

PCL:SEC:2023:1969

17.02.2023

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
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@PRIMOchemicals.IN CIN: L24119CH1975PLC003607 WEBSITE : WWW.PRIMOchemicals.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
Feb 2023

9M FY23 - Performance Highlights

Rs 5,596 Mn  **91%**
Y-o-Y
Operating Revenue

52.7%
Gross Profit Margin

Rs 1,826 Mn  **330%**
Y-o-Y
Operating EBITDA

31.6%
EBITDA Margin

Rs 1,198 Mn  **722%**
Y-o-Y
Net Profit

20.7%
Net Profit Margin

Commenting on the Performance, Mr. Naveen Chopra, Managing Director, said

"I am pleased to report a robust revenue growth of 44% YoY during the quarter, driven by higher demand for our products.

During the quarter, the revenue generated from operations amounted to Rs. 1,876 million and EBITDA was recorded at Rs. 510 million, with margin of 27%. The net profit for the period reached Rs. 300 million, resulting in a margin of 16%. The company capitalized the Expansion Project for Rs. 688 million, leading to increased depreciation and margin pressure.

During the quarter we have announced a new chapter in the evolution of our company and decided to rebrand and change our company name to "Primo Chemicals Limited". Our new name reflects our commitment to growth and provide exceptional products and services to our customers. The name change aligns with our vision to be a leader in our industry and reinforces our dedication to delivering excellence in all that we do and represents our ongoing commitment to meeting the evolving needs of our customers and the market.

We're happy to announce that the Ministry of Environment and Forests (MOEF) has granted us Environmental Clearance (EC) for our Aluminium Chloride plant (Expected to commission by FY 2023- 24) and Paracetamol API manufacturing project. These projects will not only increase our specific product profitability but also reduce energy costs and increase chlorine consumption (in line with our forward integration strategy) and thereby enabling us to increase the production of Caustic Soda.

In January 2023, we launched our SBP (Stable Bleaching Powder), which will be manufactured at our state-of-the-art plant in Naya Nangal, Punjab with a capacity of 33,000 MTPA. Our ongoing expansion plans, including the 35 MW Power Plant and Caustic Flaker unit, are progressing as planned and these projects are expected to positively impact the company's topline and profitability starting in the FY 2023- 24.

At Primo, we are committed to continuing our growth and maintaining confidence in our product offerings and cost-effective business model. We are excited to introduce new products in the upcoming quarters to further enhance our product line. With our extensive experience and expertise, we are poised to deliver exceptional industry performance in the years to come."

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

35 MW Power Plant

Aluminium Chloride

Hydrogen Peroxide

Paracetamol API

National and State awards In recognition of its performance and efforts in the field of Energy Conservation, Safety and Productivity



Manufacturing units:

Location: Ropar, Punjab (India)

Combined Manufacturing capacity of 165,000 TPA of Caustic Soda



Rs. 5,596 Mn

9M FY22 Revenue

500 TPD

Installed Capacity
(Two Manufacturing Plants)

340+

Employees



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
- Launched Stable Bleaching Powder with capacity of 33000 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
- Upcoming 35 MW power plant will provide a captive energy source and generate steam for utilization within the plant
- Replaced old electrolyser elements with the latest generation-6 elements, decreasing power consumption and increasing production yield



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

- Experience of over four decades in chemicals manufacturing with 340+ employees at present
- Diversified clientele base across India with capacity expansion planned in phases
- PACL was divested by Punjab State Industrial Development Corporation Ltd in Sept 2020 through an open offer

Strategic Roadmap To Double The Revenue and Profitability in Upcoming Years

Recent Developments

Favourable Industry Dynamics, Significant Improvement in Caustic Soda Realizations

Capacity Expansion from 300 TPD to 500 TPD

Launched Stable Bleaching Powder with capacity of 33000 MTPA

Upcoming Developments

Cost Optimization and Enhanced Profitability

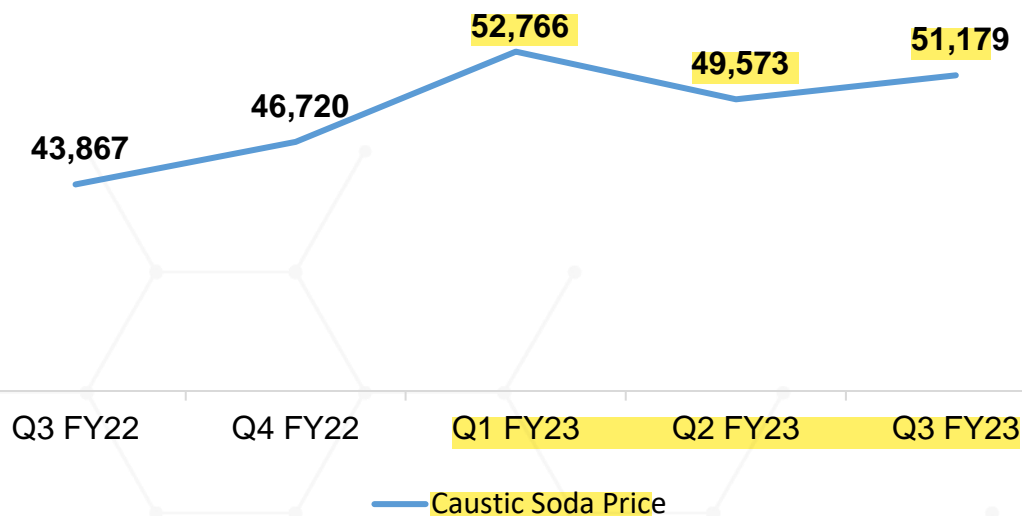
- 35 MW Power Plant will be commissioned providing captive energy source and also reducing cost of production
- New Products to be launched such as Caustic flakes, Aluminium chloride and Hydrogen Peroxide

Higher Caustic Soda Production and Forward Integration

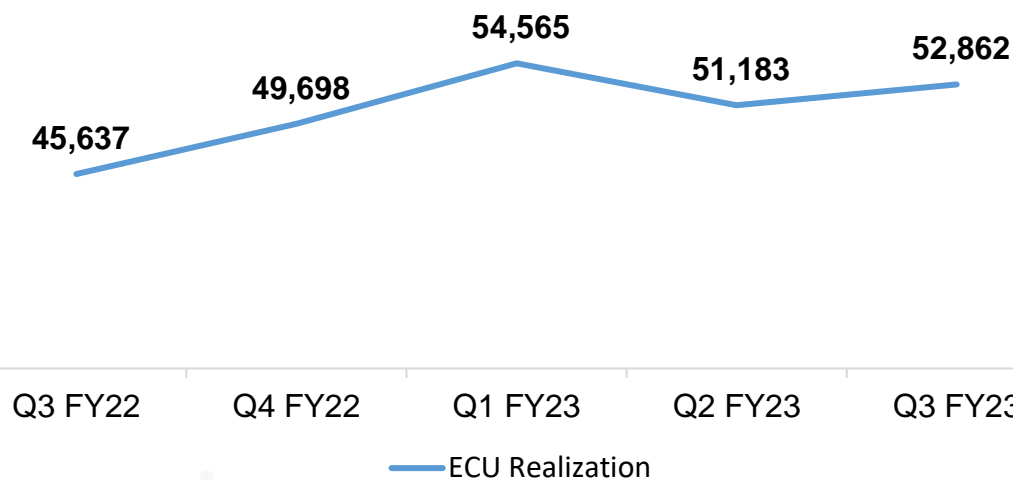
- Environmental clearance received for Aluminium Chloride and Paracetamol API manufacturing project. Aluminium Chloride project which would operationalize in Q1 FY24
- Acquisition of Flow Tech Chemicals
- Projects will result in higher consumption of chlorine, resulting in an increase in the production of Caustic soda
- Commissioning of Caustic flakes plant in Q1 FY24
- Capacity Expansion from 500 to 600 TPD

Operational Overview - Realization

Caustic Soda Rate / PMT



ECU Realization

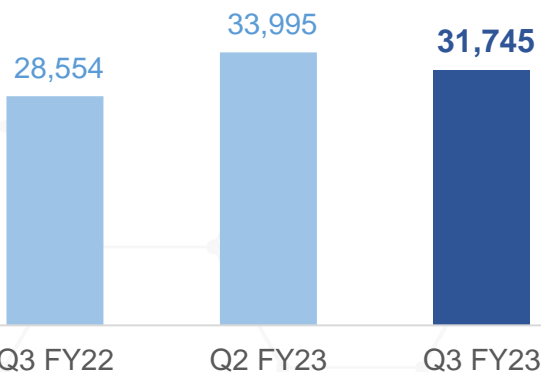


- On a YoY basis ECU realization was up by 15.8% and 3.3% on QoQ basis
- Caustic soda lye rate PMT has increased by 16.7% and 3.2% on YoY and QoQ basis respectively
- The Company has produced 35072 MT of Caustic Soda Lye (CSL) at a capacity utilization 92% (on Enhanced Capacity) in line with production of previous quarters
- Salt cost PMT of Caustic Soda Lye has increased to Rs.3,445 during the quarter from Rs.3,394 in Q2 FY23 mainly because of increase in landed cost
- The power rate per unit is decreased to Rs. 5.73 in Q3 FY23 as against Rs. 6.18 in Q2 FY23

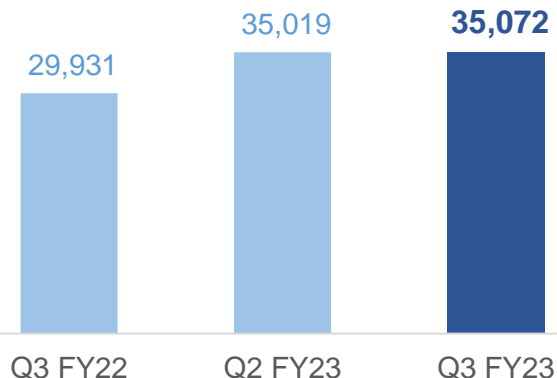
Operational Performance Indicators

Sales Volumes (MT)

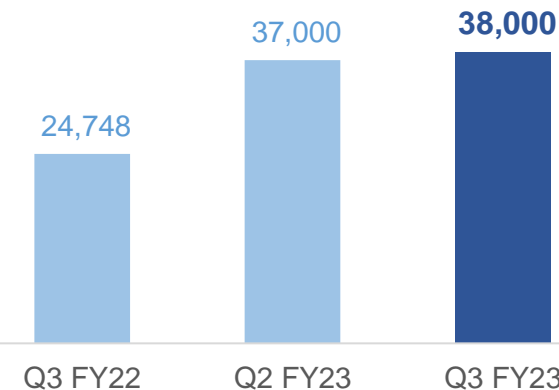
11.3% YOY



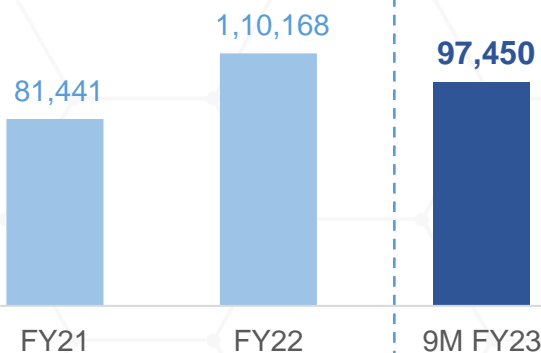
Utilised Capacity (TPA)



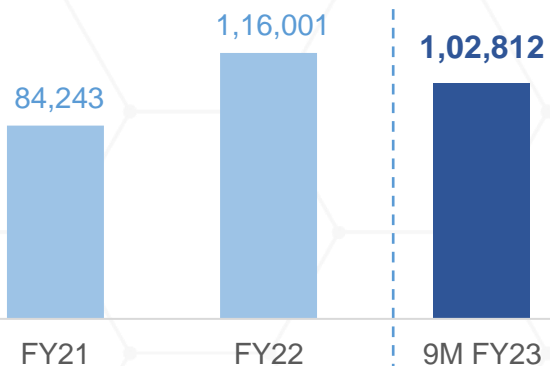
Total Capacity (TPA)



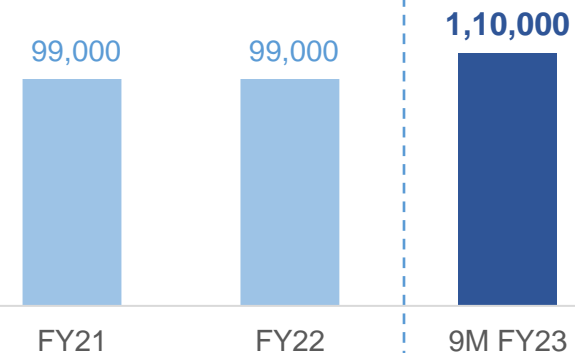
Sales Volumes (MT)



Utilised Capacity (TPA)



Total Capacity (TPA)

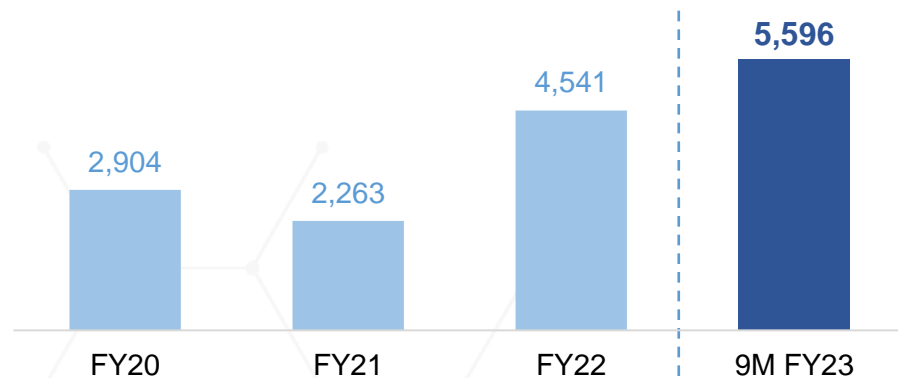


Annual Performance Trends

(in Rupees Million)

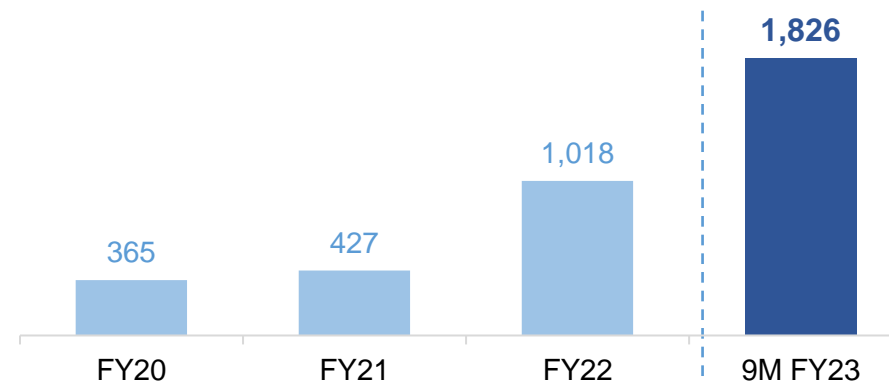
Revenue from Operations

↑ 91% YOY



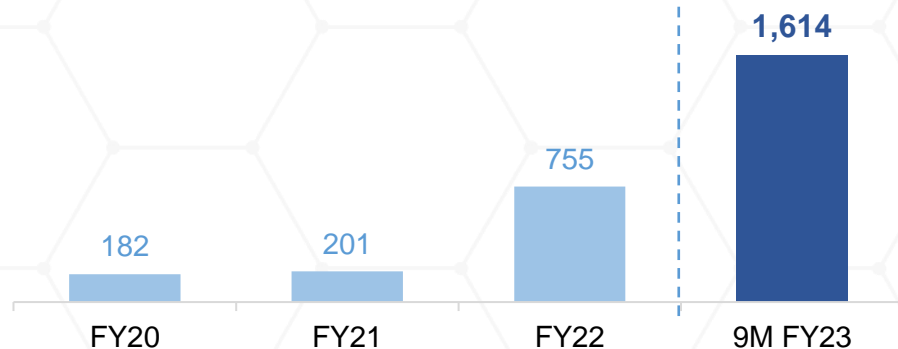
EBITDA

↑ 330% YOY



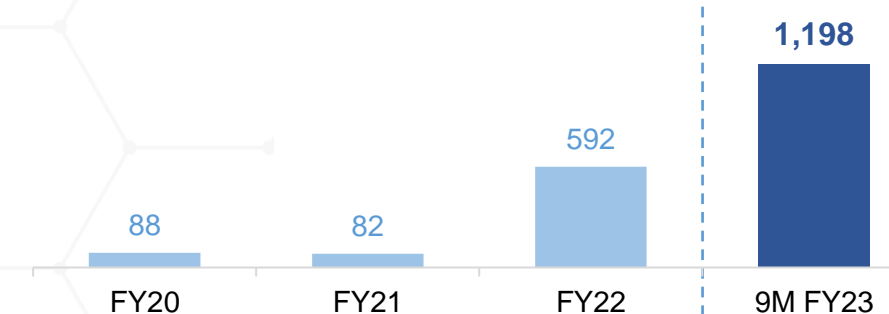
PBT

↑ 622% YOY



Net Profit

↑ 722% YOY

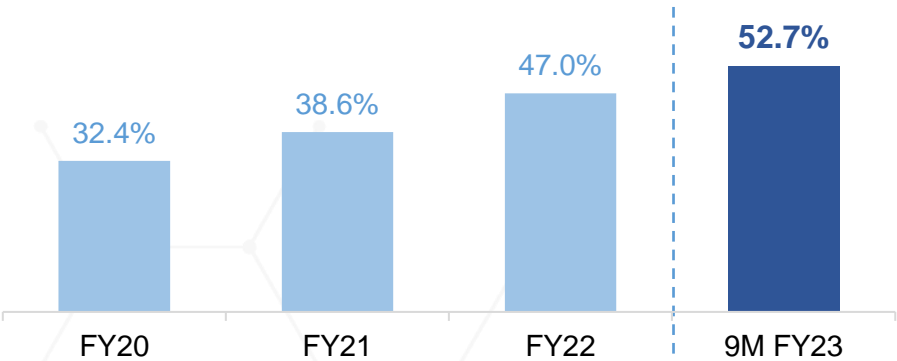


Notes:

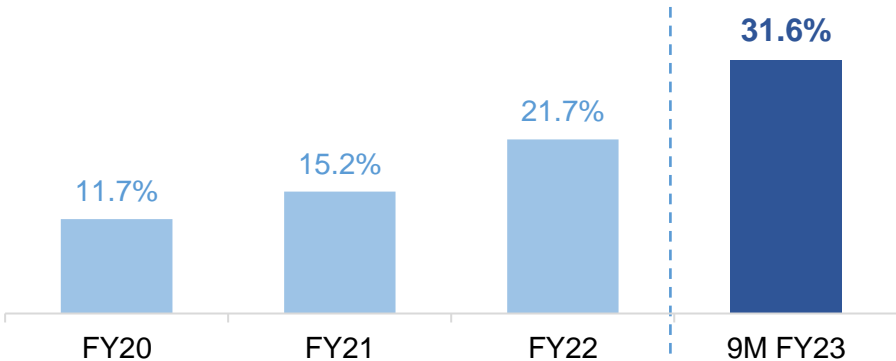
1. EBITDA includes other income
2. All Margins are calculated on Total Income

Annual Performance Trends

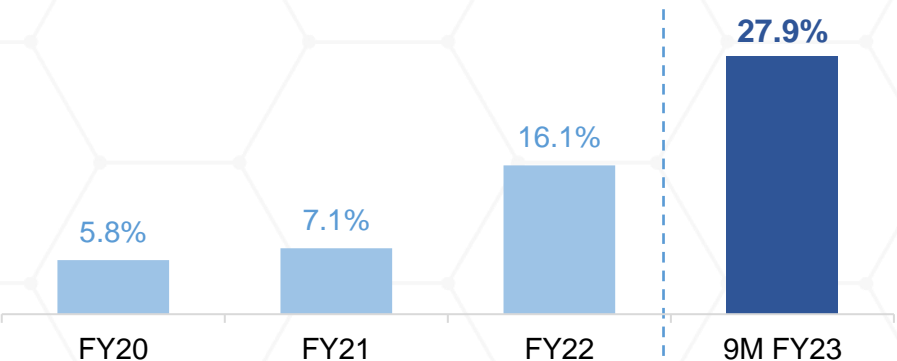
Gross Profit Margins



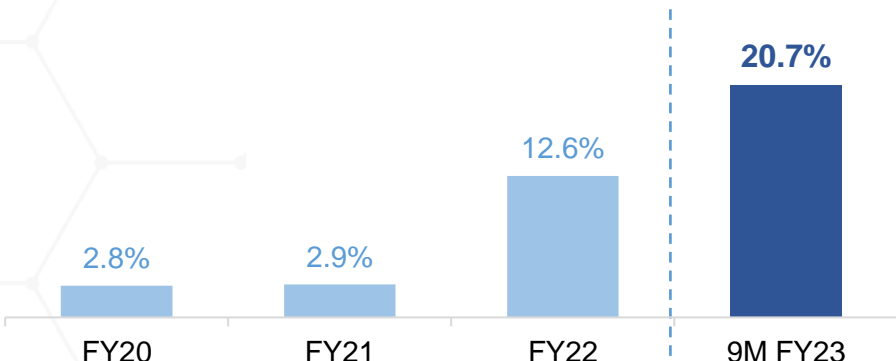
EBITDA Margins



PBT Margins



Net Profit Margins



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

Consolidated Financial Performance Summary

(in Rs. Mn)	Q3		Y-o-Y	Q2	Q-o-Q	9M		Y-o-Y
	FY2023	FY2022	Growth (%)	FY2023	Growth (%)	FY2023	FY2022	Growth (%)
Revenue from Operations	1,876	1,307	44%	1,857	1%	5,596	2,930	91%
Other Income	48	51	(7)%	89	(47)%	188	103	83%
Total Income	1,924	1,358	42%	1,946	(1)%	5,784	3,033	91%
EBITDA	510	616	(17)%	614.3	(17)%	1,826	425	330%
<i>Margin (%)</i>	27%	45%		32%		32%	14%	
EBIT	437	572	(24)%	570	(23)%	1,663	295	463%
<i>Margin (%)</i>	23%	42%		29%		29%	10%	
PBT	416	542	(23)%	558	(25)%	1,614	223	622%
<i>Margin (%)</i>	22%	40%		29%		28%	7%	
PAT	300	429	(30)%	418	(28)%	1,198	146	722%
<i>Margin (%)</i>	16%	32%		21%		21%	5%	
EPS (Rs.)	1.24	8.86	(86)%	1.72	(28)%	4.94	3.29	50%

Notes:

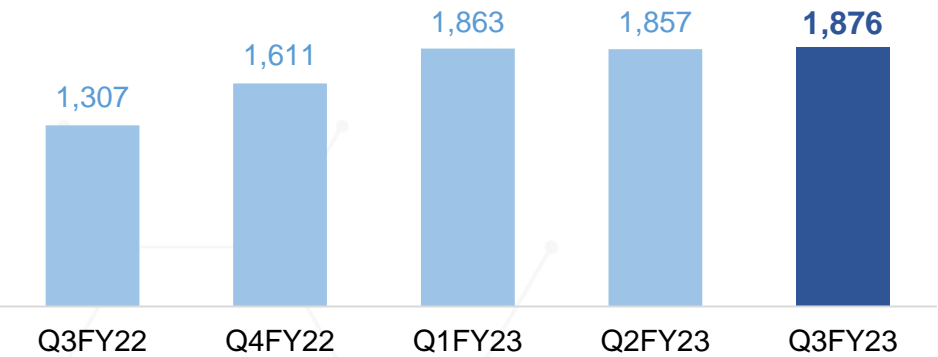
1. EBITDA includes other income
2. All Margins are calculated on Total Income
3. The company has capitalised the Expansion Project amounting to Rs. 68.79 Crs on 1st October 2022.

Quarter Performance Trends

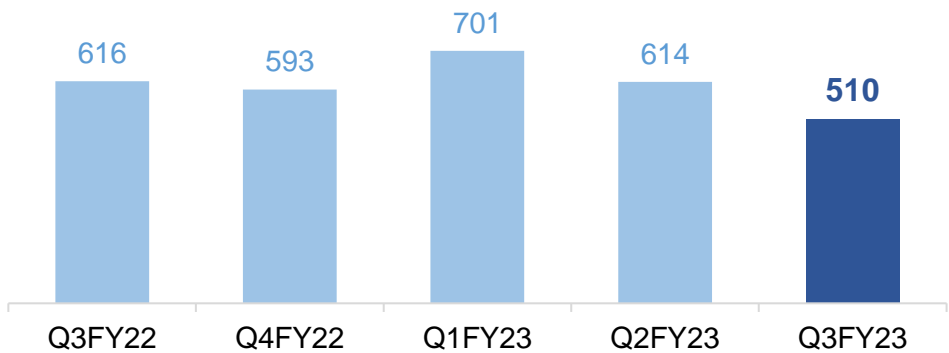
(in Rupees Million)

Revenue from Operations

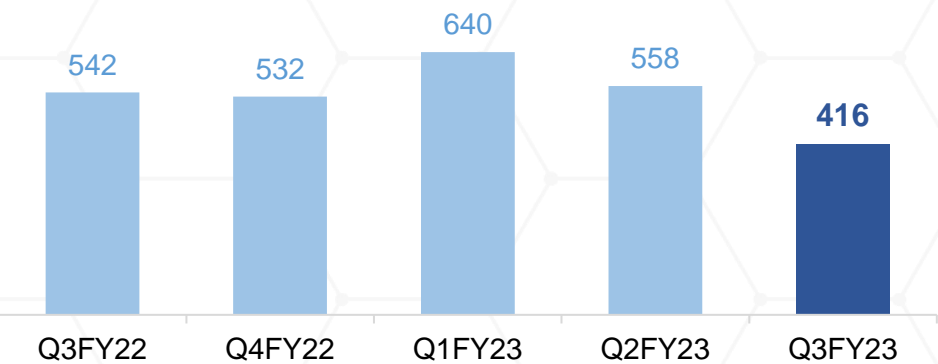
↑ 44% YOY



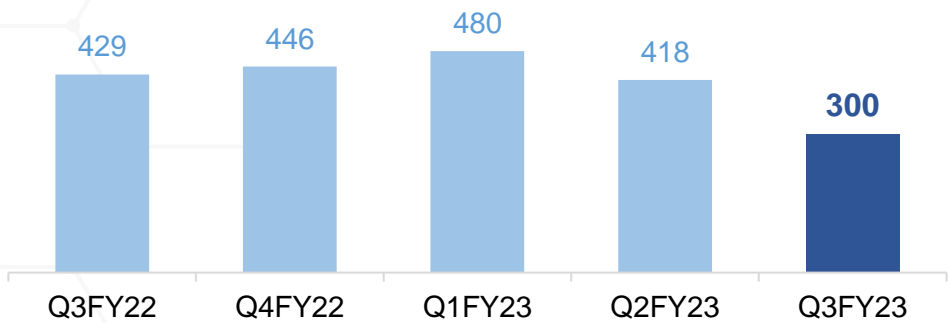
EBITDA



PBT

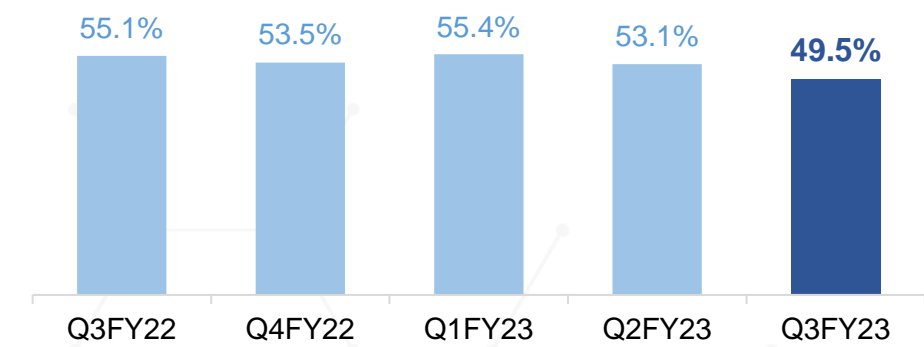


Net Profit

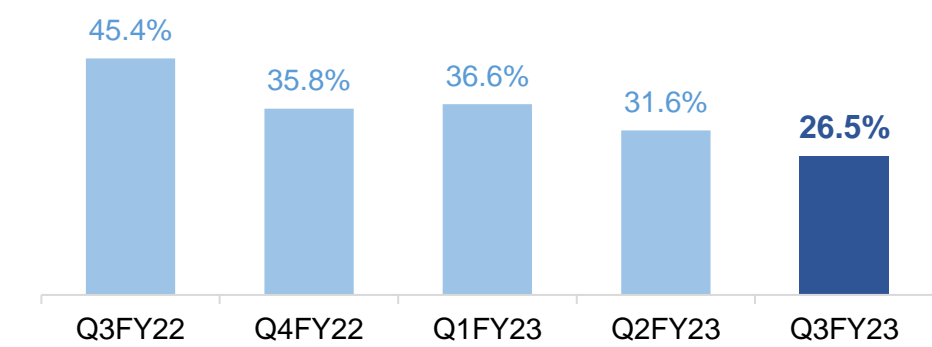


Notes:
1. EBITDA includes other income
2. All Margins are calculated on Total Income

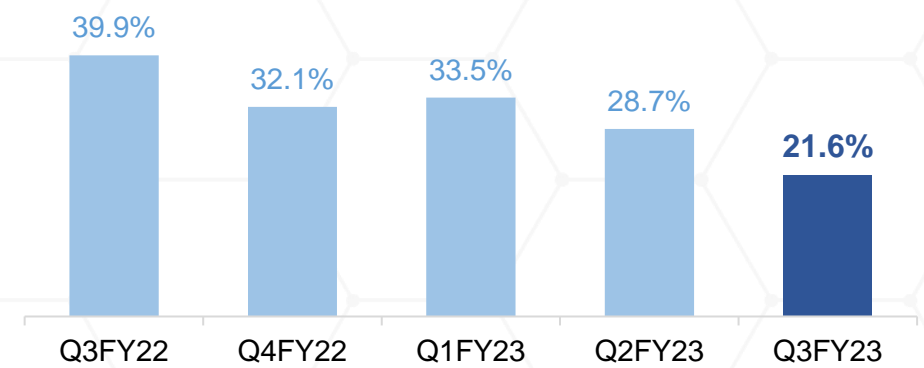
Gross Profit Margins



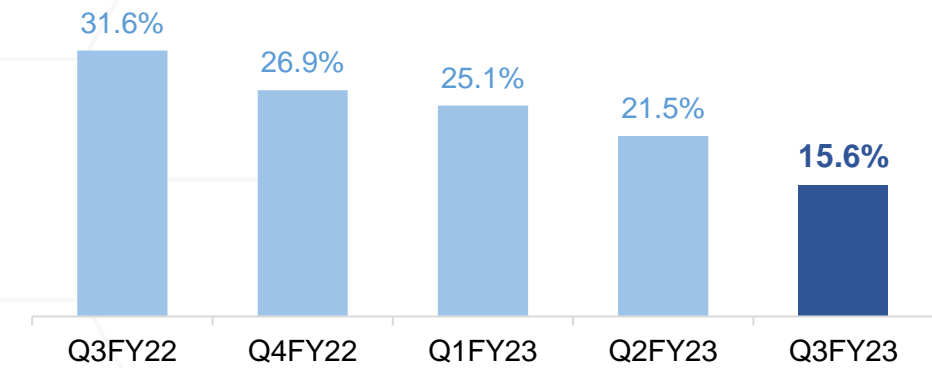
EBITDA Margins



PBT Margins



Net Profit Margins



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

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, Benzine (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	Hydrogenation of Vegetable Oils, Optical Fiber Units, As a coolant in Power Plants, As a Fuel
		Captive Energy 11,550K TPA	As a Fuel
		Open Market Sales 2,310K TPA	Paper and pharmaceuticals
	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	Dye industry and Catalyst in Pharmaceutical Industry
		Aluminium Chloride 16.5K TPA	Aquaculture and Water treatment process
		SBP 33K TPA	PVC industry
		Open Market Sales 14.5K TPA	Water Treatment Plants, Paper Manufacturing, Stable Bleaching Powder, CPW and PVC, Chloromethanes and other Chlor-organic chemicals
	Caustic Soda + Hydrogen+ Chlorine	Paracetamol API 20.6K TPA	Pharmaceutical

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



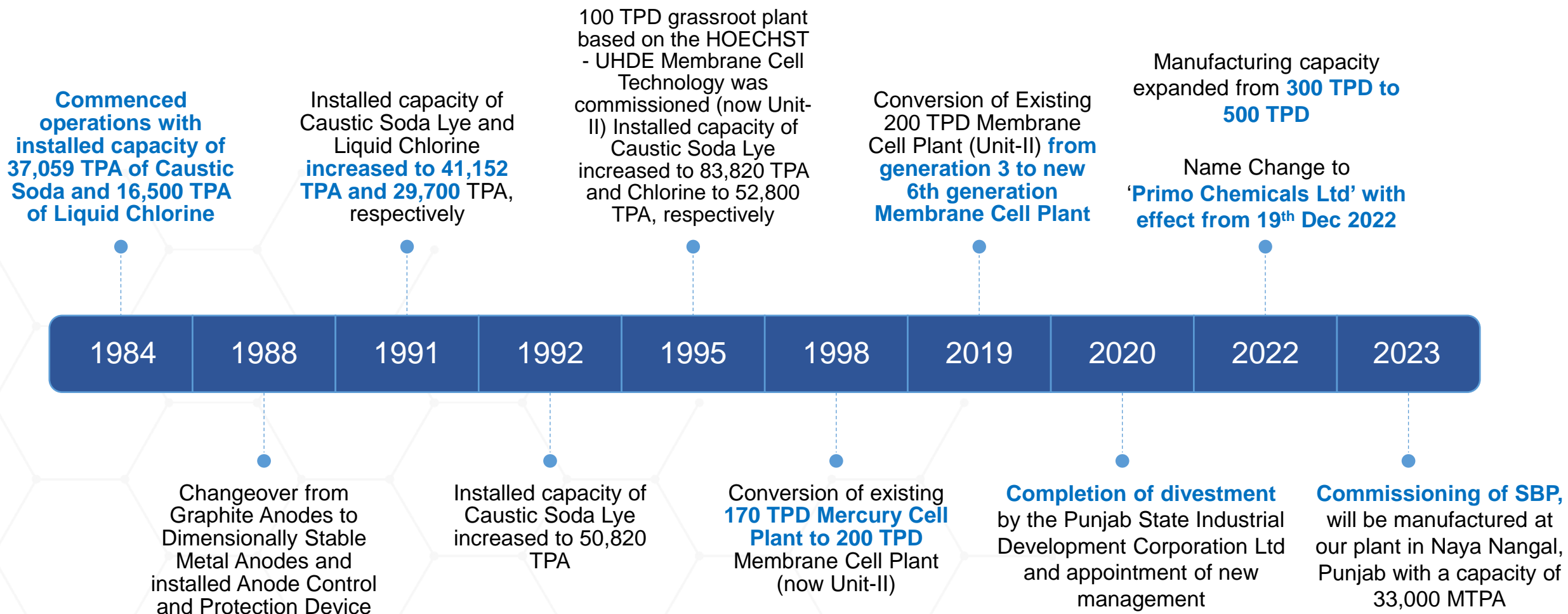
- Growth of industry is largely correlated to GDP growth of the country
- The industry is expected to benefit from the government's efforts to promote domestic manufacturing and the expansion of the chemical sector through the implementation of new technologies and research and development

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
- PACL's power costs account for about 60% of its total cost of production

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
(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. Ashok Goyal
(Independent Director)

- 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
(Independent Director)

- 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
(Independent Director)

- 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
(Independent Director)

- 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



Mr. Jagbir Singh Ahlawat
(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 4 years in the chemical industry. Holds a Degree in Bachelor of Engineering from Delhi University and Masters in Management from Duke University (US)

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%

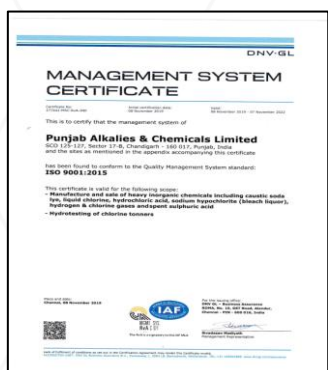
Attrition Rate

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. We are committed to development of Human Resources through continuous training programs, skill up-gradation and empowerment. The Company cares for its human resources and as a result more than 300 employees have completed 15 years & above service in the Company. We have worked on Environmental sustainability, Promoted Sports & Education, vocational skills, livelihood and Animal Welfare for our CSR initiatives.
- **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
- **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



Zero

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

- **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 December 2022
 - 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

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:

Ashok Negi / Atul Modi
Churchgate Partners

+91 22 6169 5988
pacl@churchgatepartners.com

THANK YOU

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