



August 12, 2022

To,

National Stock Exchange of India Ltd. Exchange Plaza Bldg. 5 th Floor, Plot No.C-1 'G' Block, Near Wockhardt, Bandra Kurla Complex, Mumbai 400 051 Fax:26598237/38 Symbol: DCW	The BSE Limited Department of Corporate Services, 1 st 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.

You are requested to kindly take the same on record & oblige.

Thanking You,

Yours faithfully,

For DCW Limited

Dilip Darji

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



DCW LIMITED

HEAD OFFICE :

"NIRMAL" 3RD FLOOR, NARIMAN POINT, MUMBAI-400 021.

TEL.: 2287 1914, 2287 1916, 2202 0743 TELEFAX: 22 2202 8838

REGISTERED OFFICE : DHRANGADHRA - 363 315 (GUJRAT STATE)

Email: ho@dcwlimited.com, Website: www.dcwlimited.com, CIN-L24110GJ1939PLC000748



DCW LIMITED

CIN: L24110GJ1939PLC000748

Regd. Office: Dhrangadhra - 363 315, Gujarat State.

Head Office: 3rd Floor, Nirmal, Nariman Point, Mumbai - 400021

Tel: 022-22871914 Fax: 022-22028839

Website: www.dcwlimited.com E-Mail: legal@dcwlimited.com ; investor_relations@dcwlimited.com

NEWS RELEASE

DCW continues its solid growth momentum in Q1FY23 - its diversified portfolio defends against volatility.

- Reports growth of 47.7% in Revenue YoY and 108.1% EBITDA YoY for Q1FY23.
- A diversified product portfolio aids in countering volatility, imparting growth and stability.
- Strength of specialty chemicals portfolio imparts overall stability to total earnings.
- PVC segment got impacted with high Raw material costs and challenging market dynamics.

Mumbai, Friday, 12th August 2022: DCW Limited (“the Company” or “DCW”), a specialty chemicals Company headquartered in Mumbai, declared its financial results for Q1FY23 ending 30th June 2022.

The Company reported strong performance for Q1FY23, with EBITDA growing by 108% YoY and 24% QoQ. The Company’s continued efforts in improving its speciality chemicals segment operations have been delivering the desired results. Revenue from specialty chemicals increased by 60.6% YoY led by a strong performance from the SIOP segment. SIOP has been gradually witnessing an uptick in production, with capacity utilisation increasing from 22% in Q1FY20 to 71% in Q1FY23. Commodity chemicals too performed well, with revenue increasing by 46% YoY and 10% QoQ. The Soda Ash segment has been an important contributor in Q1FY23 and registered a revenue growth of 113.1% YoY, followed by its Caustic Soda business.

- **SIOP:** Consistent efforts have led to a positive turnaround of this division. The SIOP’s plant capacity utilization has been improving consistently. Plant capacity utilisation improved to 71% in Q1FY23 (FY20-24%, FY21-38%, FY22-54%). The realisation for SIOP was 42% higher YoY and 11% QoQ.
- **C-PVC:** This segment has been consistently performing over the last three years. The revenue from this segment increased by 35.6% YoY to INR 588.3 Mn in Q1FY23. Raw material pressure kept margins softer on QoQ basis. However, price hikes in specialty chemicals come with a lag effect and are more durable in nature. The Company believes that the margin can stabilise. DCW remains the largest indigenous manufacturer of C-PVC in India. With a clear shortfall in the domestic supply of C-PVC, the Company has been able to tactfully garner the optimum benefits of this market imbalance.

- **Soda Ash:** A favourable market scenario helped the Company report better realization for this segment. Higher costs were gradually passed by the Company from Q4FY22 onwards, which are reflected in Q1FY23. As a result, EBITDA for this segment in Q1FY23 stood at INR 192.3 Mn, compared to INR 11.0 Mn in Q1FY22, and INR 3 mn in Q4FY22.
- **Caustic Soda:** With a favourable demand scenario, coupled with the Company's strategic decisions of tying up with clients at appropriate times, has led to improved performance in Q1FY23. Revenue from this division in Q1FY23 stood at INR 2563.8 Mn, compared to INR 1654.1 Mn in Q1FY22, delivering a growth of 55% YoY and 34% QoQ.
- **PVC:** PVC market dynamics started on a weaker note in Q1FY23. PVC prices have come under pressure due to oversupply from China. While the sudden surge of imports from China have been absorbed by the domestic market due to the demand-supply gap, it has nonetheless had an adverse impact on the PVC prices. EBITDA in Q1FY23 fell to loss of INR 62.3mn versus EBITDA of INR 432 mn in Q4FY22.

Financial Highlights Q1FY23:

(in INR Mn)

Particulars (INR Million)	Q1FY23	Q1FY22	YoY%	Q4FY22	QoQ
Revenue	7,686.5	5,205.1	47.7%	7,072.3	8.7%
EBITDA	1,239.8	595.9	108.1%	1,001.3	23.8%
EBITDA Margin (%)	16.1%	11.4%	470 bps	14.2%	190 bps
Profit After Tax (PAT)	587.7	133.7	340%	477.7	23.0%
PAT Margin (%)	7.6%	2.6%	500bps	6.8%	80 bps

- **Revenue** from operations for Q1FY23 stood at INR 7,686.5 Mn, delivering growth of 47.7 % on a YoY and 8.7% QoQ. Better operational efficiency, coupled with favourable market conditions across all its products, led to an overall improvement in revenue. SIOP, Soda Ash and Caustic Soda lead the growth with C-PCV affirming the stability in overall revenue.
- **EBITDA** for Q1FY23 stood at INR 1,239.8 Mn, compared to INR 595.9 Mn in Q1FY22, delivering growth of 108.1% YoY and 24% QoQ. Higher raw material prices for PVC kept the margin of the Company restricted to 16.1%, which could have been better. Despite such a tailwind on RM front, margins were higher by 190 bps QoQ and 470bps YoY. The Company was able to pass on the higher costs of RM for commodities such as Soda Ash and Caustic soda from Q4FY22 onwards, which will gradually get reflected in coming quarters. However, raw material inflation remains a predominant challenge to the Company and the overall industry. The Company aims to gradually pass on the higher RM costs for C-PVC in the coming quarters.
- **PAT** stood at INR 587.7 Mn in Q1FY23, compared to a profit of INR 133.7 Mn in Q1FY22 delivering growth of 340% YoY and 23% QoQ

Commenting on the results, **Mr. Vivek Jain, Managing Director, DCW Ltd.** said, "DCW has come a long way from being the first soda ash Company in India, to becoming the first CPVC manufacturer in India. The Company's diversified product portfolio has helped in mitigating the volatility within global commodity prices. Besides protecting volatility, the diversified product portfolio has also helped in providing growth and stability to the Company. CPVC and SIOP have reached a stage where, besides imparting growth, they are now providing resilience in the overall margin profile of the Company. Its consistently improving performance is proving to be a secure base for the Company's earnings and is expected to be the premier growth driver over the coming years. On the commodities front, where

PVC took the front seat in FY22, Q1FY23 witnessed softening in PVC performance which was backed by caustic soda and soda ash taking the lead and turn a challenging environment into a strong quarter.

The Specialty chemicals segment remains a steady revenue generator and shows tremendous potential going ahead. The Company's SIOP segment has witnessed steady growth over the last three years and has reached its highest capacity utilisation of 71% in Q1FY23. The SIOP segment has a strong order book, which gives sustained visibility for FY2023. The Company expects its CPVC business segment to stabilize to its earlier margin over FY2023 once higher raw material priced inventory is consumed. On the commodity chemicals front, Soda Ash has been witnessing a good demand scenario, which has helped us to report better performance. Besides Soda Ash, our Caustic Soda division is also witnessing strong momentum. The strong recovery in these commodities, coupled with strategic initiatives on the operations front, were the key drivers of the Company's underlying performance. We continue to focus on excellence by leveraging our well-balanced portfolio, focusing on better operating performance and maintaining quality standards."

Specialty Chemicals Business– Q1FY23

Over the last 4 years, DCW has added niche, value-added, high margin specialty chemicals to its portfolio. The Company has various products in its specialities chemicals portfolio such as 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 Q1FY23 stood at 87:13. However, Specialty chemicals contribute more than 24% 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 Q1FY23 stood at INR 410.9 Mn, as against INR 188.3 Mn in Q1FY22; a growth of 118.2 % YoY. Revenue growth was attributable to higher volume sales and improving capacity utilization.
- EBITDA for Q1FY23 stood at INR 125.4 Mn, as against INR 30.4 Mn in Q1FY22 with an EBITDA margin of 30.5 %.

C-PVC:

- Revenue for Q1FY23 stood at INR 588.3 Mn compared to INR 433.9 Mn, a robust growth of 35.6% on a YoY basis.
- EBITDA for Q1FY23 stood at INR 173.7 Mn, compared to INR 164.3 Mn in Q1FY22; a growth of 5.7 % 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 INR Mn)

Particulars (INR Million)	Q1FY23	Q1FY22	YoY%	Q4FY22	QoQ
SIOP:					
Revenue	410.9	188.3	118.2%	379.0	8.4%
EBITDA	125.4	30.4	312.7%	89.7	39.8%
EBITDA Margin (%)	30.5%	16.1%	1440 bps	23.7%	680 bps
C-PVC:					
Revenue	588.3	433.9	35.6%	626.1	-6.0%
EBITDA	173.7	164.3	5.7%	195.0	-10.9%
EBITDA Margin (%)	29.5%	37.9%	-840 bps	31.2%	-170 bps

Commodity Chemicals Business– Q1FY23

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

Caustic Soda:

- Revenue for Q1FY23 stood at INR 2,563.8 Mn, compared to INR 1,654.1 Mn in Q1FY22. Revenue growth of 55% on a YoY basis.
- EBITDA for Q1FY23 stood at INR 754.6 Mn, compared to INR 249.1 Mn in Q1FY22.

Soda Ash:

- Revenue for Q1FY23 stood at INR 867.4 Mn, compared to INR 407.1 Mn in Q1FY22; a growth of 113.1% YoY. Revenue growth was supported by favourable demand-supply dynamics backed by a positive pricing scenario.
- EBITDA for Q1FY23 stood at INR 192.3 Mn, compared to INR 11.0 Mn in Q1FY22. EBITDA margins have shown a robust improvement.

PVC:

- Revenue for Q1FY23 stood at INR 3,191.9 Mn, compared to INR 2,466.0 Mn in Q1FY22; a growth of 29.4% YoY and a degrowth of 8% QoQ. 4% QoQ lower realisation impacted Q1FY23 PVC performance. On the pricing front, PVC prices have come under pressure as the lockdowns in China have had an impact on consumption centres whereas the production centres were un-impacted. As a result, excess PVC inventory that is being built up in China is being exported out of China and that is keeping the prices low across the region.
- EBITDA for Q1FY23 stood at INR (62.7) Mn, compared to INR 91.3 Mn in Q1FY22. Higher raw material prices impacted the overall margins. Once the high-cost inventory is channelized, margins are expected to improve from thereon.

Commodity Chemicals Performance Highlights:

(in INR Mn)

Particulars (INR Million)	Q1FY23	Q1FY22	YoY%	Q4FY22	QoQ
Caustic Soda:					
Revenue	2,563.8	1,654.1	55.0%	1,907.0	34.4%
EBITDA	754.6	249.1	203.0%	267.1	182.6%
EBITDA Margin (%)	29.4%	15.1%	1430 bps	14.0%	1540 bps
Soda Ash:					
Revenue	867.4	407.1	113.1%	671.4	29.2%
EBITDA	192.3	11.0	1641.6%	3.1	6183.1%
EBITDA Margin (%)	22.2%	2.7%	1950 bps	0.5%	2170 bps
PVC					
Revenue	3,191.9	2,466.0	29.4%	3,464.6	-7.9%
EBITDA	-62.7	91.3	NA	432.3	-114.5%
EBITDA Margin (%)	-2.0%	3.7%	NA	12.5%	-1450 bps

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.

For more information, please contact:

Mr. Dilip Darji
Sr. General Manager (Legal) & Company Secretary
DCW Limited
Landline: +91 22 22871914/16
dilip.darji@dcwlttd.com

Chintan Mehta / Rahul Jaju
Dickenson World
Mob: +91 9892183389 / 9773264172
chintan.mehta@dickensonworld.com

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