



Archean
Chemical
Industries
Limited

Archean Chemical Industries Limited

Q2 & H1 FY24 - Investor Presentation

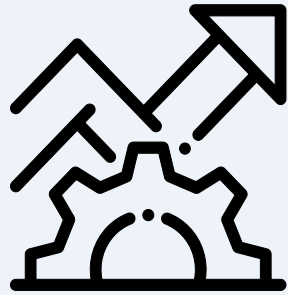




This presentation and the accompanying slides (the “Presentation”), which have been prepared by **Archean Chemical Industries Limited (the “Company”)**, have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

This presentation contains certain forward looking statements concerning the Company’s future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and abroad, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions regulations, interest and other fiscal costs generally prevailing in the economy. The Company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the Company.



Q2 FY24 Performance Highlights

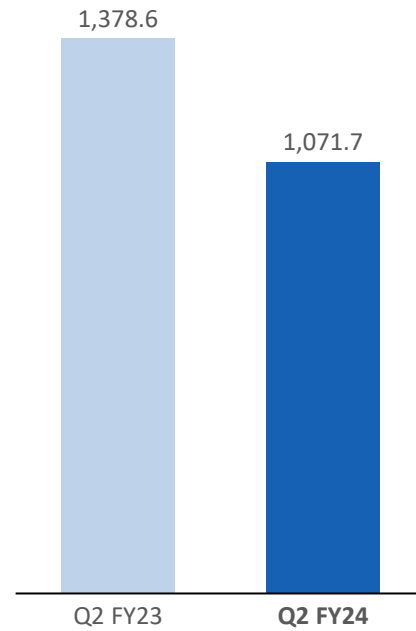
Q2 FY24 Performance Highlights



Total Revenue (Rs. mn)



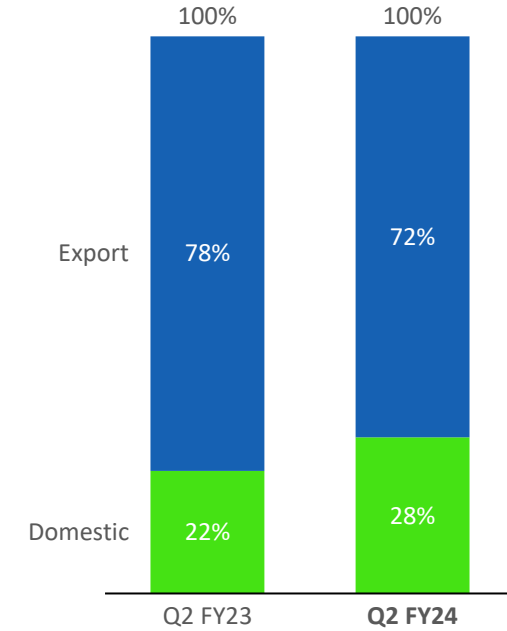
EBITDA (Rs. mn)



Profit After Tax (Rs. mn)



Geographic-Wise (%)



Profit & Loss Statement



Particulars (Rs. in mn)	Q2 FY24	Q2 FY23	YoY %
Total Income	3,020.4	3,126.5	(3.4)
Cost of material consumed	119.4	84.7	
Change in Inventory	68.2	208.4	
Employee Cost	192.0	114.7	
Other Expenses	1,569.1	1,340.0	
EBITDA	1,071.7	1,378.6	(22.3)
EBITDA Margin (%)	35.5%	44.1%	
Depreciation	174.6	168.6	
EBIT	897.1	1210.0	
EBIT Margin (%)	29.7%	38.7%	
Finance Cost	20.0	349.7	
Profit before Tax	877.1	860.3	
Tax	213.6	221.2	
Profit After Tax	663.5	639.1	3.8
Profit After Tax Margin (%)	22.0%	20.4%	
EPS (in Rs.) - Basic	5.39	6.19	
EPS (in Rs.) - Diluted	5.37	6.19	

Balance Sheet Statement



Particulars(Rs. in mn)	Sept-23	Mar-23
Shareholder's Funds	15,699.1	14,325.2
Equity Share Capital	246.1	246.1
Reserves & Surplus	15,453.0	14,079.1
Non-Current Liabilities	1,533.4	1,520.0
Financial Liability		
(i) Borrowings	7.0	7.9
(ii) Other Financial Liabilities	323.1	357.1
Provisions	0.4	0.5
Other Non Current Liabilities	-	-
Deferred Tax Liabilities	1,202.9	1,154.5
Current Liabilities	1,597.5	1,713.4
Financial Liability		
(i) Borrowings	251.8	207.0
(ii) Trade Payables	1,004.2	955.5
(iii) Other Financial Liabilities	241.2	326.4
Other Current Liabilities	22.3	193.6
Current tax liabilities (net)	72.3	28.3
Provisions	5.7	2.6
Total Equity & Liabilities	18,829.9	17,558.6

Particulars(Rs. in mn)	Sept-23	Mar-23
Non-Current Assets	11,837.8	11,795.6
Property Plant & Equipment	10,522.5	10,648.1
CWIP	480.4	332.0
Right of Use Assets	291.9	325.0
Intangible Assets	1.4	1.7
Investments	50.0	50.0
Loans	316.4	140.5
Other Financial Assets	56.1	230.2
Other Non-Current Assets	119.0	68.2
Current Assets	6,992.1	5,762.9
Inventories	1,427.3	1,677.6
Investments	3,285.8	2,100.8
Financial Assets		
(i)Trade receivables	1,188.7	1,177.4
(ii)Cash and cash equivalent	308.7	52.7
(iii)Bank balances	266.5	267.0
(iv)Other Financial Assets	178.6	169.0
Other Current Assets	336.5	318.4
Total Assets	18,829.9	17,558.6

Cashflow Statement



Particulars (Rs. mn)	Sept'23	Sept'22
Profit before Tax & Exceptional	2,131.4	1,992.4
Adjustment for Depreciation & other items	237.7	1,203.5
Operating profit before working capital changes	2,369.1	3,195.9
Changes in working capital	271.6	-283.2
Cash generated from operations	2,640.7	2,912.7
Direct taxes paid (net of refund)	-433.0	-80.0
Net Cash from Operating Activities	2,207.7	2,832.7
Net Cash from Investing Activities	-1,607.5	-609.4
Net Cash from Financing Activities	-344.2	-1,728.8
Net Change in cash and cash equivalents	256.0	494.5
Cash and cash equivalents at the beginning of the year	52.7	72.5
Cash and cash equivalents at the end of the period	308.7	567.0



A leading Manufacturer of **Specialty Marine Chemicals** in India



Strong Clientele - 29 Global & 38 Domestic



Integrated production Facility located at Hajipir, Gujarat



Largest exporter of Bromine and Industrial Salt in India



'Responsible Care' Certification is in process

Rs. 6,563 Mn
***H1 FY24 Revenue**

Bromine

- Leadership position in Indian Bromine merchant sales

Industrial Salt

- 100% Export business

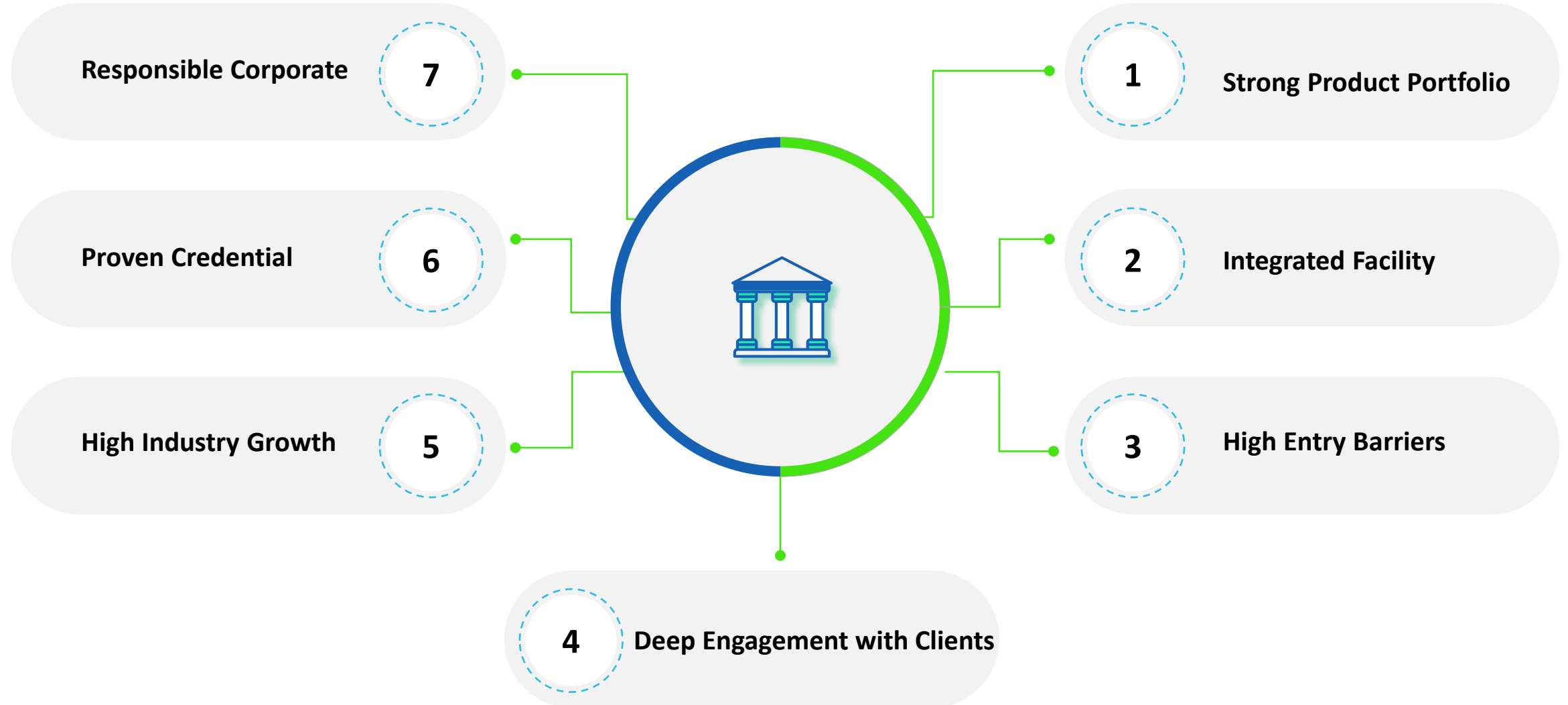
Sulphate of Potash

- Only Manufacturer from natural sea brine in India



Key Attributes behind Strong Foundation

Key Attributes Behind Strong Foundation



1. Strong Product Portfolio



Product

Bromine

Industrial Salt

SOP

Overview

- Bromine is the only non-metallic element that is a liquid at standard conditions
- It is a member of the halogen family and is found naturally in seawater, underground brine deposits and other water reservoirs

- There are 14,000 commercial uses of Salt, a source of Sodium and Chlorine which are basic components of an array of materials – such as plastics, glass, synthetic rubber, cleansers, pesticides, paints, adhesives, fertilizers etc.

- Sulphate of Potash, also known as potassium sulphate, is a high-end, **specialty fertilizer** for chlorine-sensitive crops.

Archean's Position

- Leadership position in Indian Bromine merchant sales

- Produced using the solar evaporation method.
- 100% Export business

- Only Manufacturer of SOP from natural sea brine, in India
- KTMS (kainite type mixed salt) had higher NaCl content (Sodium Chloride), which led to lower SOP production in the last few years

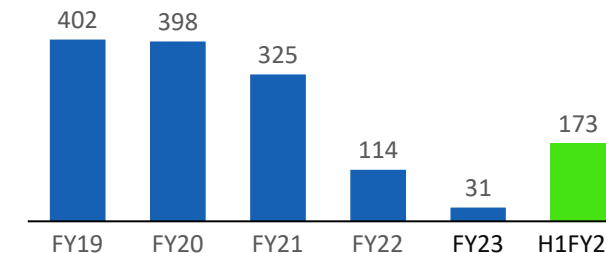
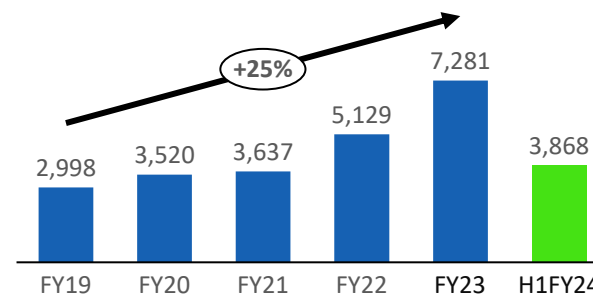
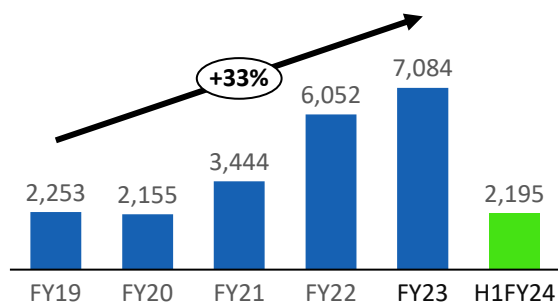
End User Industries

- Pharmaceuticals
- Agrochemicals
- Flame Retardants
- Water Treatment
- Oil & Gas & energy storage

- Chloralkali Chemicals
- Food & Beverage
- Water Treatment
- Oil & Gas

- Agrochemicals
- Various industries including glass, cosmetics etc.
- Medical uses

*Revenue Trend (mn)



*On Standalone basis

2. Integrated Production Facility at Hajipir, Gujarat



Location Advantages

- The manufacturing facility is located in close proximity to the **Jakhau Jetty** and **Mundra Port**. The Jakhau Jetty is a fair-weather facility, operating for seven to eight months a year from October to May
- It has a designed capacity of 5 million MT per annum and a capacity to load 28,000 MT equipped with a twin conveyor system, diesel generator sets
- An **integrated manufacturing site** with **access to the Rann of Kutch reserves** and a close connectivity to ports, results in production process efficiency, deliver superior quality and timely products

Established Infrastructure

- Archean **use brine from own reservoirs** as raw material which include Industrial Salt, kainite and end bittern. Other raw materials are primarily sourced from third-party suppliers in India
- Globally, two most popular Bromine production sites are near the Dead Sea (Israel & Jordan) and the underground well in Arkansas region in the USA
- India is well placed with brine resources at the Great Rann of Kutch in Gujarat



3. High Entry Barriers



Archean has proven to be a reputed producer with a track record of providing high quality products

1

Access to Reserves

2

Limited number of locations globally with a suitable climate

3

Multi year Investment in Brine field Development

4

High cost and intricacy of product development

5

Rigorous product approval systems

6

Difficult customer acquisition

7

High degree of technical skill and specialized expertise for material handling

8

Development time of brine reservoirs

4. Deep Engagement with Clients



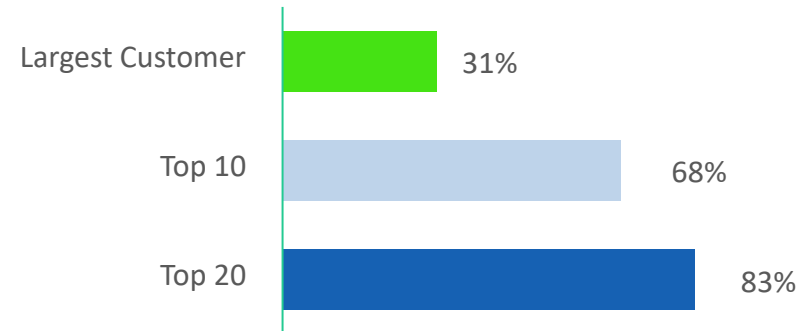
Enduring customer relationships helped to expand product offerings and geographic reach

Strong Clientele

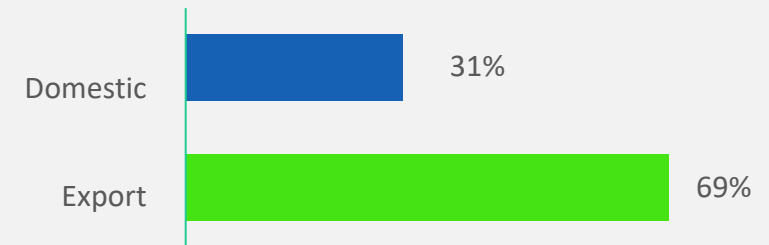


TOTAL **67** Clients

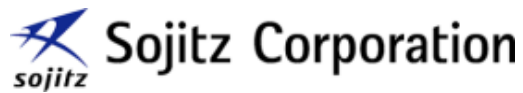
Revenue Contribution



High Focus on Exports



Major Clients



A Japanese Trading Conglomerate, Largest Customer & Equity Shareholder



- Sojitz is a Japanese Trading Conglomerate with **diverse client base**
- Enjoy relationships in **excess of five years** with seven out of top ten customers

5. High Industry Growth



Product

Bromine

Industrial Salt

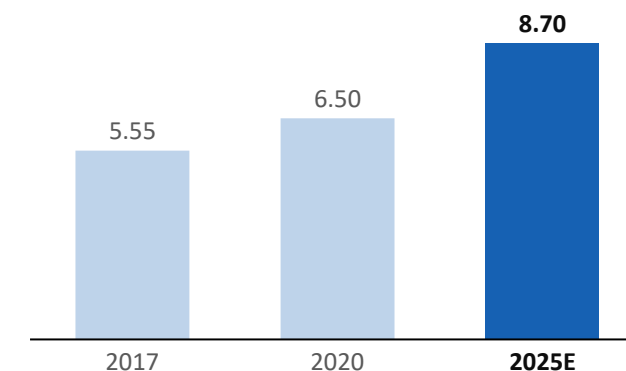
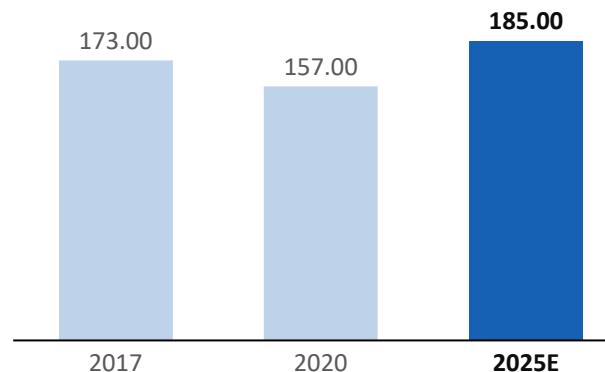
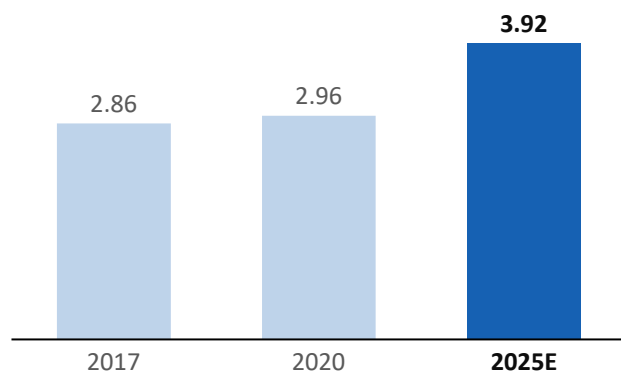
Sulphate of Potash

(US\$ billion)

(mn in MT)

(mn in MT)

*Global
Market Size*



*High Growth
In
End User Industries*

- Increasing demand for flame retardants
- Increasing demand in Agro chemicals
- Increasing consumption of oil well chemicals
- Increasing use of bromide compounds in energy flow batteries

- Increasing industrialization leading to increase in Chlor Alkali, PVC & Polyurethane
- Increase in demand from the food and beverage industry

- Increase in use of fruits and vegetables growing fertilizers primarily



With Industry Standards and Regulatory Credentials

Key Certificates



MINISTRY OF COMMERCE
AND INDUSTRY
DIRECTOR GENERAL OF
FOREIGN TRADE

सत्यमेव जयते

- Accredited four star export house by Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India
- Member-signatory to **Responsible CARE** – Indian Chemical Council
- **REACH** certification enabling the Company to export Sulphate of Potash products to European customers

R&D Depth

- State of art R&D facility at plant location.
- Continuous effort undertaken to evaluate the brine chemistry.
- Recently, brand new R&D facility has been set up in Jhagadia for Bromine downstream project.





Environment & Safety Measure

Environment and safety considerations are an important part of our operations. We undertake an annual environment and safety audit and strive to ensure that we do not discharge any harmful elements from our manufacturing operations.

- Annual environment and safety audit
- Environment Management Cell Program
- Stack & Ambient Air, water Quality and noise level Monitoring
- Water Audit
- Use of ISO tanks certified by the Bureau Veritas Quality International (“BVQI”) tanks



Social

Focused on education and skill development and healthcare for our staff and local community. We have carried out activities set forth below:

- Supply of drinking water to surrounding areas situated near Hajipir Factory
- Medical camps to raise health awareness amongst the local community
- Donation to schools for promoting education at Hajipir
- Building renovation of Hajipir & Nara Schools
- Rural development activities



Governance

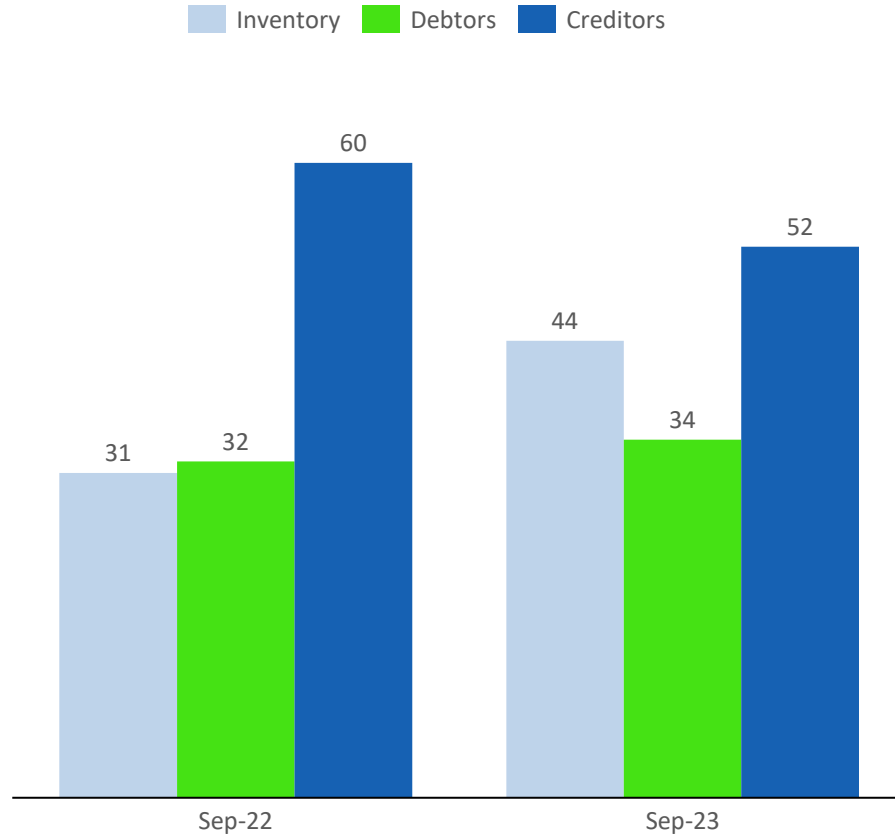
Undertakes all necessary steps to comply with all the requirements of Listing Regulations and the Companies Act. Committees of the Board

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders’ Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

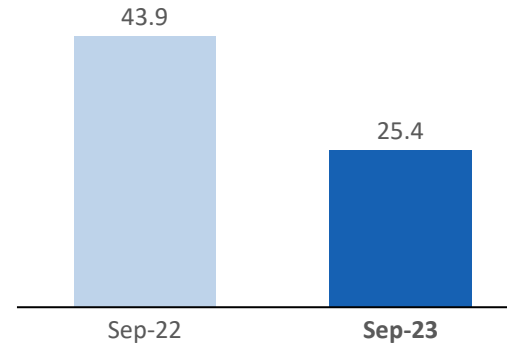
8. Strong Balance Sheet Performance**



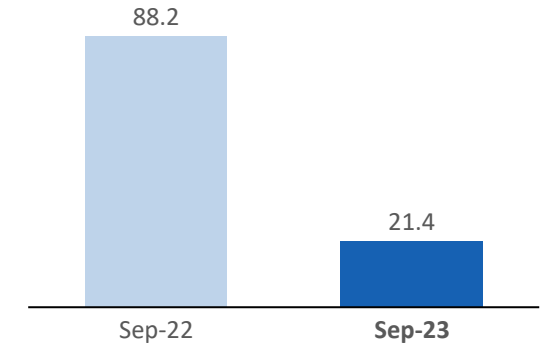
Inventory, Debtors and Creditors Turnover (in days)



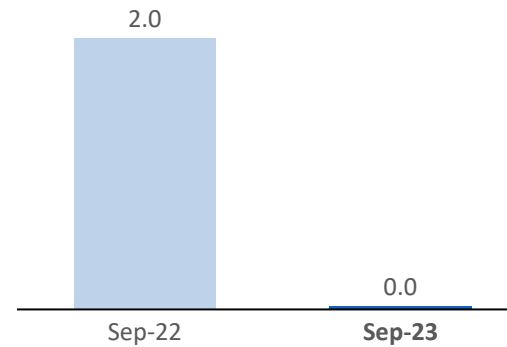
RoCE (%)



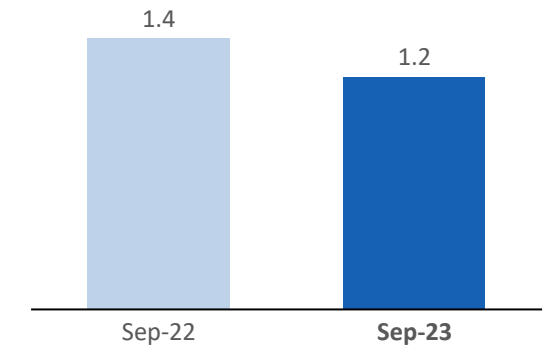
RoE (%)



Net Debt to Equity (x)



Fixed Asset Turnover (x)





Next level of Growth



01. Brownfield Expansion

Expanded Bromine and Industrial Salt capacities

Bromine

- Added a feed enrichment section at the site in Hajipir, Gujarat which increased Bromine capacity by 18,000 MT per annum.
- Added an additional 14,500 MT per annum capacity in FY23 which will be used for producing Bromine Derivatives in the upcoming greenfield project

Industrial Salt

- Intend to expand the manufacturing capacities for Industrial Salt production by adding one additional washery of 250 tons per hour

02. Greenfield Expansion



To expand into downstream Bromine derivative performance products

Bromine Derivatives

- Setting up a new facility at Jhagadia, GIDC through Acume Chemicals Private Limited (Subsidiary) to manufacture Bromine Performance Derivatives
- Primarily Brominated flame retardants, Clear Brine Fluids & Bromine Catalysts

Greenfield Expansion of Bromine Derivatives



Acume
Chemicals
Pvt. Ltd.

Subsidiary

~Rs. 2,520 Mn

CAPEX

Jhagadia,
GIDC

Location

Q1FY25e

Timeline

Bromine Derivatives

High-end Flame Retardant 10,000 MTPA

Clear Brine Fluids 13,000 MTPA

Pure Terephthalic Acid (PTA) Synthesis 5,000 MTPA

Overview

- Globally, properties worth billions of dollars are lost due to fire-related accidents every year. This makes anti-inflammatory agents or flame retardants crucial chemicals

- A chemical compound used with additives in Well completion operations to make the solids free from brines
- These fluids are extensively used in the oil & gas well-drilling industry

- Primarily used to produce polyester
- A majority of PTA is consumed in the development of polyester resins, such as polyester films, polyester fibre and yarn, and PET material bottles
- Brominated catalyst is used for production of PTA

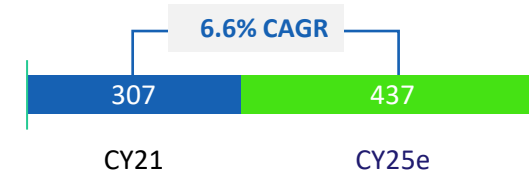
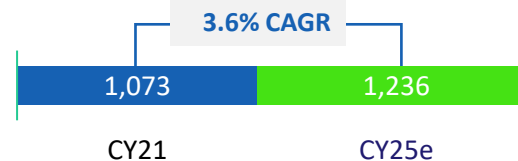
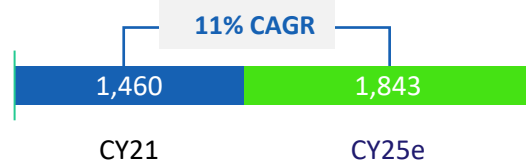
End User Industries

- Electronics industry, wire and cable compounds and in everyday commodities such as rubbers etc.

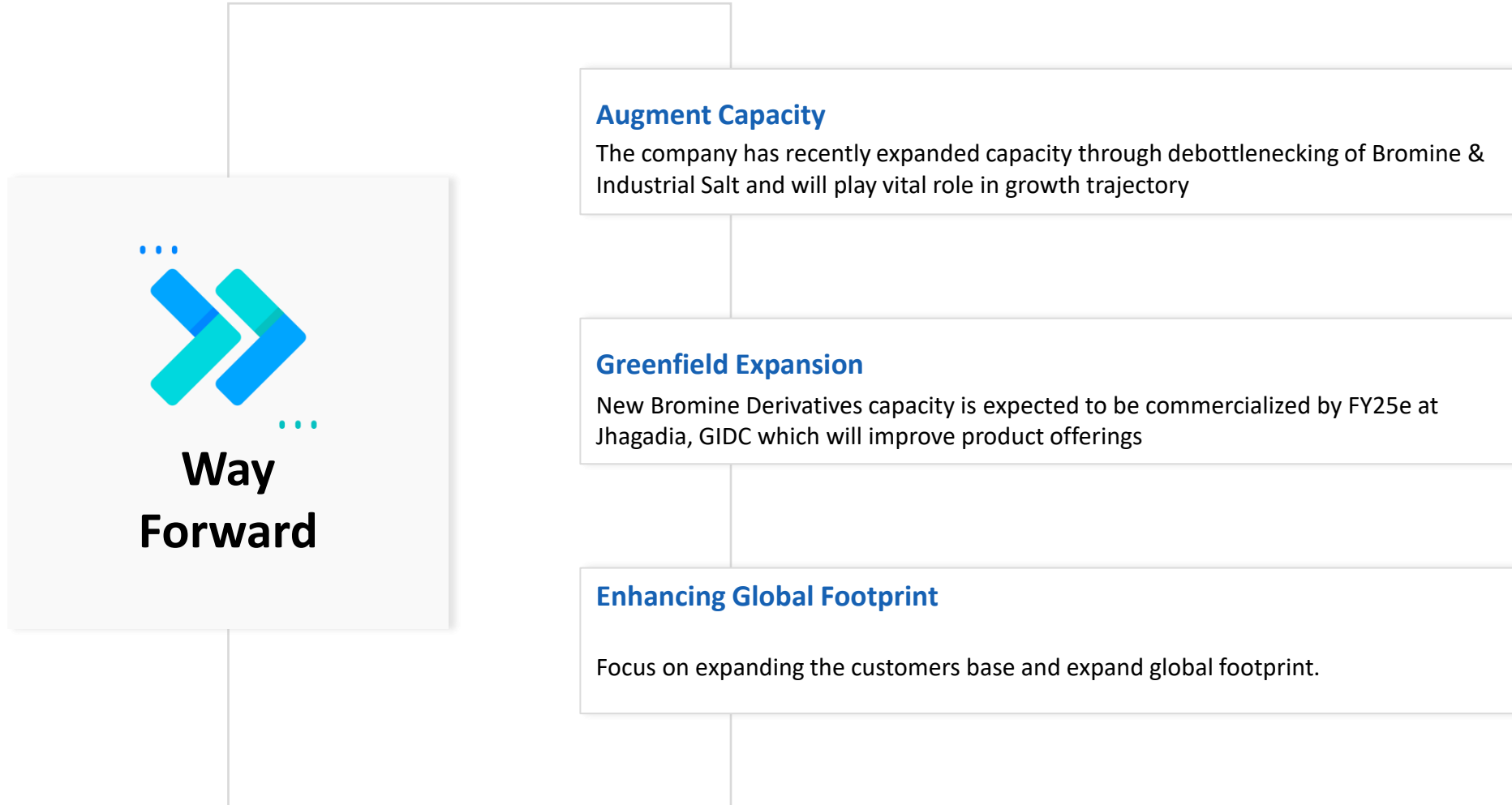
- Produce calcium bromide which is used in Oil drilling and organic synthesis and flow batteries.

- Polyester resins, such as polyester films, polyester fibre and yarn, and PET material bottles.

Global Market



\$ in mn





Archean
Chemical
Industries
Ltd.

Thank You !

Company:



Archean Chemical Industries Ltd.

CIN - L24298TN2009PLC072270

Mr. Rajeev K / Mr. Raghunathan R

rajeevkumar@archeangroup.com /
raghunathan.r@archeanchemicals.com

www.archeanchemicals.com

Investor Relations Advisor:

SGA Strategic Growth Advisors

Strategic Growth Advisors Pvt. Ltd.

CIN - U74140MH2010PTC204285

Mr. Shrikant Sangani / Ms. Manasi Bodas

shrikant.sangani@sgapl.net / manasi.bodas@sgapl.net

+91 9619595686 / +91 9821043510

www.sgapl.net