Dated: 16 Feb 2026

Deepak Nitrite (DN) - ADD

Q3FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1634	**Rs.1810**

Rationale:

- Q3FY26 results remained subdued amid persistent pricing pressure and a delayed start of the nitric acid project.
- Results should improve from Q4FY26, as new projects start to contribute.
- Completion timelines for the large growth projects in Phenolics may depend on the commencement of propylene supplies from Petronet LNG.
- We would look for an adequate margin of safety to turn more constructive.
- We leave near-term estimates largely unchanged and revise our FV to Rs1,810.

Positives:

- Consolidated revenues rose 3.8% yoy and qoq, while EBITDA increased 25%.
- Advanced Intermediates (AI) segment’s revenues increased 18% yoy and 11.0% qoq.
- Management is “cautiously optimistic”, guiding to sequential improvement in Q4FY26 and further recovery in Q1FY27.
- ADD predicated on DNL’s large pipeline of growth projects and execution track record.
- The FY27 capex guidance stands at ~Rs2500 cr, following ~Rs1300 cr in FY26.

Negatives:

- The Phenolics segment’s revenues fell 2.3% yoy and were flat qoq.
- AI impacted by delayed commissioning of nitric acid backward integration project.
- Management acknowledges that the near-term outlook remains challenging.

(EBITDA - EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization)

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	–	W)e 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
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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.

Fundamental Research Team (Private Client Group)

Shrikant Chouhan
Head of Research
shrikant.chouhan@kotak.com
+91 22 6218 5408

Arun Agarwal
Auto/Auto Ancillary, Building Material
Cement, Consumer Durable
arun.agarwal@kotak.com
+91 22 6218 6443

Amit Agarwal, CFA
Transportation, Paints, FMCG
agarwal.amit@kotak.com
+91 22 6218 6439

Rini Mehta
Research Associate
rini.mehta@kotak.com
+91 22 6218 6433

Sumit Pokharna
Oil and Gas, Information Tech
sumit.pokharna@kotak.com
+91 22 6218 6438

K. Kathirvelu
Support Executive
k.kathirvelu@kotak.com
+91 22 6218 6427

Pankaj Kumar
Construction, Capital Goods & Midcaps
pankajr.kumar@kotak.com
+91 22 6218 6434

Amarjeet Maurya
Internet Software & Services
amarjeet.maurya@kotak.com
+91 22 6218 6427

Veer Trivedi
BFSI
veer.trivedi@kotak.com
+91 22 6218 6432

Technical Research Team (Private Client Group)

Shrikant Chouhan
shrikant.chouhan@kotak.com
+91 22 6218 5408

Amol Athawale
amol.athawale@kotak.com
+91 20 6620 3350

Sayed Haider
sayed.haider@kotak.com
+91 22 62185458

Derivatives Research Team (Private Client Group)

Sahaj Agrawal
sahaj.agrawal@kotak.com
+91 79 66041701

Prasenjit Biswas, CMT, CFTe
prasenjit.biswas@kotak.com
+91 33 6638 8331

Karan Kulkarni
karan.kulkarni@kotak.com
+91 20 66203350

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