

May 29, 2025

## Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>REDUCE</b>		<b>REDUCE</b>	
<b>Target Price</b>	<b>1,799</b>		<b>1,645</b>	
Sales (Rs. m)	82,112	92,158	82,168	90,053
% Chng.	(0.1)	2.3		
EBITDA (Rs. m)	11,599	13,616	11,360	13,342
% Chng.	2.1	2.1		
EPS (Rs.)	51.1	60.0	50.9	58.7
% Chng.	0.3	2.1		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	76,818	82,819	82,112	92,158
EBITDA (Rs. m)	11,233	10,918	11,599	13,616
Margin (%)	14.6	13.2	14.1	14.8
PAT (Rs. m)	8,108	6,974	6,966	8,178
EPS (Rs.)	59.4	51.1	51.1	60.0
Gr. (%)	(4.8)	(14.0)	(0.1)	17.4
DPS (Rs.)	7.5	7.5	7.5	8.8
Yield (%)	0.4	0.4	0.4	0.4
RoE (%)	18.2	13.7	12.3	12.9
RoCE (%)	20.9	15.4	12.5	12.8
EV/Sales (x)	3.7	3.6	3.7	3.3
EV/EBITDA (x)	25.2	27.0	26.2	22.7
PE (x)	35.3	41.0	41.0	35.0
P/BV (x)	6.0	5.3	4.8	4.3

### Key Data

DPNT.BO | DN IN

52-W High / Low	Rs.3,169 / Rs.1,781
Sensex / Nifty	81,633 / 24,834
Market Cap	Rs.286bn/ \$ 3,343m
Shares Outstanding	136m
3M Avg. Daily Value	Rs.494.46m

### Shareholding Pattern (%)

Promoter's	49.28
Foreign	6.65
Domestic Institution	23.22
Public & Others	20.85
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	5.5	(23.1)	(7.6)
Relative	3.7	(24.9)	(15.6)

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## Margin pressure remains a key concern

### Quick Pointers:

- Technology transfer agreement for BPA in final stage
- Investments approved by the board for manufacturing 300ktpa of phenol, 185ktpa of acetone and 100ktpa of isopropyl alcohol, including greenfield infrastructure capex for an aggregate investment of ~Rs35bn.

**DN's Q4FY25 adj revenue at Rs20.2bn increased by 6% QoQ, but decreased by 4% YoY. Operating performance of the company was impacted by ongoing pricing pressure, oversupply from China as well as elevated input costs, which appear to have softened now. Sequentially, Advanced Intermediates segment benefitted from volume gains in key products and new offtake agreements, though agrochem business continues to remain under pressure. Phenolics segment saw higher volumes, but profitability remained subdued due to the influx of cheap imports. Projects like CNA, WNA, hydrogenation, nitration and R&D center are expected to be commissioned in Q2FY26, while MIKB and MIBC are likely to come online in Q3FY26. The total capex planned for the polycarbonate value chain is 85bn, however the management has guided just Rs12bn capex for FY26, which makes us believe that the polycarbonate resin project will not commission by Dec'27 as guided earlier.**

**DN has been undertaking numerous growth initiatives, majorly in Phenolics segment. However, we believe that even though domestic demand for all its products will remain robust, the threat of cheap import influx will keep margins under pressure. Agrochem business is likely to continue to face headwinds in the near term. We anticipate EPS CAGR of ~8% over FY25-27E. Valuing the stock at 30x P/E on FY27E EPS, we maintain 'Reduce' rating with target price of Rs1,799.**

- Adj consolidated revenue declined by 4% YoY :** DN reported consolidated revenue of Rs21.8bn. Adjusting for government incentives of Rs1.6bn, revenue came in at Rs20.2bn, up 6% QoQ, but down 4% YoY. Adj FY25 revenue stood at Rs81.2bn, an increase of 6.2%.
- EBITDAM impacted by volatile RM prices:** Adj gross profit margin was 25.1% (vs 29.9% in Q4FY24 and 26.8% in Q3FY25), down 480bps YoY due to volatility in RM cost. Adj EBITDA stood at Rs1.6bn, down 44.1% YoY and 7.8% QoQ (vs Rs2.8bn in Q4FY24 and Rs1.7bn in Q3FY25). Adj EBITDA margin came in at 7.7% (vs 13.2% and 8.9%).
- Segmental mix:** Adj Phenolics revenue mix was 68% of total adj revenue with adj EBIT/kg at Rs6.7 (calculated), vs Rs16.6 in Q4FY24 and Rs10.4 in Q4FY25. Advanced Intermediates' revenue share was 32% with 7% EBIT margin. Phenolics contributed to 64% of overall adj EBIT, while Advanced Intermediates' contribution was 36%.

- **Concall takeaways:** (1) Domestic and export revenue mix stood at 82%:18% in Q4FY25. (2) In agrochem segment, demand and pricing pressure is expected to continue. (3) Demand for dyes and pigments improved from Q3FY25 end. (4) New downstream products to be launched to cater to pharma, personal care, industrial solvents, etc., industries. Existing assets will be mostly utilized for their production. (5) Temporary rise in imports in Phenolics division led to lower realization. (6) Prices of raw materials like benzene and toluene has softened. (7) Government incentives are for 10 years (until 2028). Every year on an average, DN will receive Rs700-800mn. It was high in FY25 due to accumulation of previous incentives. (8) As DN makes additional investments, incentives may continue beyond 2028 as well. (9) Technology transfer agreement for BPA is in the final stage. (10) FY26 capex will be in the range of Rs12-15bn. (11) Projects like CNA, WNA, hydrogenation, nitration and R&D center are likely to be commissioned in Q2FY26, while MIKB and MIBC are likely to come online in Q3FY26. (12) The board approved investments for manufacturing 300ktpa of phenol, 185ktpa of acetone and 100ktpa of isopropyl alcohol, including greenfield infrastructure capex for an aggregate investment of ~Rs35bn. (13) These investments will be integrated to produce polycarbonate resins, bringing the total capex pipeline for polycarbonate resins to Rs85bn.



**Exhibit 1: Q4FY25 Result Overview - Consolidated (Rs mn)**

Y/e March	Q4FY25	Q4FY24	YoY gr. (%)	Q4FY25E	% Var.	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
<b>Net Sales</b>	<b>21,797</b>	<b>21,262</b>	<b>2.5</b>	<b>19,067</b>	<b>14.3</b>	<b>19,034</b>	<b>14.5</b>	<b>82,819</b>	<b>76,818</b>	<b>7.8</b>
<b>Gross Profit</b>	<b>6,673</b>	<b>6,522</b>	<b>2.3</b>	<b>5,671</b>	<b>17.7</b>	<b>5,103</b>	<b>30.8</b>	<b>24,940</b>	<b>24,457</b>	<b>2.0</b>
Margin (%)	30.6%	30.7%		29.7%		26.8%		30.1%	31.8%	
<b>EBITDA</b>	<b>3,165</b>	<b>3,011</b>	<b>5.1</b>	<b>2,118</b>	<b>49.5</b>	<b>1,685</b>	<b>87.8</b>	<b>10,918</b>	<b>11,233</b>	<b>(2.8)</b>
Margin (%)	14.5%	14.2%		11.1%		8.9%		13.2%	14.6%	
Other Income	228	191	19.1	190		210	8.6	839	761	10.2
Depreciation	513	464	10.4	443	15.6	482	6.3	1954	1657	17.9
<b>EBIT</b>	<b>2,881</b>	<b>2,738</b>	<b>5.2</b>	<b>1,865</b>	<b>54.5</b>	<b>1,413</b>	<b>103.8</b>	<b>9,803</b>	<b>10,337</b>	<b>(5.2)</b>
Interest	93	44	111.8	63		61	52.9	275	118	132.5
<b>PBT before exceptional items</b>	<b>2,787</b>	<b>2,694</b>	<b>3.5</b>	<b>1,801</b>	<b>54.7</b>	<b>1,352</b>	<b>106.1</b>	<b>9,528</b>	<b>10,219</b>	<b>(6.8)</b>
Total Tax	762	953	(20.1)	515	48.1	371	105.6	2,554	2,908	(12.2)
ETR (%)	27.3%	35.4%		28.6%		27.4%		26.8%	28.5%	
<b>Adj. PAT</b>	<b>2,025</b>	<b>1,741</b>	<b>16.3</b>	<b>1,287</b>	<b>57.4</b>	<b>981</b>	<b>106.4</b>	<b>6,974</b>	<b>7,310</b>	<b>(4.6)</b>
Exceptional Items	0	798		0	-	0		0	798	
<b>PAT</b>	<b>2,025</b>	<b>2,539</b>	<b>(20.2)</b>	<b>1,287</b>	<b>57.4</b>	<b>981</b>	<b>106.4</b>	<b>6,974</b>	<b>8,108</b>	<b>(14.0)</b>

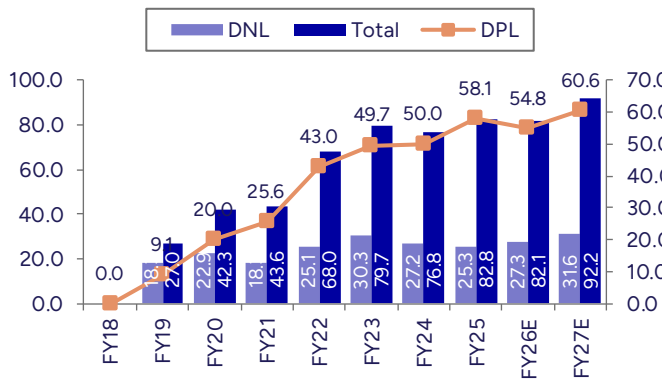
Source: Company, PL

**Exhibit 2: Q4FY25 - Segmental Performance (Rs mn)**

Y/e March	Q4FY25	Q4FY24	YoY gr.	Q3FY25	QoQ gr.	FY25	FY24	YoY gr.
Advanced Intermediates	6,539	6,711	-2.6%	5,517	18.5%	25,273	27,239	-7.2%
Phenolics	15,323	14,661	4.5%	13,657	12.2%	58,051	50,035	16.0%
Intersegment	65	110		140		505	455	
<b>Total Revenue</b>	<b>21,797</b>	<b>21,262</b>	<b>2.5%</b>	<b>19,034</b>	<b>14.5%</b>	<b>82,819</b>	<b>76,818</b>	<b>7.8%</b>
Advanced Intermediates	449	1,339	-66.5%	169	166.2%	1,757	4,459	-60.6%
Phenolics	2,393	2,061	16.1%	1,212	97.5%	7,830	6,439	21.6%
Interest	93	44	111.8%	61	52.9%	275	118	133.1%
Other unallocable expenses	(38)	(136)	-71.7%	(33)	17.8%	(216)	(238)	-9.3%
<b>Total EBT</b>	<b>2,787</b>	<b>3,492</b>	<b>-20.2%</b>	<b>1,352</b>	<b>106.1%</b>	<b>9,528</b>	<b>11,018</b>	<b>-13.5%</b>
<b>EBIT Margins</b>								
Advanced Intermediates	6.9%	20.0%		3.1%		7.0%	16.4%	
Phenolics	15.6%	14.1%		8.9%		13.5%	12.9%	

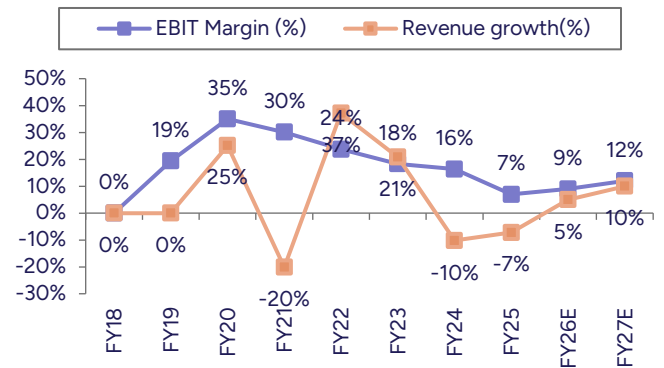
Source: Company, PL

**Exhibit 3: Revenue to grow at 5% CAGR in FY25-27E**



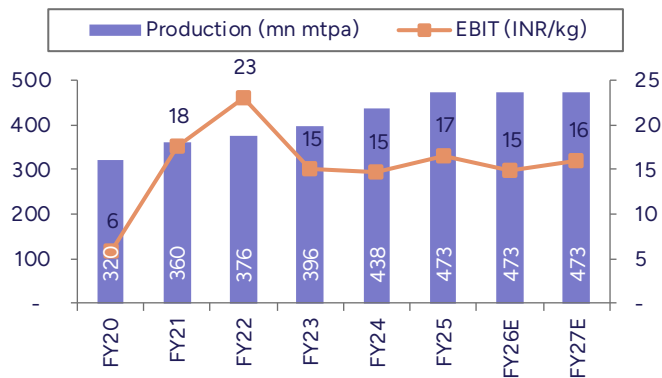
Source: Company, PL

**Exhibit 4: AI EBIT margin to be at 12% in FY27**



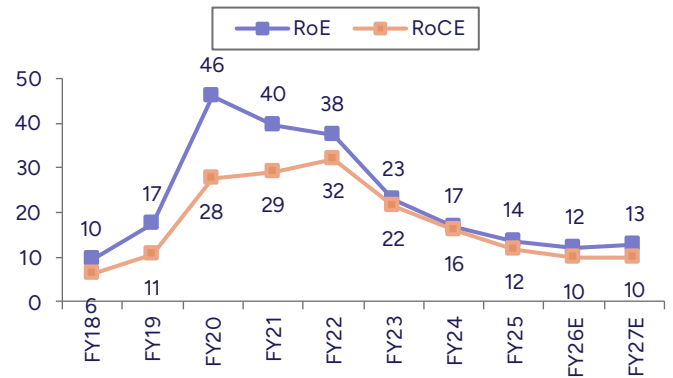
Source: Company, PL

**Exhibit 5: Phenolics EBIT to be at Rs16/kg in FY27**



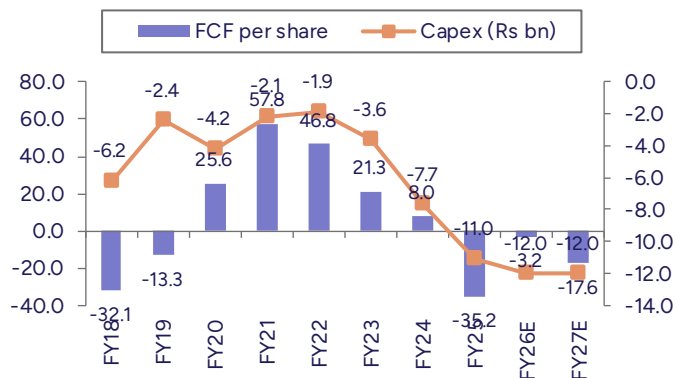
Source: Company, PL

**Exhibit 6: Return ratios to hover at 10-13%**



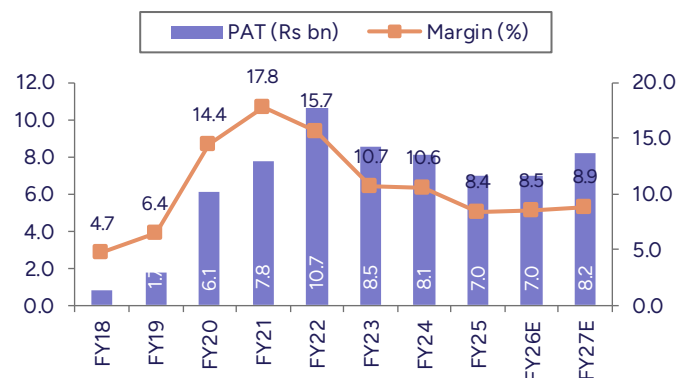
Source: Company, PL

**Exhibit 7: Capex not in sync with FCF**



Source: Company, PL

**Exhibit 8: PAT margin to reach 9% in FY27**



Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>76,818</b>	<b>82,819</b>	<b>82,112</b>	<b>92,158</b>
YoY gr. (%)	(3.6)	7.8	(0.9)	12.2
Cost of Goods Sold	52,361	57,879	55,974	62,824
Gross Profit	24,457	24,940	26,138	29,334
Margin (%)	31.8	30.1	31.8	31.8
Employee Cost	3,511	3,922	4,274	4,659
Other Expenses	9,714	10,101	10,264	11,059
<b>EBITDA</b>	<b>11,233</b>	<b>10,918</b>	<b>11,599</b>	<b>13,616</b>
YoY gr. (%)	(12.9)	(2.8)	6.2	17.4
Margin (%)	14.6	13.2	14.1	14.8
Depreciation and Amortization	1,657	1,954	2,437	2,733
<b>EBIT</b>	<b>9,576</b>	<b>8,964</b>	<b>9,162</b>	<b>10,882</b>
Margin (%)	12.5	10.8	11.2	11.8
Net Interest	118	275	570	753
Other Income	761	839	821	922
<b>Profit Before Tax</b>	<b>10,219</b>	<b>9,528</b>	<b>9,413</b>	<b>11,051</b>
Margin (%)	13.3	11.5	11.5	12.0
Total Tax	2,908	2,554	2,447	2,873
Effective tax rate (%)	28.5	26.8	26.0	26.0
<b>Profit after tax</b>	<b>7,310</b>	<b>6,974</b>	<b>6,966</b>	<b>8,178</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>8,108</b>	<b>6,974</b>	<b>6,966</b>	<b>8,178</b>
YoY gr. (%)	(4.8)	(14.0)	(0.1)	17.4
Margin (%)	10.6	8.4	8.5	8.9
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>8,108</b>	<b>6,974</b>	<b>6,966</b>	<b>8,178</b>
YoY gr. (%)	(4.8)	(14.0)	(0.1)	17.4
Margin (%)	10.6	8.4	8.5	8.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,108	6,974	6,966	8,178
<b>Equity Shares O/s (m)</b>	<b>136</b>	<b>136</b>	<b>136</b>	<b>136</b>
<b>EPS (Rs)</b>	<b>59.4</b>	<b>51.1</b>	<b>51.1</b>	<b>60.0</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>31,690</b>	<b>42,739</b>	<b>54,739</b>	<b>66,739</b>
Tangibles	31,690	42,739	54,739	66,739
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>8,763</b>	<b>10,717</b>	<b>13,154</b>	<b>15,887</b>
Tangibles	8,763	10,717	13,154	15,887
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>22,927</b>	<b>32,022</b>	<b>41,585</b>	<b>50,852</b>
Tangibles	22,927	32,022	41,585	50,852
Intangibles	-	-	-	-
Capital Work In Progress	7,735	16,491	16,491	16,491
Goodwill	-	27	-	-
Non-Current Investments	1,219	5,109	5,109	5,109
Net Deferred tax assets	(1,736)	(2,128)	(2,128)	(2,128)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	7,599	9,264	9,085	10,120
Trade receivables	12,984	12,738	11,248	12,624
Cash & Bank Balance	4,655	4,066	1,630	278
Other Current Assets	3,844	4,937	4,895	5,494
<b>Total Assets</b>	<b>60,962</b>	<b>84,653</b>	<b>90,043</b>	<b>1,00,967</b>
<b>Equity</b>				
Equity Share Capital	273	273	273	273
Other Equity	47,693	53,614	59,558	66,536
<b>Total Networth</b>	<b>47,966</b>	<b>53,887</b>	<b>59,831</b>	<b>66,809</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	2,170	12,591	20,000	23,000
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	5,823	5,218	5,117	5,700
Other current liabilities	3,007	2,993	2,968	3,331
<b>Total Equity &amp; Liabilities</b>	<b>60,962</b>	<b>76,817</b>	<b>90,043</b>	<b>1,00,967</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	11,017	9,528	9,413	11,051
Add. Depreciation	1,657	1,954	2,437	2,733
Add. Interest	118	275	570	753
Less Financial Other Income	761	839	821	922
Add. Other	(627)	(560)	-	-
Op. profit before WC changes	12,165	11,196	12,420	14,537
Net Changes-WC	(720)	(2,798)	1,585	(2,064)
Direct tax	(2,665)	(2,152)	(2,447)	(2,873)
<b>Net cash from Op. activities</b>	<b>8,781</b>	<b>6,247</b>	<b>11,558</b>	<b>9,600</b>
Capital expenditures	(7,685)	(11,049)	(12,000)	(12,000)
Interest / Dividend Income	40	337	-	-
Others	427	(4,201)	-	-
<b>Net Cash from Invst. activities</b>	<b>(7,218)</b>	<b>(14,913)</b>	<b>(12,000)</b>	<b>(12,000)</b>
Issue of share cap. / premium	-	102	-	-
Debt changes	1,679	8,069	7,409	3,000
Dividend paid	(1,023)	(1,023)	(1,022)	(1,200)
Interest paid	(98)	(194)	(570)	(753)
Others	(123)	1,108	-	-
<b>Net cash from Fin. activities</b>	<b>435</b>	<b>8,062</b>	<b>5,817</b>	<b>1,048</b>
<b>Net change in cash</b>	<b>1,998</b>	<b>(605)</b>	<b>5,374</b>	<b>(1,352)</b>
Free Cash Flow	1,096	(4,802)	(442)	(2,400)

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	59.4	51.1	51.1	60.0
CEPS	71.6	65.5	68.9	80.0
BVPS	351.7	395.1	438.6	489.8
FCF	8.0	(35.2)	(3.2)	(17.6)
DPS	7.5	7.5	7.5	8.8
<b>Return Ratio(%)</b>				
RoCE	20.9	15.4	12.5	12.8
ROIC	15.8	12.2	9.6	9.6
RoE	18.2	13.7	12.3	12.9
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.1)	0.2	0.3	0.3
Net Working Capital (Days)	70	74	68	68
<b>Valuation(x)</b>				
PER	35.3	41.0	41.0	35.0
P/B	6.0	5.3	4.8	4.3
P/CEPS	29.3	32.0	30.4	26.2
EV/EBITDA	25.2	27.0	26.2	22.7
EV/Sales	3.7	3.6	3.7	3.3
Dividend Yield (%)	0.4	0.4	0.4	0.4

Source: Company Data, PL Research

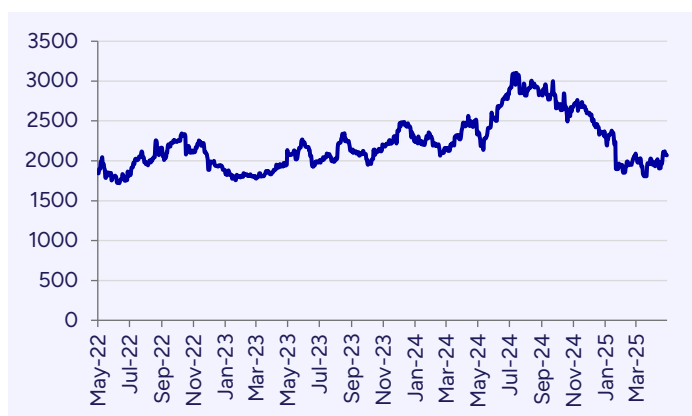
**Quarterly Financials (Rs m)**

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>Net Revenue</b>	<b>21,668</b>	<b>20,320</b>	<b>19,034</b>	<b>21,797</b>
YoY gr. (%)	22.5	14.3	(5.3)	2.5
Raw Material Expenses	15,002	13,823	13,931	15,124
Gross Profit	6,667	6,497	5,103	6,673
Margin (%)	30.8	32.0	26.8	30.6
<b>EBITDA</b>	<b>3,092</b>	<b>2,975</b>	<b>1,685</b>	<b>3,165</b>
YoY gr. (%)	47.4	(1.6)	(44.7)	5.1
Margin (%)	14.3	14.6	8.9	14.5
Depreciation / Depletion	475	485	482	513
<b>EBIT</b>	<b>2,617</b>	<b>2,491</b>	<b>1,203</b>	<b>2,653</b>
Margin (%)	12.1	12.3	6.3	12.2
Net Interest	58	63	61	93
Other Income	188	213	210	228
<b>Profit before Tax</b>	<b>2,748</b>	<b>2,640</b>	<b>1,352</b>	<b>2,787</b>
Margin (%)	12.7	13.0	7.1	12.8
Total Tax	723	698	371	460
Effective tax rate (%)	26.3	26.4	27.4	16.5
<b>Profit after Tax</b>	<b>2,025</b>	<b>1,942</b>	<b>981</b>	<b>2,327</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>2,025</b>	<b>1,942</b>	<b>981</b>	<b>2,327</b>
YoY gr. (%)	35.1	(5.3)	(51.4)	(8.3)
Margin (%)	9.3	9.6	5.2	10.7
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>2,025</b>	<b>1,942</b>	<b>981</b>	<b>2,327</b>
YoY gr. (%)	35.1	(5.3)	(51.4)	(8.3)
Margin (%)	9.3	9.6	5.2	10.7
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>2,025</b>	<b>1,942</b>	<b>981</b>	<b>2,327</b>
Avg. Shares O/s (m)	136	136	136	136
<b>EPS (Rs)</b>	<b>14.9</b>	<b>14.3</b>	<b>7.2</b>	<b>17.1</b>

Source: Company Data, PL Research

**Price Chart**

**Recommendation History**



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	Reduce	1,645	1,835
2	17-Feb-25	Hold	1,960	1,899
3	08-Jan-25	Reduce	2,295	2,460
4	14-Nov-24	Reduce	2,438	2,639
5	17-Oct-24	Reduce	2,582	3,000
6	05-Oct-24	Reduce	2,564	2,829
7	22-Aug-24	Reduce	2,717	2,970
8	09-Aug-24	Reduce	2,780	3,055
9	04-Jul-24	Reduce	2,268	2,677

**Analyst Coverage Universe**

Sr. No.	CompanyName	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	394	449
2	Bharat Petroleum Corporation	Reduce	267	311
3	Bharti Airtel	Accumulate	1,988	1,834
4	Clean Science and Technology	Hold	1,354	1,329
5	Deepak Nitrite	Reduce	1,645	1,835
6	Fine Organic Industries	BUY	4,930	4,176
7	GAIL (India)	Hold	191	184
8	Gujarat Fluorochemicals	Reduce	3,541	3,988
9	Gujarat Gas	Sell	372	464
10	Gujarat State Petronet	Hold	348	339
11	Hindustan Petroleum Corporation	Sell	321	410
12	Indian Oil Corporation	Reduce	122	143
13	Indraprastha Gas	Sell	150	185
14	Jubilant Ingrevia	Hold	735	700
15	Laxmi Organic Industries	Reduce	172	190
16	Mahanagar Gas	Hold	1,410	1,410
17	Mangalore Refinery & Petrochemicals	Sell	109	129
18	Navin Fluorine International	Accumulate	5,161	4,595
19	NOCIL	Reduce	172	184
20	Oil & Natural Gas Corporation	Accumulate	276	242
21	Oil India	BUY	649	430
22	Petronet LNG	Reduce	292	321
23	Reliance Industries	Accumulate	1,482	1,300
24	SRF	Hold	3,069	2,928
25	Vinati Organics	Accumulate	1,882	1,765

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock



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