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Archean Chemical Industries Limited

May 19, 2026

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Mumbai-400051
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Mumbai-400001
Scrip Code- 543657

Dear Sir/Madam,

Sub: Transcript of Earnings Call

Reference: Intimation of Earnings Call dated May 08, 2026

Pursuant to Para A Part A Schedule III of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earnings Call held on May 13, 2026 post announcement of financial results of the Company for the quarter and year ended March 31, 2026.

The above information shall be made available on the website of the Company at www.archeanchemicals.com

Kindly take the same on record.

Yours faithfully
For Archean Chemical Industries Limited

Vijayaraghavan N E
Company Secretary and Compliance Officer
M. No. A41671

“Archean Chemical Industries Limited
Q4 FY '26 Earnings Conference Call”
May 13, 2026

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 13th May 2026 will prevail.”

**MANAGEMENT: MR. RAMPRAVEEN SWAMINATHAN – MANAGING
DIRECTOR
MR. NATARAJAN RAMAMURTHY – CHIEF FINANCIAL
OFFICER
MR. RAJEEV KUMAR – DEPUTY GENERAL MANAGER
FINANCE & STRATEGY**

Moderator:

Ladies and gentlemen, good day, and welcome to Archean Chemical Industries Limited Q4 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Rampraveen Swaminathan, Managing Director of Archean Chemical Industries Limited. Thank you, and over to you, sir.

Rampraveen Swaminathan: Right. Good afternoon, everyone. Thank you for joining us here today, and a warm welcome to you all to our Q4 and FY '26 earnings call. Thank you for taking your time, once again, to join us. I'm joined here today by Mr. Natarajan Ramamurthy, CFO of the company; Rajeev Kumar, DGM Finance and Strategy; and our Investor Relations adviser, SGA. I hope you all have had a chance to look through the financial results and investor presentation, which is available on our website and stock exchanges.

I will provide an overview of the market conditions and external environment, cover some of the significant events in the past quarter, provide you a commentary on Q4 performance and FY '25-'26 performance and outline some of our focus areas going forward.

Just beginning with the market. I think overall demand for our products from our end key markets has been a mixed bag. For most of the year, demand from industrial salt has been muted, which has been reflected in a tough pricing environment for the product category while demand for bromine and bromine derivatives has been positive in most geographies across the world. Our competitive intensity remains high, especially on salt with increasing capacity in multiple regions and some more being added in FY '26 in Australia and some parts of the Middle East.

The year has gone by has also been marked by considerable uncertainty, volatility and a continuously evolving external environment. Several macroeconomic developments, including the India U.S. trade discussions, the India EU FTA negotiations, tariffs imposed by the U.S. government and more recently, Iran U.S. conflict have influenced market dynamics across demand, supply and pricing. While we have managed to navigate these conditions, the impact on our business cannot be overlooked. And therefore, this year has been fairly skewed with headwinds outweighing the positives, resulting in a constant focus on recalibrating the business operations.

In Q4, we have seen a heightened impact due to the U.S-Iran crisis and I will cover that in more detail shortly. Now on a positive note, our end- key end customers and industry participants share our optimism for the future. We believe that the categories we operate in, demand outlook in the medium term remains pretty positive, and we are very well positioned in terms of our overall value package.

Looking at some key developments, which have impacted our business during the quarter, let me first begin with our semiconductor business. Earlier this week, our subsidiary, SiCSem, has signed the fiscal support agreement with the Government of India for our semiconductor project

in Odisha. This is a very important milestone for us as it now enables us to accelerate the financial closure and the execution of the project.

Just to provide you a recap, we did do the Groundbreaking Ceremony at the site in November. And we have teams which since have been completing detailed engineering, finalizing supply partnerships and do resource development and deployment. Overall, the program remains on track and with the FSA, we hope to accelerate progress in the coming quarters.

Another key development for us during the quarter was the impact of some changes in terms of bridges and road notifications in Kutch. In early part of Q4, the local administration of Gujarat has initiated road repairs and construction in a key stretch along the corridor from the Hajipir plant to the Jakhau and Mundra ports.

As a result of that, we saw a significant increase in distance of transportation, which has impacted our fleet availability due to higher TAT and fuel costs as it distance -- effective distance increased by 2x. As we stand right now, we understand this construction will continue until early Q3 of this financial year, after which we'll be able to come back to more normal operations, both in terms of distance covered and TAT of our fleets.

The third big thing which has impacted us in Q3 has been the Middle East crisis. The U.S.-Iran conflict has had an impact on demand, supply chain volatility and commodity costs in our business. The demand for bromine has increased sharply due to global demand-supply imbalance as a result of the conflict. This, of course, is now becoming normalized as end-user industries are struggling to pass on the cost increase to their customers.

The cost of logistics and global freight has also increased significantly. For our basket of customers and the geographies they operate in, our costs have increased by 18% to 20% on global freight. Since late February, the sharp rise of prices in industrial fuel, our industrial fuel prices have increased by nearly 50% and inconsistent retail availability has had a large bearing on our transportation costs, driven by the fuel increases, which have gone up by approximately 50%. Prices of other key commodities - Indonesian coal, sulfur and propanol have also been impacted unfavorably in the range of 20% to 30%.

So, in a very demanding and difficult environment, despite these headwinds, our focus has been on the key areas I mentioned in the last earnings call - Stabilizing our operations, especially in terms of bromine production, ensuring market growth -- market share growth in industrial salt and derivatives, retaining our key customers in bromine, driving commercial and pricing actions and an aggressive cost reduction to mitigate the impact of these factors.

In this context, let me now cover the overall performance for the quarter and full year on a stand-alone basis as well as some of our key subsidiary divisions.

Industrial salt, for the volume for the quarter was 1.1 million tons, down 7.2% versus last year. Volumes were impacted by nearly 120,000 tons due to customer deferrals on account of the US-Iran conflict and around 250,000 tons of shipments we could not complete because of the logistics issues and challenges I mentioned earlier. For the full year, though, we had sales of 4.2 million tons, up by 22% from the previous year.

We had earlier shared that we estimated to meet around 4.5 million tons of shipments during the year, which has largely been impacted by the factors I just mentioned. Pricing in the quarter remained under pressure versus last year and was down around 10%, but has been kind of stable versus the prior quarter. Industrial Salt has contributed 67% of the sales in the quarter we just completed, right? 67% of Q4 sales last year and around 70% in FY '25-'26.

Bromine volume -- coming to bromine. Bromine volume was at around 3,731 metric tons for the quarter. It is up 53% from the quarter of the second quarter of '25-'26 and up by 4% versus the prior year. (Eratta: To be read as third quarter of '25-'26)

We continue to drive improvement recovery plan in production. And since mid-Feb, we have recovered our production levels to historical levels. During the quarter, we continue to implement pricing actions with select customers and short-term contracts. Realization was up 14% year-on-year. Overall, elemental bromine contributed 32% of sales for Q4 last year and around 30% of the sales in Q4 FY '26.

The bromine derivatives business, which is housed in Acume Chemicals Private Limited, continues to scale up. Sales for the quarter were up by nearly 50% year-on-year, and revenue for the full year was up by nearly 300% compared to the previous year. While our margins remained under pressure due to the lower capacity utilization during the ramp-up phase, we estimate that our contribution margins will improve in new products and process optimization initiatives underway, supported by volume growth from some of our existing products like calcium bromide and NPBR.

During the quarter, we launched PBR 3 and also continue to scale up our zinc bromide volumes for select customers. Capacity utilization for the quarter still remained at around 45%, and we continue to focus on driving that up. SOP volumes in F '26 stood at 644 tons, contributing to a very small level of revenue of around INR3.5 crores.

As highlighted in earlier calls, there are complex technical issues for which we are now defining in kind of long-term solution. This involves reengineering of the entire product system and the manufacturing process. This program is currently underway, and we expect to complete plant trials in the first quarter of this year and go into a higher level of production in the second half of the year.

As you are aware, we continue to scale up our operations in Idealis Mudchemie earlier known as Oren hydrocarbons. Over the past 12 months, we have commissioned Three plants and are currently progressing with customer trails. Our Gujarat plant is production ready, but we still await for necessary approvals with state authorities. For the Nagri plant in Andhra Pradesh, we manufacture starch and PAC products. We are in the process of redefining the product road map to better align and productive market requirements.

We expect to have a fairly lean first half of this year in terms of Idealis Mudchemie, but we expect that the second half will start getting to a larger ramp. The aforementioned issues on logistics costs have impacted the short-term profit of Industrial Salt segment. However, our customer relationships and market position remain strong, and we estimate to see a full recovery

in coming quarters with the completion of the highway projects and reduction in commodity and fuel costs as Iran-US conflict subsides.

Coming on to financial performance, to give you a quick summary of financial performance, total income for Q4 F '25- '26 stood at INR304.7 crores, a 9% decrease on a year-on-year basis. In terms of overall mix, bromine contributed 32% and Industrial Salt contributed 67%. Volume of sales of bromine, as I mentioned earlier, stood at 3,731 tons. Volume of sales for Industrial Salt for the quarter was 1.1 million tons. Overall, EBITDA stood at -- reported was INR66.4 crores, a 34.3% decline year-on-year. EBITDA margin stood at 21.79% for the quarter and profit after tax for Q4 FY '26 was at around INR29.8 crores.

The year-on-year decline in EBITDA was largely driven by the drop in pricing or lower pricing realization and lower volume, both of which happened in Industrial Salt. We did also see a year-on-year increase in logistics cost, but that was largely offset by improvements in bromine, both in terms of realization as well as in terms of volume.

In terms of full year performance, total revenue for the year stood at -- is reported at INR1,088.8 crores, a 2% growth on a year-on-year basis. EBITDA for the year stood at around INR308 crores, a 17% dip on a year-on-year basis. Profit after tax for the year reported was INR154.3 crores, a 17% decline year-on-year.

On a consolidated basis, total revenue for Q4 was around INR306.3 crores. The bromine derivative business contributed around INR23.8 crores with a volume sale of around 1,400 tons for Q4. EBITDA for the company overall stood at INR49.1 crores in Q4 FY '26 and profit after tax on a fully consolidated basis was around INR12.2 crores.

From FY '26 perspective, overall revenue is INR1,108 crores. Bromine derivatives business contributed around INR81 crores, the volume sale of around 5,300 tons for the year. EBITDA for the company stood at INR265 crores on a fully consolidated basis with net profits of INR105.4 crores. A detailed breakup of the constituent elements of our consolidated performance have been provided in the earnings deck on our website for your review.

Let me end my comments by summarizing our focus in the coming year and some reflections now that I completed three months in my role. As we look forward, I think we have established three clear strategic priorities for the company. The first one is to consolidate the core salt and bromine business.

Secondly, to scale up our derivatives, oilfield and SOP businesses, while we continue to invest in long-term opportunities in advanced materials, both batteries and semiconductors. The underlying focus of these priorities is to ensure that we are driving earnings quality while also ensuring effective capital allocation across the business.

We are delivering driving these priorities through four strategic levers - driving focused growth where we drive scale and volume in all businesses through differentiated products, long-term customer partnerships and commercial excellence.

The second one is operational excellence, driving productivity and growth in all our operations, especially on bromine SOP derivatives and developing a world-class logistics capability, while ensuring capital efficiency. Thirdly, responsible stewardship in terms of driving an inclusive empowered organization, focusing on sustainability and supporting local communities.

And lastly, technology and automation to drive increased efficiency, reduce our cost to serve, and drive agility and predictability across our business. I think together, as we look at across these four levers, and we believe that we will continue by volume growth in the core business. And as we start getting some of external factors and cost stabilizing, we should be able to get to a historical margin level of performance across the business. With this, I'll open it for Q&A.

Moderator: Thank you very much, sir. The first question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Rampraveen Swaminathan: Good Afternoon Sanjesh.

Sanjesh Jain: Good afternoon sir. Thanks for the opportunity. I got a few of the questions. First on this freight thing the entire long route and the higher fuel cost, how much it did really hurt in terms of the cost during the Q3. Sorry in terms of the Q4 earnings, that's number one. Number two, bromine prices globally has gone up sharply. I know we have a long-term contract.

But just to understand how should we see the bromine prices for next year? And in the opening remark you mentioned that we have reached the historical peak of bromine production. I think historically, quarterly, we were at 5,500 metric tons. This quarter, we are at 3,700. When we say that we have reached the peak, do you imply that we are touching that 5,500 kind of a production?

And an added question to that, we have put up a new area where we are looking to expand the brine pond, and we said that this will only enhance the production. Now including that, what is the peak production we are looking up? And will it come in FY27 or FY28? These are my initial questions. Thanks.

Rampraveen Swaminathan: So Sanjesh, I will take them in whichever order which I find, I can remember them. And if I do slip a question, please do remind me again. So I think firstly, as far as the logistics cost is concerned, I think simplistically put 3 phases - January was pretty lean. We didn't have a big issue in Jan.

Feb, as you've seen, we had a significant increase because of the route change, and that added nearly INR100 to INR120 per ton of cost. And in the third month, we had both the diesel price increase and the extended route. So we ended the quarter with roughly around INR200 to INR220 per ton in increase of cost of transportation, okay?

On a weighted average basis across the quarter, probably around INR14 crores to INR15 crores was the impact because of the higher logistics cost, right, across the three months, but that's kind of the net gross number. As far as the second question was concerned in terms of bromine production, yes, I think as I said, we've come back to historical levels on a daily rate.

I think our historical peak, and I'm talking about memory was 5,230-odd tons in a quarter. And that quarter was a 91-day quarter or something. But roughly, it will be around 54, 55 tons per day, and we are roughly getting back to that range right now in terms of daily production, okay? Now you must, and I just would state here that when we look at modelling it out or forecasting it out, obviously, there are scheduled downtimes, et cetera, which do impact a little bit, but we are in that range right now, okay? Just confirming that.

Sanjesh Jain: Broadly 20,000. So we are looking broadly at 20,000, 21,000 metric tons in FY27, if we sustain, say, 55 ton per day.

Rampraveen Swaminathan: Yes, if we sustain 55 or in that range with a little bit of hit on the monsoon when it will come down a little bit, we should be in the range which you mentioned. And as far as the third thing which you said, which I think raised was around the brine field expansion. So as you know, we have been expanding the brine field. We remain optimistic about long-term growth. So we do expect the salt business will continue to grow at 10% to 12%.

It is at a historical, it's kind of bottomed out in terms of margins in a large part because of the cost increase we've had on logistics, but that's a structural cost, which will go away. We have line of sight to that kind of ending to some extent. So we continue to be bullish on salt. So the brine field expansion really will help us drive that 10%-15% growth in capacity of salt. And of course, it also will allow us to provide -- be able to produce more liquor for bromine volume as well.

Sanjesh Jain: So what are we looking at bromine then in an expanded capacity because we had close to 500. We are struggling at 20,000. So how should we look at the journey from here to the nameplate capacity?

Rampraveen Swaminathan: So I think that it's a mixed question, right, because there are multiple factors involved. But I do think that we are expecting or hoping to be able to grow 15%-20% a year in terms of bromine production. I think that's what we had mentioned last quarter as well. Our next first, what I said last quarter, after the next pit stop, if you may, is to try and get to 25,000 tons and then beyond that to over a period of time to 40,000 tons. And that's kind of what I would really still be anchoring our business on in terms of what we are trying to establish as goals for the company.

The 40,000 ton expansion obviously happens along with the derivatives business growth as well. So it kind of happens hand in hand. But that's kind of where we're anchoring it at. Now is it sequential? Is it year-on-year?

There are multiple factors involved. The brine fields themselves are being expanded now. It will be six to nine months before we finish the expansion and then an entire season before we actually fill the ponds and we actually have enough condensation evaporation to be able to basically draw them out as liquor and salt and crystallization. So it's a stage period, Sanjesh. But the key thing for us has been to start putting capacity ahead of demand and start making that move, and this is what we are doing right now.

Sanjesh Jain: Very clear. And on the pricing, bromine pricing because globally.

Rampraveen Swaminathan: Yes. On the bromine prices, yes, sorry, I missed that question. Yes. So I think as I mentioned, we had a question last quarter as well and probably heard it earlier as well. I mentioned that we are making pricing actions.

So you've seen some impact of that in Q4 on a year-on-year basis where we have increased the prices on contracts. Obviously, prices went up in a short period of time very quickly. But I think as we look at currently, we have, I would say, renegotiated a large part of our long-term contracts, right?

I won't put a specific number on it, Sanjesh, but we have negotiated a very large part of our long-term contracts for this year. So we've also gone back and reopened or re-discussed with customers on contracts which are going, which still had open windows on them and gone back and renegotiated some of them back as well.

So today, I think as we stand, the majority of our bromine contracts stand renegotiated upwards. I will not put a specific number on that, Sanjesh, but that's kind of directionally at least where we are going.

Sanjesh Jain:

Got it. One on the Acume. We had not a great year last year. I thought the ramp-up expectation was much better than what we have delivered. So what are the things which have not gone in our favour?

And what are the measures we are taking to see that Acume really scales up to the level where probably which is more satisfactory. And number two, what's the plan on the flame retardant? It's still under discussion or it is rested for a while? How should we see that?

Rampraveen Swaminathan: Okay. So I think for Acume, there's no question that it has been a year where we've had growth, but we've not been the growth, not had the growth we expected, right? And I would say two, three things are the areas I think we have kind of been challenged with. I won't say there have been things that are necessarily binding one, but they have just been challenged. I think the first one has been product development.

Some of our products, especially targeted towards pharma applications have been a little bit longer cycle than we expected them to be, Sanjesh. And that's actually taken a little bit more time to get converted into specific orders and pull through. The second thing which has been a challenge has been in terms of commercial pricing. I think we have had to work hard on getting pricing in there. You're an entrant into the market, entrant in an established market where other players are there.

So that obviously puts pressure on you on pricing. And probably we were forced to have slightly more aggressive pricing than we probably would have initially expected the same time last year. The third thing which has been a challenge to some extent has been that, obviously, the Acume business gets its bromine from the Hajipir business. And some of our challenges in the second and third quarter on bromine production obviously translated into a ramp-up at that business as well, okay? So what are we doing to fix that?

We are facing exactly three things I spoke about now. We have deepened our sales capability. We're expanding both in domestic and exports. Our channel partnerships. We're also accelerating product development.

So in Q4 alone, as I told you, we upgraded the Zinc Bromide product. We launched PBR 3. We are looking at release a couple of more alkali bromide products in the first half of this year, right? We've also been expanding on CBR, CABR and NPBr volumes, which both, which obviously are large markets in terms of the oilfield and the Ag and NAg intermediate usage. So it's more market penetration, more product development, more consistent supply of bromine from the Hajipur plant.

And lastly, we are working a lot in terms of process optimization and process costs. So we actually have to kind of be able to drive that. I'm confident that I think you will see a step change in a significant improvement in the business as we drive that product utilization improvement starting in the early part of this year.

Sanjesh Jain: Very clear, sir. Just one last, sorry, I'm pushing it late. On the semiconductor, can you just help us the milestone from here to the production? What is the time frame and the key milestone we need to track and?

Rampraveen Swaminathan: Rajeev, you want to take it?

Rajeev Kumar: Yes. So Sanjesh let me take this question. So we have started working on the design aspect. And the early work we have already commenced. Our target is to start the substructure work from July. And broadly, it should 24 to 30 months from that time.

Sanjesh Jain: 24 to 30 months from now or?

Rajeev Kumar: From July.

Sanjesh Jain: From July. From July of last year, right?

Rajeev Kumar: July of this year.

Sanjesh Jain: From July of this year, we are looking at 24 to 30 months.

Rampraveen Swaminathan: Yes. So Sanjesh, so if you index the period from now to July, probably 27 to 30 months roughly is what it will take.

Sanjesh Jain: Got it. And just one bookkeeping question. What was the SOP volume and revenue for this quarter?

Rampraveen Swaminathan: For this quarter, I will have somebody drop your note. I think I mentioned the full year number, but it's okay. I'll have somebody from our team email it to you.

Sanjesh Jain: Full year number is fine. What was the full year?

Rampraveen Swaminathan: Full year was INR3.5 crores and 650 tons. 644, I think was the exact tonnage. 644 tons and INR3.49 crores.

Sanjesh Jain: Thank you sir. I think that is all from my side and thanks for patiently answering all those questions and best of luck for the coming quarter.

Rampraveen Swaminathan: Thanks Sanjesh. Thank you.

Moderator: Thank you. The next question is from the line of Aditya Khetan from SMIFS Institutional. Please go ahead.

Aditya Khetan: Thank you sir for the opportunity. Just a couple of questions. Sir, you mentioned in your opening remarks onto the competitive intensity pressures. Is that one of the reasons why we are not able to increase the bromine prices? Because sir, when we look at the spot prices of bromine over the last three quarters versus Archean's realizations, there has been a stark difference. Actually, spot prices have gone up in one way. But our realizations look almost flattish only when we look at the last two quarters data also.

Is it because of the competitive pressures which you have mentioned, is that stopping the prices to move higher? And secondly, sir, when I heard your commentary on to the bromine volumes, you mentioned about some 10% to 15% growth.

But sir, when we look at this number, 10% to 15% growth would still be around some 15,000, 16,000 tons only for FY27 also versus what earlier management was guiding around 22,000 to around 25,000 tons for FY26. So there is a stark difference into the number, which earlier management was guiding and what we are seeing for FY27. Any thoughts on what has changed materially into the business volume?

Rampraveen Swaminathan: Let me answer those questions a bit more specifically. So firstly, I think on the bromine pricing, it's not a competitive intensity issue as much as the fact that as we mentioned earlier as Aditya, we have a fairly large constraint of long-term contracts. These are contracts we enter typically with annual pricing. And since we enter them with annual pricing, we generally don't change the pricing based on spot conditions too much. So 70% to, let's say, 70% of our business is long-term contracts.

30% of our business is short-term contracts, which are like, which is deal-to-deal pricing, right? And therefore, what you will always see is that when the prices go up, it takes us time to catch up. When the prices go down as well, we get the benefit because our customers continue to buy at the old prices from us, right?

And therefore, what's happened in the last 18 months is 15 months roughly has been that prices have been inching up slowly until around February price, March when prices went up substantially, right? We have taken the opportunity to go ahead of the curve this time in Feb and March and kind of even start renegotiating our contracts ahead of the closure.

And that's why as I mentioned to Sanjesh earlier on, when Sanjesh's question was there, we have repriced now a majority of our contracts upwards. And therefore, I think you will see that being

different going forward. That said, I think you must not, you must bear caution that spot prices are always, are not a very good reflection of the overall blended price of the market.

Typically, the entire industry on bromine works 60% to 70% on long-term contracts and 20% to 30% on short-term contracts. So when suddenly one company suddenly has a shortage of bromine or has a production problem, then those customers have signed long-term contracts with them become spot customers in the market.

They often buy at very, very high prices because they have to manage their end customer contracts. So always spot prices are not a reflection of the blended average price for any company. And so we always encourage people look at what we are reporting. Don't look at what the landed Shanghai Index tells you or landed China Index tells you because the other, the short-term elements there logistics pricing, there's transportation, there are multiple factors there. But broadly, we have gone back and renegotiated the majority of our customer basket.

And you should see some of that pulling through. As far as your comment on the bromine volume, I think let me restate what I said. Sanjesh's question was, are you back to the 55 tons per day level? And I kind of said, yes, we are roughly at the 50,000, 55,000 tons per day level, which adds up, which is around 20,000, 21,000 tons. And I said our goal next year is to be 15% above that, right? (Errata: To be read as 50-55 tons per day level)

So this year, we are at that level. And next year, we are at around 15% above that, which gets close to 25,000 tons number, which has been quoted earlier. And lastly, Aditya, on a lighter note, I would just like to tell you that the management has not changed. The management has expanded. The earlier MD is changed to the Executive Vice Chairman of the company.

And therefore, the management has expanded, it has not changed. So we still are very much committed to the numbers, which have been shared by Ranjit and others earlier.

Aditya Khetan:

Just one more question, if I can squeeze in. Sir, this quarter, we have seen some INR13 crores of increase into the stocks, which is reflected into the COGS. Can you highlight like what this change is actually? And second, if you can provide the internal sales volume of bromine for full fiscal FY26, the captive consumption of bromine.

Rampraveen Swaminathan: So I think the second one, I think I will have to get back to you. I don't have a specific number right now, Aditya. If you can drop a mail to us, our team will respond. Okay. As far as the first question is concerned, the INR13 crores, I think as I mentioned in my opening comments, we had early initially also kind of hoped to do slightly higher volume of tonnage of salt in the quarter.

And we are not able to do shipments because some orders got deferred. And also, we had an issue where we had, because of logistics cost, we could not fill those volume. And therefore, salt, finished salt inventory increased during the quarter, and that is a substantial part of what you will see there as an increase in inventory cost.

Aditya Khetan:

Got it sir. Thank you sir.

Rampraveen Swaminathan: Thank you.

Moderator: Thank you. The next question is from the line of Avnish Tiwari from Vaikarya. Please go ahead.

Avnish Tiwari: You were mentioning in context of bromine demand that it increased. And then because, and this industry is not able to pass through your pricing, the demand sort of getting rationed out or getting normalized. Can you expand on that commentary? And will that be a hurdle for you? I mean you have already renegotiated the long-term contract.

But if you can give us the colour around your 30%, which is deal-by-deal business, how is the pricing there relative to your long-term contract versus the spot, which I know is not real, is much higher. Is it in the middle of these two spot versus a long-term contract or more closer to your long-term contract. So these two areas if you can expand upon?

Rampraveen Swaminathan: Sure, Avnish. So I think let me just start off with probably more external facing number, which everybody likes to quote, but that at least generally accumulates. So I think as you know, shortly after the crisis started, bromine prices went up around RMB70,000 to RMB80,000, right, which is almost like US\$8 or US\$9 per kg. It went up that high because there was a sudden shortage of bromine in the demand of bromine supply in the market. Our end users like companies who make Flame Retardants, etcetera, has their supply contracts to honour.

And so there was a sudden, because of the shortage of supply, they had to basically buy at whatever, and so spot prices went up. Obviously, what most of those end customers are finding is that is not sustainable for them to price it to their users. And therefore, there has been some softening in terms of their end users looking back and not accepting price increases and that coming back through the chain, to us as well. And therefore, there is some amount of softening.

And today, if you look at it, I think prices have come back to around US\$5 per kg, US\$4 to US\$4.5 per kg. And then it depends on how much transportation, etcetera, you consider in it and how logistics is, right? So you have this thing which is see sawing because of that issue. And you must remember we make an intermediate which goes into a product, which then goes to the end user, right? So the entire value chain has to absorb the price increase.

The first increase which happened was a supply-led increase or supply shortage. That is normalizing itself because that price is not being passed through fully, okay? That said, I do believe that our prices will reflect the broad movement in terms of market pricing going forward, right? So that's, does that answer your question?

Avnish Tiwari: Yes that's good.

Rampraveen Swaminathan: Thank you.

Avnish Tiwari: Yes. You were also mentioning that this short-term deal by deal pricing, is this more closer to the long-term pricing or this more closer to the spot which is \$4.5 per kg?

Rampraveen Swaminathan: So, in general, short-term pricing is closer to spot. And obviously, long-term pricing is driven by multiyear relationships we have, end markets we want to play with. We don't want to always

have -- we don't want to have geographic concentration in one geography. There are multiple considerations, Avnish. What is the end user industries, flame retardants, right, pharma, etcetera, you want to position our product in, oilfield chemicals, what's the geographical diversification we want to have, right?

What is the customer concentration in terms of what's the synergy benefit a customer brings across bromine and across derivatives. So, there are multiple factors, but spot is trending closer to market.

Avnish Tiwari: The second question, which I have is that if you look at your supply shortage you said has now reduced this other supply of bromine, which comes from locations which are under stress right now, has that supply now normalized or that supply is still under normal?

Rampraveen Swaminathan: I think that supply is still trailing probably what historical the past levels were. It is still trailing that. Obviously, there have been challenges, new supply routes have emerged, right? But I would still say that there is that underlying -- there's still a gap in the market, demand supply.

Avnish Tiwari: Israel supply, has it been affected or that Jordan, Israel has not been impacted that much?

Rampraveen Swaminathan: I mean it probably would be unfair to just speak about a specific geography because the geographies I mentioned, there are large companies which are at play and large players. I would say generally, I think if we look at trade route volume, Avnish, I think there is still a gap, right, on those trade routes compared to some of the volumes pre-conflict.

Avnish Tiwari: Okay. So, it's still a shortfall and demand rationing is what is bringing the prices down. Otherwise, it would have been a much higher price, right, effectively.

Rampraveen Swaminathan: No. Well, the short is again, the point to understand that this is -- because most of the industry works with long-term contract pricing, whenever there's a small dip in shortage and also sells long term, capacity gets sold and blocked on a long-term basis, effectively spot capacity, which gets traded all the time is only 20% or 25% of overall capacity. So, one manufacturer suddenly? So that's the impact.

Avnish Tiwari: If I can squeeze one more. If you were to look at your numbers, standalone versus consolidated and there's a loss between these two because of the other businesses you have. Can you articulate where these numbers might go, let's say, in terms of EBITDA or revenue in one or two years' time? I mean I know you mentioned a lot of steps you're taking.

Rampraveen Swaminathan: No Avnish, I don't make -- we don't make forward-looking statements. So, I will probably -- I'll take an exception on that, but not -- I won't be able to give specific guidance on those.

Avnish Tiwari: In the past, have you given the guidance around breakeven points when you can achieve there? Or any like what metrics you can track?

Rampraveen Swaminathan: No, we don't provide specific guidance to that level of detail Avnish.

Moderator: I am sorry to say, sir, please, Mr. Tiwari, please return to the queue. Thank you. Participants, please limit your questions to only two questions. We have several participants awaiting their turn. The next question is from the line of Chirag from Keynote. Please go ahead.

Chirag: I would like to understand the reason of significant volatility that is taking place in bromine prices, it has increased from almost \$5000 per ton to almost \$9,000 to \$10,000 and now it is reverting back to almost \$7,000 if I'm not wrong. So just wanted to understand what actually brings such kind of volatility in the market.

Rampraveen Swaminathan: Okay, Chirag, why don't you share all your questions, I will answer them all together.

Chirag: Sure. My second question is related to crude prices have started moving inching up from the earlier \$65 per barrel. So, are we seeing new drilling activities taking place due to which the Mudchemie, Oren Hydrocarbons business is actually starting seeing some new revenue to come in from this particular area?

And there are some bookkeeping questions. One is, what actually comes into Intangibles under development that is getting highlighted in our balance sheet? And were there any devaluations taking place on raw material levels?

Rampraveen Swaminathan: I'll try and answer the first and then Natarajan answer the next, right? But I think what has bromine pricing, as I said a couple of times, the way I say broadly the industry works is that basically buyers and sellers in the industry tend to work on long-term contracting for a large part of their requirements or a large part of their production.

And therefore, what happens is the majority of the market still transacts on that long-term pricing, right? So, for example, if you and I have a contract and we have signed a contract, let's say, \$3.5 per ton and you sign for 75% of your volume requirement, I sign for 75% of my capacity, that volume still transacts at a long-term price only. What happens is that there's a sudden imbalance which comes either because of a sudden spike in demand or a sudden shortage of supply, then that puts pressure on the market and that pressure gets concentrated around the spot business.

So, if there's a sudden spike in -- if there's a sudden shortage in supply, which happens, then what happens is that you have to go and still buy your bromine from somewhere. You tend to go and buy your balance bromine, which I am not supplying on a long-term contract at whatever price you think can afford and that pushes the prices up. And therefore, what the industry tends to share as volatile prices is basically only spot prices. Spot is a fraction of the market.

And we can effort to consistently remind that spot is only a fraction of the market, but that's actually where you see all the volatility. You don't see a volatility in the majority of the market where there's a lot of movement happening. So that's the question around that. Do you want to -
- Natarajan, do you want to talk about revaluation?

Ramamurthy Natarajan: Rajeev will explain.

Rajeev Kumar: So, the second question, which was intangible asset under development. So SiCSem actually is doing a pilot line for wafer manufacturing at IIT Bhubaneswar. So whatever capital we have spent there so far is under intellectual property development. At the same time, there is a technology transfer agreement with classic wafer fab. The expenditure committed towards that so far is also under IAUD.

Chirag: Got it. So, two more questions. One is, in this moment, are we seeing any positive development related to trials for mud chemicals? And second one is revaluation of...

Rampraveen Swaminathan: I think mud chemicals -- I'm sorry, I missed that question. But I think right now, I mean, the oil and gas demand is still fairly muted because a lot of that space in the Middle East. And therefore, I don't think we have seen anything tangibly move in terms of short-term demand. I think the view is that once the war subsides, then obviously, we'll go through reconstruction phase and that should give us a flip in terms of demand.

Chirag: Got it. And sir, related to that, any revaluation on inventory because there is a significant shortage.

Ramamurthy Natarajan: No revaluation on the inventory.

Chirag: And what would be the capex debt level? What kind of debt level are we comfortable with at company level?

Rampraveen Swaminathan: We don't make a specific view like that. Our view is that capital has to be -- capital discipline is about investing in projects which have got good returns. We are growth oriented, and therefore, we would continue to look at investing in high-growth return projects, which also means that we have to scale up our existing businesses and deliver the right level of returns from them.

Moderator: I'm sorry, sir, please return to the queue Chirag sir. The next question is from the line of Rohit Nagraj from 360 ONE Capital.

Rohit Nagraj: I'll ask all the questions together. So first on the bromine pricing, so I understand that the long-term contracts would be either calendar year or financial year and probably both would have consummated for the next year?

So what is the kind of pricing range that we are looking at? And I'm not looking at a specific number, but a range would be helpful in terms of building in for the estimates. Second thing, on Oren Hydrocarbon, we -- when we acquired, we had an estimate of INR150 crores of revenues? When are we likely to reach that mark? I mean, any time lines would be -- broader time lines would be helpful.

Third is in terms of Industrial Salt, you said there is pricing pressure. I was unable to get the exact point because any which ways it's an export-oriented business and the realizations in terms of dollar terms are certainly -- I mean, in rupee terms, certainly would be better because of the depreciation. And last one book-keeping question. What is the cash as of 31st March on the books?

Rampraveen Swaminathan: I'll ask Natarajan to answer the fourth question, but let me try and take the first three. So, I think -- I mean I'm going to award you a range as well on bromine pricing. I think as I mentioned, we have gone and renegotiated a majority of our contracts even if they were not expiring. We have gone back and renegotiated almost all our LTCs off, right, and gone back and spoken to customers. I mentioned that we'll do this in the earlier call as well.

And so, we have kind of completed a majority of that. And therefore, I think you will see the flow-through of it. However, I will -- we really don't give very specific guidance on pricing for reasons you very well understand right -- and therefore I will avoid giving the range as well. But as I said, you will see some flow-through impact as we've done that.

As far as Oren Hydrocarbons is concerned, I think we had given a guidance of INR150 crores was basically divided across three products: bentonite, which we make in the Mandvi plant in Gujarat, Barite in a plant in Kodur, and the third one has been around starch and Fibroseal products and pack products which we make in the plant in Andhra Pradesh location called Nagri. Around 40% to 45% of our volume was supposed to come from the bentonite product in Mandvi. That plant actually has been under -- we have to work with government on getting licenses cleared and approvals done.

Unfortunately, the Gujarat government has interpret some of the NCLT provisions or orders in a slightly different way, and we are working with the local government authorities to get aligned on that, which is -- and right now the hindrance in starting the plant up. right? And that's actually what's affecting out.

The remaining part of the business, which was around half that INR150 crores, which we indicated, right? We have some challenges on retooling the product line. The markets have obviously changed a little bit, and therefore, the product composition is slightly different. So, we have developed new products in those plants. Those products are actually under customer trials now.

Obviously, those products are highly focused on the oil and gas market. And given the sluggishness has happened recently and now the crisis now, I'm not sure when we'll actually see a recovery there. But as we go into this year and the second half of the year right now, we hope that this is where we are executing right now on various fronts, we expect that all -- at least two out of the three plants will be in operations at reasonable volume in the second half of the year.

And just on Industrial Salt, I think the way I tend to look at it is we supply a lot of our salt goes into South Asia and Southeast Asia, right? And as you know, in salt, the longer you go -- the further you go away from India, the less competitive you are. So, we sell a lot into -- where we sell to markets in South Asia for high-grade applications, where the requirement for NaCl content is very high, where the customers need to pay a premium for low insolubles, we actually get very good pricing. But when you go into some of the geographies like China, we are competing also with locally manufactured salt and salt comes from other geographies which are geographically far closer to the end market. And therefore, we get more pressure on pricing because of that. So, as we're trying to -- so that was my reference to my earlier comments saying that obviously, there's competitive intensity by geography, it's different.

And the competitive intensity in each geography determines the weighted average of our pricing in our basket. So, there are long-term customers that we have not seen price coming down too much because they are, let's say, in Indonesia or the closer an application where they need a very high-quality salt. But then there are customers who are very far away from India and are ready to use a slightly lower quality salt in their application. And there, we see more pricing pressure. And that's kind of the balance which is there.

And that's what drives broadly the contours of pricing in the market. With that, let me -- and obviously, if those -- if the geographical demand and then demand in those geographies or those customers are growing very fast, we see benefits. If they are not growing, we obviously see some impact of that as well. With that, let me just let Natarajan answer the bookkeeping question.

Ramamurthy Natarajan: Yes, just stand-alone cash, cash equivalent bank balances, INR37 crores and consolidated is INR55 crores.

Rohit Nagraj: Thanks for answering all the questions and all the best, sir.

Moderator: Due to time constraints, that was the last question. I now hand the floor over to the management for closing comments.

Rampraveen Swaminathan: Thank you, everyone, for joining us in the earnings call. We appreciate your time and for showing interest in the company. In case of any queries, you can get in touch with our team or with SGA, Investor Relations Advisers. We will turn back those questions very quickly. We look forward to meeting all of you over the next call.

Just as a point of interest, we have scheduled the date for the AGM, right, which is on June 12th. And hopefully, those of you who are able to make it, we'd love to have some of you members join us at the AGM as well, right, Thank you very much. Take care. Stay safe.

Moderator: Thank you very much, sir. On behalf of Archean Chemical Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.