



IPO INSIGHTS



Archean Chemical Industries Ltd

Issue Dates - Opens: 09-11-2022 | Closes: 11-11-2022

IPO Note	<ol style="list-style-type: none"> 1. Leading specialty marine chemical manufacturer in India, focused on producing and exporting bromine, industrial salt and potassium sulphate across the globe. 2. Only manufacturer of sulphate of potash from natural sea brine in India 3. Operates in Industry with High-Entry Barriers 4. Long-standing relationship with Japanese Conglomerate Sojitz Corp 5. India Resurgence Fund made investment to refinance the debt of the company 6. High Debt to Equity 7. Reasonably-Priced
Rating	★★★★ (VERY GOOD)

IPO SNAPSHOT

Issue Size	₹ 1462.31 Crores
Issue Type	Fresh Issue & Offer for sale
Fresh Issue	₹ 805 Crores
Offer for Sale	₹ 657.31 Crores
Face Value Per Share	₹ 2
Price Band Per Share	₹ 386 - ₹ 407
Minimum Lot Size	36 shares
Listing On	BSE, NSE
Registrar to the Issue	Link Intime India Private Ltd

IPO SNAPSHOT – Archean Chemical Industries Ltd

About the Company	<ul style="list-style-type: none"> ▪ Incorporated on November 20, 2003 ▪ Leading specialty marine chemical manufacturer in India and focused on producing and exporting bromine, industrial salt, and sulphate of potash to customers around the world ▪ Largest exporter of bromine and industrial salt in India in Fiscal 2021 (F&S Report) ▪ Amongst the lowest cost of production globally in both bromine and industrial salt. (F&S Report) ▪ Produces products from brine reserves in the Rann of Kutchchh ▪ Manufactures products at their integrated production facility for their bromine, industrial salt, and sulphate of potash operations, located at Hajipir facility in Gujarat ▪ As of June 30, 2022, marketed products to 18 Global customers in 13 countries and to 24 domestic customers. ▪ Bromine is used as a key initial level material, which has applications in the pharmaceuticals, agrochemicals, water treatment, flame retardant, additives, oil & gas, and energy storage batteries ▪ Leader in Indian bromine merchant sales (traded bromine in the market) by volume in Fiscal 2021. ▪ Industrial salt is the principal material in chlorine and caustic soda production (together, known as chloralkali) and is widely used in the chemical and food and beverage industries. ▪ Exported 100% of their industrial salt production, primarily to customers in Japan and China. ▪ Sulphate of Potash, also known as potassium sulphate, is a high-end, specialty fertilizer for chlorine-sensitive crops and also has medical uses to reduce the plasma concentration of potassium when hypokalemia occurs. ▪ Only manufacturer of sulphate of potash from natural sea brine in India ▪ The transportation of bromine is also dangerous and requires nickel and lead lined ISO containers, of which Archean had 228 such containers (owned and leased) for their export business as of June 30, 2022. ▪ In 2011, established relationship with Sojitz Corporation, a Japanese trading conglomerate and a major customer, which allowed the company to develop new solar evaporation ponds in India based on the growing demand in Asia and offtake by Sojitz ▪ In 2018, India Resurgence Fund, a joint venture between Piramal Enterprises Ltd and Bain Capital Credit (“IndiaRF”) invested US \$156 million in the company, which allowed the company to refinance debt, offer capital investment to optimize output across product lines, and provided working capital. 																														
Competitive Strengths	<ul style="list-style-type: none"> ▪ Leading Market Position, Expansion and Growth in Bromine and Industrial Salt ▪ High entry barriers in the specialty marine chemicals industry ▪ Established infrastructure and integrated production with cost efficiencies ▪ Focus on environment and safety ▪ Largest Indian Exporter of Bromine and Industrial Salt with Global customer base ▪ Strong and consistent financial performance ▪ Experienced management team, promoters and financial investors and stakeholders 																														
Financials (₹ in Crores)	<table border="1"> <thead> <tr> <th>Particulars</th> <th>31-3-2020</th> <th>31-3-2021</th> <th>31-3-2022</th> <th>Y-o-Y</th> </tr> </thead> <tbody> <tr> <td>Revenue from Operations</td> <td>608.17</td> <td>740.76</td> <td>1130.44</td> <td>*</td> </tr> <tr> <td>EBITDA</td> <td>156.83</td> <td>276.25</td> <td>479.54</td> <td>*</td> </tr> <tr> <td>EBITDA Margin</td> <td>25.79%</td> <td>37.29%</td> <td>42.42%</td> <td></td> </tr> <tr> <td>Profit After Tax</td> <td>(36.22)</td> <td>66.61</td> <td>188.58</td> <td>*</td> </tr> <tr> <td>Profit After Tax Margin</td> <td>(5.96)%</td> <td>8.99%</td> <td>16.68%</td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> • Debt to Equity = 3.53 • * Non Comparable as data available is Standalone for FY 2021 and Consolidated for FY 2022 & FY2020 	Particulars	31-3-2020	31-3-2021	31-3-2022	Y-o-Y	Revenue from Operations	608.17	740.76	1130.44	*	EBITDA	156.83	276.25	479.54	*	EBITDA Margin	25.79%	37.29%	42.42%		Profit After Tax	(36.22)	66.61	188.58	*	Profit After Tax Margin	(5.96)%	8.99%	16.68%	
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Valuation	<ul style="list-style-type: none"> ▪ Attributing Annualized Q1FY23 Earnings asking P/E = 16.78 																														
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Promoters	<ul style="list-style-type: none"> ▪ Chemikas Specialty LLP, Ravi Pedurthi and Ranjit Pedurthi 																														
Objects of the issue	<ul style="list-style-type: none"> ▪ Redemption or earlier redemption in full or part for NCDs issued by the company ▪ General Corporate Purposes 																														

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