Dated: 17 Nov 2025

Deepak Nitrite (DN) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1,741	**Rs.1,940**

Rationale:

- Weak earnings for Q2FY26 amid persistent demand weakness and pricing pressure.
- The near-term outlook remains challenging, in management's own words.
- Though it expects improved performance in H2FY26, led by new projects.
- ADD rating predicted on large pipeline of growth projects & execution track record.
- We cut the FY26E-28E EPS by 9-22% and revise our SoTP-based FV marginally to Rs1,940 (from Rs1,950).
- Retain ADD while awaiting better entry points.

Positives:

- Efforts to move up the value chain by developing higher-value specialty chemicals using its new R&D center will be an important enabler for value creation.
- Management expects an improved performance in H2FY26, driven by contributions from new projects.
- Potential for a further uptick in the event of easing US tariffs.

Negatives:

- Consolidated revenues fell 6.4% yoy. EBITDA & net income dropped 31% and 39% yoy.
- The advanced intermediates (AI) segment's revenues fell 3% yoy and qoq.
- The phenolics segment's revenues decreased 7.6% yoy.
- Completion date for nitric acid project has further slipped by 1-2 quarters to Q4FY26.
- Balance sheet leverage will also rise sharply in the coming years.

(EPS – Earnings Per Share; SoTP – Sum-of-the-Parts valuation; EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization; R&D – Research and Development)

Holding Period: 12 months

Rating Scale (Private Client Group)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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