,352	274,923	296,817
Total Debt (INR mn)	12,591	16,287	40,000	60,000
C&C Eq. (INR mn)	4,066	2,690	3,831	1,938
EPS (INR)	51.1	39.4	61.8	54.7
Gr. (%)	*(14.0)*	*(22.9)*	*56.7*	*(11.5)*
DPS (INR)	8.0	5.0	7.7	6.8
Yield (%)	*0.4*	*0.3*	*0.4*	*0.4*
RoE (%)	*13.7*	*9.6*	*13.6*	*10.8*
RoCE (%)	*15.4*	*10.7*	*13.1*	*9.3*
EV/Sales (x)	3.0	3.2	2.9	2.9
EV/EBITDA (x)	22.7	25.7	18.9	19.9
PE (x)	34.2	44.4	28.3	32.0
P/BV (x)	4.4	4.1	3.6	3.3

Improved spreads drive margin expansion

Quick Pointers

- MIBK and MIBC commissioning expected in August
- The company plans to debottleneck phenol capacity to nearly 400ktpa

Deepak Nitrite reported Q1FY27 revenue of INR25.8bn, up 36.4% YoY and 21.6% QoQ. Reported revenue included an incentive of INR215mn for the Phenolics segment from the Government of Gujarat, compared with INR172mn in Q1FY26. The Advanced Intermediates segment reported revenue of INR8bn, up 33% YoY, while EBIT increased 89% YoY and 100% QoQ to INR670mn, supported by backward integration benefits and an improving product mix. The Phenolics segment delivered its best-ever quarterly performance, with revenue of INR17.8bn, up 36% YoY and 24% QoQ, while EBIT surged 254% YoY to INR4.18bn. EBIT margin expanded sharply to 23.5%, driven by a significant improvement in phenol-acetone spreads amid supply disruptions caused by the West Asia crisis. On the capex front, the company expects to commission the MIBK, MIBC, and Acetophenone projects in August, while the multi-purpose agrochemical intermediates facility is scheduled to be commissioned during Q2FY27. The Polycarbonate project also remains on track for commissioning in H2FY29.

DN continues to pursue multiple growth initiatives, primarily focused on expanding its Phenolics portfolio. However, our analysis indicates that global phenol overcapacity remains a structural concern, while the elevated phenol-acetone spreads have already begun moderating on a week-on-week basis. As supply conditions normalize, we expect spreads and margins to gradually revert. The stock is currently trading at ~32x FY28E EPS. We value the company at 29x FY28E EPS and maintain our 'REDUCE' rating with a target price of INR1,586.

Consolidated revenue increases by 36.4% YoY and 21.6% QoQ: Deepak Nitrite consolidated revenue stood at Rs25.8bn (36.4% YoY/ 21.6% QoQ; PLe: Rs21.7bn, Consensus: Rs23.1bn), increased driven by 33% and 36% YoY increased in Advance intermediate segment and Phenolics segment revenue respectively.

EBITDA increases by 185% YoY and 44%QoQ: EBITDA stood at Rs5.4bn, increased by 185% YoY and 44% QoQ (vs Rs1.9bn in Q1FY26 and Rs3.8bn in Q4FY26). EBITDA margin came at 21% (vs 10% in Q1FY26 and 17.7% in Q4FY26; PLe: 16.5%). Gross profit margin was 37% (vs 28% in Q1FY26 and 35% in Q4FY26; PLe: 33.2%).

Quarter Summary

Y/e Mar	Q1'27E	Q1'27A	*% Var.*	Q1'26A	*YoY gr. (%)*
Net Sales (INR mn)	21,737	25,776	*18.6*	18,899	*36.4*
EBITDA (INR mn)	3,587	5,402	*50.6*	1,896	*185.0*
Margin (%)	*16.5*	*21.0*	*446 bps*	*10.0*	*1093 bps*
PAT (INR mn)	2,306	3,450	*49.6*	1,123	*207.4*

Source: Company, PL

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Segmental mix: Phenolics accounted for 69% of total revenue in Q1FY27, with EBIT/kg improving to INR21.5 compared to INR16.5 in Q4FY26. During the quarter, the segment received a government incentive of INR215mn for Deepak Phenolics, compared to INR684mn in Q4FY26. Advanced Intermediates contributed 31% of total revenue and reported an EBIT margin of 8.3%, compared to 4.7% in Q4FY26. Overall, Phenolics contributed 86% of total EBIT, while Advanced Intermediates accounted for the remaining 14%. Excluding the government incentive, the Phenolics segment reported an adjusted EBIT margin of 22.6% in Q1FY27 versus 16.0% in Q4FY26, while adj EBIT/kg improved to INR20.4 from INR12.5 in the previous quarter, driven by higher better product spreads, and improved manufacturing efficiencies.

Concall takeaways: (1) Q1FY27 performance was driven by improved demand across key end markets, higher manufacturing efficiencies, and integration benefits. **(2)** The Phenolics segment delivered its highest-ever quarterly performance, while the Advanced Intermediates business benefited from backward integration, improved product mix, and better operating leverage. **(3)** The company remains on track with its growth capex. MIBK, MIBC, and Acetophenone projects are scheduled for commissioning in this month, while the multi-purpose agrochemical intermediates facility is expected to be commissioned during Q2FY27. **(4)** The integrated polycarbonate project is progressing as planned. The company has already qualified polycarbonate compounds with key customers including Mahindra, Panasonic, and Tata Auto Comp through seed marketing, ahead of commercial production. **(5)** Management highlighted the successful stabilization of the ammonia-to-amines project. **(6)** The company plans to debottleneck phenol capacity to nearly 400ktpa with an additional investment of around INR700mn to improve capacity utilization and operational efficiency. **(7)** The INR115bn crore integrated propylene-to-polycarbonate project is progressing as per schedule, with the entire debt funding tied up under a 60:40 debt-equity structure. Around INR1,2bn has been spent so far, while INR1,5-1,6 bn is planned to be invested during FY27. **(8)** Management expects the peak project cost, including working capital, to be around Rs8,000-8,500 crore, while maintaining a debt-to-equity ratio below 1x. Commercial commissioning of the polycarbonate plant is targeted for H2FY29, followed by the BPA project a few months later.

Exhibit 1: Quarterly Estimates

(INR bn)	Q1FY27	*YoY gr. (%)*	Q2FY27E	*YoY gr. (%)*	Q3FY27E	*YoY gr. (%)*	Q4FY27E	*YoY gr. (%)*
Sales	25,776	*36%*	24,396	*28%*	22,285	*13%*	21,374	*1%*
EBITDA	5,402	*185%*	4,182	*105%*	2,603	*23%*	2,282	*-39%*
Margin (%)	*21%*		*17%*		*12%*		*11%*	
Adj. PAT	3,450	*207%*	2,550	*115%*	1,356	*36%*	1,075	*-51%*

Source: Company, PL

Exhibit 2: Q1FY27 Result Overview - Consolidated (Rs mn)

Y/e March	Q1FY27	Q1FY26	*YoY gr. (%)*	Q1FY27E	*% Var.*	Q4FY26	*QoQ gr. (%)*	FY27E	FY26	*YoY gr. (%)*
Net Sales	**25,776**	**18,899**	***36.4***	**21,737**	***18.6***	**21,203**	***21.6***	**93,830**	**78,871**	***19.0***
Gross Profit	9,494	5,292	*79.4*	7,224	*31.4*	7,407	*28.2*	30,238	23,442	*29.0*
Margin (%)	*36.8%*	*28.0%*		*33.2%*		*34.9%*		*32.2%*	*29.7%*	
EBITDA	**5,402**	**1,896**	***185.0***	**3,587**	***50.6***	**3,760**	***43.7***	**14,469**	**9,807**	***47.5***
Margin (%)	*21.0%*	*10.0%*		*16.5%*		*17.7%*		*15.4%*	*12.4%*	
Other Income	140	246	*(43.0)*	70	*99.9*	69	*104.2*	469	599	*(21.6)*
Depreciation	637	513	*24.2*	641	*(0.7)*	626	*1.7*	2670	2246	*18.9*
EBIT	**4,905**	**1,629**	***201.2***	**3,016**	***62.6***	**3,203**	***53.2***	**12,268**	**8,160**	***50.4***
Interest	229	81	*181.8*	190	*20.7*	189	*21.2*	844	460	*83.5*
PBT before expectional items	4,676	1,547	*202.2*	2,826	*65.5*	3,014	*55.2*	11,424	7,699	*48.4*
Total Tax	1,226	425	*188.6*	521	*135.5*	815	*50.4*	2,993	2,064	*45.0*
ETR (%)	*26.2%*	*27.5%*		*18.4%*		*27.1%*		*26.2%*	*26.8%*	
Adj. PAT	**3,450**	**1,123**	***207.4***	**2,306**	***49.6***	**2,198**	***56.9***	**8,431**	**5,635**	***49.6***
Exceptional Items	0	0		0		0		0	128	
PAT	**3,450**	**1,123**	***207.4***	**2,306**	***49.6***	**2,198**	***56.9***	**8,431**	**5,507**	***53.1***

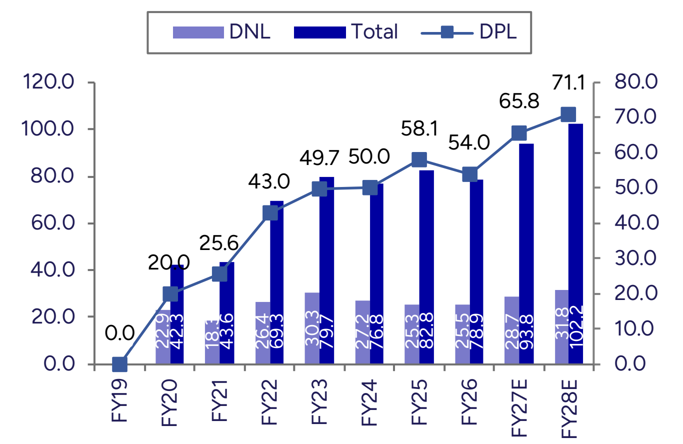
Source: Company, PL

Exhibit 3: Q1FY27 - Segmental Performance (Rs mn)

Y/e March	Q1FY27	Q1FY26	YoY gr.	Q4FY26	QoQ gr.	FY27E	FY26	YoY gr.
Advanced Intermediates	8,039	6,053	*32.8%*	7,077	*13.6%*	28,731	25,533	*12.5%*
Phenolics	17,751	13,040	*36.1%*	14,295	*24.2%*	65,799	54,006	*21.8%*
Less Intersegment:	13	194.1	*-93.3%*	168		700	669	*4.6%*
Total Revenue	**25,776**	**18,899**		**21,203**		**93,830**	**78,870**	***19.0%***
Advanced Intermediates	670	355	*88.8%*	336	*99.5%*	2,011	1,070	*88.0%*
Phenolics	4178	1179	*254.3%*	2866	*45.8%*	9,788	6,946	*40.9%*
Interest	229	81	*181.8%*	189	*21.2%*	844	460	*83.5%*
Other unallocable expenses	-58	-95	*-38.9%*	-1	*5172.7%*	469	-144.2	*-425.3%*
Exceptional item				-			128	
Total EBT	**4,676**	**1,547**	***202.2%***	**3,014**	***55.2%***	**11,424**	**7,571**	***50.9%***
EBIT Margins								
Advanced Intermediates	8.3%	5.9%		4.7%		7.0%	4.2%	
Phenolics	23.5%	9.0%		20.0%		14.9%	12.9%	

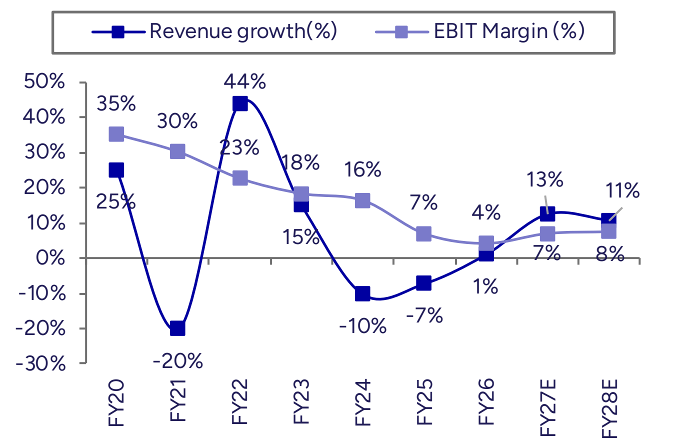
Source: Company, PL

Exhibit 4: Revenue to grow at 14% CAGR in FY26-28E



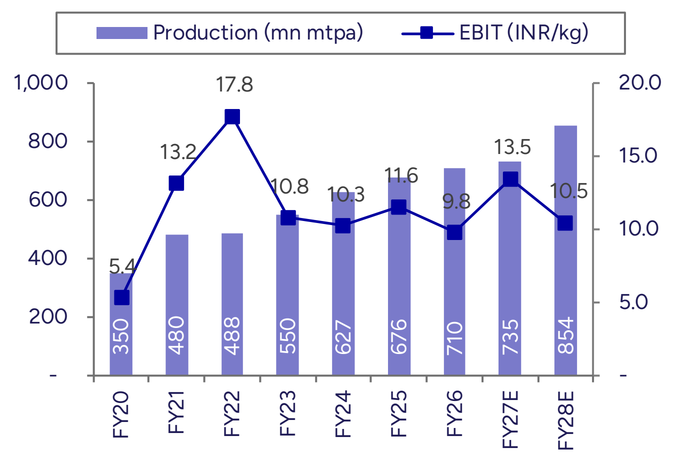
Source: Company, PL

Exhibit 5: AI EBIT margin to be at 7.5% in FY28E



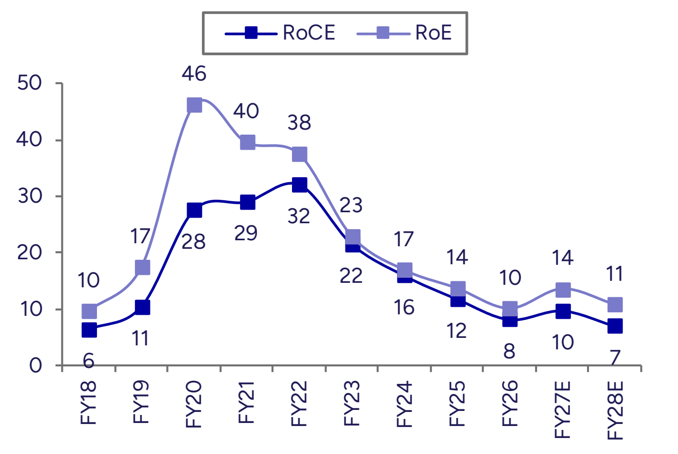
Source: Company, PL

Exhibit 6: Phenolics EBIT to be at Rs10.5/kg in FY28E



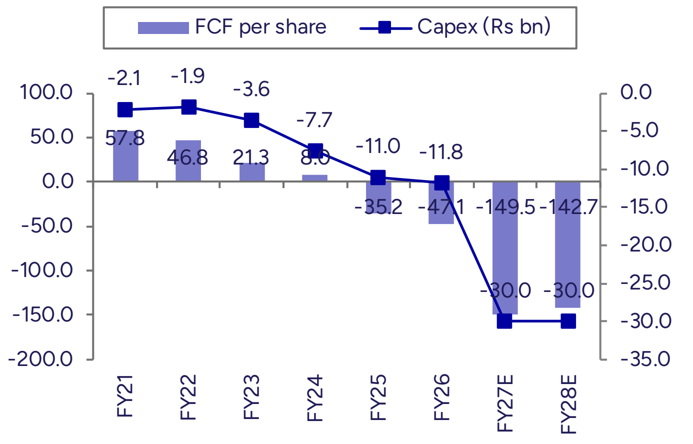
Source: Company, PL

Exhibit 7: Return ratios to hover at 7-11%



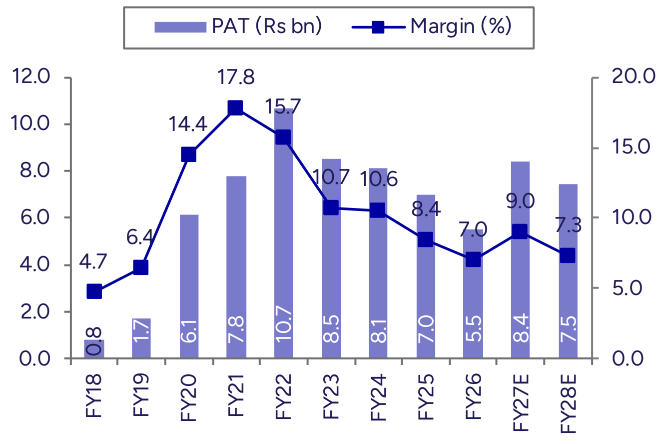
Source: Company, PL

Exhibit 8: **Capex not in sync with FCF**



Source: Company, PL

Exhibit 9: **PAT margin at 7.3% in FY28E**



Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	**82,819**	**78,871**	**93,830**	**102,210**
YoY gr. (%)	*7.8*	*(4.8)*	*19.0*	*8.9*
Cost of Goods Sold	57,879	55,429	63,481	70,056
Gross Profit	24,940	23,442	30,350	32,154
Margin (%)	*30.1*	*29.7*	*32.3*	*31.5*
Employee Cost	3,922	4,232	4,697	5,214
Other Expenses	10,101	9,403	11,072	12,061
EBITDA	**10,918**	**9,807**	**14,580**	**14,879**
YoY gr. (%)	*(2.8)*	*(10.2)*	*48.7*	*2.0*
Margin (%)	*13.2*	*12.4*	*15.5*	*14.6*
Depreciation and Amortization	1,954	2,246	2,782	3,782
EBIT	**8,964**	**7,561**	**11,799**	**11,097**
Margin (%)	*10.8*	*9.6*	*12.6*	*10.9*
Net Interest	275	460	844	1,500
Other Income	839	599	469	511
Profit Before Tax	**9,528**	**7,571**	**11,424**	**10,108**
Margin (%)	*11.5*	*9.6*	*12.2*	*9.9*
Total Tax	2,554	2,064	2,993	2,648
Effective Tax Rate (%)	*26.8*	*27.3*	*27.0*	*27.0*
Profit After Tax	**6,974**	**5,507**	**8,431**	**7,460**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**6,974**	**5,379**	**8,431**	**7,460**
YoY gr. (%)	*(14.0)*	*(22.9)*	*56.7*	*(11.5)*
Margin (%)	*8.4*	*6.8*	*9.0*	*7.3*
Extra Ord. Income / (Exp)	-	128	-	-
Reported PAT	**6,974**	**5,507**	**8,431**	**7,460**
YoY gr. (%)	*(14.0)*	*(21.0)*	*53.1*	*(11.5)*
Margin (%)	*8.4*	*7.0*	*9.0*	*7.3*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,974	5,507	8,431	7,460
Equity Shares O/s (mn)	**136**	**136**	**136**	**136**
EPS (INR)	**51.1**	**39.4**	**61.8**	**54.7**

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	**35,262**	**45,632**	**65,632**	**85,632**
Tangibles	35,262	45,632	65,632	85,632
Intangibles	-	-	-	-
Acc: Dep / Amortization	**10,717**	**12,963**	**15,745**	**19,526**
Tangibles	10,717	12,963	15,745	19,526
Intangibles	-	-	-	-
Net Fixed Assets	**24,546**	**32,669**	**49,887**	**66,106**
Tangibles	24,546	32,669	49,887	66,106
Intangibles	-	-	-	-
Capital Work In Progress	16,491	18,282	28,282	38,282
Goodwill	27	27	-	-
Non-Current Investments	5,109	2,133	2,133	2,133
Net Deferred Tax Assets	(2,128)	(2,467)	(2,467)	(2,467)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	9,264	8,623	10,856	11,963
Trade Receivables	12,738	15,056	15,424	16,802
Cash & Bank Balance	4,066	2,690	3,831	1,938
Other Current Assets	4,937	7,328	8,718	9,496
Total Assets	**77,177**	**86,807**	**119,131**	**146,719**
Equity				
Equity Share Capital	273	273	273	273
Other Equity	53,614	58,096	65,482	72,018
Total Networth	**53,887**	**58,368**	**65,755**	**72,291**
Non-Current Liabilities				
Long Term Borrowings	12,591	16,287	40,000	60,000
Provisions	-	-	-	-
Other Non Current Liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade Payables	5,218	5,341	6,129	6,754
Other Current Liabilities	2,993	4,018	4,780	5,207
Total Equity & Liabilities	**77,177**	**86,482**	**119,131**	**146,719**

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	9,528	7,591	11,424	10,108
Add. Depreciation	1,954	2,246	2,782	3,782
Add. Interest	275	460	844	1,500
Less Financial Other Income	839	599	469	511
Add. Other	(560)	(273)	-	-
Op. Profit before WC Changes	11,196	10,025	15,049	15,390
Net Changes-WC	(2,798)	(2,728)	(2,442)	(2,211)
Direct Tax	(2,152)	(1,887)	(2,993)	(2,648)
Net Cash from Op. Activities	**6,247**	**5,410**	**9,615**	**10,531**
Capital Expenditures	(11,049)	(11,831)	(30,000)	(30,000)
Interest / Dividend Income	337	167	-	-
Others	(4,201)	4,977	-	-
Net Cash from Invt. Activities	**(14,913)**	**(6,687)**	**(30,000)**	**(30,000)**
Issue of Share Cap. / Premium	102	-	-	-
Debt Changes	8,069	1,498	23,713	20,000
Dividend Paid	(1,023)	(1,023)	(1,044)	(924)
Interest Paid	(194)	(384)	(844)	(1,500)
Others	1,108	1,843	-	-
Net Cash from Fin. Activities	**8,062**	**1,934**	**21,824**	**17,576**
Net Change in Cash	**(605)**	**657**	**1,439**	**(1,893)**
Free Cash Flow	(4,802)	(6,422)	(20,385)	(19,469)

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Net Revenues	**19,019**	**19,750**	**21,203**	**25,776**
YoY gr. (%)	*(6.4)*	*3.8*	*(2.7)*	*36.4*
Raw Material Expenses	13,774	14,252	13,796	16,282
Gross Profit	5,245	5,498	7,407	9,494
Margin (%)	*27.6*	*27.8*	*34.9*	*36.8*
EBITDA	**2,043**	**2,109**	**3,760**	**5,402**
YoY gr. (%)	*(31.3)*	*25.1*	*18.8*	*185.0*
Margin (%)	*10.7*	*10.7*	*17.7*	*21.0*
Depreciation / Depletion	533	576	626	637
EBIT	**1,510**	**1,534**	**3,134**	**4,765**
Margin (%)	*7.9*	*7.8*	*14.8*	*18.5*
Net Interest	79	110	189	229
Other Income	200	85	69	140
Profit before Tax	**1,630**	**1,508**	**3,014**	**4,676**
Margin (%)	*8.6*	*7.6*	*14.2*	*18.1*
Total Tax	443	415	815	1,226
Effective Tax Rate (%)	*27.2*	*27.5*	*27.1*	*26.2*
Profit After Tax	**1,188**	**1,093**	**2,198**	**3,450**
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**1,188**	**1,093**	**2,198**	**3,450**
YoY gr. (%)	*(38.9)*	*11.4*	*8.6*	*207.4*
Margin (%)	*6.2*	*5.5*	*10.4*	*13.4*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**1,188**	**1,093**	**2,198**	**3,450**
YoY gr. (%)	*(38.9)*	*11.4*	*8.6*	*207.4*
Margin (%)	*6.2*	*5.5*	*10.4*	*13.4*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**1,188**	**1,093**	**-**	**-**
Avg. Shares O/s (mn)	136	136	136	136
EPS (INR)	**8.7**	**8.0**	**16.2**	**25.4**

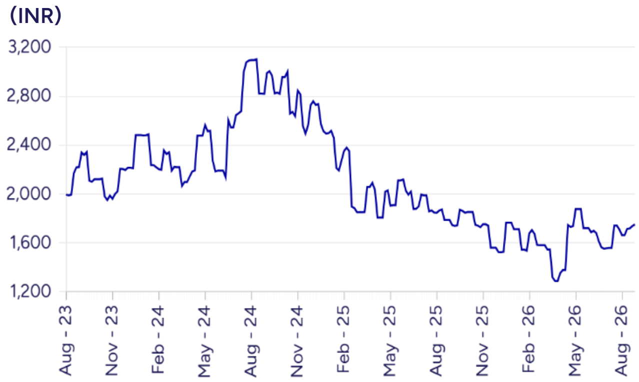
Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	51.1	39.4	61.8	54.7
CEPS	65.5	55.9	82.2	82.4
BVPS	395.1	427.9	482.1	530.0
FCF	(35.2)	(47.1)	(149.5)	(142.7)
DPS	8.0	5.0	7.7	6.8
Return Ratio (%)				
RoCE	15.4	10.7	13.1	9.3
ROIC	12.2	8.2	10.0	7.1
RoE	13.7	9.6	13.6	10.8
Balance Sheet				
Net Debt : Equity (x)	0.2	0.2	0.6	0.8
Net Working Capital (Days)	74	85	78	79
Valuation (x)				
PER	34.2	44.3	28.3	32.0
P/B	4.4	4.0	3.6	3.3
P/CEPS	26.7	31.3	21.2	21.2
EV/EBITDA	22.6	25.7	18.8	19.9
EV/Sales	2.9	3.1	2.9	2.9
Dividend Yield (%)	0.4	0.2	0.4	0.3
FCFF Yield (%)	(2.1)	(2.7)	(8.6)	(8.2)
PEG Ratio	(2.5)	(2.0)	0.4	(2.8)

Source: Company, PL

Price Chart



Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	07-Jul-26	REDUCE	1514	1613
2	18-May-26	REDUCE	1495	1749
3	13-Apr-26	REDUCE	1354	1473
4	09-Apr-26	HOLD	1408	1423
5	14-Feb-26	Hold	1673	1634
6	07-Jan-26	Hold	1729	1626
7	14-Nov-25	Hold	1768	1741
8	07-Oct-25	Hold	1924	1844
9	14-Aug-25	Hold	1883	1831
10	07-Jul-25	Reduce	1799	1963

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Aarti Industries	Accumulate	526	489
2	Bharat Petroleum Corporation	HOLD	305	310
3	Bharti Airtel	BUY	2275	1978
4	Clean Science and Technology	HOLD	745	734
5	Deepak Nitrite	REDUCE	1514	1613
6	Fine Organic Industries	BUY	6001	5000
7	GAIL (India)	BUY	206	181
8	Gujarat Energy	Hold	293	286
9	Gujarat Fluorochemicals	HOLD	3772	3961
10	Gujarat State Petronet	Hold	242	236
11	Hindustan Petroleum Corporation	Reduce	350	385
12	Indian Oil Corporation	Accumulate	147	140
13	Indraprastha Gas	BUY	181	152
14	Jubilant Ingrevia	Hold	711	745
15	Laxmi Organic Industries	Reduce	169	182
16	Mahanagar Gas	Accumulate	1254	1121
17	Mangalore Refinery & Petrochemicals	HOLD	150	157
18	Navin Fluorine International	Accumulate	8377	7610
19	NOCIL	HOLD	179	171
20	Oil & Natural Gas Corporation	Accumulate	273	240
21	Oil India	Accumulate	455	423
22	P.I. Industries	Hold	2792	2648
23	Petronet LNG	Accumulate	300	280
24	Reliance Industries	BUY	1675	1327
25	SRF	Reduce	2482	2632
26	Sudeep Pharma	Reduce	855	959
27	Vinati Organics	Accumulate	1443	1296

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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