

22nd May 2026

Close* – ₹1,785

View – Hold

Q4FY26 Result Update

The company reported a strong recovery in Q4FY26 performance despite a challenging global chemical environment. Net sales stood at ₹2,120 crore, down 3% YoY but up 7% QoQ, indicated improvement in demand and pricing. Gross profit increased 11% YoY and 35% QoQ to ₹741crs, while gross margins expanded sharply to 35% from 28% in Q3FY26, supported by better product spreads, strategic low-cost raw material procurement and improved product mix. EBITDA increased significantly to ₹376crs, up 19% YoY and 78% QoQ, with EBITDA margins improved to 18% compared to 11% in Q3FY26. The sharp profitability improvement was largely driven by strong performance in the phenolics business. PAT came in at ₹220crs, growing 9% YoY and 120% QoQ, with PAT margins improving to 10% from 5% in Q3 FY26.

For FY26, the company reported net sales of ₹7,887crs, down 5% YoY due to weaker realizations and continued softness in the global chemical sector. EBITDA declined 10% YoY to ₹981crs, while EBITDA margins moderated to 12% from 13% in FY25. PAT declined 21% YoY to ₹551crs due to lower chemical spreads during most of FY26, along with higher depreciation from newly commissioned projects and increased interest costs from ongoing capex investments.

Advanced Intermediates (AI):

- Revenue from Advanced Intermediates stood at ₹708crs, up by 8% YoY and QoQ, driven by stable domestic demand and improving realizations. The segment benefited from better product mix toward high demand applications, improved realizations in Nitrites and Fuel Additives, initial contribution from newly launched specialty products and strong operating leverage from integrated manufacturing ecosystem.
- EBIT improved sharply to ₹34crs from ₹15crs in Q3 FY26, lead to margin improvement to 5% from 2% sequentially. Despite the QoQ recovery, EBIT declined 25% YoY due to continued pressure in global chemical markets and weaker export environment. Management highlighted that deeper integration and raw material self-sufficiency helped mitigate supplier risks and improve profitability.
- For FY26, revenue increased marginally by 1% to ₹2,553crs, while EBIT declined 39% to ₹107crs because of weak realizations.

Phenolics:

- Phenolics segment revenue stood at ₹1,429crs, down 7% YoY but up 7% QoQ. EBIT surged to ₹287crs compared to ₹145crs in Q3FY26 and ₹239crs in Q4FY25. EBIT margins improved significantly to 20% from 11% in Q3FY26 and 16% in Q4FY25.
- Strong performance was driven by higher phenol spreads, stable plant operations, recovery in downstream demand from polymer and industrial applications, better pricing trends and operational efficiencies and debottlenecking initiatives. Management emphasized that the company maintained supply commitments to domestic customers despite severe import disruptions and geopolitical volatility. The segment also benefited from proactive procurement of critical feedstocks and strong domestic demand amid global supply chain disruptions.
- For FY26, Phenolics revenue declined 7% to ₹5,401crs, while EBIT fell 11% to ₹695crs, although margins remained stable at 13%.

Important Statistics

Nifty	23,654
Sensex	75,183
Close*	1,785
MCAP (₹ bn)	243.60
52-week H/L (₹)	₹2,149/₹1,280
NSE Code	DEEPAKNTR
BSE Code	506401
Bloomberg Code	DN:IN

Close as on 21st May 2026*

Shareholding pattern (%)	Sep-25	Dec-25	Mar-26
Promoter	49.30%	49.30%	49.30%
FII	6.20%	6.10%	6.20%
DII	22.70%	23.20%	23.50%
Public & Others	21.80%	21.40%	21.00%

Financials
(₹ crs)

Particulars	FY24	FY25	FY26	FY27E	FY28E
Revenues	7682	8282	7887	8710	9755
EBITDA	1118	1092	981	1132	1268
EBITDA Margin (%)	15%	13%	12%	13%	13%
NetProfit	811	697	551	617	711
EPS()	59.4	51.1	40.4	45.2	52.1
RoE(%)	17%	13%	8%	10%	10%
P/E(x)	30.4	35.3	44.8	39.9	34.7
EV/EBITDA(x)	19.2	20.9	26.1	23.9	21.3

Source: Company, Way2Wealth
Relative Performance

Return (%)	1 Yr	3Yr	5 Yr
Deepak Nitrite	-14%	-7%	2%
Nifty 50	-5%	30%	56%
SENSEX	-8%	22%	49%

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➤ **Concall highlights:**

- **Nitric Acid Plant:** Nitric acid plant at Nandesari has already started manufacturing operations in mid Dec 2025. This new nitric acid plant experienced technical issues in Q4 FY26, leading to only 45% utilization. The company is working with technology and equipment suppliers to resolve these issues for stable operations. Management expects the plant to generate a total EBITDA benefit of ₹90-100crs once operations stabilize.
- **Polycarbonate Facility:**
 - The company is setting up India's first integrated Polycarbonate plant with capacity of 165,000 MT per annum. Project includes complete integration from Cumene → Phenol → Acetone → BPA → Polycarbonate. Commercial commissioning is targeted by FY28 / June 2028.
 - Current Progress: Plant dismantling at Stade, Germany progressing rapidly. Shipment of equipment to India already underway. Infrastructure work and contractor mobilization started in India. Ordering of major equipment including boilers has commenced.
 - Execution is on track. A strategic agreement with Praxair India for an on-site HyCo plant at Dahej will reduce upfront investment and enhance supply chain resilience.
 - This project will create a fully integrated chain from propylene to phenol, BPA, and polycarbonate, improving competitiveness and efficiency. At the same time, rising domestic demand for polycarbonate in India strengthens the long-term growth opportunity for the project.
- **Nitration & Hydrogenation Projects:** Deepak Chem Tech: The company successfully commissioned and stabilized the nitration plant and second hydrogenation facility at Dahej during FY26. These projects enhance raw material security, reduce external dependency, and improve cost competitiveness. With both facilities now operational and contributing positively, management expects them to support margin improvement going forward.
- The MIBK & MIBC project is nearing mechanical completion, with pre-commissioning activities currently underway. Commercial commissioning is expected by the end of Q1FY27 or early Q2FY27. The project strategically expands Deepak Nitrite's downstream acetone derivatives portfolio, enhancing value addition and improving integrated margins.
- **Raw Material Strategy:** The company proactively secured significant inventory of critical feedstocks (benzene, xylene, toluene) at favorable prices during Q4FY26 due to anticipated volatility from geopolitical events. This position is expected to benefit in Q1 and Q2FY27.
- Management remains positive on the FY27 outlook for specialty chemicals and fluorinated molecules, with 3–4 new products progressing well. Commercial-scale validation batches have been manufactured, customer samples have received positive feedback, and commercial ramp-up is expected from Q3FY27 onward.
- Management remained optimistic on the FY27 outlook, expecting Q1FY27 performance to improve sequentially over Q4FY26. The company anticipates margin improvement during the year, supported by stabilization of the nitric acid plant, healthy performance in the phenolics business, and contribution from new products starting Q3FY27 onward. Additionally,

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disruptions in China are expected to support profitability in the nitration value chain.

- o Management said the annual maintenance shutdown was preponed to manage temporary feedstock disruptions, while adequate inventory and secured propylene supplies helped maintain stable operations. The company expects phenolics profitability in Q1FY27 to remain healthy and better than Q4FY26.

Valuation and Outlook

Management remained optimistic on the FY27 outlook, expecting Q1FY27 performance to improve sequentially over Q4FY26. The company anticipates margin improvement during the year, supported by stabilization of the nitric acid plant, healthy performance in the phenolics business, and contribution from new products starting Q3FY27 onward. Going ahead, the company remains focused on executing its ongoing capex program towards backward integration, specialty expansions, and the polycarbonate value chain, which is expected to drive long-term growth and strengthen integration benefits. At the current market price, the stock trades at 35x P/E and 21x EV/EBITDA on FY28E estimates, reflecting expectations of strong capex-led growth over the medium term. Considering the valuations and ongoing execution phase of major projects, **we maintain a HOLD rating.**

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Quarterly Financial Performance

(₹ crs)

Particulars	Q4FY26	Q4FY25	YoY % change	Q3FY26	QoQ % change	FY26	FY25	YoY % change
Net sales	2120	2180	-3%	1975	7%	7887	8282	-5%
Total Income	2120	2180	-3%	1975	7%	7887	8282	-5%
(Increase)/Decrease in stock in trade & WIP	-57	15	-491%	-21	167%	-55	-25	122%
Consumption of raw material	1378	1479	-7%	1372	0%	5324	5681	-6%
Purchase of Traded goods	59	18	220%	75	-21%	274	132	108%
Gross profit	741	667	11%	550	35%	2344	2494	-6%
Gross profit margins %	35%	31%		28%		30%	30%	
Employees cost	111	102	9%	107	4%	423	392	8%
power & fuel cost	120	114	5%	107	13%	447	464	-4%
Other Expenses	133	135	-1%	125	6%	493	547	-10%
Total Expenditure	1744	1863	-6%	1764	-1%	6906	7190	-4%
EBITDA	376	317	19%	211	78%	981	1092	-10%
EBITDA margins %	18%	15%		11%		12%	13%	
Depreciation	63	51	22%	58	9%	225	195	15%
EBIT/ Operating Profit	313	265	18%	153	104%	756	896	-16%
Interest	19	9	102%	11	71%	46	28	67%
Other income	7	23	-70%	9	-19%	60	84	-29%
PBT	301	279	8%	151	100%	770	953	-19%
PBT	301	279	8%	138	118%	757	953	-21%
Provision for current tax	66	46	42%	41	58%	191	228	-16%
Provision for Deferred Tax	16	30	-47%	-3	-579%	16	27	-42%
PAT	220	203	9%	100	120%	551	697	-21%
reported PAT	220	202	9%	100	120%	551	697	-21%
PAT margins %	10%	9%		5%		7%	8%	
EPS (Basic & diluted)	16.12	14.84	9%	7.32	120%	40.37	51.13	-21%

Segment performance

(₹ crs)

Particulars	Q4FY26	Q4FY25	YoY % change	Q3FY26	QoQ % change	FY26	FY25	YoY % change
Segment Revenue								
Advanced Intermediates	708	654	8%	652	8%	2553	2527	1%
Phenolics	1429	1532	-7%	1334	7%	5401	5805	-7%
Total	2137	2186	-2%	1986	8%	7954	8332	-5%
Less: Inter segment rev.	17	7	158%	11	49%	67	50	33%
Net sales	2120	2180	-3%	1975	7%	7887	8282	-5%
Segment result								
Advanced Intermediates	34	45	-25%	15	125%	107	176	-39%
EBIT margins %	5%	7%		2%		4%	7%	
Phenolics	287	239	20%	145	97%	695	783	-11%
EBIT margins %	20%	16%		11%		13%	13%	
Total	320	284	13%	160	100%	802	959	-16%
Less: Interest	19	9	102%	11	71%	46	28	67%
Unallocated (inc/ exp (net))	0	-4	-97%	-2	-93%	-14	-22	-33%
Exceptional items		0		-13		-13	0	
total PBT	301	279	8%	138	118%	757	953	-21%

Source: Company, Way2Wealth

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Financial Performance

	(₹ crs)				
Particulars	FY24	FY25	FY26	FY27E	FY28E
Net sales	7682	8282	7887	8710	9755
Total Income	7682	8282	7887	8710	9755
COGS	5236	5788	5324	6097	6829
Gross profit	2446	2494	2344	2613	2927
Gross profit margins %	32%	30%	30%	30%	30%
Employees cost	351	392	423	435	488
power & fuel cost	457	464	447	523	585
Administrative & other Expense	520	547	493	523	585
Selling & Distribution exp	0	0	0	0	0
Total Expenditure	6564	7190	6906	7578	8487
EBITDA	1118	1092	981	1132	1268
EBITDA margins %	15%	13%	12%	13%	13%
Depreciation	166	195	225	313	322
EBIT/ Operating Profit	952	896	756	819	946
Interest	12	28	46	50	50
Other income	82	84	60	65	65
PBT	1022	953	770	834	961
PBT	1102	953	757	834	961
Provision for current tax	273	228	191	217	250
Provision for Deferred Tax	18	27	16	0	0
reported PAT	811	697	551	617	711
PAT margins %	11%	8%	7%	7%	7%
EPS (Basic & diluted)	59.4	51.1	40.4	45.2	52.1

Source: Company, Way2Wealth

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Disclosure of Interest Statement Deepak Nitrite Ltd. as on 22nd May 2026

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 :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/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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