

Punjab Alkalies & Chemicals Limited

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CIN : L24119CH1975PLC003607, Website : www.punjabalkalies.com



PACL:SEC:2022:1762

10.08.2022

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

Scrip Code : 506852

Subject:- Company's Investor 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 Investor Presentation of the Company.

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

Thanking you,

Yours faithfully,
For PUNJAB ALKALIES & CHEMICALS LIMITED


SUGANDHA KUKREJA
Company Secretary & Compliance Officer

Encl: as above.



Punjab Alkalies & Chemicals Ltd.
(BSE: 506852)

Investor Presentation
August 2022

CAUSTIC
SODA LYE

HYDROGEN
GAS

LIQUID
CHLORINE

SODIUM
HYPOCHLORITE

HYDROCHLORIC
ACID

-
- **Q1 FY2023 Performance Highlights**
 - **Investment Case**
 - **PACL Overview**
 - **FY2022 Performance Highlights**



Q1 FY2023 Performance Highlights



Revenue from Operations

Rs. **1,863** Mn

147% Y-o-Y

EBITDA

Rs. **701** Mn

294 % Y-o-Y

Margins : **36.6 %**

Net Profit

Rs. **468** Mn

426 % Y-o-Y

Margins : **24.5 %**

- **Exceptional performance** in Q1 FY23, with Revenue of Rs. 1,863 Mn, **up by 147%**
- EBITDA of Rs. 701 Mn, **up by 294% with margins of 36.6%**
- **Five-fold increase** in Net Profit to Rs. 468 Mn
- The revenue growth was led by both **higher volumes and improved realizations** in line with increase in commodity prices globally. Caustic soda contributes 97% to the Q1 FY23 sales
- **Profitability** improvement was driven by increased revenue and streamlining of expenses such as employee cost and other operating expenses post-divestment



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

“I am delighted to report that the PACL has carried its strong momentum from last quarter and registered a strong start to the new fiscal year, delivering exceptional performance on all parameters. The company recorded the highest ever quarterly revenue of Rs. 1,863 million. This performance is a testament of PACL capability to deliver consistent and profitable growth.

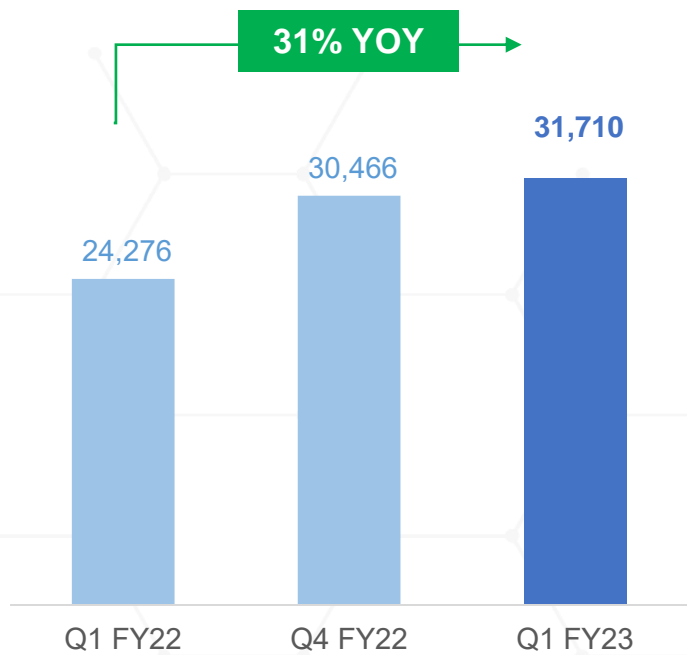
In Q1 FY23, PACL delivered strong growth with consolidated Revenue from Operations of Rs. 1,863 million, an increase of 147 % Y-o-Y and 15.6% on a sequential basis. The revenue growth was led by both higher volumes and improved realizations in line with increase in commodity prices globally. The EBITDA was Rs. 701 million, an increase of 294% y-o-y and 18% q-o-q. Net Profit was Rs. 468 million, a five-fold increase compared to Rs. 89 million in Q1 FY22 with margins of 24.5%.

The Company is making progress on commissioning a 35 MW Power Plant which will provide captive energy source, thereby reducing the cost of production. We are also in the process of commissioning a SBP (Stable Bleaching Powder) which is expected to start by Q3 FY2023. We are also awaiting regulatory approvals for Aluminium Chloride project which should operationalize by end of FY2023 and a Hydrogen Peroxide Project is also in pipeline. These projects will consume chlorine as a key raw material thereby increasing the production of caustic soda and will drive company topline and profitability. In addition, we have applied for environmental clearance for a paracetamol API manufacturing project, which will be a mega project in the history of the company.

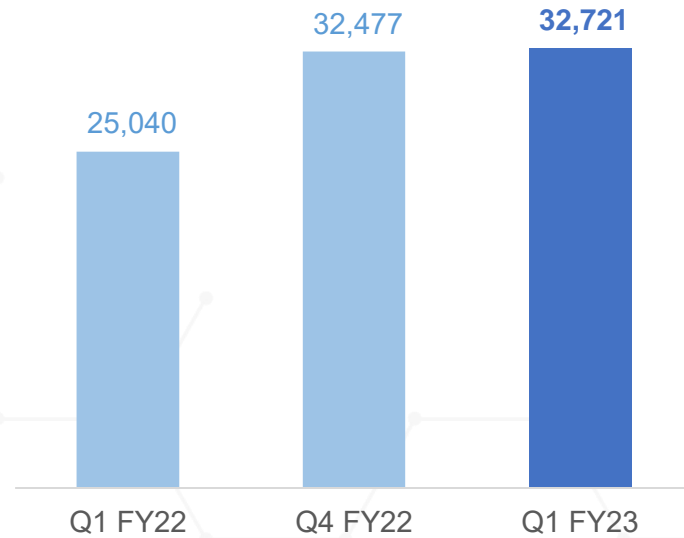
These initiatives combined with our recently expanded manufacturing capacity from 300 TPD to 500 TPD, has placed PACL in a strong position within the industry and we are confident of doubling our topline and profitability by end of the year.

As an organization, we are excited about the company future prospect given we are at a positive inflection point and implementation of new projects will enable us to deliver consistent profitable growth and create value for all stakeholders.”

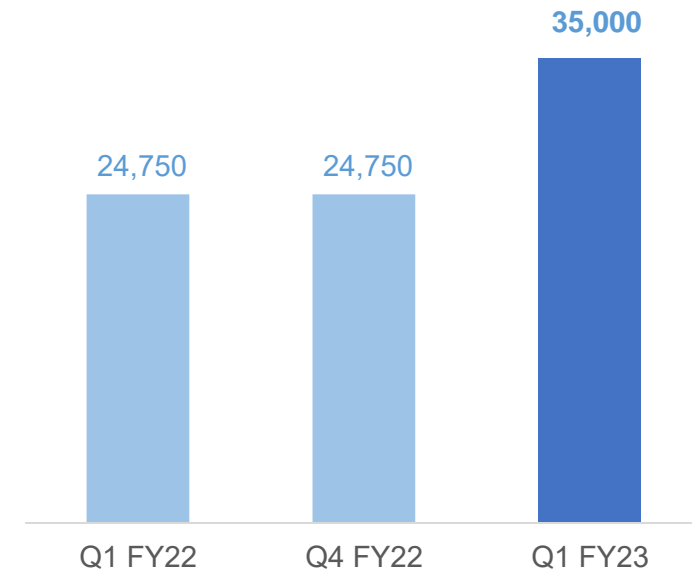
Sales Volumes (MT)



Utilised Capacity (TPA)



Total Capacity (TPA)

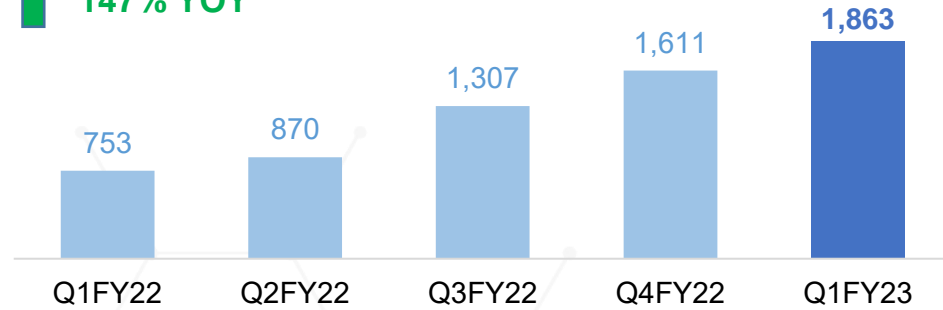


Quarter Performance Trends

(in Rupees Million)

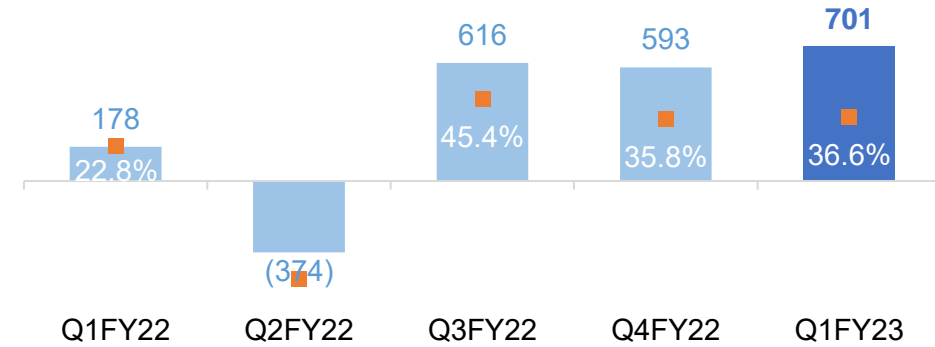
Revenue from Operations

↑ 147% YOY



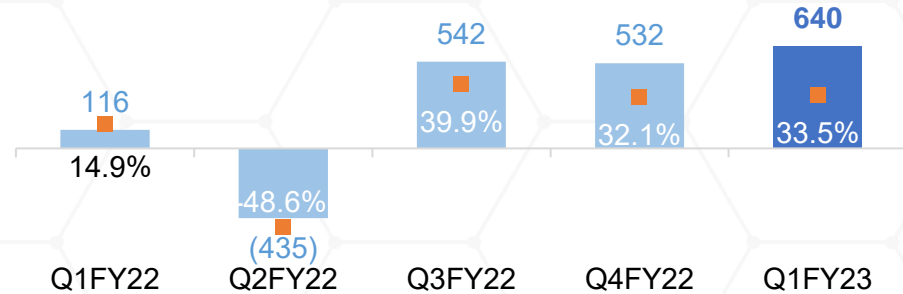
EBITDA and Margins

↑ 294% YOY



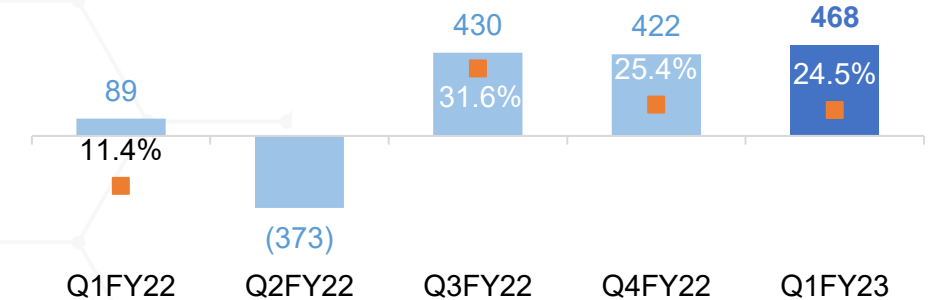
PBT and Margins

↑ 450% YOY



Net Profit and Margins

↑ 426% YOY



Notes:

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

Consolidated Financial Performance Summary

(in Rs. Mn)	Q1		Y-o-Y	Q4	Q-o-Q
	FY2023	FY2022	Growth (%)	FY2022	Growth (%)
Revenue from Operations	1,863	753	147%	1,611	15.6%
Other Income	51	28	86%	49	5.5%
Total Income	1,914	780	145.3%	1,659	15.3%
EBITDA	701	178	294%	593	18.1%
<i>Margin (%)</i>	<i>36.6%</i>	<i>22.8%</i>		<i>35.8%</i>	
EBIT	656	136	383%	548	19.7%
<i>Margin (%)</i>	<i>34.3%</i>	<i>17.4%</i>		<i>33.0%</i>	
PBT	640	116	450%	532	20.4%
<i>Margin (%)</i>	<i>33.5%</i>	<i>14.9%</i>		<i>32.1%</i>	
PAT	468	89	426%	422	11.1%
<i>Margin (%)</i>	<i>24.5%</i>	<i>11.4%</i>		<i>25.4%</i>	
EPS (Rs.)	1.98	2.41	(17.8)%	1.84	7.6%
Face Value (Rs.)	2.00	10.00		2.00	

Notes:

1. EBITDA includes Other Income
2. All Margins are calculated on Total Income
3. Company has approved five-for-one stock split in FY22 and consequently Face Value has changed from Rs. 10/share to Rs. 2/share and EPS also calculated accordingly

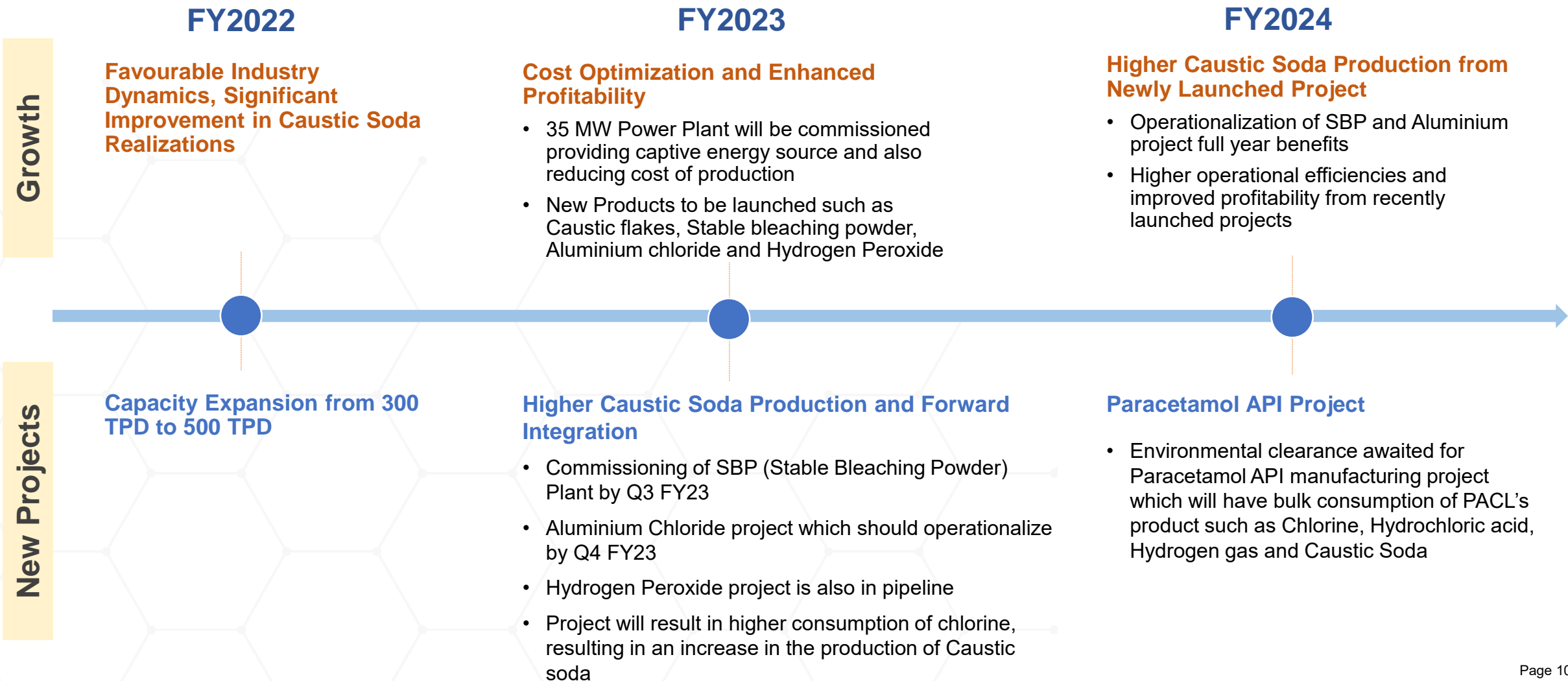
Investment Case

PACL to Deliver Accelerated Growth...



1. Strategic Growth Priorities

Strategic Roadmap To Double The Revenue and Profitability in Next Two Years



2. Recent Expansion To Drive Incremental Revenue from FY23

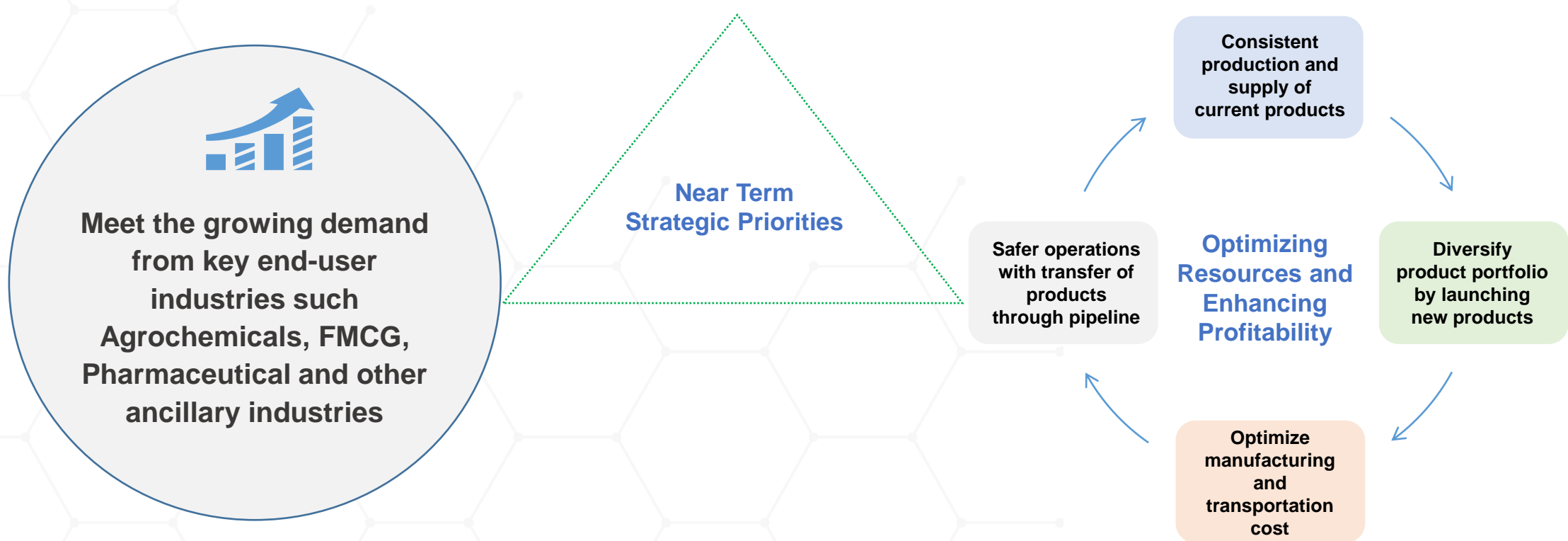
Expanded Caustic Soda Capacity and Launching New Products



Caustic Soda manufacturing capacity enhanced to 500 MT/Day from 300 MT/Day

In addition, commissioning Flaker and Stable Bleaching Powder plant

Optimizing use of Chlorine by increasing inhouse pipeline supply to group company Flow Tech, commissioning of project SBP plant and by adding new product of Aluminium chloride



3. Government Disinvestment

**PACL was divested by Punjab State Industrial Development Corporation Ltd in Sept 2020 through an open offer
PACL now operating with following competitive and strategic advantages**

Greater efficiency with elimination of bureaucratic systems and higher accountability towards shareholders



Better and timely disclosures protecting interest of the investors



Improved relations and perception among customers and suppliers



Faster implementation and execution of new projects



Transformation towards lean cost structure will enhance profitability



Expansion plan outlined to deliver rapid growth in terms of revenue and scale of operations



PACL Overview



1975

Incorporated

Chemical
Manufacturer

Sector

500 TPD

Installed Capacity
(Two Manufacturing Plants)

340+

Employees

Rs. 4,692 Mn

FY22 Revenue



Experience of over four decades in chemicals manufacturing



Diversified clientele base across India with capacity expansion planned in phases



PACL is largest producer of Caustic Soda in Northern India and presently running two Units based on membrane cell technology



Key main product is Caustic Soda Lye with by-products of Hydrochloric Acid, Liquid Chlorine, Sodium Hypochlorite and Hydrogen gas

Journey So Far

Commenced operations with installed capacity of **37,059 TPA of Caustic Soda** and **16,500 TPA of Liquid Chlorine**

Installed capacity of Caustic Soda Lye and Liquid Chlorine **increased to 41,152 TPA and 29,700 TPA**, respectively

100 TPD grassroots plant based on the HOECHST - UHDE Membrane Cell Technology was commissioned (now Unit-II) Installed capacity of Caustic Soda Lye increased to **83,820 TPA** and Chlorine to **52,800 TPA**, respectively

Conversion of Existing 200 TPD Membrane Cell Plant (Unit-II) **from generation 3 to new 6th generation Membrane Cell Plant**

Manufacturing capacity expanded from **300 TPD to 500 TPD**

1984

1988

1991

1992

1995

1998

2019

2020

2022

Changeover from Graphite Anodes to Dimensionally Stable Metal Anodes and installed Anode Control and Protection Device

Installed capacity of Caustic Soda Lye increased to **50,820 TPA**

Conversion of existing **170 TPD Mercury Cell Plant to 200 TPD** Membrane Cell Plant (now Unit-II)

Completion of divestment by the Punjab State Industrial Development Corporation Ltd and appointment of new management



Manufacturing Capacity

- Increase in Installed Capacity from 300 TPD to 500 TPD in FY22
- Capacity Utilization levels increased from 85% in FY21 to 117% in FY22



Cost Optimization Measures

- Streamlining of Employee expenses through deputation and retirement of 20 to 25 employees in a year
- Reducing transportation cost by using Railways as a mode of transportation for salt and transportation of finished goods by its own tankers & trucks also



Further plans for cost rationalization and expected benefits for the company

- Increasing production leading to reduction in fixed cost
- Implementing modifications in plant to reduce cost of production



Capital Expenditure Plans

- Commissioning of SBP plant
- Commissioning of Caustic Flaker plant
- Aluminium Chloride Manufacturing
- Captive power plant
- Hydrogen Peroxide Plant
- Paracetamol API Manufacturing

Strategic Investments

- Acquisition of Flow Tech



New Products to be Launched

- Caustic Flaker
- Stable Bleaching Powder
- Aluminium Chloride
- Hydrogen Peroxide

Transaction Details

PACL has completed purchase of 49% stake in Flow Tech Chemicals Private Limited, a related party, as on 30th June, 2022

Cash Consideration
Rs. **530 million**

Flow Tech Chemicals

Engaged primarily in the manufacturing of chlorinated paraffin (CP) (a widely used plasticiser) and hydrochloric acid. Flowtech is one of the major customer of chlorine from PACL therefore PACL is highly dependent on Flowtech for disposal of chlorine and continuity of its operations

Board and Shareholder Approval

Approval received to acquire upto 100% stake through EOGM held on 30.06.2021

Transaction to complete 100% acquisition is expected to be closed by December 2022

Post transaction, Flowtech will be reclassified as Wholly Owned Subsidiary of PACL

Rationale

- Will result in higher chlorine consumption, essential to ramp up overall caustic production
- Enhanced control and optimization of manufacturing process
- Lower transportation Cost and turnaround times due to location proximity
- Incremental Revenue Growth

Nationwide Clientele

Manufacturing unit located strategically providing easy and **cost-effective access to markets**

Cost Efficiency

Increasing the production level to **decrease fixed cost, rationalization of manpower expenses** and setting up Captive 35 MW **Power Plant**

Inhouse Chlorine Consumption

Chlorine is a bottleneck for most of caustic industries to increase production but **PACL is using most of the chlorine inhouse due to long experience of promoter in chlorine consumption**

Strategic Location

- Closer proximity to Bhakra Nangal Dam, **provides uninterrupted power supply** - a crucial production input
- **Direct water pipeline in plant from Sutlej river** due to which water-based units can be further added

Capacity Expansion

Added additional capacity of 200 TPD during FY22 and in process of further operational efficiency improvement and capacity expansion in a phased manner

Competitive Strengths: Efficient Manufacturing Process



- **One of the few Caustic soda manufacturer having substantial downstream utilization of Chlorine**
- Ensuring higher operational efficiency and better capacity utilization and providing competitive advantage



- **Existing MOEF Clearance for 800 TPD Caustic plant and 75MW Power Plant**
- Prior clearance provides ability to quickly expand production levels, when required



- **Strategic location and reducing power cost with installation of Captive Power Plant**
- Closer proximity to Bhakra Nangal Dam, provides uninterrupted power supply - a crucial production input
- Setting up a Captive Coal based Power Plant of 35 MW capacity, for better cost efficiency
- Direct water pipeline in plant from Sutlej river due to which water-based units can be further added



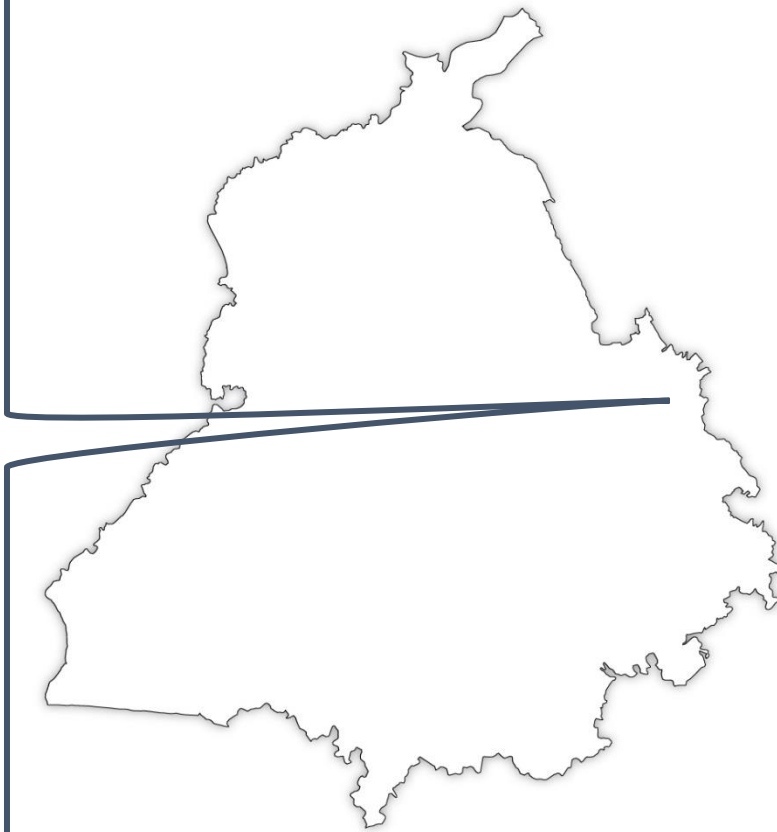
- **Presence of inplant railway line**
- Cost effective transportation mode with potential to expand and manage many other raw materials and final products

Manufacturing Units and Production Excellence



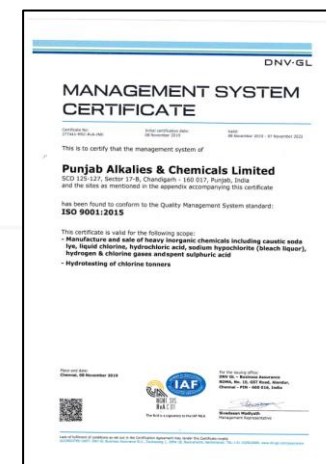
Two manufacturing units:
Location: Ropar, Punjab (India)

Combined Manufacturing capacity
of 165,000 TPA of Caustic Soda



Punjab, India
(Map not to scale)

Conferred with National & State Awards In recognition of its stellar performance and efforts in the field of Energy Conservation, Safety & Productivity





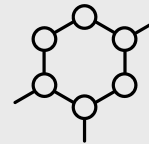
CAUSTIC SODA LYE

- Paper & Paper Pulp
- Soap & Detergents
- Textile, Dye Stuff Industry
- Aluminum Industry
- Fertilizers and Refineries
- Viscose & Rayon etc.
- Water Demineralization



LIQUID CHLORINE

- Water Treatment Plants
- Paper Manufacturing
- Stable Bleaching Powder
- CPW & PVC
- Chloromethanes and other Chlor-organic chemicals



HYDROCHLORIC ACID

- Water Demineralization in Power & Fertilizer plants
- Metal Pickling
- Preparation of various metal chloride etc.



SODIUM HYPOCHLORITE

- Textile Bleaching
- Laundry Trade
- Dis-infection of Drinking Water etc.



HYDROGEN GAS

- Hydrogenation of Vegetable Oils
- Optical Fibre Units
- As a coolant in Power Plants
- As a Fuel

Board of Directors: Diversified Experience



Mr. Sukhbir Singh Dahiya

(Chairman)

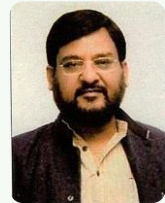
An industrialist though leader with experience of over 31 years including 16 years in chemical Industry. He holds Diploma in Civil Engineering from Haryana State Board of Technical Education



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)

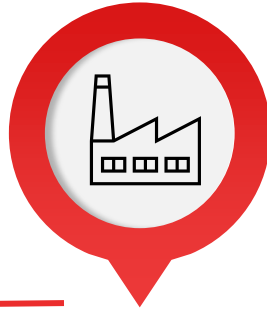
Experienced team of management committed to strengthen business offerings and driving future growth

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

- Caustic Soda demand recovered across all segments
- Demand/supply is less than pre-CoVID levels due to high energy prices
- 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 etc



Business Cycle & Growth

- Growth of industry is largely correlated to GDP growth of the country
- Indian economy continues to grow with strong fundamentals



Price & Raw Material Dynamics

- Prices of Caustic Soda are influenced by international prices as well as domestic demand supply factors
- Chlor-Alkali Industry is power-intensive industry
- PACL's power costs account for about 60% of its total cost of production

FY2022 Performance Highlights



Total Income

Rs. **4,692** Mn

67% Y-o-Y

EBITDA

Rs. **1,018** Mn

138 % Y-o-Y

Margins : **21.7 %**

Net Profit

Rs. **567** Mn

589 % Y-o-Y

Margins : **12.1%**

Cash flow from Operations

Rs. **702** Mn

33% Y-o-Y

Return on Capital Employed

38.8 %



Operational Performance

- **Sales Volumes Growth:** Caustic soda lye sales volumes grew supported by pent up demand from major end-user industries including pulp and paper, detergent and other chemicals
- **New products to be launched** such as caustic flaker, stable bleaching powder and aluminium chloride



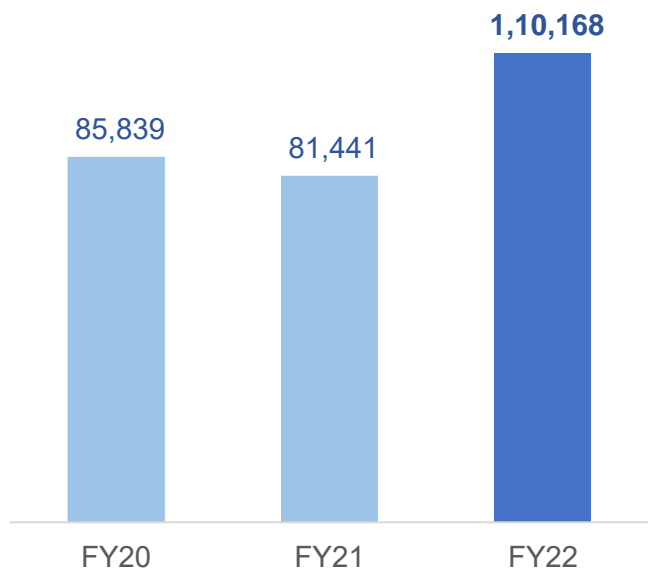
Financial Performance

- **Revenue growth :** primarily driven by improvement in caustic soda price realization and higher demand
- **Operating EBITDA and Margins:** Improving Profitability due to increasing operational efficiency and better revenue visibility
- **Company continues to generate strong Cash Flows**

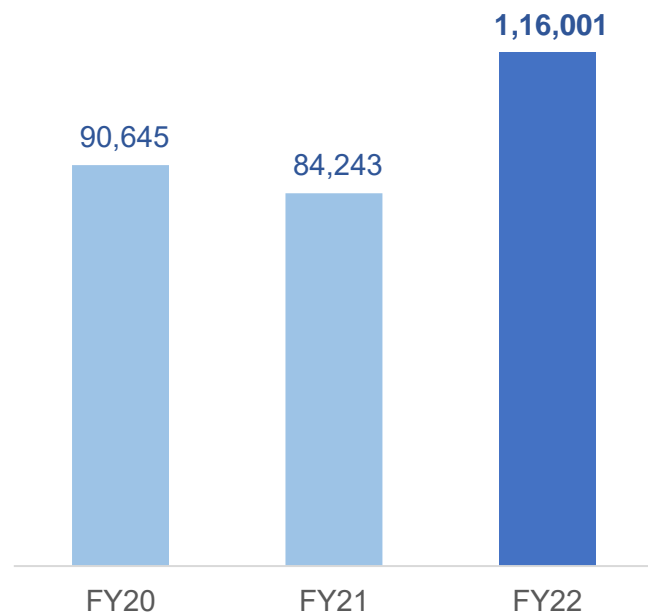
Operational KPI's

(in Rupees Million)

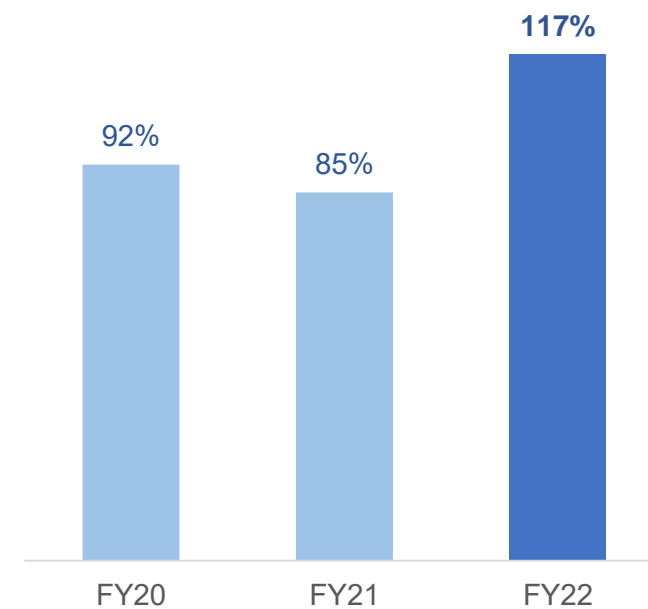
Sales Volumes (MT)



Utilised Capacity (TPA)



Capacity Utilization (%)



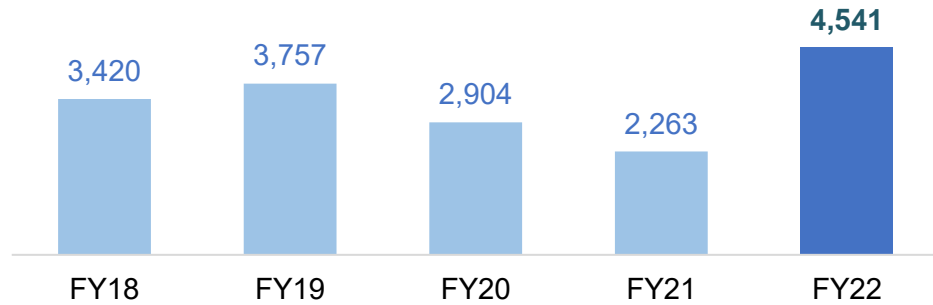
Note: FY22 installed capacity is considered as 99,000 TPA, additional capacity of 66,000 TPA expanded near end of fiscal year

Annual Performance Trends – Last 5 Years

(in Rupees Million)

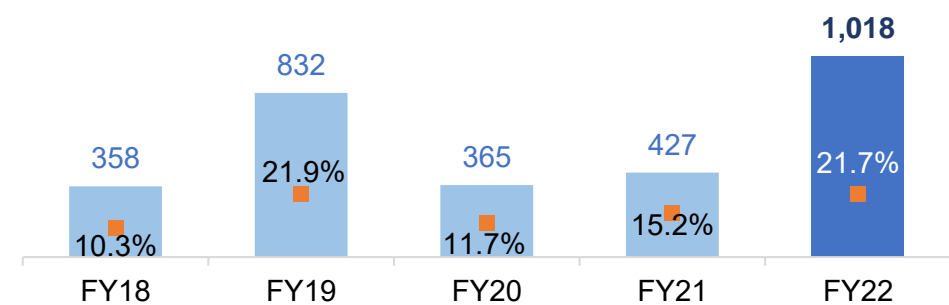
Revenue from Operations

↑ 7.3% CAGR

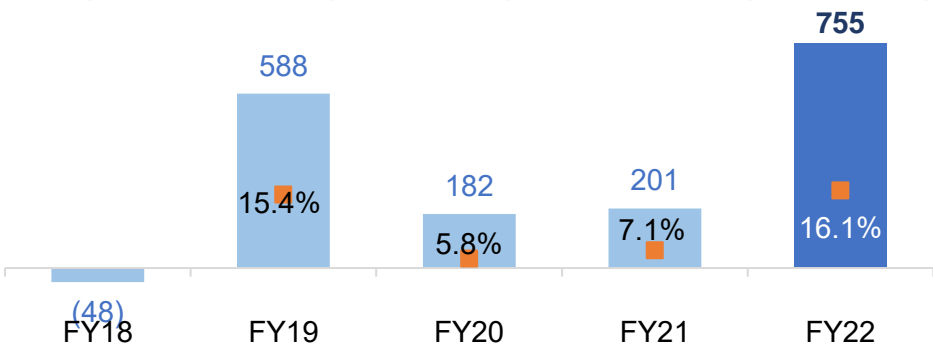


EBITDA and Margins

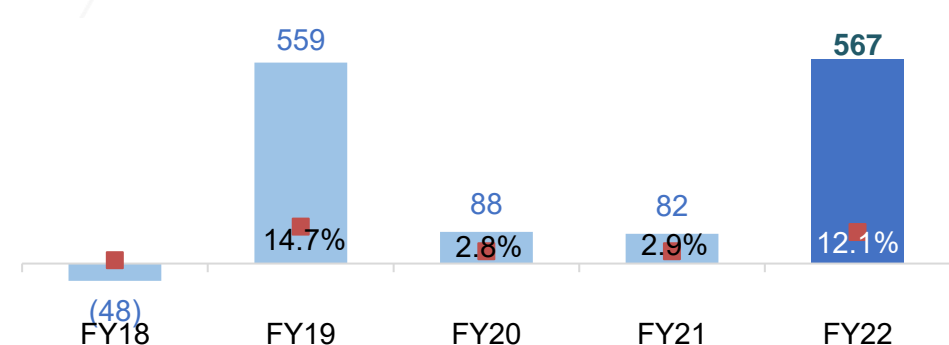
↑ 29.9% CAGR



PBT and Margins



Net Profit and Margins



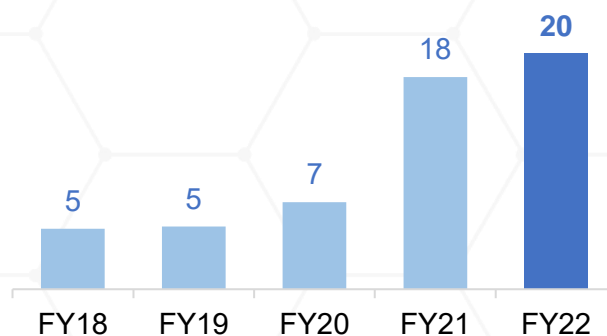
Notes:

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

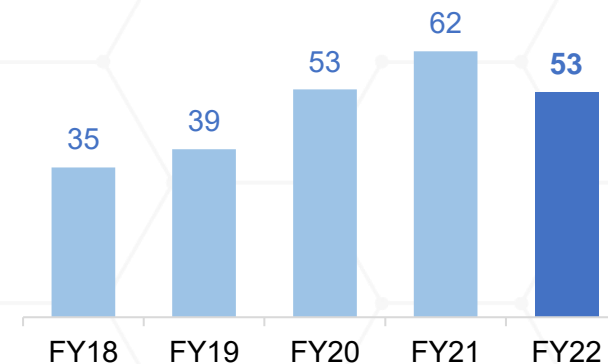
Leverage Profile and Working Capital Cycle

(In Millions)	FY20	FY21	FY22
Long Term Debt	-	4	531
Short Term Debt	316	2	81
Total Debt	316	6	612
Less: Cash & Cash Equivalents	124	80	252
Net Debt	193	(74)	361
Total Equity	705	966	2,763
Total Debt/Equity	0.45x	0.01x	0.22x

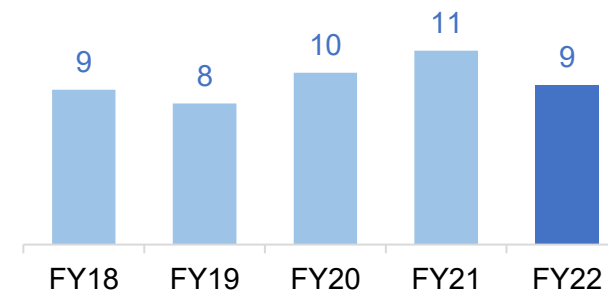
Receivables Days



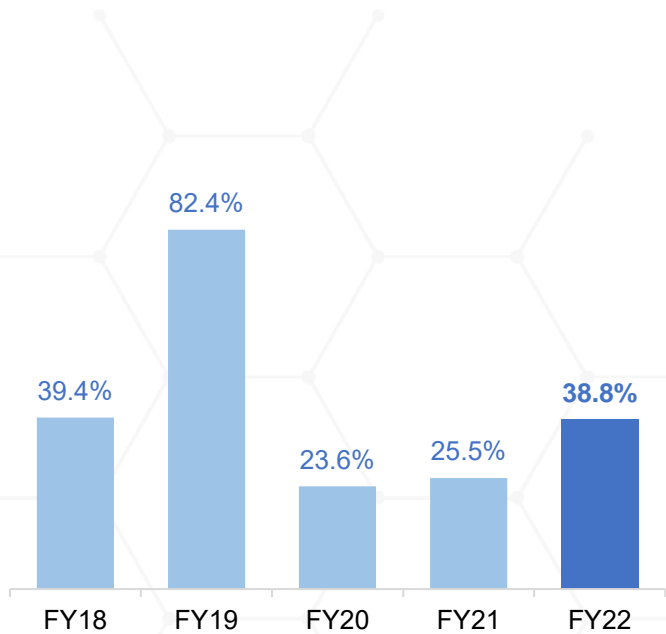
Payables Days



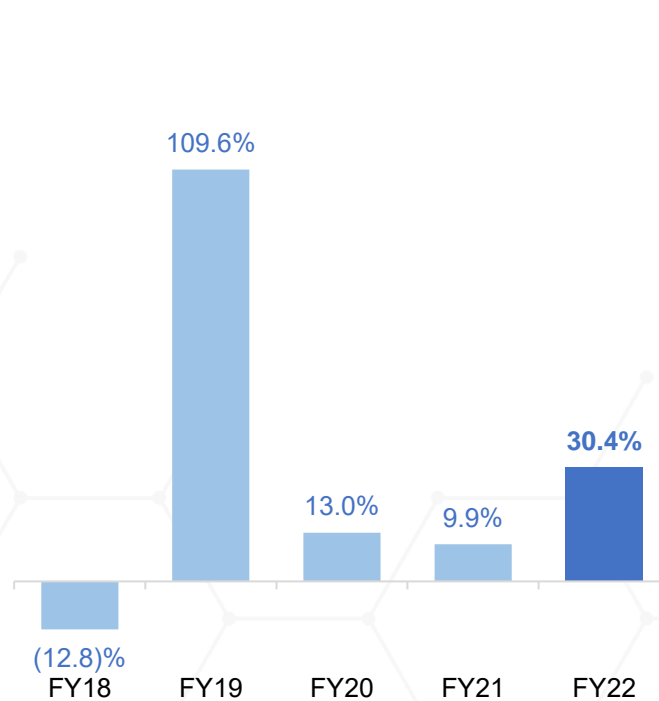
Inventory Days



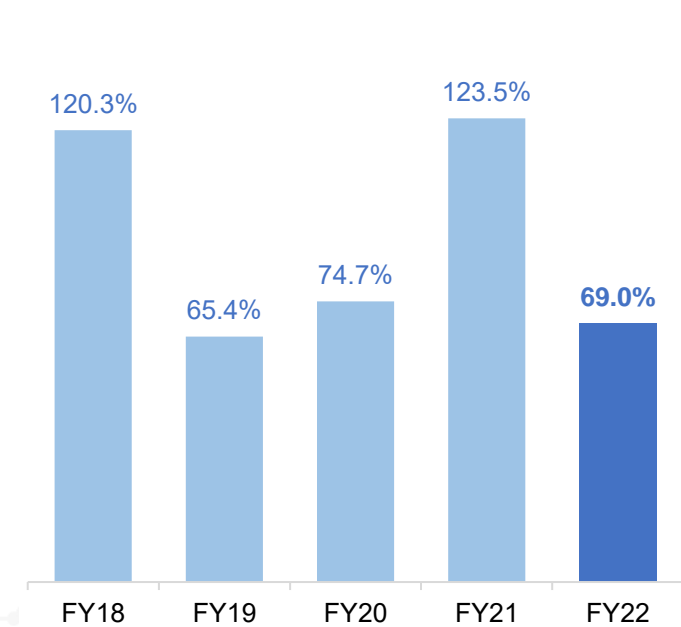
Return on Capital Employed (%)



Return on Equity (%)



CFO / EBITDA (%)



Consolidated Financial Performance Summary

(in Rs. Mn)	Q4		Y-o-Y	Q3	Q-o-Q	FY		Y-o-Y
	FY2022	FY2021	Growth (%)	FY2022	Growth (%)	FY2022	FY2021	Growth (%)
Revenue from Operations	1,611	756	113%	1,307	23.2%	4,541	2,263	101%
Other Income	49	400	(88)%	51	(4.6)%	152	551	(72)%
Total Income	1,659	1,156	43.6%	1,358	22.2%	4,692	2,814	67%
EBITDA	593	221	169%	616	(3.7)%	1,018	427	138%
<i>Margin (%)</i>	<i>35.8%</i>	<i>19.1%</i>		<i>45.4%</i>		<i>21.7%</i>	<i>15.2%</i>	
EBIT	548	179	206%	572	(4.1)%	844	254	232%
<i>Margin (%)</i>	<i>33.0%</i>	<i>15.5%</i>		<i>42.1%</i>		<i>18.0%</i>	<i>9.0%</i>	
PBT	532	161	230%	542	(1.8)%	755	201	276%
<i>Margin (%)</i>	<i>32.1%</i>	<i>14.0%</i>		<i>39.9%</i>		<i>16.1%</i>	<i>7.1%</i>	
PAT	422	46	822%	430	(1.9)%	567	82	589%
<i>Margin (%)</i>	<i>25.4%</i>	<i>4.0%</i>		<i>31.6%</i>		<i>12.1%</i>	<i>2.9%</i>	
EPS (Rs.)	1.84	1.54		8.86		2.61	2.97	
Face Value (Rs.)	2.00	10.00		10.00		2.00	10.00	

Notes:

1. EBITDA includes Other Income
2. All Margins are calculated on Total Income
3. Company has approved five-for-one stock split in FY22 and consequently Face Value has changed from Rs. 10/share to Rs. 2/share and EPS also calculated accordingly

Disclaimer and Contact Information

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 Punjab Alkalies’ 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.


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

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