



November 11, 2022

To,

<b>National Stock Exchange of India Ltd.</b> Exchange Plaza Bldg. 5 <sup>th</sup> Floor, Plot No.C-1 'G' Block, Near Wockhardt, Bandra Kurla Complex Mumbai 400 051 Fax: 26598237/38 Symbol: DCW	<b>BSE Limited</b> Department of Corporate Services, 1 <sup>st</sup> floor, New Trading Ring Rotunda Building, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Fax : 22723121/3719/2037/2039 Scrip Code : 500117
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Dear Sir(s)/Madam,

**Sub: Press Release**

Pursuant to the Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, enclosed herewith is a copy of the Press Release to be distributed to the media, contents of which are self-explanatory.

This intimation is also being uploaded on the Company's website at [www.dcwlimited.com](http://www.dcwlimited.com).

You are requested to take the aforesaid information on your record.

Thanking You,

Yours faithfully,

For **DCW Limited**



**Dilip Darji**  
**Sr. General Manager (Legal) & Company Secretary**  
Membership No. ACS-22527

Encl: A/a

**DCW LIMITED**

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## DCW LIMITED

CIN: L24110GJ1939PLC000748

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### NEWS RELEASE

## DCW's march gains momentum in Q2 & H1FY23; its diversified portfolio shields against volatility

- Revenue growth of 34.2% YoY and 67.3% for EBITDA YoY in H1FY23.
- Caustic Soda showed robust performance, with EBITDA growing by 5.3x YoY in H1FY23.
- Speciality Chemicals portfolio shows resilience, and SIOP improves its performance.

**Mumbai, Friday, 11<sup>th</sup> November 2022:** DCW Limited ("the Company" or "DCW"), a specialty chemicals Company headquartered in Mumbai, declared its financial results for second quarter and half year ended 30<sup>th</sup> September 2022.

The Company sustained its growth momentum in H1FY23, with its speciality and commodity chemicals witnessing an encouraging trend. Company EBITDA grew by 67.3% YoY. Revenue from specialty chemicals for H1FY23 increased by 41.3% YoY, led by a strong performance from the SIOP segment. SIOP has been gradually witnessing an uptick in production, with capacity utilisation rising from 49% in H1FY22 to 74% in H1FY23. Commodity chemicals, too, performed well, with revenue increasing by 33.7% YoY in H1FY23.

The Debt of the Company currently stands at ₹544 crore. The Company, in March 2021, raised ₹410 crore from the Kotak Special Situation Fund (KSSF), which comprised ₹350 crore of Non-Convertible Debentures (NCDs) and ₹60 crore of optionally fully convertible Debentures (OFCDs). While the NCDs and OFCDs were issued at a coupon of 11% & 9.17%, respectively, both had an IRR of 17% on redemption. Further, the NCDs also had a moratorium period of 18 months. Out of the ₹60 crore OFCDs, ₹33 crore were converted into equity, and the balance ₹27 crore was redeemed on the basis of the option exercised by the Debenture holder (KSSF). The part-redemption of OFCDs (at 17% IRR) is significantly beneficial to the Shareholders of the Company owing to lower than gestated dilution to the Company's equity.

Additionally, the Company has refinanced its ₹350 crore NCDs with lower interest-bearing loans from different bankers, given its significant improvement in credit rating backed by cash flows over the period of time. This refinancing will help the Company to save significantly on its future interest costs. The Company's blended interest costs are expected to fall by 700-800bps from the next Quarter.

## Business Segments:

- **SIOP:** Consistent efforts have led to a robust improvement in the performance of this division. The SIOP's plant capacity utilisation has been improving consistently. Plant capacity utilisation improved to 78% in Q2FY23 (FY20-24%, FY21-38%, FY22-54%).
- **C-PVC:** The revenue from this segment increased by 21.4% YoY to ₹1,171.5 Mn in H1FY23. The C-PCV segment has been a consistent performer over the last eight quarters and continues to deliver strength and consistency to the Company's overall earnings. Despite volatility in PVC prices, CPVC has remained relatively stable. Today, DCW remains the most prominent indigenous manufacturer of C-PVC in India. With an apparent shortfall in the domestic supply of C-PVC, the Company has been able to garner the optimum benefits of this market imbalance tactfully.
- **Soda Ash:** The Company had a long-term fixed price contract in FY22, which matured in Q1FY23. The Company no longer entertains fixed price contracts, which enables the Company to take advantage of the favourable market scenario. As a result, the EBITDA for this segment in H1FY23 stood at ₹271.4 Mn, compared to ₹40.1 Mn in H1FY22, delivering a growth of 5.8x.
- **Caustic Soda:** Caustic soda prices remained favourable in Q2FY23, especially the post-cost price escalations in the EU. This has kept prices of caustic Soda buoyant. Revenue from this division in H1FY23 stood at ₹5,354.8 Mn, compared to ₹2,901.7 Mn in H1FY22, delivering a growth of 84.5% YoY. EBITDA for this segment in H1FY23 stood at ₹1,675.4 Mn, compared to ₹266.9 Mn in H1FY22, providing a gain of 5.3x.

## Financial Highlights Q2 & H1FY23: (₹ in Mn)

Particulars	Q2FY23	Q2FY22	YoY%	H1FY23	H1FY22	YoY%
Revenue	6,977.8	5,718.7	22.0%	14,664.3	10,923.8	34.2%
EBITDA	1,107.1	807.1	37.2%	2,346.9	1,403.0	67.3%
EBITDA Margin (%)	15.9%	14.1%	180bps	16.0%	12.8%	320bps
Profit After Tax (PAT)	*496.4	196.7	152.3%	1,084.1	330.4	228.1%
PAT Margin (%)	7.1%	3.4%	370bps	7.4%	3.0%	440bps

\*The Q2FY23 finance cost includes ₹37 crore of one-time impact related to part redemption of OFCD and full redemption of NCD

- **Revenue** from operations for H1FY23 stood at ₹14,664.3 Mn, delivering growth of 34.2% on a YoY. Improved operational efficiency of the SIOP plant, coupled with favourable market conditions in Soda ash and Caustic Soda, led to robust performance in H1FY23.
- **EBITDA** for H1FY23 stood at ₹2,346.9 Mn, compared to ₹1,403.0 Mn in H1FY22, delivering growth of 67.3% YoY. PVC prices have fallen significantly over the last two quarters. However, the Company's diversified portfolio, with the critical components of Specialty chemicals, mitigated the volatility and delivered stable margins for Q2FY23.
- **PAT** stood at ₹1,084.1 Mn in H1FY23, compared to a profit of ₹330.4 Mn in H1FY22, delivering growth of 228.1% YoY.

Commenting on the results, **Mr. Vivek Jain, Managing Director, DCW Ltd.**, said, "The Company's performance in H1FY23 is testimony to our long-drawn strategy of diversifying our product portfolio in a manner which provides resilience as well take advantage during favourable market conditions. As we have witnessed over the past several quarters, CPVC and SIOP performance has been relatively

*resilient and are contributing 25-30% in overall EBITDA on a steady state basis. Once we optimise our SIOP plants, the contribution from SIOP will further improve, bringing more consistency and stability to our earnings. The commodity segment business remains aligned with market conditions. In H1FY23, the Company saw a remarkable performance from Soda Ash and Caustic Soda with PVC remaining soft.*

*With the strategy of making our operations more efficient and the balance sheet more robust, the Company refinanced its high interest-bearing NCDs with market-aligned finance from leading bankers. This is expected to save our interest costs and cash outflows significantly. We believe our debt remains appropriate, with Net Debt to EBITDA expected to go down to levels of 1 by the end of this fiscal. We continue to look for an opportunity to utilise our in-house chlorine for various purposes. We are at an exciting crossroads for a long, sustained growth journey. We continue to endeavour a roadmap to create new highs going forward.”*

### **Speciality Chemicals Business– Q2 & H1FY23**

Over the last four years, DCW has added niche, value-added, high-margin speciality chemicals to its portfolio. These include C-PVC, SIOP and Synthetic Rutile. The Company is one of the few large-scale synthetic iron oxide manufacturers for red and yellow pigments and the only C-PVC manufacturer in India.

The revenue mix between Commodity Chemicals: and Specialty Chemicals for Q2FY23 stood at 86:14. However, in Q2FY23 Specialty chemicals contribute more than 27% to the Company's overall EBITDA. The Company is focusing on increasing the revenue mix from specialty chemicals. Increasing the revenue share from specialty chemicals will help the Company to elevate its margin profile and return ratios.

#### **SIOP:**

- Revenue for H1FY23 stood at ₹772.8 Mn, as against ₹410.7 Mn in H1FY22, a growth of 88.2 % YoY. Revenue growth was attributable to higher volume sales and improving capacity utilisation.
- EBITDA for H1FY23 stood at ₹270.6 Mn, as against ₹67.1 Mn in H1FY22, with a growth of 303.3% YoY and an EBITDA margin of 35 %.

#### **C-PVC:**

- Revenue for H1FY23 stood at ₹1,171.5 Mn compared to ₹965.2 Mn, a growth of 21.4% on a YoY basis.
- EBITDA for H1FY23 stood at ₹325.4 Mn, compared to ₹292.0 Mn in H1FY22, a growth of 11.5 % YoY. The revenue growth is attributed to better realisations owing to a shortfall in the domestic supply of C-PVC.

## Specialty Chemicals Performance Highlights

(₹ in Mn)

Particulars	Q2FY23	Q2FY22	YoY%	H1FY23	H1FY22	YoY%
<b>SIOP</b>						
Revenue	361.8	222.3	62.7%	772.8	410.7	88.2%
EBITDA	145.2	36.7	295.5%	270.6	67.1	303.3%
EBITDA Margin (%)	40.1%	16.5%	2360bps	35.0%	16.3%	1870bps
<b>C-PVC</b>						
Revenue	583.2	531.2	9.8%	1,171.5	965.2	21.4%
EBITDA	151.8	127.7	18.9%	325.4	292.0	11.5%
EBITDA Margin (%)	26.0%	24.0%	200bps	27.8%	30.2%	(250bps)

## Commodity Chemicals Business– Q2 &H1FY23

The Company's commodity chemical business consists of Caustic Soda, Soda Ash and PVC. The Soda Ash facility is based out of Dhragandhra, Gujarat, while Caustic Soda and PVC facilities are based out of Sahupuram, Tamil Nadu.

### Caustic Soda:

- Revenue for Q2FY23 stood at ₹2,791.0 Mn, compared to ₹1,247.6 Mn in Q2FY22. Revenue growth of 123.7% on a YoY basis.
- EBITDA for Q2FY23 stood at ₹920.8 Mn, compared to ₹17.8 Mn in Q2FY22 growth of 50.7x YoY.

### Soda Ash:

- Revenue for H1FY23 stood at ₹1,734.4 Mn, compared to ₹917.2 Mn in H1FY22, a growth of 89.1% YoY. Revenue growth was supported by favourable demand-supply dynamics and a favourable pricing scenario.
- EBITDA for H1FY23 stood at ₹271.4 Mn, compared to ₹40.1 Mn in H1FY22. EBITDA margins have shown a robust improvement.

### PVC:

- Revenue for H1FY23 stood at ₹5,527.0 Mn, compared to ₹5,614.7 Mn in H1FY22, degrowth of 1.6% YoY due to lower realisation impact.
- EBITDA for H1FY23 stood at ₹ (284.5) Mn, compared to ₹636.1 Mn in H1FY22. Higher raw material prices impacted the overall margins. Once the high-cost inventory is channelised, margins are expected to improve from thereon.

## Commodity Chemicals Performance Highlights:

(₹ in Mn)

Particulars	Q2FY23	Q2FY22	YoY%	H1FY23	H1FY22	YoY%
<b>Caustic Soda</b>						
Revenue	2,791.0	1,247.6	123.7%	5,354.8	2,901.7	84.5%
EBITDA	920.8	17.8	5069.6%	1,675.4	266.9	527.7%
EBITDA Margin (%)	33.0%	1.4%	3160bps	31.3%	9.2%	2210bps
<b>Soda Ash</b>						
Revenue	867.1	510.1	70.0%	1,734.5	917.2	89.1%
EBITDA	79.2	29.0	172.8%	271.4	40.1	577.4%
EBITDA Margin (%)	9.1%	5.7%	340bps	15.6%	4.4%	1130bps
<b>PVC</b>						
Revenue	2,335.0	3,148.7	-25.8%	5,527.0	5,614.7	-1.6%
EBITDA	-221.7	544.8	-140.7%	-284.5	636.1	-144.7%
EBITDA Margin (%)	-9.5%	17.3%	NA	-5.1%	11.3%	NA

### About DCW

DCW is a speciality chemicals Company manufacturing PVC, C-PVC (chlorinated polyvinyl chloride), Caustic Soda, Soda Ash, and Synthetic Iron Oxide Pigment (SIOP). The Company is the only domestic manufacturer of C-PVC, a versatile thermoplastic used mainly for manufacturing hot and cold-water pipes, industrial liquid handling, and a wide range of products serving a variety of applications. DCW's Caustic Soda, SIOP and PVC Units are in close proximity to the Tuticorin Port in Tamil Nadu, giving the Company a competitive edge over its peers to export its products to global markets.

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