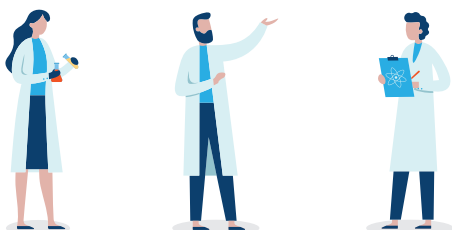




THE DHARAMSI MORARJI CHEMICAL CO. LTD.



Securing today Shaping Tomorrow



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FY22 Performance Highlights

(₹ IN CRORE)

326.30

REVENUE FROM OPERATIONS

46.09

EBITDA

34.14

PROFIT BEFORE TAX (PBT)



Forward-looking statements

This document contains statements about expected future events, financial and operating results of The Dharamsi Morarji Chemical Company Limited (DMCC), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications, and risk factors referred to in the management's discussion and analysis of The Dharamsi Morarji Chemical Company Limited's Annual Report, FY22.

Securing today Shaping Tomorrow



In our journey of over a century, we, at DMCC, have learned from our failures, adapted to the evolving market conditions and taken future-focused decisions. It hasn't been easy, yet our strength lies in our perseverance and tenacity. With these qualities, we have established a strong business as a fully integrated speciality chemicals player.

Now, we must secure the business – secure today for all those associated with us. Our long legacy and strong chemical expertise play a key role. To gain a competitive edge, we expanded our capacities in bulk chemicals. This one-time investment will go a long way for us. The bulk chemicals act as raw materials for speciality chemicals and enable us to be the lowest cost producer in our speciality chemical offerings.

With our today firmly secured, we are writing our next chapter. With 103 years of chemical manufacturing experience and high ambitions, we are ready to shape tomorrow. Speciality chemicals will continue to be our focus. We will continue to concentrate our efforts towards generating more revenue from this segment. We will undertake judicious decisions to invest only in niche products, which will enhance profitability for all of us. And profitability must walk hand in hand with sustainability. We will leave no stone unturned in reducing our carbon footprint, conserving resources and working towards the betterment of our people and the communities.

We are agile.
We are confident.
We are evolving.
We are securing today.
We are shaping tomorrow.



ABOUT THE COMPANY

Building on Our Legacy



DMCC is a fully integrated speciality chemical company that specialises in sulphur, boron and ethanol chemistry

The Dharamsi Morarji Chemical Company Limited (DMCC) began its humble journey in 1919 with just one product and one manufacturing unit. It was the first manufacturer of sulphuric acid and phosphate fertilisers in India.

HIGHLIGHTS

(₹ IN CRORE)

99.45

INVESTED IN CAPEX DURING THE YEAR

1.94

INVESTED IN R&D DURING THE YEAR



The Company evolved over the years to establish its own brand, 'Ship', which soon became the trusted source for quality Single Superphosphate (SSP). Today, DMCC is a fully integrated speciality chemical company that specialises in sulphur, boron and ethanol chemistry, exporting its products to markets worldwide. The Company takes pride in its heritage, and borrows from its experience, to deliver tailor-made solutions to its customers from across the globe. Its products find application in a variety of end-use industries, such as, pharmaceuticals, detergents, dyes, fertilisers, pigments and cosmetics.

The Company is resolute about its commitment towards the environment and its communities, as it consistently deploys effective solutions to produce sustainably. Moreover, its sharp focus on creating world-class products that exceed customer expectations enable it to fully optimise its well-equipped manufacturing facilities. DMCC's focused R&D efforts helped it commercialise processes for downstream sulphur-based chemicals, thereby enabling it to offer reliable and cost-effective products and processes to its customers.

Company Highlights



02

MANUFACTURING FACILITIES



38

PRODUCTS MANUFACTURED



425

TEAM MEMBERS



AS WE PROGRESS, WE SEEK TO EXPAND OUR GEOGRAPHIC PRESENCE, ENHANCE OUR MARGINS, INTRODUCE NEW PRODUCTS AND ADD INCREMENTAL CAPACITIES TO DRIVE PROFITABILITY.

Read more on page 13



Serving clients in the pharmaceutical, detergent, dye, fertiliser, and pigment industries, among others

DMCC's key differentiating factors

VALUE CREATION THROUGH INNOVATION AND EXPERIENCE IN SULPHUR AND BORON CHEMISTRY

CUSTOMER-CENTRIC APPROACH

STRONG WORK ETHICS DRIVEN BY SOUND SYSTEMS AND BEST PRACTICES, HIGHEST QUALITY STANDARDS AND EMPHASIS ON DELIVERY

STATE-OF-THE-ART MANUFACTURING FACILITIES EQUIPPED WITH MODERN TECHNOLOGY AND SUPPORTED BY HIGHLY CAPABLE WORKFORCE

ROBUST BUSINESS MODEL CENTRED ON BEING A STRATEGIC PARTNER TO CUSTOMERS RATHER THAN A SUPPLIER

QUALIFIED AND EXPERIENCED R&D TEAM ENABLING PROCESS INNOVATION AND COST-EFFECTIVENESS

GLOBAL PRESENCE

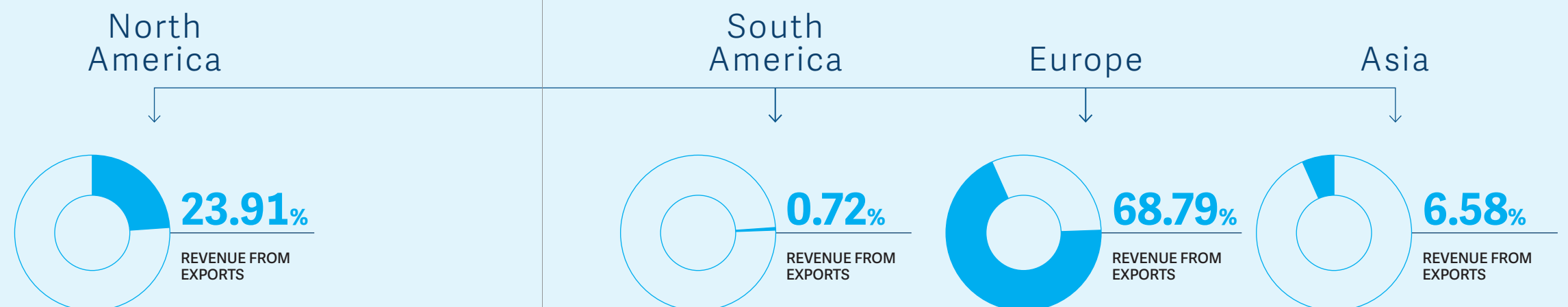
Taking Our Differentiation Worldwide

DMCC has gradually and steadily established its presence over the years and is now proudly associated with companies across 27 countries spanning all six continents. DMCC is looking to expand further, and it believes that its diverse product portfolio will allow it to effectively serve the needs of its clients while also taking the company to the farthest stretches of the world.



27.0%

TOTAL REVENUE DERIVED FROM EXPORTS



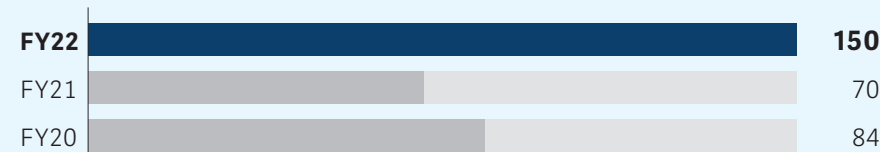
Steady Progress Across Verticals

BULK CHEMICALS

REVENUE

(₹ IN CRORE)

150



CORE PRODUCTS

- Sulphuric acid
- Sulphuric anhydride
- Oleum
- Chloro sulphonic acid



CHARACTERISTICS

- Commodity in nature
- Operates on low margins and high volumes
- High price sensitivity
- Products are sold within a limited radius from the manufacturing site
- Approximately 50% of the production is sold at markets, the rest is consumed captively
- Performance is dependent on uninterrupted supply of raw materials, high plant utilization levels and strong logistics management

Highlights of FY22

DMCC is focused on leveraging its robust foundation in the sulphuric acid business to grow and serve its vast clientele as industries increasingly seek to partner with trusted manufacturers for their essential raw material requirements. The bulk chemicals vertical experienced robust growth due to increased realisations. Since higher realisation resulted from higher input costs, the company passed on the price increases to its customers and maintained its profitability during the year.

Outlook

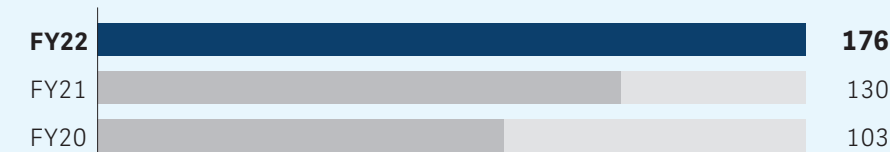
DMCC is geared toward adding further momentum to its performance through its incremental capacities, which have already been commercialised. As a result, this vertical is expected to deliver strong volumetric growth in FY23.

SPECIALITY CHEMICALS

REVENUE

(₹ IN CRORE)

176



CORE PRODUCTS

- Benzene sulphonyl chloride
- Benzene sulphonic acid
- Phenol sulphonic acid
- Sodium benzene sulphonate
- Sodium phenol sulphonate
- Diethyl sulphate
- Sodium vinyl sulphonate
- Diphenyl sulphone

CHARACTERISTICS

- Knowledge-based chemistry
- Requires strong process competencies
- Requires sound technical abilities in handling hazardous reactions
- Cost plus model with quarterly / half-yearly price adjustments
- Approximately 65-70% of the products are exported
- Growth is dependent on creating and maintaining long-term strategic partnerships with customers



Highlights of FY22

DMCC is geared towards scaling its speciality chemicals segment while leveraging cost efficiencies from the backward integration of raw materials. While the Company continued to increase its market share and volumes in FY22, the profitability was negatively impacted by the unprecedented increase in input costs. In addition, while the Company consistently passed on the raw material price rise to its customers with a quarterly lag, every quarter, the prices escalated higher than in the preceding one, resulting in depressed margins and concealing the business's inherent strengths.

Outlook

The speciality chemicals business is projected to remain strong on account of robust demand from domestic and export customers. Furthermore, with expected commercialisation of incremental capacities during FY23, the Company expects to report volumetric growth in this vertical.

KEY PERFORMANCE INDICATORS

Another Year of Perseverance

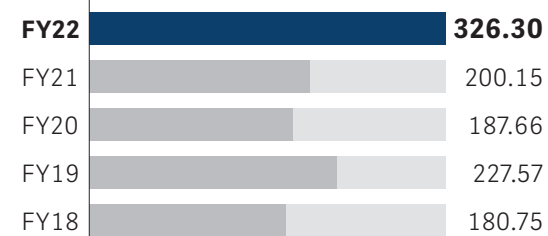
DMCC's strength lies in its ability to perform steadily and consistently while creating value for its stakeholders. The Company has always endeavoured to garner trust and loyalty through its focused efforts on building strong customer relations, and delivering high-quality and cost-effective solutions. This has augured well for the Company and reflects in its robust and resilient performance, year on year.



REVENUE FROM OPERATIONS

(₹ IN CRORE)

326.30



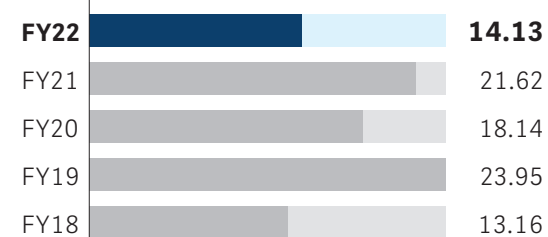
63%
Y-O-Y Growth

16%
4 year CAGR

EBITDA MARGIN

(IN %)

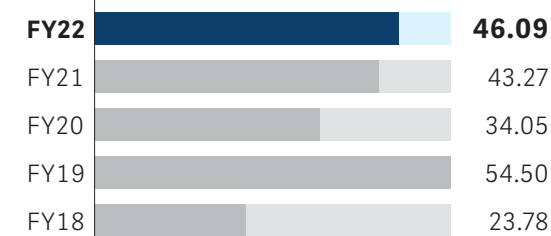
14.13



EBITDA

(₹ IN CRORE)

46.09



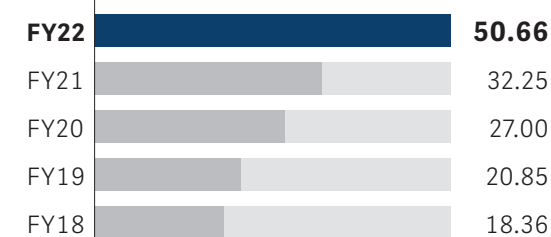
07%
Y-O-Y Growth

18%
4 year CAGR

CASH FLOW FROM OPERATING ACTIVITIES

(₹ IN CRORE)

50.66



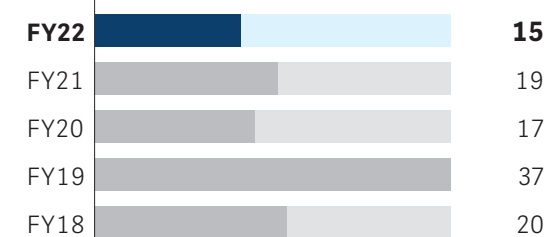
57%
Y-O-Y Growth

29%
4 year CAGR

ROCE

(IN %)

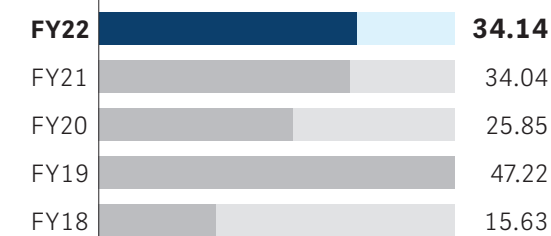
15



PROFIT BEFORE TAX

(₹ IN CRORE)

34.14



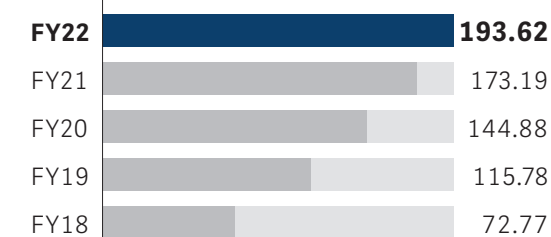
0.29%
Y-O-Y Growth

22%
4 year CAGR

SHAREHOLDERS' FUND

(₹ IN CRORE)

193.62



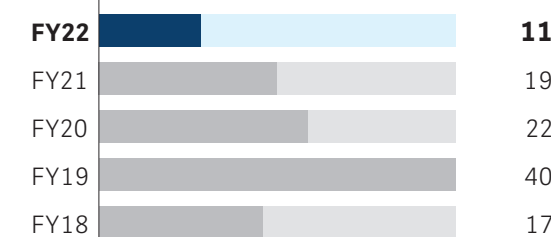
12%
Y-O-Y Growth

28%
4 year CAGR

ROE

(IN %)

11



Committed to Sustainability

Dear Shareholders,

The last year was exceedingly challenging for everyone, including our employees, business partners, customers, and local communities. However, it was the sheer tenacity and positive spirit of all our stakeholders that enabled us to deliver a robust performance in an otherwise challenging environment characterised by emerging COVID-19 variants, geopolitical concerns, supply chain disruptions, and unprecedented inflation. In these trying times, we remained committed to our purpose of creating shared value for all our stakeholders.



Players with good governance and sustainable business practices being preferred by customers as they enhance the stability of the supply chain.

"We remained steadfast on our expansion plans to enhance our capacities and increase the share of speciality chemicals in the long term."

STRATEGY IN ACTION

With continued investments in R&D, focus on sustainable production and improvement of internal competencies, we seamlessly executed our strategies to ensure long-term growth of the Company. Furthermore, we remained steadfast on our expansion plans to enhance our capacities and increase the share of speciality chemicals in the long term.

Over the years we have moved from being a bulk chemical producer to a backward integrated niche speciality chemical manufacturer. With our core competence in sulphur chemistry and cost-competitive operations, we have been able to maintain global leadership position across products. This has resulted in deepening our presence in both domestic and international markets.

COMMITTED TO BEING RESPONSIBLE

We are amongst the handful of companies in the country authorized to use the Responsible Care® logo. We are also audited under the 'Together for Sustainability' system. During the year, we further strengthened our ESG commitment, which we believe is a critical enabler of our long-term sustainability. As a responsible business entity, we reaffirmed our commitment to health, infrastructure development, wildlife conservation, and community wellbeing. In addition, we are undertaking suitable initiatives to ensure the steady minimisation of our carbon footprint. The industry we operate in continues to evolve, and players with good governance and sustainable business practices being preferred by customers as they enhance the stability of the supply chain. At Dharamsi, we are perfectly aligned to this reality and are taking strong strides to take charge of the opportunity.

LOOKING AHEAD

As COVID-19 reaches the endemic stage, and related restrictions cease to exist, we are looking at an optimistic picture of recovery and growth. Given the commercialisation of the new bulk chemicals capacity, the Company's performance in the next fiscal year is expected to be driven by higher capacity utilisation.

Today, Dharamsi is consolidating its position as a globally trusted, integrated player in the sulphur chemistry value chain. This is enabled by a strong culture we have been able to foster within the organisation. Our journey till date has been through the support of our key stakeholders including our customers, vendors, bankers, employees, investors, government and our Board members. As we pursue newer heights and larger prospects, we request your vote of confidence in us.

Best Regards,

Laxmikumar N. Goculdas
CHAIRMAN

Mitika L. Goculdas
VICE-CHAIRPERSON

Progressing with Optimism

Dear Shareholders,

It is a pleasure to present to you the 101st Annual Report of the Company. I start with the hope that this finds you and your loved ones in good health. FY22 witnessed another year of resilient performance of your Company in the light of several challenges posed by multiple waves of COVID-19 and its impact on supply chains, raw material costs and inflationary pressures emerging out of the prevailing geopolitical scenario.



Our learnings from the first wave of being agile and flexible coupled with prudent risk management helped us tackle the challenges with gumption. As we look forward to the future with optimism, I am grateful to all our stakeholders who supported us throughout and continue to place their trust in us.

A CLOSER LOOK AT PERFORMANCE

FY22 was a year of sound financial performance with growth in sales and EBITDA and a record high cash flow generation from operations. Our revenue from operations grew by 63.02% to ₹ 326.30 crores against ₹ 200.15 crores in the previous year. An increase in realisations primarily drove this growth, but we also witnessed growth in volumes. However, due to the significant rise in raw material prices, the sharp increase in turnover did not translate to a corresponding growth in EBITDA and profitability. For instance, the price of sulphur, our key raw material, rose more than 300% in the previous year while the price of benzene increased twofold. However, we could successfully pass on the price increase to our customers, enabling us to attain the same EBITDA and profitability on an absolute basis, adjusting for one-offs. In FY22, we recorded EBITDA of ₹ 46.09 crores as against ₹ 43.27 crores in FY21. Profit before taxes came in at ₹ 34.14 crores as against ₹ 34.04 crores in FY21.

The speciality chemicals vertical witnessed a good year on the back of growing demand and increased volumes, contributing 54% to the Company's top line. During the year we successfully completed the planned debottlenecking at our Roha site and added two multi-purpose plants at the Dahej Site. Furthermore, with expected commercialisation of incremental capacities for intermediates for agrochemicals and pharmaceuticals and a dedicated plant for manufacturing products under contract, we expect FY23 to be year driven by strong volumetric growth. Subject to realisation and product mix, we anticipate a 2-2.5x

asset turn on our investment in the speciality chemicals vertical and plan to reach optimum capacity utilisation by end of FY24.

The bulk chemicals business recorded strong growth contributing 46% to the Company's topline. The growth in this vertical was primarily driven by the surge in realisations. In addition, we initiated commercial production at our new 350 TPD bulk chemicals plant at Dahej site. This was a part of our strategic plan to secure our backward integration for the speciality chemicals and thus maintain our cost leadership across products. We anticipate a 1.5x asset turn on our investment in the bulk chemicals vertical and plan to reach optimum capacity utilisation by Q2FY23. For the foreseeable future, we do not intend to make any additional investments in the bulk chemicals vertical.

With significant capacity addition, the bulk chemicals will continue to anchor the performance in the short term, however, the incremental capacities in the speciality chemicals will pave the way for sustained and profitable growth in the long run.

Our boron business has weighed on our profitability in the past couple of years. The import of raw materials, especially technical-grade boric acid, posed a formidable obstacle due to government restrictions which were further exacerbated by supply chain disruptions. However, we are

optimistic that the business will accelerate in FY23 as the availability of raw materials improves after a two-year wait.

TOWARDS A SUSTAINABLE FUTURE

At Dharamsi, we remain committed to becoming one of the most sustainable organisations in the chemical industry. We are working diligently towards the goals set for reducing carbon emissions, replacing traditional fuel sources with non-conventional sources, and managing water and waste responsibly, to become carbon negative by end of FY23. Our Roha site is equipped with zero liquid discharge, and the Dahej site will follow suit.

To maintain the highest product quality and compliance levels, our staff must keep abreast of all emerging developments in today's dynamic and competitive environment. Integrating employee health, well-being, and personal growth with organisational needs is thus becoming increasingly important. At Dharamsi, we have established a workplace that empowers our employees by providing them with an environment that fosters continuous learning and development and the best possibilities for professional advancement.

2-2.5x Asset Turns

SUBJECT TO REALISATION AND PRODUCT MIX, WE ANTICIPATE A 2-2.5X ASSET TURN ON OUR INVESTMENT IN THE SPECIALITY CHEMICALS VERTICAL

A FUTURE FULL OF POSSIBILITIES

I believe that in the past few years, we have built a strong foundation for our business, on which we can now capture several opportunities. As we progress, we seek to expand our geographic presence, enhance our margins, introduce new products and add incremental capacities to drive profitability. From hereon, our growth will be sustainable as it is predicated on the Company's strengths - strong customer relationships, the ability to innovate and develop new products, globally benchmarked and backward integrated manufacturing capabilities and an efficient supply chain.

To conclude, I would like to thank our people for demonstrating unwavering commitment to ensuring that our operations remain undisrupted through every volatility. I am also grateful to the Board and all our stakeholders for reposing their continued trust in us and motivating us to keep excelling. As we take the next leap in our growth journey, I solicit your cooperation.

We will continue to be resilient and deliver sustainable value to all our stakeholders.

Best Regards

Bimal L. Goculdas
MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER

"The incremental capacities in the speciality chemicals will pave the way for sustained and profitable growth in the long run."



A Robust Platform for Long-term Value Creation

WHAT WE USE TO CREATE VALUE



A ROBUST BALANCE SHEET

- Net worth – ₹ 193.62 crores
- Capital expenditure – ₹ 99.45 crores
- Long term debt – ₹ 55.5 crores



FOCUS ON MANUFACTURING AND R&D

- Multipurpose manufacturing facilities – 2
- In-house R&D team - 25 members
- R&D expenditure – ₹ 1.94 crores



SKILLED WORKFORCE

- Employees – 425+
- Learning and development training for employees and contractors



CONTRIBUTION TO THE SOCIETY

- CSR spend – ₹ 0.73 Crores
- Full-fledged waste treatment facilities

ACTIVITIES AND GROWTH ENABLERS

BUSINESSES

BULK
CHEMICALS

SPECIALITY
CHEMICALS

STRATEGIC PRIORITIES

Leadership
in business
operations

Focus on R&D

Leveraging
manufacturing
efficiencies

Commitment to
sustainability

Adding mileage to
customers needs

↑ Read more on page 16

GROWTH ENABLERS

Investments
in R&D

Investments in
manufacturing
capabilities

↑ Read more on page 18

WHERE WE CREATE VALUE



Agro-
chemicals



Ceramic



Construction
chemicals



Cosmetics



Ink



Paper



Pharmaceutical
intermediates



Pigments



Detergents



Dyes



Electroplating



Emulsions



Fertilisers



Fire
retardants



Polymers



Steel



Textile
processing



Thermal
paper coating



Tiles



Water
treatment

HOW DOES IT BENEFIT OUR STAKEHOLDERS



STEADY FINANCES TO EXPAND OPERATIONS

- Revenue – ₹ 326.30 crores
- EBITDA – ₹ 46.09 crore
- PBT – ₹ 34.14 crores



A ROBUST PRODUCT PIPELINE

- Meeting changing customer demands
- Process optimisation
- New product development
- Low-volume, high-value products



UPSKILLED EMPLOYEES TO GROW THE BUSINESS

- Well-defined career progression path for employees



SUSTAINABLE BUSINESS

- Empowerment of lives
- Social license to operate
- Reduced carbon footprint
- Waste treated before being discharged

STRATEGIC PRIORITIES

Stepping Stones to Success

Through our strategic priorities we have set forth a road map of becoming the preferred partner of choice for chemical solutions worldwide. Our goal driven approach enables us to stay ahead of our peers, while focusing on providing differentiated solutions to support customers' growth.



LEADERSHIP IN BUSINESS OPERATIONS

We manufacture niche products that remain largely untapped by other players. Our backward integrated facilities help us achieve cost efficiencies and make us a preferred partner of choice.

GOALS

Achieving cost leadership in bulk chemicals

Action Plan

Enhancing operating efficiencies, optimising production processes and re-evaluating value chain to improve organisational competencies and achieve cost leadership.

GOALS

Increase share of speciality chemicals segment in overall business

Action Plan

Our robust R&D division has helped commercialise products that are niche, with little to no competition. We aim to create long-term value for our stakeholders and enhance our profitability by focussing on these speciality chemicals. Moreover, our high-quality products, time bound deliveries and compliance to regulations establishes us as a trusted partner.

FOCUS ON R&D

DMCC'S highly qualified and experienced team of R&D professionals facilitate the growth of the Company through consistent efforts in product and process innovation.

GOALS

Consistent and increased focus on R&D

Action Plan

Our superior chemistry skills facilitate us to transform generic materials into value-added niche speciality chemicals. Over the years, we have made consistent investments in R&D to enhance our process chemistry skills, improve product quality and process yields of our existing products. We will continue to make such investments going forward as well.

GOALS

Explore further on specific chemistry

Action Plan

Our expertise in sulphur chemistry has laid open a sea of opportunities for us to tap into, while enabling us to reduce our dependency on limited products. Going forward, we will continue to hone our skills and know-how in the area of sulphur chemistry, while also exploring avenues to expand into other chemistries.

ADDING MILEAGE TO OUR CUSTOMERS NEEDS

Being a customer-centric organisation, we work round the clock to ensure that the best solutions are provided to them. We take pride in our ability to attract and retain customers.

GOALS

Diversify products and customer base

Action Plan

Our manifold product suite allows us to meet the diverse demands of our clients from across geographies, and the chemicals we manufacture find applications in a wide range of industries. To de-risk the business, we have ensured that no single industry contributes more than 10% to our revenues.

GOALS

Becoming an approved supplier for leading multinational companies

Action Plan

Our product portfolio caters to varied needs of multinational companies in specific end-use applications. We have gained the trust of these multinationals with high-quality and cost-efficient products, best manufacturing practices, superior compliance standards, and time bound deliveries. We will continue to tread this path and add other esteemed customers to our list.

LEVERAGING MANUFACTURING EFFICIENCIES

Our manufacturing facilities located in Roha and Dahej are equipped with state-of-the-art infrastructure that help us produce efficiently and effectively.

GOALS

Improve supply chain for downstream products

Action Plan

By creating a more robust supply chain, we hope to enhance our operational efficiencies, while maintaining high quality standards. Our new sulphuric acid plant will help us achieve an uninterrupted supply of raw materials for our downstream products. Further, our backward integration for speciality chemicals makes us a low-cost manufacturer of these products, thus ensuring higher margins.

COMMITTED TO SUSTAINABLE DEVELOPMENT

DMCC prioritises its responsibility towards the environment, thus driving innovation in this regard to create value-added products for its customers.

GOALS

Increased contribution towards sustainability

Action Plan

We acknowledge the need to consistently innovate to achieve sustainability. We will continue to integrate environmental and social dimensions of sustainability into our core business strategy in the years to come.

