



100 Years of Sulphur Chemistry

13th May, 2020

To
Listing/Compliance Department,
BSE LTD, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai, 400 001

BSE SCRIP CODE: 506405

Ref: Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015.

Subject: Investor Presentation on financial performance of Q4 Financial Year 2019-20.

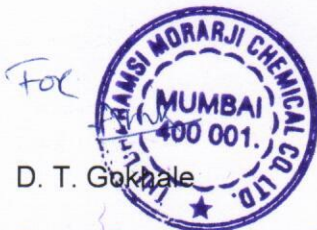
Dear Sir/Ma'am,

Pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, we are enclosing a copy of the Investor Presentation on Q4 Financial Year 2019-20 to be made to investors and analysts.

Please take the above on record.

Yours faithfully,

For **The Dharamsi Morarji Chemical Company Limited**



D. T. Gokhale

Senior Executive Vice President
& Company Secretary

CIN NUMBER: L24110MH1919PLC000564

INVESTOR PRESENTATION
(MAY 2020)

BSE – DHARAMSI | 506405

Bloomberg – DMCC:IN

The Dharamsi Morarji Chemical Co. Limited

100 + years of expertise in Sulphur Chemistry



THE DHARAMSI MORARJI CHEMICAL CO. LTD.



TOGETHER FOR
SUSTAINABILITY



Responsible Care®
OUR COMMITMENT TO SUSTAINABILITY

DMCC

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Financial Statement Summary

CONSOLIDATED P&L STATEMENT

Figures in INR Crores

PARTICULARS	Q4 FY20 (audited)	Q3 FY20 (unaudited)	Q4 FY19 (audited)
Revenue from Operations	46.54	40.46	64.88
Total Income	52.08	40.63	65.23
Total Operating Expense	43.08	34.58	53.53
EBITDA	9.00	6.05	11.71
EBITDA Margins %	19.33%	14.98%	18.04%
Interest Cost	0.40	0.47	0.47
Depreciation and Amortisation	1.67	1.54	1.31
Profit Before Taxes	6.93	4.04	9.93
Profit After Taxes	6.82	12.95	16.88

28.27% ▼

Q4FY20 Revenue from Operations at INR 46.54 crores as compared to INR 64.88 crores in Q4FY19

The drop in revenue is attributable to the drop in prices of the commodity the company deals in.

23.13% ▼

Q4FY20 EBITDA at INR 9.00 crores as compared to INR 11.71 crores in Q4FY19

59.60% ▼

Q4FY20 Profit After Tax at INR 6.82 crores as compared to INR 16.88 crores in Q4FY19

The company has recognized MAT credit entitlement of 9.08 cr in Q4FY19

CLICK HERE to view the financial results- <https://www.bseindia.com/xml-data/corpfiling/AttachLive/7cb94f7e-bdb7-4914-9d77-c6d036214b97.pdf>

Financial Statement Summary

CONSOLIDATED HALF YEARLY BALANCE SHEET

Figures in INR Crores

PARTICULARS	As at 31st March 2020	As at 30th Sept. 2019
Shareholders Fund	144.88	126.71
Non Current Liabilities	20.22	16.38
Current Liabilities	46.77	52.81
Total	211.88	187.87
Non Current Assets	112.47	101.73
Current Assets	99.40	86.13
Total	211.88	187.87

CLICK HERE to view the financial results- <https://www.bseindia.com/xml-data/corpfiling/AttachLive/7cb94f7e-bdb7-4914-9d77-c6d036214b97.pdf>

Financial Statement Summary

CONSOLIDATED HALFY YEARLY CASH FLOW STATEMENT

Figures in INR Crores

PARTICULARS	As at 31st March 2020	As at 30th Sept. 2019
Cash Flow From Operating Activities	26.99	13.14
Cash Flow from Investing Activities	(16.84)	(6.90)
Cash Flow from Financing Activities	(5.65)	(6.06)
Net increase/ decrease in cash and cash equivalents	4.49	0.18
Cash and Cash equivalents at beginning of year	3.81	3.36
Cash and Cash equivalents at end of year	8.31	3.54

CLICK HERE to view the financial results- <https://www.bseindia.com/xml-data/corpfiling/AttachLive/7cb94f7e-bdb7-4914-9d77-c6d036214b97.pdf>

Management Remarks

RISE IN OTHER EXPENSES

Rise in other expenses is mainly on account of CSR expenditure (which the company has incurred for the first time), commission to Directors (paid nearly after 20 years), expenses related to centenary year of DMCC, settlement of old excise/VAT matters as per government schemes and regrouping of certain line items.

RISE IN OTHER INCOME

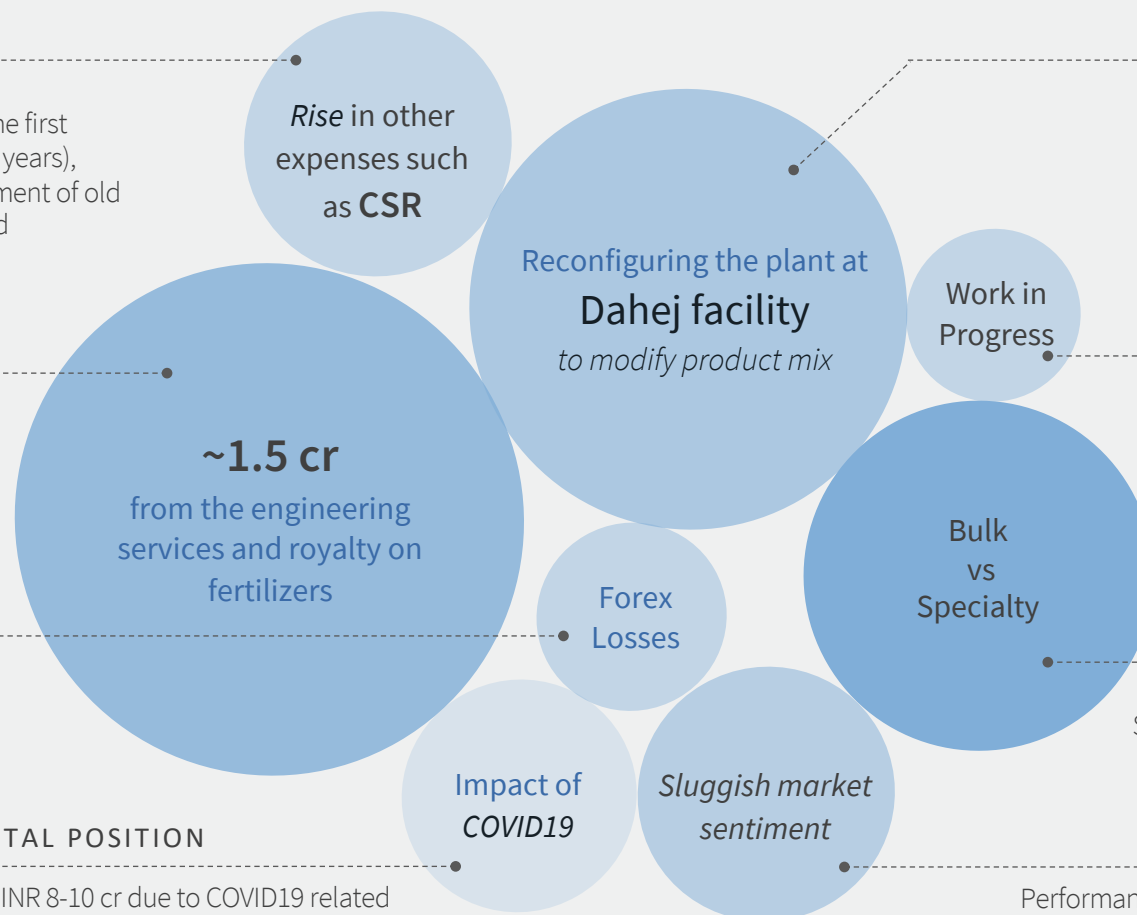
Rise in other income is mainly on account of regrouping of certain items, with no impact on profitability in this quarter. Royalty on fertilizers and engineering services account for about Rs 1.5 cr for FY 2019-20.

FOREX LOSSES

These are notional losses recorded on a mark to market basis. These will be reversed in future on realisation of payments.

LIQUIDITY AND WORKING CAPITAL POSITION

Overall business loss for the quarter is estimated at INR 8-10 cr due to COVID19 related lockdown. The company has paid off a significant part of its short term borrowing and does not foresee any stretch on its working capital cycle in the near future.



RISE IN REPAIRS AND MACHINERY EXPENSE

Rise in maintenance costs is mainly on account of certain expenses carried out for planned annual shutdown (now postponed to Q3 of 2020-21 FY) and expenses at Dahej for reconfiguring the plants to modify product mix as per the market requirements.

UPDATE ON CAPEX AND CWIP

The company had started work on its planned capex at Dahej site. This has now been halted due to the lockdown. Also, the Roha facility is currently under debottlenecking programme to enhance its production capacity for Benzene Sulphonyl Chloride and Diethyl Sulphate.

BULK VS SPECIALTY

Bulk chemicals contributed 44.50% to FY20 revenues. Specialty chemicals contributed 55.50% to FY20 revenues.

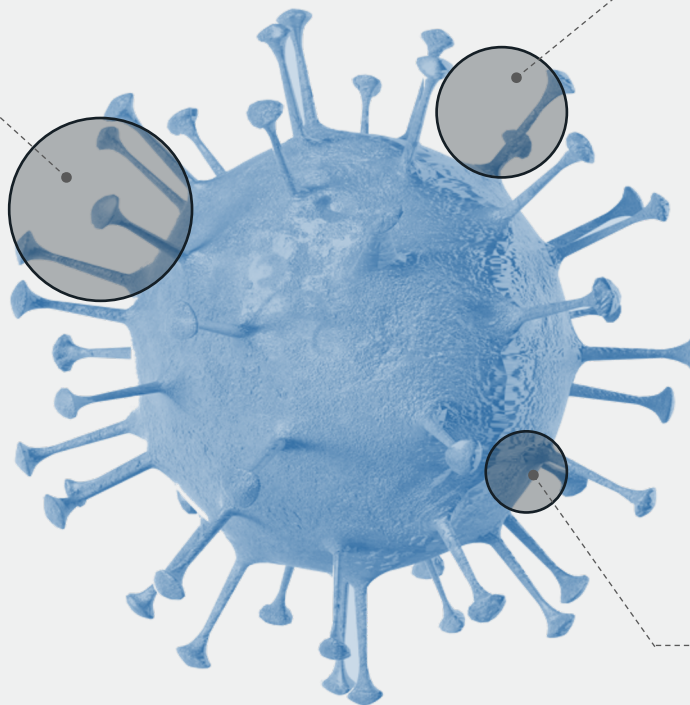
PERFORMANCE OF BORON BUSINESS

Performance of Boron business for this quarter continued to remain below par due to restrictions on the availability of imported boric acid, as well as sluggish market sentiment.

Coping-up with COVID19

IMPACTS ON BUSINESS

- Industries across the globe have been affected by COVID19. As the end users have been impacted, it is likely that the ripple effect will come down to the chemical producers as well.
- In a tough economic environment where developed economies like UK estimate a 30% drop in GDP, the Indian economy is also expected to slow down. Therefore, we would like to be cautious on all our expectations for the current financial year.
- From our diversified client base, demand from industries like pharmaceuticals and detergents has been better than normal, whereas, demand from industries like polymers and paints is likely to be subdued. It is difficult to predict the direct impact, but we will be watching the markets closely and making adjustments in our product portfolio as and when required.
- Export orders are so far intact, domestic industry is also starting to function again. We will know more about long term impact in the coming weeks and months.



HOW ARE WE COPING-UP THE SITUATION?

Customer-centric focus:

The customer is at the center of all our activities. The company remains committed to ensuring the supply to our customers. We have been in close interaction with the entire chain to recognize any shift/change in demand patterns.

Focus on Liquidity:

The company has a strong focus on its liquidity position and is taking appropriate measures to reduce the impact to the minimum extent. The company has also been managing its working capital strictly

HOW ARE WE TAKING CARE OF OUR WORKFORCE?

Shifts are divided into smaller teams with minimum contact during daily operations.

Strict hygiene regulations being followed.

Wherever possible employees working remotely

Company at a Glance

Incorporated in **1919**, DMCC was the *first producer of Sulphuric Acid & Phosphate Fertilizers in the country*. Predominantly known for Single Superphosphate (fertilizer) for almost entirety of its life, DMCC *currently is a fully-integrated specialty chemical player in Sulphur, Boron and Ethanol chemistry*.

2 MANUFACTURING UNITS

EXPORTING TO
25+ countries
IN 6 CONTINENTS



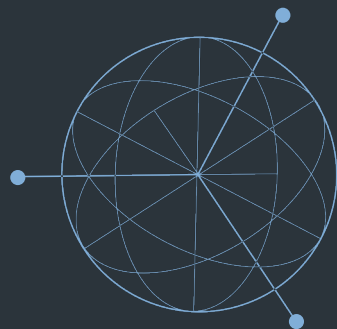
320+
Team strength



34 PRODUCTS MANUFACTURED

Globally Relevant
Manufacturer of:


SODIUM VINYL
SULFONATE



BENZENE
SULFONYL
CHLORIDE

DIETHYL
SULFATE

**BACKWARD
INTEGRATED FOR
VALUE ADDED
PRODUCTS**



55% from Specialty
chemicals

45% from Bulk chemicals

ENVIRONMENT FRIENDLY



ANCILLARY REVENUE STREAMS—
engineering services and brand
licensing of fertilizers

Evolution of DMCC

1



FOCUS ON FERTILIZER BUSINESS

- Incorporated in the year 1919, commenced operations as a manufacturer of Sulphuric Acid and Single Superphosphate Fertilizers.
- For majority of its existence, the company focused on the fertilizer business, which at point contributed ~ 75% of the revenues.
- From 2000 onwards, the company started incurring losses in the fertilizer segment and soon ran into financial trouble.

2



RESTRUCTURING AND TRANSITION TIMEFRAME 2007-2011

- In 2009 the company decided to exit the fertilizer business (highly dependent on Govt. policy) and undergo restructuring.
- The company decided to shift its focus to the Sulphur chemicals business, and its downstream products.
- A shift in vision and strategy – focus on specialty chemicals with low competition and become a globally relevant manufacturer for the same.
- Decided to deploy incremental funds only towards expanding specialty chemicals segment.

3



FOCUS ON SPECIALTY CHEMICALS

- With a strong focus on research and development, the company is actively working to expand its product portfolio in the specialty chemicals segment.
- Focusing only on Chemicals where the company envisages an operating margin of 30% + and a payback period of no more than 3 years.
- To expand its capacity in the specialty chemicals segment the company has planned a capital expenditure at the available land parcel in Dahej.