

November 14, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		HOLD	
Target Price	1,768		1,924	
Sales (Rs. m)	88,355	1,01,031	91,170	1,04,548
% Chng.	(3.1)	(3.4)		
EBITDA (Rs. m)	13,312	15,958	14,006	16,663
% Chng.	(5.0)	(4.2)		
EPS (Rs.)	58.6	67.6	61.5	71.1
% Chng.	(4.7)	(5.0)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	82,819	79,378	88,355	1,01,031
EBITDA (Rs. m)	10,918	10,080	13,312	15,958
Margin (%)	13.2	12.7	15.1	15.8
PAT (Rs. m)	6,974	6,239	7,999	9,222
EPS (Rs.)	51.1	45.7	58.6	67.6
Gr. (%)	(14.0)	(10.5)	28.2	15.3
DPS (Rs.)	7.5	6.7	8.6	9.9
Yield (%)	0.4	0.4	0.5	0.6
RoE (%)	13.7	11.0	12.8	13.2
RoCE (%)	15.4	10.8	11.9	11.6
EV/Sales (x)	3.0	3.2	3.0	2.7
EV/EBITDA (x)	22.5	25.2	20.0	17.4
PE (x)	34.1	38.1	29.7	25.8
P/BV (x)	4.4	4.0	3.6	3.2

Key Data

DPNT.BO | DN IN

52-W High / Low	Rs.2,779 / Rs.1,700
Sensex / Nifty	84,563 / 25,910
Market Cap	Rs.237bn/ \$ 2,676m
Shares Outstanding	136m
3M Avg. Daily Value	Rs.355.24m

Shareholding Pattern (%)

Promoter's	49.28
Foreign	6.21
Domestic Institution	22.70
Public & Others	21.81
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.1)	(12.1)	(34.0)
Relative	(4.0)	(15.4)	(39.5)

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Soft realizations keep margins under strain

Quick Pointers:

- Nitric Acid plant and MIBK/MIBC project expected to be commissioned by Q4FY26
- Capex guidance of Rs15bn in FY26, Rs30bn and Rs40bn in FY27 and FY28 respectively

DN's Q2FY26 adjusted revenue stood at Rs18.8bn, declining by 7.2% YoY but was stable QoQ. Operating performance was impacted by ongoing pricing pressure, oversupply from China, and a decline in spreads. The Advanced Intermediates segment was impacted by effects of US tariffs as well as due to continued influx of Chinese products, leading to 3% decline in revenue. The Phenols segment reported 2%-3% volume growth, but profitability remained subdued due to lower spreads. Projects such as Nitric acid and MIBK/MIBC are likely to come online in Q4FY26. The total planned capex for the polycarbonate value chain stands at Rs85bn, the project timeline has been changed from previously guided Dec'27 to March'28, we believe that the project may face further delays.

DN has been undertaking numerous growth initiatives, primarily in the Phenolics segment. Domestic demand for phenol is expected to remain stronger; however, the threat of cheap imports will likely keep margins under pressure. The stock is currently trading at ~28x Sep'27 EPS. We value the stock at 28x Sep'27 EPS and maintain 'HOLD' rating.

- Adj consolidated revenue declined by 7.2% YoY:** DN reported consolidated revenue of Rs19bn. Adjusting for government incentives of Rs164.6mn, revenue came in at Rs18.8bn, down 7.2% YoY, but flat QoQ. Adj H1Y26 revenue was down by 10.5% vs H1FY25. Topline growth was constrained by continued pricing pressure across the company's portfolio.
- Adj EBITDAM declined to 10% during Q2FY26:** Adj gross profit margin was 26.9% (vs 32% in Q2FY25 and 27.3% in Q1FY26), down 510bps YoY due to lower spreads. Adj EBITDA stood at Rs1.9bn, down 36.9% YoY, but up 9% QoQ (vs Rs3bn in Q2FY25 and Rs1.7bn in Q1FY25). Adj EBITDA margin came in at 10% (vs 14.6% in Q2FY25 and 9.2% in Q1FY26).
- Segmental mix:** Adj Phenolics revenue mix was 69% of total adj revenue with adj EBIT/kg at Rs10.9 (calculated), vs Rs17.9 in Q2FY25 and Rs8.7 in Q1FY25. Advanced Intermediates' revenue share was 31% with 4% EBIT margin. Phenolics contributed 85% of overall adj EBIT, while Advanced Intermediates' contribution was 15%.
- Concall takeaways:** (1) Domestic and export revenue mix stood at 86%:14% in Q2FY26. (2) Advanced Intermediate segment witnessed pressure due to US tariffs and cheap imports from China (Products like Sodium Nitrate, DASDA are impacted). (3) In Q2FY26 few products in the Advance Intermediate segment had zero sales. (4) In H2FY26, advance intermediate is

expected to see some upside driven by agro chemical intermediate supplies to Europe. **(5)** H2FY26 expected to be better than H1FY26, driven by expected recovery in market as well as commission of new projects. **(6)** Short-term benefits are already visible from the transition to renewable energy; the company targets meeting 60% of its power consumption from renewable sources by FY27. **(7)** The polymer compounding facility will be used as a pilot unit for the resin plant, helping fast-track approvals. **(8)** Capex guidance of Rs15bn for FY26 is maintained, while capex for FY27 and FY28 is expected to be Rs30bn and Rs40bn, respectively. **(9)** The hydrogenation plant was commercialized in Sep'25, with a capex of Rs1.18bn. **(10)** Nitration and MIBK/MIBC projects are expected to be commissioned in Q4FY26. **(11)** The MPP plant is expected to be commercialized between March'26 and June'26, with ramp-up dependent on customer validation, which will take 1–5 months. **(12)** Polycarbonate resin commercialization is expected between Jan'28 and March'28 (earlier guidance: Dec'27).

Exhibit 1: Q2FY26 Result Overview - Consolidated (Rs mn)

Y/e March	Q2FY26	Q2FY25	YoY gr. (%)	Q2FY26E	% Var.	Q1FY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Net Sales	19,019	20,320	(6.4)	19,399	(2.0)	18,899	0.6	37,918	41,988	(9.7)
Gross Profit	5,245	6,497	(19.3)	5,426	(3.3)	5,292	(0.9)	10,537	13,164	(20.0)
Margin (%)	27.6	32.0		28.0		28.0		27.8	31.4	
EBITDA	2,043	2,975	(31.3)	1,933	5.7	1,896	7.8	3,938	6,067	(35.1)
Margin (%)	10.7	14.6		10.0		10.0		10.4	14.4	
Other Income	200	213	(6.2)	225		246	(18.8)	445	401	11.1
Depreciation	533	485	9.9	544	(2.2)	513	3.9	1045	959	9.0
EBIT	1,710	2,703	(36.8)	1,613	6.0	1,629	5.0	3,338	5,509	(39.4)
Interest	79	63	26.0	92		81	(2.3)	161	121	33.4
PBT before exceptional items	1,630	2,640	(38.3)	1,522	7.1	1,547	5.4	3,178	5,388	(41.0)
Total Tax	443	698	(36.6)	413	7.1	425	4.2	868	1,421	(38.9)
ETR (%)	27.2	26.4		27.2		27.5		27.3	26.4	
Adj. PAT	1,188	1,942	(38.9)	1,108	7.1	1,123	5.8	2,310	3,967	(41.8)
Exceptional Items	0	0		0	-	0		0	0	
PAT	1,188	1,942	(38.9)	1,108	7.1	1,123	5.8	2,310	3,967	(41.8)

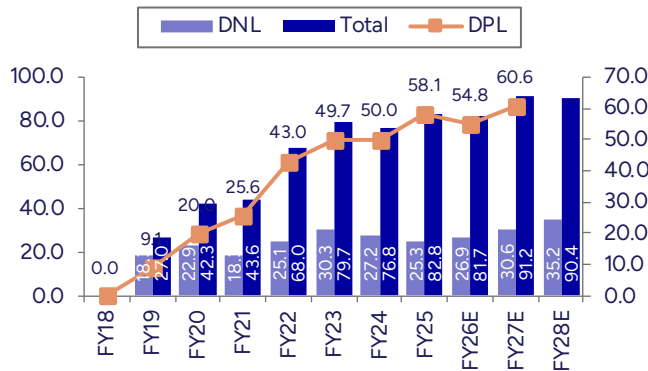
Source: Company, PL

Exhibit 2: Q2FY26 - Segmental Performance (Rs mn)

Y/e March	Q2FY26	Q2FY25	YoY gr.	Q1FY26	QoQ gr.	H1FY26	H1FY25	YoY gr.
Advanced Intermediates	5,878	6,060	-3.0%	6,053	-2.9%	11,932	13,217	-9.7%
Phenolics	13,335	14,435	-7.6%	13,040	2.3%	26,374	29,071	-9.3%
Intersegment	194	174.5	11.2%	194		388	299	29.7%
Total Revenue	19,019	20,320		18,899		37,918	82,819	-54.2%
Advanced Intermediates	230	475	-51.6%	355	-35.2%	584	1,140	-48.7%
Phenolics	1448	2149	-32.6%	1179	22.8%	2,627	4,224	-37.8%
Interest	79	63	26.0%	81	-2.3%	160.7	120.5	33.4%
Other unallocable expenses	-32	-80	-59.8%	-95	-66.1%	-127.2	-144.8	-12.2%
Total EBT	1,630	2,640	-38.3%	1,547	5.4%	3,178	5,388	-41.0%
EBIT Margins								
Advanced Intermediates	3.9%	7.8%		5.9%		4.9%	8.6%	
Phenolics	10.9%	14.9%		9.0%		10.0%	14.5%	

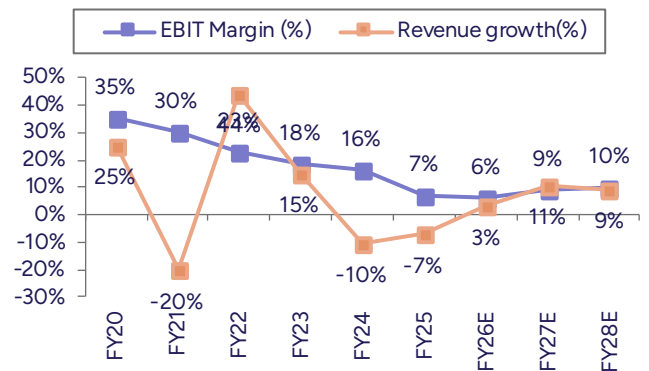
Source: Company, PL

Exhibit 3: Revenue to grow at 7% CAGR in FY25-28E



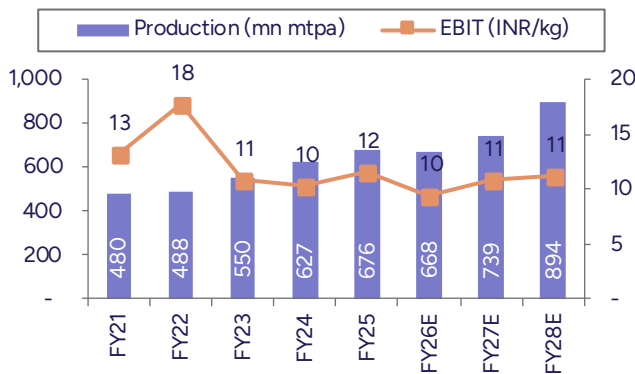
Source: Company, PL

Exhibit 4: AI EBIT margin to be at 10% in FY28E



Source: Company, PL

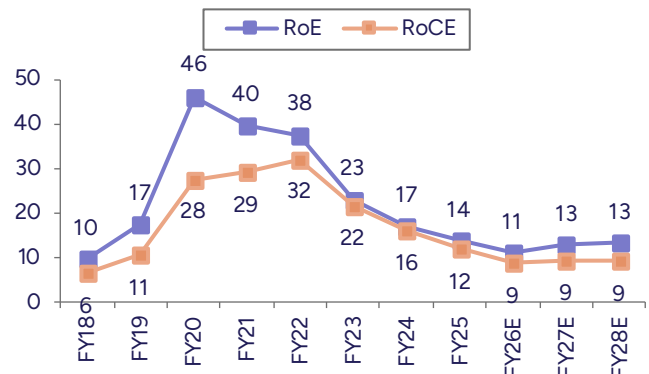
Exhibit 5: Phenolics EBIT to be at Rs11/kg in FY28E



Source: Company, PL

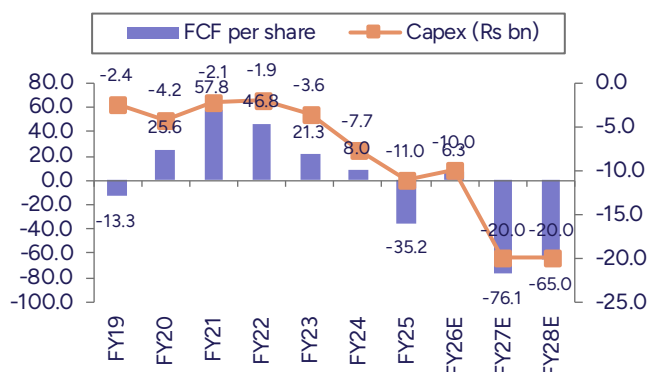
(FY26E AND FY27E EBIT/kg is Inclusive of government incentives of Rs800mn per year)

Exhibit 6: Return ratios to hover at 13-14%



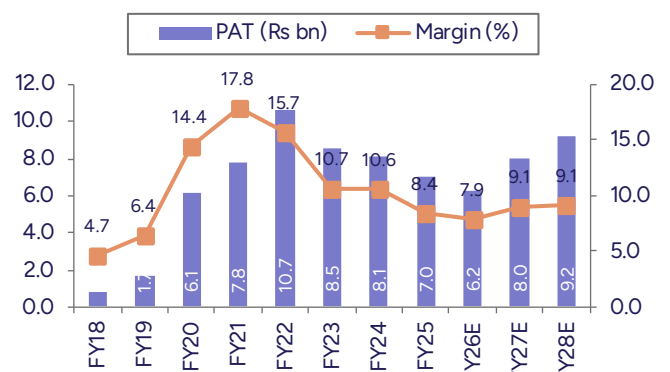
Source: Company, PL

Exhibit 7: Capex not in sync with FCF



Source: Company, PL

Exhibit 8: PAT margin to be stable at 9% in FY28E



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	82,819	79,378	88,355	1,01,031
YoY gr. (%)	7.8	(4.2)	11.3	14.3
Cost of Goods Sold	57,879	56,410	60,476	68,784
Gross Profit	24,940	22,968	27,879	32,247
Margin (%)	30.1	28.9	31.6	31.9
Employee Cost	3,922	4,157	4,406	4,671
Other Expenses	10,101	8,732	10,161	11,619
EBITDA	10,918	10,080	13,312	15,958
YoY gr. (%)	(2.8)	(7.7)	32.1	19.9
Margin (%)	13.2	12.7	15.1	15.8
Depreciation and Amortization	1,954	2,196	2,886	3,806
EBIT	8,964	7,884	10,426	12,152
Margin (%)	10.8	9.9	11.8	12.0
Net Interest	275	326	500	700
Other Income	839	873	884	1,010
Profit Before Tax	9,528	8,431	10,809	12,462
Margin (%)	11.5	10.6	12.2	12.3
Total Tax	2,554	2,192	2,810	3,240
Effective tax rate (%)	26.8	26.0	26.0	26.0
Profit after tax	6,974	6,239	7,999	9,222
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	6,974	6,239	7,999	9,222
YoY gr. (%)	(14.0)	(10.5)	28.2	15.3
Margin (%)	8.4	7.9	9.1	9.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	6,974	6,239	7,999	9,222
YoY gr. (%)	(14.0)	(10.5)	28.2	15.3
Margin (%)	8.4	7.9	9.1	9.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,974	6,239	7,999	9,222
Equity Shares O/s (m)	136	136	136	136
EPS (Rs)	51.1	45.7	58.6	67.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	42,739	52,739	72,739	92,739
Tangibles	42,739	52,739	72,739	92,739
Intangibles	-	-	-	-
Acc: Dep / Amortization	10,717	12,913	15,799	19,605
Tangibles	10,717	12,913	15,799	19,605
Intangibles	-	-	-	-
Net fixed assets	32,022	39,826	56,940	73,134
Tangibles	32,022	39,826	56,940	73,134
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	8,929	9,669	10,961
Trade receivables	12,738	10,874	12,103	13,840
Cash & Bank Balance	4,066	3,276	1,224	300
Other Current Assets	4,937	4,732	5,267	6,023
Total Assets	84,653	89,236	1,06,803	1,25,858
Equity				
Equity Share Capital	273	273	273	273
Other Equity	53,614	58,938	65,763	73,632
Total Networkth	53,887	59,211	66,036	73,905
Non-Current Liabilities				
Long Term borrowings	12,591	20,000	30,000	40,000
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	5,218	5,029	5,446	6,174
Other current liabilities	2,993	2,869	3,193	3,652
Total Equity & Liabilities	76,817	89,236	1,06,803	1,25,858

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	9,528	8,431	10,809	12,462
Add. Depreciation	1,954	2,196	2,886	3,806
Add. Interest	275	326	500	700
Less Financial Other Income	839	873	884	1,010
Add. Other	(560)	-	-	-
Op. profit before WC changes	11,196	10,953	14,195	16,968
Net Changes-WC	(2,798)	2,092	(1,764)	(2,598)
Direct tax	(2,152)	(2,192)	(2,810)	(3,240)
Net cash from Op. activities	6,247	10,853	9,621	11,129
Capital expenditures	(11,049)	(10,000)	(20,000)	(20,000)
Interest / Dividend Income	337	-	-	-
Others	(4,201)	-	-	-
Net Cash from Invst. activities	(14,913)	(10,000)	(20,000)	(20,000)
Issue of share cap. / premium	102	-	-	-
Debt changes	8,069	7,409	10,000	10,000
Dividend paid	(1,023)	(915)	(1,173)	(1,353)
Interest paid	(194)	(326)	(500)	(700)
Others	1,108	-	-	-
Net cash from Fin. activities	8,062	6,168	8,327	7,947
Net change in cash	(605)	7,020	(2,052)	(923)
Free Cash Flow	(4,802)	853	(10,379)	(8,871)

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	51.1	45.7	58.6	67.6
CEPS	65.5	61.8	79.8	95.5
BVPS	395.1	434.1	484.1	541.8
FCF	(35.2)	6.3	(76.1)	(65.0)
DPS	7.5	6.7	8.6	9.9
Return Ratio(%)				
RoCE	15.4	10.8	11.9	11.6
ROIC	12.2	8.4	9.0	8.6
RoE	13.7	11.0	12.8	13.2
Balance Sheet				
Net Debt : Equity (x)	0.2	0.3	0.4	0.5
Net Working Capital (Days)	74	68	67	67
Valuation(x)				
PER	34.1	38.1	29.7	25.8
P/B	4.4	4.0	3.6	3.2
P/CEPS	26.6	28.2	21.8	18.2
EV/EBITDA	22.5	25.2	20.0	17.4
EV/Sales	3.0	3.2	3.0	2.7
Dividend Yield (%)	0.4	0.4	0.5	0.6

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	19,034	21,797	18,899	19,019
YoY gr. (%)	(5.3)	2.5	(12.8)	(6.4)
Raw Material Expenses	13,931	15,124	13,607	13,774
Gross Profit	5,103	6,673	5,292	5,245
Margin (%)	26.8	30.6	28.0	27.6
EBITDA	1,685	3,165	1,896	2,043
YoY gr. (%)	(44.7)	5.1	(38.7)	(31.3)
Margin (%)	8.9	14.5	10.0	10.7
Depreciation / Depletion	482	513	513	533
EBIT	1,203	2,653	1,383	1,510
Margin (%)	6.3	12.2	7.3	7.9
Net Interest	61	93	81	79
Other Income	210	228	246	200
Profit before Tax	1,352	2,787	1,547	1,630
Margin (%)	7.1	12.8	8.2	8.6
Total Tax	371	460	419	418
Effective tax rate (%)	27.4	16.5	27.1	25.6
Profit after Tax	981	2,327	1,128	1,212
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	981	2,327	1,128	1,212
YoY gr. (%)	(51.4)	(8.3)	(44.3)	(37.6)
Margin (%)	5.2	10.7	6.0	6.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	981	2,327	1,128	1,212
YoY gr. (%)	(51.4)	(8.3)	(44.3)	(37.6)
Margin (%)	5.2	10.7	6.0	6.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	981	2,327	1,128	1,212
Avg. Shares O/s (m)	136	136	136	136
EPS (Rs)	7.2	17.1	8.3	8.9

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-25	Hold	1,924	1,844
2	14-Aug-25	Hold	1,883	1,831
3	07-Jul-25	Reduce	1,799	1,963
4	29-May-25	Reduce	1,799	2,096
5	08-Apr-25	Reduce	1,645	1,835
6	17-Feb-25	Hold	1,960	1,899
7	08-Jan-25	Reduce	2,295	2,460

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Hold	403	392
2	Bharat Petroleum Corporation	Hold	361	357
3	Bharti Airtel	Accumulate	2,259	2,113
4	Clean Science and Technology	Hold	1,002	981
5	Deepak Nitrite	Hold	1,924	1,844
6	Fine Organic Industries	BUY	5,386	4,346
7	GAIL (India)	BUY	211	180
8	Gujarat Fluorochemicals	Hold	3,637	3,480
9	Gujarat Gas	Hold	415	408
10	Gujarat State Petronet	Hold	311	301
11	Hindustan Petroleum Corporation	Hold	476	476
12	Indian Oil Corporation	Accumulate	166	155
13	Indraprastha Gas	Reduce	192	209
14	Jubilant Ingrevia	Hold	695	677
15	Laxmi Organic Industries	Reduce	192	198
16	Mahanagar Gas	BUY	1,531	1,271
17	Mangalore Refinery & Petrochemicals	Accumulate	159	142
18	Navin Fluorine International	Accumulate	5,601	5,009
19	NOCIL	Hold	185	181
20	Oil & Natural Gas Corporation	BUY	292	249
21	Oil India	BUY	525	415
22	Petronet LNG	Hold	290	278
23	Reliance Industries	BUY	1,668	1,417
24	SRF	Hold	3,123	3,028
25	Vinati Organics	BUY	1,915	1,662

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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(Indian Clients)

We/I, Mr. Swarnendu Bhushan- IIT, MBA Finance, Mr. Saurabh Ahire- MBA, Passed CFA Level II, Mr. Tejas Kadam- BCom Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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