

PCL:SEC:2023: 2040

26.05.2023

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

Scrip Code: 506852

Sub.: Outcome of Board Meeting held on 26th May, 2023 – Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that the Board of Directors of the Company in its meeting held on 26th May, 2023 has approved the acquisition of balance 51% stake in paid up share capital of Flow Tech Chemicals Private Limited, a Promoter Group Company. Details of the same are enclosed in Annexure I.

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@PRIMO CHEMICALS.IN CIN: L24119CH1975PLC003607 WEBSITE : WWW.PRIMO CHEMICALS.IN

WORKS : NANGAL-UNA ROAD, NAYA NANGAL-140126 DISTT. ROPAR, PUNJAB, INDIA

Annexure I

Disclosure as per Clause 1(1.1) of Para A of Annexure I of SEBI Circular no. CIR/CFD/CMD/4/2015 dated September 09, 2015

S. No.	Particulars	Details												
a.	Name of the target entity, details in brief such as size, turnover etc.;	<p>Flow Tech Chemicals Private Limited ("Target Company" /"Flowtech") (CIN: U25202DL1996PTC078956)</p> <p>The existing paid up capital of Flowtech is Rs. 76,26,080 comprising of 7,62,608 equity shares of face value Rs. 10 each. The directors of Flowtech are Shri Sukhbir Singh Dahiya, Shri Jagbir Singh Ahlawat and Shri Mayank Ahlawat.</p> <p>The summary details of the turnover and PAT are as under:</p> <p align="right">(Rs. In lakhs)</p> <table border="1" data-bbox="906 751 1409 951"> <thead> <tr> <th data-bbox="906 751 1094 846">Year</th> <th data-bbox="1094 751 1276 846">Income from operations</th> <th data-bbox="1276 751 1409 846">PAT</th> </tr> </thead> <tbody> <tr> <td data-bbox="906 846 1094 877">2022-23</td> <td data-bbox="1094 846 1276 877">24638.34</td> <td data-bbox="1276 846 1409 877">687.21</td> </tr> <tr> <td data-bbox="906 877 1094 909">2021-22</td> <td data-bbox="1094 877 1276 909">15833.07</td> <td data-bbox="1276 877 1409 909">896.34</td> </tr> <tr> <td data-bbox="906 909 1094 951">2020-21</td> <td data-bbox="1094 909 1276 951">16680.43</td> <td data-bbox="1276 909 1409 951">172.46</td> </tr> </tbody> </table>	Year	Income from operations	PAT	2022-23	24638.34	687.21	2021-22	15833.07	896.34	2020-21	16680.43	172.46
Year	Income from operations	PAT												
2022-23	24638.34	687.21												
2021-22	15833.07	896.34												
2020-21	16680.43	172.46												
b.	<p>Whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired?</p> <p>If yes, nature of interest and details thereof and whether the same is done at "arms length";</p>	<p>The Target Company is part of the Promoter Group of the Company and Promoters of Primo Chemicals Limited (formerly Punjab Alkalies and Chemicals Limited) previously holds 100% holding in the Target Company.</p> <p>As per Board Decision dated 21.05.2021, PRIMO has completed acquisition of 49% holding in Target Company, resulting Promoters of Primo Chemicals Limited (formerly Punjab Alkalies and Chemicals Limited) now holds 51% holding in the Target Company.</p> <p>The proposed transaction would qualify as the related party transaction. Further, the Target Company was allocated a land admeasuring 3 acres by PRIMO on lease to set up a Chlorinated Paraffin Plant within PRIMO's plant complex. The said land was granted on lease commencing from June 16, 2012 for period of thirty years at an annual rent of Rs. 50,000. The said lease is renewable for a further period of 30 years or such other period on the terms mutually agreed by the parties. In terms of the said agreement, Target Company also undertakes transactions with PRIMO for purchase of chlorine in</p>												

		<p>ordinary course of business at arms length basis.</p> <p>The acquisition of remaining 51% paid up share capital of Flowtech is based on the Valuation report dated May 24, 2023 from Sundae Capital Advisors Private Limited, an independent SEBI Registered Merchant Banker and Registered Valuer, in order to maintain fairness and arm's length basis.</p>
c.	Industry to which the entity being acquired belongs:	The Target Company also belongs to the same industry i.e. Chemical Industry and is manufacturing chemical products using by-product of PRIMO.
d.	Objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the listed entity);	<p>Chlorine is a by-product in the manufacturing process of Caustic Soda Lye, which is the main product of PRIMO. Such chlorine is disposed by PRIMO to various parties, including Flowtech.</p> <p>Objects and effects of acquisition:</p> <ul style="list-style-type: none"> - better control over the supply chain management and PACL will have advance information regarding future utilisation of chlorine - Efficient utilisation of capital in the business as a result of reduced uncertainty in disposal of chlorine - expand its business operations by increasing the product manufactured by PRIMO; - Presence of more products will hedge the risk during the rough phases and lead to risk bearing economies - Addition of new products to expand and strengthen PRIMO's position in the market and expand its foot prints;
e.	Brief details of any governmental or regulatory approvals required for the acquisition;	None
f.	Indicative time period for completion of the acquisition;	<p>As per Board Decision dated 21.05.2021 and shareholders approval dated 30.06.2021 Primo has already acquired 49% of the paid up share capital of Flowtech, however, due to pending codal formalities, the acquisition of 100% stake in Flowtech, could not be completed by 31st December, 2022 as approved by Shareholders of the Company in their meeting held on 30.06.2021.</p> <p>Now the Remaining stake of 51% of the paid up share capital of Flowtech to be acquired by 31.12.2024.</p>
g.	Nature of consideration - whether cash consideration or share swap and details of the same;	Cash Consideration

h.	Cost of acquisition or the price at which the shares are acquired;	As per the valuation report dated 24.05.2023 received from Sundae Capital Advisors Private Limited, a Category I Merchant Banker, the value of equity share of Flowtech is Rs.1461.13 per equity share, however, the existing shareholders have given their consent to transfer their remaining share at the previous same price of Rs.1418.20 per equity.						
i.	Percentage of shareholding /control acquired and /or number of shares acquired;	<p>As per Board Decision dated 21.05.2021 and shareholders approval dated 30.06.2021, Primo has already acquired 49% of the paid up share capital of Flowtech, however, due to pending codal formalities, the acquisition of 100% stake in Flowtech, could not be completed by 31st December, 2022 as approved by Shareholders of the Company in their meeting held on 30.06.2021.</p> <p>Now, Board in its meeting held on 26.05.2023 has again approved to acquire of remaining 51% of the paid up share capital of Flowtech, subject to shareholders approval of shareholders.</p>						
j.	Brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);	<p>Flow Tech Chemicals Private Limited was incorporated as Advance Rexine Private Limited on 16th May, 1996 under the Companies Act 1956 with Registrar of Companies, NCT of Delhi & Haryana. The name of the Company was changed to Flow Well Plast-Chem Private Limited and fresh Certificate of Incorporation was issued on September 07, 1998. Subsequently, its name was changed to Flow Tech Chemicals Private Limited vide Certificate of Incorporation dated 14th June, 2012. The registered office of the Company is situated at 314 PP Tower, Netaji Subhash Place, Pitampura, Delhi - 110 034. CIN is U25202DL1996PTC078956. The existing paid up capital of Flowtech is Rs.76,26,080 comprising of 7,62,608 equity shares of face value Rs. 10 each.</p> <p>Flowtech is engaged primarily in the manufacture of Chlorinated Paraffin and Hydrochloric Acid.</p> <p>Turnover in last 3 years:</p> <p style="text-align: right;">(Rs. In lakhs)</p> <table border="1" data-bbox="906 1711 1388 1810"> <tr> <td>2022-23</td> <td>24638.34</td> </tr> <tr> <td>2021-22</td> <td>15833.07</td> </tr> <tr> <td>2020-21</td> <td>16680.43</td> </tr> </table>	2022-23	24638.34	2021-22	15833.07	2020-21	16680.43
2022-23	24638.34							
2021-22	15833.07							
2020-21	16680.43							