19th August 2025 | Close* – ₹1,810.50 | View – **Hold**

Q1FY26 Result Update

- Consolidated revenue for Q1FY26 stood at ₹1,890crs, declining 13% YoY and QoQ, primarily due to sustained pricing pressure from oversupply in China and a slower than expected recovery in the global agrochemicals market. Profitability was under significant pressure, with EBITDA falling 39% YoY and 40% QoQ to ₹190crs, and margins contracting to 10% from 14% in Q1FY25 and 15% in Q4FY25. PAT dropped 45% YoY and QoQ to ₹112crs.
- Advanced Intermediates (AI) segment reported revenue of ₹605crs (-15% YoY, -7% QoQ) and EBIT of ₹35crs (-47% YoY, -21% QoQ), with margins at 6% (down 343bps YoY and 100bps QoQ). The segment faced a weak operating environment in Q1FY26, impacted by the global economic slowdown, continued oversupply from China, and pricing pressure. The agrochemicals segment remained subdued, with a slower-than-expected recovery in Europe as customers adopted a cautious stance. Added to this were geopolitical uncertainties and sluggish demand in key economies, creating a volatile backdrop. Despite these headwinds, the Company showed resilience, supported by steady domestic demand and import substitution initiatives. However, slow offtake in key agrochemical-linked products continued to weigh on both revenue and EBITDA
- Phenolics segment delivered revenue of ₹1,304crs (-11% YoY, -15% QoQ) and EBIT of ₹118crs (-43% YoY, -51% QoQ), translating into a margin of 9% (down 488bps YoY and 719bps QoQ). While domestic demand remained steady and volumes were resilient, profitability was dragged down by lower realizations and normalization of government incentives. Despite this, the segment continues to benefit from debottlenecking measures, cost optimization, and capacity augmentation initiatives, underscoring the strength of its integrated manufacturing platform.
- **Projects & Expansion Updates:**
  - The company has invested in backward integration projects to strengthen its raw material stability. It is setting up concentrated and weak nitric acid plants, which are expected to be commissioned in Q2/Q3 FY26. Trial production has already begun at the new hydrogenation facility, which will boost specialty chemical capacity. Material benefits from these projects are expected to start flowing in from Q3 FY26 onwards, with a realistic 2–3% uplift in EBITDA margin.
  - In the advanced solvents segment, new plants for MIBK, MIBC, and mining chemicals are under construction and are likely to be commissioned in H2 FY26. These products will have faster ramp-up as customer validations are already in place.
  - One of the most significant upcoming projects is the Polycarbonate Project, which will be India's first integrated polycarbonate complex with a planned capacity of 165 KTPA. This project covers the entire chain from propylene (phenol & acetone, BPA, polycarbonate resin). It is scheduled for commissioning by December 2027.
    - The Polycarbonate Project targets a large domestic market of around 4 lakh MT, which currently depends on imports worth about ₹5,000crs. With an expected IRR of 16–18% and a payback period of ~5 years, this project can generate strong long-term returns.
  - On the capex front, the company plans to invest ₹10,000–11,000crs by FY28, focusing on specialty chemicals, import substitution, and an

Important Statistics

Nifty	24,876.95
Sensex	81,273.75
Close*	1,810.50
MCAP (₹ bn)	~247.42
52-week H/L (₹)	₹3,094/₹1,775
NSE Code	DEEPAKNTR
BSE Code	506401
Bloomberg Code	DN:IN

Close as on 18th August 2025*

Shareholding pattern (%)	Jun'25
Promoter	49.28
FII	6.68
DII	22.62
Public & Others	21.42

Financials

(₹ crs)

Particulars	FY24	FY25E	FY26E	FY27E
Revenues	7,682	8,282	8,737	9,436
Gross Profit	2,446	2,494	2,752	3,039
Gross Profit Margin	32%	30%	32%	0
EBITDA	1,123	1,092	1,293	1,463
EBITDA Margin	15%	13%	15%	0
Net Profit	731	697	821	935
EPS	59	51	60	69
P/E (x)	31	36	30	26
RoE (%)	16%	13%	13%	14%

Source: Company, Way2Wealth

Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
Deepak Nitrite	**-37%**	**-11%**	**180%**
Nifty 50	1%	39%	118%
SENSEX	1%	35%	111%

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W2W Lighthouse - A Quick Perspective

integrated Cumene–Phenol–Acetone–Polycarbonate chain. The spend is phased at ₹800–1,000crs in FY26, ~₹3,000crs in FY27, with the remainder allocated in FY28 and beyond.

- On the debt front, management remains confident that peak leverage will not exceed 1.5x EBITDA, with maximum debt estimated in the range of ₹6,000–7,500crs.
- **Agrochemical:** Current slowdown due to demand deferment, not cancellations; recovery expected from CY2026. Chinese oversupply largely in formulations; Deepak's focus remains on intermediates with superior quality and cost efficiency.
- **New Agrochemical Intermediate (₹220 Cr Capex):** This is a plant for a patented product for a major agrochemical customer. Commissioning targeted for Jan–Mar 2026. The asset is designed as a multipurpose facility, applicable to cosmetics and polymers, while remaining synergistic with existing upstream products.
- Management expects double-digit EBIT margin by FY27, supported by backward integration and new product ramp-up, contingent on no major customer order deferrals.

➢ **Trade war and tariff risks**

- Minimal direct impact, with U.S. contributing only 2.5–3% of revenue.
- Key risk lies in potential second-order effects on customers.
- Mitigation through supply-chain diversification and strong focus on domestic consumption.

View

The company has announced a ₹10,000crs capex plan over the next three years, focused on strengthening backward integration, expanding capacities, and supporting new product launches across agro and non-agro segments. This large investment is expected to drive cost efficiency, improve margins, and provide a long runway for growth. On the business front, Q1 marked the first signs of recovery in agrochemical volumes, and management expects demand to improve gradually from H2FY26. The non-agro downstream portfolio continues to post steady growth, offering stability and diversification. While near-term challenges from weak global demand and pricing pressure remain, the combination of capex-led expansion, demand recovery, and portfolio diversification positions the company strongly for medium- to long-term performance. We maintain a **bullish stance** on the stock with a **HOLD** rating. At the CMP of ₹1,815, the stock is valued at **26x FY27e P/E**, supported by strong capex-driven growth prospects.

19th August 2025 | Close* – ₹1,810.50 | View – **Hold**

Quarterly Financial Performance

(₹ crs)

Financial	Q1FY26	Q1FY25	YoY %	Q4FY25	QoQ %
Net sales	1890	2167	-13%	2180	-13%
Total Income	1890	2167	-13%	2180	-13%
(Increase)/Decrease in stock in trade & WIP	-34	65	-153%	15	-334%
Consumption of raw material	1331	1413	-6%	1479	-10%
Purchase of Traded goods	64	23	181%	18	
Gross profit	**529**	**667**	**-21%**	**667**	**-21%**
Gross profit margins %	**28%**	**31%**		**31%**	
Employees cost	106	95	12%	102	5%
Power & fuel cost	114	118	-4%	114	-1%
Administrative & other Expense	120	144	-17%	135	-11%
Total Expenditure	1700	1858	-8%	1863	-9%
EBITDA	**190**	**309**	**-39%**	**317**	**-40%**
EBITDA margins %	**10%**	**14%**		**15%**	
Depreciation	51	47	8%	51	0%
EBIT/ Operating Profit	138	262	-47%	265	-48%
Interest	8	6	41%	9	-13%
Other income	25	19	31%	23	8%
PBT	155	275	-44%	279	-44%
Provision for current tax	42	74	-44%	46	-9%
Provision for Deferred Tax	1	-2	-129%	30	-98%
PAT	112	203	-45%	203	-45%
reported PAT	**112**	**203**	**-45%**	**202**	**-45%**
PAT margins %	**6%**	**9%**		**9%**	
EPS (Basic & diluted)	8.23	14.85	-45%	14.84	-45%

Source: Company, Way2Wealth

(₹ crs)

Segmental performance	Q1FY26	Q1FY25	YoY %	Q4FY25	QoQ %
Segment Revenue					
Advanced Intermediates	605	716	-15%	654	-7%
Phenolics	1304	1464	-11%	1532	-15%
Total	**1909**	**2179**	**-12%**	**2186**	**-13%**
Less: Inter segment rev.	19	12	56%	7	198%
Net sales	**1890**	**2167**	**-13%**	**2180**	**-13%**
-					
Segment result					
Advanced Intermediates	35	67	-47%	45	-21%
EBIT margins %	6%	9%		7%	
Phenolics	118	208	-43%	239	-51%
EBIT margins %	9%	14%		16%	
Total	**153**	**274**	**-44%**	**284**	**-46%**
Less: Interest	8	6	41%	9	-13%
Unallocated (inc/ exp (net))	-10	-6	47%	-4	147%
total PBT	**155**	**275**	**-44%**	**279**	**-44%**

Source: Company, Way2Wealth

19th August 2025 Close* – ₹1,810.50 View – **Hold**

Financial Performance

(₹ crs)

Financial	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net sales	4,360	6,802	7,972	7,682	8,282	8,737	9,436
COGS	2,264	4,114	5,348	5,236	5,788	5,985	6,398
Gross Profit	2,096	2,688	2,625	2,446	2,494	2,752	3,039
Gross Profit Margin %	48%	40%	33%	32%	30%	32%	32%
Employees cost	247	274	318	351	392	393	425
Power and Fuel Costs	265	439	542	457	464	489	528
Other Expense	337	375	475	514	547	577	623
Total Expenditure	3,113	5,202	6,683	6,559	7,190	7,444	7,974
EBITDA	1,247	1,600	1,289	1,123	1,092	1,293	1,463
EBITDA margins %	28.6%	23.5%	16.2%	14.6%	13.2%	14.8%	15.5%
Depreciation	153	178	166	166	195	245	264
EBIT/ Operating Profit	1,094	1,422	1,123	958	896	1,048	1,198
Interest	74	34	25	12	28	35	42
Other income	22	46	48	76	84	91	103
PBT	1,042	1,434	1,146	1,022	953	1,105	1,258
Provision for current tax	266	368	294	291	255	284	323
PAT	776	1,066	852	731	697	821	935
Exceptional items	-	-	-	80	-	-	-
Reported PAT	776	1,066	852	811	697	821	935
PAT margin %	17.8%	15.7%	10.7%	10.6%	8.4%	9.4%	9.9%
EPS (Basic & dilluted)	56.9	78.2	62.5	59.5	51.1	60.2	68.6

Source: *Company, Way2Wealth*

W2W Lighthouse - A Quick Perspective

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Disclosure of Interest Statement Deepak Nitrite Ltd. as on 19th August 2025

Name of the Security	Deepak Nitrite Ltd.
Name of the analyst	Rupali Singh
Analysts' ownership of any stock related to the information contained Financial Interest Analyst : Analyst's Relative : Yes / No Analyst's Associate/Firm : Yes/No	 No No No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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