DCW LIMITED

November 3, 2020

To,

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

Dear Sir/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.dcwltd.com.

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

Thanking You,

Yours faithfully,

For DCW Limited

DCW LTD. MUMBAI

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

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DCW LIMITED

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DCW Limited announces Q2 & H1 FY21 results

PVC & Specialty Chemicals segments lead the overall performance

PRESS RELEASE

Mumbai, Tuesday, 3 November 2020: DCW Limited ("the Company" or "DCW"), a specialty chemicals company headquartered in Mumbai, declared the financial results for the quarter and half ended on 30th September 2020 today.

Operational efficiency kicks in Q2FY21

- **PVC:** This segment witnessed significant improvement with sales volume increasing by about 27% sequentially. The revenue too witnessed an increase of 84% sequentially, which stood at INR 1,563.1 Mn as against INR 847.9 Mn in Q1FY21. Higher Revenue is attributable to an all-round improvement in Realisations and Volumes
- **C-PVC:** The capacity utilisation during the quarter reached to 100% compared to 75% Q1FY21. Sales volume was higher by about 21% sequentially. The revenue too witnessed an increase of 26% sequentially which stood at INR 334 Mn as against INR 266 Mn in Q1FY21.
- **SIOP:** The capacity utilisation during the quarter improved to 42% as against 22% in Q1FY21. The revenue increasing by abot 18% at INR 99.2 Mn. The improvement in capacity utilisation was primarily due to imroved utilization of the capacities. Production run rate improved during flag end off the quarter and as a result higher sales volumes would likely have a spillover effect in H2FY21.

Financial Performance – Q2FY21:

- Q2FY21 revenue grew by 19% on a sequential basis. Total revenue from operations for Q2FY21 stood at INR 3,379.1 Mn. The growth on a sequential basis was led by improvement in specialty chemicals and PVC segment.
- EBITDA grew by 53% sequentially to INR 511 Mn, compared to INR 333.8 Mn in Q1FY21. The EBITDA growth was primarily driven by a better operating mix. It was further aided by encouraging demand scenario for PVC and C-PVC. EBITDA margin for Q2FY21 stood at 15%, an improvement of 340bps on a sequential basis.
- PVC operating margins were aided by tactical procurement of raw materials and favorable market dynamics.
- C-PVC continued the upward trajectory in the net realisations. Average realisation for C-PVC has seen an improvement of ~4% QoQ and 26% on a YoY basis respectively.
- PVC and specialty chemicals contributed ~60% of the total revenue ~70% of EBITDA in Q2FY21.
- Q2FY21 profit after tax stood at INR 9.6 Mn, compared to INR (98) Mn in Q1FY21. Cash PAT for Q2FY21 stood at INR 226 Mn.

Commenting on the results, **Mr. Vivek Jain, Managing Director, DCW Ltd.**, said, *"The Company's performance in Q2FY21 is better than Q1FY21, on account of better sales volume and favoribale market dynamics for many of our products. We are witnessing some encouraging trends in terms of supply chain, order offtake and price movements for our products. Being a producer of niche products like SIOP and C-PVC, the Company was able to leverage this market opportunity which has resulted into higher average realisation and volume offtake for these products. Our efficient handling of raw material and other operational costs has also led to considerable improvement in margins. The recovery in business, particularly in PVC and SIOP segment is encouraging, and we expect to get back to normalcy by the fourth quarter of this year. We have adopted a new strategy with a focus on the supply chain, capacity utilisation, conservative approach towards capex and reduction in operating costs. The Company's overall performance, especially in terms of profitability and production is the testimony of the Company's consistent focus on tactical raw material procurement, cost reduction and debottlenecking.*

Going forward, the Company aims to increase the revenue contribution from PVC and specialty chemicals while keeping the production and utilisation of Caustic Soda and Soda Ash to its optimum level. The Company is well on track to achieve its growth and value creation strategy."

Q2&H1FY21 Financial Highlights –

(in INR Mn)

Particulars	**Q2FY21**	**Q2FY20**	**YoY%**	**Q1FY21**	**QoQ%**	**H1FY21**	**H1FY20**	**YoY%**
Revenue	3,379.1	3,541.7	-4.6%	2,845.9	18.7%	6,225.0	6,700.0	-7.1%
EBITDA	510.8	519.1	-1.6%	333.8	53.0%	844.5	1,012.7	-16.6%
EBITDA Margin (%)	15.1%	14.7%	40 bps	11.7%	340 bps	13.6%	15.1%	-150 bps
Profit After Tax (PAT)	9.6	18.5	-48.0%	-98.4	109.8%	-88.7	33.6	-363.9%
PAT Margin (%)	0.3%	0.5%	-20 bps	-3.5%	380 bps	-1.4%	0.5%	-190 bps

Specialty Chemicals Business– Q2FY21

Over the last 4 years, the Company has added niche, value added, high margin specialty chemicals to its portfolio. The Company has various products in its specialty chemicals portfolio like C-PVC, SIOP and Synthetic Rutile (clubbed under Caustic Soda). The Company is one of the few large-scale synthetic iron oxide manufacturers for red and yellow pigments. The Company is the only C-PVC manufacturer in India.

The revenue mix between Commodity Chemicals: Specialty Chemicals for Q2FY21 stood at 87%:13% compared to 88%:12% in Q2FY20. The Company is focusing on increasing the revenue mix from specialty chemicals. Increasing the revenue share from specialty chemicals will help the Company to boost its margin profile and return ratios.

SIOP:

- Revenue for Q2FY21 stood at INR 99.2 Mn, as against INR 83.9 Mn in Q2FY20 and INR 103.0 Mn in Q1FY21.
- Revenue growth was attributable to higher production coupled with better realisations (higher 18% QoQ).
- EBITDA for Q2FY21 stood at INR 30.8 Mn, as against INR (10) Mn in Q2FY20 and INR (4.1) Mn in Q1FY21 respectively. Improvement in EBITDA was primarily led by higher realisations and higher operational efficiency.

C-PVC:

- Revenue for Q2FY21 stood at 334.2 INR Mn, a robust growth of 26% on a QoQ basis.
- Robust growth in the C-PVC revenue is attributed mainly to favourable market dynamics and recent duties levied by the central government.
- EBITDA for Q2FY21 stood at INR 103.9 Mn, a growth of 10% on a sequential basis.
- Capacity utilisation in Q2FY21 Scaled back to its pre covid levels of 100%.

<u>Specialty Chemicals Performance Highlights –</u>

(in INR Mn)

	Q2FY21	Q2FY20	YoY%	Q1FY21	QoQ%	FY20	FY19	YoY%
SIOP								
Revenue	99.2	83.9	18%	103.0	-4%	396.4	325.6	22%
EBITDA	30.8	-10.0	410%	-4.1	845%	-14.7	-53.3	-72%
EBITDA Margin (%)	31.1%	-11.9%	-	-4.0%	-	-3.7%	-16.4%	-
C-PVC								
Revenue	334.2	348.3	-4%	265.9	26%	1,029.5	825.2	25%
EBITDA	103.9	94.3	10%	94.7	10%	295.1	134.6	119%
EBITDA Margin (%)	31.1%	27.1%	-	35.7%	-	28.7%	16.3%	-

Commodity Chemicals Business– Q2FY21

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 Sahupuram, Tamil Nadu.

Caustic Soda:

- Revenue for Q2FY21 stood at INR 877.5 Mn, a de-growth of 28% on a QoQ basis.
- EBITDA for Q2FY21 stood at INR 71.5 Mn, as against INR 125.7 in Q1FY21.
- Caustic soda market remains intensively competitive and as a result, is reflected in lower realisations during Q2FY21.

Soda Ash:

- Revenue for Q2FY21 stood at INR 465.1 Mn compared to INR 366.9 Mn in Q1FY21 and INR 493.0 Mn in Q2FY20 respectively.
- EBITDA for Q2FY21 stood at INR 43.9 Mn, as against INR 30.3 Mn in Q1FY21. Growth in EBITDA on a sequential basis was led by operating leverage.
- The market for Soda ash remains stagnant with no significant demand push in the near to medium term .

PVC:

- Revenue for Q2FY21 stood at INR 1,563.1 Mn, a growth of 84% and 33% on a QoQ and YoY basis respectively.
- EBITDA for Q2FY21 stood at INR 227.9 Mn, as against INR 44.3 Mn in Q1FY21 and INR 16.2 Mn in Q2FY20 respectively.
- EBITDA & EBITDA margins improved sequentially due to improvement in the average realisation. PVC resin prices improved due to higher domestic demand and constrained PVC imports.

<u>Commodity Chemicals Performance Highlights –</u>

(in INR Mn)

	Q2FY21	Q2FY20	YoY%	Q1FY21	QoQ%	FY20	FY19	YoY%
Caustic Soda								
Revenue	877.5	1,385.8	-37%	1,213.4	-28%	4,675.3	4,772.2	-2%
EBITDA	71.5	300.6	-76%	125.7	-43%	828.1	761.2	9%
EBITDA Margin (%)	8.1%	21.7%	-	10.4%	-	17.7%	16.0%	-
Soda Ash								
Revenue	465.1	493.0	-6%	366.9	27%	1,982.6	2,130.1	-7%
EBITDA	43.9	70.3	-38%	30.3	45%	425.9	534.0	-20%
EBITDA Margin (%)	9.4%	14.3%	-	8.3%	-	21.5%	25.1%	-
PVC								
Revenue	1,563.1	1,177.0	33%	847.9	84%	4,541.0	5,337.9	-15%
EBITDA	227.9	16.2	1309%	44.3	414%	-109.5	165.9	-166%
EBITDA Margin (%)	14.6%	1.4%	-	5.2%	-	-2.4%	3.1%	-

Outlook:

- PVC segment may continue its outperformance for H2FY21 led by favourable market dynamics. However, we believe margins will peak for PVC in H1FY21, but high volume off-take could lead to outperformance amongst its Commodity Chemical portfolio for H2FY21.
- The trend in C-PVC is expected to remain encouraging as imports are likely to remain costlier on account of anti-dumping duty and weaker domestic currency.
- Recent turnaround in SIOP business is expected to continue due to improved demand and operating leverage.

About DCW

DCW is a specialty 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 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:

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