

Deepak Nitrite (DN IN)

Company
Update

April 13, 2026

■ Estimate Change | Target | Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	REDUCE		HOLD	
Target Price	1,354		1,408	
Sales (INR mn)	87,411	100,405	87,411	100,405
% Chng.	-	-	-	-
EBITDA (INR mn)	11,076	13,557	11,076	13,557
% Chng.	-	-	-	-
EPS (INR)	46.2	54.1	46.2	54.1
% Chng.	-	-	-	-

Key Data

DPNT.BO | DN IN

BSE Code	506401
NSE Code	DEEPAKNTR
52-W High / Low	INR 2,174 / INR 1,280
Face Value	2
Sensex / Nifty	76,848 / 23,843
Market Cap	INR 201 bn / \$ 2,152 mn
Shares Outstanding	136.39 mn
3M Avg. Daily Value	INR 272.12 mn

Shareholding Pattern (%)

Promoters	49.33
FIIs	6.05
MF	11.08
DII	12.12
Public & Others	21.42
Promoter's Pledge	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	1.7	(6.2)	(16.9)	(23.8)
Relative	(1.3)	2.0	(10.9)	(25.4)

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (INR mn)	82,819	77,866	87,411	100,405
EBITDA (INR mn)	10,918	8,252	11,076	13,557
Margin (%)	13.2	10.6	12.7	13.5
PAT (INR mn)	6,974	4,362	6,312	7,388
EV (INR mn)	209,497	220,941	234,487	246,962
Total Debt (INR mn)	12,591	20,000	33,000	45,000
C&C Eq. (INR mn)	4,066	30	(516)	(990)
EPS (INR)	51.1	32.0	46.3	54.2
Gr. (%)	(14.0)	(37.4)	44.7	17.0
DPS (INR)	8.0	4.8	6.8	7.9
Yield (%)	1.0	1.0	1.0	1.0
RoE (%)	13.7	7.8	10.4	11.2
RoCE (%)	15.4	8.4	9.3	9.2
EV/Sales (x)	3.0	3.0	3.0	3.0
EV/EBITDA (x)	20.0	27.0	22.0	19.0
PE (x)	29.0	47.0	32.0	28.0
P/BV (x)	4.0	4.0	4.0	3.0

Capacity Additions Threaten Polycarbonate Margins

Quick Pointers

- Mitsubishi announces closure of 120tmtpa Kashima plant
- China to add 1.6mmt in 2026, 32% of global CY25 demand

Indian polycarbonate (PC) resin demand grew at 14% CAGR during 2020-25, with imports accounting for all of it. DN's upcoming 165tmtpa PC resin capacity addition is expected to help curb imports. However, the PC resin industry is marred with over-capacity and poor utilization, forcing closures of ~5% of global capacity recently. Consequently, DN's investment of INR85bn in the upcoming fully integrated PC resin capacity, may suppress its return ratios, especially since Trinseo's plant is based on older technology of Dow and is meant primarily for commodity grade PC. We downgrade the stock to 'REDUCE' with TP of INR1,354 on anticipated unfavorable risk-reward post the recent rally.

China adding PC resin capacity equivalent to 32% of CY25 global consumption: Global demand stands at ~5mmtpa, while capacity is at ~8mmtpa. With China adding total 1.6mmt capacity in 2026, the glut is likely to worsen, affecting margins, going forward.

India entirely dependent on imports of PC: India does not have a PC resin plant as of now. Domestic demand for PC resin has grown at 14% CAGR over the past 5 years. In such a scenario, DN's positioning will support import substitution. In addition, backward integration to benzene and propylene gives it an edge. However, our estimate for the fully integrated plant suggests RoCE of 10% at current spreads and 9% in the base case, assuming PC spreads would decline by 10% from here.

Phenol spreads continue to remain under pressure: In our [earlier report](#), we highlighted that phenol spreads are expected to remain under pressure as a result of upcoming capacities in China. We reiterate the same. Our analysis suggests that Indian phenol spreads stood at INR105/lit in Apr'25-Jan'26 compared with INR106/lit in FY25 and average of INR127/lit in 2018-25.

Downgrade to 'REDUCE': We expect capex of INR20bn in FY27 against EBITDA of INR11bn. We expect EBITDA CAGR of 28% during FY26-28E and EPS CAGR of 26%. Considering the poor prospects in phenol spreads as well as upcoming PC resin capacity, we believe the stock is expensive at 28x FY28 EPS of INR54. Valuing the stock at 25x FY28 EPS, we recommend 'REDUCE' rating on the stock with TP of INR1,354.

PC resin witnessing widening glut

Among several engineered plastics of its class, PC resin is much better than polyamide, polyacetal, polybutylene terephthalate, modified polyphenylene ether, ABS and polymethyl methacrylate. Due to its excellent transparency along with high impact/heat/weather resistance and stronger dimensional stability, it finds wide applications in automobile parts, optical parts and medical devices.

Exhibit 1: PC resin is much better than several engineered plastics

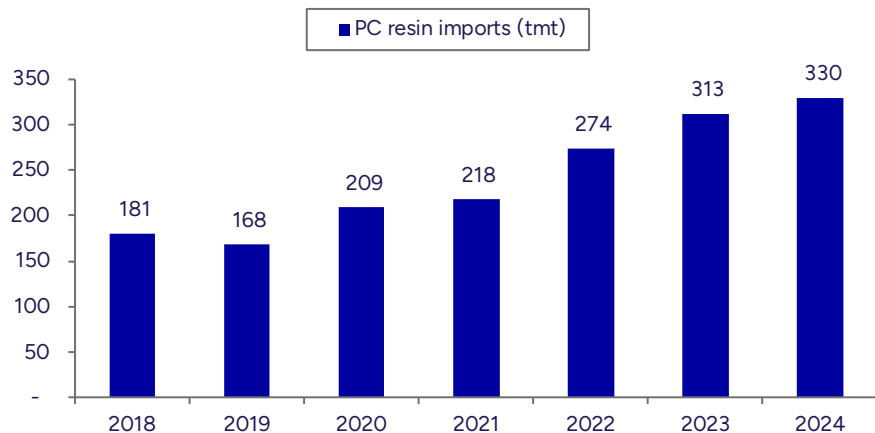
Characteristics	PC	Polyamide	Polyacetal	Polybutylene Terephthalate	Modified Polyphenylene Ether	ABS	Poly methyl methacrylate
Transparency	Excellent	Poor	Poor	Poor	Poor	Poor	Excellent
Impact resistance	Excellent	Good	Good	Good	Good	Good	Poor
Heat resistance	Good	Good	Good	Good	Good	Fair	Fair
Weather resistance	Fair	Fair	Good	Good	Fair	Poor	Good
Dimensional stability	Excellent	Fair	Good	Good	Good	Good	Good
Formability	Good	Fair	Good	Good	Good	Good	Good
Main applications	Auto parts, optical parts, med devices	Gears, machine parts	Gears, bearings, precision machine parts	Auto parts, electrical/electronic parts, machine parts	Electronic parts, auto parts, casings for home appliances	Casings for home appliances, toys	Signboards, lighting covers

Source: Teijin, PL

■ Excellent
 ■ Good
 ■ Fair
 ■ Poor

India imports all its PC resin requirement: Domestic PC resin demand clocked 14% CAGR during 2020-25. Demand is likely to continue to rise considering the growth in end-user segments. In 2025, India imported 330tmtpa of PC resin.

Exhibit 1 : India's PC resin imports rising at 14% CAGR since 2020



Source: MoC, PL

DN's PC addition aimed at import substitution: The company has bought Trinseo's 165tmtpa PC resin plant located at Stade, Germany. The plant is being dismantled and expected to be installed in India by Dec'27. The plant is based on Dow's interfacial phosgene route and supports production of commodity grade resins. Although the plant itself appears to have been bought at US\$52.5mn, the total project cost for DN, including backward capacities, amounts to INR85bn.

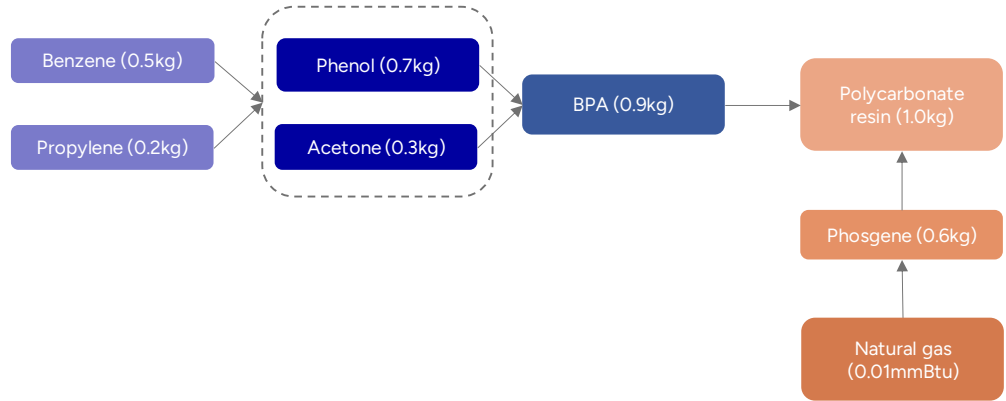
Exhibit 2 : Deepak buys Trinseo’s PC resin plant for US\$52.5mn

Polycarbonate Technology License Transaction

During 2025, we completed the delivery of a polycarbonate technology license and related production equipment under agreements valued at approximately \$52.5 million. As a result, we recognized \$27.4 million of income in the Polymer Solutions segment upon satisfying our performance obligations in 2025.

Source: Company, PL

Exhibit 3 : Upcoming fully integrated PC resin plant of DN

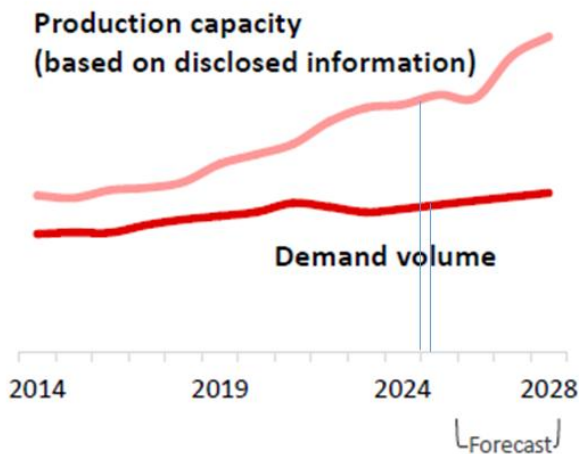


Source: Company, PL

PC faces increasing supply glut: As exciting as the idea of developing PC resin capacity in India may sound, it is estimated that due to capacity additions, especially in China, global utilizations are likely to decline from 60% in CY25 to ~50% in CY27/28. China itself is adding 1.6mmtpa of PC capacity in 2026, much higher than its imports of 0.9mmt in CY25. PC resin spreads have already been declining – from US\$2.0/kg in CY18 to US\$1.2/kg in CY25 and further to US\$1.1/kg in Jan'26. Poor profitability has already forced 5% of global capacity closures. We anticipate that widening supply glut will only worsen the spread going forward. In its latest annual report, Covestro, the largest manufacturer of PC resin, has forecast a gloomy outlook for PC resin.

Exhibit 4 : Global PC resin utilization to decline to ~50% in CY27/28

PC resin supply and demand balance



Source: Teijin, PL

Exhibit 5 : China adding capacity worth 32% of CY25 demand

Company name	Capacity (tmtpa)	Location	Year
SABIC Fujian Petrochemical Zhangzhou Polycarbonate Plant	290	Fujian	2026
Rongsheng New Materials-1	260	Zhejiang	2026
Rongsheng New Materials-2	260	Zhejiang	2026
CNOOC/Shell	260	Guangdong	2026
Hainan Huasheng New Material	260	Hainan	2026
Zhangzhou CHIMEI Chemical	180	Fujian	2026
Lihuayi	100	Shandong	2026

Source: Industry, PL

Exhibit 6 : Recent closures announced for PC resin plants

Month/Year	Company	Location	Capacity (tmtpa)	Remarks
Apr'26	Mitsubishi Gas Chemical	Kashima, Japan	120	wef 2028
2024	Trinseo	Stade, Germany	165	wef 2025
2023	SABIC	Cartagena, Spain	130	Shut since 2022

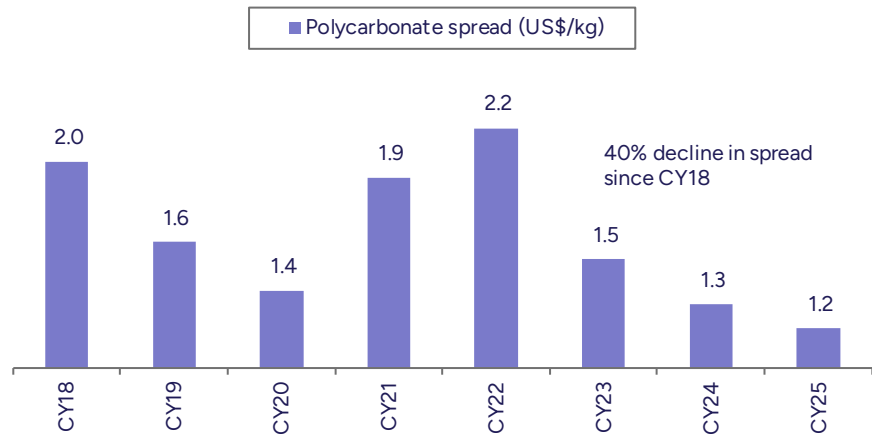
Source: Company, PL

Exhibit 7 : Covestro projects minimal demand growth for PC resin

The market for standardized polycarbonates is, however, very likely to grow only minimally in the coming years because of a current lack of impetus for increased demand from sectors such as the construction and consumer goods industries. We are therefore working toward passing a growing proportion of our polycarbonate volume on to the Solutions & Specialties segment for further processing and sale in high-growth markets, such as electromobility and 5G infrastructure.

Source: Covestro, PL

Exhibit 8 : PC resin spread declines by 40% since CY18



Source: Company, PL

PC resin to follow same fate as of phenol margins

Initial period of phenol import substitution aided by ADD: DN commissioned its phenol plant in Nov'18. ADD was already in place from Mar'16 for a period of 5 years and further extended to Oct'21. The earlier quarters were marred with COVID, but in Q2FY21-Q2FY22, the company earned an average EBIT/kg of INR23.5. However, post the expiry of ADD, EBIT/kg has declined to INR10.7 in 9MFY26. In our [earlier report](#), we highlighted that capacity additions are expected to keep phenol spreads under pressure. Similarly, we expect PC resin spreads to remain under pressure over the next few years.

Capacity glut would threaten DN's return ratios: Due to expected glut in PC resin, we expect spreads to decline further in the base case. We anticipate RoCE of 9% in the base case. **Any imposition of ADD would aid profitability and return ratios.**

Exhibit 9 : Our estimates for Deepak's fully integrated upcoming PC resin plant

Integrated economics	Bear	Base	Bull
Capacity (tmtpa)		165	
Spread (US\$/mt)	895	1,068	1,995
Opex (US\$/mt)		100	
EBITDA (US\$/mt)	795	968	1,895
EBITDA (US\$ mn)	131	160	313
INR mn	11,806	14,381	28,146
Capex (INR mn)		85,000	
Depr (INR mn)		4,250	
EBIT (INR mn)	7,556	10,131	23,896
D/E		2	
Debt (Rs mn)		56,667	
Interest cost (%)		7	
Interest cost (Rs mn)		3,967	
PBT (INR mn)	3,589	6,165	19,930
Tax rate (%)		25	
Tax (INR mn)	903	1,552	5,016
PAT (INR mn)	2,686	5,261	19,026
ROCE (%)	7	9	21
INR/US\$		90	

Source: Company, PL

Downgrade to 'REDUCE'

Expect further delays in setting up PC resin plant: Although the PC resin plant is being dismantled in Stade, Germany, we expect delays in the plant commissioning due to poor prevailing spreads. Our estimates on profitability of integrated PC segment of DN are without imposition of ADD. In FY26-28E, we expect EBITDA and PAT CAGR of 28% and 26%, respectively, for the company. The stock is trading at 28x FY28 EPS. We believe the multiple is high for a company expected to remain a largely commodity play for years to come. We value the company at 25x FY28 EPS and downgrade the stock to 'REDUCE' with TP of INR1,354.

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	82,819	77,866	87,411	100,405
YoY gr. (%)	7.8	(6.0)	12.3	14.9
Cost of Goods Sold	57,879	56,152	61,835	70,587
Gross Profit	24,940	21,714	25,576	29,818
Margin (%)	30.1	27.9	29.3	29.7
Employee Cost	3,922	4,196	4,448	4,715
Other Expenses	10,101	9,266	10,052	11,547
EBITDA	10,918	8,252	11,076	13,557
YoY gr. (%)	(2.8)	(24.4)	34.2	22.4
Margin (%)	13.2	10.6	12.7	13.5
Depreciation and Amortization	1,954	2,218	2,978	3,898
EBIT	8,964	6,034	8,098	9,659
Margin (%)	10.8	7.7	9.3	9.6
Net Interest	275	375	530	780
Other Income	839	662	962	1,104
Profit Before Tax	9,528	6,193	8,529	9,983
Margin (%)	11.5	8.0	9.8	9.9
Total Tax	2,554	1,703	2,218	2,596
Effective Tax Rate (%)	26.8	28.0	26.0	26.0
Profit After Tax	6,974	4,490	6,312	7,388
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	6,974	4,362	6,312	7,388
YoY gr. (%)	(14.0)	(37.4)	44.7	17.0
Margin (%)	8.4	5.6	7.2	7.4
Extra Ord. Income / (Exp)	-	128	-	-
Reported PAT	6,974	4,490	6,312	7,388
YoY gr. (%)	(14.0)	(35.6)	40.6	17.0
Margin (%)	8.4	5.8	7.2	7.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,974	4,490	6,312	7,388
Equity Shares O/s (m)	136	136	136	136
EPS (INR)	51.1	32.0	46.3	54.2

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	35,262	47,262	67,262	87,262
Tangibles	35,262	47,262	67,262	87,262
Intangibles	-	-	-	-
Acc: Dep / Amortization	10,717	12,594	15,228	18,782
Tangibles	10,717	12,594	15,228	18,782
Intangibles	-	-	-	-
Net Fixed Assets	24,546	34,668	52,034	68,480
Tangibles	24,546	34,668	52,034	68,480
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	9,013	9,880	11,234
Trade Receivables	12,738	10,667	11,974	13,754
Cash & Bank Balance	4,066	7,147	6,257	5,439
Other Current Assets	4,937	4,642	5,211	5,986
Total Assets	77,177	87,737	106,956	126,492
Equity				
Equity Share Capital	273	273	273	273
Other Equity	53,614	57,445	62,831	69,135
Total Networth	53,887	57,718	63,104	69,408
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	5,076	5,564	6,327
Other Current Liabilities	2,993	2,814	3,159	3,629
Total Equity & Liabilities	77,177	87,737	106,956	126,492

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	9,528	6,321	8,529	9,983
Add. Depreciation	1,954	2,218	2,978	3,898
Add. Interest	275	375	530	780
Less Financial Other Income	839	662	962	1,104
Add. Other	(560)	-	-	-
Op. Profit before WC Changes	11,196	8,914	12,037	14,661
Net Changes-WC	(2,798)	2,317	(1,910)	(2,677)
Direct Tax	(2,152)	(1,703)	(2,218)	(2,596)
Net Cash from Op. Activities	6,247	9,527	7,910	9,389
Capital Expenditures	(11,049)	(12,000)	(20,000)	(20,000)
Interest / Dividend Income	337	-	-	-
Others	(4,201)	-	-	-
Net Cash from Inv. Activities	(14,913)	(12,000)	(20,000)	(20,000)
Issue of Share Cap. / Premium	102	-	-	-
Debt Changes	8,069	7,409	13,000	12,000
Dividend Paid	(1,023)	(659)	(926)	(1,084)
Interest Paid	(194)	(375)	(530)	(780)
Others	1,108	-	-	-
Net Cash from Fin. Activities	8,062	6,375	11,544	10,136
Net Change in Cash	(605)	3,903	(546)	(475)
Free Cash Flow	(4,802)	(2,473)	(12,090)	(10,611)

Source: Company, PL

Quarterly Financials (INR mn)

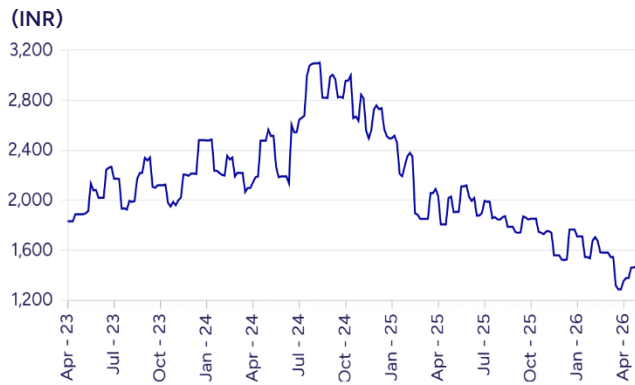
Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26E
Net Revenues	18,899	19,019	19,750	20,198
YoY gr. (%)	(12.8)	(6.4)	3.8	(7.3)
Raw Material Expenses	13,607	13,774	14,252	14,519
Gross Profit	5,292	5,245	5,498	5,679
Margin (%)	28.0	27.6	27.8	28.1
EBITDA	1,896	2,043	2,109	2,205
YoY gr. (%)	(38.7)	(31.3)	25.1	(30.3)
Margin (%)	10.0	10.7	10.7	10.9
Depreciation / Depletion	513	533	576	597
EBIT	1,383	1,510	1,534	1,608
Margin (%)	7.3	7.9	7.8	8.0
Net Interest	81	79	110	104
Other Income	246	200	85	132
Profit before Tax	1,547	1,630	1,508	1,636
Margin (%)	8.2	8.6	7.6	8.1
Total Tax	425	443	415	454
Effective Tax Rate (%)	27.5	27.2	27.5	27.8
Profit After Tax	1,123	1,188	1,093	1,182
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,123	1,188	1,093	1,182
YoY gr. (%)	(44.6)	(38.9)	11.4	(41.6)
Margin (%)	5.9	6.2	5.5	5.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,123	1,188	1,093	1,182
YoY gr. (%)	(44.6)	(38.9)	11.4	(41.6)
Margin (%)	5.9	6.2	5.5	5.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,123	1,188	1,093	-
Avg. Shares O/s (m)	136	136	136	136
EPS (INR)	8.3	8.7	8.0	8.7

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share (INR)				
EPS	51.1	32.0	46.3	54.2
CEPS	65.5	48.2	68.1	82.7
BVPS	395.1	423.2	462.6	508.9
FCF	(35.2)	(18.1)	(88.6)	(77.8)
DPS	8.0	4.8	6.8	7.9
Return Ratio (%)				
RoCE	15.4	8.4	9.3	9.2
ROIC	12.2	6.2	6.9	6.7
RoE	13.7	7.8	10.4	11.2
Balance Sheet				
Net Debt : Equity (x)	0.2	0.3	0.5	0.7
Net Working Capital (Days)	74	68	68	68
Valuation (x)				
PER	29.0	46.0	32.0	28.0
P/B	4.0	4.0	4.0	3.0
P/CEPS	23.0	31.0	22.0	18.0
EV/EBITDA	20.0	27.0	22.0	19.0
EV/Sales	3.0	3.0	3.0	3.0
Dividend Yield (%)	1.0	1.0	1.0	1.0
FCFF Yield (%)	(2.0)	(1.0)	(6.0)	(5.0)
PEG Ratio	(2.0)	(1.0)	1.0	2.0

Source: Company, PL

Price Chart

Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	09-Apr-26	HOLD	1408	1423
2	14-Feb-26	Hold	1673	1634
3	07-Jan-26	Hold	1729	1626
4	14-Nov-25	Hold	1768	1741
5	07-Oct-25	Hold	1924	1844
6	14-Aug-25	Hold	1883	1831
7	07-Jul-25	Reduce	1799	1963
8	29-May-25	Reduce	1799	2096
9	08-Apr-25	Reduce	1645	1835
10	17-Feb-25	Hold	1960	1899

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Aarti Industries	ACCUMULATE	452	422
2	Bharat Petroleum Corporation	Accumulate	307	277
3	Bharti Airtel	Accumulate	2313	2038
4	Clean Science and Technology	HOLD	720	732
5	Deepak Nitrite	HOLD	1408	1423
6	Fine Organic Industries	BUY	5311	4492
7	GAIL (India)	Buy	170	145
9	Gujarat Fluorochemicals	HOLD	3316	3330
10	Gujarat Gas	Accumulate	342	313
11	Gujarat State Petronet	Hold	242	236
12	Hindustan Petroleum Corporation	Buy	383	331
13	Indian Oil Corporation	Accumulate	145	134
14	Indraprastha Gas	Buy	174	148
15	Jubilant Ingrevia	HOLD	657	635
16	Laxmi Organic Industries	REDUCE	116	125
17	Mahanagar Gas	Accumulate	1114	955
18	Mangalore Refinery & Petrochemicals	Accumulate	192	179
19	Navin Fluorine International	ACCUMULATE	6816	6062
20	NOCIL	HOLD	163	165
21	Oil & Natural Gas Corporation	Accumulate	309	287
22	Oil India	Accumulate	511	482
23	Petronet LNG	Accumulate	269	255
24	Reliance Industries	BUY	1719	1305
25	SRF	HOLD	2531	2435
26	Vinati Organics	ACCUMULATE	1372	1284

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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