August 07, 2026

National Stock Exchange of India Limited
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Bandra-Kurla Complex, Bandra (E)
Mumbai-400051
Symbol-ACI

BSE Limited
Listing Operations
P J Towers, Dalal Street
Mumbai-400001
Scrip Code- 543657

Dear Sir/Madam,

Sub: Transcript of Earnings Call

Reference: Intimation of Earnings Call dated July 28, 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 August 03, 2026, post announcement of financial results of the Company for the quarter ended June 30, 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

NEMAM ECHAMPADI VIJAYARAGHAVAN

Digitally signed by NEMAM ECHAMPADI VIJAYARAGHAVAN
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Vijayaraghavan N E
Company Secretary and Compliance Officer
M. No. A41671

“Archean Chemical Industries Limited

Q1 FY27 Earnings Conference Call”

August 03, 2026

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 03rd August 2026 will prevail.”

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

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY27 Earnings Conference Call of Archean Chemical Industries Limited. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference, over to Mr. Rampraveen Swaminathan, Managing Director. Thank you and over to you, sir.

Rampraveen Swaminathan: Good morning, everyone, and a warm welcome to our Q1 FY27 earnings call. Thank you for taking the time to join us today and I hope you all are safe, especially those of you who are in weather-affected regions. On this call today, I'm joined by Mr. R. Natarajan, our CFO, Mr. Rajeev Kumar, DGM Finance and Strategy, members of our finance team, and SGA Investor Relations Advisors.

I hope you've had a chance to go through the results and the investor presentation, both of which are on our website and the stock exchanges. In my opening comments, I'll briefly cover the operating environment, key developments of the quarter, and our business and financial performance.

Starting off, from an overall perspective, the focus in Q1 was on delivering to our commitments and driving the segmental performance in bromine and bromine derivatives while optimizing industrial salt in a challenging external environment. And I believe that our Q1 performance validates the actions we set out with all of you in the last call.

On a standalone basis, revenue for the quarter was INR3,321 million, up 14% year-on-year and up 9% sequentially. This is our highest quarterly revenue in the last five quarters. EBITDA was INR888.7 million, up 26.3% versus the sequential quarter, with margins expanding from 21.8% in Q4 of FY26 to 25.3% in the quarter under consideration. (Errata: To be read as EBITDA was INR838.7 million)

Profit after tax on a fully consolidated basis, sorry, profit after tax on a standalone basis was INR405.3 million, up 36% sequentially from the prior quarter. Margins were down year-on-year, largely due to higher logistics costs and purchase price variance on various raw materials, which could not be fully offset by our operating performance.

On a consolidated basis, revenue for the quarter was INR3,328.1 million, up 10.7% year-on-year. EBITDA on a fully consolidated basis was INR728.7 million, up 48.5% sequentially, and profit after tax was INR300.5 million, more than double the preceding quarter. Year-on-year consolidated performance was affected by standalone business performance as well as the scaling up costs of our semiconductor business. (Errata: To be read as Profit after tax was INR303.5 million)

Three things drove our performance overall in the quarter, actually four things, but three of them are structural and I want to call them out. Firstly, bromine volumes were at the highest in the last five quarters and realizations for the quarter are up 50% year-on-year.

Secondly, our derivatives business, Acume, has turned EBITDA positive for the first time. This has been an important area of strategic focus for us, and we continue to make good progress there.

Thirdly, on Sulphate of Potash, trial, so the phase, first phase one trials were successfully completed in June 2026. We are in the process of doing our Phase 2 trials by end of Q3 financial year, which will then validate the modified process for commercial production.

Operationally, we continue to carry a headwind in industrial salt logistics, which I will address briefly in a while. Both road logistics and sea freight increases have impacted our profitability. In addition to road logistics, sea freight costs have also increased by 30% to 35%, impacting our landed cost to customers in East and South Asia. However, the shape of the business remains positive, and we are confident of entering H2 FY27 with stronger momentum.

In terms of just a quick overview on our overall the markets and highlights on our business. On the demand environment, bromine and bromine derivatives demand has remained firm, firm across most geographies. The supply imbalance of the previous two quarters has normalized, but underlying demand from flame retardants, oilfield chemicals, and energy storage applications remain healthy, and our pricing actions continue to hold.

Our bromine realization improvement reflects both the market and the approach we have applied to contracts and to customer selections. As the supply shortages have normalized, there has been a correction in pricing. Landed prices in China, for example, have declined by 30% to 40% in the past 12 weeks. In this environment, we work, we continue to work closely with our customers to ensure that we are able to sustain the improvements that have been made in pricing.

In industrial salt, the pricing environment has stabilized. After declines through most quarters in FY26, realizations in Q1 were broadly flat. Competitive intensity remains high with new capacity additions in Australia and elsewhere, and the challenges of landed pricing which I have mentioned earlier. But we are starting to see a floor in terms of market pricing and our customer relationships, and our market position remain fully intact.

The pricing challenge which you had is a reflection of the gap in South and East Asia, of the gap in South and East Asia between landed prices from India versus landed price of domestic salt in those regions and salt they source from other regions. On the broad macroeconomic environment, the India-US trade discussions, the India-EU FTA negotiations, and the kind of new normal in the Middle East continue to shape trade flows.

Freight and fuel costs have remained above pre-conflict levels. They actually increased in Q1 for us versus Q4, though they have now started to ease. The conflict in the Middle East has continued to impact demand from QVC, an important customer of ours for salt, and also off-take of derivatives from the oil and gas segment, which has seen volatility because of this.

However, we continue to see good traction on customer interest and new account additions which has helped us offset some of this volatility. An important element for us during the quarter obviously has been logistics. As mentioned earlier, in last quarter, we've been impacted both by an increased freight distance and the fuel costs in due to higher diesel prices.

The road construction of the corridor from our Hajipir plant to the Jakhau, Mundra, and Kandla ports has continued through Q1 as we had guided earlier and remains on track to be completed by end of September. The longer haul distance continue to affect fleet turnaround and fuel consumption and is the single largest reason for our decline in salt volumes and the profitability for the quarter.

We continue to expect this construction to be completed, as I said earlier, by end of September, after which we expect salt volumes to normalize and improvement in our transportation costs as well. The cost of HSD continued to increase between April and June, though it has normalized in July. Compared to last year, prices in April to June were nearly 60% higher.

We have mitigated large part of this through route optimization, additional fleet contracting, commercial diligence, and revised dispatch scheduling, but we did see an impact through the quarter, which was quite significant. Our Brine field expansions, which we spoke about last quarter, remain on schedule. We have completed most of phase one and we are optimistic that we actually be able to pre-pone commissioning of phase one to post the monsoons. The land lease extension discussions are ongoing and we remain on positive of closure of the same in the coming months.

Let me now talk about the business in a little bit more detail. The bromine segment delivered revenue of INR1,333 million, up by 58% year-on-year on volumes of 4,175 tons. Realizations are broadly up and we expect them to largely remain firm near the INR300 per kg level. On production levels, which we have recovered from mid-February and have fully sustained themselves through the quarter.

As guided earlier, our throughput has been improving steadily and we expect the quarterly run rate to improve. Our production was up 7% year-on-year despite lower GPL and we also had an impact of around three days of production due to grid power shortages and scheduled maintenance programs which are designed to debottleneck our capacity through the rest of the year.

Industrial salt generated revenue of INR1,713 million on volumes of 982,000 tons, down 12% on a year-on-year basis. Dispatches were impacted by vessel shortages, fuel supply shortages of diesel, and order deferments due to the ongoing West Asia conflict, resulting in higher finished goods inventory.

Logistics and transportation costs, as mentioned earlier, are expected to normalize over the coming months as both diesel prices normalize and the highway infrastructure work is completed. We expect good recovery from Q3 of this year. Bromine derivatives, it's a quarter, an important quarter for Acume Chemicals as it turned EBITDA positive.

Acume delivered an EBITDA of INR19 million this quarter against a EBITDA loss of INR27 million in Q1 of last year. Revenue was up 28% year-on-year. We continue to focus on a richer, higher value basket and the operating leverage is beginning to show up. Organic derivatives contributed meaningfully to the year with a large increase in our NPBR volumes.

Capacity utilization for the quarter was around 40% and contribution margins will continue to improve as utilization builds and as the share of organic derivatives share of the basket increases. The company has launched new products earlier this year with additional products under development on campaign basis such as NPBR for pharma, additional spec variants of CABR and so on.

Moving on to sulphate of potash, the re-engineering of the manufacturing process which we described in the last call has largely been positive and we continue to work on completing Phase 2 trials by December of this year. SOP revenue for Q1 was INR113 million against INR35 million for the full of last year. Right? With this with the technology successfully proven, our focus is now on finishing Phase 2 trials and then redoing our operational processes and then kind of scaling up volume.

Higher sulphate process prices do remain a near-term challenge from a feed stock sourcing perspective. The oilfield chemicals business or Idealis as we call it, revenue was, remained muted and was around INR3.5 million for the quarter as we continue to focus on plant readiness and trial customers' orders. This business is in an early stage and we are investing ahead of revenue with an EBITDA loss of one of INR13.4 million in the quarter.

Customer trades continue to progress as the three plants commissioned over the -- where we started the work over the last 12 months. Our Gujarat plant is production ready and we have now and we are continuing to wait for necessary state approvals there. At Nagri in Andhra Pradesh, we have completed the redefinition of our product roadmap of starch and pack and we are now working on developing those products and some products are actually in the middle of customer trials.

Semiconductor product project, in our SiCSem in Odisha following the fiscal support agreement signed with the Government of India, we are moving firmly into execution as per schedule. So, as energy storage, the off-grid energy labs business is concerned, our investee company has inaugurated 10 megawatt hour zinc bromide battery pilot facility at Hook in the United Kingdom. We are in the process of -- they are in the process of stabilizing operations of the pilot and over time this will be a source of pull-through demand for our -- for zinc bromide and our larger derivatives portfolio.

Now, talking about the financial numbers in more detail, let me begin with standalone performance. On a standalone basis, total income for Q1 FY27 was INR3,321 million, a growth of 14% year-on-year and 9% sequentially. The business mix in the standalone business for the quarter was industrial salt was 54%, bromine sales at 42%, and SOP was 4%. In terms of geographic mix, exports was around 70% of demand compared to 78% for the same quarter last year and domestic business was around 30% of our volumes, up from 22% last year.

This largely reflects the shift in our product mix of due to higher sales of bromine and SOP in the quarter. EBITDA for the quarter was INR839 million with a margin of 25.3%. On costs, employee costs was INR162 million and other expenses were INR2,063 million against INR1,664 million. This increase in other costs was largely driven by increase in two large elements.

We had a sharp increase in our freight costs due to higher logistics costs which we have discussed in detail and secondly, we had higher costs in stores and spares this quarter. If you recall earlier in my comments, I had mentioned that we took planned outages in the quarter to support some of our debottlenecking programs for the rest of the year and those resulted in higher stores and spares expenses during the quarter.

Overall, I think the large the large part of obviously a dominant part of it was logistics costs which as we mentioned earlier, we expect to start tailing down with lower fuel prices and obviously the road the highway construction getting completed by end of Q2. Depreciation was INR199 million for the quarter and finance costs was INR86.4 million against INR44.6 million for the for the previous year.

Profit before tax was INR553 million and standalone profit after tax was INR405 million. On a consol basis, total income for Q1 was INR3,328 million, up 10.7% year-on-year and 8.6% sequentially. EBITDA was INR728.7 million, profit after tax was INR442.2 million and PAT was INR303.5 million against INR122.3 million in the prior quarter. Basic EPS was INR2.48 for the quarter. A large part of the driver in the console performance were really the standalone performance.

The impact of the cost increase in our standalone performance largely drove the decline in the consol performance as well. From an entity perspective, Acume delivered revenues of around INR300 million, up 28.1% and a positive EBITDA of INR19 million against a loss of INR27 million a year ago. Its loss before tax narrowed to INR58.6 million, down from INR103.3 million in the previous year, which is a 40% improvement. Idealis reported revenues of INR3.5 million with an EBITDA loss of INR13.4 million for the quarter.

Neun and SiCSem collectively on a console basis reported revenues of INR0.4 million with an EBITDA loss of INR5.6 million as both of them -- as that business largely remains in the investment phase. A detailed breakup of the some of the parts and our constituent elements of our consolidated performance is provided in the earnings deck on our website.

Let me before I close, let me quickly summarize key priorities and outlook. To summarize the quarter, I think sequential improvement across all our line items, margins were up by around 340 basis points versus the prior quarter and a continued shift towards higher value volume business mix, a broader customer base and a stronger balance sheet. Our three priorities which we -- I outlined to you in the last couple of calls remain unchanged. Consolidating the core salt and bromine business remains the focus.

Bromine is recovering and improving and salt pricing has stabilized with the change in transportation infrastructure and softening of fuel prices, we expect that to be back move to higher gears. Scaling up our derivatives business which is oilfield chemicals and our mud chemicals business is the second priority which we have detailed. Our derivatives business is now EBITDA positive and we are now in customer trials with several products in our mud chemicals business and we continue to invest in long-term opportunities in advanced materials.

SiCSem is now in execution phase, right, off-grid has started its pilot plant and we continue to remain committed to these investments which we think are going to be very accretive in a 24 to 48-month window for the company. And we continue to remain focused on stronger cash flow and more disciplined capital allocation. For the balance of FY27, we expect salt volumes to normalize from Q3 as the highway work completes. We are focused on holding our guidance which we have given earlier in terms of bromine volumes and, obviously, in trying to maintain our -- maintain most of the price increases which we have implemented.

Derivatives to continue to build on break-even and continue to scale up volume and completing our SOP scale up by the end of this year. And therefore, I think we feel positive about where we are in the early part of the second quarter of the year.

With that, let me open up the floor for questions and I'll come back towards the end for closing comments.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Sanjesh from ICICI Securities. Please go ahead.

Sanjesh: Good morning, Ram.

Rampraveen Swaminathan: Good morning, Sanjesh.

Sanjesh: Thank you, sir. I've got a couple of questions. First on the bromine volume, we did 4,175 metric ton in this quarter. We guided for around 20,000 metric ton for FY27 and we said in the previous quarter that we have reached a production of 55 metric ton per day, which should have actually translated to 4,500 metric ton. Where is the gap and are we still confident of achieving a 20,000 metric ton kind of a volume for FY27? That's number one.

And another question on bromine is the pricing. We generally do an annual contract for export. Now, that the realization have crossed INR300, is it fair to assume that next 3, 4 quarter the realization barring domestic volatility should be in the range of 300 which you did mention, but how strong is the outlook for the pricing? So, these are the questions on the bromine.

Rampraveen Swaminathan: So, Sanjesh, let me address the pricing issue first. So, obviously, very volatile pricing environment. I mean, that goes without saying. You know, as I said, it's always concerns when the prices are going up sharply and their concerns when the prices come down sharply as well. I think from our perspective, 60% of our business to 70% as I said earlier is long-term contracts and 30%-35% has been short-term spot businesses.

We are reasonably confident, obviously there is, you know, customers are raising concerns around pricing for sure, but we do believe strongly that we will be able to hold and weighted average blend which I mentioned earlier on the external market. Remain fairly confident about that.

There is obviously work to be done there, but you know, we have we believe strongly in our in the customer partnerships and the and the historical long-term approach we have used with them. That should hopefully reap us benefits. Some impact will be there on spot segment of the business, but we are working closely to ensure the blend is in line with what I had said earlier, right?

In terms of volume, firstly, I think I just want to restate what I had said earlier on was that we expect to exit the year at the 20,000 to 25,000 tons run rate and you are right that that would basically translate into 4,500 tons for the quarter. What we had two challenges or two things which really impacted the volume. I think we were 325 tons short in the quarter.

A part of that was power shortages in the region during the during the quarter. We had sudden power cuts, right, in the grid power supply and that meant that we obviously have to shut down, restart plants and work through it. We probably lost three days of production, three and a half days of production there, which was probably close to around 175 to 200 tons.

We also took planned shutdowns. As you know, Q2 and Q3 is really the real test of our improvement. I don't really like to consider Q1 as the test of our improvement. Last year, I think Q2 was down to around 3,000 tons, right? And so, we are continuing to working on debottlenecking the plant and we did take around two to three days of additional shutdown on the feed stock plant in terms of upgrading some of the infrastructure in the feed stock plant to drive improved recovery.

One of the things which you would be aware of, Sanjesh, is that there's been a very high inflation in costs of sulfur, right, through the quarter, through the last five months, which as you know is largely the Middle East is a big source of sulfur manufacturing and there's been a very large increase in coal costs, which have almost doubled.

The improvement in recovery is part of how we have been able to offset those cost increases. So, it's not just an improvement in throughput which has happened, we've also been able to chemically improve recovery and that has actually helped offset the cost increases and that and we have to continue to invest in the plant upgradations and debottlenecking to ensure that happens.

So, it's obviously a multiple set of factors we are working with, but I think broadly at a headline level, I continue to believe that what I had, you know, we remain on track to what I said earlier last quarter. I mean, confident about that. We are working on it and as I said, you know, Q2 and Q3 will be will be meaningful opportunities for us to demonstrate that improvement.

In Q1, GPL did decline versus last year, but we still were able to show 7% production improvement despite that lower GPL, which I think is a reflection of the work, but I think broadly we lost probably 200 tons because of power and we lost on 150 tons because of our planned shutdowns. Without that, we'd have been at the 4,500 level.

Sanjesh: Very clear. Thanks, and that's super clear. Second on the salt, we said there was some volume spillover from last quarter also if I read Q4 con call and this quarter is more seasonality demand postponement of Middle East or you see there's real challenge in the because caustic soda prices have been quite firm up. Demand should not have been an issue, right?

Rampraveen Swaminathan: So, Sanjesh, I think so overall, chlor-alkali has remained positive, though I would say that the conflict has impacted some amount of PVC demand, which obviously has some flow through into our business. But overall, at a headline level, demand has not moved backwards at all, Sanjesh. So that remains positive.

I think our challenge is if you remember last quarter, I think we told you that we missed we had around 120,000 tons of shipment, 110,000 tons of shipment being impacted, one because of order deferral from QVC as they continue to see the Middle East crisis and around and one ship which got deferred because of logistics issues.

And this quarter, we've seen the same issue, right? I think we've seen QVC remains, you know, remains actually remains on hold, right, because of the conflict situation is not really fully eased for them to start operations. And we continue to have a lot of issues on logistics. As I mentioned, that while we talk a lot about road logistics, Sanjesh, the actual reality is that sea freight has also reflected the sharp increase in both of change in trade flows and the increase in fuel costs and that has meant that you know 60% to 70% of our volume is customer nominated vessels.

And therefore, we have been obviously seeing different delays, bunkering issues, right, and those kinds of challenges which are there, birthing issues and so on and so forth, which has resulted in delays. It's affected our bromine and derivative business as well, by the way. It's not just an issue of salt. It gets called out a lot more in salt because bromine is flooding positively, but in bromine as well, we've had issues and derivatives as well.

Towards the end of the quarter, we had cutoff issues with vessels not getting loaded, vessels from Hazira not being available, slots not being there. So those challenges remain. What we have done and I should have probably called this out earlier as well, what we have done in this quarter is we also started this quarter, which is we will start in Q2 in July-September quarter, we will also start shipments from Kandla and by increasing our throughput overall spread from two ports to three ports.

We just built our stockyard out in Kandla and as we start building that, Sanjesh, what will happen is that our flexibility on shipments will improve and freight liners who are running to Kandla but not Mundra will actually find it more easy to berth and will not do blank sailings on us. So, there is work happening to solve that problem, but that is the way the situation is right now.

I think we also tried to exercise commercial discipline on some contracts, right, which also has probably impacted us a little bit, though we have not seen any actual order loss because of that, where we are trying to pass through this cost increase to our customers and that's something which we are trying to push a lot on as well because of the large increase in costs and that to some extent probably has affected our conversion rates as well, which I hope will pick up from Q3 onwards.

Sanjesh: And just one last from SOP, what was the volume this quarter and…

Rampraveen Swaminathan: 2,200 ton.

Sanjesh: And whether this run rate will continue until we complete...

Rampraveen Swaminathan: Sorry, I just stand corrected. I think the actual volume of sale was 1,952. I probably referred to production number. Actual sales quantity was 1,952 at an average realization of -- you can do the math, but roughly around INR58,000 per ton.

Sanjesh: Got it. And whether this number at least is sustainable through the year or even this could be volatile.

Rampraveen Swaminathan: No, obviously, feedstock affects this and you know our business pretty well. But that said, as I've said towards -- as I said last quarter, for the full year, our target is to do a 9,000 to 10,000 tons, and we still remain very confident about able to develop through that throughput. In terms of month-to-month variations to some extent, it depends upon actual feedstock quality, which comes from the crystallizer and what kind of yields we can get.

But the 10,000 to 11,000 tons, which has given us -- 9,000 to 10,000 tons had given last quarter as in target for the quarter, for the year, we still remain positive on that. And we've been trying to push production up, which is why this quarter, as you've seen, actually we will do really 2,000 tons.

So, we are on it, though I won't say that that's going to happen month-on-month. If you're asking that question, I'm trying to say for sure that's going to happen month on month, but full year number, we still remain by it, stay by it.

Sanjesh: Very clear. On the Bromine derivative, what really drove to the breakeven. And this breakeven will continue and volume ramp-up will continue from this level.

Rampraveen Swaminathan: So I think it's three things. I think, first of all, it's increasing volumes from improving mix. So, if you look at it historically till last year, our focus really was our volumes largely were CBF, clear brine fluids, products like CABR and sodium bromide. We actually have stopped making sodium bromide because the yields are very low on it, and we re-purpose that demand back to calcium bromide.

We've also had an increase in PBR volumes, which last year, for example, where same quarter last year, we won 25, 30 tons. This quarter has been on 350 tons for the quarter, right? So organic derivatives actually give us much higher end of the pricing basket. So, one big lever is a product mix itself.

More products are under release right now, right? We are working on several alkali bromides and also derivatives of our existing products. I mentioned earlier comments, this quarter, for example, we released a pharma-grade NPBr, which allow us to basically get more penetration on the pharma demand. So, one part was that.

The second part, obviously, was cost management at the Jhagadia plant with higher volumes were also able to optimize our basically - batch compression times, our consumption of n-propanols and several other elements which are there in our consumption basket. And the third one obviously this was commercial discipline. We just did a price increase in bromine; our focus was commercial discipline in derivatives as well. please.

Moderator: Thank you very much. Sanjesh, sorry to interrupt, I'll request to come back, please.

Sanjesh: Thank you so much.

Moderator: Next question is from the line of Aditya Khetan from SMIFS Institutional Equities. Please go ahead.

Aditya Khetan: Just a couple of questions. Sir, first, my question is on to the cost side. As I mentioned in your presentation that there were some route changes. Now we have changed to A, B, C, D. And diesel prices also, you mentioned, are up by some 50%. So, sir, what if tomorrow, all the costs come down so the diesel prices and the freight route also become our earlier route? How much savings in cost you see going -- how much savings in cost per quarter and also annual basis, you can say?

Rampraveen Swaminathan: So, I think a simplistic -- let me just look at the past because that's probably a good indication on the future rather than giving any guidance on this. I think we see that our other costs have increased, if you look at our results on the website, our other costs have increased by approximately INR40 crores year-on-year. And around 60% of that was driven due to the increase in logistics costs. right? That logistics cost is divided roughly 60% to 40%, 60% is the increase in distance.

So, for example, Jakhau, Mundra which used to be for the plant to Jakhau, Mundra which used to be -- but I say 270 to 350 kilometers, they have actually gone up by nearly -- Jakhau has doubled to 500 plus kilometers and Mundra went up by 40% to 50% because of the road change. So that's roughly 60% of the number and 40% of it has been the diesel price increase, right, which has been a factor which as I said earlier has gone up by around 40% to 50% year-on-year.

Both of these as they get normalized will basically reflect back in our earnings, right? So, right, will reflect in our earnings. We have obviously mitigated that some amount of the diesel price increases, so don't -- I mean all of that is not gone through. We have reduced vehicle downtime, we have improved the rerouting, we've done our best to reroute and roads, schedule vehicles differently, source from multiple new locations.

So doing those things have actually helped us mitigate some of it, but at a headline level, I think a large part of this cost increase will get mitigated as the resets happen. As fuel prices come down and as the roads get reset, this is a structural -- this is not a structural cost increase. These are short-term issues which we are just to work through and as I said, fundamental dynamics of business in salt remain positive, our customer relationships remain intact.

We have gone from two ports to three ports. We are adding inven-, we have created stockyards in all three ports now. We expanded our own fleet to reduce dependence of old inefficient market fleet to become more efficient in terms of fuel efficiency and improve the TAT times of vehicles. So, all of these should start, I would say bleeding in, but they should be reflecting our numbers by in Q3 and should help us first improve profitability and then secure more demand as well.

Aditya Khetan: Okay, sir. Sir, my second question is on to the pricing of the bromine derivatives. So, if we look at this quarter, so bromine prices are up by 25%, but the bromine derivatives are up by only 10%. So should we assume in the subsequent quarter, that 15% gap of higher realizations would be recouped by the bromine derivatives with a lag defect. First sir.

And second, sir, adding on to this, any updates around to the lease side, like we have also mentioned in in our research, so we are quite confident also. But sir, when I look at 2 to 3 years back, so government was more keen for the bidding process. So, has that changed and government now awarding to the players who have existing brine -- has the policy been changed by the government? And what gives you the confidence like we can make now?

Rampraveen Swaminathan: Let me just, yes, let me respond to two things. I think I'm not sure about the numbers you quoted on bromine derivatives specifically. And I think to reach out to our team, we will give you specific numbers on this, more specific numbers. But broadly, one thing which I would just say is that bromine, depending upon the derivative we use, bromine is a percentage of the cost. So, it could be 40%, it could be 50%. For example, in calcium bromide, bromine is around 50% of the cost.

So, when you say, whenever you expect bromine grows up by x, we must just recognize that bromine derivatives will go up by that fraction of x in a perfect world. In a perfect world, they'll go up by that fraction of x. Therefore, to assume that -- and therefore, assume that bromine is up 25% or 50% and therefore, derivative prices will increase the same percentage is not actually consistently defensible pricing action in the market.

If you reach out to our team, our Investor Relations team or our finance team, they'll give you more specific numbers about how those movements have happened. I would probably just say that your numbers don't seem really accurate at this stage. But directionally, it is right that we can never get the same price increase in bromine. On derivatives, as we see it in bromine, all other things being equal, it's a fractional cost increase, right? So that's one.

As far the lease is concerned, I covered in my opening comments, we remain confident about closing this in the coming months and completing the agreement signing process with the government of Gujarat. I anticipate from my knowledge, and I'll go back and check this back to our team, but I don't think there has been a bidding process on existing leaseholders in the State of Gujarat, unless the lease holder has not been paying money or there's been some performance issue or a lack of interest on the leaseholder. So, I think to the extent we have known, that scenario has not happened.

As I said, we are working very closely with the government. We're very confident based on where we are in the discussions with them, and the feedback from them that we expect to close this in the coming months. Operationally, as I mentioned earlier, we continue to file our rents. They continue to raise invoices for the rents and accept those rents.

We have been increasing rents as per the GO in terms of annual increases, should be done once in three years. And they have been accepting those price increases and raising demand notices on us in line with that. So, we don't see any particular reason and given the state of our negotiations right now, we remain pretty optimistic that, this will get done in the in the coming months.

Moderator: Next question is from the line of Rohit Nagraj with 360 ONE Capital. Please go ahead.

Rohit Nagraj: Thanks for the opportunity and congrats on the zinc bromide pilot plant commercialization. So, what are the timelines that we are looking at, given that this 10-megawatt pilot has now come up? From this to 1 gigawatt scale capacity in India, how the process will be in terms of validations, qualifications, and in terms of the projects, startup, and then commissioning? So broader timelines should also do. Thank you.

Rampraveen Swaminathan: Mr. Rohit, let me just frame this first by looking at just probably a little bit of how we see off-grid. Okay, because I think it has relevance to your question. I think we are investing in off-grid. We are a strategic investor in off-grid. Off-grid has got – and has a management team which is working on the execution of the pilot. And our interest on it has been threefold.

One is that we see these off-grid energy solutions as a standalone, interesting business opportunity for us. Secondly, there is flow-through demand of chemicals, especially zinc bromide for us. We are the primary supplier of zinc bromide for the off-grid business.

And third one, obviously, is a chance for us to build up and scale up megawatt-plus projects in India. These three have to be seen with very different timelines because they all are not compressible into one natural flow. So, firstly, I think they have right now launched a 10-megawatt pilot. Obviously, a plant of this scale cannot be determined to be successful immediately.

So, the management team of off-grid, which is responsible for the success of this pilot operationally, is working on the execution of the pilot. And I would say it's probably going to be several months before we can actually say that it is completely done and is fully scalable. And one has to go by their guidance and decisions on that.

Second one is the zinc bromide demand is concerned. We continue to supply them zinc bromide. And as they need zinc bromide, we'll continue to supply them. We are just finishing our REACH certification for zinc bromide of the Jhagadia plant. And once that happens, the volume will scale up further.

I think it's after the pilot plant is fully demonstrated at scale, and they look at scale up into the business overall, that we will actually look at megawatt plus kind of plants in India, right? So that's Phase 3, that's Horizon 3. I won't say it is anything, I won't time it. I think it's difficult to put a specific time on it right now. But these are 3 horizons.

Horizon 1 is Offgrid's internal operations, which I think are about -- continue to focus on scaling up. Horizon 2 is scaling up our zinc bromide delivery, which will happen along with their scale-up and Horizon 3 is working together with them on launching megawatt, 10 megawatt plus kind of power plants in India on a commercial power supply basis, which I think is a third horizon. But right now, we've not specifically fixed a specific time around.

Rohit Nagraj: Sure, this is helpful. Yes. And sir, second question on the Semicon project. Where are we currently -- and again, here, if we can give us a broader time line as to how we are looking at the progress of the project? Thank you.

Rampraveen Swaminathan: Let me just make an opening comment, I'll see if Rajeev and let Rajeev also add a little bit more where he is very closer to the actual scheduling of the project. But broadly, I think we have said earlier, 24 to 27 months, right, which is what we said last quarter that once we finished the FSA, our target is to kind of get this done in 24 to 27 months. And we are on -- we're executing to that schedule, right? So that's broadly the number.

Bear in mind that 24, 27 months is commercial SOP - Start-of production, then, of course, scale up takes time after that. It's not a binary equation. At the moment, the day we launched the plant, it immediately goes to 100% capacity. So there's always a capacity ramp up in these grand projects. But that's the high-level status. Let me see, if Rajeev?

Rajeev Kumar: Just to add to what Ram sir said. See, we signed our FSA with Government of India on 11th May. Post that, we have completed the other operational requirements like signing of TRA agreement and some other documents. We are currently in the process of obtaining the environmental clearance and consent to establish, post which the construction work will start.

So sometime late August, early September is when the construction work will start. We have already onboarded the general contractor. The design readiness, in fact, the overall basic and detail is moving as per the schedule.

Moderator: Sorry, I can't hear you, you're sounding distant.

Rajeev Kumar: Yes. Is it better now?

Moderator: Yes, sir.

Rajeev Kumar: Yes. So on the design front, we are progressing as per the schedule. So, when we plan to start late August or early September, our design readiness will be very much there. And we so far are on the schedule.

Rohit Nagraj: Perfect. That is helpful. Just 1 last clarification on the production volumes for salt. We have generally been about 1.1 million tons a quarter. Given that last quarter, we had logistical challenges, we still have some inventories and which can be liquidated throughout the rest of 3 quarters.

Rampraveen Swaminathan: Yes. We still have -- we have some -- so the quarter, I think, inventory increase. So I think generally in Q1, we tend to add inventory and in Q2, as you know, as a monsoon is coming, we tend to optimize a little bit of harvesting and washery operations. So we can ship more from inventory. This quarter, actually, we kind of cut down a little bit of manufacturing as well because of the high fuel costs, right, to optimize the fuel cost, we actually reduced a bit of the , downsized level of our washery and harvesting operations as well.

But we do have inventory for us. It's a small amount, which will get liquidated as a normal course through the rest of the year. I do suspect that -- I do expect that we'll have double-digit growth in Q3 onwards for salt, right, as we kind of ramp up and things get a bit more smoother with the overall environment and the logistics situation.

Rohit Nagraj: Thanks a lot and all the best.

Moderator: Thank you very much. Next question is from the line of Archit Joshi from Nuvama. Please go ahead.

Archit Joshi: Hi. Good morning, sir. Thanks a lot for the opportunity. Sir, my question is regarding the bromine industry, particularly, I mean, if I just look at the historical volumes that we have done, taking into consideration that FY22 was the best possible year that anybody could have had in the chemical industry.

We still had done about 20,000 tons in terms of volumes in FY22 and we are talking about the same number in FY27, roughly 20-odd thousand tons, hopefully recovering from the second quarter to the extent of 5,500 tons quarterly volumes. So sir, it's basically been a span of 5 years and our volumes have sort of flattened out.

So has this been a bromine industry-specific issue, because we have almost 43,000 tons of capacity, has a potential of doing about 28,000 tons of merchant sales. So where has the math gone wrong, sir, if you could explain your parts on the bromine industry?

Rampraveen Swaminathan: So I think it's hard to say that math has gone wrong. But I think for all the data points, which you have shared are all very accurate as you look back into our past, I that they're all fairly accurate. I think the overall perspective, I think from an industry structure perspective, the attractiveness that the industry segment still remains very positive.

Overall demand for bromine, both through flame retardants, oil and gas and agriculture, are all positive headlines for the sector overall. And there will be shifts which happens within those segments, for example, in flame retardants, One brominated retardant flame might be replaced by another one, which is monomer might be replace by polymer and so on and so forth. But bromine inherent characteristics lead themselves very strongly for the applications they're being used in.

And I don't see any headwind from an industry structure perspective, at least over the next 3- to 5-year window. If anything, you know, as electronics consumption increases, as India does more of make in India, some of these things will actually be positive for us. And the challenges for the last 3, 4 years have been 2 things broadly.

The first one is being that as the feedstock -- as you know our bromine depends upon in brine which comes in from the sea. And as the feedstock has changed and the brine characteristics have changed, obviously, a chemical system in terms of recovering bromine has to be modified for that. And we have seen that change, which has been a structural change, I think over the last 4, 5 years and probably one of the things which we could have done faster and better, is basically making those changes in our design system to basically enhance our recovery performance.

So, if the total - and improve our recovery performance, which is what we are working on right now. The second thing, of course, has been, I would say, one-off events, sudden high amount of floods or rains, sudden amount of cyclonic behavior, etcetera, average rainfall in the Kutch region has gone up around 50, 60 mm, 20 years ago to 900 mm today. So obviously -- so we have seen more cyclonic kind of activity, and those results have at time resulted in certain dilution of our brine and created operational issues which have been difficult to respond to in the short term.

A good example of that is what happened last year in Q2, end of Q2, early Q3. So it's a combination of structural shift, which we are resolving and some one-off events, which none of us is able to perfectly forecast. The structural ones are the things which we are taking actions on to kind of enhance and debottleneck our capacity. And our goal is that we will be at that run rate, which is between 20,000 and 25,000 by the end of this year and the early next financial year -- annual run rate.

Archit Joshi: Understood. Sir, just 2 small follow-ups, and then I'll come back in the queue. So 28,500 tons of directional volume that we plan to sell in the merchant market, when do you think that could be achievable? And has the industry also, over the last 5 years, been at the same level, I mean the data points that we have are roughly the bromine industries to the extent about 1-odd million tons. Has that number grown? And how do you see that growing?

Rampraveen Swaminathan: I think it's growing. I think in India, the challenge from domestic demand perspective, obviously, FR, there's not any FR capacity in India and therefore FR, is the largest demand for bromine and domestic demand kind of basically has a vacuum there. With most of it being imported directly and indirectly. But fundamentally, don't see -- I think it's a low single digit to medium in digit kind of growth sector, right?

I think from the numbers you said, I think broadly the way you have structured the numbers is, our earlier comment that if you have 40,000 tons then around 30% go to internal consumption and 70% to go to market to merchant. And I'm assuming that's the way you structured, and that's probably what I and Natarajan and Rajeev have mentioned in calls or in analyst meetings. I think that's probably in '27, '28. Late I would say '28, '29 is -- I think, financial year '28, '29 when is -- I think when we will be in the range of that run rate.

As I said earlier, we think 25,000 tonnage run rate is something which we will be able to accomplish through debottlenecking. The 40,000 will require some more investment, which we'll have to do. And we will time the investment along with our flame retardant project and the expansion in digits.

Those will go hand-in-hand because adding the capacity without a clear demand pattern should not result in pricing pressure on our flow through and volumes. So we are -- with that investment is designed to be aligned together and that's I think it will probably be '28, '29. We'll take that call exactly in the second half of next year and then it's probably a 3-quarter expansion -- 3-quarter amount.

Moderator: Next question is from the line of Chirag from Keynote Capitals.

Chirag: Yes, sir. Thank you for the opportunity. So my first question is related to the brine quality at our field. Was there any issue due to the rainfall this time?

Rampraveen Swaminathan: No, not really. I think as I said -- as I mentioned earlier, brine GPL was lower than last year, but it's what we expected. So it's in line with what we are we are designing our operations for.

Chirag: Got it. And the second thing I wanted to understand is related to the Idealis Mudchemie and the drilling chemicals that you are working on. As oil prices have surged and the government is also focusing a lot on increasing the seismic activity by funding them. Just wanted to check how has been how's been the demand for these products right now and how are you expecting it to scale down the line?

Rampraveen Swaminathan: So, I think our oilfield chemicals business is largely driven by exploration and not so much of production. I mean production to some extent, but exploration is a larger driver. And if you look at the global market, I think the large part of the market is still overseas and outside India. While the government is adding increasing capacity investments not huge -- there aren't too many huge investment expansions happening in terms of offshore drilling in India.

So there's a lot of wells which are being -- which are basically being drilled, but they are not yet close to a production phase, right, in terms of actual activity. And therefore, continue to demand the size of the market is actually quite small. Demand is still largely driven by overseas markets, both in Middle East, Africa, and of course with an increasing amount of shale consumption shale production in the US which requires slightly different products in terms of well management for shale.

So slightly different elements, but fundamentally that demand pattern still remains stable. I think we make starch, pack, and we make some thickeners like barite and viscosity product, drilling products like barite and bentonite and fundamentally demand for them at a category level is still pretty robust.

Our challenges remain what we articulated before, getting the plants clear from a technical perspective for production, then getting the licenses and agreements sorted out and then getting the new products developed. In the last three, four years, obviously markets have shifted and therefore the product plan is something we've had to revisit and re-up the new product plan which we have pretty much completed.

We are in the process of completing that. And it's for pack and starch, we have laid out a future product plan. We are developing new products and they are some of them are in customer trials. So it is just a it is a cycle which has to go through the oil industry for good reasons is an industry which takes is a long cycle adoption industry. And therefore it takes us time for us to go through customer trials and drive volume growth in the sector.

Chirag: Got it. And when are you expecting these volumes to run if the project...

Rampraveen Swaminathan: Hopefully we are hoping to have started to have meaningful volumes in the second half of this year for pack and starch and then probably by the end of the year for bentonite and barite will follow. So just a reference for you pack and starch is Nagri plant in Andhra and bentonite is the Mandvi plant in Gujarat.

Moderator: The next question is from the line of Darshita Shah from DSP Mutual Fund. Please go ahead.

Darshita Shah: Thanks for the opportunity. Just one clarification. This year, we will end the quarter -- quarterly run rate should be -- for bromine should be roughly about 20,000 - 25,000 tons. FY28, we should be able to do about 25,000 tons for full year.

Rampraveen Swaminathan: Yes, that's the that's what we are pivoting towards, Darshita. Same thing I said last quarter.

Darshita Shah: Okay. Great. Just 1 -- and 1 more question for Rajeev. For semicon, once we start the construction, how should we think about the capex for the full year and then for FY28.

Rajeev Kumar: See Darshita, the capex for semicon which was USD249 million. 15% to 20% of that has already been incurred, which ACIL you would have seen has already intimated the stock exchanges. And the balance capex around 60% to 65% of that will happen in this financial year, which will be mostly towards advances for plant and machinery and other equipments. And the balance 40%, 45% will happen in the next financial year. So that's how we should think about the overall capex for 6M.

Darshita Shah: Got it, great. That's all from my side. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, that is our last question for today. I hand the conference over to Mr. Rampraveen Swaminathan, Managing Director for closing comments.

Rampraveen Swaminathan: Thank you, everyone, for joining us today. We appreciate your time and your continued interest in the company. The overall level, I believe Q1 has given us a good start for FY27. We are confident about the path ahead. In case of any queries, please do get in touch with us or with SGA, our Investor Relations team. We look forward to meeting all of you in the next call. Thank you for continuing interest and stay safe. Thank you very much.

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