



Punjab Alkalies & Chemicals Limited

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CIN : L24119CH1975PLC003607, Website : www.punjabalkalies.com



PACL:SEC:2022:1881

03.11.2022

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.

CAUSTIC
SODA LYE

HYDROGEN
GAS

LIQUID
CHLORINE

SODIUM
HYPOCHLORITE

HYDROCHLORIC
ACID

pacl

Punjab Alkalies & Chemicals Ltd.
(BSE: 506852)

Investor Presentation
November 2022

PACL Is the largest producer of Caustic Soda in Northern India

Key Products

Caustic Soda Lye

Liquid Chlorine

Hydrochloric Acid

Hydrogen Gas

Sodium Hypochlorite

Business Overview

- PACL runs two manufacturing plants in Nangal, Punjab based on membrane cell technology with a capacity of 1,65,000 TPA (100% basis)
- 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
- New Products to be launched: Caustic flakes, Stable bleaching powder (SBP), Aluminium chloride and Hydrogen Peroxide
- Commissioning of SBP plant by Q3 FY23
- Commissioning of Caustic flakes plant by Q4 FY23
- Commissioning of Aluminium Chloride plant by Q4 FY23
- Hydrogen Peroxide plant is under pipeline
- Environmental clearance awaited for Paracetamol API manufacturing plant as part of forward integration strategy consuming PACL product such as Caustic Soda, Chlorine, Hydrochloric acid and Hydrogen gas

Q2 FY23 - Performance Highlights

Rs 1,857 Mn ↑ 113% Y-o-Y	54.2%
Operating Revenue	Gross Profit Margin
Rs 614 Mn	31.6%
Operating EBITDA	EBITDA Margin
Rs 418 Mn	21.5%
Net Profit	Net Profit Margin
0.14x	492 Mn
Net Debt/Equity	Net Debt
61%	56%
ROCE H1 FY23	ROE H1 FY23

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

"I am pleased to announce that PACL continues to maintain its growth momentum in the second quarter amidst volatile economic scenario. This strong performance was driven by increase in sales volume and better realizations. The revenue from operation remained at Rs.1,857 million for the quarter with growth of 113% year on year. EBITDA for the period remained at Rs. 614 million with superior margins of 31.6%. Net Profit was Rs. 418 million, compared to Rs. (373) million in Q2 FY22 with margins of 21.5% and (41.7%) respectively. This performance is in line with our future growth objective through Strategic Initiatives of Capacity expansion, process optimization, product portfolio expansion and efficient costing.

On update of our multiple expansion plans, 35 MW Power Plant, SBP (Stable Bleaching Powder) Plant, Caustic Flaker Unit and Aluminum Chloride project are under progress as per schedule. Hydrogen Peroxide Plant is under pipeline. Paracetamol API manufacturing project is at Environment clearance stage, which will be a mega project in the history of the company. These projects will enable us to reduce our energy costs and help us to increase our chlorine consumption (in line with our forward integration strategy) which is a key raw material thereby increasing the production of Caustic Soda. These projects shall have positive impact on company's topline and thereby increase profitability by Q4FY23 onwards.

The world economy continued to face significant pressure because of the food security, energy pricing and supply chain disruptions associated with ongoing war in the Ukraine. Despite all this external influence we remain confident in our product offerings and cost-efficient business model. Our recent developments across the business and upcoming developments will strongly position PACL within the industry.

Customer satisfaction remains our key focus area through which we can build long term relationship and expand our product offerings efficiently. We remain committed to using eco-friendly, cost-effective technology and safest practices at our plants leading us to sustainable business growth going forward".

Efficient capital allocation, with a continued focus on growing our business and delivering strong returns through the cycle

1. Manufacturing units located strategically providing easy and cost-effective access to market with presence of in-plant railway line for cost effective transportation
2. Proximity to Bhakra Nangal Dam, provides un-interrupted power supply, which is a crucial production input
3. Direct water pipeline in plant from Sutlej river which will support further addition of water-based units in future
4. 35 MW Power plant is under commission and will provide captive energy source and reduce cost of production
5. Capex plans for new products to further diversify product offerings and support future growth
6. PACL has completed purchase of 49% stake in Flow Tech Chemicals, which will result in higher chlorine consumption, essential to ramp up overall caustic production
7. Domestic demand for Caustic Soda in 2022-23 is estimated to be about 3.8 million tons per annum, with growth of 8% YoY.

Operational Performance Indicators

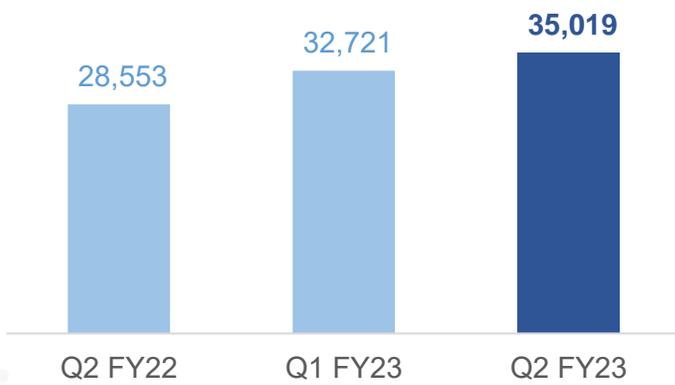
(in Rupees Million)

Sales Volumes (MT)

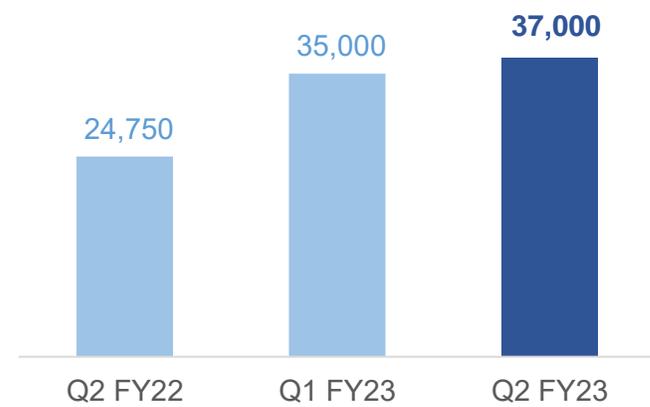
Q2 FY23 Performance



Utilised Capacity (TPA)

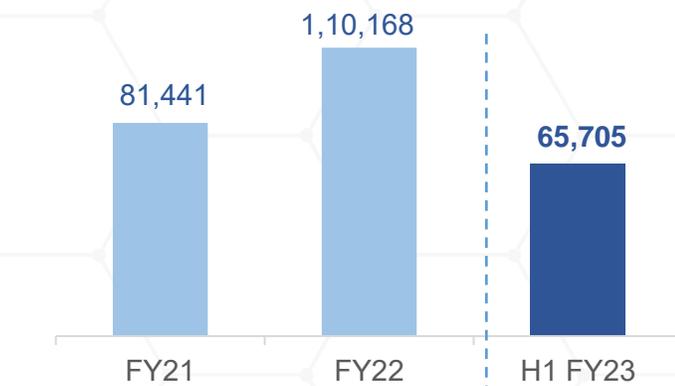


Total Capacity (TPA)



Sales Volumes (MT)

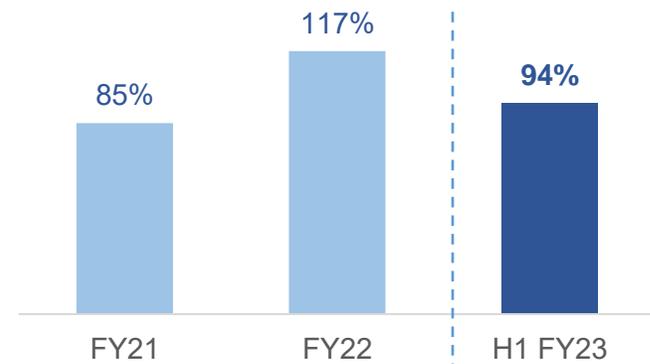
H1 FY23 Performance



Utilised Capacity (TPA)



Capacity Utilization (%)

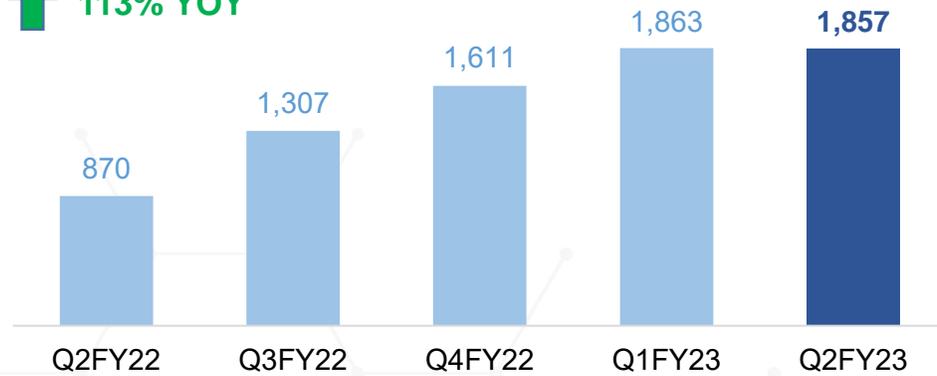


Quarter Performance Trends

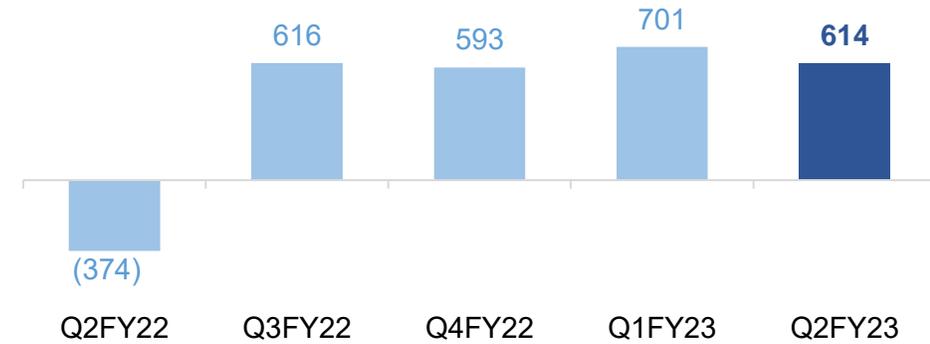
(in Rupees Million)

Revenue from Operations

↑ 113% YOY



EBITDA



PBT



Net Profit



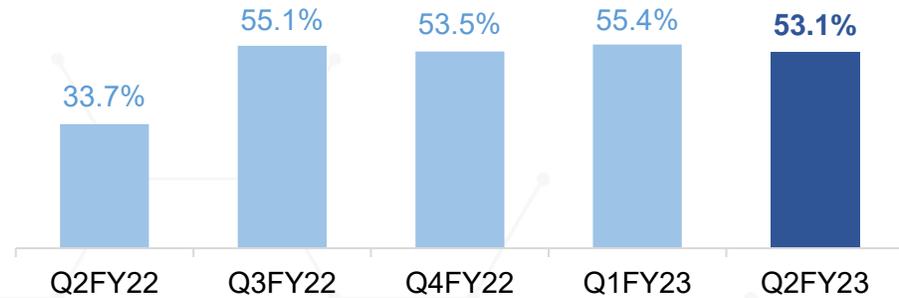
Notes:

1. EBITDA includes other income
2. All Margins are calculated on Total Income
3. *Allotment 45,00,000 Sweat Equity Managing Director @ Rs 10/- each amounting to Rs 450 lakhs (2020-21 Rs 400 lakhs) and Security Premium @ Rs 79.05/- amounting to Rs 3,557.25 lakhs (2020-21. Rs 1,575.20 lakhs) has been added back under cash flow from operating activities being a non-cash item

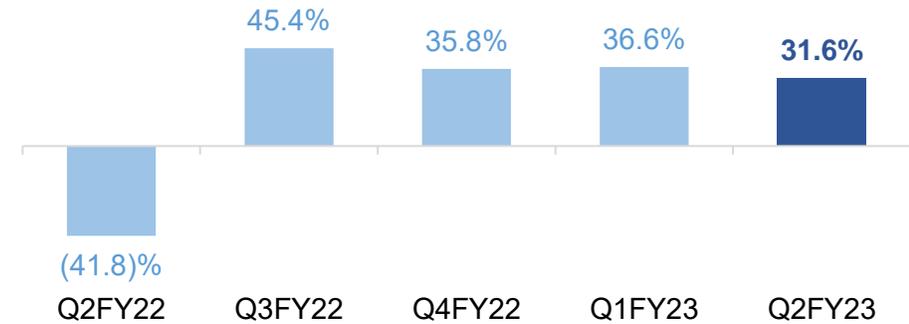
Quarter Performance Trends

(in Rupees Million)

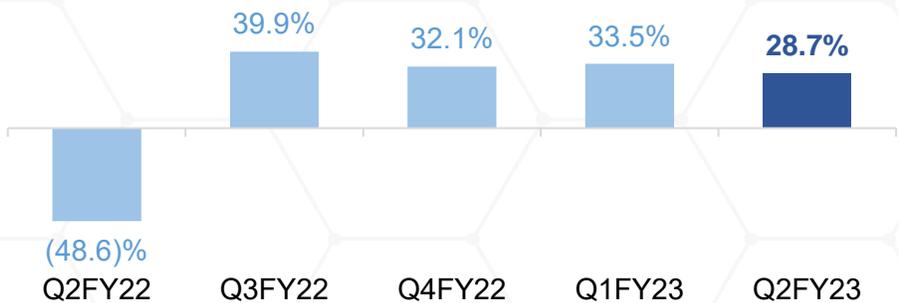
Gross Profit Margins



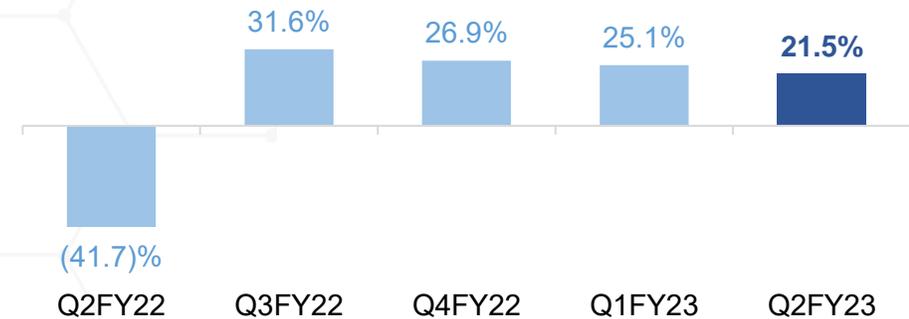
EBITDA Margins



PBT Margins



Net Profit Margins



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Leverage Profile and Working Capital Cycle

(In Millions)	FY21	FY22	H1 FY23
Long Term Debt	4	531	587
Short Term Debt	2	81	82
Total Debt	6	612	668
Less: Cash & Cash Equivalents	80	252	176
Net Debt	(74)	361	492
Total Equity	966	2,763	3,624
Total Debt/Equity	0.01x	0.22x	0.18x

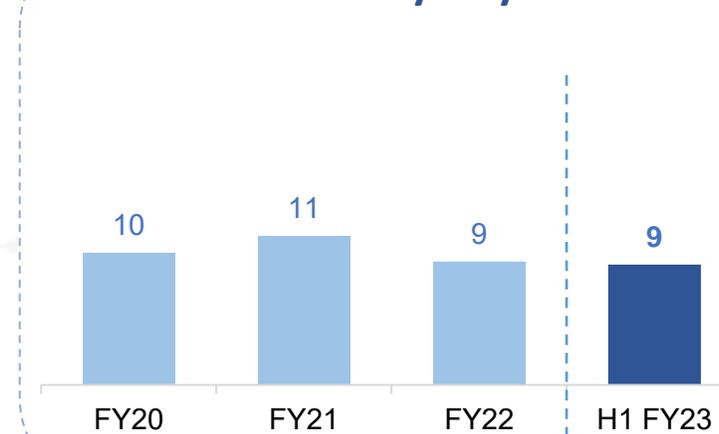
Receivables Days



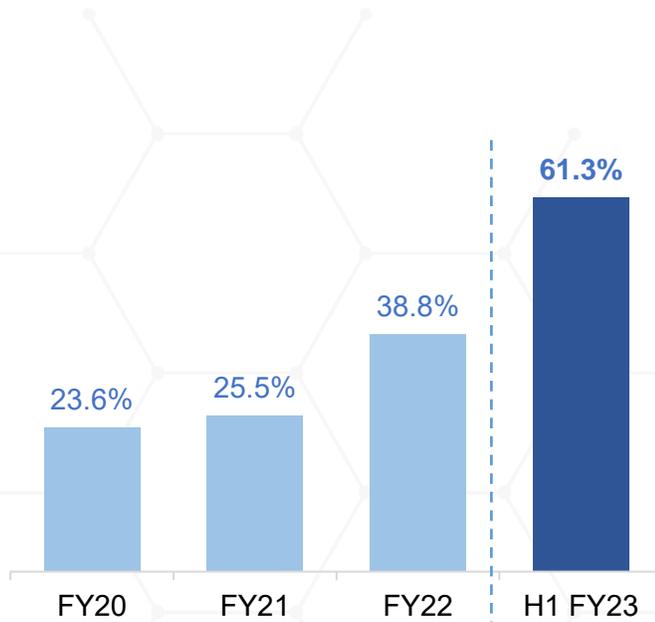
Payables Days



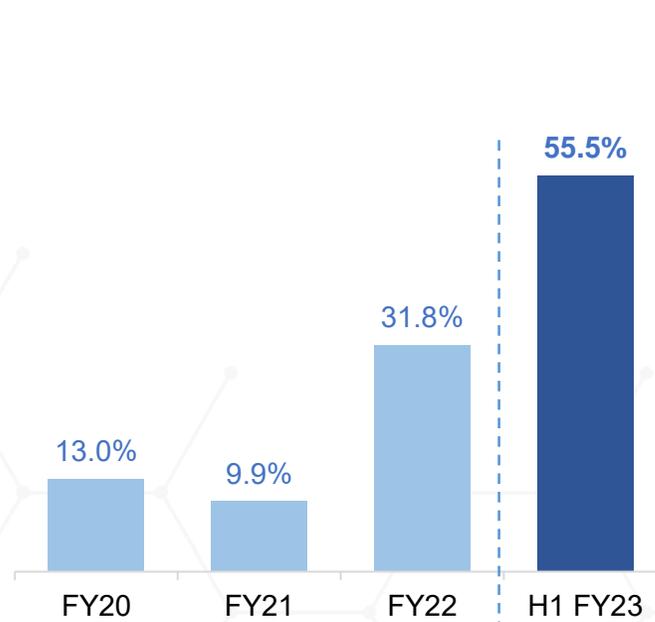
Inventory Days



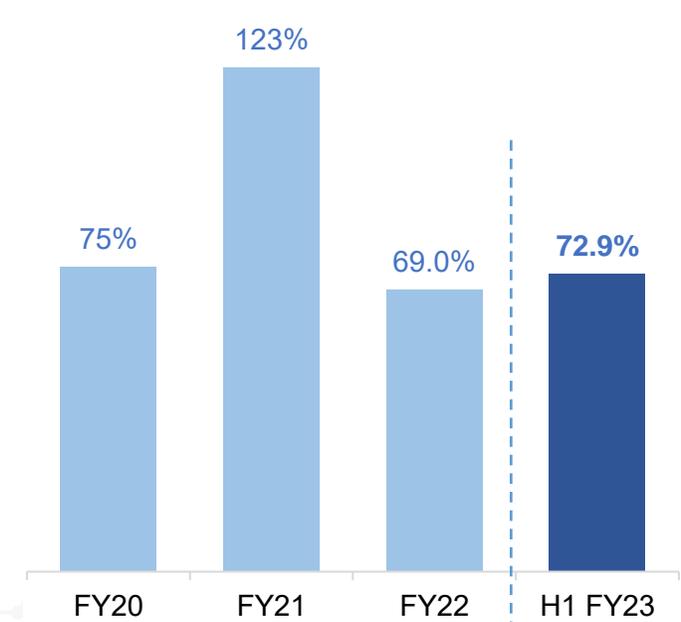
Return on Capital Employed (%)



Return on Equity (%)



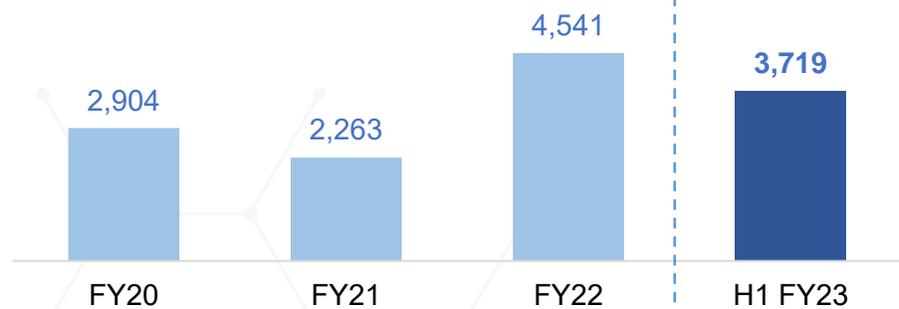
CFO / EBITDA (%)



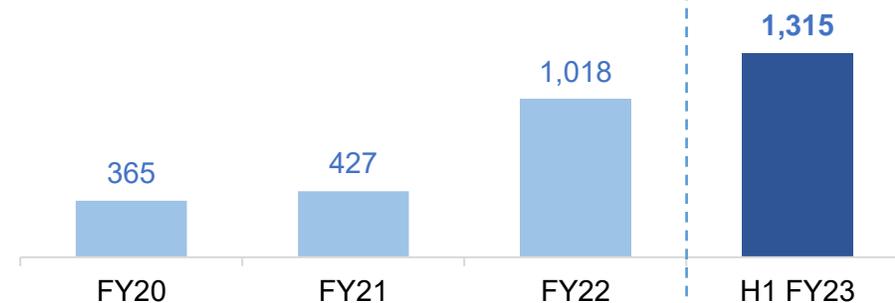
Annual Performance Trends

(in Rupees Million)

Revenue from Operations



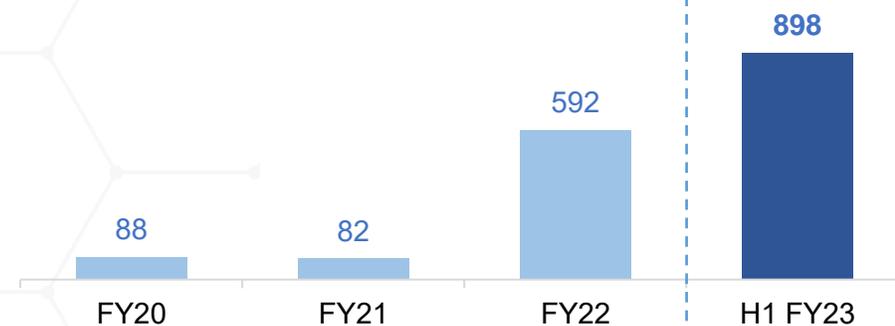
EBITDA



PBT



Net Profit



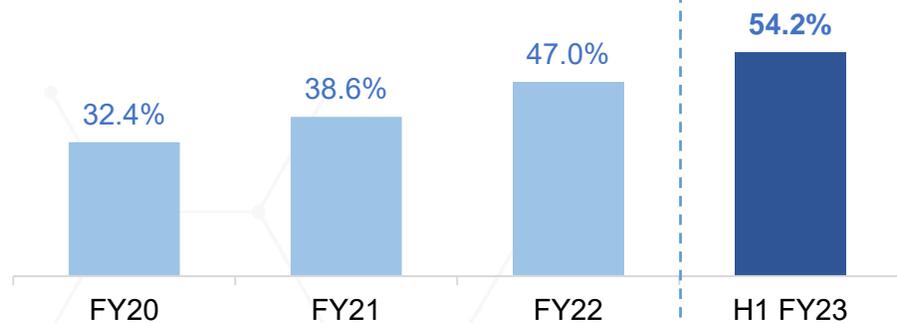
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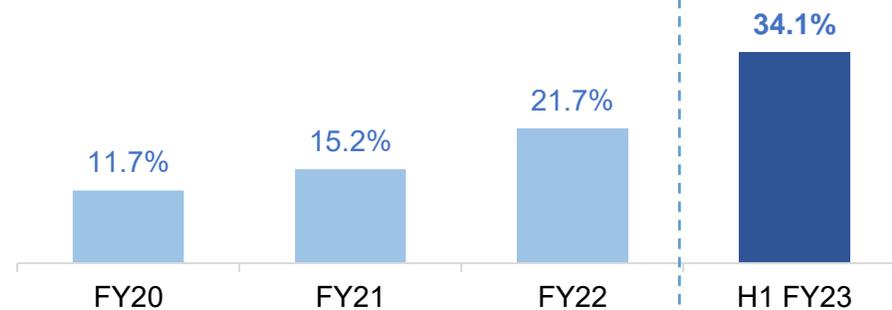
Annual Performance Trends

(in Rupees Million)

Gross Profit Margins



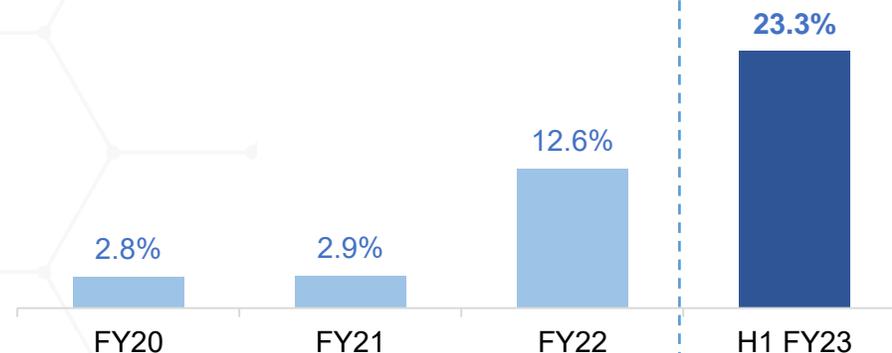
EBITDA Margins



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)	Q2		Y-o-Y	Q1	Q-o-Q	H1		Y-o-Y
	FY2023	*FY2022	Growth (%)	FY2023	Growth (%)	FY2023	FY2022	Growth (%)
Revenue from Operations	1,857	870	113%	1,863	(0.3)%	3,719	1,623	129%
Other Income	89	24	270%	51	73.2%	140	52	172%
Total Income	1,946	894	117.6%	1,914	1.7%	3,860	1,675	130%
EBITDA	614	(374)	nm	701	(12.4)%	1,315	(192)	nm
Margin (%)	31.6%	(41.8)%		36.6%		34.1%	(11.5)%	
EBIT	570	(416)	nm	656	(13.2)%	1,226	(277)	nm
Margin (%)	29.3%	(46.6)%		34.3%		31.8%	(16.5)%	
PBT	558	(435)	nm	640	(12.9)%	1,198	(319)	nm
Margin (%)	28.7%	(48.6)%		33.5%		31.0%	(19.0)%	
PAT	418	(373)	nm	480	(13.0)%	898	(284)	nm
Margin (%)	21.5%	(41.7)%		25.1%		23.3%	(17.0)%	
EPS (Rs.)	1.72	(7.87)	nm	1.98	(13.1)%	3.70	(6.73)	nm
Face Value (Rs.)	2	10		2		2	10	

Notes:

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2. All Margins are calculated on Total Income
3. *Allotment 45,00,000 Sweat Equity Managing Director @ Rs 10/- each amounting to Rs 450 lakhs (2020-21 Rs 400 lakhs) and Security Premium @ Rs 79.05/- amounting to Rs 3,557.25 lakhs (2020-21. Rs 1,575.20 lakhs) has been added back under cash flow from operating activities being a non-cash item
4. Company has done 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

Caustic Soda demand is anticipated to remain strong amidst the global volatile environment

Global Market Outlook

- The global caustic soda market is all set to reach 87.3 million metric tons by 2027
- Supply constraints due to underutilization of capacities globally led by high energy costs and slow down in construction activities
- In 2023, chemical industry executives will need to find the balance between navigating ongoing crisis and challenge and positioning for longer-term growth with technological innovation, evolving customer preferences, and supply chain resilience
- Despite the challenges, the industry is well placed to lead the coming transformation that will substantially alter chemicals businesses and adjacent businesses in the decade ahead

Indian Market

- In terms of scale, domestic chemicals industry stood at US \$ 178 billion in 2019 and by 2025 it is expected to reach US \$304 billion, registering a CAGR of 9.3%³² active Chlor-Alkali Units in India
- The Chloro- Alkali industry in India has 35 operating units with a combined installed capacity of ~4.8 million tons
- 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
- The domestic demand for Caustic Soda in 2022-23 is estimated to be about 3.8 million tons per annum, grew by 8% partially due to push on post COVID consumption

Business Cycle & Growth

- Growth of industry is largely correlated to GDP growth of the country
- Indian economy continues to grow with strong fundamentals
- The chemical industry is support pillar for agricultural and industrial development, and with the current per capita domestic consumption at about 1/10th of the world average, it is clear indication that the demand potential is yet to be fully realized

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

PACL is well positioned to add incremental capacity to meet growing demand

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



Combined
Manufacturing
Capacity (100%
Capacity)
165,000 TPA

Products

Application

➤ 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
- 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

➤ Hydrogen Gas

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

Diversified customer base, serving across sectors



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 plasticizer) and hydrochloric acid . Flowtech is one of the major customer of chlorine from PACL therefore PACL is highly dependent on Flowtech for utilization 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 inhouse chlorine consumption, consistency and better control leading to increased production of caustic soda lye
- Enhanced control and optimization of manufacturing process
- Lower transportation Cost and turnaround times due to location proximity
- Incremental Revenue Growth

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

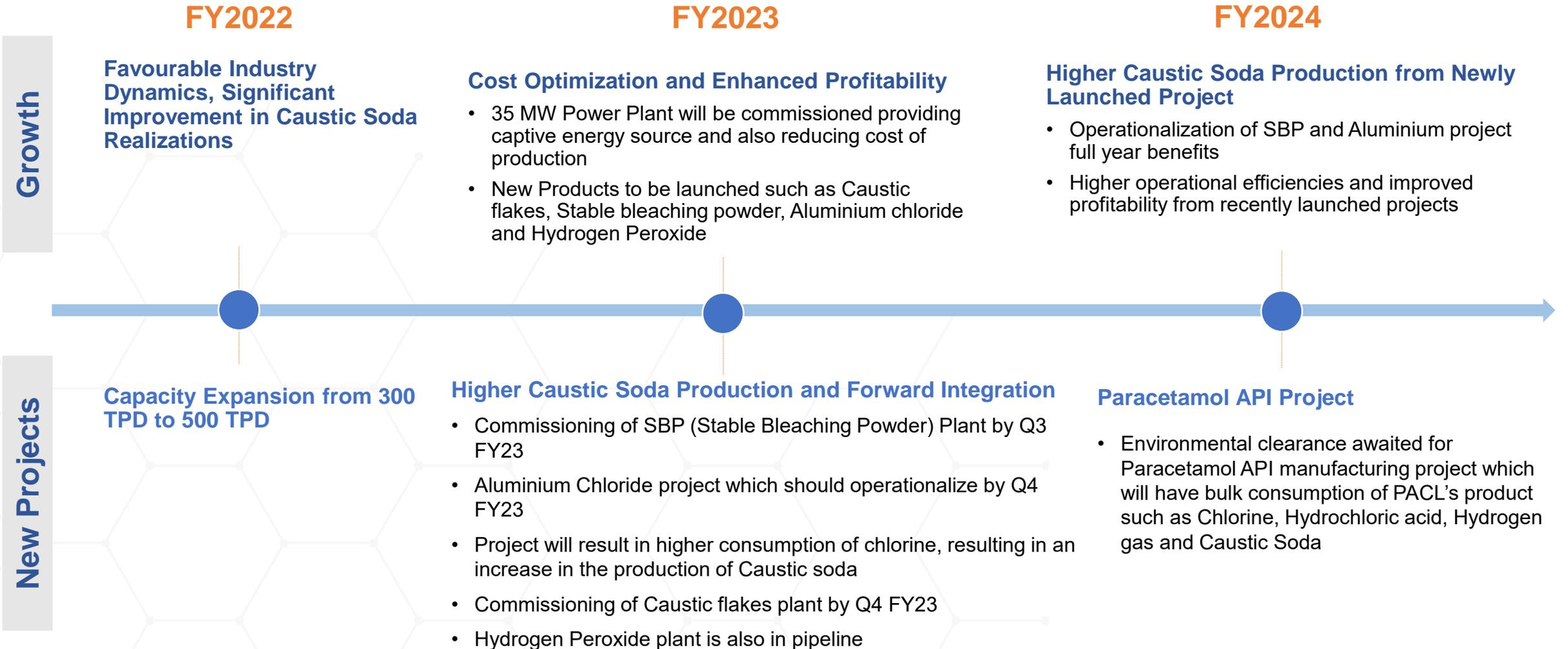
Changeover from Graphite Anodes to Dimensionally Stable Metal Anodes and installed Anode Control and Protection Device

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

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



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

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:** Company has been taking appropriate pollution control and safety measures. Online Monitoring System has already been operative at Works as per requirement of Central Pollution Control Board. The Company continues to place a great emphasis on energy conservation.
- **Air Pollution Reduction Initiatives:** All the fugitive emissions of chlorine gas are sucked through a blower and are passed through waste air dichlorination unit where waste chlorine gas is neutralized with caustic soda solution. Similarly, HCl fumes generated from the storage tank and during HCl preparation are taken to the above unit where it is neutralized with the alkali. Chlorine gas produced in the electrolyzer is taken for cooling, drying, compression and liquefaction for making liquid chlorine. The unliquified chlorine gas is known as sniff gas which is taken to HCl plant for burning with hydrogen to make HCl and the sniff gas which can not be burned in HCl plant is taken to waste air dichlorination units.
- **Reusing Waste:** The waste HCl generated during regenerating of ION Exchange Column going to the ETP, which was neutralized with caustic soda/lime 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.
- **Energy Efficiency Initiatives:** The Company continues to place a great emphasis on energy conservation. The Company is getting the Energy Audit conducted on regular basis. The company has upgraded to latest Generation-6 electrolyser from ThyssenKrupp, Germany, which are the most energy efficient electrolysers.

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

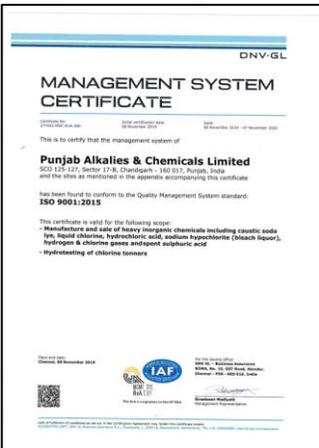
1% to 2%

Attrition Rate

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

- **Social Strategy:** In alignment with the vision of the Company, PACL, 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. Sector in which the CSR projects 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 Punjab Alkalies & 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



- **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. The Company is in compliance with the provisions of Corporate Governance specified in Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- **Board Composition:** The composition of the Board as on 30th September 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.
- **Concerns Identified in Audit Report:** There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in its Report.

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.

For further information, please contact:

Ashok Negi / Atul Modi
Churchgate Partners

+91 22 6169 5988

pacl@churchgatepartners.com



pacl

Punjab Alkalies & Chemicals Limited

THANK YOU

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