Archean Chemical Industries Limited

Life's good with our Chemistry

ANNUAL REPORT 2022-23

Across the Pages

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Life's good with our Chemistry

Through quality goods made with efficient and sustainable manufacturing processes, Archean Chemicals impacts the world for the better

Disclaimer

This document contains statements about expected future events and financials of Archean Chemical Industries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward- looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

Corporate Information

Board of Directors

Mr. P Ranjit	Managing Director
Mr. P Ravi	Non-Independent Director
Mr. S Meenakshisundaram	Non-Independent Director
Mrs. Padma Chandrasekaran	Independent Director
Mr. C G Sethuram	Independent Director
Mr. K M Mohandass	Independent Director

Audit Committee

Mr. K M Mohandass	Chairperson
Mrs Padma Chandrasekharan	Member
Mr. S Meenakshisundaram	Member

Corporate Social Responsibility Committee

Mr. S Meenakshisundaram	Chairperson
Mrs. Padma Chandrasekharan	Member
Mr. P Ravi	Member

Risk Management Committee

Mr. S. Meenakshisundaram	Chairperson
Mr. C G Sethuram	Member
Mr. P Ranjit	Member
Mr. R Raghunathan	Member

Nomination and Remuneration Committee

Mrs. Padma Chandrasekaran	Chairperson
Mr. K M Mohandass	Member
Mr. S Meenakshisundaram	Member

Stakeholder Relationship Committee

Mr. S Meenakshisundaram	Chairperson
Mr C G Sethuram	Member
Mr. P Ranjit	Member

IPO Committee

Mr. P Ranjit
Mr. S Meenakshisundaram
Mr. R Raghunathan
Mr. Rajeev Kumar

Chief Financial Officer Mr R Raghunathan

Company Secretary Mr G Arunmozhi

Registered Office
No.2, North Crescent Road,
T. Nagar, Chennai - 600 017

Website:
www.archeanchemicals.com

CIN:
L24298TN2009PLC072270

Plant:
Hajipir, Rann of Kutch
Gujarat

Auditors
PKF Sridhar and Santhanam LLP,
7th Floor, KRD GEE GEE Crystal,
91, 92, Dr Radha Krishnan Salai,
Mylapore, Chennai, Tamil Nadu 600004

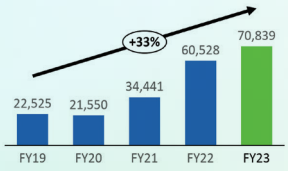
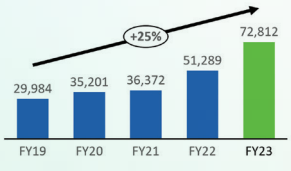
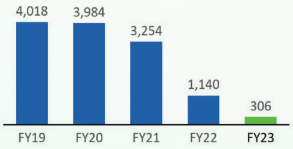
Registrar and Transfer Agent
Link Intime India Pvt. Ltd,
C 101, 247 Park, L.B.S.Marg,
Vikhroli (West), Mumbai 400083.

Bankers
ICICI Bank Limited, R A Puram
HDFC Bank Limited, R K Salai

Stock Exchange Listed:
National Stock Exchange of India Limited, Mumbai
BSE Limited, Mumbai

"We contribute to a sustainable world and a better future by delivering responsible products"

Strong Product Portfolio

Product	Bromine	Industrial Salt	SOP
Overview	• Bromine is the only non-metallic element that is a liquid at standard conditions • It is a member of the halogen family and is found naturally in seawater, underground brine deposits and other water reservoirs	• There are 14,000 commercial uses of Salt, a source of Sodium and Chlorine which are basic components of an array of materials – such as plastics, glass, synthetic rubber, cleansers, pesticides, paints, adhesives, fertilizers etc.	• Sulphate of Potash, also known as potassium sulphate, is a high-end, specialty fertilizer for chlorine-sensitive crops.
Archean's Position	• Leadership position in Indian Bromine merchant sales • ~48% Export Business	• Produced using the solar evaporation method. • 100% Export business	• Only Manufacturer of SOP from natural sea brine, in India • ~70% Export business • KTMS (kainite type mixed salt) had higher NaCl content (Sodium Chloride), which led to lower SOP production in the last few years
End User Industries	• Pharmaceuticals • Agrochemicals • Flame Retardants • Water Treatment • Oil & Gas & energy storage	• Chloralkali Chemicals • Food & Beverage • Water Treatment • Oil & Gas	• Agrochemicals • Various industries including glass, cosmetics etc. • Medical uses
*** Revenue Trend (Rs. in Lakhs)**			

*Standalone basis

Integrated Production Facility at Hajipir, Gujarat

Established Infrastructure

Archean use brine from own reservoirs as raw material which include Industrial Salt, kainite and end bittern. Other raw materials are primarily sourced from third-party suppliers in India

Globally, two most popular Bromine production sites are near the Dead Sea (Israel & Jordan) and the underground well in Arkansas region in the USA

India is well placed with brine resources at the Great Rann of Kutch in Gujarat

Location Advantages

The manufacturing facility is located in close proximity to the Jakhau Jetty and Mundra Port. The Jakhau Jetty is a fair-weather facility, operating for seven to eight months a year from October to May

It has a designed capacity of 5 million MT per annum and a capacity to load 28,000 MT equipped with a twin conveyor system, diesel generator sets

An integrated manufacturing site with access to the Rann of Kutch reserves and a close connectivity to ports, results in production process efficiency, deliver superior quality and timely products

HIGH ENTRY BARRIERS

- Access to Reserves
- Limited number of locations globally with a suitable climate
- Multi year Investment in Brine field Development
- High cost and intricacy of product development
- Rigorous product approval systems
- Difficult customer acquisition
- High degree of technical skill and specialized expertise for material handling
- Development time of brine reservoirs

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

Deep Engagement with Clients

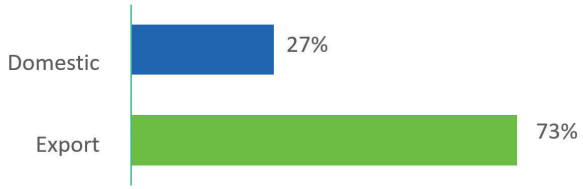
Enduring customer relationships helped to expand product offerings and geographic reach

Strong Clientele

TOTAL **55** Clients

Revenue Contribution

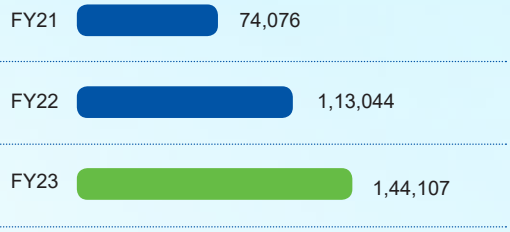
High Focus on Exports



Financial Performance - Overview

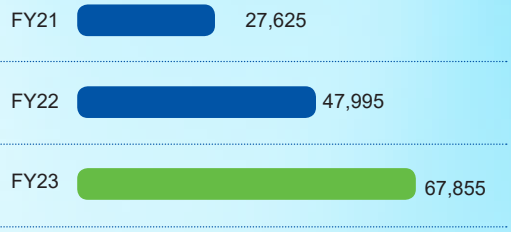
Revenue

Rs. in Lakhs



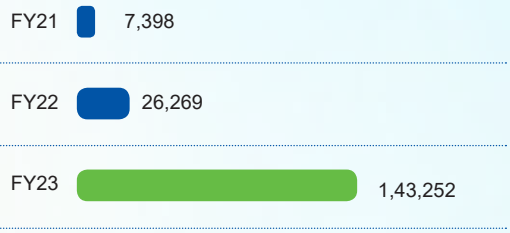
EBITDA

Rs. in Lakhs

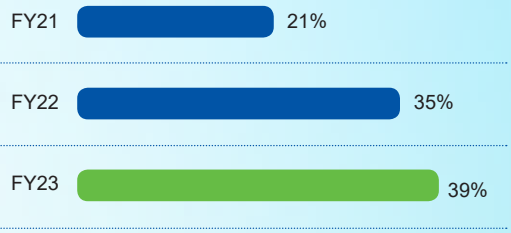


Networth

Rs. in Lakhs

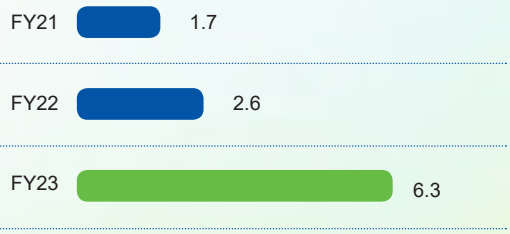


ROCE



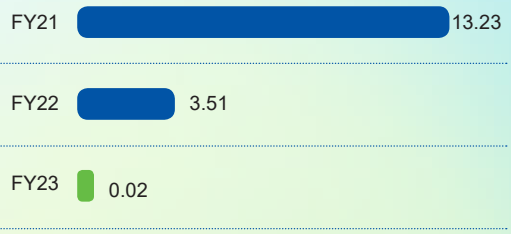
Interest Coverage

Times



Debt - Equity

Times



Notice to the Shareholders

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the 26th July 2023 at 10.30 a.m. through Video Conferencing ("VC"/Other Audio-Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS:

Item No. 1

To consider and approve standalone and consolidated Financial Statements of the Company for the year ended 31st March 2023, including the audited Balance Sheet as at 31st March 2023, the Statement of Profit and Loss and Cash Flow Statement of the Company, the reports of the Board of Directors and Auditors Report thereon.

Item No. 2

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT a dividend of Rs. 2.50 per share (125%) for the year ended March 31, 2023, on the paid-up capital consisting of 12,30,52,989 equity shares, as recommended by the Board, be and is hereby approved.

Item No. 3

To appoint a Director in place of Mr. S Meenakshisundaram, (DIN - 01176085) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

Item No.4

To ratify the remuneration payable to the Cost Auditor for the financial year 2023-24 and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and the appointment and remuneration as recommended by the Audit Committee, the remuneration of Rs. 1,00,000/- (Rupees One Lakh Only) and re-imbursement of out of pocket expenses excluding applicable Tax payable to Mr. G Sunderasan, (Membership No. 11733) Cost Accountant, Chennai, for conducting cost audit of the Company for the financial year 2023-24, as approved by the Board of Directors of the Company, be and is hereby ratified.

Item No.5

To reappoint Mr. P Ranjit as Managing Director of the Company for a further period of 5 years from 27th November 2023 to 26th November 2028.

To consider and, if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 196, 197 and any other applicable provisions of the Companies Act, 2013 ("Act") and the rules made there under, as amended from time to time, read with Schedule V to the Act, and Articles of Association of the Company and subject to the approval of Central Government or other Government authority/agency/board, if any, the consent of the Members of the Company be and is hereby accorded to re-appoint Mr. P Ranjit (DIN 01952929) as Managing Director of the Company for a further period of 5 Years at a remuneration as set out in the Explanatory Statement annexed to the Notice.

For and On behalf of the Board

G Arunmozhi
Company Secretary
M. No. A-18119

Place : Chennai

Dated : 26th May 2023

Notes:

1. The Ministry of Corporate Affairs ("MCA"), has vide their circulars dated, April 08, 2020, April 13, 2020, May 05, 2020, January 13, 2021, May 05, 2022 and December 28, 2022 (collectively referred to as "MCA Circulars") permitted to hold the Annual General Meeting ("AGM") through Video Conferencing (VC) / Other Audio-Visual Means (OAVM), on or before 30th September 2023 without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and the MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of special business set out in Item no. 4 & 5 above is annexed hereto.
3. M/S. PKF Sridhar & Santhanam LLP, Chartered Accountants (Firm Registration Number: 003990S/S200018), Chennai were appointed as Statutory Auditors of the Company to hold office from the conclusion of Twelfth Annual General Meeting of the Company held on 29th December 2021 till the conclusion of the Seventeenth Annual General Meeting of the Company.
4. Details of the Directors proposed to be appointed / re-appointed as required in terms of Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standards on General Meetings ("Secretarial Standards – 2") issued by The Institute of Company Secretaries of India, are provided at the end, and form an integral part of this Notice.
5. The meeting shall be deemed to be held at the Registered office of the Company at No.2, North Crescent Road, T Nagar, Chennai 600 017.
6. The recorded transcript of the AGM will be hosted on the website of the Company.
7. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
8. Dividend on equity shares, if declared at the meeting, will be credited / dispatched on or before 24th August 2023 to those Members whose names shall appear on the Company's register of Members as on the record date i.e. Friday, 21st July 2023.
9. Members holding shares in electronic form are requested to intimate immediately, any change in their address or bank mandates to their depository participant(s) with whom they are maintaining their demat accounts.
10. In the event the Company is unable to pay the dividend to any Member directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the warrant / Bankers' cheque / demand draft to such Member, as soon as possible.
11. In terms of Section 124 of the Act, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund ("IEPF").
12. The voting right of Members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date 19th July 2023.
13. Pursuant to Sections 101 and 136 of the Act read with the relevant Rules made thereunder and Regulation 36 of the SEBI Listing Regulations read with SEBI circular SEBI / HO / CFD /PoD-2 /P /CIR /2023 /4 dated January 5, 2023, companies can send Annual Reports and other communications through electronic mode to those Members who have registered their e-mail addresses with the Depository Participant(s). Physical copy of the Annual Report shall be sent to those Members who request for the same.

14. In compliance with the MCA Circulars, the Annual Report 2022-23 including, the Notice of the AGM and instructions to shareholders for e-voting / attending meeting through VC / OAVM are being sent only through electronic mode to those members whose email addresses are registered with the depositories.

15. Shareholders who would like to express their views / ask questions during the meeting may register themselves as a speaker and send their request mentioning their name, demat account number, e-mail ID, mobile number to info@archeanchemicals.com on or before July 16, 2023. The shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

16. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. As the AGM is being held through VC / OAVM in accordance with the MCA circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy form, Attendance Slip and route map are not annexed to this Notice.

17. Pursuant to MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the members such as the President of India or the Governor of a State or body Corporate can attend the AGM through VC/OAVM and cast their votes through e-voting. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the board resolution / authorization letter to the Company.

18. The Members can join the AGM in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

19. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

20. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended) and MCA Circulars, the Company is providing facility of e-voting to its members in respect of the business to be transacted at the AGM. In this regard, the Company has entered into an agreement with Link Intime India Private Limited (Link Intime) for facilitating voting through electronic means, as the authorized e-voting agency. The facility of casting votes by a member using e-voting as well as the e-voting system on the date of the AGM will be provided by Link Intime.

21. The members who have cast their vote by e-voting prior to the meeting may also attend the meeting by way of VC/OAVM but shall not be entitled to cast their vote again. The details indicating the process and manner for voting by electronic means, the time, schedule including the time period during which the votes may be cast by e-voting, the details of the login ID, the process and manner for generating or receiving the password and