DMCC Speciality Chemicals Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs278	7	Buy	Rs400	44%

**as on 13th Nov, 2025*

About the Company:

DMCC Speciality Chemicals Limited formerly known as The Dharamsi Morarji Chemical Company Limited, established in 1919, was the first producer of sulfuric acid and phosphate fertilisers in India and become a trusted source for quality single superphosphate. Since then, the company has commercialised downstream processes of sulfur based chemicals and today, are known as a trusted provider of speciality chemicals. DMCC is engaged in manufacturing commodity chemicals i.e. sulfuric acid, oleum and cholorosulfuric acid etc. which are further used to manufacture downstream products used by a wide range of end users. Over a period of time, DMCC has built a large portfolio of nearly 4 key products offering in the bulk chemical segment and 8-10 key products in the speciality chemical segment. The company has two state-of-the-art manufacturing facilities located at Dahej in Gujarat and Roha in Maharashtra; are also coupled with consistent R&D centres to help commercialise processes for downstream sulfur-based chemicals. Both the plants are ISO 9001:2015 certified. In 2016 DMCC had merged with Borax Morarji which has helped DMCC to enter into speciality chemical space in the boron segment. Mr. Laxmikumar Goculdas is the Chairman of the company and Mr. Bimal Goculdas is the MD and CEO.

Results: Quick Glance:

- Net revenue for the quarter under review grew by 22.7% to Rs1260mn as compared to Rs1027mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 11.1% as compared to 14.9% in the corresponding quarter last year
- The company reported net profit of Rs58mn as compared to Rs58.1mn in the comparative quarter of the previous year; de-growth of 1.1%
- EPS for the quarter under review came in at Rs2.31 as compared to Rs2.33 in the corresponding period last year
- For H1FY26, the revenues came in at Rs2531mn as compared to Rs1880mn; growth of 34.6% while the PAT stood at Rs135mn as against Rs72mn. The EPS came in at Rs5.42 as against Rs2.88 in H1FY25

Conference Call Highlights:

- In Q2FY26, the company has reported steady performance with a revenue growth of ~23% on a y-o-y basis, sequentially the performance was largely flat reporting a drop in the revenue of ~0.8%. This was basically due to delays in raw material supply for the boron business and lower export demand, particularly from Europe. Despite these challenges, the company maintained stability in domestic operations and continued to make strategic progress on diversification initiatives
- In terms of business segments, the **commodity chemicals** division, which primarily comprises sulphuric acid and related products operated close to full utilisation. This segment continues to perform steadily driven by strong demand from fertilizer and industrial chemical customers. The sulphuric acid demand remained stable during the quarter due to higher sulphur costs globally. In addition to this, the government's continued focus on promoting domestic fertilizer production has increased sulphuric acid consumption which balances the impact of new smelters in Kutch coming on stream. However, they notified that as the new facility scales up, it may temporarily disrupt pricing dynamics. The company is monitoring market movements closely and anticipates to maintain stable margins in this business
- The **specialty chemicals** segment operated below ~50% capacity utilization due to supply chain constraints and weaker demand from the European market. The Management indicated that this segment has higher margins and greater potential for profitability once demand recovers
- Pertaining to the challenges faced in the **boron** segment, wherein the global supplier of boron raw materials underwent a change in distributors, which disrupted the supply chain extending the delivery timeline by ~90-100 days. As a result, the company's boron plant operated below optimal capacity for most of the quarter, affecting both sales and profitability. Due to this disruption the company has lost sales of ~Rs100mn per month. However, the company anticipates the boron business to recover to normal levels from Q3FY26
- On the **exports** front, Europe has witnessed a significant decline due to weak consumption across the continent due to macroeconomic challenges, high energy costs, and structural issues affecting European chemical industries. Many plants in Europe have either reduced output or shutdown. In order to diversify, the company is actively exploring alternative markets in Latin America and China

Conference Call Highlights (contd.):

- The company has made good initial progress in these regions, with several trials and business discussions underway. Replacing the specialty chemical business lost from Europe will take time, while these new markets have started showing good traction. The Management also indicated that China, despite being the largest producer of sulphuric acid globally, presents potential opportunities for DMCC in specific niche areas of sulfonation and specialty boron products
- The company has added few **new products** recently but is focusing on process development and expanding applications within its core chemistries i.e. boron and sulphur-based chemicals; the company is exploring opportunities in newer applications such as polymers, electroplating chemicals, and industrial intermediates
- During the quarter under review, the company has commissioned a solar power plant which will cater to more than ~80% of the Roha facility's power requirement through renewable energy. This will not only reduce electricity costs but also significantly lower the company's carbon footprint
- Minor capex of ~Rs100mn has been approved for FY26E, with a similar level expected next year. Any significant expansion will be considered only if there is a clear long-term opportunity. The company intends to fund small incremental projects through internal accruals and existing cash flows. The company is focussing on maintaining a strong balance sheet. Debt reduction remains a priority, and the company has been continuously repaying term loans. Working capital requirements, however, are expected to increase moderately due to the longer credit cycle in the boron business. The Management has indicated that the overall performance is anticipated to improve in H2FY26

Financials:

Performance (Q2FY26)									
Q2FY26 Result (Rs mn)	**Sept-25**	**Sept-24**	**y-o-y**	**Jun-25**	**q-o-q**	**H1FY26**	**H1FY25**	**y-o-y**	**FY26E**
Total Revenue	1260	1027	22.7%	1270	(0.8%)	2531	1880	34.6%	4705
EBITDA	140	153	(8.6%)	169	(17.0%)	309	242	27.8%	623
Other Income	3	3	(1.1%)	4	(18.8%)	7	5	32.3%	14
Interest	19	28	(31.1%)	20	(5.9%)	39	58	(32.0%)	81
Depreciation	41	43	(3.4%)	42	(1.9%)	83	84	(1.4%)	171
Tax	25	28	(9.0%)	33	(22.6%)	58	33	77.1%	116
Net Profit	**58**	**58**	**(1.1%)**	**78**	**(25.8%)**	**135**	**72**	**88.0%**	**270**

Outlook and Recommendations: In Q2FY26, the company has witnessed some pressure led by operational disruptions and subdued export demand which impacted the overall volumes and profitability. However, these issues are anticipated to resolve in Q3FY26; the company has now overcome the supply constraints, with normal operations resuming from November onwards. There has been strong demand in the domestic market for commodity chemicals such as sulphuric acid which has helped in providing stability to the overall business, even as the global scenario remained uncertain. The company's strategy of maintaining high operating efficiency and timely price adjustments can help in sustaining margins despite input cost pressures. Additionally, the successful commissioning of a solar power plant at the Roha facility will significantly reduce the power costs and dependence on fossil fuels. Going forward, H2FY26 is anticipated to show gradual recovery, driven by improved raw material availability, normalization in the boron segment, and renewed export traction from newer geographies. With Europe witnessing demand softness, the company has accelerated its diversification efforts into markets such as Latin America and China, which are showing early signs of positive response. These new markets are anticipated to not only offset the loss of business in the European market but also open fresh growth opportunities over time. On the commodity side, the sulphuric acid business continues to remain well supported by robust domestic fertilizer demand and favourable policy measures which are aimed at enhancing local production. Although the entry of new capacities like the Kutch smelter may temporarily affect pricing dynamics, DMCC's growth will be driven by focused investments within its core competencies rather than large-scale expansions. The company is entering a phase of consolidation, where operational stability, geographical balance, and continued product development will drive consistent improvement in performance. As supply-side challenges ease and new market opportunities mature, DMCC is expected to regain growth momentum, supported by its disciplined execution and deep expertise in specialty chemical manufacturing. We will diligently keep on tracking the developments of the competitors as well as the pricing development/dynamics for the businesses related to DMCC; we cautiously maintain our target price of Rs400.

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