IPO Note

November 07, 2022

Archean Chemical Industries Limited

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Issue Snapshot:
Issue Open: Nov 09 – Nov 11, 2022

Price Band: Rs. 386 –407

*Issue Size: 35,928,870 eq sh (Fresh issue of Rs 805 cr + Offer for sale of 16150000 eq sh)

Reservation for:

QIB	atleast	75% eq sh
Non-Institutional	upto	15% eq sh

((including 1/3rd for applications between Rs.2 lakhs to Rs.10 lakhs))

Retail	upto	10% eq sh

Face Value: Rs 2

Book value: Rs 33.45 (June 30, 2022)

Bid size: - 36 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity:	Rs.	20.65 cr
*Post issue Equity:	Rs.	24.61 cr

Listing: BSE & NSE

Book Running Lead Managers: IIFL Securities Limited, ICICI Securities Limited, JM Financial Limited

Sponsor Bank: ICICI Bank Ltd and HDFC Bank Ltd

Registrar to issue: Link Intime India Private Limited

Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	65.58	53.41
Public	34.42	46.59
Total	100.0	100.0

*=assuming issue subscribed at higher band
Source for this Note: RHP

Background & Operations:

Archean Chemical Industries Limited (ACIL) is a 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. It is the largest exporter of bromine and industrial salt by volume in India in Fiscal 2021 and have amongst the lowest cost of production globally in both bromine and industrial salt. It produces its products from its brine reserves in the Rann of Kutch, located on the coast of Gujarat, and it manufactures its products at its facility near Hajipir in Gujarat. As of June 30, 2022, it marketed its products to 18 global customers in 13 countries and to 24 domestic customers. ACIL bromine is used as key initial level materials, which have applications in the pharmaceuticals, agrochemicals, water treatment, flame retardant, additives, oil & gas and energy storage batteries. Industrial salt is an important raw material used in chemical industry for production of sodium carbonate (soda ash), caustic soda, hydrochloric acid, chlorine, bleaching powders, chlorates, sodium sulphate (salt cake) and sodium metal.

Bromine is recovered from soluble salts found in seawater, salt lakes, inland seas and brine wells. Bromine is produced from brine after separation of most of the sodium chloride and potash. The Company command a leadership position in Indian bromine merchant sales (traded bromine in the market) by volume in Fiscal 2021, and it is the largest exporter of Bromine from India by volume in Fiscal 2021. In the three months ended June 30, 2022 and in Fiscal 2022, Fiscal 2021 and Fiscal 2020, it exported 34.88%, 44.88%, 46.10% and 39.79%, respectively, of its bromine production abroad, mainly to China. The balance of its bromine production is sold in the domestic market. Bromine is a highly corrosive, hazardous and toxic chemical and its handling requires a high degree specialized expertise which has developed.

ACIL has an integrated production facility for its bromine, industrial salt, and sulphate of potash operations, located at Hajipir, Gujarat, which is located on the northern edge of the Rann of Kutch brine fields. Its manufacturing facility is located in close proximity to the captive Jakhau Jetty and Mundra Port, where it transports its products to its customers internationally. Its facility and its surrounding salt fields and brine reservoirs span approximately 240 sq.km. As of June 30, 2022, its manufacturing facility had an installed capacity of 28,500 MT per annum of bromine, 3,000,000 MT per annum of industrial salt and 130,000 MT per annum of sulphate of potash. In the three months ended June 30, 2022 and in Fiscal 2022, the Company's capacity utilization was 23.72% and 71.20% of bromine, respectively; 38.54% and 119.54% of industrial salt, respectively; and 0.00% and 1.91% of sulphate of potash, respectively. It has one of the largest salt works at one single location in the world. Its industrial salt washing facility has three washeries, each having a capacity of 200 tons/hour. Its facility is equipped with its own quality department, effluent treatment plant, sewage treatment plant and stockyard.

Objects of Issue:

The Offer comprises a Fresh Issue by ACIL and an Offer for Sale by the Selling Shareholders.

Offer for Sale

The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale after deducting its proportion of Offer expenses and relevant taxes thereon. The Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Fresh Issue.

The object of the Offer for Sale is to allow the Selling Shareholders to sell up to 16,150,000 Equity Shares held by them.

Fresh Issue

ACIL proposes to utilise the Net Proceeds of the Fresh Issue towards funding the following objects:

- Redemption or earlier redemption, in part or full, of NCDs issued by ACIL; and
- General corporate purposes.

In addition, ACIL expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges and enhancement of the Company's visibility and brand image and creation of a public market for its Equity Shares in India.

Proposed schedule of implementation and deployment of Net Proceeds

ACIL propose to utilise the Net Proceeds for the following Objects in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

Sr. No	Particulars	Amount to be funded from Net Proceeds	Estimated schedule of deployment by		Ratio of Objects out of the Gross proceeds (in%)
			FY23	FY24	
1	Redemption or earlier redemption, in part or full, of NCDs issued by the Company	6,440.00	6,440.00	0	80.00%
2	General corporate purposes	*	*	*	*

Competitive Strengths

Leading market position, expansion and growth in bromine and industrial salt: ACIL is a leading specialty marine chemical manufacturer in India since 2013. It is the largest exporter of bromine and industrial salt by volume in India in Fiscal 2021 and has amongst the lowest cost of production globally in both bromine and industrial salt. It attributes its strong market position to factors such as its long-standing relationship with global customers, its established infrastructure and access to brine reserves at the Rann of Kutch, its manufacturing facility close proximity to the captive Jakhau Jetty and Mundra Port and its consistent delivery of high-quality products. Its leadership position and low cost-production offers it competitive advantages such as product pricing, economies of scale, and the ability to scale its business, increase customer loyalty and expand its client base, all of which have in turn resulted in the growth of revenues and EBITDA in the last three fiscal years.

ACIL command a leadership position in Indian bromine merchant sales (traded bromine in the market) by volume in Fiscal 2021, and it are the largest exporter of Bromine from India by volume in Fiscal 2021. It was the largest exporter of industrial salt in India with exports of 2.7 million MT in Fiscal 2021. It is the only manufacturer of sulphate of potash from natural sea brine in India. The sulphate of potash market is being driven by the advantages of sulphate of potash over muriate of potash and growing demand driven by its use in fertilizers primarily for growing fruit and vegetables and medical uses as low potassium levels have been linked to cancer and certain cardiovascular diseases. It aims to be the key producer and supplier of sulphate of potash in India.

High entry barriers in the specialty marine chemicals industry: The specialty marine chemicals industry in which ACIL operates has high entry barriers, which include the high cost and intricacy of product development, manufacture, and investment in salt beds, the limited availability of raw materials necessary for production, the limited number of locations with a suitable climate and access to reserves, and the lead time and expenditure required for research and development and building customer confidence and relationships, which can only be achieved through a long gestation period. Given the nature of the application of its products and the processes involved, its products are subject to, and measured against, high quality standards and sensitive and rigorous product approval systems with stringent impurity specifications. Further, because end products manufactured by ACIL customers are typically subject to stringent regulatory and industry standards, any change in the vendor of the products may require significant time and expense for customers, which acts an entry barrier and disincentives any such change. Thus, customer acquisition is difficult and limits the number of competitors involved in the manufacturing of its products.

Further, bromine and certain raw materials that ACIL use in production are highly corrosive, hazardous and toxic chemicals. Therefore, handling these chemicals requires a high degree of technical skill and specialized expertise, and operations involving such hazardous chemicals must be undertaken only by personnel who are well trained to handle such chemicals.

Established infrastructure and integrated production with cost efficiencies: ACIL has an integrated production facility for its bromine, industrial salt, and sulphate of potash operations, located at Hajipir, Gujarat, which is located on the northern edge of the Rann of Kutch brine fields. Its facility and its surrounding salt fields and brine reservoirs span approximately 240 sq.km. As of June 30, 2022, its manufacturing facility had an installed capacity of 28,500 MT per annum of bromine, 3,000,000 MT per annum of industrial salt and 130,000 MT per annum of sulphate of potash. It has one of the largest salt works at one single location in the world. Its industrial salt

washing facility has three washeries, each having a capacity of 200 tons/hour. The Company's facility is equipped with its own quality department, effluent treatment plant, sewage treatment plant and stockyard. Its operations have an ISO 9001:2015 certification.

In bromine production, India is among the top five cost competitive producers globally with China and Japan being more expensive and the United States (Arkansas), Israel and Jordan less expensive than India. Its cost competitiveness has helped it become the largest Indian exporter of bromine by volume and the leader in merchant sales (traded bromine in the market rather than captive production) in Fiscal 2021. Its integrated manufacturing site with access to the Rann of Kutch reserves and a close connectivity to ports allows it to manage the production process efficiently and to deliver high quality and timely products to its customers.

Focus on environment and safety: Environment and safety considerations are an important part of ACIL's operations. It undertakes an annual environment and safety audit and strive to ensure that it do not discharge any harmful elements from its manufacturing operations. As of June 30, 2022, it had an environmental, health and safety team of 13 employees. As part of its environmental and sustainability efforts, it has implemented an environmental management plan, which is focused on the following:

- ensuring that manufacturing facility is compliant with environmental guidelines and standards set forth by regulatory agencies;
- ensuring that adequate pollution control systems are installed and operating satisfactorily;
- ensuring that the pollution concentration of treated effluent, ambient air, and stack air are within the prescribed standards set forth by regulatory agencies; and
- ensuring proper waste management handling and disposal system procedures are in place and followed by all of its employees.

Largest Indian exporter of bromine and industrial salt with global customer base: As of June 30, 2022, ACIL had 18 global customers and 24 domestic customers. Its major customers include, for industrial salt, Sojitz Corporation (which is also a shareholder in the Company), Wanhau Chemicals and Qatar Vinyl Company Limited; and for bromine, Shandong Tianyi Chemical Corporation and Unibrom Corporation. In the three months ended June 30, 2022 and in Fiscal 2022, Fiscal 2021 and Fiscal 2020, its largest customer, Sojitz Corporation, contributed 19.29%, 20.56%, 30.51% and 31.94%, respectively, of its revenue from operations; its top 10 customers contributed 60.69%, 61.99%, 75.70% and 77.14%, respectively, of its revenue from operations; and its top 20 customers contributed 81.75%, 80.94%, 88.66% and 92.05%, respectively, of the revenue from operations. In the three months ended June 30, 2022 and in Fiscal 2022, Fiscal 2021 and Fiscal 2020, its industrial salt sales to Sojitz Corporation accounted for 39.38%, 45.29%, 61.95% and 54.98% respectively, of its total salt sales, while no customer accounted for more than 20% of its total bromine sales.

The Company is an export-oriented business, and, in the three months ended June 30, 2022 and in Fiscal 2022, Fiscal 2021 and Fiscal 2020, 66.74%, 70.32%, 74.41% and 78.41%, respectively, of its revenue from operations were attributed to export sales. Some of the key geographies to which it exports its products include China, Japan, South Korea, Qatar, Belgium and the Netherlands. It enjoys relationships in excess of five years with seven out of its top ten customers. Its long-term relationships and ongoing active engagements with customers also allows to plan its capital expenditure, enhance its ability to benefit from increasing economies of scale with stronger purchasing power for raw materials and a lower cost base. These enduring customer relationships also has helped ACIL expand its product offerings and geographic reach. As a result of its diversified customer base, its long-standing relationships with customers, and ability to service large export markets with strong regulatory standards, it is well equipped to retain its presence in the market and build upon these relationships to increase product base and reach new customers.

Strong and consistent financial performance: ACIL has built its business organically and has demonstrated consistent growth in terms of revenues and profitability. In Fiscal 2021, it was the largest exporter of bromine and industrial salt by volume in India and has one of the lowest cost of production globally in both bromine and industrial salt. Its revenue from operations has increased at a CAGR of 36.34% from ₹6,081.70 million in Fiscal 2020 to ₹11,304.37 million in Fiscal 2022. ACIL's revenue from exports has grown at a CAGR of 29.11% from ₹4,768.38 million in Fiscal 2020 to ₹7,948.80 million in Fiscal 2022. It has benefited from its fixed sales contracts with agreed pricing and volumes of approximately 12 months duration with its bromine customers of approximately 24 months duration with its industrial salt customers.

Experienced management team, promoters and financial investors and stakeholders: ACIL is led by a qualified and experienced management team that has the expertise and vision to manage and grow its business. Its management team's collective experience and capabilities enables it to understand and anticipate market trends, manage its business operations and growth, leverage customer relationships, and respond to changes in customer preferences. Its management team continues to focus on production, marketing and new growth areas in their respective product segments. The knowledge and experience of its promoters, along with senior management, team of skilled personnel, and financial investors and stakeholders, provides it with a significant competitive advantage as it seeks to expand its production capacities and product portfolio into downstream specialty marine chemicals, as well as in its existing markets and new markets.

Business Strategy:

Expand into downstream bromine derivative performance products: ACIL plans to expand its product line into bromine derivative performance products in the next two-to-three years, in particular brominated flame retardants, clear brine fluids and bromine catalysts used for the synthesis of PTA. Brominated flame retardants are used in the electronics industry, wire and cable compounds and in everyday commodities such as rubber, textiles, washing machine, computers, televisions and others. In respect of the production of flame retardant, it has entered into an agreement to design, engineer, construct, commission and operates the plant to produce with a Chinese technology provider. The technology ties up also includes buyback of minimum of 90% of the produced quantity by the Chinese technology provider at mutually agreed pricing terms. In respect of PTA and clear brine fluids ACIL has experienced professionals and in house R&D specialists with extensive knowledge in the process of production of clear brine fluids and the bromine catalysts needed for PTA synthesis. The total estimated cost for setting up the bromine performance derivatives products is approximately Rs. 2,517 million, which it intends to fund through its internal accruals.

Expand bromine and industrial salt capacities: The bromine global market size was US$3.13 billion in CY2021, and the market is expected to grow at a CAGR of 5.8% between CY2021 and CY2025. Due to ACIL's market leadership position in merchant sales (traded bromine in the market) in India and its low production costs, that it is well positioned to capitalize on these growth opportunities. It intends to, and are in the process of, increasing its manufacturing capacity for bromine production. To achieve the expansion of its bromine capacity, it added in Fiscal 2021 a feed enrichment section at its site in Hajipir, Gujarat which will improve bromine recovery from its sea bittern. ACIL is looking to add an additional 12,500 MT per annum capacity by Fiscal 2023 at an estimated cost of plant and machinery of approximately ₹178.84 million, which it intends to fund through its cash generated from its operations. In addition, to cater to the growing demand from its existing customers and to meet requirements of new customers, it intends to expand its manufacturing capacities for industrial salt production by adding an additional washery of 250 tons per hour.

Continue to build global customer base and enter new geographical markets: In Fiscal 2022, ACIL exported its products to 18 global customers in 13 countries. It enjoys relationships in excess of five years with seven out of its top ten customers. The long-standing relationships that it has enjoyed with its customers over the years and the repeat and increased orders received from them are an indicator of its position as a preferred source as compared to its competition. It intends to focus on increasing its wallet share with existing customers. It has built long-standing relationships with its customers through various strategic endeavours, which it intends to leverage by entering into long-term marketing arrangements. In addition, it intends to continue to leverage its existing sales and marketing network, diversified product portfolio and its industry standing to establish relationships with new multinational, regional and local customers. The Company is expanding globally to serve its existing direct end-use customers as well as to secure new direct end-use customers and expand the reach of its products in new markets. It intends to achieve this by having dedicated sales and marketing teams whose primary focus will be on business development in international markets and in certain focus geographies like Asia and Europe.

Continue to focus on quality, environment, health and safety: ACIL will continue to focus on sustainability by emphasizing quality, environment, health and safety. Maintaining a high standard of quality for its products is critical to its brand and continued growth. Across its manufacturing facility, ACIL has put in place quality systems that cover all areas of its business processes from manufacturing and supply chain to product delivery to ensure consistent quality, efficacy and safety of its products. It considers the potential impact of its activities on the local environment and has set stringent environmental standards, which meet regulatory requirements. ACIL strives to ensure that it do not discharge any harmful elements from its manufacturing operations. In that regard, it will continue to emphasize the monitoring of its effluent treatment plant and sewage treatment plant operations, handling of hazardous waste and disposal, and providing employee training on environmental management and compliance. Further, while the power needs for ACIL's manufacturing facility are presently powered by coal, it is actively working towards transitioning to solar energy to mitigate its reliance on coal towards eco-friendly renewable resources. In addition, it is in the process of equipping its fleet of 35 vehicles for the transportation of its salt products in India with LNG tanks to reduce its consumption of diesel fuel.

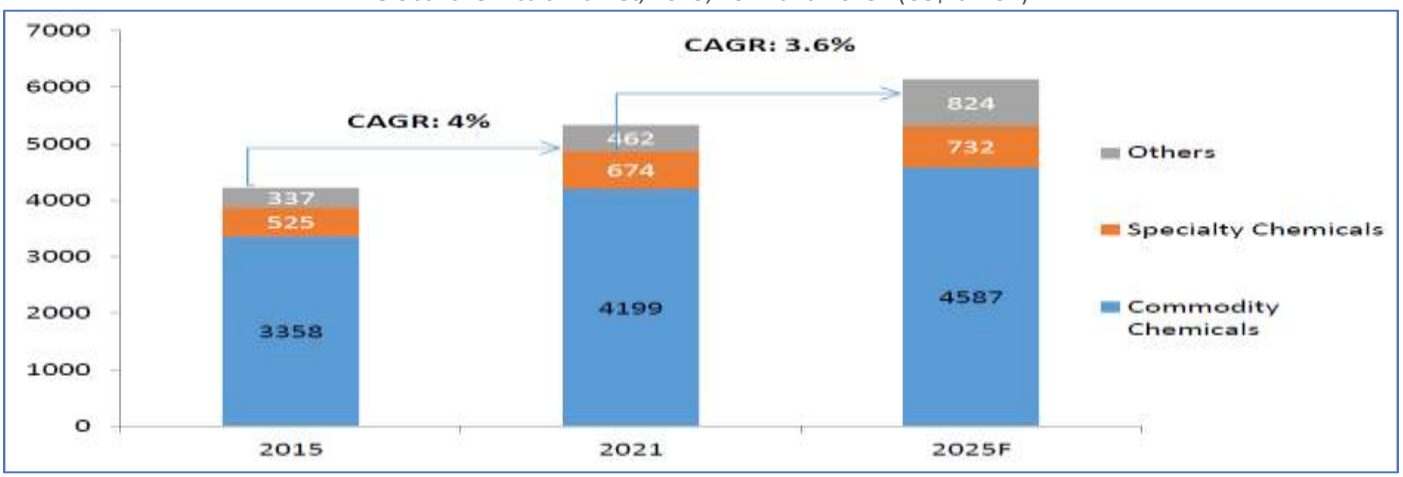
Industry:

Overview of the Global Chemicals Industry

Value of the global chemical industry

In calendar year 2021, the global chemicals market was valued at approximately US$5,334 billion, with China accounting for a substantial market share (39%), followed by the European Union (15%) and the United States (13%). In calendar year 2020, India accounted for an approximately 4% market share in the global chemicals market. According to the Company Commissioned F&S Report, the global chemicals market is expected to grow at a CAGR of 3.6% from US$5,334 billion in calendar year 2021 to reach US$6,143 billion by calendar year 2025. According to the Company Commissioned F&S Report, from calendar years 2022 to 2025, the Asia Pacific (APAC) chemicals market is expected to grow at the fastest rate of 5-6%, while the chemicals markets in Western Europe, North America, and Japan are expected to grow at a slower rate of 2-3% since they are relatively mature.

Global chemicals market, 2015, 2021 and 2025F (US$ billion)



Type of chemicals

Chemicals may be categorized into three broad categories: commodity chemicals, specialty chemicals and others.

Commodity Chemicals: Commodity chemicals are common chemicals that can be produced in bulk quantities by a large number of chemical manufacturers. Commodity chemicals include plastics, synthetic fibres, films, certain paints and pigments, explosives, and petrochemicals. There is limited product differentiation within the sector; products are sold for their composition. The commodities market is highly fragmented. In 2020, each of the leading companies in the market (namely, The Dow Chemical and BASF SE) accounted for less than 5% of the total market. Other industry leaders include Bayer AG, DuPont de Nemours, and AkzoNobel. More than 85% of the market share, however, is accounted for by a mix of other companies. The end user markets include other basic chemicals, specialties, and other chemical products; manufactured goods such as textiles, automobiles, appliances, and furniture; and pulp and paper processing, oil refining, aluminium processing, and other manufacturing processes. Markets also include some non-manufacturing industries.

Specialty Chemicals: The specialty chemicals market is characterized by high value-added, low volume chemical production. These chemicals are used in a wide variety of products, including fine chemicals, additives, advanced polymers, adhesives, sealants and specialty paints, pigments, and coatings. The specialty market is extremely fragmented. The consolidation of companies has been a major trend, and is expected to continue. Similar to the commodity sector, the specialty sector is affected by high costs of energy and feedstock. Intangible value issues include heightened emphasis on research, customer migration to alternative products, and the impact of regulations on products.

Other Chemicals: Other chemicals mainly include biotech chemicals.

Global specialty chemicals market

Value of the global specialty chemicals market

Specialty chemicals are low-volume and high-value products which are sold on the basis of their quality or utility, rather than composition. Thus, they may be used primarily as additives or to provide a specific attribute to the end products. The focus is on value addition to the end products and the properties or technical specifications of the specialty chemicals.

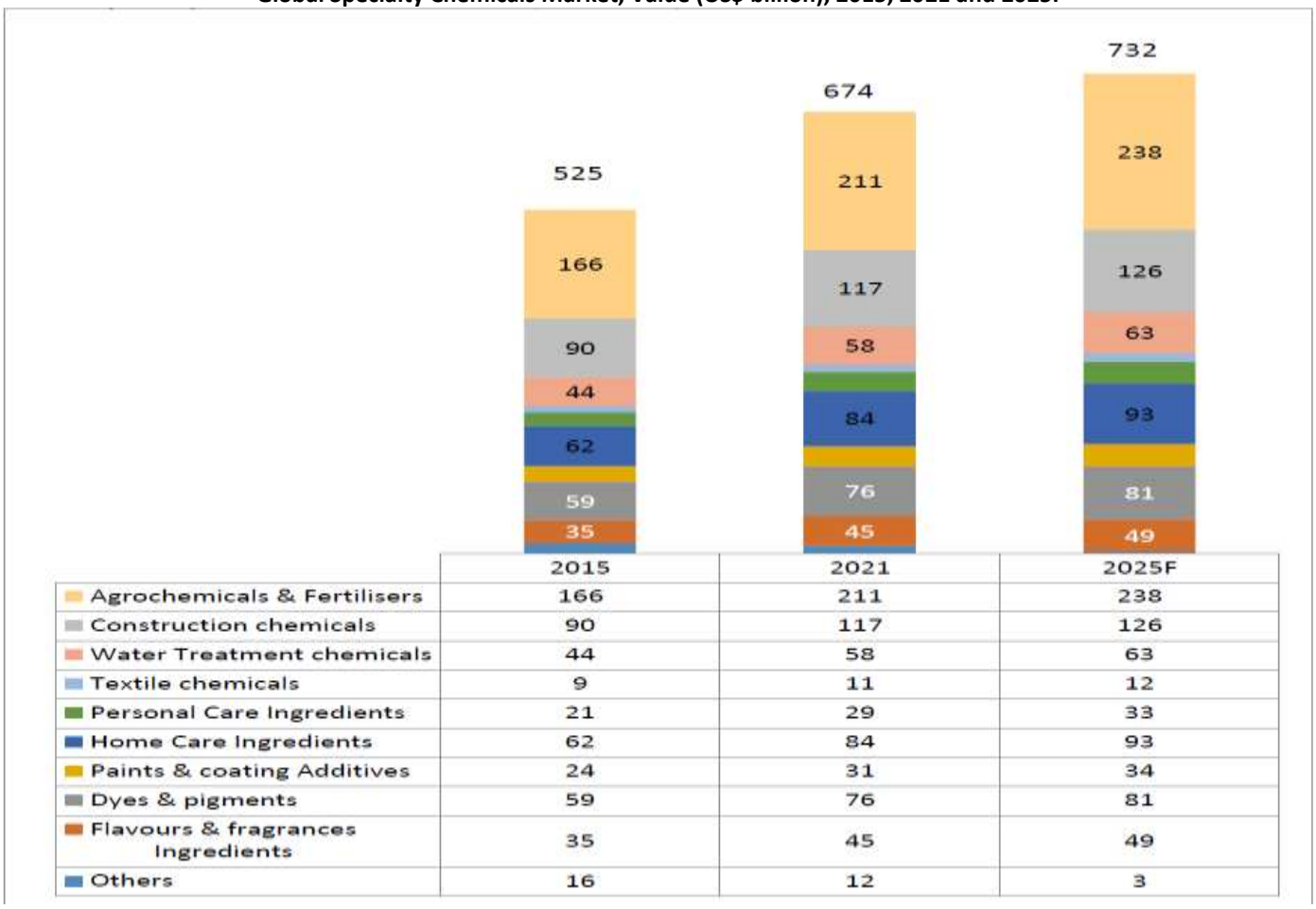
Rapid industrialisation in India and China is expected to drive demand for specialty chemicals. Asia Pacific (APAC) dominated the global specialty chemicals market in calendar year 2020 with a 42.0% market share, owing to its huge customer base, increasing industrial production and robust growth of the construction sector in the region. APAC is followed by Europe and North America, with a 23.9% and 20.9% market share in calendar year2020, respectively.

Global Specialty Chemicals Market by Geography, 2015, 2021, 2025F Value (USD 525 Bn, USD 674 Bn, USD 732 Bn)

Global specialty chemicals market by segments

Specialty chemicals industry can be categorised into a mix of end-use driven segments and application-driven segments. The various segments across specialty chemicals industry differ in competitive intensity, margin profiles, defensibility against raw material cost movements and growth.

Global Specialty Chemicals Market, Value (US$ billion), 2015, 2021 and 2025F



	2015	2021	2025F
Agrochemicals & Fertilisers	166	211	238
Construction chemicals	90	117	126
Water Treatment chemicals	44	58	63
Textile chemicals	9	11	12
Personal Care Ingredients	21	29	33
Home Care Ingredients	62	84	93
Paints & coating Additives	24	31	34
Dyes & pigments	59	76	81
Flavours & fragrances Ingredients	35	45	49
Others	16	12	3

Key industry trends in the next five years

Green chemicals

With an increasing awareness of the ill-effects of certain chemicals on humans and the environment, there is a growing trend in the chemicals industry to shift towards what is known as “green” chemicals or more accurately sustainable chemistry. Green chemicals are products which are bio-degradable and which show a significant reduction in environmental impact when applied. Reduction in environment impact may be achieved either through (i) reduction of energy and water consumption in the process or (ii) reduction in chemical and biochemical oxygen demand of the waste generated, which in turn result in reduction of treatment costs. The demand for

green chemicals is particularly high from the textile industry which is one of the major end-users of chemicals. The evolution of green chemistry in the chemical industry will be a critical trend fuelling the growth of the green chemicals market. According to the Company Commissioned F&S Report, the value of the global green chemicals market is expected to grow at a CAGR of 10.5% from US$29.5 billion in 2021 to reach approximately US$40 to 50 billion by 2025.

Shift of manufacturing activities from China to India

As a result of the COVID-19 pandemic, many global companies are considering reducing the dependence of their manufacturing activities on China. Many companies are no longer considering China as their first preferred location for setting up factories. Taking advantage of this situation, the Indian Government has taken policy initiatives to attract companies looking to shift their manufacturing base to India in the post COVID-19 scenario.

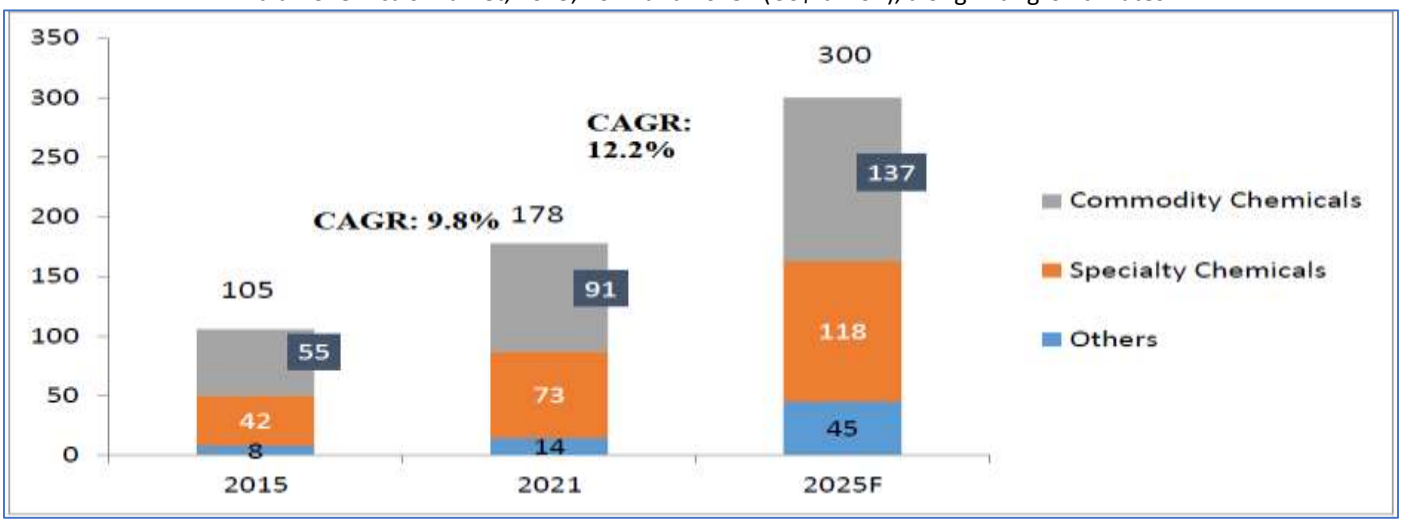
Global manufacturers have initiated talks with Indian firms to explore the possibility of shifting a part of their supply chains from China to India as they seek to diversify their operations geographically. The tightening of environmental protection norms in China since January 2015 has resulted in an increase in operating costs, closures and relocations of certain manufacturing facilities. With rising labour costs and the recent trade tension between China and the United States, Chinese exports have reduced in recent years. All of these factors resulted in a shift of key raw materials purchases by global companies from China to India. In addition, Indian companies, which have been heavily reliant on sourcing from China, are now starting to adopt local sourcing. In summary, the increase of local sourcing by Indian companies and the shift of manufacturing activities by global companies from China to India are expected to boost the manufacturing sector in India, including the chemicals manufacturing segment.

Overview of the Chemicals Industry in India

Value of the Indian chemicals industry

According to the Company Commissioned F&S Report, in calendar year 2021, the Indian chemicals industry was valued at US$178 billion, representing approximately 3-4% of the value of the global chemicals industry. According to the Company Commissioned F&S Report, the value of the Indian chemicals industry is expected to grow at a CAGR of 9.3% from US$178 billion in 2021 to US$300 billion in 2025. According to the Company Commissioned F&S Report, in fiscal 2020, the Indian chemical industry contributed approximately 6.6% of the national gross domestic product and accounted for 15-17% of value of the India's manufacturing sector.

Indian Chemicals Market, 2015, 2021 and 2025F (US$ billion), along with growth rates



The value of the commodity chemicals segment and the specialty chemicals segment accounted for approximately 50% and 41% of the Indian chemicals industry, respectively. The growth rate of the Indian specialty chemicals segment in 2015-2020 was higher than the growth rate of the Indian commodity chemicals (10.4% vs. 8.7%). From 2021 to 2025, the Indian specialty chemicals segment is expected to grow at a CAGR of 12%.

The value of the commodity chemicals segment and the specialty chemicals segment accounted for approximately 50% and 41% of the Indian chemicals industry, respectively. The growth rate of the Indian specialty chemicals segment in 2015-2020 was higher than the growth rate of the Indian commodity chemicals (10.4% vs. 8.7%). From 2021 to 2025, the Indian specialty chemicals segment is expected to grow at a CAGR of 12%.

There are high barriers to entry in the Indian chemicals industry, primarily due to the following factors: -

Involvement of complex chemistries in the manufacturing of products: The production process of specialty chemicals is complex and requires high level of technical knowledge and R&D capabilities. Companies need to invest substantially in facilities (such as research and development centres) as well as technical knowledge and training, creating barrier to entry for new entrants.

Rigorous product approval standard: Specialty chemicals products are subject to very sensitive and rigorous product approval systems with stringent impurity specifications. Intermediates that are used for API drugs are subject to an even more stringent quality and manufacturing process requirements. Typically, approval of any such product takes a few years. The costs and time involved create high barriers to entry to new entrants in the industry.

Long-term relationship between suppliers and customers: Suppliers of specialty chemicals usually enjoy long-term relationship with customers. This is partially due to the high costs involved in switching to new suppliers. Customers typically select suppliers after carefully reviewing them and tend to develop long-term relationships with them as well as limit the number of such suppliers.

Other factors contributing to the high barriers to entry for specialty chemicals companies, API and drug intermediates manufacturers include stringent quality requirement (specifically those for human consumption), lengthy and costly registration process, high level of product customization, differentiated business models, among others.

India's exports and imports of chemicals

Value of India's exports and imports of chemicals

According to the Company Commissioned F&S Report, India's chemical exports recorded a CAGR of approximately 11% between Fiscal 2015 and Fiscal 2021, compared to approximately 5% for China. According to the Company Commissioned F&S Report, the top partner countries and regions to which India exported chemicals were United States, China, Brazil, United Arab Emirates and Germany. While India exported chemicals worth US$30 billion in calendar year 2021, over 35% of which were exported the abovementioned five countries. The key sub-segments likely to benefit from higher exports were dyes and agrochemicals, with export shares of 45-50% and 50-55%, respectively, for the period from 2015 to 2021.

Chemicals exports trend – India and China

China's specialty chemicals market has seen a downturn in recent years due to various factors. Most prominent amongst these are the recent environmental norms introduced by the Chinese government in 2015, which have led to shutdown of a number of chemical plants. According to the Company Commissioned F&S Report, in 2017, an estimated 40% of the chemical manufacturing capacity in China was temporarily shut down for safety inspections, with over 80,000 manufacturing units charged and fined for breaching emission limits. As a result of stringent environmental norms, the Chinese chemical companies are witnessing a rise in capital expenditure and operational costs, making them less competitive in the export market.

Several global players prefer a "China + 1 offshore strategy", with manufacturing capacities shifting to cost efficient markets with strong technology capabilities like India. Stringent environmental regulations and increased cost of labour have already stifled growth in China. The pandemic has compounded the situation further as companies across the world are looking for alternate supply solutions. Japan's announcement to offer incentives to companies shifting base from China to India further proves the strong desires for certain countries to reduce dependence on China and develop local supply chains. Joint ventures or technology transfers will drive the knowledge wave for the Indian industry, given stronger IP protection rights. The spillover impact of China's declining competitiveness has set the stage for India to intensify its effort to capture larger market share.

Low Cost and Availability of Skilled Labour in India and China

Labour represents one of the main costs of manufacturing goods. According to the Company Commissioned F&S Report, importers have watched China's labour costs soar in recent decades, often growing by 10-15% annually. In 2021, India's average monthly minimum wage stood at US$153, as compared to US$360 in China. Rising labour costs coupled with imposition of tariffs by the United States on Chinese goods in recent years, India's case as a cost-effective manufacturing alternative is strengthened. Frost & Sullivan expects that importers of labour intensive products, such as specialty chemicals, are in the best position to realize cost savings by moving to India.

Government policies and initiatives in India

Aatmanirbhar Bharat Abhiyan

On May 12, 2020, the Government announced the Aatmanirbhar Bharat Abhiyan which combined relief, policy reforms and fiscal and monetary measures to help businesses and individuals to cope with the situation created by the pandemic and helps transform India into a self-reliant economy. Supplemental measures, namely Aatmanirbhar Bharat Abhiyan 2.0 and Aatmanirbhar Bharat Abhiyan 3.0, were announced subsequently as well. Government seized on opportunity presented by the crisis to push forward long-pending industrial and other economic reforms in a least political resistant atmosphere. This campaign is especially expected to benefit the

specialty chemicals sector, with several players hoping to position themselves as an alternative to China as the coronavirus crisis prompts companies to diversify their supply chains.

In particular, the Government announced a production linked incentive (PLI) scheme for the promotion and manufacturing of pharmaceutical raw materials in India. The government's move is aimed to boost domestic manufacturing and cut dependence on imports of critical Active Pharmaceutical Ingredients (APIs). Further, the government has also decided to develop three mega bulk drug parks in partnership with states. These schemes will likely appeal more to the smaller players and should foster more investments. The Government is also in the process of launching a production-linked incentive (PLI) for the chemical sector to increase self-reliance in the country. This move is to reduce country's dependency on imports of basic chemicals. The PLI scheme will help the sector to identify import-dependent chemicals and work towards producing them within the country. Specialty chemical companies will look at import substitution along with export opportunities to further drive their business.

Encouraging foreign direct investment (FDI)

Lately, India has become an attractive destination for foreign investment owing to its large and rapid growing consumer market in addition to a developed commercial banking network, availability of skilled manpower and a package of fiscal incentives for foreign investors. Presently, 100% FDI is allowed under the automatic route in the chemicals sector with few exceptions (such as hazardous chemicals). The manufacturing of most chemical products, including among others, organic/inorganic dyestuff and pesticides, are de-licensed.

Market Access Initiative imposed by the Ministry of Commerce and Industry

Across India, the recent revision of the Market Access Initiative by the Ministry of Commerce and Industry aims at benefiting the small to mid-segment newer industry players which do not possess global sales and marketing reach. As a result of the revised MAI policies, the robust growth in Contract Research & Manufacturing Services (CRAMS) industry in India will support newer economies such as Myanmar, Cambodia to collaborate with the local Indian players beneficial for the overall growth of the Asian economy. Moving forward, with a total of over 300 USFDA approved manufacturing sites, the country can become the global leader in the CRAMS industry with the implementation of mandates including Schedule M (Good Manufacturing Practices (GMP) for Premises & Materials and Requirements of GMP in Plant and Equipment) outlining various requirements for manufacturing good quality drugs and pharmaceuticals, by applying Current Good Manufacturing Practice (CGMP) guidelines.

Intellectual Property right protection

With the rapid globalisation and opening up of the Indian economy, "Intellectual Capital" has become one of the key wealth drivers in the present international trade. Intellectual property rights have become significantly conspicuous on the legal horizon of India both in terms of new statutes and judicial pronouncements. India ratified the agreement for establishing the World Trade Organization (the "WTO"), which contains the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). Indian Statutes, enforcement provisions and methods of dispute resolution with respect to intellectual property (IP) protection are fully TRIPS-compliant. India has laws covering various areas of intellectual property as trademarks, patents, copyrights and related Rights, industrial designs, information technology and cyber-crimes, data protection, among others.

PLI for agrochemicals sector

The government is also expected to introduce a production-linked incentive scheme for the agrochemicals sector with incentives of 10-20% output and creating an end-to-end manufacturing ecosystem through cluster development. The sector can progress by adopting a multi-pronged approach by leveraging the reforms in rules and regulations as well as 'Make in India'. Indian government has set up a 2034 vision for the chemicals and petrochemicals sector to seize the opportunities to strengthen domestic manufacturing, reduce imports and attract investment for manufacturing key chemicals in the country. The government has taken initiative to promote and facilitate 'Aatmanirbhar Bharat' (self-reliance India) in the chemicals and petrochemicals sector. The government might relook at the Pesticides Management 2020 Bill as it does not meet the farmer's requirement; most clauses being redrafted from Insecticides Act 1968 and Rules 1971.

Lower Corporate tax rate

India is taking initiatives to boost the manufacturing sector. To encourage investment in the manufacturing sector, the Indian government has taken proactive steps, including offering competitive tax rates. In 2019, the corporate tax rate was reduced in India for the first time in three decades, and the manufacturing sector benefited the most from the slashed taxation rate. For manufacturing firms incorporated after October 1, 2019 and beginning operations before March 31, 2023, the corporate tax rate has been slashed from 25% to 15% (this will amount to an effective tax rate of approximately 17%, including surcharge and cess). This lower tax rate has allowed India to compete with Association of Southeast Asian Nations' (ASEAN's) emerging economies, such as Vietnam, Thailand, and Indonesia, for foreign investment more effectively. India, however, has an edge over these nations due to its larger market, cheap labour pool, and quick availability of labour.

Overview of Elemental Bromine

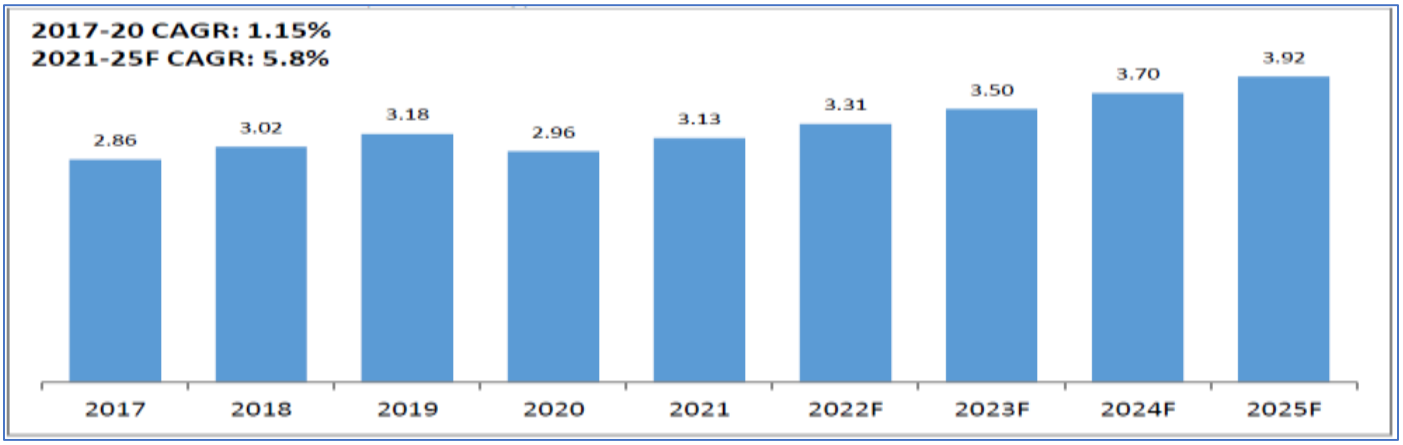
Introduction of bromine

Bromine is a halogen chemical element. Bromine is a reddish-brown liquid with an appreciable vapour pressure at room temperature. Bromine vapour is amber in colour. Bromine has a pungent odour and is irritating to the skin, eyes, and respiratory system. Exposure to concentrated bromine vapour, even for a short time, may be fatal. Like the other halogens, bromine exists as diatomic molecules in all aggregation states. It is widely used as a reactant and catalyst for manufacturing a variety of products, such as agrochemicals, biocides, water disinfectants, pharmaceuticals intermediates, dyes, completion fluids, flame retardants, and photographic chemicals. Bromine is a naturally occurring element. The most recoverable form of bromine is from soluble salts found in seawater (chief commercial source), salt lakes, inland seas and brine wells. Bromine is produced from brine after separation of most of the sodium chloride and potash. Bromine in much higher concentrations are found in inland seas and brine wells. Much of the bromine and brominated compounds are manufactured at the Dead Sea in Israel, Jordan and in the United States.

Overview of the global bromine market

According to the Company Commissioned F&S Report, the global bromine industry was valued at approximately US$3.13 billion in calendar year 2021. From 2017 to 2019, the global bromine industry grew at a CAGR of 1.2% from US$2.86 billion in 2017 to US$3.18 billion in 2019. According to the Company Commissioned F&S Report, the global bromine industry is expected to grow at a CAGR of 5.8% from between 2020 and 2025.

Global Bromine Market size (US$ billion), 2017-2025F



Bromine flame retardants

Bromine is commonly used in flame retardants due to its high atomic mass and its general versatility across a wide range of applications and polymers. There are more than 70 different types of brominated flame retardants (BFRs) with different properties (reactive, polymeric, halogenated, etc.). Depending on the composition, nature and application of the materials or products that need to be rendered fire-safe, the correct type of flame retardants can be used.

BFRs are commonly used to prevent fires in electronics and electrical equipment, which accounts for more than 50% of their applications. According to the Company Commissioned F&S Report, the global electronic manufacturing and associated goods are expected to reach US$624.38 billion in 2025 from US$526 billion in 2021 growing at the rate of approximately 4.4% CAGR.

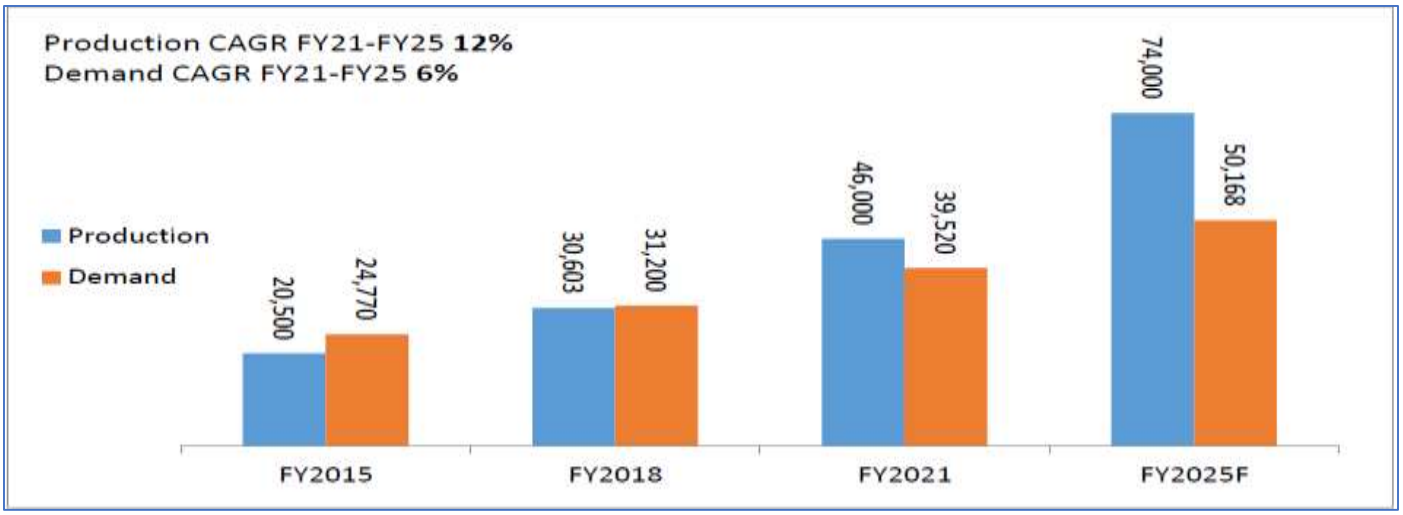
In addition, BFRs are used in wire and cable compounds, for example, for use in buildings and vehicles and other building materials, such as insulation foams. According to the Company Commissioned F&S Report, the global automotive sector is largely recovered from the pandemic effect with the semiconductor shortage issue expected to be resolved by end of 2022; the global automotive sector is expected to grow to US$25.7 billion by 2025 from US$21.3 billion in 2021, at a CAGR of 4.8%.

EU countries are focused on the implementation of stringent fire safety regulations in the automotive, electronics, consumer goods, and textile industries. Apart from the EU, countries across the globe also follow different fire safety standards and regulations. Therefore, it is important for the manufacturers of automobiles, electronics, consumer goods, and textiles to meet the fire safety regulations of the respective countries. These safety standards and regulations have, therefore, increased the demand for flame retardants globally. According to the Company Commissioned F&S Report, the global BFRs market is expected to grow at a CAGR of 6% from US$1,460 billion in 2021 to US$1,843 billion in 2025.

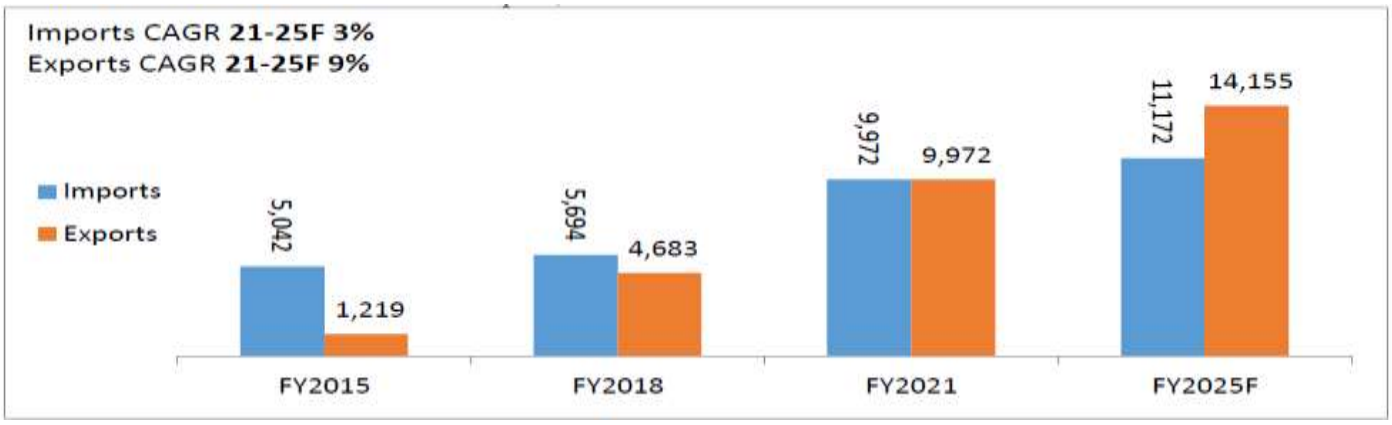
Overview of the Indian bromine industry

India's bromine production is from Bittern and produced from the underground brine mainly concentrated towards the western state of Gujarat. According to the Company Commissioned F&S Report, with abundant resources, India's bromine capacity has developed rapidly, from 20,000 MT in year 2008 to 60,000 MT in year 2020. According to the Company Commissioned F&S Report, the production of bromine in India increased from 20,500 MT in Fiscal 2015 to approximately 46,000 MT in Fiscal 2021 (estimated), out of which approximately 13,500 MT was used for captive consumption.

Indian Bromine Volumes, in MT



Indian



As demand for bromine in India exceeds its production volume, a portion of the bromine demand were satisfied by imports. In 2020, imports have been from nations like Jordan (53%), Israel (41%), United States (4%). On the other hand, bromine has been exported by India at higher prices than bromine imported in India. According to the Company Commissioned F&S Report, most of the bromine (approximately 95%) were exported to China and other nations like Russian Federation, Ukraine, United Kingdom and Vietnam.

High barrier to entry in the Indian bromine industry

There are high barriers to entry in the Indian bromine industry, primarily due to the following factors: -.

Regulatory approvals: Set up of new bromine production operations are subject to restrictions regulatory approvals and compliance with various regulatory restrictions, which requires significant financial resources.

Handling of bromine requires special expertise: Bromine transport requires nickel and lead lined ISO tankers to be handled by skilled personnel. Each bromine ISO tank is required to be checked annually by an inspector of an internationally authorized expert body, in accordance with the regulations.

High gestation period: Bromine business requires a high gestation period of about 4-5 years prior to actual production.

Requirement for environmental health and safety procedures: Many companies are not capable of having the technical, safety team support required to manage bromine in all lifecycle of extraction, purification, storage, derivatives reactions and handling of bromine or bromine derivatives. Audits of proper environmental health and safety procedures are required for bromine production companies.

Others: By nature, there is limited availability of raw materials for bromine production as well as limited number of locations with suitable climate and access to reserves.

Overview of Industrial Salt

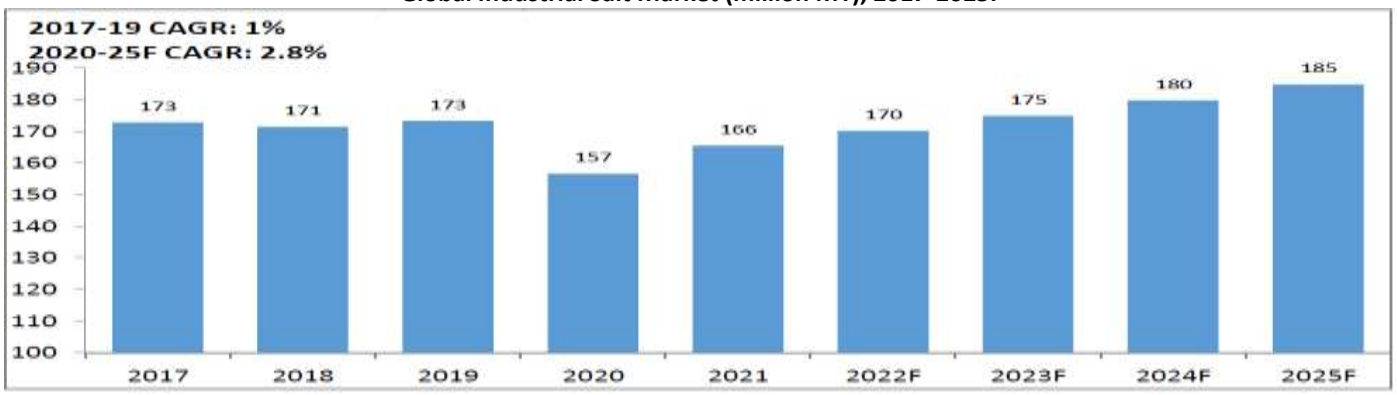
Salt, or sodium chloride, is a chemical compound with the chemical formula NaCl; for every gramme of salt, almost 40 per cent is sodium (Na), the sixth most abundant element on Earth, and a little over 60 per cent is chlorine (Cl). Salt is a white, crystalline compound, has low toxicity and is completely non-flammable. Salt is added to food as a flavour enhancer (table salt) and is a daily diet requirement of humans. Sodium and chloride are required for cells to function, and cannot be produced by the body, making salt an essential nutrient. According to the Company Commissioned F&S Report, there are 14,000 commercial uses for salt, which is a source of sodium and chlorine – basic components of an array of materials, such as plastics, glass, synthetic rubber, cleansers, pesticides, paints, adhesives, fertilizers, explosives and metal coatings.

There are three sources of salt according to method of recovery;
Rock Salt, from the surface or underground mining of halite deposits;
Solar Salt, from the solar evaporation of seawater (also known as sea salt), landlocked bodies of saline water, or primary or by-product brines (such as from the desalinations of mine water) as well as vacuum pan salt, from the mechanical evaporation of a purified brine feedstock;
Brine, from the solution mining of underground halite.

Overview of the global market for industrial salt

According to the Company Commissioned F&S Report, the global industrial salt has seen no major growth from 2017 to 2019 with consumption at 173 million MT. However, it is expected that the global market will grow at a CAGR of 2.8% from 157 million MT in 2020 to 185 million MT in 2025, according to the Company Commissioned F&S Report.

Global Industrial Salt Market (million MT), 2017-2025F



In India, Industrial salt is produced using the evaporation method, which is more cost-efficient when compared to mining method. Cost of production of Salt from Brine majorly consists of the processing cost, utility, manpower costs, fixed costs and transportation to the market/ consumer. According to the Company Commissioned F&S Report, the cost of production for industrial salt from seawater brine in India is approximately US$12 to US$15 per MT.

Global industrial salt industry by application segments

The global industrial salt industry can be segmented by applications into oil & gas, chemical processing, water treatment and de-icing. Out of which, the chemical processing segment is anticipated to hold the largest share in the industrial salt market on account of the growing demand for industrial salt in soda ash, chlorine and caustic soda production. The segment for de-icing is also expected to occupy a notable share in the market in the near future owing to the effective ice control properties of industrial salt such as high efficiency at lower temperatures. Furthermore, the section for oil & gas application is projected to grow significantly during the forecast period, which can be associated with the high consumption of industrial salt during drilling and extraction procedures.

Use of industrial sale in the chemical industry

Chlor-alkali production is the largest market for salt, accounting for approximately 38% of world consumption in 2021. Chlor-alkali products such as chlorine, caustic soda, and soda ash play a vital role in the chemical industry. These products are necessary raw materials in major bulk chemical industries and utilized in various industrial and manufacturing value chains. The products are used in different applications such as plastics, alumina, paper & pulp, and others and find applications in diverse end-use industries (construction, automotive, and others). Thus, rising chemical output and strong economic conditions in emerging countries are expected to drive the growth of the chlor-alkali market. According to the Company Commissioned F&S Report, the global chlor-alkali market was valued at US$50.2 billion in 2021 and is expected to grow to US$54.3 billion up to 2025.

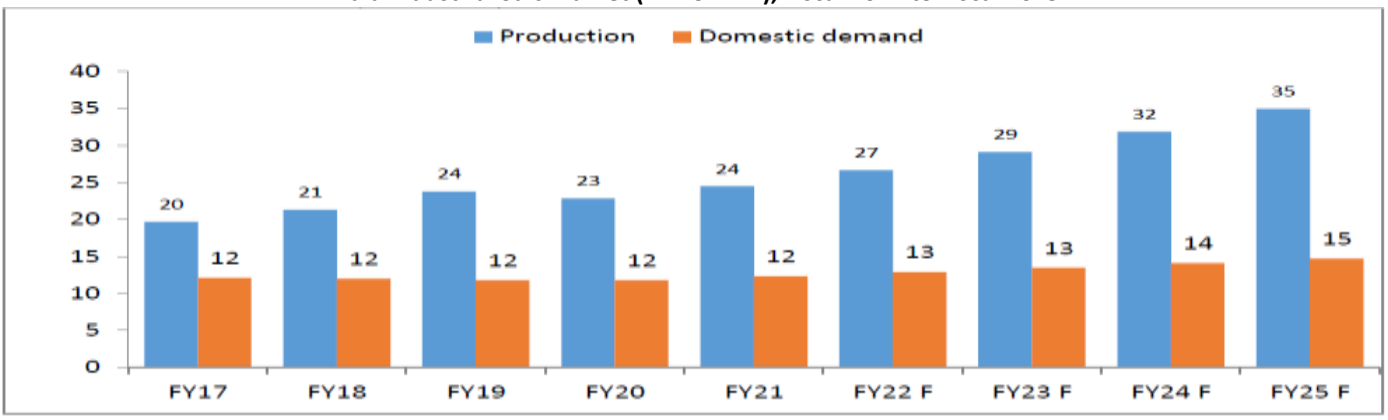
Use of industrial salt for de-icing

One of the industrial salt uses is de-icing. Industrial salt is majorly employed for the maintenance of roads, sidewalks, and platforms. De-icing road salt is often spread across the roads creating a layer of brine before the surface freezes. This process delays or prevents the formation of ice.

Overview of the Indian industrial salt industry

In 2021, the per-capita consumption of salt in India was approximately 12-13 kg, which includes edible and industrial salt. The current annual requirement of salt in the country in 2021 is estimated to be 12 million tonnes for industrial use and export of 13.3 million tonnes to various countries, according to the Company Commissioned F&S Report.

India Industrial Salt Market (million MT), Fiscal 2017 to Fiscal 2025



India backed by huge sea line and oceans on two fronts have high quality manufacturing of industrial Salts. India is the third-largest salt producing country in the world (after the US and China) as of 2021. State-wise, Gujarat, Tamil Nadu and Rajasthan produces salt in excess of their domestic consumption requirements. While Gujarat led by constituting 70% of the country's total production, the share of Tamil Nadu and Rajasthan was 15% and 12%, respectively, in 2019.

India's industrial salt industry by application segments

Salt is an important raw material used in Chemical Industry. It is used in the production of basic chemicals like sodium carbonate (soda ash), caustic soda, hydrochloric acid, chlorine, bleaching powders, chlorates, sodium sulphate (salt cake) and sodium metal. These basic chemicals, in turn, are used in the preparation of various endproducts, such as, soaps, detergents, chlorinated hydrocarbons and carbon tetrachloride. Other important applications where salt is widely used are in food processing; as freezing point depressant in refineries & milk supply schemes; treatment of industrial wastes; purification of drinking water; and manufacture of synthetic indigo, explosives, papers, etc. The rock salt produced from Mandi mines contains 67.81% NaCl which is not suitable for human consumption as the content of sodium chloride is low from the required 96% NaCl necessary for human consumption. However, this salt finds application as essential supplement in cattle feed.

Key Concerns

- Business is dependent and will continue to depend on manufacturing facility, and ACIL is subject to certain risks in its manufacturing processes.
- An inability to comply with repayment and other covenants in ACIL's financing agreements could adversely affect the business, financial condition, cash flows and credit rating.
- Manufacturing facility is located in Gujarat exposing the Company to regulatory and other geography specific risks such as weather and natural occurrences as well as regulatory, economic, demographic and other changes in Gujarat. In particular, excessive rainfalls could decrease the quality of its salt and brine reserves.
- Reliance on three principal products for substantially of its sales could have an adverse effect on the business.
- Exchange rate fluctuations may adversely affect the results of operations as sales from exports and a portion of its expenditures are denominated in foreign currencies.

- Derives a significant part of ACIL's revenue from major customers. If one or more of such customers choose not to source their requirements from it or to terminate their contracts with it, its business, financial condition and results of operations may be adversely affected.
- ACIL does not have long-term agreements with suppliers for raw materials and an increase in the cost of, or a shortfall in the availability or quality of such raw materials could have an adverse effect on the business, financial condition and results of operations.
- ACIL may not be successful in penetrating new export markets.
- The Company is subject to certain risks consequent to its operations involving the manufacture, usage and storage of various hazardous substances.
- Non-compliance with and changes in, safety, health, environmental and labour laws and other applicable regulations, may adversely affect the business, financial condition and results of operations.
- The impact of the COVID-19 pandemic is uncertain and still evolving, and could adversely affect the business, results of operations and financial condition.
- If ACIL does not successfully develop its new bromine derivative products or continue its product portfolio expansion in a timely and cost-effective manner, the business, financial condition, cash flows and results of operations may be adversely affected.
- Operates manufacturing facility and brine reserves on land parcels that were leased to ACIL by the Government of Gujarat and such land leases has expired.
- Relies on a combination of trade secret, copyright law and contractual restrictions to protect ACIL's intellectual property. It does not own any patents. If the Company is unable to protect its intellectual property rights, its business, financial condition and results of operations may be adversely affected.
- ACIL has received notices from regulatory authorities in the past; and in particular from the environmental authorities, which may result in litigation, penalties, fines or cancellation or suspension of operating licenses.
- Inability to successfully implement some or all the business strategies in a timely manner or at all could have an adverse effect on the business.
- Success largely depends upon the knowledge and experience of Promoters, Directors and senior management as well as its ability to attract and retain skilled personnel.
- Dependent on third party transportation and logistics service providers. Any increase in the charges of these entities could adversely affect the business, results of operations and financial condition.
- Requires various licenses and approvals for undertaking businesses and the failure to obtain or retain such licenses or approvals in a timely manner, or at all, may adversely affect the operations.
- Faces competition from both domestic as well as multinational corporations and its inability to compete effectively may have a material adverse impact on the business, financial condition and results of operations.
- There are pending litigations against the Company. Any adverse decision in such proceedings may render ACIL/them liable to liabilities/penalties and may adversely affect the business, results of operations and financial condition.
- Any failure to comply with quality standards may lead to cancellation of existing and future orders and could negatively impact the business, financial condition, results of operations and prospects.

- Performance may be adversely affected if ACIL is not successful in forecasting customer demands, managing its inventory or working capital.
- Failure or disruption of ACIL's IT, manufacturing automation systems and/or ERP systems may adversely affect the business, financial condition and results of operations.
- ACIL's proposed capacity expansion plans relating to its manufacturing facilities are subject to the risk of unanticipated delays in implementation and cost overruns.
- Contingent liabilities could materially and adversely affect the business, results of operations and financial condition.
- Business may expose ACIL to potential product liability claims and recalls, which could adversely affect its results operation, goodwill and the marketability of its products.
- Any downgrade of debt ratings could adversely affect the business.
- If ACIL is unable to establish and maintain an effective internal controls and compliance system, its business and reputation could be adversely affected.
- ACIL procures water, coal and diesel, at its manufacturing facility and any disruption in the supply of such utilities could adversely affect the manufacturing operations.
- The demand of ACIL products in foreign countries is subject to international market conditions and regulatory risks that could adversely affect the business, financial condition and results of operations.
- ACIL engages contract labour for carrying out certain business operations.
- Failure to maintain confidential information of ACIL's customers could adversely affect the results of operations or damage its reputation.
- Employee misconduct could harm ACIL and is difficult to detect and deter.
- Any variation in the utilisation of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders' approval.
- ACIL track certain operational metrics with internal systems and tools. Certain of its operational metrics are subject to inherent challenges in measurement which may adversely affect the business and reputation.
- Business is affected by global economic conditions, especially in the geographies ACIL caters to, which may have an adverse effect on the business, financial condition, results of operations and prospects.
- Changing regulations in India could lead to new compliance requirements that are uncertain.
- Inflation in India could have an adverse effect on ACIL's profitability and if significant, on its financial condition.
- Slowdown in exports due to tariffs and trade barriers and international sanctions could adversely affect the business, financial condition and results of operations.
- The Indian tax regime is currently undergoing substantial changes which could adversely affect the business and the trading price of the Equity Shares.

- Any adverse change in India's sovereign credit rating by international rating agencies could adversely affect the business, results of operations, financial condition and cash flows.

- Currency exchange rate fluctuations may affect the value of the Equity Shares.

Profit & Loss

Particulars (Rs in million)	Q1FY23	FY22	FY21*	FY20*
Revenue from operations				
Revenue from operations	4002.7	11304.4	7407.6	6081.7
Other Income	85.5	123.9	140.3	88.4
Total Income	**4088.2**	**11428.3**	**7547.9**	**6170.1**
Total Expenditure	**2392.1**	**6632.9**	**4785.4**	**4601.8**
Cost of Materials Consumed	148.5	448.8	167.5	250.0
Purchases of stock-in-trade	44.3	0.0	0.0	111.2
Changes in inventories of stock-in-trade	-143.5	-55.6	-78.5	-357.8
Employee Benefits Expenses	97.7	378.4	353.2	344.7
Other expenses	2245.2	5861.2	4343.2	4253.8
PBIDT	**1696.1**	**4795.4**	**2762.5**	**1568.3**
Interest	391.5	1616.7	1303.9	1217.6
PBDT	**1304.6**	**3178.7**	**1458.6**	**350.7**
Depreciation and amortization	176.1	668.8	554.0	517.6
PBT	**1128.5**	**2510.0**	**904.7**	**-166.9**
Tax (incl. DT & FBT)	**284.4**	**624.1**	**238.6**	**195.3**
MAT credit write off	0.0	0.0	0.0	58.7
Deferred tax	284.4	624.1	238.6	136.6
PAT	**844.1**	**1885.8**	**666.1**	**-362.2**
EPS (Rs.)	8.2	18.3	6.5	-3.5
Face Value	2	2	2	2
OPM (%)	40.2	41.3	35.4	24.3
PATM (%)	21.1	16.7	9.0	-6.0

* = standalone nos

Balance Sheet

Particulars (Rs in million) As at	Q1FY23	FY22	FY21*	FY20*
Non-current assets				
Property, plant and equipment	10,335.7	10,455.0	10,071.9	8,822.5
Capital work-in-progress	380.5	172.0	189.3	1,581.9
Right-of-use assets	495.0	389.3	333.7	331.4
Intangible assets underdevelopment	0.4	0.4	0.0	0.0
Intangible assets	1.3	1.4	1.3	1.2
Financial assets				
Investments	0.9	0.9	0.9	0.8
Other financial assets	17.8	18.0	16.2	17.5
Deferred tax assets (net)	1.3	0.0	532.9	770.8
Other non-current assets	96.8	273.5	172.0	138.2
Total non-current assets	**11,329.8**	**11,310.3**	**11,318.3**	**11,664.3**
Current assets				
Inventories	1,373.6	1,207.9	1,106.3	988.2
Financial assets				
Investments	666.9	111.2	411.7	470.7
Trade receivables	1,132.2	1,529.7	680.7	444.6
Cash and cash equivalents	317.7	122.0	315.0	244.8
Bank balances other than cash and cash equivalents	723.6	465.0	3.1	2.7
Loans & Advances	5.1	4.7	4.6	4.0
Other financial assets	148.1	144.0	142.0	7.3
Current tax assets	50.0	0.0	0.0	0.0
Other current assets	319.5	402.1	342.7	459.7
Total current assets	**4,736.7**	**3,986.5**	**3,006.1**	**2,621.9**
Total assets	**16,066.5**	**15,296.8**	**14,324.3**	**14,286.2**
EQUITY & LIABILITIES				
Equity				

Equity share capital	192.7	192.7	192.7	192.7
Other equity	3,261.7	2,418.0	531.2	-132.8
Total equity	**3,454.4**	**2,610.7**	**723.8**	**59.9**
Liabilities				
Non-current Liabilities				
Financial Liabilities				
Borrowings	8,412.5	8,428.3	8,464.1	8,482.7
Lease liabilities	437.8	454.9	401.8	381.6
Other financial liabilities	33.3	769.9	1,203.9	719.8
Other non-current liabilities	890.3	1,182.3	1,703.8	2,107.0
Provisions	1.9	3.4	4.1	0.0
Deferred tax liabilities (net)	377.1	91.5	0.0	0.0
Total non-current liabilities	**10,153.0**	**10,930.3**	**11,777.7**	**11,691.1**
Current liabilities				
Financial liabilities				
Borrowings	710.0	20.5	120.2	90.2
Lease liabilities	67.3	68.6	49.1	37.5
Trade payables				
total outstanding dues of micro enterprises and small enterprises	45.1	24.2	22.8	43.2
total outstanding dues of creditors other than micro enterprises and small enterprises	937.6	1,098.7	1,095.0	1,627.9
Other financial liabilities	21.3	49.0	140.9	48.1
Derivative liabilities	0.0	0.4	0.0	0.0
Provisions	7.7	8.3	8.6	7.1
Other Current Liabilities	670.1	486.2	386.2	681.3
Total current liabilities	**2,459.1**	**1,755.9**	**1,822.9**	**2,535.3**
Total liabilities	**12,612.1**	**12,686.2**	**13,600.5**	**14,226.3**
Total equity and liabilities	**16,066.5**	**15,296.8**	**14,324.3**	**14,286.2**

* = standalone no's (Source: RHP)

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