

Largest exporter of bromine, industrial salt...

About the Company: Archean Chemical Industries (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, industrial salt by volume in India and among the lowest cost producers globally in both bromine, industrial salt
- The company produces products from its brine reserves in Rann of Kutch and manufacturers products at its facility near Hajipur in Gujarat
- 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
- 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
- Sulphate of Potash, also known as potassium sulphate, is a high-end, specialty fertiliser for chlorine-sensitive crops and also has medical uses to reduce the plasma concentration of potassium when hypokalaemia occurs

Key triggers/Highlights:

- Leading market position, expansion, growth in bromine and industrial salt
- High entry barriers in the specialty marine chemical industry
- Expanding into downstream bromine derivative performance products
- Expanding bromine and industrial salt capacities

What should investors do? Archean Chemical Industries is available at ~21x FY22 EPS of ₹ 19.6.

- We assign **UNRATED** rating to the IPO

Key risk & concerns

- Excessive rainfall in Gujarat may reduce the quality of salt and brine reserves
- Exchange rate fluctuations may adversely affect revenue
- Dependency on major customers for significant revenue
- Dependency on third party transaction and logistics service providers



IPO Details

Issue Details

Issue Opens	09th Nov 2022
Issue Closes	11th Nov 2022
Issue Size (₹ crore)*	₹ 1462 cr.
Price Band (₹)	₹ 386- ₹ 407
No. of Shares on Offer (in crore)	3.59
QIB (%)	75
Retail (%)	10
Non Institutional (%)	15
Minimum lot size (no of shares)	36

* based on upper price band of ₹ 407

Shareholding pattern

	Pre -Issue	Post - Issue
Promoter Group	65.58%	53.41%
Public	34.42%	46.59%

Objects of the issue

Particulars	₹ crore
Redemption or early redemption in part or full of Non-convertible debentures	644.0
General Corporate Purposes	*
Fresh Issue	805.0
Offer for Sale**	657.0

* To be finalised post issue

**based on upper price band of ₹ 407

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Key Financial Summary

₹ crore	FY20	FY21	FY22	3M FY23	CAGR FY20-22 (%)
Total Revenues	608.2	740.8	1130.4	400.3	36.3%
Adjusted EBITDA	148.0	262.2	467.2	161.1	77.7%
EBITDA Margins (%)	24.3%	35.4%	41.3%	40.2%	
PAT	-36.2	66.6	188.6	84.4	
EPS (₹)	-18.8	34.4	19.6	11.7	
P/E (x)	-21.6	11.8	20.8	34.8	
EV/EBITDA (x)	2.1	1.2	7.3	21.3	
P/B (x)	5.8	5.4	4.4	4.1	
RoE (%)	-607.6	91.7	72.3	32.6	
RoCE (%)	12.2	23.7	37.3	16.1	
P/S	7.8	6.4	4.2	11.8	

Source: RHP, ICICI Direct Research

Company Background

Archeon Chemical Industries (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. According to Frost & Sullivan, the company is the largest exporter of bromine and industrial salt by volume in India in FY21 and is among the lowest cost producers globally in both bromine and industrial salt. The company manufactures products from brine reserves in the Rann of Kutch, on the coast of Gujarat and manufactures products at facility near Hajipir in Gujarat. As of June 30, 2022, the company marketed products to 18 global customers in 13 countries and to 24 domestically.

The company attributes the strong market position to factors such as long-standing relationships with global customers, established infrastructure and access to brine reserves at the Rann of Kutch, manufacturing facility in close proximity to the captive Jakhau Jetty, Mundra Port and consistent delivery of high-quality products. The company's leadership position and low cost production offers competitive advantages like product pricing, economies of scale, ability to scale up the business, increase customer loyalty and expand client base, all of which have, in turn, resulted in growth of the company's revenue, EBITDA in the last three fiscals.

Exhibit 1: Market position in India, globally for company's product

Product	Company Market Position	Volume Produced in Fiscal 2022	Volume CAGR (Fiscal 2022 - 2022)	Revenue Fiscal 2022 (₹ crores)	Percentage of revenue from exports Fiscal 2022
Bromine	Largest export and leader in merchant sales	20,293.00	51.38%	6,052.84	44.88%
Industrial Salt	Largest exporter	35,86,269.00	11.11%	5,129.00	100.00%
Sulphate of Potash	Only producer in India	2,483.00	-63.88%	114.00	90.75%

Source: RHP, ICICI Direct Research

Bromine

Bromine is the only non-metallic element that is a liquid in standard conditions. It is widely distributed in nature but in relatively small amounts, mainly as soluble salts. It is found in the form of bromide in sea water and in natural deposits, together with chloride. It is a member of the halogen family and is found naturally in seawater, underground brine deposits and other water reservoirs. The lower the concentration of bromine in brines, the more difficult and expensive it is to extract. Bromine is produced from the highly concentrated brine (bittern) that is left over after precipitation of potash and magnesium salts (kainite), which is used as a raw material for the company's production of sulphate of potash. Elemental bromine is the starting point for manufacturing a wide range of bromine derivative performance products. ACIL's bromine and bromine-based products are used in a broad range of end-use industries and have applications in pharmaceuticals, fumigants and agrochemicals, water treatment, mercury control, flame retardants, additives and oil & gas segments of the chemicals industry. Globally, the countries that are leading in production of bromine are the US, along with China, India, Israel, Jordan and as major producers of elemental bromine.

Exhibit 2: Bromine sales

Bromine Sales	June 30, 2022	FY 2022	FY 2021	FY 2020
Exports - Mainly to China	34.88%	44.88%	46.10%	39.79%
Domestic	65.12%	55.12%	53.90%	60.21%

Source: RHP, ICICI Direct Research

Industrial Salt

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. Chlorine finds end-uses in vinyl, phosgene, chloromethanes, chlorinated C3, water treatment, synthesis HCl, bleach, and other organic and inorganic chemical material. Caustic soda finds end-uses in alumina, paper and pulp, soap and detergents, textiles, water treatment, bleach, and other organic and inorganic chemical material. Company export 100% of industrial salt production abroad, primarily to customers in Japan and China.

Sulphate of Potash

Sulphate of potash, also known as potassium sulphate, is a high-end, specialty fertiliser for chlorine-sensitive crops. It is one of the most popular forms of low chloride potash, largely due to its high 50-52% K₂O content, which contains about 50% of plant food. Sulphate of potash has major application in agriculture, providing both potassium and sulphur in soluble forms. This stimulates the growth of strong stems and provides disease resistance to crops and plants by promoting thickness of the outer cell walls. Further, sulphate of potash can reduce moisture loss from growing plants, thereby providing drought resistance, and has been proven to improve yield, nutritional value, colour, flavour, and storing quality of fruits and vegetables. It has proven to be particularly effective in the cultivation of citrus fruits, pomegranates, grapes, vegetables, tobacco and nuts. In addition, due to its low saline index, sulphate of potash can also benefit soil containing a high-salt content. Hence, the primary end-use industries for our sulphate of potash includes the agrochemicals industry, which uses our product for the manufacture of fertiliser. In FY22, FY21 and FY20, the company exported 90.75%, 88.32% and 98.09%, respectively, of sulphate of potash production abroad, mainly to Europe.

Key performance Indicators

Exhibit 3: Plant capacity & utilisation

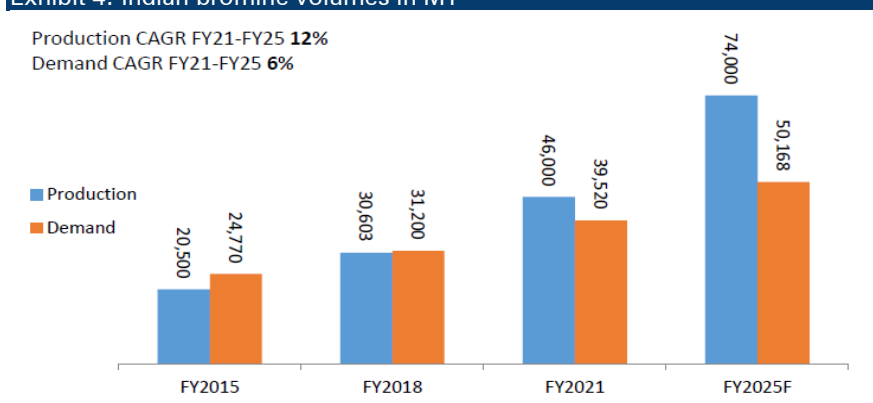
Plant Capacity	Bromine	Industrial Salt	Sulphate of Potash
June 30, 2022	28500 MT p.a	3000000 MT p.a.	130000 MT p.a.
June 30, 2022	23.72%	38.54%	0.00%
FY2022	71.20%	119.54%	1.91%

Source: RHP, ICICI Direct Research

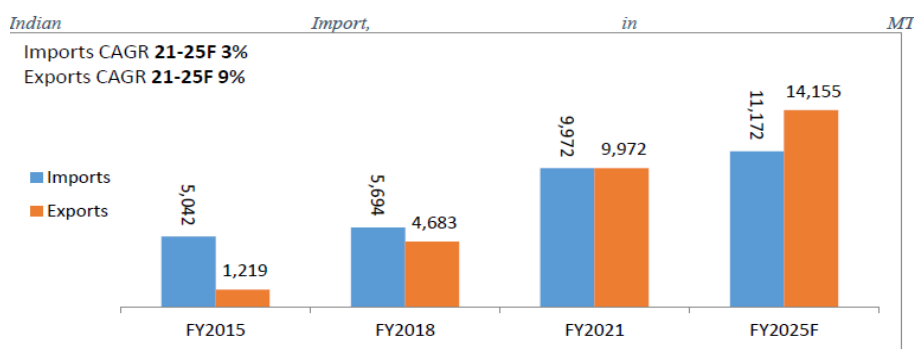
Industry overview

India's bromine production is from bittern and produced from underground brine mainly concentrated in Gujarat. According to the company commissioned F&S report, with abundant resources, India's bromine capacity has developed rapidly, from 20,000 MT in CY08 to 60,000 MT in CY20. According to the F&S report, the production of bromine in India increased from 20,500 MT in FY15 to ~46,000 MT in FY21 (estimated), out of which ~13,500 MT was used for captive consumption.

Exhibit 4: Indian bromine volumes in MT



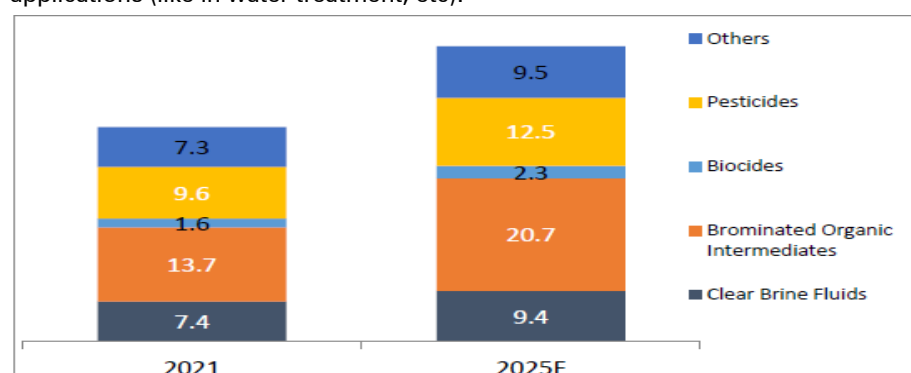
Source: Industry Experts, Frost and Sullivan analysis; Company Commissioned F&S Report



Source: RHP, ICICI Direct Research

Application of bromine in India

Bromine usage in India is dominated by brominated organic intermediates (107 bromo-organic compounds are widely used), biocides, pesticides and other applications (like in water treatment, etc).



Source: Source: RHP, ICICI Direct Research

Key players in Indian bromine industry

Sea bittern obtained in Kutch has very good content of bromine and can be used for bromine manufacturing. Most important factors to consider are bromine concentration in brine for a plant to operate profitably. The area for feed is limited to Rann of Kutch, which is 200 km x 200 km 7 metre deep sponge with 40% porosity. BSF permission is essential to access the sponge. All existing players have taken up the most feasible areas available in the region. Accordingly, or any new plant, availability of rich raw material is a concern.

Exhibit 5: Producers of elemental bromine in India

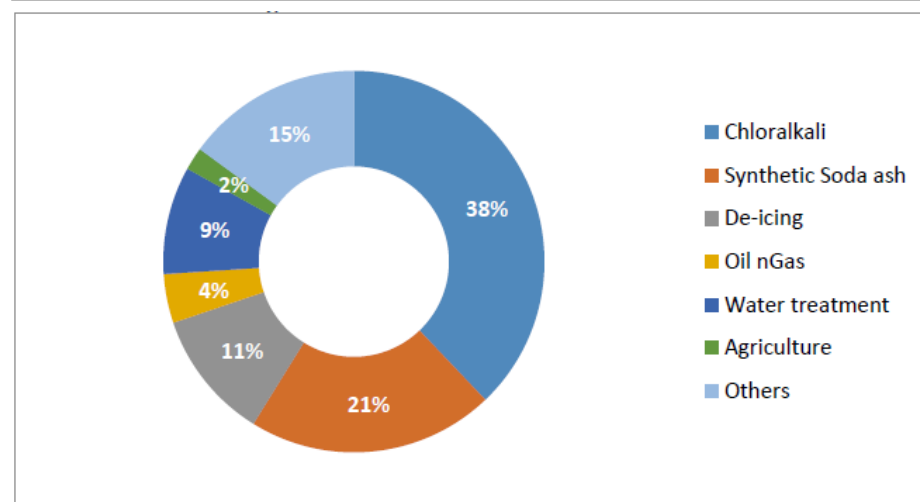
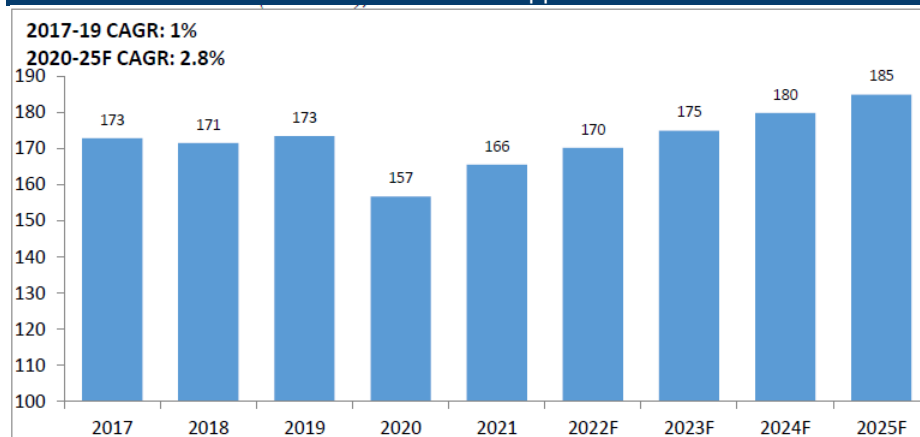
Key Manufacturers	Location	Approved Annual Capacity	Actual Production in Fiscal 2021
Archeon Chemical Industries	Plant is located at Hajjpir, Kutch	42.5 KT	14 KT
Satyesh Brine Chem	Plant is located at Hajjpir, Kutch	25 KT	3 KT
Solaris ChemTech Industries	Plant is located at Khavda,	23 KT#	18 KT
Agrocel Industries Pvt.	Plant is located in Greater Kutch	10 KT#	7 KT
Nirma Limited	Plant is located in Kalatalav	3 KT	2 KT
Tata Chemicals Ltd.	Plant is located at Mithapur,	2.4 KT	1 KT
Dev Salt Private Ltd	Plant is located at Morbi district	2.5 KT	1 KT

Source: Source: RHP, ICICI Direct Research

Overview of industrial salt

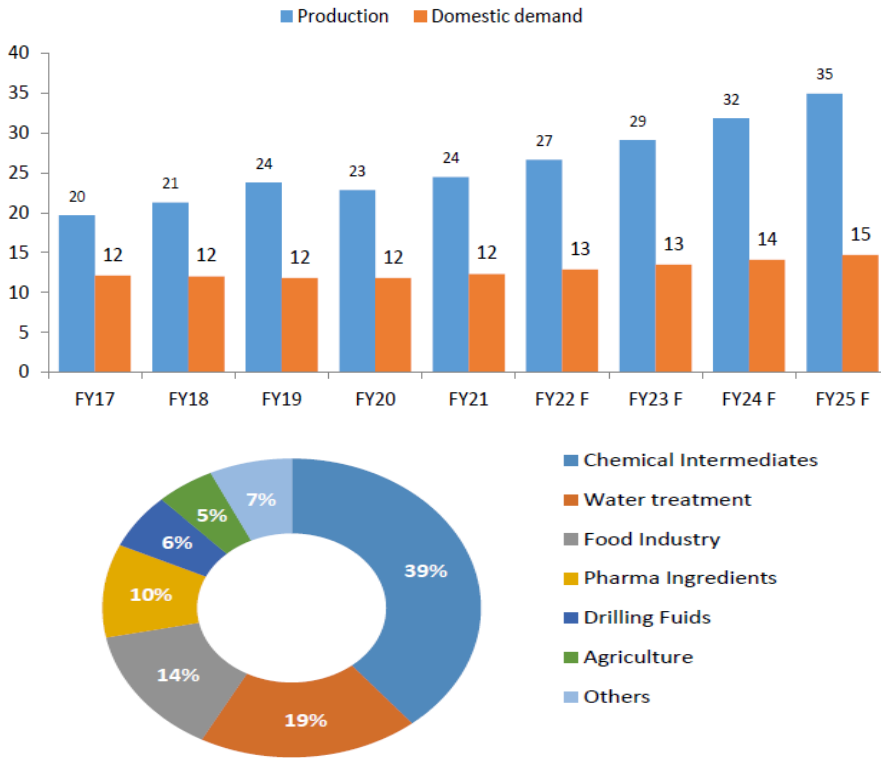
Salt, or sodium chloride, is a chemical compound with chemical formula NaCl. For every gram of salt, almost 40% is sodium (Na), the sixth most abundant element on Earth, and a little over 60% is chlorine (Cl). Salt is a white, crystalline compound, which has low toxicity and is completely non-flammable. Salt is added to food as a flavour enhancer (table salt) and is a daily diet requirement of humans. Sodium and chlorine are required for cells to function and cannot be produced by the body, making salt an essential nutrient. According to the F&S report, there are 14,000 commercial uses of 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, fertilisers, explosives and metal coatings.

Exhibit 6: Global industrial salt market and its application



Source: Source: RHP, ICICI Direct Research

Exhibit 7: Indian industrial salt industry and prices



Source: RHP, ICICI Direct Research

Overview of sulphate of potash

Potassium sulphate is an inorganic chemical compound with other names like sulphate of potash (SOP), arcanite or potash of sulphur. Chemically is an ionic compound with solubility in water dissociating into two ions - potassium cation and sulphate anion. Potassium sulphate is a white, odourless solid that is a hygroscopic product, which means it can become damp when it comes in contact with air.

Exhibit 8: Global sulphate of potash market

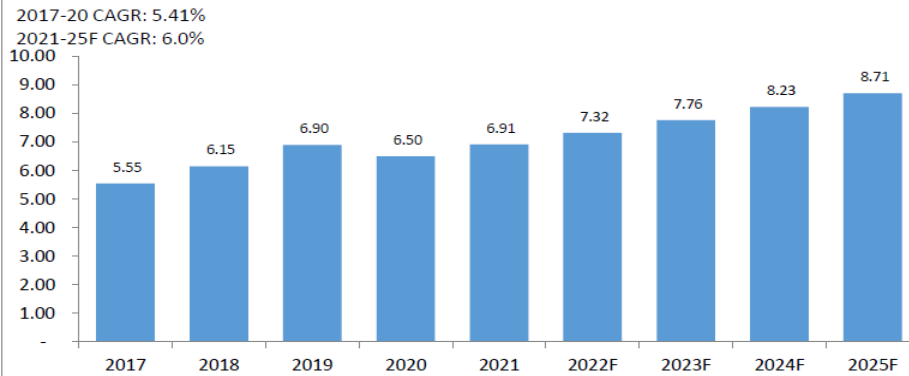
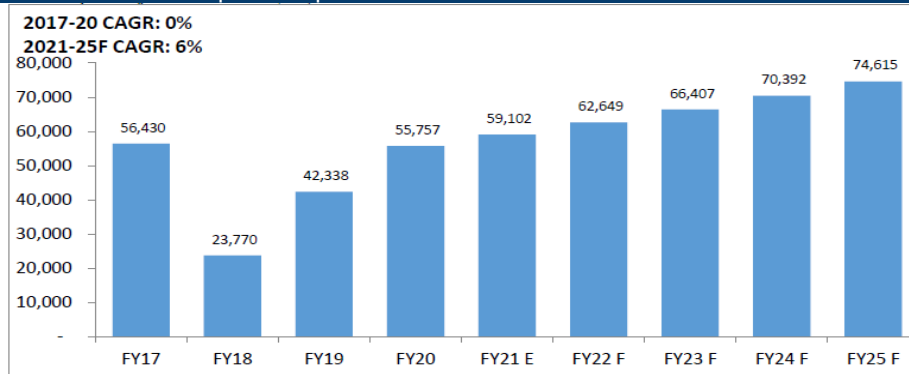


Exhibit 9: Indian sulphate of potash market



Source: Source: RHP, ICICI Direct Research

Investment Rationale

Leading market position, expansion, growth in bromine, industrial salt

The company has been a leading specialty marine chemical manufacturer in India since 2013. According to Frost & Sullivan, they are the largest exporters of bromine and industrial salt by volume in India in FY21 and have among the lowest cost of production globally in both bromine and industrial salt. ACIL attributes its strong market position to factors like long-standing relationship with global customers, established infrastructure and access to brine reserves at the Rann of Kutch, the company's manufacturing facility close proximity to the captive Jakhau Jetty and Mundra Port and consistent delivery of high-quality products. The company's leadership position and low cost-production offers competitive advantages like product pricing, economies of scale and the ability to scale up business, increase customer loyalty and expand client base. All of this, has, in turn, resulted in growth of revenues and EBITDA in the last three fiscals. The company commands a leadership position in Indian bromine merchant sales by volume in FY21 and is the largest exporter of bromine from India by volume in FY21. According to Frost & Sullivan, the global market size of bromine was US\$3.13 billion in CY21. The market is expected to grow at 5.8% CAGR between CY20 and CY25. The company was the largest exporter of industrial salt in India with exports of 2.7 million MT in FY21. According to Frost & Sullivan, global demand for industrial salt was 173 million MT in CY17, 171 million MT in CY18 and 173 million MT in CY19. It declined to 153 million MT in CY20 but is expected to grow at 2.8% CAGR between CY20 and CY25. ACIL are the only manufacturers of sulphate of potash from natural sea brine in India.

Exhibit 10: Market position in India, globally

Product	Company Market Position	Volume Produced in Fiscal 2022	Volume CAGR (Fiscal 2022 - 2021)	Revenue Fiscal 2022 (₹ crores)	% of revenue from exports Fiscal 2022
Bromine	Largest export and leader in merchant sales	20,293.00	51.38%	6,052.84	44.88%
Industrial Salt	Largest exporter	35,86,269.00	11.11%	5,129.00	100.00%
Sulphate of Potash	Only producer in India	2,483.00	-63.88%	114.00	90.75%

Source: Source: RHP, ICICI Direct Research

High entry barriers in specialty marine chemicals industry

The specialty marine chemicals industry in which the company operates has high entry barriers, which includes high cost and intricacy of product development, manufacture, and investment in salt beds, limited availability of raw materials necessary for production, limited number of locations with a suitable climate and access to reserves, lead time and expenditure required for research & development and building customer confidence and relationships, which can only be achieved through a long gestation period. Given the nature of the application of the company's products and processes involved, products are subject to, and measured against, high quality standards along with sensitive and rigorous product approval systems with stringent impurity specifications. Further, since end products manufactured by customers are typically subject to stringent regulatory and industry standards, any change in the vendor of products may require significant time and expense for customers, which acts as an entry barrier and disincentivises any such change. Further, bromine and certain raw materials that are used in production are highly corrosive, hazardous and toxic chemicals. Therefore, handling these chemicals requires a high degree of technical skill and specialised expertise and operations involving such hazardous chemicals must be undertaken only by personnel who are well trained to handle such chemicals. The company's existing brine fields were established over a period of three to four years before commercial cultivation was possible. Accordingly, the development time of brine reservoirs creates an entry barrier to potential domestic competitors.

Focus on expanding into downstream bromine derivative performance products

ACIL is setting up a new facility to manufacture bromine performance derivative products through its subsidiary, Acume Chemicals Pvt Ltd. The proposed facility will be constructed on a parcel of land of 34,983 square metre, which has been allotted to the company from the GIDC, Ankleshwar. The installed capacity of the facility is proposed 158 to be an aggregate of:

- High end flame retardant - 10,000 TPA, which is expected to commence commercial operations by second quarter of FY24
- Clear Brine fluids – 13,000 TPA, which is expected to commence commercial operations by second quarter of FY24
- PTA – 5,000 TPA, which is expected to commence commercial operations by second quarter of FY24

In respect to the production of flame retardant, the company has entered into an agreement to design, engineer, construct, commission and operate the plant to produce with a Chinese technology provider. The technology tie-up also includes buyback of minimum of 90% of the produced quantity by the Chinese technology provider at mutually agreed pricing terms. With respect to PTA and clear brine fluids the company have 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 ~₹ 251.7 crore, which the company intends to fund through internal accruals.

Expanding bromine, industrial salt capacities

According to Frost & Sullivan, the bromine global market size was US\$3.13 billion in CY21. The market is expected to grow at 5.8% CAGR between CY21 and CY25. Due to the company's market leadership position in merchant sales in India and low production costs, the company is well positioned to capitalise on these growth opportunities. The company intends to, and is in the process of, increasing manufacturing capacity for bromine production. To achieve the expansion of bromine capacity, in FY21, ACIL added a feed enrichment section at site in Hajipir, Gujarat, which will improve bromine recovery from sea bittern. This expansion added 18,000 metric tons per annum to bromine capacity. The company is looking to add an additional 12,500 MT per annum capacity by FY23 at an estimated cost of plant and machinery of ~₹ 17.88 crore, which it intends to fund through cash generated from operations. In addition, to cater to the growing demand from existing customers and to meet requirements of new customers, the company intends to expand manufacturing capacities for industrial salt production by adding an additional washery of 250 tonnes per hour. ACIL expects this additional washery to be operational in FY23.

Key Risk

Excessive rainfalls in Gujarat may reduce quality of salt, brine reserves

The company's manufacturing facility is located in Hajipir, Gujarat. The concentration of all operations at one location in Gujarat heightens exposure to adverse developments related to weather and natural occurrences, as well as regulatory, economic, demographic and other changes in Gujarat, which may adversely affect business, financial condition and results of operations. Excessive rainfall could reduce the quality of salt and brine reserves. This excess rainfall impacted bromine production from August 10, 2019 to August 22, 2019, and bromine operations were shut down during this period. ACIL estimates that they lost ~432 MT of bromine production due to this shutdown.

Exchange rate fluctuations may adversely affect results of operations

The company is in an export-oriented business. In the three months ended June 30, 2022 and in FY22, FY21 and FY20, 66.74%, 70.32%, 74.41% and 78.41%, respectively, of the company's revenue from operations was attributed to export sales. In the three months ended June 30, 2022 and in FY22, ACIL exported products to 13 countries including China, Japan, South Korea, Qatar and the rest of Asia. ACIL's sales from exports are denominated in foreign currencies, mostly the US Dollar. While it hedges a portion of the resulting net dollar foreign exchange position by purchasing foreign currency options, it is still affected by fluctuations in rupee, dollar exchange rates and cannot assure whether hedging or other risk management strategies will be effective.

Dependency on major customers for significant part of revenue

As of June 30, 2022, the company marketed products to 18 global customers in 13 countries and to 24 domestic customers. In the three months ended June 30, 2022 and in FY22, FY21 and FY20, the company's largest customer and shareholder, Sojitz Corporation, contributed 19.29%, 20.56%, 30.51% and 31.94%, respectively, of revenue from operations; top 10 customers contributed 60.69%, 61.99%, 75.70% and 77.14%, respectively, of revenue from operations; and top 20 customers contributed 81.75%, 80.94%, 88.66% and 92.05%, respectively, of revenue from operations. In FY22, FY21 and FY20, industrial salt sales to Sojitz Corporation accounted for 39.38%, 45.29%, 61.95% and 54.98%, respectively, of total salt sales, while no customer accounted for more than 20% of total bromine sales. The company expects to continue to be reliant on Sojitz Corporation and other major customers for the foreseeable future. Accordingly, any failure to retain these customers and/or negotiate and execute contracts on terms that are commercially viable, with these select customers, may adversely affect business, financial condition and results of operations. In addition, any defaults or delays in payments by a major customer or the insolvency or financial distress by a major customer may have an adverse effect on business, financial condition and results of operations.

Dependency on third party transportation, logistics service providers

A significant portion of expenses is due to freight carriage and transport. In the three months ended June 30, 2022 and in FY22, FY21 and FY20, packing, despatching and freight costs were ₹ 1,48.17 crore, ₹ 360.72 crore, ₹ 277.74 crore and ₹ 256.33 crore, respectively, which represented 50.06%, 40.45%, 41.81% and 40.45% of total expenses in those respective periods. The company maintains comprehensive insurance coverage for losses, which in the three months ended June 30, 2022 and in FY22, FY21 and FY20 included insurance coverage (marine, transport and logistics) of ₹ 13,25.00 crore, ₹ 12,30.00 crore, ₹ 7,06.21 crore and ₹ 223.84 crore, respectively. The company's packing, despatching and freight costs includes the return of ISO tanks from customers. ACIL is subject to the risk of increases in freight costs. Freight costs fluctuate with prices of oil & gas. If the company cannot fully offset any increases in freight costs, through increases in prices of products, the company would experience lower margins. In addition, any increase in export tariffs will also increase expenses, which, in turn, may adversely affect business.

Financial Summary

Exhibit 11: Profit and loss statement				
	₹ crore			
Year end March	FY20	FY21	FY22	3M FY23
Total Operating Income	608.2	740.8	1,130.4	400.3
Growth (%)	-	21.8	52.6	-64.6
Raw Material Expenses	0.3	8.9	39.3	4.9
Gross Profit	607.8	731.9	1,091.1	395.4
Employee Cost	34.5	35.3	37.8	9.8
Other Operating Expenses	425.4	434.3	586.1	224.5
EBITDA	148.0	262.2	467.2	161.1
Growth (%)	-	77.2	78.1	-38.6
Other Income	8.8	14.0	12.4	8.5
EBITDA, including OI	156.8	276.3	479.5	169.6
Depreciation	51.8	55.4	66.9	17.6
Net Interest Exp.	121.8	130.4	161.7	39.2
Other exceptional items	0.0	0.0	0.0	0.0
PBT	-16.7	90.5	251.0	112.9
Total Tax	19.5	23.9	62.4	28.4
Tax Rate	-117.0%	26.4%	24.9%	25.2%
PAT	-36.2	66.6	188.6	84.4
Adj.PAT after Minority interest	-36.4	66.4	188.7	84.4
Adj. EPS (₹)	-3.5	6.5	18.3	8.2
Shares Outstanding	1.9	1.9	9.6	9.6

Source: Company, ICICI Direct Research

Exhibit 12: Cash flow statement				
	₹ crore			
Year end March	FY20	FY21	FY22	3M FY23
PBT & Extraordinary	-16.7	90.5	251.0	112.9
Depreciation	51.8	55.4	66.9	17.6
After other adjustments				
(Inc) / Dec in Working Capital	-19.6	-168.3	-164.8	-4.8
Taxes	-0.3	0.0	0.0	-5.0
Others	132.3	141.5	161.4	50.3
CF from operating activities	147.5	119.1	314.5	170.9
Purchase of Fixed Assets	-152.0	-10.5	-96.6	-24.5
Others	-44.6	8.8	-13.5	-79.9
CF from investing activities	-196.7	-1.8	-110.1	-104.5
Proceeds from issue of shares	117.8	10.1	2.0	0.0
Borrowings (Net)	-1.3	-9.1	-15.5	67.4
Others	-90.1	-111.4	-210.2	-114.3
CF from financing activities	26.4	-110.3	-223.7	-46.9
Net cash flow	-22.8	7.0	-19.3	19.6
Effects of foreign currency translation				
Opening Cash & Bank	47.2	24.5	31.5	12.2
Closing Cash & Bank	24.5	31.5	12.2	31.8

Source: Company, ICICI Direct Research

Exhibit 13: Balance Sheet				
	₹ crore			
Year end March	FY20	FY21	FY22	3M FY23
Liabilities				
Share Capital	19.3	19.3	19.3	19.3
Reserves	-13.3	53.1	241.8	326.2
Total Shareholders Funds	6.0	72.4	261.1	345.4
Long Term Borrowings	848.3	846.4	842.8	841.3
Net Deferred Tax liability	0.0	0.0	9.2	37.7
Other long term liabilities	320.8	330.9	240.7	136.1
Current Liabilities and Provisions				
Short term borrowings	9.0	12.0	2.1	71.0
Trade Payables	167.1	111.8	112.3	98.3
Other Current Liabilities	76.7	57.6	60.4	75.9
Short Term Provisions	0.7	0.9	0.8	0.8
Total Current Liabilities	253.5	182.3	175.6	245.9
Total Liabilities	1,428.6	1,432.0	1,529.3	1,606.5
Assets				
Net Block	882.4	1,007.3	1,045.6	1,033.7
Capital Work in Progress	158.2	18.9	17.2	38.1
Non-current investments	1.8	1.7	1.9	1.9
Other Non Current Assets	124.0	103.9	66.3	59.2
Current Assets, Loans & Advances				
Current Investments	47.1	41.2	11.1	66.7
Inventories	98.8	110.6	120.8	137.4
Sundry Debtors	44.5	68.1	153.0	113.2
Cash and Bank	24.7	31.8	58.7	104.1
Loans and Advances	0.4	0.5	0.5	0.5
Other Current assets	46.7	48.5	54.6	51.8
Current Assets	262.2	300.6	398.6	473.7
Total Assets	1,428.6	1,432.4	1,529.6	1,606.5

Source: Company, ICICI Direct Research

Exhibit 14: Key ratios				
Year end March	FY20	FY21	FY22	3M FY23
Per share data (₹)				
Adj. EPS	-18.8	34.4	19.6	11.7
Adj. Cash EPS	76.7	135.9	48.5	22.3
BV	69.9	75.6	91.8	99.1
Operating Ratios (%)				
Gross Margin (%)	99.9	98.8	96.5	98.8
EBITDA Margin (%)	24.3	35.4	41.3	40.2
PAT Margin (%)	-6.0	9.0	16.7	21.1
Debtor Days	27	34	49	77
Inventory Days	59	55	39	94
Creditor Days	143	92	66	156
Cash Conversion Cycle	(57)	(4)	23	15
Return Ratios (%)				
Return on Assets (%)	-2.5	4.6	12.3	7.0
RoCE (%)	12.2	23.7	37.3	16.1
Core RoIC (%)	12.5	24.6	39.4	17.6
RoE (%)	-607.6	91.7	72.3	32.6
Solvency Ratios				
Total Debt / Equity	143.2	11.9	3.2	2.6
Interest Coverage	0.9	1.7	2.6	3.9
Current Ratio	1.0	1.6	2.3	1.9
Quick Ratio	0.6	1.0	1.6	1.4
Valuation Ratios (x)				
EV/EBITDA	2.1	1.2	7.3	21.3
P/E	(21.6)	11.8	20.8	34.8
P/B	5.8	5.4	4.4	4.1
EV/Sales	0.5	2.2	4.2	11.8

Source: Company, ICICI Direct Research

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Avoid: Do not apply for the IPO

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