LORDS CHLORO ALKALI LIMITED

Lords Chloro Alkali Limited

Investor Presentation

Q3 & 9MFY25

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At a Glance

Rich heritage & legacy

4+

decades

In chemical industry

Capacity

~105,000

tonnes

Upgraded to 300 t.p.d.

Strong Workforce

300+

Employees

Contributing to our success

Diverse Product Range

6 **Product categories**

Incl. Caustic soda lye, Hydrochloric Acid etc.

Notable green initiatives

Transition to cleaner fuels; Harnessing solar power; Waste water recycling with RO plants

Catering to wide array of industries

Paper, soap, dyes, chemicals industries

Financial Parameters

13%

Revenue CAGR (FY22-24)

0.22

Debt to Equity as on FY24

Commitment to Green Chemistry

- Making strides towards becoming a leading producer of green chemicals

Accelerating our journey to being a Green Chemical Company

1979
- Company was incorporated as Modi Alkalis & Chemicals

1992
- Company moved from Mercury cell manufacturing to membrane technology for environmental reasons

2006
- Company and management taken up by Dhir's and others prior to which name changed from Modi Alkalis to Lords Chloro

2015/2016
- Company restarted with latest technology from Japan & Germany

2021
- Dhir's made an open offer to buy out other promoters, increasing their stake to 74.72%, and taking over the company's full management

2023
- Best results in history of Lords Chloro

2024
- Focus on Green Chemistry – Solar Power integration - 16MW Solar plant in Bikaner commences operations
- Operationalized additional 90 TPD Capacity Expansion of Caustic Soda

Experienced Management 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

04 Strong and experienced management

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

01 Technology driven with robust In-house R&D

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

03 Strategically located manufacturing plant

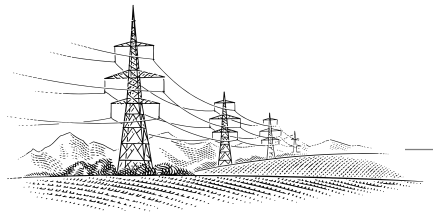
- Proximity to end-user industry
- Easy availability of raw materials and essential inputs

02 Widespread geographical reach

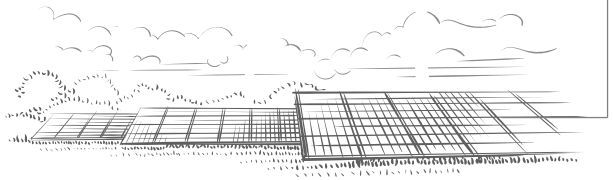
- Large market footprint with dealers presence at strategic locations

Future-Ready and Environmentally Responsible

Wide Product Offerings….



Grid Power



16 MW Solar

Caustic Soda Plant

- Caustic Soda Evaporation → Caustic Soda Lye
- Chlorine Treatment & Compression → Chlorine Liquid
- Sodium Hypochlorite Plant → Sodium Hypochlorite
- CPW Plant → Chlorinated Paraffin Wax
- Hydrogen Compression → Hydrogen Gas
- Hydrochloric Acid Plant → Hydrochloric Acid

Strategically located 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 300 MT per day of Caustic Soda & 20 TPD of Chlorinated Paraffin Wax (CPW)

- Additionally, Lords Chloro Alkali Ltd. has undertaken a capacity expansion, currently adding 30 TPD of CPW capacity

Integrating Solar Power - A significant focus is on harnessing solar power for chemical production, a move that reduces reliance on non-renewable energy sources and positions LCAL as a leading player in green energy adoption within the chemical sector

Focus on Sustainable Manufacturing

Minimizing Waste, Maximize Value

Future-Ready and Environmentally Responsible – Weaving Sustainability into its DNA

01 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.

02 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.

03 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.

04 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

Upping the green scale- 16MW Solar plant

Company's **16 MW solar power plant** has commencement operations in October 2024.

Highlights of the Bikaner Solar Plant:

- **Capacity:** 16 MW DC, 11.5 MW AC
- **Electricity Generation:** 20 lakh units/month
- **Annual CO2 Emission Reduction:** 17,200 tons, equivalent to planting 8,47,500 trees each year
- **Savings:** ~Rs. 1 crore/month in grid electricity costs

This solar facility project is a reflection of our dedication to sustainable development, taking steps towards producing green chemicals; reinforcing our strategy in adopting green technologies and drive energy efficiency.

Powering the Future – 90 TPD Caustic Soda Addition

Company's **90 TPD Caustic Soda Capacity Expansion** has commencement operations in December 2024.

Highlights of the Bikaner Solar Plant:

- **Capacity:** Increased from 210 TPD to 300 TPD
- **Technology:** Cutting-edge Zero Gap Technology from Asahi Kasai
- **Production Growth:** Over 40% increase in output
- **Expected Benefits:** Enhanced turnover and improved economies of scale

With existing capacity operating at a utilization rate of 80-85%, this strategic expansion was both timely and essential. The operationalization of expanded capacity, adopting Zero Gap Technology from Asahi Kasei marks a transformative achievement for operations. This cutting-edge technology shall enhances efficiency and boosts production performance.

Commenting on the Q3 & 9M FY25 financial results

"We are pleased to report healthy growth across key financial metrics this quarter. Revenue grew by 12%, and we achieved significantly higher EBITDA margins compared to previous quarters. This reflects improved operational efficiencies and a favorable pricing environment for caustic soda. Encouragingly, we continue to see month-on-month price stability, signaling strong momentum in the industry.

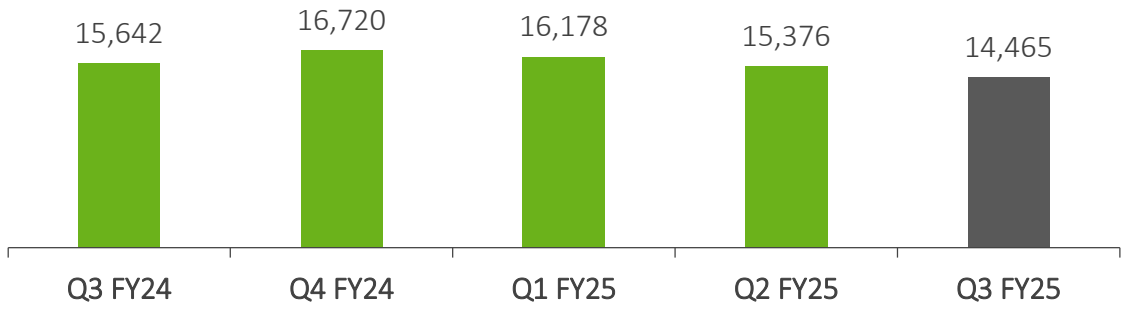
Demand for our products remains stable, and we anticipate a meaningful pickup in the coming months. To cater to this rising demand, we recently commissioned an additional 90 TPD caustic soda capacity, ensuring we are well-positioned to serve our customers effectively. Additionally, the operationalization of our 16 MW DC solar power plant marks an important milestone in our sustainability journey. By integrating renewable energy into our operations, we are not only reducing our carbon footprint but also stabilizing costs, which will have a positive impact on margins over time.

With a stable demand environment, strategic capacity expansions, and disciplined financial management, we are confident in our ability to sustain this growth trajectory. We remain focused on navigating industry dynamics while leveraging opportunities to strengthen our business in the long run."

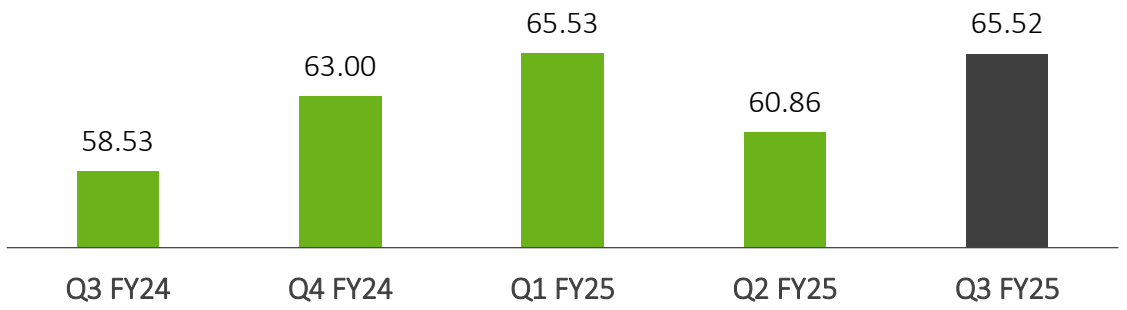
Mr Ajay Virmani,
Managing Director

Financial Highlights - Quarterly

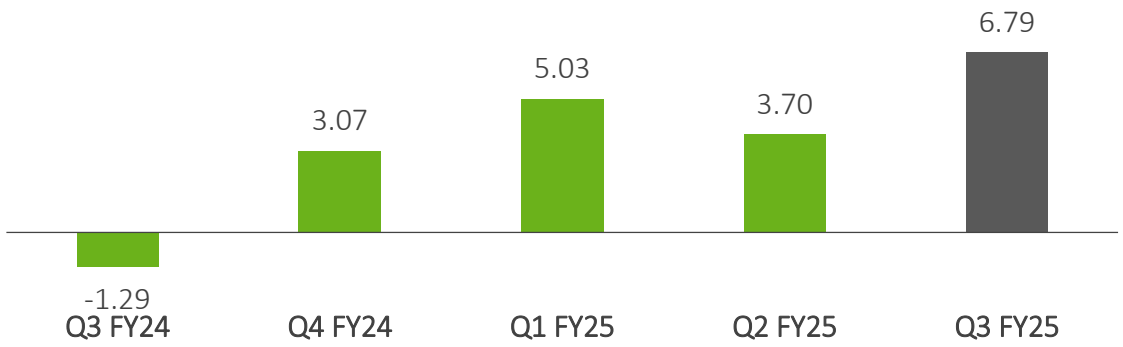
Caustic Soda Lye Volumes (in Tonnes)



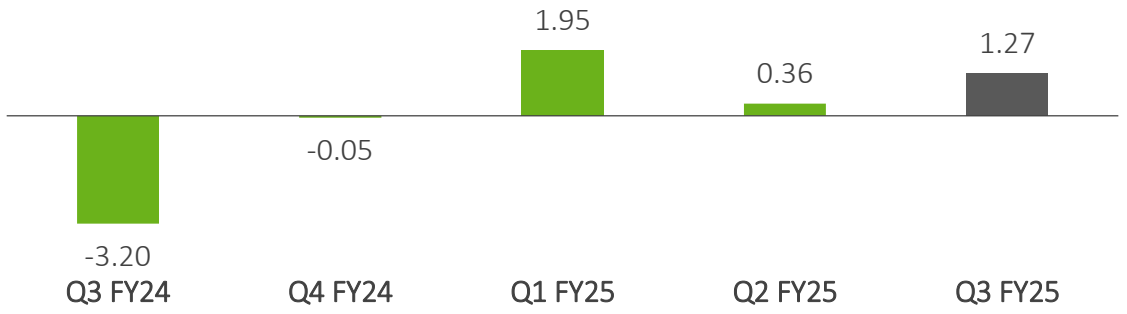
Total Income (Rs. Crore)



EBITDA (Rs. Crore)

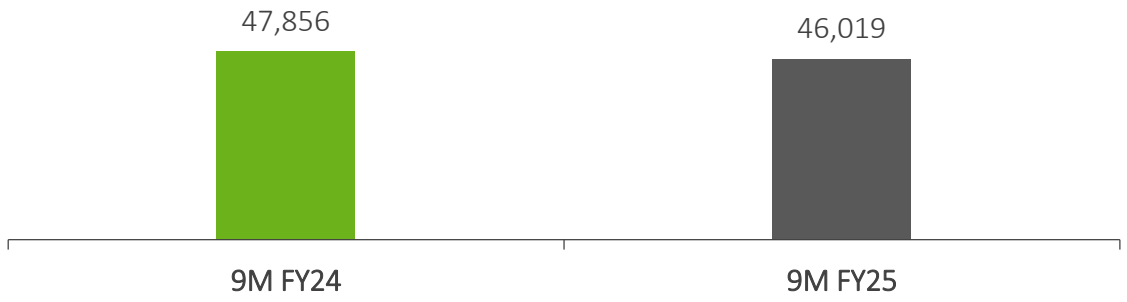


Profit After Tax (Rs. Crore)



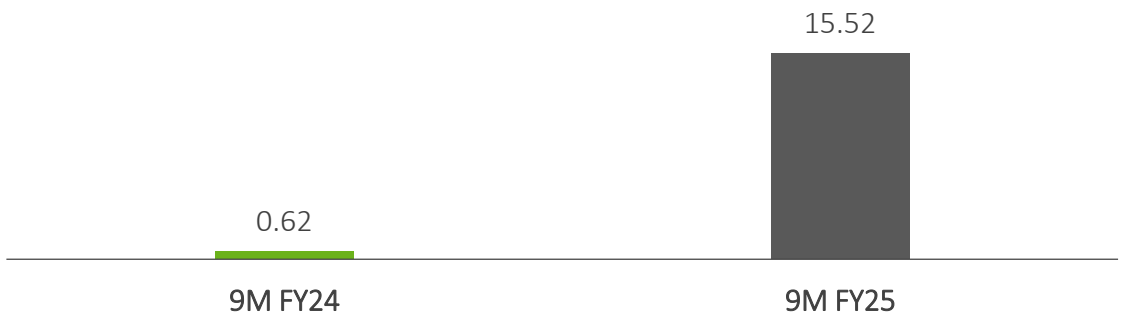
Financial Highlights – Nine Months

Caustic Soda Lye Volumes (in Tonnes)



Total Income (Rs. Crore)

EBITDA (Rs. Crore)



Profit After Tax (Rs. Crore)

Profit & Loss Statement – Quarterly

All Figures in Rs. Crore	Q3 FY25	Q3 FY24	YoY%	Q2 FY25	QoQ%
Income from operations	64.78	58.16		60.62	
Other income	0.74	0.37		0.24	
Total income	**65.52**	**58.53**	**11.9%**	**60.86**	**7.7%**
Cost of Raw Material	16.71	14.76		15.04	
Changes in inventory	-0.48	1.22		-0.98	
Employee Cost	4.85	4.27		4.60	
Power and Fuel Charges	32.56	34.91		34.69	
Operating expenses	5.09	4.65		3.81	
Total Expenditure	**58.81**	**59.81**		**57.16**	
EBITDA	**6.79**	**-1.29**	**628.4%**	**3.70**	**83.6%**
EBITDA Margin %	**10.36%**	**-2.20%**	**1,256 bps**	**6.08%**	**429 bps**
Depreciation	3.08	2.37		2.40	
Interest	1.71	0.62		0.75	
Profit Before Tax	**2.01**	**-4.27**		**0.54**	
Tax	0.74	-1.07		0.18	
Profit After Tax	**1.27**	**-3.20**	**139.6%**	**0.36**	**253.3%**
Basic EPS (Rs.)	**0.50**	**-1.27**		**0.22**	

Profit & Loss Statement – Nine Months

All Figures in Rs. Crore	9M FY25	9M FY24	YoY%
Income from operations	190.44	158.65	
Other income	1.46	2.38	
Total income	**191.91**	**161.03**	**19.2%**
Cost of Raw Material	48.97	37.18	
Changes in inventory	-1.07	-1.03	
Employee Cost	13.83	12.07	
Power and Fuel Charges	101.47	100.02	
Operating expenses	13.19	12.17	
Total Expenditure	**176.39**	**160.40**	
EBITDA	**15.52**	**0.62**	**2393.0%**
EBITDA Margin %	**8.09%**	**0.39%**	**770 bps**
Depreciation	7.89	6.59	
Interest	3.04	1.49	
Profit Before Tax	**4.59**	**-7.46**	
Tax	1.01	-2.72	
Profit After Tax	**3.58**	**-4.74**	**175.5%**
Basic EPS (Rs.)	**1.42**	-1.88	

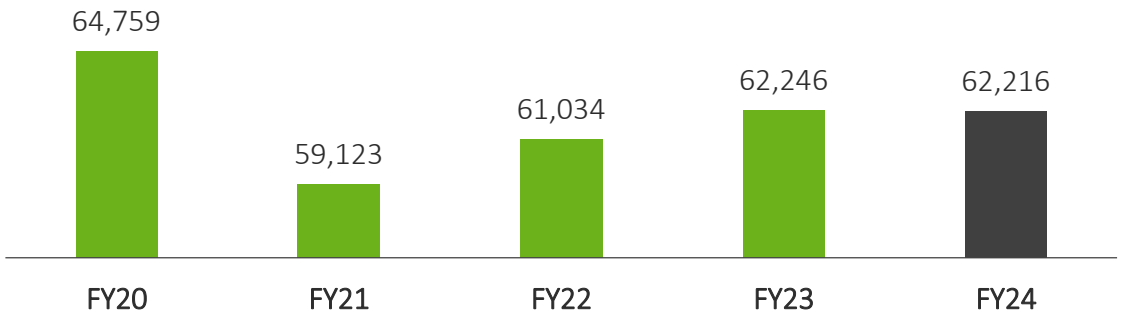
Balance Sheet

Equity & Liabilities (Rs. Crore)	As on 30th Sep'24	As on 31st Mar'24
Shareholders Funds	**177.47**	**164.49**
Share Capital	25.15	25.15
Other Equity	152.31	139.33
Non Controlling Interest	0.00	0.00
Non Current Liabilities	**105.20**	**64.59**
Long Term Borrowings	64.88	24.77
Lease Liability	5.61	5.70
Provisions	2.01	1.67
Deferred Tax Liabilities	15.43	15.17
Other non-current Liabilities	17.27	17.27
Current Liabilities	**52.43**	**33.28**
Short term Borrowings	34.03	12.07
Trade Payables	2.92	8.85
Lease Liability	0.49	0.57
Other Financial Liabilities	4.91	1.42
Other Current Liabilities	7.01	7.38
Short term Provisions	3.07	3.00
Current Tax Liability (Net)	0.00	0.00
Total Equity & Liabilities	**335.09**	**262.35**

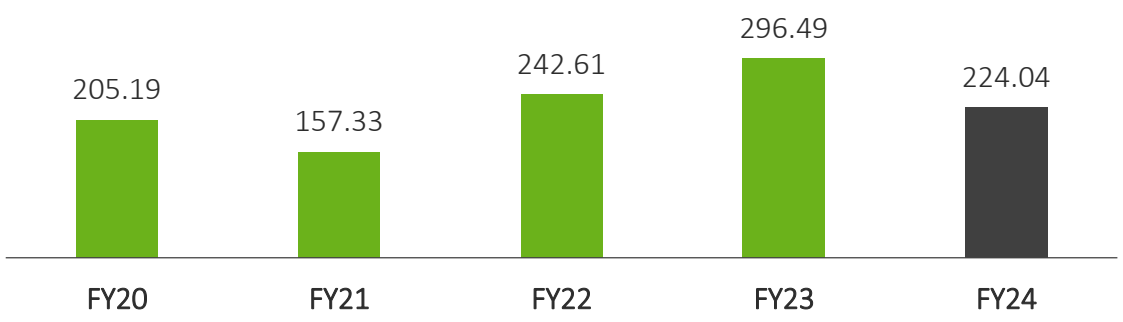
Assets (Rs. Crore)	As on 30th Sep'24	As on 31st Mar'24
Non Current Assets	**258.79**	**175.57**
Property, plant & Equipment	123.73	128.77
Capital work-in-progress	111.31	24.09
Right-of-use assets	6.84	6.30
Intangible Assets under development	0.06	0.06
Intangible Assets	0.03	0.00
FA - Investments	0.43	0.35
FA - Loans	0.05	0.06
Other Non-Current Assets	16.33	15.94
Current Assets	**76.30**	**86.78**
Inventories	24.74	21.83
FA - Trade Receivables	29.79	25.70
FA - Cash & cash equivalents	0.31	0.23
FA - Bank balances	13.61	33.62
FA - Loans	0.13	0.13
Current Tax Assets	0.96	0.47
Other Current Assets	6.76	4.81
Total Assets	**335.09**	**262.35**

Annual Financial Highlights

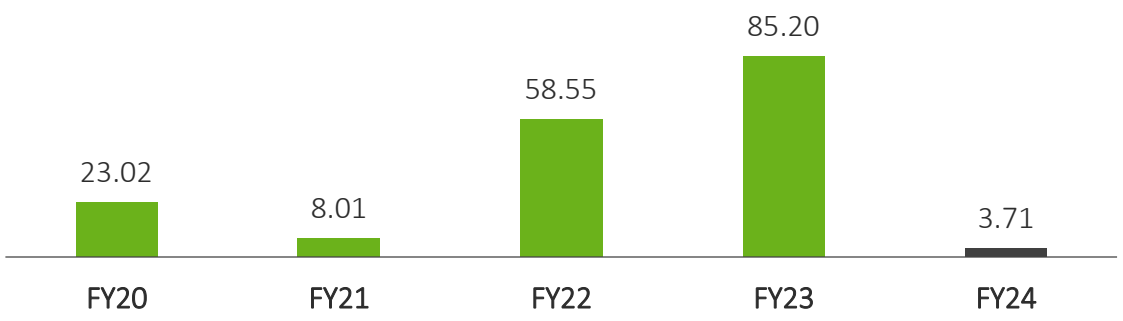
Volumes (in Tonnes)



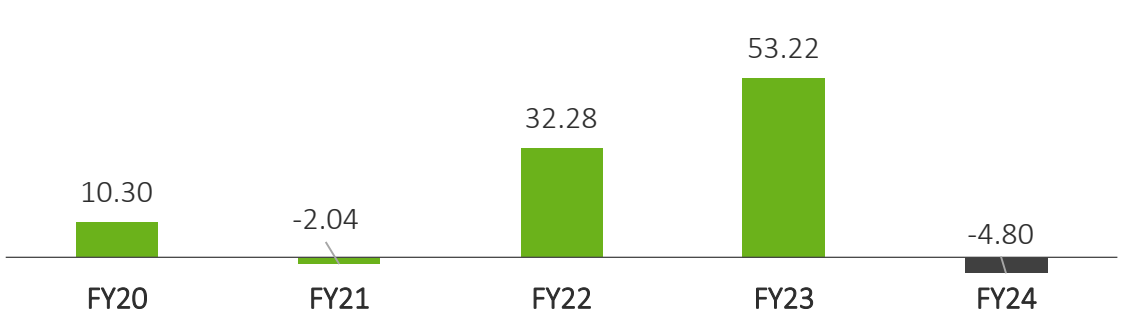
Revenues (Rs. Crore)



EBITDA (Rs. Crore)



Profit After Tax (Rs. Crore)



Profit & Loss Statement – Annual

All Figures in Rs. Crore	FY21	FY22	FY23	FY24
Income from operations	154.10	240.08	295.05	221.11
Other income	3.23	2.52	1.44	2.93
Total income	**157.33**	**242.61**	**296.49**	**224.04**
Cost of Raw Material	26.47	34.46	44.00	53.59
Changes in inventory	-5.19	5.92	2.78	(2.07)
Employee Cost	10.27	13.07	20.97	16.31
Power and Fuel Charges	106.46	114.49	125.33	136.06
Operating expenses	11.04	16.05	18.23	16.43
Total Expenditure	**149.32**	**184.06**	**211.31**	**220.33**
EBITDA	**8.01**	**58.55**	**85.20**	**3.71**
EBITDA Margin %	**5.09%**	**24.13%**	**28.73%**	**1.65%**
Depreciation	6.41	7.26	8.08	9.00
Interest	3.99	4.77	2.41	2.11
Profit Before Tax	**(2.39)**	**46.52**	**74.71**	**(7.40)**
Tax	(0.35)	14.23	21.49	(2.61)
Profit After Tax	**(2.04)**	**32.28**	**53.22**	**(4.80)**
PAT Margin	**(1.30%)**	**13.31%**	**17.95%**	**(2.14%)**
Basic EPS	**(0.81)**	**12.83**	**21.16**	**(1.91)**

Industry Opportunity

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.

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

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

Sources - *https://www.mckinsey.com/industries/chemicals/our-insights/india-the-next-chemicals-manufacturing-hub, **https://ama-india.org/wp-content/uploads/2023/07/May-2023.pdf

The Green Road to Stakeholder value creation

Aspire to become a leading producer of green chemicals

Further expand product portfolio & market presence

- Plans to broaden its product portfolio by increasing **Chlorinated Paraffin Wax** from 20 tons per day 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

- Exploring alternate sources of energy for the manufacturing process
- Shall lower carbon footprint
- Improve entire cost structure

Profit with Purpose: LCAL operates with a vision that profitability and sustainability are not mutually exclusive. Embedding green initiatives into their business model - ensuring that the pursuit of profit aligns with long-term environmental responsibility

Thank You

Mr. Madhav Dhir, Executive Director
Lords Chloro Alkali Limited
Email: madhav.dhir@lordschloro.com

Ms. Savli Mangle / Mr. Smit Shah
Adfactors PR Pvt. Ltd
Email: savli.mangle@adfactorspr.com/
smit.shah@adfactorspr.com