19 May 2026 **CALL CLOSED**

CMP: Rs306 **DMCC Speciality Chemicals Limited**

We had initiated a buy call on DMCC Speciality Chemicals Ltd on 29th Dec, 2023 at Rs327 for a target price of Rs400; with the latest target at Rs300. The stock had achieved an all-time high of Rs452 in Dec 2024. The growth of the company is largely driven by increase in sulphuric acid prices and any supply chain disruptions or higher raw material costs can directly impact the volume growth, end-user demand and finally translate into depressed bottom-line. The overall operating environment continues to remain highly volatile because of geopolitical tensions and disruption in sulphur supply chains. In addition to this, the plant located at Roha can witness raw material shortages which directly impact the volumes. Under such circumstances, the working capital requirements can stretch significantly due to increase in the input costs, which can lead to short-term working capital borrowings which is already seen in the quarter under review.
The key trigger/rationale for investment in the stock, speciality chemicals segment too has been seeing some stress and DMCC has not been able to convert the same into better opportunities. The enquiry pipeline continues to remain under stress and the end-user industries in the boron segment continue to face operational disruptions. The high dependence of the company on external commodity cycles and geopolitical issues make the earnings visibility bleak while the risk of volatility in future performance continue to swell. This has also translated into uncertainty for the regular volumes for the company. Further, the absence of strong demand recovery, rising dependence on working capital debt, pressure on margins and the commissioning of a large smelter in Kutch can further negatively impact the sulfuric acid business. All the factors mentioned above reduce our confidence in near to long term growth sustainability, hence, we close our call.

Recommendation:
We close the call on the stock.

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