

PCL:SEC:2023: 2050

29.06.2023

BSE Limited,
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort,
MUMBAI- 400 001

Scrip Code : 506852

Subject:- Company's Earnings Presentation

Dear Sir,

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to enclose the Earnings Presentation of the Company.

Kindly take the same on record and inform all your constituents accordingly.

Thanking you,

Yours faithfully,
For Primo Chemicals Limited
(Formerly known as PUNJAB ALKALIES & CHEMICALS LIMITED)

**SUGANDHA
KUKREJA**

Digitally signed by SUGANDHA KUKREJA
DN: c=IN, postalCode=140603, st=PUNJAB, street=FLAT NO B 1004
10TH FLOOR GREEN LOTUS AVENUES AS NAGAR MOHALISINGHPURA
GATE 140603, l=SAS NAGAR (MOHALI), o=Personal, title=8944,
serialNumber=7c9f38ba2bd211064bc359d4fd3e5d37c16ae9281cce
b7198bf77679726c2e9, pseudonym=894420220709182210785,
2.5.4.20=8e48f5743a18b9bd0f732dcb54965d9eb99ae6720cf02ff5ee
3d5b3645ea4a21, email=SECRETARIAL@PUNJABALKALIES.COM,
cn=SUGANDHA KUKREJA
Date: 2023.06.29 17:22:07 +05'30'

SUGANDHA KUKREJA
Company Secretary & Compliance Officer

Encl: as above.

PRIMO CHEMICALS LIMITED

(FORMERLY KNOWN AS PUNJAB ALKALIES & CHEMICALS LIMITED)

REGD. OFFICE S.C.O. 125-127, SECTOR 17-B, CHANDIGARH-160017 CORPORATE OFFICE : PLOT NO. 46-50, SECTOR 31-A, CHANDIGARH-160030
PHONE : 0172-4072508-569, EMAIL : INFO@PRIMO-CHEMICALS.IN CIN: L24119CH1975PLC003607 WEBSITE : WWW.PRIMO-CHEMICALS.IN

WORKS : NANGAL-UNA ROAD, NAYA NANGAL-140126 DISTT. ROPAR, PUNJAB, INDIA

CAUSTIC
SODA LYE

HYDROGEN
GAS

LIQUID
CHLORINE

SODIUM
HYPOCHLORITE

HYDROCHLORIC
ACID

PRIMO
CHEMICALS LTD.

Formerly known as Punjab Alkalies & Chemicals Ltd.
(BSE: 506852)

Earnings Presentation
Q4 and FY2023

Primo Chemicals is the largest producer of Caustic Soda in Northern India

Products

Caustic Soda Lye

Hydrochloric Acid

Hydrogen Gas

Liquid Chlorine

Sodium Hypochlorite

Stable Bleaching Powder

Upcoming Developments

Caustic Soda Flake

Aluminium Chloride

35 MW Power Plant

Hydrogen Peroxide

Paracetamol API

Manufacturing units:

Location: Ropar, Punjab (India)

Combined Manufacturing capacity of 165,000 TPA of Caustic Soda



Rs. 7,074 Mn

FY23 Revenue

500 TPD

Installed Capacity
(Two Manufacturing Plants)

400+

Employees

A decorative graphic on the left side of the slide, consisting of a series of interconnected hexagons and lines, creating a molecular or network-like structure.

Performance Highlights

FY23 - Performance Highlights

Rs. 7,074 Mn ↑ 56%
Y-o-Y

Operating Revenue

51%

Gross Profit Margin

Rs. 2,185 Mn ↑ 115%
Y-o-Y

Operating EBITDA

30%

EBITDA Margin

Rs. 1,374 Mn ↑ 132%
Y-o-Y

Net Profit

19%

Net Profit Margin

0.28x

Net Debt/Equity

Rs. 1,137 Mn

Net Debt

44%

ROCE

39%

ROE

FY 2023 Financial Performance

- Revenue increased by 56%
- EBITDA margins improved by 850 bps
- Net Profit margins improved by 645 bps
- Net operating cash flows of Rs. 1,496 million

This performance aligns with our commitment to consistent growth through strategic initiatives, expansion plans, process optimization and cost efficiencies.

- Q4 performance impacted by sharp fall in caustic soda prices due to recession concerns in Europe and supply coming in from higher capacity utilisation Europe & China and new capacity additions in India

New Product Launch and Pipeline

- SBP (Stable Bleaching Powder) in January 2023.
- The Caustic Flaker and Aluminum Chloride to commence from Q2 FY24.
- Received approval from Punjab Pollution Control Board to operate 35 MW Power Plant at Naya Nangal, Punjab.
- Paracetamol API and Hydrogen Peroxide plants in pipeline - to strengthen our downstream portfolio
 - ✓ increase our product profitability
 - ✓ reduce energy costs
 - ✓ increase chlorine consumption enabling increase in production of Caustic Soda.

Strategic roadmap to double the revenue and profitability in upcoming years

Recent Developments

Healthy growth of Caustic Soda consumption in India with growing Industrialisation in user sectors such as paper, pulp, soap, aluminium, dyes, pigments etc.

Capacity expansion from 300 TPD to 500 TPD

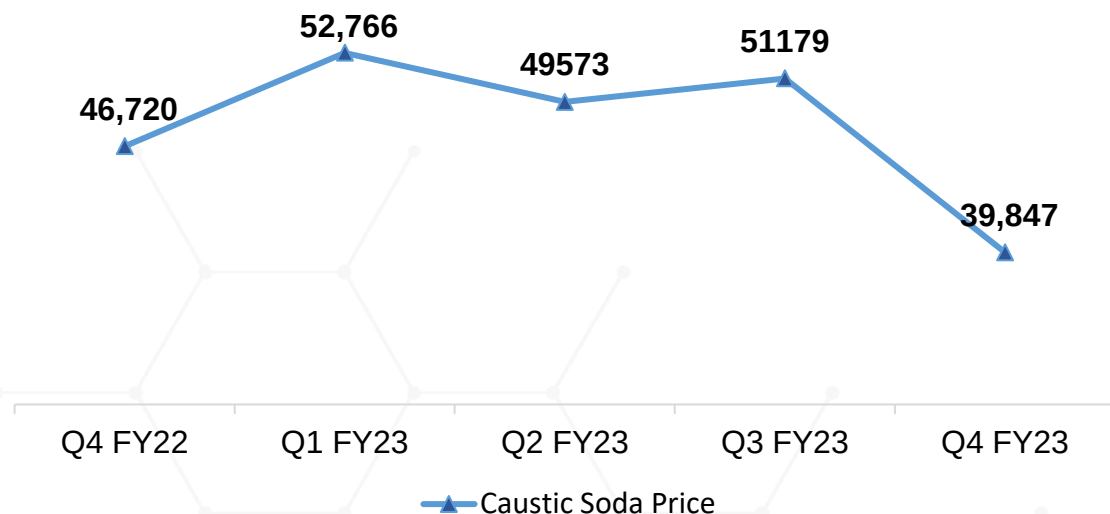
Launched Stable Bleaching Powder with capacity of 33,000 MTPA

Upcoming Developments

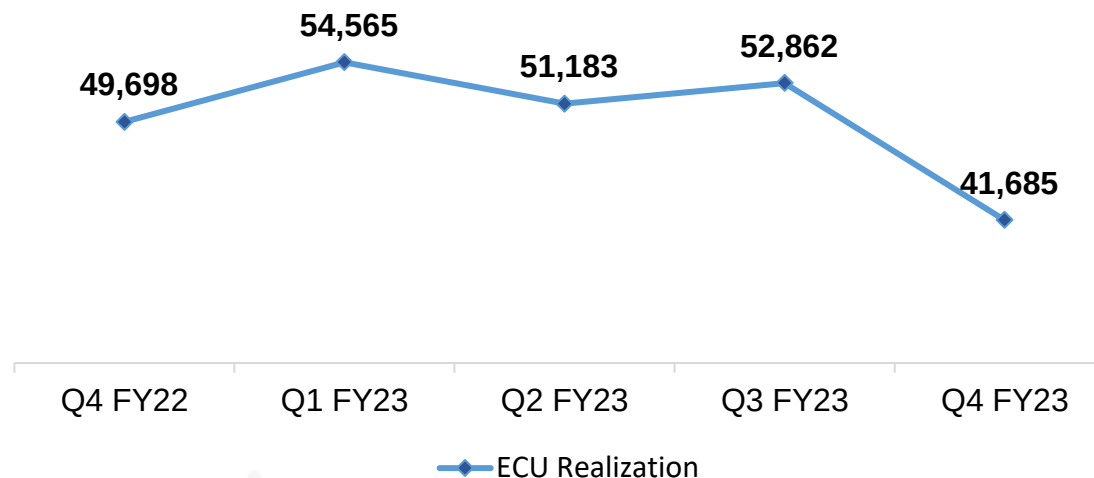
- Commissioning of Caustic Flakes plant in Q2 FY24.
- Commissioning of Aluminum Chloride project in Q2FY24 (Environmental clearance from Punjab PCB received).
- Acquisition of Flow Tech Chemicals (manufacturer of Chlorinated Paraffin and Hydrochloric Acid) remaining 51% stake.
- Capacity Expansion from 500 to 600 TPD
- Launching of new products such as Paracetamol API (Environmental clearance received) and Hydrogen Peroxide.
- Received consent from Punjab PCB to operate a captive 35 MW Power Plant which will reduce the cost of production

Operational Overview - Realization

Caustic Soda Rate / MT



ECU Realization

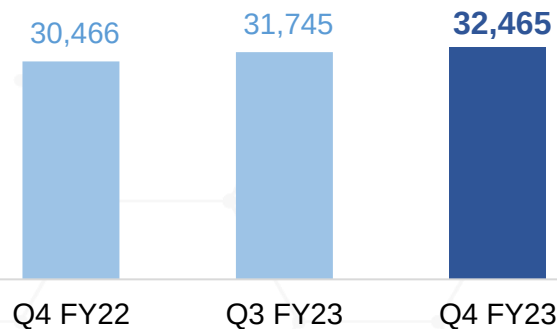


- ECU realization was down by 16.1% and 21.1% on YoY basis and QoQ basis respectively during Q4FY23.
- Caustic Soda lye rate PMT has declined by 14.7% and 22.0% on YoY and QoQ basis respectively during Q4FY23.
- The Company has produced 1,34,977 MT of Caustic Soda Lye (CSL) at a capacity utilization 91% (On Enhanced Capacity of 1,48,000) in FY23
- The landed cost of raw material PMT of Caustic Soda Lye has experienced a significant increase to Rs. 6,350 in FY23 from Rs. 5,305 in FY22. This increase can be attributed mainly to the rise in the landed cost of several key components, namely Salt, Barium Carbonate, Soda Ash, and Sulphuric Acid
- The power rate per unit has declined to Rs. 5.87 in FY23 as against Rs. 5.93 in FY22

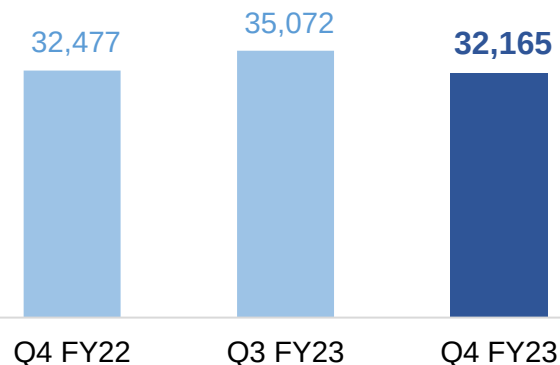
Operational Performance Indicators

Sales Volumes (MT)

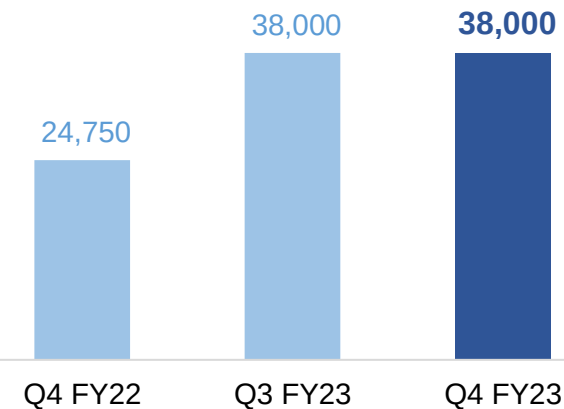
Q4 FY23 Performance



Utilised Capacity (MT)

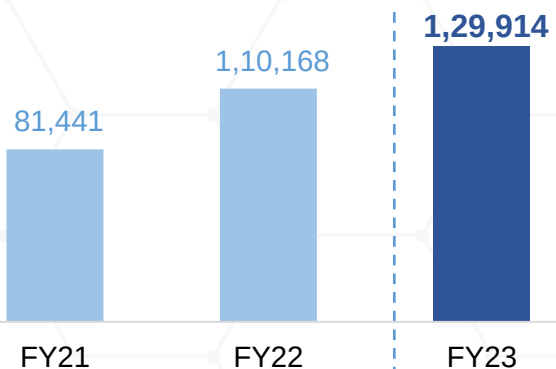


Total Capacity (MT)

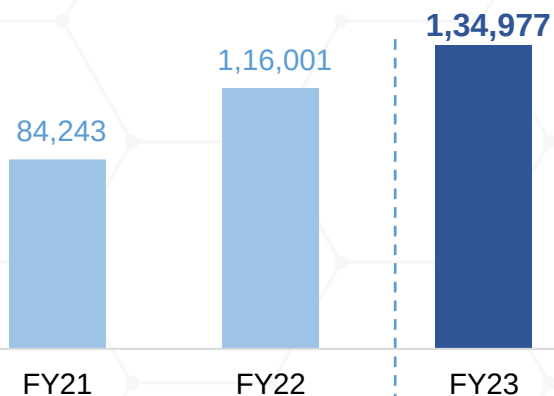


Sales Volumes (MT)

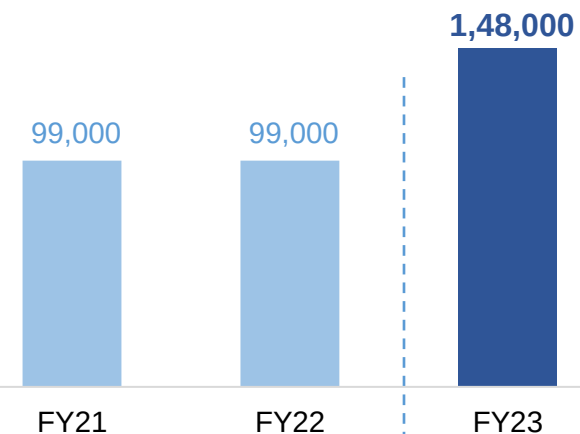
FY23 Performance



Utilised Capacity (MT)



Total Capacity (MT)

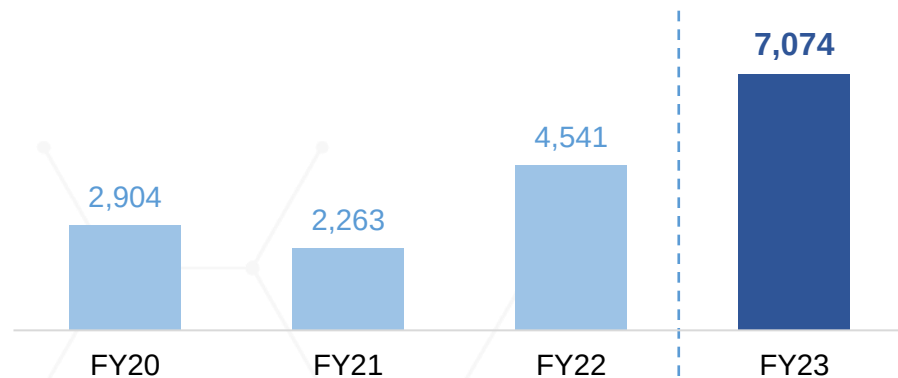


Annual Performance Trends

(in Rupees Million)

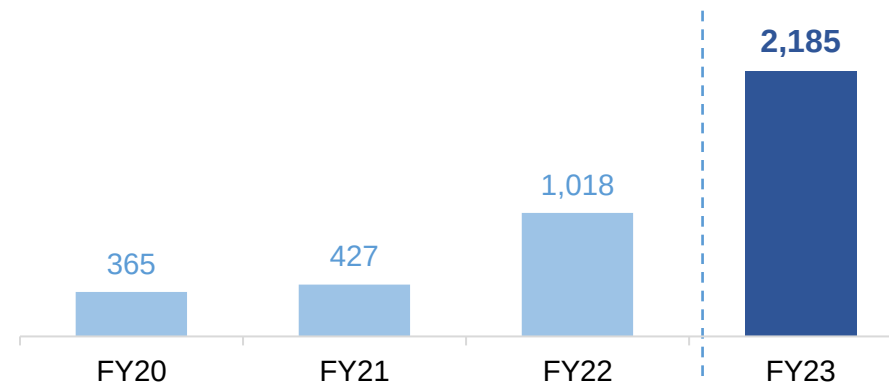
Revenue from Operations

↑ 56% YOY



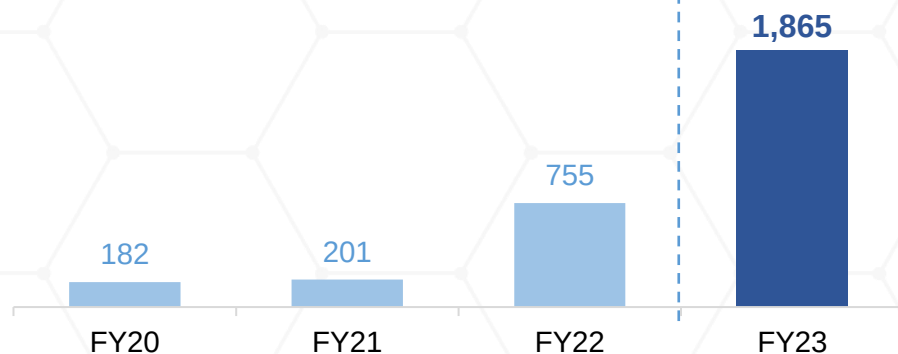
EBITDA

↑ 115% YOY



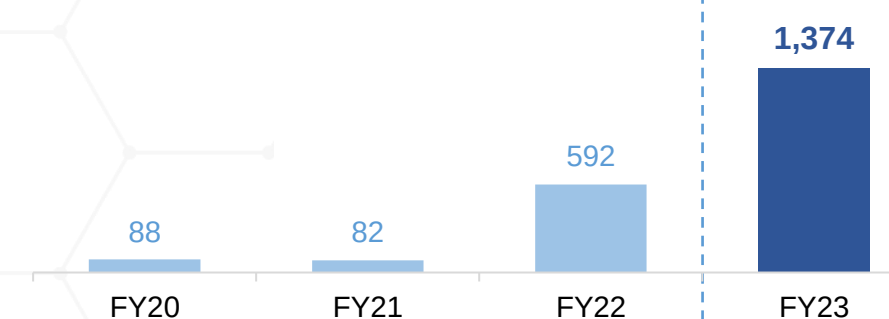
PBT

↑ 147% YOY



Net Profit

↑ 132% YOY



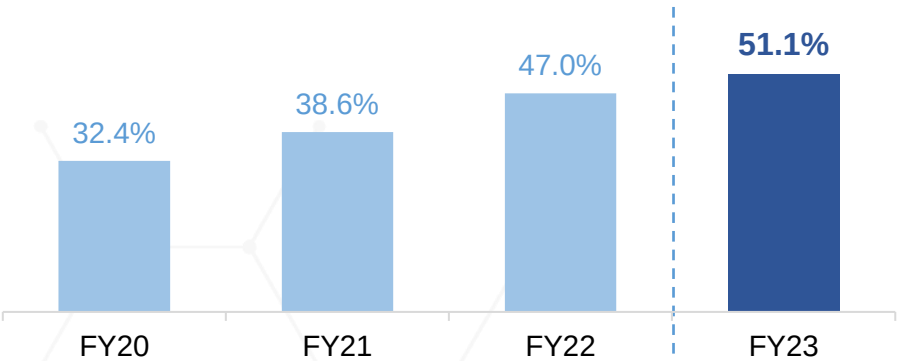
Notes:

1. EBITDA includes other income
2. All Margins are calculated on Total Income

Annual Performance Trends

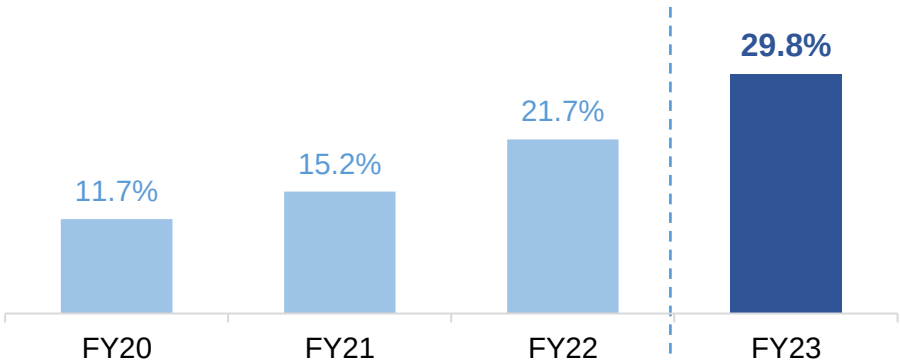
Gross Profit Margins

↑ 410 bps YOY



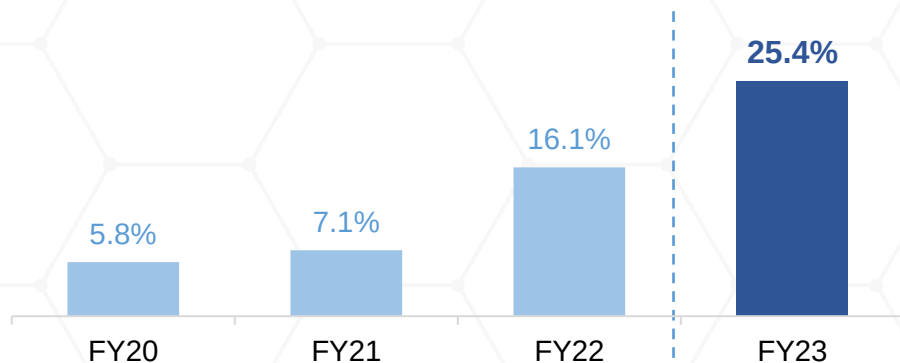
EBITDA Margins

↑ 810 bps YOY



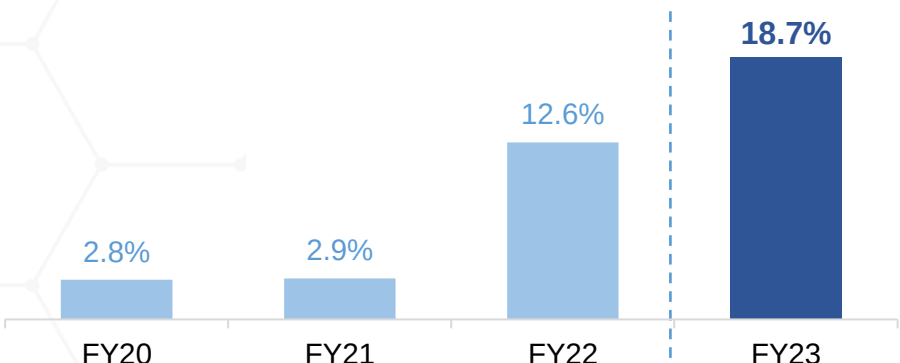
PBT Margins

↑ 930 bps YOY



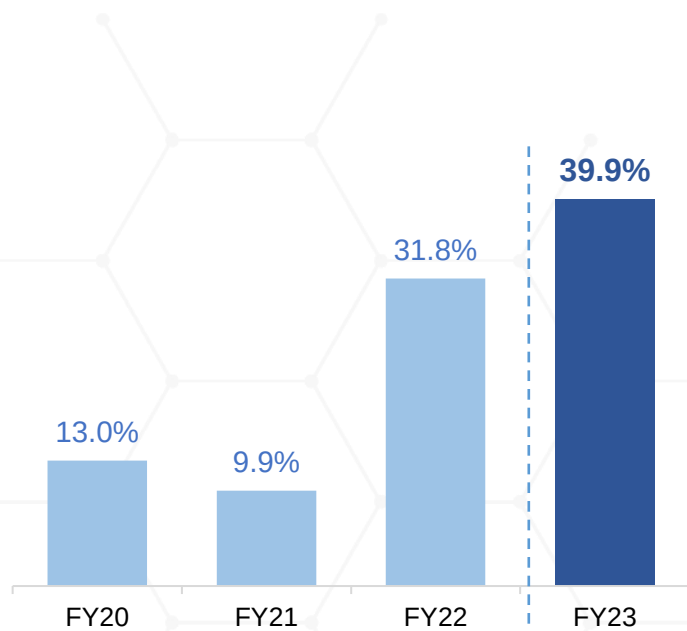
Net Profit Margins

↑ 610 bps YOY

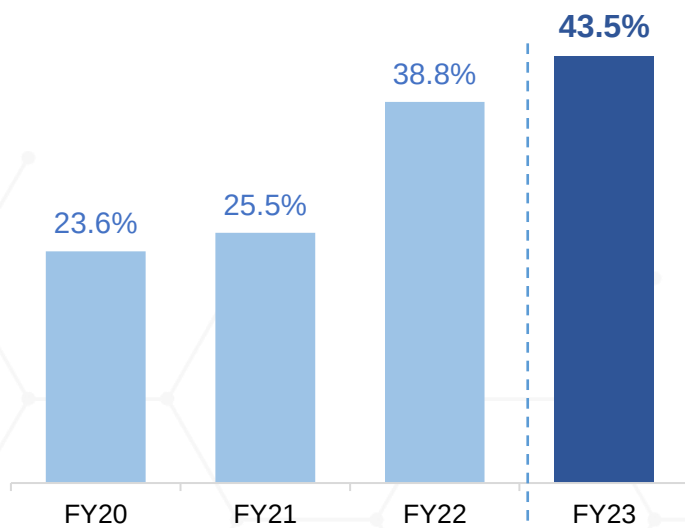


Notes:
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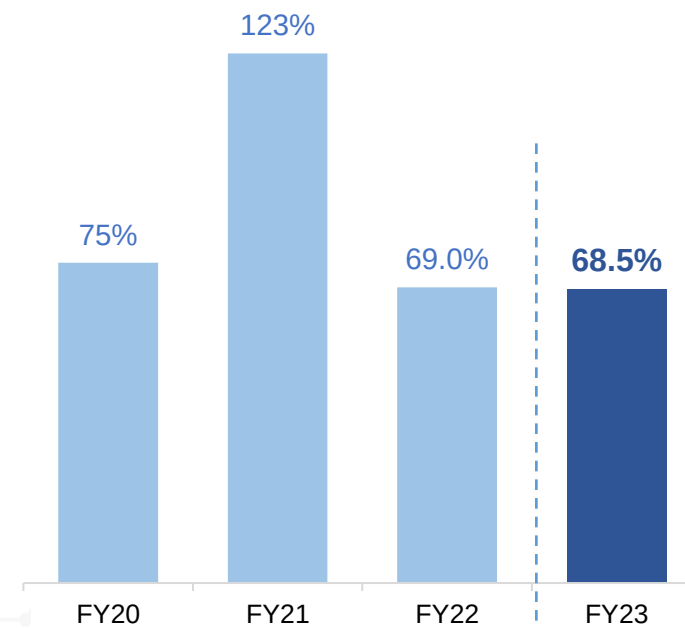
Return on Capital Employed (%)



Return on Equity (%)



CFO / EBITDA (%)



Consolidated Financial Performance Summary

(in Rs. Mn)	Q4		Y-o-Y	Q3	Q-o-Q	Full Year		Y-o-Y
	FY2023	FY2022	Growth (%)	FY2023	Growth (%)	FY2023	FY2022	Growth (%)
Revenue from Operations	1,478	1,611	(8)%	1,876	(21)%	7,074	4,541	56%
Other Income	74	49	51%	48	55%	262	152	73%
Total Income	1,552	1,659	(6)%	1,924	(19)%	7,335	4,692	56%
EBITDA	359	593	(39)%	510	(30)%	2,185	1,018	115%
Margin (%)	23%	36%		27%		30%	22%	
EBIT	283	548	(48)%	437	(35)%	1,946	844	131%
Margin (%)	18%	33%		23%		27%	18%	
PBT	251	532	(53)%	416	(40)%	1,865	755	147%
Margin (%)	16%	32%		22%		25%	16%	
PAT	176	446	(61)%	300	(41)%	1,374	592	132%
Margin (%)	11%	27%		16%		19%	13%	
EPS (Rs.)	0.73	1.84		1.24		5.67	2.61	

Notes:

1. EBITDA includes other income
2. All Margins are calculated on Total Income.

Company Overview



Caustic Soda Producer

- Primo Chemicals is the largest producer of Caustic Soda in Northern India
- 500 TPD Caustic Soda capacity with ability to expand further at existing facility
- 200 TPD Caustic Soda Flakes to reduce transportation cost and enhance revenue and margins



Chlorine and Hydrogen Captive Application

- Acquisition of Flow Tech to secure forward integration into Chlorine Paraffin
- Commissioning of Stable Bleaching Powder with capacity of 33,000 MTPA
- Upcoming forward integration essential to support future Caustic Soda volume growth coupled with higher ECU realizations
 - Aluminum Chloride
 - Hydrogen Peroxide
 - Paracetamol API



Power Supply and Operations

- Bhakra Nangal Dam, provides uninterrupted hydro electric power supply, which accounts for 60% of manufacturing cost
- Replaced old electrolyser elements with the latest generation-6 elements, decreasing power consumption and increasing production yield
- Commissioning of 35 MW power plant which will provide a captive energy source and generate steam for utilization within the plant



Strategic location

- Manufacturing units located strategically providing cost-effective access to customers in North India
- Direct water pipeline to the plant from the Sutlej River supplying water-based units and support future requirements
- Railway line coming directly into the plant reduces the cost of supplying salt and provides logistics infrastructure for the future

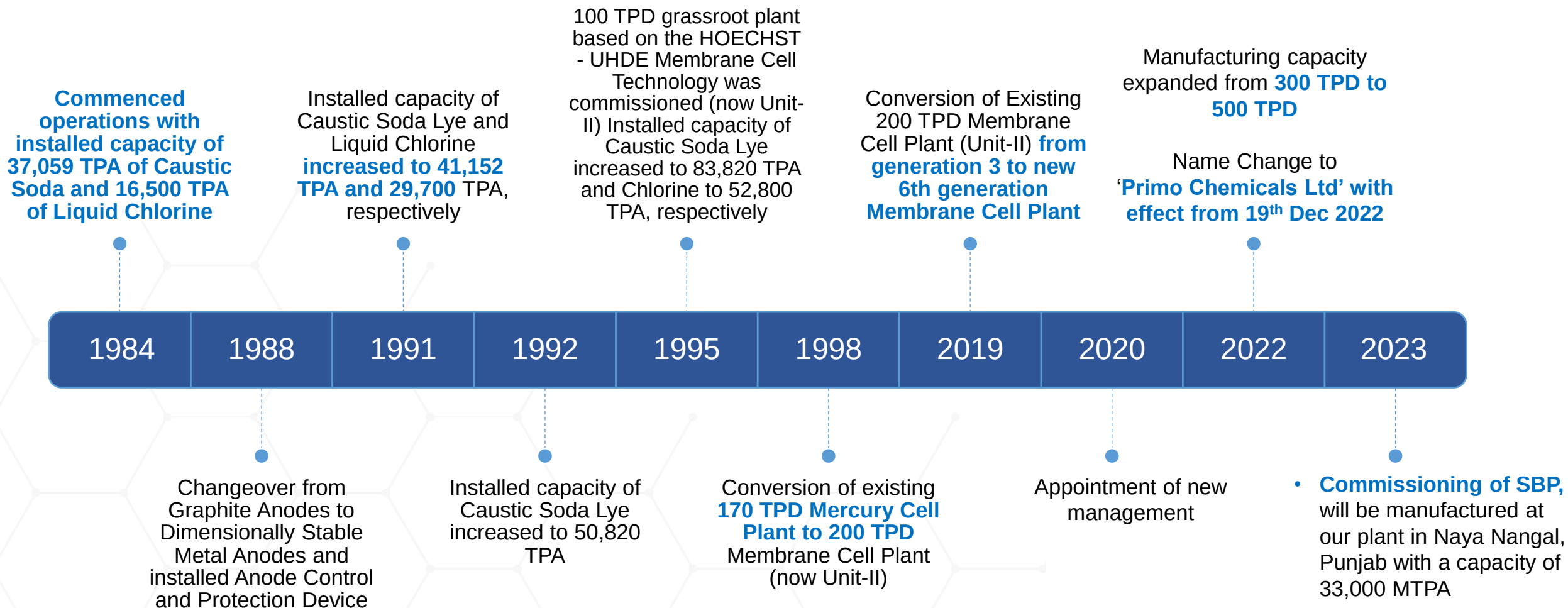
- Experienced management in Chemicals manufacturing with 400+ employees at present
- Diversified clientele base across India with capacity expansion planned in phases

Accelerating strategic growth initiatives and fortifying our business for the future

Raw Material	Production Level 1	Production Level 2	Application
Salt and Water (264K TPA Salt)	Caustic Soda (165K TPA)	Caustic Soda Lye 99K TPA	Paper and Paper Pulp, Soap and Detergents, Textile, Dye, Stuff Industry, Aluminium Industry, Linear Alkyl, Benzene (LAB), Viscose and Rayon, Water Demineralisation (Power House and Fertilizer Plants)
		Caustic Soda Flake 66K TPA	Paper and Paper Pulp, Soap and Detergents
	Hydrogen (46,200K Nm ³ Per Annum)	Hydrogen Peroxide 16.5K TPA	Paper, Bleaching, Textiles, Disinfectant, Propellant
		Captive Energy 11,550K TPA	As a Fuel
		Open Market Sales 2,310K TPA	Hydrogenation of Vegetable Oils and other unsaturated fats
	Chlorine (147K TPA Outflow)	HCL 46.2K TPA	Water Demineralization in Power and Fertilizer Plants, Metal Pickling, Preparation of Various Metal Chloride
		CPW 69.3K TPA	Plasticizer in PVC industry; Lubricant and Coolant in metal cutting
		Aluminium Chloride 16.5K TPA	Dye Industry and Catalyst in Pharmaceutical Industry
		SBP 33K TPA	Aquaculture and Water Treatment Process
		Open Market Sales 14.5K TPA	Water Treatment Plants, Paper Manufacturing, and manufacturing of Chlor-organic Chemicals
	Caustic Soda + Hydrogen+ Chlorine	Paracetamol API 20.6K TPA	Pharmaceutical

Upcoming
Products

Journey So Far



Board of Directors: Diversified Experience

Experienced team of management committed to strengthen business offerings and driving future growth



Mr. Sukhbir Singh Dahiya
(Non-Executive Chairman)

- An industrialist though leader with experience of over 31 years including 16 years in chemical Industry. He holds Diploma in Civil Engineering from Haryana State Board of Technical Education



Mr. Naveen Chopra
(Managing Director)

- Extensive experience in chemical industry spanning over 30 years. Holds a Degree in Bachelor of Engineering (Chemical) and has done MBA from Panjab University



Mr. Jagbir Singh Ahlawat
(Non-Executive Director)

- He has diverse experience of over 31 years, including 18 years in Chemical Industry. Holds a Diploma in Civil Engineering from Haryana State Board of Technical Education and AMIE (Civil) from The Institution of Engineers (India)



Mr. Jatin Dahiya
(Executive Director)

- Experience of 6 years in the chemical industry. Holds a Degree in Bachelor of Engineering from Delhi University and Masters in Management from Duke University (US)

Independent Directors on the board contributing towards business growth and corporate governance



Mr. Ashok Goyal

- Has experience of 29 years in General Administration and has completed Post-Graduation in Economics from Panjab University. Has served as a member of Senate of University & Syndicate, Panjab University.



Mr. Tilak Raj Bajalia

- A banking veteran with over 39 years of experience. Appointed as Deputy Managing Director of SIDBI and associated with multiple companies and regulators in different capacities. An Economics Graduate with Professional Degree from ICWAI and CAIIB



Mrs. Teesta Sandhu

- 17 years of experience which includes working with the Hotel Industry, Airlines, Forest Essentials and Ethos Pvt. Ltd. Has done MBA with specialization in HR and Marketing.



Mr. Kuldip Singh Suhag

- He has done Bachelor of Engineering (Civil Engineering) and has an experience of about 42 years in Civil Engineering, associated with CPWD, Haryana PWD. Currently working as a consultant in National Highway Authority of India

Key Customers

Diversified customer base operating across industry sectors



Caustic Soda demand is expected to continue, and prices may stabilize at current levels amidst the ongoing rising global energy price environment

Global Market Outlook



- The Caustic Soda industry is expected to see steady growth in the coming years, driven by increasing demand from various industrial and consumer applications
- The industry is facing some challenges, such as fluctuating raw material prices, increased competition and government regulations
- Global Caustic Soda market expected to reach 87.3 million metric tons by 2027

Indian Market



- 32 active Chlor-Alkali Units in India
- Main products of Chlor-Alkali industry are basic raw materials for other industries like Caustic Soda - used in Alumina, Paper & Pulp, Soap, Textiles, Detergents, pharmaceuticals industries
- Oversupply due to new capacities and domestic prices impacted due to China's participation, thereby reduced quantum of exports from Gujarat

Business Cycle & Growth

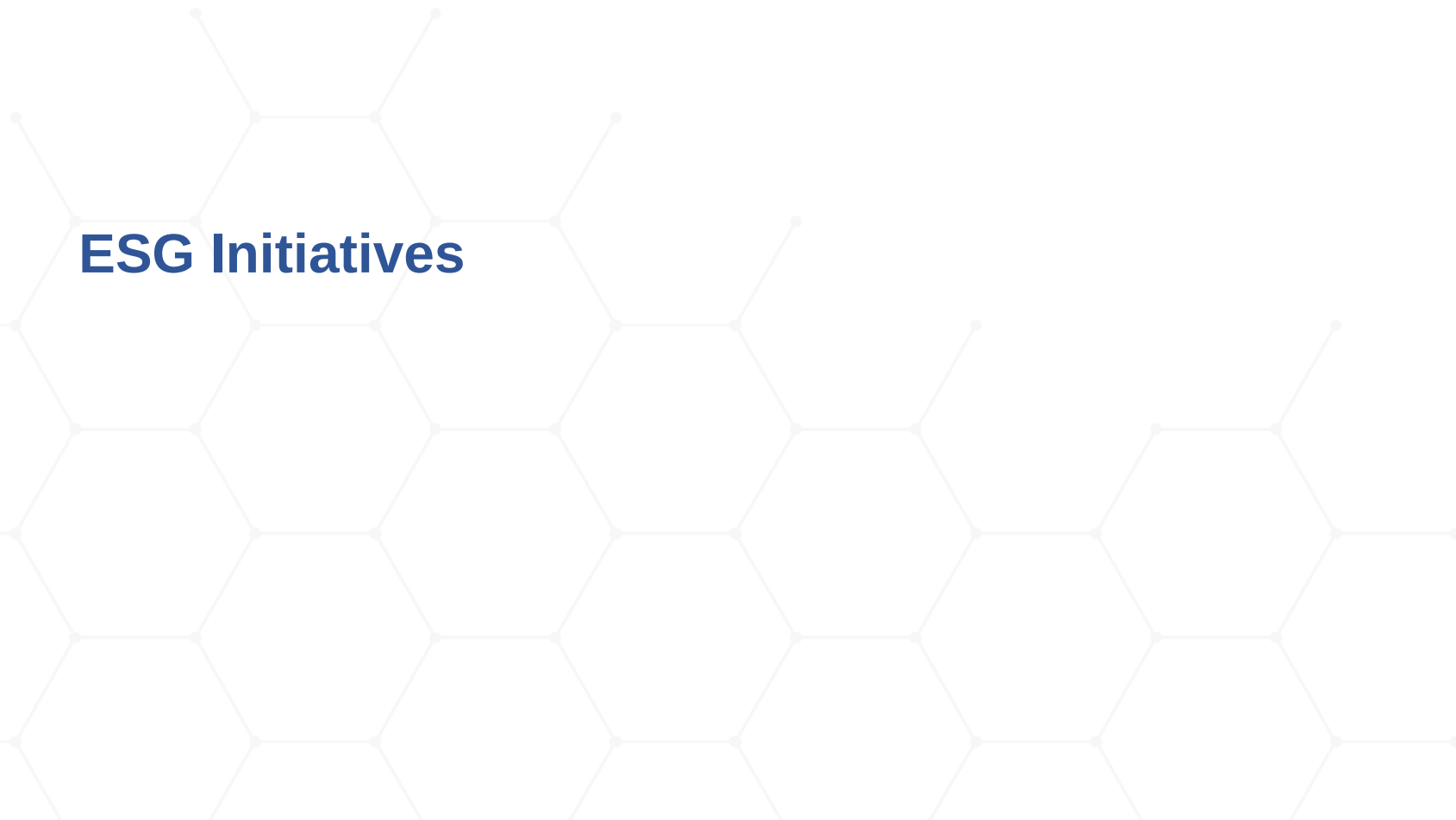


- Growth of industry is largely correlated to GDP growth of the country
- The industry is expected to benefit from the government's efforts to promote domestic manufacturing and the expansion of the chemical sector through the implementation of new technologies and research and development

Price & Raw Material Dynamics



- Prices of Caustic Soda are influenced by international prices as well as domestic demand supply factors
- The prices of raw material is affected by the global disruptions in supply chain such as natural disasters or political instability
- Primo's power costs account for about 60% of its total cost of production



ESG Initiatives

It has always been the top priority of the Company to carry out its operations in an environment friendly fashion

The company is accredited with an
ISO 14001:2004

Achieved and maintained
Zero liquid discharge (ZLD)
as per requirement of Punjab Pollution Control Board

" **National Award for Excellence**"
in Energy Conservation

- **Environment Strategy:** Primo Chemicals recognizes that effective environment management is fundamental to our business. We shall strive to integrate sound business practices across Primo's management and governance systems to minimize environmental impacts and attain a leadership position in environmental stewardship
- **Air Pollution Reduction Initiatives:** There are only fugitive emissions of chlorine from different sections, which are collected by providing hoods attached to a common duct which eventually leads to chlorine neutralizer. We have installed three HVS at different locations inside the industrial premises to monitor the ambient air quality, which are being operated on regular basis to monitor PM, Chlorine and HCl-Vapours in ambient air
- **Reusing Waste:** The industry has installed OCEMS at the pipeline through which treated wastewater is reused back into the processes. The waste HCl generated during regenerating of ION Exchange Column going to the ETP, which is neutralized with caustic soda solution for pH adjustment. Now the above waste acid is being collected in storage tank and reused in the ETP for pH adjustment. This has been adopted in both units. The brine drained during sample collection at various points was earlier passing to the ETP increasing the chloride and TDS content. The same has now been recirculated and reused in the system
- **Energy Efficiency Initiatives:** The Company strives to make enhance energy efficiency of all its manufacturing facilities. The Energy Audit is conducted on a regular basis. The Company tries to adopt renewable energy and energy efficiency measures in its operations wherever possible, plant trees and take other initiatives to protect and save the environment

Continue to enhance value creation in the society and in the community to promote sustained growth for the society and community

"Punjab State Safety Award"

for Largest Reduction in Frequency Rate of Accidents in Chemical Industry

1% to 2%

Attrition Rate

The company is accredited with an **ISO 9001:2008**

"Jawaharlal Nehru Memorial National Award" for Excellence in Industry

- **Social Strategy:** In alignment with the vision of the Company, Primo, through its CSR initiatives, shall continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate Citizen with environmental concern. We are committed to development of Human Resources through continuous training programs, skill up-gradation and empowerment
- **Health and Safety Policies:** The Management of Primo Chemicals Ltd. is firmly committed to:
 - Achievement of corporate goal and objective of optimum productivity i.e., Quality production, by adopting "Safety First" and also ensures safety and health of Employees/Contractors and Transporters.
 - Ensuring realistic effort for safe operation/maintenance with the help of modern tools/safety devices and safe practices/work permit system, to prevent personal injuries, fires, emissions, explosions
 - Compliance to all statutory provisions under requisite acts/rules thus protecting environment and prevent safety and health hazards
- **Product/Service Safety and Quality Metrics:**
 - Growth and diversification by Continuous Improvement in products, processes and new value-added products
 - Enhancing customer satisfaction through On Time Delivery of Quality Products and Reliable Service

Philosophy on the code of Corporate Governance is to ensure fair and transparent business practices



- **Corporate Governance Policies:** The Company's core philosophy on the code of Corporate Governance is to ensure fair and transparent business practices with accountability for performance. The compliance of applicable statute is of utmost importance to the Company. The transparent and timely disclosure of financial and management information always remains priority for the Company

- **Board Composition:** The composition of the Board as on 31st March 2023
 - 2 Executive Director
 - 4 Non-Executive - Independent Director
 - 2 Non-Executive - Non-Independent Director

- **Shareholder Rights and Relations Policy:** Stakeholders Relationship Committee of the Board of Directors for looking into the redressing of shareholders and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

- **Regular Self-Assessment of Board Performance:** The Board has carried out an Annual Performance Evaluation of its own performance, its Committees and all the Directors individually; The performance of the Independent Directors was evaluated by the entire Board except the person being evaluated, The evaluation of Non-Independent Directors, Chairman and the Board as a whole was done at a separate meeting by the Independent Directors

Zero

Litigation claims pending with regard to environmental, social or ethical grounds

This presentation contains statements that are “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Primo’s future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

Primo undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

For further information, please contact:

Anvita Raghuram / Atul Modi
Churchgate Partners

+91 22 6169 5988
primo@churchgatepartners.com

THANK YOU

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