

# *Lords Chloro Alkali Limited*

Investor Presentation – Q1 FY24



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# At a Glance



Rich heritage and legacy

**4+**  
decades

In chemical industry



Capacity

**~77,000**  
tonnes

In-house modern and  
tech enabled  
manufacturing



Strong Workforce

**400+**  
Employees

Contributing to  
our success



Diverse Product Range

**6**  
product category

Broader Market  
Appeal

## Financial Parameters

**13%**

Revenue CAGR  
(FY20-23)

**55%**

EBITDA CAGR  
(FY20-23)

**73%**

PAT CAGR  
(FY20-23)

**0.09x**

FY23 debt to Equity

# About Us

## Background

- Established in 1979, is one of leading chemical manufacturer with strong focus on producing diverse range of high-quality chemicals

## Capabilities

- Specializing in production of caustic soda and various other chemicals,
- It has earned reputation for its exceptional product offerings
- Product offering includes Caustic Soda Lye, Sodium Hypo, Hydrogen Gas, Liquid Chlorine, HCL, CPW, etc.

## Accreditation

- › ISO 9001
- › ISO 14001
- › ISO 45001

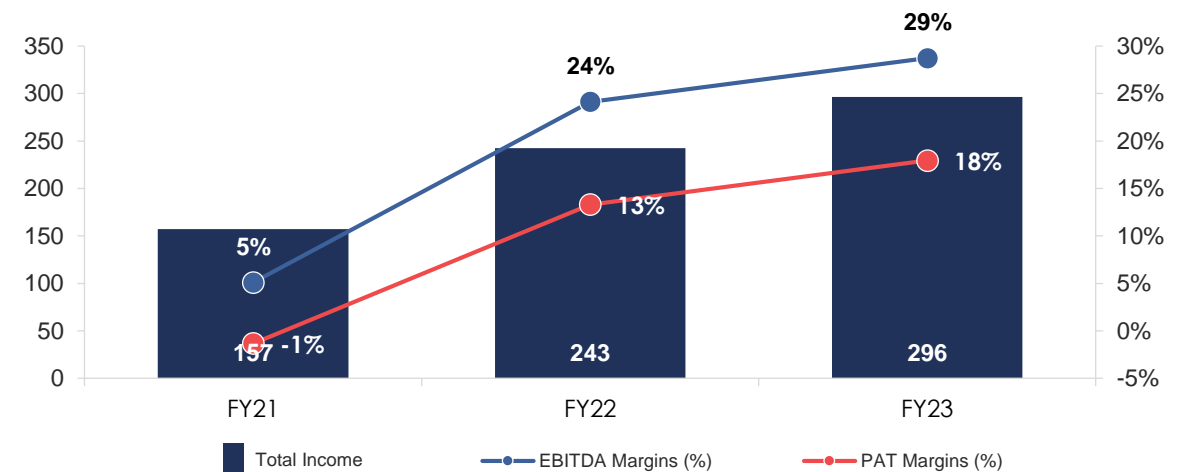
## Vision

To continually innovate in the industry, delivering cutting-edge products and services that enhance customer value, drive profitability, and foster enduring growth through technological advancements and expertise

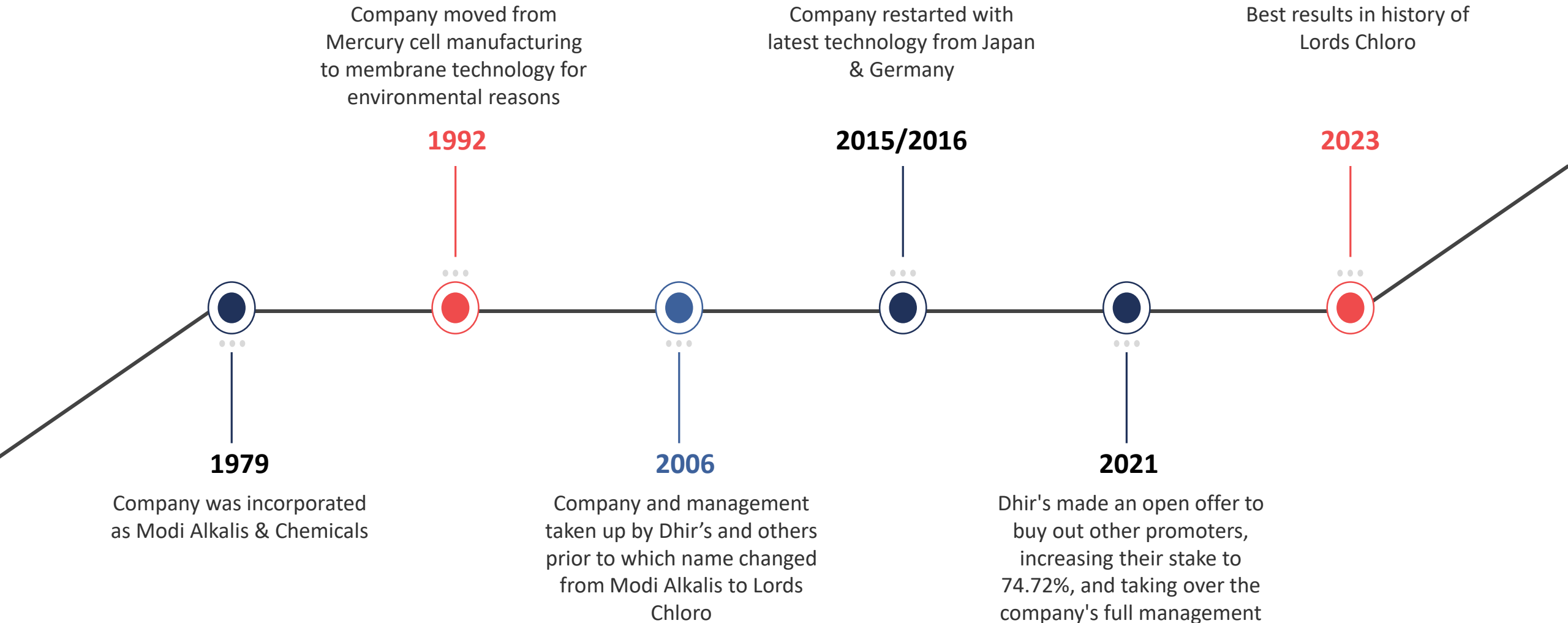
## Mission

To provide customer with innovative chemical products and services through sustained progress in technology and knowledge, to achieve improved profitability coupled with sustained growth

## Financial Glance



# Journey so Far



# Our Team



## **Ajay Virmani, Managing Director**

- › Chartered Accountant by profession
- › 15 years of experience in the Chloro Alkali industry, he not only serves as President of AMAI but also brings wealth of industry knowledge and leadership

## **Madhav Dhir, Executive Director**

- › BA in Business Management, MSc in Economics, LLB, Graduate from Imperial College London
- › Director of Lords Chloro Alkali Limited for over 8 years, focuses on Company's future, expanding business, adding new chemicals, and charting growth trajectory



## **Deepak Mathur, Technical Director**

- › B.Tech. in Chemical Engineering from Punjab University, Chandigarh
- › Boasting more than 40 years of experience in chloro-alkali plants across India, is a seasoned expert in this field

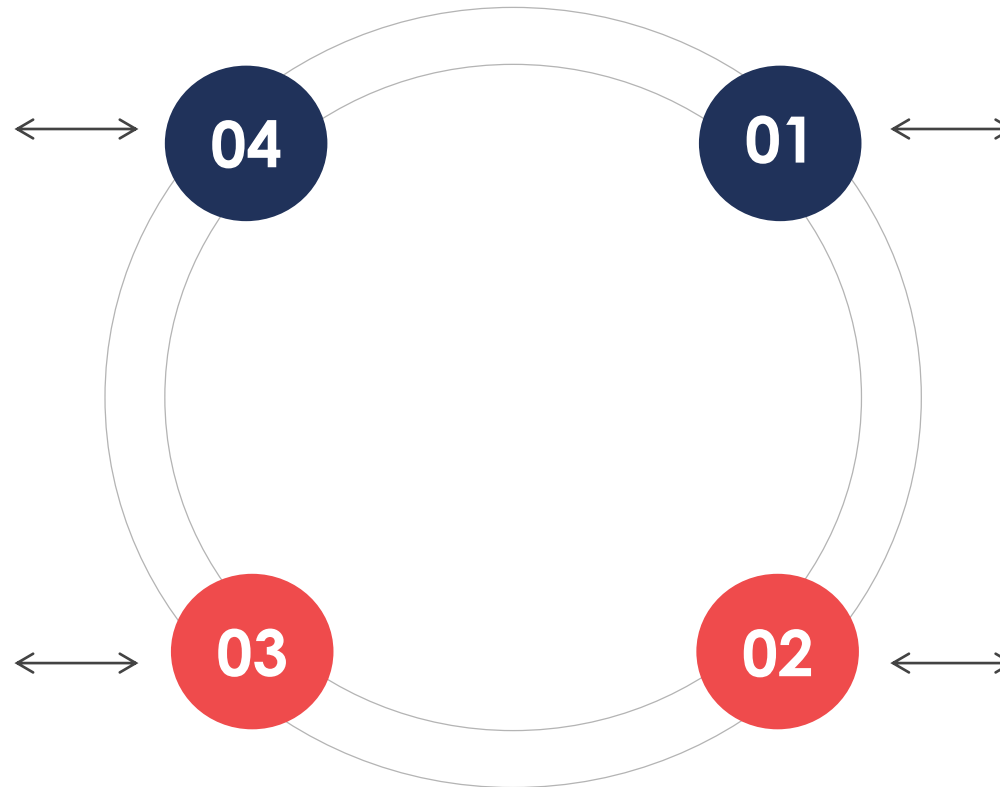
# Key Strengths

## ***Strong and experienced management***

- Decades of relevant experience in chemical space
- Committed team of highly experienced individuals from technical and commercial sectors of organization

## ***Strategically located manufacturing plant***

- Proximity to end-user industry
- Easy availability of raw materials and essential inputs



## ***Technology driven with robust In-house R&D***

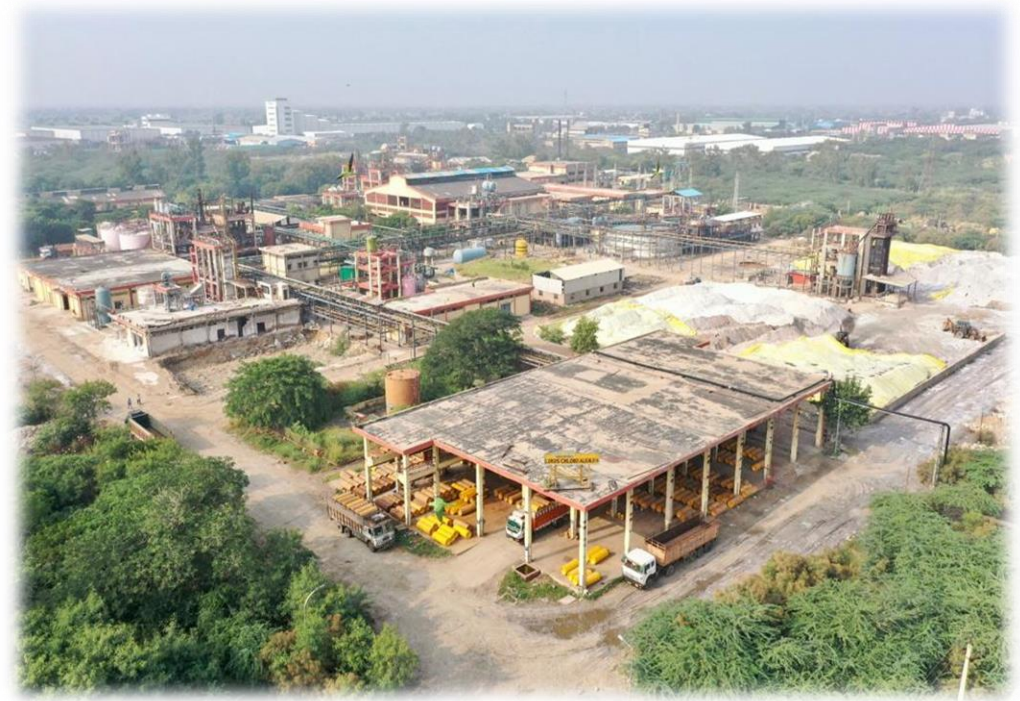
- Infrastructure mechanized with state of the art technology and machineries from Japan, Germany and Switzerland

## ***Widespread geographical reach***

- Large market footprint with dealers presence at strategic locations



# Manufacturing Facilities

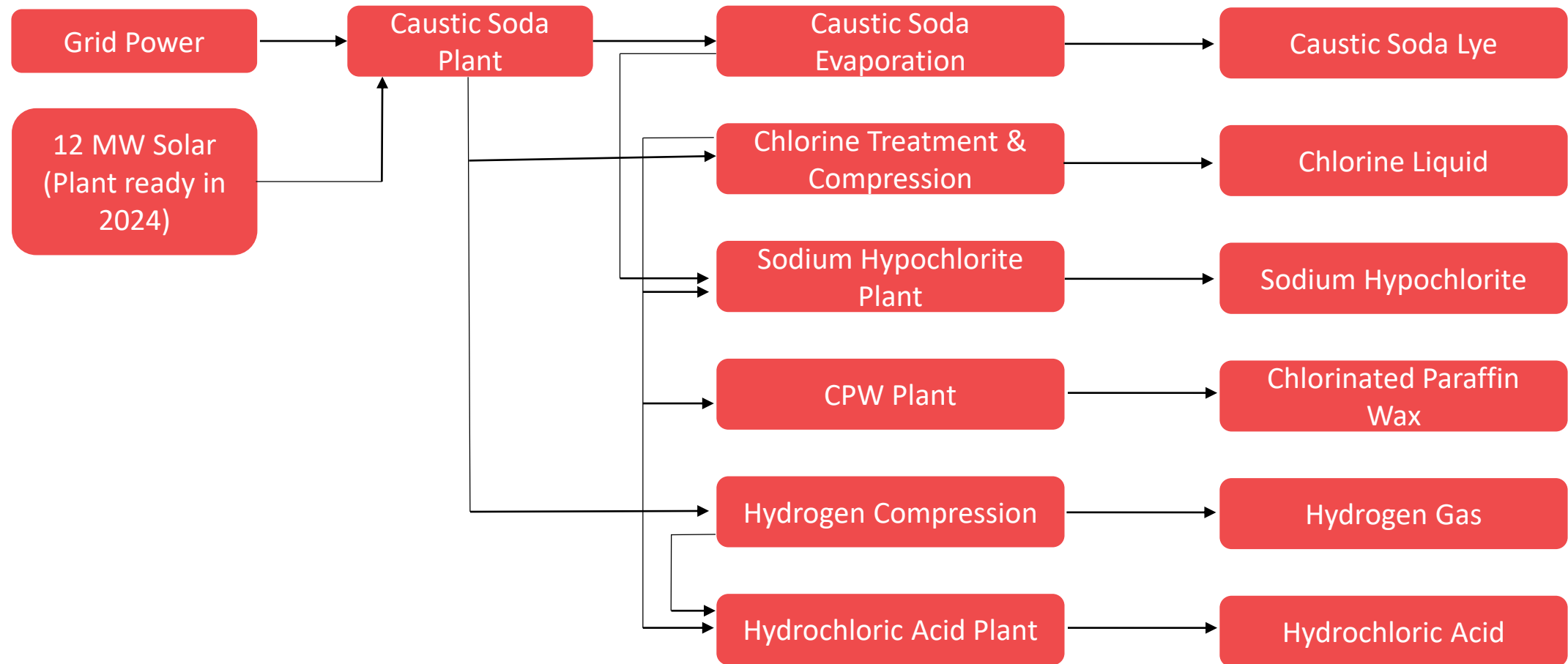


- Manufacturing facility is on 84 acres in Alwar at Matsya Industrial Area, Rajasthan, company boasts sophisticated manufacturing facilities with an installed capacity of 210 MT per day of Caustic Soda
- Additionally, Lords Chloro Alkali Ltd has recently ***commissioned a new Sodium Hypochlorite plant & a new Chlorinated Paraffin Wax plant***

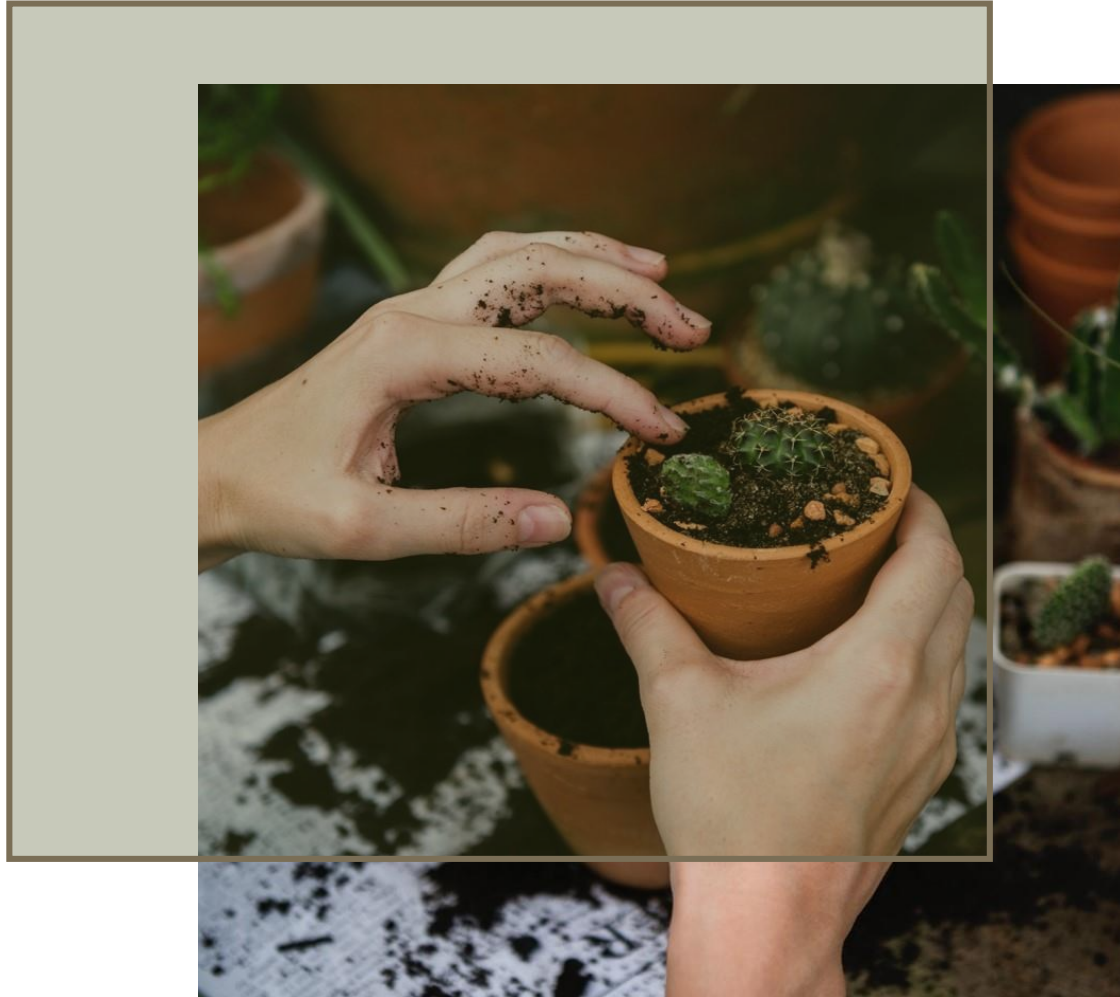




# Product Offerings



# Minimizing Waste, Maximize Value



1

## Closure of Mercury Cell Factory

- Proactive step towards environmental responsibility by permanently shutting down 200 Tons Per Day (TPD) mercury cell factory.
- Decision made to eliminate risk posed by release of hazardous mercury into water cycle.
- Demonstrate its commitment to safeguard environment from toxic pollutants.

2

## Transition to Cleaner Fuels

- Made significant shift in energy consumption practices. Instead of relying on more polluting fuels, now utilizes Hydrogen and LPG (Liquefied Petroleum Gas) in boilers.
- Reduces emissions but also promotes cleaner air quality and contributes to greener, healthier planet.

3

## Harnessing Solar Power

- Major stride towards sustainable energy generation, in process of establishing 12-megawatt solar power plant.
- This solar facility will supply more than 10% of energy requirements.
- By harnessing power of sun, the plan is to reduce reliance on non-renewable resources and significantly cutting our carbon footprint.

4

## Wastewater Recycling with RO Plants

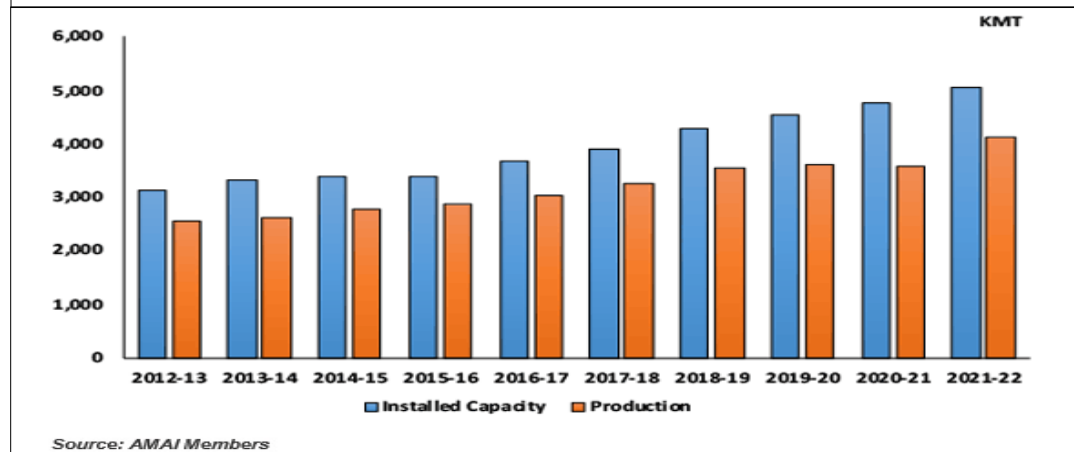
- To minimize water waste and promote responsible water management, installed state-of-art Reverse Osmosis (RO) plants.
- These plants efficiently treat and recycle wastewater, ensuring that water resources are conserved and reused responsibly.
- This initiative aligns with commitment to sustainable water usage and environmental stewardship

# Industry Overview

## Indian Chemical Industry\* –

- Global outperformer in terms of demand growth and shareholder value creation
- Projected growth at 11-12% during 2021–27 and by 7-10% during 2027–40 thereby tripling its global market share by 2040
- Increased domestic demand and a shift in supply chain are expected to boost growth even further.

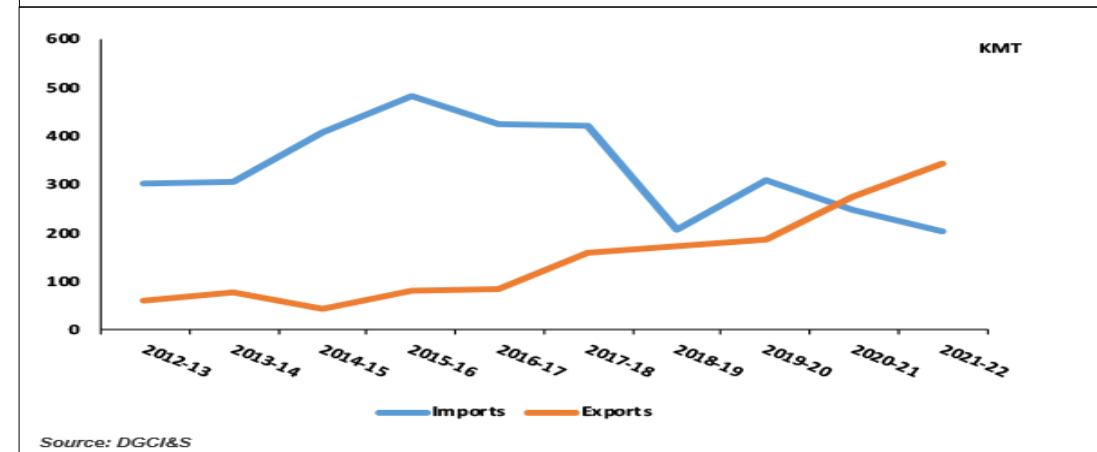
## Industry Installed capacity & production in last 10 years



## Indian Caustic Soda Industry\*\* –

- Annual capacity of ~6.1 million MT (increase of 20% YoY) accounting for around 5-6% of global capacity and is expected to grow in line with country's GDP
- India has become net exporter of Caustic soda from being an importer of ~17% of domestic consumption in last 5 years
- In FY23, total Imports of 1.4 KMT. Exports stood at 4.6 KMT
- FY23 production of caustic soda – 44.7 Lakh MT

## Imports & Exports in last 10 years



## Growth Prospects –

- Realizations fell in last quarter of FY23 due to softness caused by weaker demand and new capacity installed in domestic market
- India's GDP is expected to keep demand for caustic soda high due to growth in both domestic manufacturing and the underlying end user industries

### **Commenting on the Q1 FY24 financial results -**

"We saw a decline in both revenues and profitability in quarter ended June 30, 2023. This is mainly on account of typical business cycle observed in commodity chemicals industry that is known to follow a three-year cycle.

During FY23, our company showcased a stellar performance, demonstrating our team's dedication and effectiveness of our business strategies. However, post-FY23, commodity chemicals market witnessed a significant reduction in rates, which inevitably affected our financials for this quarter.

While current results may pose challenges, we remain steadfast in our commitment to overcoming obstacles and driving growth. As we progress into second half of this financial year, we are optimistic about potential for improvement. Our team has been pro-actively adjusting to market dynamics and diligently working on various initiatives to enhance operational efficiency and capitalize on emerging opportunities.

In times of volatility, we believe it is essential to maintain a long-term perspective and remain focused on our strategic goals. We are confident in our ability to adapt to market fluctuations and navigate through business cycle successfully.

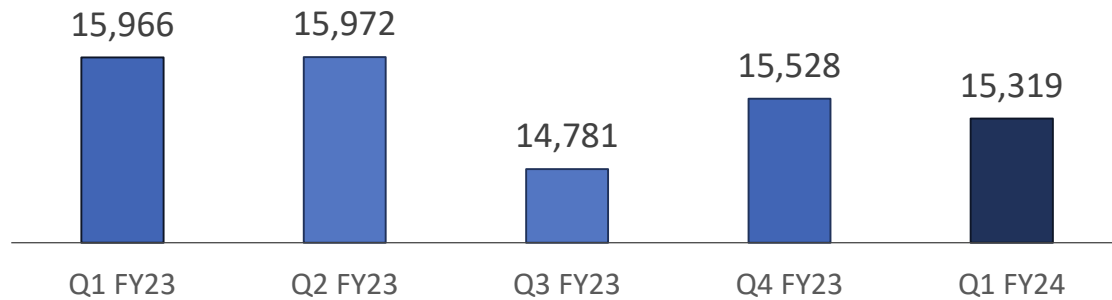
We sincerely thank our dedicated team members and loyal customers for their support, and we are determined to emerge stronger as we continue to march towards sustainable growth and prosperity."



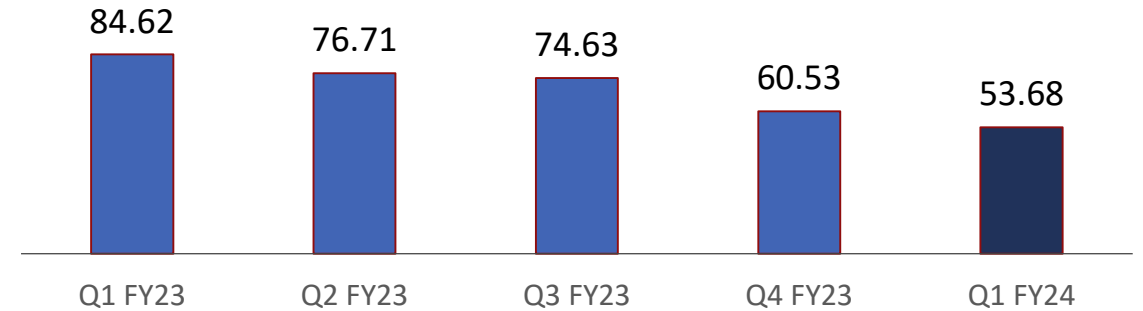
**Mr Ajay Virmani, Managing Director**

# Financial Highlights - Quarterly

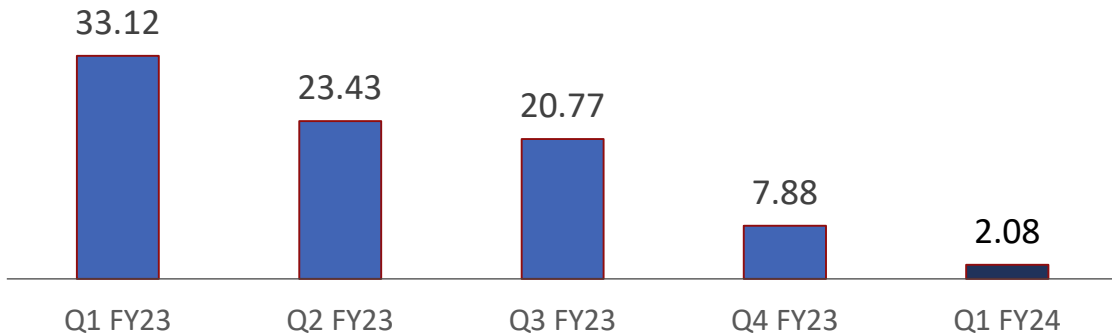
## Volumes (in Tonnes)



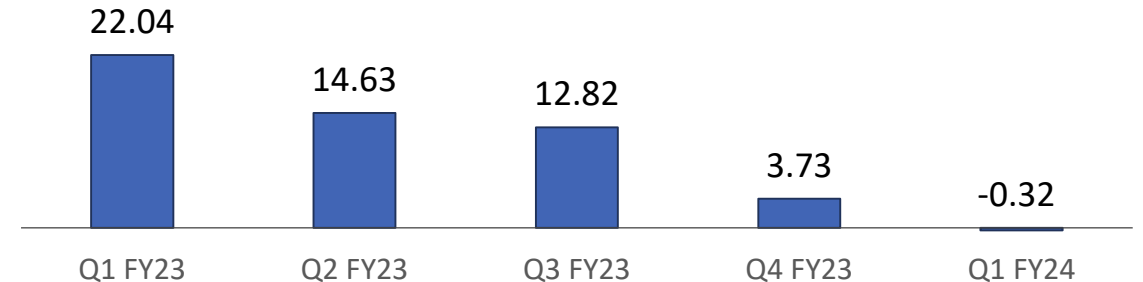
## Revenues (Rs. Crore)



## EBITDA (Rs. Crore)



## Profit After Tax (Rs. Crore)



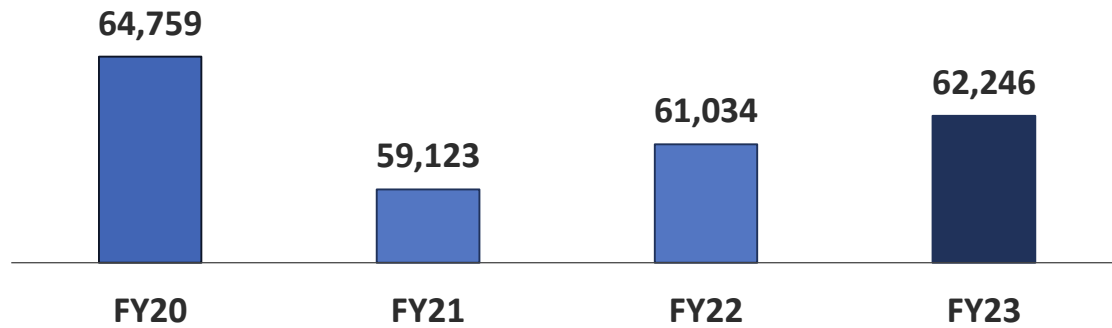


# Profit & Loss Statement – Quarterly

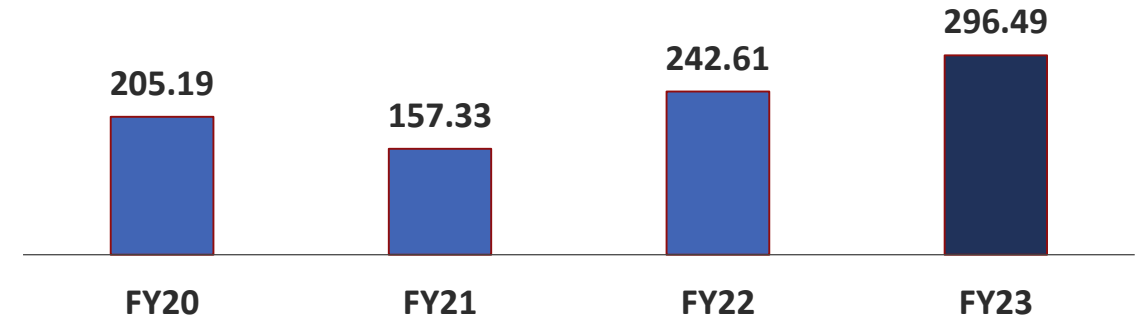
All Figures in Rs. Crore	Q1 FY24	Q1 FY23	Y-o-Y (%)	Q4 FY23	Q-o-Q (%)
<b>Income from operations</b>	52.37	84.39		59.88	
Other income	1.30	0.2332		0.65	
<b>Total income</b>	<b>53.68</b>	<b>84.62</b>	<b>(36.6%)</b>	<b>60.53</b>	<b>(11%)</b>
Cost of Raw Material	10.77	10.79		10.30	
Changes in inventory	0.19	1.68		-0.28	
Employee Cost	3.73	3.65		4.60	
Power and Fuel Charges	32.79	29.38		34.46	
Operating expenses	4.11	5.99		3.56	
<b>Total Expenditure</b>	<b>51.59</b>	<b>51.51</b>	<b>0.2%</b>	<b>52.65</b>	<b>(2%)</b>
<b>EBITDA</b>	<b>2.08</b>	<b>33.12</b>	<b>(93.7%)</b>	<b>7.88</b>	<b>(74%)</b>
<b>EBITDA Margin %</b>	<b>3.88%</b>	<b>39.13%</b>		<b>13.02%</b>	
Depreciation	2.01	1.9		2.06	
Interest	0.44	0.76		0.47	
<b>Profit Before Tax</b>	<b>-0.37</b>	<b>30.45</b>		<b>5.35</b>	
Tax	-0.05	8.41		1.63	
<b>Profit After Tax</b>	<b>-0.32</b>	<b>22.04</b>	<b>(101%)</b>	<b>3.72</b>	<b>(109%)</b>
<b>PAT Margin</b>	<b>-0.59%</b>	<b>26.05%</b>		<b>6.15%</b>	
<b>Basic EPS</b>	<b>-0.13</b>	<b>8.76</b>	<b>(101%)</b>	<b>1.48</b>	<b>(109%)</b>

# Financial Highlights - Annual

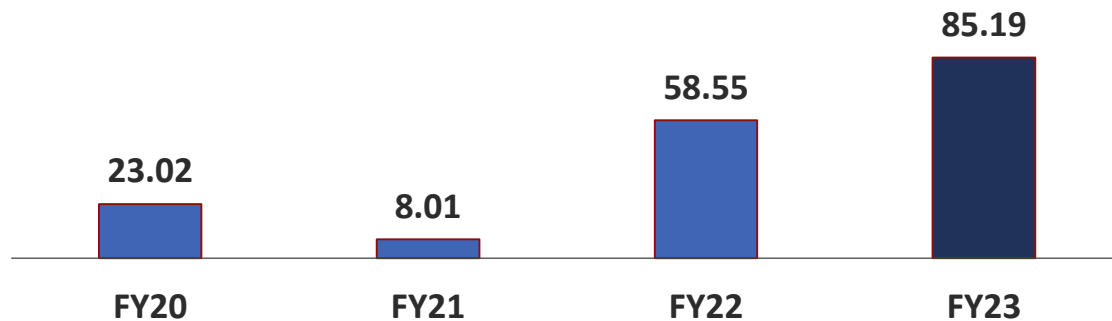
Volumes (in Tonnes)



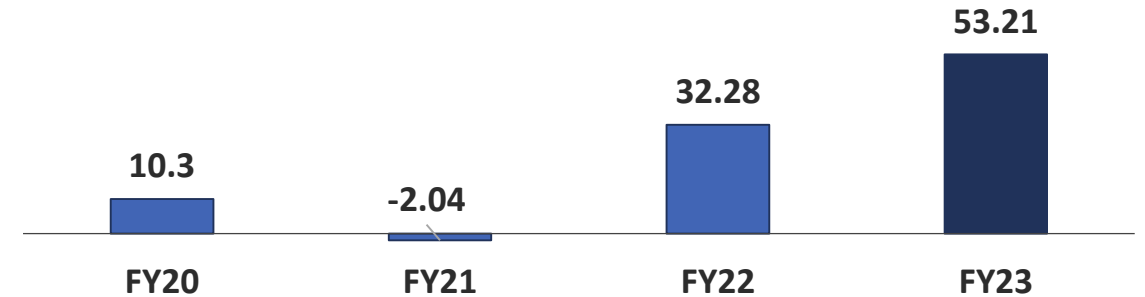
Revenues (Rs. Crore)



EBITDA (Rs. Crore)



Profit After Tax (Rs. Crore)



# Profit & Loss Statement – Annual

All Figures in Rs. Crore	FY21	FY22	FY23
Income from operations	154.10	240.08	295.05
Other income	3.23	2.52	1.44
<b>Total income</b>	<b>157.33</b>	<b>242.61</b>	<b>296.49</b>
Cost of Raw Material	26.47	34.46	44.00
Changes in inventory	-5.19	5.92	2.78
Employee Cost	10.27	13.07	20.97
Power and Fuel Charges	106.46	114.49	125.33
Operating expenses	11.04	16.05	18.23
<b>Total Expenditure</b>	<b>149.32</b>	<b>184.06</b>	<b>211.31</b>
<b>EBITDA</b>	<b>8.01</b>	<b>58.55</b>	<b>85.19</b>
<b>EBITDA Margin %</b>	<b>5.09%</b>	<b>24.13%</b>	<b>28.73%</b>
Depreciation	6.41	7.26	8.08
Interest	3.99	4.77	2.41
<b>Profit Before Tax</b>	<b>-2.39</b>	<b>46.52</b>	<b>74.70</b>
Tax	-0.35	14.23	21.49
<b>Profit After Tax</b>	<b>-2.04</b>	<b>32.28</b>	<b>53.21</b>
<b>PAT Margin</b>	<b>-1.30%</b>	<b>13.31%</b>	<b>17.95%</b>
<b>Basic EPS</b>	<b>-0.81</b>	<b>12.83</b>	<b>21.16</b>

# Balance Sheet as on 31<sup>st</sup> March

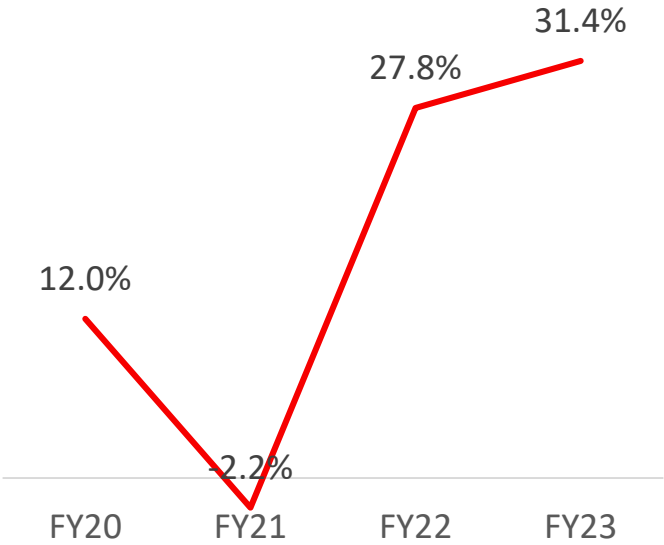
Equity & Liabilities (Rs. Crore)	As on 31 <sup>st</sup> Mar'23	As on 31 <sup>st</sup> Mar'22
<b>Shareholders Funds</b>	<b>169.29</b>	<b>116.20</b>
Share Capital	25.15	25.15
Other Equity	144.14	91.05
Non Controlling Interest	0.00	0.00
<b>Non Current Liabilities</b>	<b>42.32</b>	<b>59.17</b>
Long Term Borrowings	6.46	30.26
Lease Liability	6.06	6.51
Provisions	1.69	1.68
Deferred Tax Liabilities	18.84	11.15
Other non-current Liabilities	9.27	9.57
<b>Current Liabilities</b>	<b>26.06</b>	<b>24.77</b>
Short term Borrowings	9.50	4.52
Trade Payables	1.08	0.89
Lease Liability	0.45	0.24
Other Financial Liabilities	0.91	2.53
Other Current Liabilities	11.63	14.48
Short term Provisions	2.47	1.78
Current Tax Liability (Net)	0.01	0.34
<b>Total Equity &amp; Liabilities</b>	<b>237.66</b>	<b>200.15</b>

Assets (Rs. Crore)	As on 31 <sup>st</sup> Mar'23	As on 31 <sup>st</sup> Mar'22
<b>Non Current Assets</b>	<b>148.17</b>	<b>132.49</b>
Property, plant & Equipment	116.84	118.30
Capital work-in-progress	10.85	0.37
Right-of-use assets	6.87	7.44
Intangible Assets under development	0.00	0.00
Intangible Assets	0.00	0.00
FA - Investments	0.27	0.31
FA - Loans	0.03	0.00
Other Non-Current Assets	13.31	6.06
<b>Current Assets</b>	<b>89.50</b>	<b>67.66</b>
Inventories	12.56	15.19
FA - Trade Receivables	12.22	14.34
FA - Cash & cash equivalents	0.15	21.11
FA - Bank balances	60.96	10.00
FA - Loans	0.06	0.42
Current Tax Assets	0.00	0.00
Other Current Assets	3.54	6.60
<b>Total Assets</b>	<b>237.66</b>	<b>200.15</b>

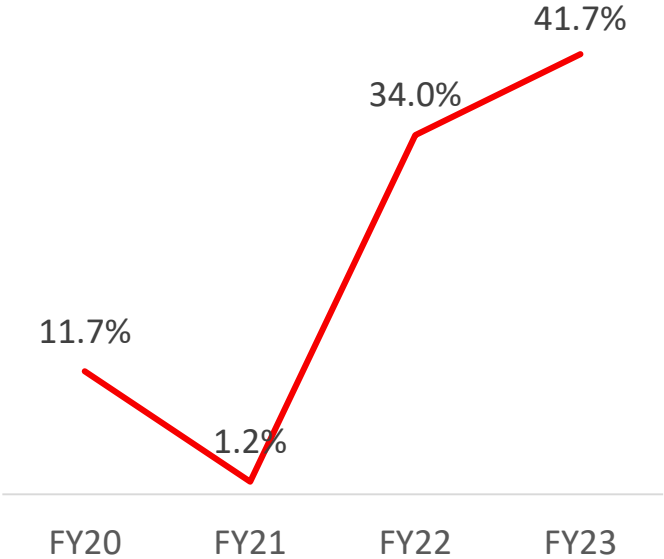


# Key Ratios

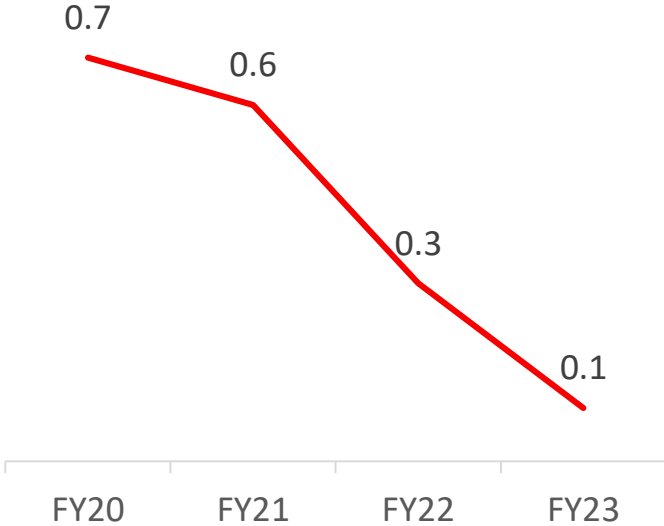
Return on Equity



Return on Capital Employed



Debt to equity



ROE – PAT/Shareholders Fund; ROCE – EBIT/(Shareholders Fund + Total Debt – Non Current Investments); Debt to Equity – Total Debt/ Equity





# New initiatives



## Increase production capacity

- Started its ambitious expansion plans with future growth in mind
  - Working on increasing Caustic Soda production capacity by about 43%, to 300 TPD
- 

## Further expand product portfolio & market presence

- Plans to broaden its product portfolio by offering **Chlorinated Paraffin Wax** with 20 tons per day initial capacity and ambitions to increase to 50 tons per day in near future
  - Further consolidate its position in North Indian market and actively work in building new markets
- 

## Initiatives toward sustainability and cost savings

- Planned captive solar power plant of 12 MW in Rajasthan
  - Shall lower carbon footprint
  - Improve entire cost structure
-

# Thank You

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