



November 09, 2022

<b>The National Stock Exchange of India Ltd.</b> Listing Department Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051  <b>Company Symbol: DMCC</b>	<b>BSE Limited</b> Department of Corporate Services Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001  <b>Scrip Code : 506405</b>
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**Sub:** Investor Presentation for Q2FY23

Dear Sir/Madam,

Pursuant to Regulation 30(6) of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, we are enclosing herewith Investor Presentation on the Company's Financial Performance of Q2FY23.

The said presentation will also be made available at the website of the Company at <https://www.dmcc.com→Investor→Announcements→Analyst-Investor-Meets→Investor Presentations>

You are requested to kindly take the same on your record.

Thanking you,

**For DMCC Speciality Chemicals Limited**

*(Formerly known as "The Dharamsi Morarji Chemical Company Ltd)*

**Omkar Mhamunkar**

**Company Secretary & Compliance Officer**

**ICSI Membership No. ACS 26645**

**Encl:** As Above

**CIN NUMBER: L24110MH1919PLC000564**

**INVESTORS PRESENTATION**  
(NOVEMBER 2022)

**BSE** - DMCC /506405  
**NSE** - DMCC  
**BLOOMBERG** - DMCC:IN

# **DMCC**

# SPECIALITY CHEMICALS LIMITED

(Formerly known as The Dharamsi Morarji Chemical Co. Ltd.)

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100+ YEARS OF EXPERTISE IN SULPHUR CHEMISTRY



**DMCC Speciality Chemicals Limited**

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# Inside this Presentation

MANAGEMENT REMARKS

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QUARTERLY HIGHLIGHTS

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UPDATES ON CAPEX

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CONTACT US

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# Management Remarks



**Mr. Bimal L. Goculdas**  
MD & CEO



Q2FY23 was a challenging quarter for the business. During the first half of the year, the extreme volatility of raw material prices resulted in subpar financial performance. From historical highs in the previous quarter, sulphur prices dropped by over 65%, resulting in significant inventory losses. Furthermore, the sharp depreciation in the USD-INR, MTM notional loss on term borrowings in foreign currency and sharp increase in the interest rates on borrowings negatively impacted the bottom line.

As a result of ongoing concerns in European markets and high inflation in US markets, end-user spending has declined, affecting varied businesses. The operating environment continues to be extremely uncertain, and customers across industries are destocking inventory. The demand from the dyes and pigment industry specifically continued to suffer both in domestic and export markets.

However, on the bright side, the freight rates have further come down and once the high-rate inventory gets cleared from the channel, the demand visibility will improve. In addition, with a significant drop in sulphur prices, the business's working capital needs are under control.

The sulphuric acid plant is operating at optimal capacity however, with such a sharp drop in realisation, the expected positive impact on the financials is not clear. There is also no significant contribution from the new speciality chemicals plant at Dahej as it got commissioned towards the end of the quarter. With all the planned CAPEX complete and operational, we will now be channelising our energies to ensure a smooth and quick ramp-up of capacities.

## Q2FY23 EXPORT REVENUES IN %

# 33%

## Q2FY23 DOMESTIC REVENUES IN %

# 67%

## Q2FY23 SALE OF SPECIALITY CHEMICALS IN %

# 54%

## Q2FY23 SALE OF BULK CHEMICALS IN %

# 46%

# Financial Statement Summary

(CONSOLIDATED P&L STATEMENT)

PARTICULARS	₹ IN CRORE				
	Q2 FY22	Q1 FY23	Q2 FY23	Q-o-Q	Y-o-Y
Revenue from Operations	72.53	113.39	<b>104.71</b>	<b>(7.65)%</b>	<b>44.37%</b>
Total Income	73.39	114.16	<b>105.16</b>	<b>(7.88)%</b>	<b>43.29%</b>
Total Operating Expense	65.46	98.52	<b>101.22</b>	<b>2.74%</b>	<b>54.63%</b>
EBITDA (Including OI)	7.93	15.64	<b>3.94</b>	<b>(74.81)%</b>	<b>(50.32)%</b>
EBITDA Margin %	10.93%	13.79%	<b>3.76%</b>	<b>(1170) bps</b>	<b>(399) bps</b>
Interest Cost	0.73	2.29	<b>1.84</b>	<b>(19.65)%</b>	<b>151.85%</b>
Depreciation and Amortisation	1.81	3.32	<b>4.93</b>	<b>48.49%</b>	<b>172.38%</b>
Profit Before Taxes	5.39	10.03	<b>(2.83)</b>	<b>(128.22)%</b>	<b>(152.50)%</b>
Profit After Taxes	3.66	6.23	<b>(2.83)</b>	<b>(145.43)%</b>	<b>(177.32)%</b>

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## CONSOLIDATED REVENUE

₹ IN CRORE

**104.7** **(8)%**  
Q-O-Q

Sharp drop in realisations coupled with volumetric growth resulted in moderate decline

## CONSOLIDATED EBITDA

₹ IN CRORE

**3.9** **(75)%**  
Q-O-Q

Sharp volatility and decline in raw material prices led to decline in EBITDA

## CONSOLIDATED PBT

₹ IN CRORE

**(2.8)** **(129)%**  
Q-O-Q

Weak operational profitability, MTM Loss on Forex Term Borrowings and increased depreciation resulted in decline in PBT

# Financial Statement Summary

(CONSOLIDATED P&L STATEMENT)

PARTICULAR	₹ IN CRORE		
	H1 FY22	H1 FY23	Y-o-Y
Revenue from Operations	143.18	<b>218.11</b>	<b>52.33%</b>
Total Income	145.85	<b>219.32</b>	<b>50.37%</b>
Total Operating Expense	125.12	<b>199.74</b>	<b>59.64%</b>
EBITDA (Including OI)	20.73	<b>19.58</b>	<b>(5.55)%</b>
EBITDA Margin %	14.48%	<b>8.98%</b>	<b>(550) bps</b>
Interest Cost	1.22	<b>4.13</b>	<b>238.52%</b>
Depreciation and Amortisation	3.60	<b>8.25</b>	<b>129.17%</b>
Profit Before Taxes	15.91	<b>7.20</b>	<b>(54.75)%</b>
Profit After Taxes	11.18	<b>3.40</b>	<b>(69.59)%</b>

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## CONSOLIDATED REVENUE

₹ IN CRORE

**218.1** **52%**  
Y-O-Y

Commercialisation of new plant and higher realization in Q1FY23 resulted in strong growth

## CONSOLIDATED EBITDA

₹ IN CRORE

**19.6** **(6)%**  
Y-O-Y

Subdued gross margins in Q2FY23 due to sharp volatility in raw material prices resulted in muted EBITDA for H1FY23.

## CONSOLIDATED PBT

₹ IN CRORE

**7.2** **(55)%**  
Y-O-Y

Weak operational profitability, MTM Loss on Forex Term Borrowings, increased depreciation and finance cost resulted in decline in PBT

# Financial Statement Summary

(CONSOLIDATED BALANCE SHEET)

₹ IN CRORE

PARTICULAR	AS ON 31 <sup>ST</sup> MARCH 2022	AS ON 30 <sup>TH</sup> SEPTEMBER 2022
Shareholders Fund	193.62	194.65
Non-Current Liability	58.26	72.71
Current Liability	131.81	120.39
<b>Total</b>	<b>383.69</b>	<b>387.74</b>
Non-Current Assets	257.26	259.58
Current Assets	126.43	128.17
<b>Total</b>	<b>383.69</b>	<b>387.74</b>

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# Financial Statement Summary

(CONSOLIDATED CASH FLOW STATEMENT)

₹ IN CRORE

PARTICULAR	AS ON 30 <sup>TH</sup> SEPTEMBER 2021	AS ON 30 <sup>TH</sup> SPETEMBER 2022
Cash Flow from Operating Activities	16.35	<b>6.98</b>
Cash Flow from Investing Activities	(55.13)	<b>(12.58)</b>
Cash Flow from Financing Activities	36.48	<b>5.08</b>
Net Increase/ decrease in cash and cash equivalents	(2.31)	<b>(0.52)</b>
Cash and cash Equivalents at the beginning of year	3.92	<b>2.27</b>
Cash and cash equivalents at the end of the year	1.61	<b>1.75</b>

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# Update on Capex

DEBOTTLENECKING AT ROHA	MULTIPURPOSE PLANTS AT DAHEJ	BULK CHEMICALS AT DAHEJ	SPECIALITY CHEMICALS AT DAHEJ	INTERMEDIATES PLANT AT DAHEJ
The company invested ~₹ 10 crores on this project.	The company invested ~₹ 10 crores in 2 multipurpose plants at the Dahej facility.	The company invested ₹ 50 crores in adding incremental capacity in bulk chemicals segment.	The company will invest ₹ 20 Crores in a dedicated plant at Dahej facility.	The company invested ₹ 20 crores for expansion to manufacture intermediates for pharmaceutical and agrochemical industry.
↓ ~₹ 10 crores	↓ ~₹ 10 crores	↓ ₹ 50 crores	↓ ₹ 20 crores	↓ ₹ 20 crores
COMPLETE	COMPLETE	COMPLETE	COMPLETE	COMPLETE
<i>Commercial production has started</i>	<i>Commercial production has started</i>	<i>Commercial production has started</i>	<i>Commercial production has started</i>	<i>The company had earlier decided to invest this amount in Sulfones. However with a downturn in the international markets for the product category, the plan has been put on hold</i>

# Get in Touch



## Omkar Mhamunkar

COMPANY SECRETARY AND  
COMPLIANCE OFFICER

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