

Archean Chemical files for IPO to raise ₹2,200 cr

Press Trust of India

feedback@livemint.com

NEW DELHI: Archean Chemical Industries, a speciality marine chemical manufacturer, has filed preliminary papers with markets regulator Sebi to raise as much as ₹2,200 crore through an initial public offering (IPO).

The IPO consists of a fresh issue of equity shares aggregating up to ₹1,000 crore and an offer for sale of up to 19 million shares by the promoter and investors, including the India Resurgence Fund, a joint ven-

THE MOVE WILL REDUCE THE FIRM'S OUTSTANDING INDEBTEDNESS AND IMPROVE ITS DEBT-TO- EQUITY RATIO

ture between the Piramal Group and Bain Capital, according to the draft red herring prospectus (DRHP).

According to market sources, the company is expected to raise

anywhere between ₹2,000 crore and ₹2,200 crore through the initial share-sale.

The chemical manufacturer plans to use the proceeds of the fresh issue for the redemption of non-convertible debentures (NCDs) issued by it.

The move will reduce the company's outstanding indebtedness, debt servicing costs, improve the debt-to-equity ratio and enable utilisation of its internal accruals for further investment in business growth and expansion.

Archean is focused on pro-

ducing and exporting bromine, industrial salt, and sulphate of potash to customers around the world.

The company produces the products from its brine reserves in the Rann of Kutch, located on the coast of Gujarat, and manufactures products at its facility near Hajipir in Gujarat.

The bromine produced by Archean is used as key initial level material, which has applications in pharma, agrochemicals, water treatment, flame retardant, additives, oil and gas and energy storage segments.

Industrial salt is an important raw material used in the chemical industry for the production of various other chemicals and compounds and sulphate of potash is used as a fertilizer and also has medical uses.

Archean's revenue from operations has grown at a CAGR (compound annual growth rate) of 9.42% from ₹565.5 crore in fiscal 2019 to ₹740.76 crore in fiscal 2021.

IIFL Securities, ICICI Securities and JM Financial are the book running lead managers to the IPO.