



Life's god with our chemistry

Archean Chemical Industries Limited

18th February 2025

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

BSE Limited
Listing Operations
Phiroze Jeejeebhoy Towers Dalal Street
Mumbai-400001
Scrip Code- 543657

Dear Sir/Madam,

Sub: Transcript of Earnings Call

Reference: Regulation 30 of the SEBI (LODR) Regulations, 2015 ("Listing Regulations")

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, please find enclosed herewith the transcript of the earnings call held on 12th February 2025 post announcement of financial results of the Company for the quarter and nine months ended 31st December 2024.

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

Kindly take the same on record.

Thanking you

Yours faithfully
For Archean Chemical Industries Limited

R Natarajan
Chief Financial Officer



“Archean Chemical Industries Limited Q3 & Nine Months FY ‘25 Earnings Conference Call”

February 12, 2025

“E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 12th February 2025 will prevail.”



MANAGEMENT:

- MR. RANJIT PENDURTHI – MANAGING DIRECTOR, ARCHEAN CHEMICAL INDUSTRIES LIMITED**
- MR. NAGAYANALLUR RAMACHANDRAN KANNAN – EXECUTIVE DIRECTOR, ARCHEAN CHEMICAL INDUSTRIES LIMITED**
- MR. NATARAJAN RAMAMURTHY – CHIEF FINANCIAL OFFICER, ARCHEAN CHEMICAL INDUSTRIES LIMITED**
- MR. RAJEEV KUMAR – DEPUTY GENERAL MANAGER FINANCE, ARCHEAN CHEMICAL INDUSTRIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Archean Chemical Industries Limited Q3 FY '25 Earnings Conference Call.

As a reminder, all participants' 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 call, please signal an operator by pressing “*”, then “0” on your touch tone phone.

Also, before we go ahead, we would like to inform you that this conference call may contain forward-looking statements about the Company, which are based on the beliefs, opinion and expectation of the Company as of the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now have the conference over to Mr. Ranjit Pendurthi, Managing director of Archean Chemical Industries Limited. Thank you and over to you, sir.

Ranjit Pendurthi: Thank you. Good morning, everyone. A very warm welcome to all of you joining our Q3 and nine months FY '25 Earnings Call today. I truly appreciate all of you taking the time to be here with us today. I know it's a busy morning and busy time in the market, so let us go ahead.

Before we get into the business updates, I would like to take a moment to introduce our new CFO – Mr. Natarajan Ramamurthy, who has joined us last month. He's a qualified Chartered Accountant and a certified public accountant from the US, bringing over three decades of experience from a diverse range of industries. His insight and expertise will be invaluable to us as we continue on our growth journey. We welcome him onboard.

At the same time, we would like to also thank and appreciate our erstwhile CFO, Mr. R. Raghunathan for his contributions to the Company. And we would like to wish him the very best for his future.

Today I am also joined by Mr. N.R. Kannan – our Executive Director; Mr. Rajiv Kumar – DGM, Finance; and SGA, our and Investor Relations advisor.

We had uploaded our investor presentation last night, and I assume everyone had a chance to go through the financial results and the presentation. And this is available on the Stock Exchange as well as on our Company website.

I will give you a quick snapshot on the recent developments of the Company, post that Mr. Natarajan – our CFO, will walk you through the operational and financial performance of the Company as well.

To start with, the market overview and business outlook:

As you know, the current macroeconomic conditions and uncertainties have heightened across the globe, and the chemical market and industry remain quite challenging. And, however, despite this, your Company, we remain confident about our long-term trajectory and our growth vision.

The domestic consumption and demand in major global markets including the US, China and Europe have faced some challenges. And some of them remain sluggish, resulting in an oversupply of certain raw materials, feedstocks; and to gain market, aggressive pricing from major suppliers. Consequently, as you are aware, average realizations for the chemical industry as a whole have been under pressure for some time. While post to Chinese New Year, for our own business, we expect a partial recovery in both demand and pricing. And we are seeing this uptick happen as we speak. Of course, the impact of ongoing tariff changes on global trade will have to be ascertained as we go forward. And everyone has to have their own strategy to deal with the same as and when it happens, and if an impact happens on any of us.

On the domestic front:

India remains a strong structural growth story within the emerging markets, offering new opportunities. We obviously have a dominant position within the bromine space in India and we continue to build on that. We are committed fully to navigating these challenges while staying focused on expanding our market share and improving operational efficiencies.

Coming to our Company itself:

We are happy to announce that your Company has been awarded the Responsible Care certification in the past quarter by the Indian Chemical Council, which is valid for the next three years. This recognition is a testament to our continued deep commitment to sustainability, safety and ethical business practices. I want to personally thank our employees for making this possible. It's their dedication that keeps us moving forward and the faith the shareholders have in the Company.

For Q3 FY '25, our revenue stood at Rs. 255 crores. While we have seen some short-term moderation in demand, we believe these are temporary. Our order book continues to be healthy. And for the next six months to 12 months, both bromine and salt have locked in volumes. We have been actively working to strengthen our relationships with customers, optimize cost, and enhance supply chain efficiencies. More importantly, we have also been successful in onboarding new clients, which is a strong indicator for future growth. And also, the confidence that buyers have in us for the long term.

With the weather-related disruptions that caused some slack in the supply chain and logistics that flowed into last quarter and some part of towards the end of the last quarter, this is largely now behind us. And we have been consistently improving our logistics performance this quarter, and we will continue to do so in the coming quarters. This obviously will help us do better in terms of both volumes and realizations.

Coming to the segmental performance:

Elemental bromine, the bromine business is showing signs of recovery as we anticipate a gradual pickup in demand ahead. And especially with China's recent stimulus measures, we are seeing some pick up on the ground in terms of construction activity and other projects in China. Prices have remained stable, and in some cases we have seen slight improvements as well. We expect to produce nearly 20,000 tons to 25,000 tons of bromine in FY '26, including captive consumption.

Moving on to industrial salt:

As informed in our last call, we had faced some challenges last quarter due to monsoon and cyclone Asana. And obviously, things are getting back on track. A dispatch process has been smooth and likely to improve further, as I mentioned a few minutes ago, improving our volumes. We are optimistic about achieving 1 million to 1.2 million tons run rate in the coming quarters and constantly working on improving the supply chain as well on this front.

SOP, our SOP trials are progressing well. We see improved performance from this vertical in the very near future.

These three core businesses form the backbone of our Company, ensuring a steady cash flow and giving us financial flexibility to invest in future growth projects.

Coming to Acume, our subsidiary for bromine derivative products:

The ramp up of our bromine derivatives plant is progressing steadily and we anticipate meaningful revenue growth in FY '26. On the clear brine fluids, we have successfully dispatched few trial shipments and we are working closely with clients to refine their specific requirements. However, as you all are aware, approval from oil and gas procurement departments is a bit slower because of the technical specifications and grades involved. But we are confident of getting these trials accepted and also the quantities improving in the coming quarters. We expect a healthy contribution from CBF segment in the coming quarters.

In PTA synthesis, the demand remains steady, supported by growth in textiles and packaging industries. We see good opportunities here as polymer consumption increases. In all, we believe that the bromine derivatives business will pick up in the next few quarters and we are confident of achieving the growth targets that we have set ourselves up for FY '26.

Oren Hydrocarbon, this is the Company that we had acquired through the NCLT route in July 2024. We are making good progress on bringing these units back into operation. After a number of years of being non-operative, refurbishment works obviously takes time. And we plan to restart two units this quarter with two more in the coming months. This business complements

our CBF, which primarily caters to the oil and gas industry. The order inquiries look promising, and we are optimistic about its future potential as well.

Coming to our strategic initiatives, which we have shared over the last few quarters:

Investment in the semiconductor manufacturing business. One of the recent developments for us has been the groundbreaking of our semiconductor facility at the Utkarsh Odisha conclave during end January 2025. This is an important step for our Company and a proud moment for all of us.

Through our subsidiary, SiCSem Private Limited, we will eventually invest about Rs. 3,000 crores in a compound semiconductor facility, the first of its kind in the country, which integrates wafer fabrication for key industries such as electric vehicles, energy storage, industrial tools, data centers, fast chargers and consumer appliances, etc. The state government of Odisha has allotted 14.32 acres of land in Bhubaneswar for this project. Under the Odisha Semiconductor and Fables Policy 2023, further reinforcing commitment to India's semiconductor ecosystem, which is encouraged and envisaged by ISM, India Semiconductor Mission.

Earlier, we have made a strategic investment in Clas-SiC Wafer Fab Limited, a UK based Company specializing in silicon carbide wafer manufacturing. This is India's first investment in a Company with silicon carbide MOSFET/devices production capability. Primary subscription of GBP 10 million and secondary purchase of GBP 2.5 million is completed, and the balance GBP 2.5 million will be done at a later stage.

Coming to our investment in energy storage solutions:

Our Company has committed a total investment of \$12 million in Offgrid Energy Labs Inc, Delaware, US, a Company specializing in zinc bromide battery technology. This investment aligns with the Company's broader strategy to enter the energy storage sector, particularly focusing on renewable energy and industrial storage applications. A bromine business synergizes directly with the zinc bromide-based batteries. We are confident that this will be a significant growth area for us in the future with the increasing focus on sustainable energy solutions in India, and as well as storage solutions globally.

We continue to remain a net debt free Company with a strong balance sheet. This financial resilience allows us to make strategic investments and sustain long-term growth. Our focus is on executing our business plans effectively, and continuing to create value for all stakeholders in both the present businesses and in the new growth businesses that we have identified and started investing in.

Now, I request our CFO, Mr. Natarajan Ramamurthy to give highlights on the financial performance.

Natarajan Ramamurthy: Thank you, sir. Thank you, and a very good morning to all the participants on the call.

I would like to give you a quick financial summary of Q3 FY '25 on standalone basis:

Total income increased to Rs. 2,547 million in Q3 FY '25 from Rs. 2,520 million in Q2 FY '25. Operational profit increased to Rs. 755 million in Q3 FY '25 from Rs. 698 million in Q2 FY '25. Within the operating revenue, the export market contributed around 76% and the remaining 24% came from domestic market. Our business mix are as follows in Q3 FY '25.

Bromine

contributed 38% of the operating revenue, whereas industrial salt contributes around 61% of the total revenue.

EBITDA for the Company stood at Rs. 963 million in Q3 FY '25, with a margin of 38%, an improvement over last quarter. FOREX gain in Q3 was Rs. 4.27 crores.

Coming to nine months FY '25 performance highlight:

Total income stood at Rs. 7,301 million in FY '25, the previous year total income was at Rs. 10,791 million. Operational profit stood at Rs. 2,104 million in FY '25, previous year it was Rs. 3,491 million.

Export market contributed around 75% and remaining 25% came from domestic market.

Our business mix are as follows in nine months FY '25.

Bromine contributed 40% of the total revenue, whereas industry salts contributed around 60% of the total revenue.

EBITDA for the Company stood at Rs. 2,710 million in nine months of FY '25, with the margin of 37.1%. We have started sourcing power from renewable resources, backed by reducing our carbon footprint and achieving the financial saving.

FOREX gain for the nine months of FY '25 was Rs. 7.32 crores. We continue to remain net debt free and have a strong balance sheet.

Thank you. Now I request SGA to open the floor for Q&A.

Moderator: Sure. Thank you very much. We will now begin the question-and-answer. The first question is from Aditya Khetan from SMIFS Institutional Equities. Please go ahead.

Aditya Khetan: Yes. Thank you, sir for the opportunity. Just a couple of minutes. Sir, first on to the bromine business. As you mentioned in your commentary that you are witnessing an uptick, I believe, sir,

so almost around six-monthly volumes and prices are already contracted, so this uptick would be largely visible from Q1, is that a fair assumption to make?

Ranjit Pendurthi: Yes, I think it is a fair assumption to make, and I think you will continue seeing that go through the remaining quarters as well, because obviously as we keep finishing the contracts, we keep getting into the new ones, so yes.

Aditya Khetan: Okay, okay. Sir on to the salt business, sir, we are seeing some moderation into the prices of salt. And there also, sir, I believe almost one year of the volumes and prices are contracted, so this moderation in prices you see the new contracts which we will be making that will be at lower prices. And because 60% of our business comes from salt, do you see any sort of decline in the salt business from here on?

Ranjit Pendurthi: I think the salt business continues to be very healthy. And given the fact that we have been in this business for a long time, most of our customers, again, are large customers. However, at the same time we have tweaked the strategy a bit. There is an opportunity to make a little bit more on the pricing if we are doing some business on more spot basis. When I say spot it does not mean we fix today and ship tomorrow, it means one month out, right. So, I think between that blend, the pricing would be I think still on a very firm footing. If we compare it to the last year's contract pricing, yes, it will be a bit below that. But at the same time, I think given the fact that some of these are C&F contracts, we may gain some on the freight given that oil prices have also bit moderated now. So, overall, I think on a contribution basis, we will still endeavor to maintain that margin.

Aditya Khetan: Okay, got it. Sir my next question is on to the recent investment like we have planned for 2028. So, this Rs. 3,000 crores investment would be done solely by Archean, or it could be done by your subsidiary, SiCSem?

Ranjit Pendurthi: The investment will happen on SiCSem Private Limited's books. Archean Chemicals will play a role either in helping with the financing as a parent or in terms of providing some ancillary services like industrial gases, etc., which are a very important component of the semiconductor plant.

Aditya Khetan: Okay. And sir, this big investment, I believe, sir we have not done any such big investment till now. Sir, how you see like things will shape up, like what would be the asset turnover? I believe this is a business which is more capital intensive, so what sort of a number you can, if you can guide anything like from '28 to around also 2030, this two years how this business will shape up in terms of the financial performance? And for this, how much debt will we take? I think for this our balance sheet also would be leveraged to some extent, considering even though operating cash flows and cash which we have, you see like balance sheet also like, so leveraging a bit on that part? And how will the numbers shape up?

Ranjit Pendurthi:

So, I will answer the first part and last part of your question, and I will address the middle part of your question. The first part is, I think in terms of any investment, right, small or large, ultimately you need to keep two, three things in mind. One is, does it create value for all stakeholders in the longer term? If we invest today, what is the risk and what is the reward? And is it a right industry to be in from a growth perspective, and is it future looking in terms of both, does it serve unmet need within the domestic market and is there potential for an export market? So, we understand the markets well, right, both domestic and export. Now, in terms of risk and reward, obviously, we have done that analysis and we believe that it is the right project to invest in. And the third part is, I think does it create long term value? For sure it does, in our view.

Now the last part of the question in terms of leverage, I think we are very sensitive to leverage. As you know, since listing also we continue to be a Net debt free Company. And we would like to see how best we can use the balance sheet without having to expose the parent unnecessarily. But at the same time, we will have to go to the banking system and then we have to see what kind of financing we are able to structure around this.

At the same time, I think in terms of your middle part of your question in terms of what is the outlook in terms of cash flow, etc. between '28 and 2030, I think that's a bit of putting the horse before the cart. I think at the right time, when we do the financial closure, I think it will become clearer and we are more than happy to update the stakeholders at that point. My colleague Rajiv would like to add something here.

Rajeev Kumar:

Good morning. Also on the financing side, a good part of this CAPEX will be provided as a subsidy by the state government, which is approved by the Odisha State government under Odisha Semiconductor and Fabless Policy 2023. Our project is also pending under review with Indian Semiconductor Mission. So, the whole financing mix we will be able to answer once we have a clarity from the central government as well.

Aditya Khetan:

And one last follow-up on to this. So, what would be the like peak revenue from this business? And our overall margins are somewhere around 30%, 35% range. So, since this is a capital intensive business, margins would break down on consol basis, any sort of a number sir you can share, like what would be the peak revenues?

Ranjit Pendurthi:

I mean, at the moment, we are I think not ready yet to share. But at the same time, I want to quickly also mention that not all capital-intensive businesses need to be low on margins. I think it's a sector specific. I mean, if I go back in history when we invested Rs. 1,200 crores, Rs. 1,300 crores in our Archean Chemicals project, it was considered high CAPEX related to anybody else having done a similar investment in a similar field. But we have been able to deliver healthy margins consistently for many years. And going forward we plan to do that as well. So, I think like I said, things will become clearer once we move towards financial closure and we will be happy to update I think the business projections at that point.

Aditya Khetan:

Okay. Thank you, sir. Thank you.

- Moderator:** Thank you. The next question is from Sanjesh Jain from ICICI Securities. Please go ahead.
- Sanjesh Jain:** Yes. Good morning. Thanks for taking my question. Let me first start with a bookkeeping question, sir. Can you help us with the segmental revenue and volume sales?
- Natarajan Ramamurthy:** Okay. This is Natarajan. In Q3, industrial salt sales was 758,000 metric tons, and the bromine was 4600 metric tons.
- Sanjesh Jain:** Okay. And what was the revenue?
- Natarajan Ramamurthy:** Revenue in industrial salt was Rs. 1,491 million and bromine was Rs. 929 million.
- Sanjesh Jain:** Okay. And there was no sales from the SOP side this quarter?
- Natarajan Ramamurthy:** Yes, there was a sale of some Rs. 4.3 million SOP.
- Sanjesh Jain:** Okay, very small. And volume would be?
- Natarajan Ramamurthy:** Volume already given, 82 metric tons.
- Sanjesh Jain:** 82 metric tons, that's very clear, thank you. Now coming back to the bromine, Ranjit sir, you mentioned that you are looking at 20,000 to 25,000 metric tons including captive. How much do you expect captive will be required next year? Because we are looking at gradual ramp up, both in clear brine fluid and PTA, and this year itself I think in the elemental we will be reaching about 19,000 – 20,000 metric tons, so we are not looking at a significant jump in the elemental as well.
- Ranjit Pendurthi:** So, thank you, Sanjesh, for the question. I will probably have Mr. Kannan, our Executive Director, answer that question on how much captive we plan to use for next year, which is primarily in our downstream unit.
- N.R. Kannan:** Hi, Sanjesh, this is Kannan. So, currently this quarter our share for captive will be around 5% to 7%, which will obviously grow next year, next full year. And this can exceed about 20%, 25%, that's the kind of numbers we are looking at.
- Sanjesh Jain:** In that case, what we are looking at elemental is not a material growth for the elemental, so what's stopping us driving that elemental to a potential of 28,000 metric tons, which we were earlier aiming at?
- Ranjit Pendurthi:** I think we continue to give a conservative estimate because we would like to ensure that we are able to deliver. I think two quarters in to the next year we possibly will have a chance to review that number and see if we need to maintain it or upgrade it. But the improvements that we made in the last quarter and continue to make this quarter, I think we would like to start seeing those results before we promise more. But the fact is that we know what we would like to consume in

the downstream unit and we know what we can produce at the minimum on the parent level. So, in that combination, if we are achieving 25,000, so as Mr. Kannan said, 20% to 25% gets consumed. And if you back work, you do end up at about 20,000-odd, which is what we are doing at the moment. So, we would like to be a little bit cautious that be aggressive and promise things.

Sanjesh Jain: But how is the demand outlook? I got that cautiousness, but when you talk to the customer, do you see next year volume coming up in a normalized way? Are you seeing increased competition from ICA because they keep telling that they have pitched in a lot more volume for them?

Ranjit Pendurthi: So, I think, I will probably answer a part of this question and then give it to Mr. Kannan. So, I think it's good that ICL is pushing more volume, which means the market is healthy, right, and it really absorbs. So, it only comes down to how much more we can make. As you know, we have never struggled with having to sell the bromine, so we continue to sell whatever it is that we make. And our backlog also indicates that the offtake continues to remain healthy. And with the little price uptick that's happening, I think that will also flow down to our bottom line as well. So, on the demand side, we are not seeing any let up of any sorts. And I think as you continue to build that customer base as well, adding a few more customers, spreading the material a little bit, this will also ensure in years to come we have a more diversified customer base. But maybe a little bit more insight into market Mr. Kannan can give, because the domestic market is an important one here in bromine.

N.R. Kannan: Yes. Thank you. So, basically, the growth of ICL if you look at from the different supplier share, it's also likely that a decline from one supplier would have contributed to ICL's growth, that's also a possibility. But overall, the other dimension which impacts our demand, our supply is basically some sectoral variation. For example, the agro chem. Industry in the last quarter has not been very, very strong, but it has been maintaining its share not in a very aggressive way but in a muted way. That we are looking at a revival is likely to happen maybe later in this quarter, and definitely when we move into Q1 of next financial year we see a revival. And accordingly, where they are already present, that's a sector space we are already present, and we will grow in that. So, overall, as Mr. Ranjit said, we are not really worried about demand. There is a good demand, and we will rise up to the requirements and meet those demands. That we are confident of.

Sanjesh Jain: Got it, got it. Next on the pricing of the bromine, I think rupee depreciation itself should add good 5%, 6% to the realization. When we say that we are looking at uptick in the realization, are we talking in dollar term or rupee term?

Ranjit Pendurthi: So, we are talking in rupee terms. Basically, there are two factors. One, as you rightly said, there is a realization of increase, with the depreciation of the dollar there's improved realization, but we also have some past contracts which are continuing. So, it's a combination of factors which has resulted in the rupee level gain for bromine, some past contracts at older price having a benefit of dollar depreciation, and certain rupee transactions in Indian market which have also

been increased. So, it has been a combination of both factors, which you see as final impact on the realization for bromine.

Sanjesh Jain:

Got it, got it. My next question is on the SOP and on Oren side. SOP, Ranjit sir, you said that you are looking to restart the plant and a gradual ramp up in volume is possible. So, next year, can we again touch the historical number of 20,000 metric tons what we used to do earlier? Is it possible to achieve that number consistently and grow because we are sitting on a very large capacity. And on Oren, I think you mentioned that you are planning to start two plants this quarter and another two plants in next few months, any outlook for FY '26? The historical peak for Oren was almost Rs. 400 crores, the commissioning of these four plants should be touching us a 50% revenue target say in FY '26?

Ranjit Pendurthi:

So, I think on SOP we are in the process of initiating the pilot runs and trials at site, basically moving it from lab where it's been tested, and the results are what we wanted. So, that should happen, we are aiming to do it pre-monsoon, because that's the best time to test it. So, if that does happen, then the ramp up will start post monsoon in the dry season. And we think we should be able to get some meaningful contribution from SOP. At the moment, I am not very sure of committing 20,000 tons number. But yes, I think ideally that would be a reasonable number to expect.

On Oren itself, the two plants basically are products that go into, again, oil and gas drilling. They are almost ready. And I think the trials, etc., with customers have started and we will probably have clarity over that I think towards the end of March or beginning April. But we are conscious that we would like to start bringing in revenues from that unit. Our investment, of course, remains low considering the other CAPEXes that we have. But at the same time, since July effectively when we got position, etc, it was almost I think August, September. So, in four, five months we managed to get two plants up and ready. So, I think we would start seeing meaningful revenues from there as well. I think over the next quarter we will probably be able to be in a better position to commit more on what the exact numbers would look like.

Sanjesh Jain:

Very clear. One last question, on the bromine derivative you said, when we say that we are looking at a captive consumption of around Rs. 4,000 crores of bromine, this implies that CBF and the PTA volume should be upwards of 10,000 metric tons?

Ranjit Pendurthi:

Yes, for sure.

Sanjesh Jain:

Yes, that's the right understanding, correct?

Ranjit Pendurthi:

Yes.

Sanjesh Jain:

Any update on the flame retardant or it still remains in the pause?

Ranjit Pendurthi: No, we have restarted I think the dialogue on transfer of technology on flame retardant, given that I think we have always believed in that business being a natural extension of our derivatives business. And I think we have, like I said, we restarted work on that on paper, and over the next few months we will hopefully start working on the ground in that direction. And given that, of course, on the electronic side there's a lot of movement on FR products, it continues to be an attractive area for us as a bromine manufacturer.

Sanjesh Jain: Got it. And it will be with the long term contract or just the technology transfer?

Ranjit Pendurthi: Well, I think we would like to have more flexibility with pricing, and not have to necessarily tie ourselves up into a buy back type of arrangement. So, I think we would like to see a product that's technically qualified from an end user perspective. And if we are to do any sort of long term contracts, we would like to probably do them with end users and not intermediate players.

Sanjesh Jain: Got it. Super helpful, sir. Thanks for answering all those questions. And best of luck for the coming quarters.

Ranjit Pendurthi: Thank you.

Moderator: Thank you. The next question is from Rohit Nagaraj from B&K Securities. Please go ahead.

Rohit Nagaraj: Yes. Thanks for the opportunity. Sir, the first question is again on the semiconductor initiatives. Do we have any project timelines for the same given that we have already done the ground breaking ceremony, what could be the milestones that we would achieve over the next two to three years? Any basic timelines if you can share.

Ranjit Pendurthi: Yes. So, I think we are obviously very excited about the ground breaking. And I think it is definitely an important step in our journey towards getting this project up and running. However, I think between ground breaking and actually starting construction is obviously a whole host of things that need to be in place. One of the important ones is land, which again we already have and allotted, so I think that's an important step as well. And then we move into the local permissions, etc. for construction, and then start calling and reviewing tenders, bids, etc. So, we are evaluating working with a large firm for managing this. And I think that will assist us in putting things together very quickly and having to maintain a lean team internally, but at the same time, bringing better execution capability than what we may have internally. And I think these are the factors that will take into place over the next few months. So, I think, again, this is something possibly we will have a clearer and better update for you in the next quarter. But between now and then, I think we are putting the pieces together in the background.

Rohit Nagaraj: But would it be safe to assume, and then we had earlier indicated that it would take about 24 to 36 months, is that the timeline that we can expect from early January 2025?

Ranjit Pendurthi: No, I think once we put shovel to ground, I think it's 24 to 30 months, not from January '25.

- Rohit Nagaraj:** Fair enough. Again slightly delving into it, given that it's a combination of projects with the Government of Odisha, does that not lead to faster approvals, at least from the regulatory perspective that land has been given and the allied approvals? So, I mean, is it fair to assume that those EC, etc. which states usually between six months to one year should be probably we will be able to get it faster than the normal process?
- Ranjit Pendurthi:** I think we have great support from the Odisha Government, which is why we have been able to get it up and running in terms of approvals etc. that we got so far. And also, the Government of India has also very strategic and important role to play in the semiconductor space. So, I think it is a combination of both supports that we will need to get this project ready and commissioned. Yes, I think the fact that the Odisha Government is 100% behind this project and has committed to helping us in any which way they can, it should help us in being able to navigate the approvals etc. at a quicker pace.
- Rohit Nagaraj:** Sure. Just last clarification, so in terms of these products that we will be manufacturing here, it will be the acquisition that we have done on the Clas-SiC wafer fab, so the products and technology that we will be receiving from this investment, those are the products which will be manufactured in SiCSem? Or there will be, I mean, additional things which could also come in?
- Ranjit Pendurthi:** So, the investment in Clas-SiC is for the technology and the process know-how to make certain products. So, that will be obviously used by SiCSem under the licensing royalty and consulting agreement. And for the products that we make at SiCSem, we will be solely responsible for what we wish to make and want to make. So, that's within our domain, we are not bound by an agreement as such with anyone. So, I think that call we will take given the very large end use for the product. So, it's a very vast area. So, we will start working with industry on that front.
- Rohit Nagaraj:** And the technology that we will be using here we will be paying royalty for the same, but we do not have restrictions in terms of using those technology products only in India so that we can have the global market as well, so is that the right assumption?
- Ranjit Pendurthi:** So, the technology is for a fab to be set up in India, but the end product can be sold anywhere.
- Rohit Nagaraj:** That's very helpful. Sir, a couple of questions on the legacy business. One is in terms of the salt volume, you Q2 the volumes were impacted because of the cyclone, why has it continued even in Q3? And if you can give just nine months volumes and revenue figures for all three products.
- Natarajan Ramamurthy:** Yes. Okay. This is Natarajan. I will give you the number up to nine months. Sales quantity of industrial salt is 2.2 million and the bromine is 14,000.
- Ranjit Pendurthi:** That is 2.2 million for the first nine months.
- Rohit Nagaraj:** Right. And the revenue as well?

- Natarajan Ramamurthy:** Rs. 4,140 million.
- Rohit Nagaraj:** And for bromine?
- Natarajan Ramamurthy:** Bromine is Rs. 2,769 million.
- Rohit Nagaraj:** Okay. And salt volumes, I mean, why there was impact again in Q3?
- Ranjit Pendurthi:** So, I think this I had mentioned during my introductory comments. So, I think we had some logistical challenges on mobilization and transport, but I think that's effectively what we have ironed out over the last month or so, towards the end of the quarter. Having that done, you'll see that the volumes pick up this quarter and in the coming quarters.
- Rohit Nagaraj:** Right. Just one last question, on the lease front any new update that we have received from the government?
- Ranjit Pendurthi:** It's I think a work in progress. I do not have any fresh update as such. But I think we continue to await the approval. And we have just been, I think, told that it's under progress.
- Rohit Nagaraj:** And is there any similar incidents with parallel maybe companies or so where the approval has elongated for such a long time?
- Ranjit Pendurthi:** To my knowledge, again, my update is a few weeks old. I believe people are waiting or companies are waiting.
- Rohit Nagaraj:** Fair enough. That was very helpful. Thanks a lot. And all the best, sir.
- Ranjit Pendurthi:** Thank you.
- Moderator:** Thank you. The next question is from Rushabh Shah from RBS Investment Managers. Please go ahead.
- Rushabh Shah:** Hi, sir. Good morning. Just in terms of FY '26 direction on the revenue growth front, given that you are anticipating pickup in the base business as well as the derivative business coming on stream, so can you expect double digit kind of growth in revenues in FY '26, is that a reasonable assumption?
- Ranjit Pendurthi:** Sorry you were a little muffled, I could not hear the question, can you repeat?
- Rushabh Shah:** Okay. So, I just want to understand directionally from your end in terms of revenue growth for FY '26, given that you are expecting pickup in base business as well as derivatives coming on stream, so is a double-digit revenue growth kind of a reasonable assumption for FY '26?
- Ranjit Pendurthi:** It is.

Rushabh Shah: Okay. And secondly, sir, we mentioned that we may be eligible for the central government subsidy under ISM, so what's the probability that we might get that subsidy? Or when can we know the decision of the government?

Ranjit Pendurthi: I think as a Company I can only be very hopeful for the sake of all stakeholders. But I think do we have a very good application put in? Yes, we do. And I think it checks all the boxes. So, now we have to leave it for them to evaluate. And I think given the track record they have shown in the last couple of years, I think they have been very sensible and very pragmatic in how they have approved projects. And I think they are a very capable set of people, and I think we will get the right evaluation done. And we can only hope for the best.

Rushabh Shah: And just last clarification from my end. We had pledged certain shares of the Company at the promoter level. Just want to understand what is the use of the money and are we going to further pledge this holding Archean Chemicals?

Ranjit Pendurthi: I think the pledge that happened is not necessarily connected to Archean Chemicals or the business on the Archean Chemicals at the promoter level. So, I think on and off there is some amount of funding required which is what the pledge serves as. But we do not anticipate any big movements in the pledge. So, I think at the moment we are at about 3%, so I anticipate we should not be crossing more than 5% now or in the near future.

Rushabh Shah: Okay, sir. Thank you. All the best.

Moderator: Thank you. Next question is from Srishti Jain from Monarch AIF. Please go ahead.

Srishti Jain: Thank you for the opportunity. Sir, with respect to the Rs. 3,000 crores investment in the semiconductor facility, will the investment ex-subsidy whatever it may be, be shared between us and the partners considering it's a 70% holding subsidiary?

Ranjit Pendurthi: Yes, we hold 70% in the subsidiary and there's co-founder with us, a gentleman with the background and the know-how of the semiconductor business. What is the question again, madam?

Srishti Jain: Will this investment be shared between us? So, is he just the technology provider or will be --

Ranjit Pendurthi: Understood. No, I think he's an operating partner cum shareholder, so he's Managing Director of that Company. So, the investment will be from our side.

Srishti Jain: Understood. And sir, the state wants to attract a lot of companies. So, we are expecting a lot of companies to set up shop in the semiconductor space. So, what we think is a right of win here? And are we expecting more tie ups like in classic way for tie up?

Ranjit Pendurthi: I mean, I can give you a generic answer because I do not know the strategy of each state, but obviously each state runs their own invest in so and so state programs, which I think is great for the country as a whole. The more investments come in more jobs, the economy moves, there's multiplier effect, we create higher paying jobs, we develop skill sets in areas that we do not have today, institutes get to play a role in it, premier, local, etc. So, I think as an ecosystem, I think, it's a great thing.

I think one cannot be afraid of competition, because even if you are novel today in the business you do, tomorrow somebody may set it up and compete with you. So, I think each one has their own strategy in how to address the market, similar to what we have, right. So, there is a certain capability that we have, there's a certain faith we have in the business, there's a certain belief we have in the future of the business. And then, like I said earlier, when we measure the risk reward metrics, we take a call that it is a good place to put money into, and then we move forward. So, I think to answer your question, I think it's good if more investments come in because you have a larger talent of people resources available to carry them on the business.

Srishti Jain: Sure. But are we also looking at more tie ups in terms of technological or any other way?

Ranjit Pendurthi: At the moment, I do not think we need any more tie ups. I think we got the most important one, which is the process know how for the compound semiconductor. And I think with our equity investment also in the Company that's giving us that, I think it gives us a very sound firm footing. And I think as I said in the commentary, this makes us unique in our position in India. We probably, irrespective of the size, we are I think the only ones who ventured and made our investment in a compound semiconductor fab overseas. Albeit small, but the size is not the important thing, the process know-how and the capability of the Company invested, that's the most important thing in the semiconductor business.

Srishti Jain: Understood, sir. And sir, one last question on Offgrid Energy Labs. Sir the two year road map that we have is for the pilot plan to set up in UK, right?

Ranjit Pendurthi: Yes.

Srishti Jain: And post this you will think about a factory, if at all, required in India?

Ranjit Pendurthi: Yes, definitely. I think that business also, obviously, the growth potential is pretty large. The market is large, especially for stationary storage systems and energy storage. I think that's a growing market. The fact that it ties in with a bromine business through zinc bromide technology I think helps us on both fronts; one, for our own business of bromine; as well as secondly, getting into a high growth space with a very sound battery technology that remains under control and can be produced without having to depend too much, or maybe, if anything, nothing at all on imported parts or components.

Srishti Jain: Sure, sir. And do we expect in the near term any additional capital commitment here?

- Ranjit Pendurthi:** I think in the near term, in the next six months to a year, I do not think we have any big capital commitments, maybe towards these two projects. Not necessarily Offgrid, but semiconductor maybe things related to ground work, civil, etc., some advances on equipment and all those things. But beyond that, we do not have any large CAPEXs planned at the moment.
- Srishti Jain:** Sure, sir. Thanks a lot.
- Ranjit Pendurthi:** Thank you.
- Moderator:** Thank you. Next question is from Chetan Joshi from Tulsi Capital. Please go ahead.
- Chetan Joshi** Yes. Thank you for giving me an opportunity. My first question is that in June '24, that was the lowest quarterly sales which we have done in last two and a half, three years. So, can we expect that that will be the lowest and from here we will see improvement and try to achieve the figures which we were doing earlier in '21-'22 or '22-'23? And the second question is which product, the battery one or the semiconductor one, which will go on sale first?
- Ranjit Pendurthi:** I heard the second question clearly, but the first one was a bit muffled, so I will answer the second.
- Chetan Joshi** Okay, can I repeat?
- Ranjit Pendurthi:** Sure, you can repeat, yes.
- Chetan Joshi:** See, in June '24 that was the lowest sale which we achieved for June quarter '24 in last two years. Now, can we expect that that is the bottom which was there and from here onwards the benchmark will be that definitely there will be improvement in the sales in coming quarters after the addition of these two new units which we have bought?
- Ranjit Pendurthi:** So, I think the June '24 quarter, I mean, apologies I do not have a figure right away in front of me because it's six months old. But anyhow, I think going by your question, yes, I think we do not anticipate to be hitting anywhere near that number in the coming quarters. Like I said, I think our volumes are picked up over the last couple of months and we will continue to do so on both bromine and salt. And I think we will continue to endeavor to improve those volumes.
- The second part of the question, I think which will come first, I think you are talking about 24 to 30 months. However, the second one, Offgrid Energy is first going to be commissioned in the pilot plant stage, which itself is maybe 18 months, 24. So, in all probability we would anticipate that the semiconductor project would come up first, from a commercial revenue generation perspective.
- Moderator:** Thank you very much. Due to time constraints, we will take that as the last question. I would now like to hand the conference over to Mr. Ranjit Pendurthi for closing comments.

Ranjit Pendurthi:

Thank you. Thank you, everyone, for joining us on this earnings today. We appreciate your time and showing interest in our Company. We understand things are challenging, the market on the chemical industry side is challenging. However, I think we are holding our ground. And I think your Company continues to be resilient to market forces. And we continue to see improvements on the ground. And we are firmly behind our commitment to keep it going. And our investments that we are making also will create, we believe, a longer-term value. And that's the vision we have. And we would like to look beyond a quarter or two. I think the Company has been set up in a way that it will deliver value in the immediate term, as well as in the longer term and our investments will pay off.

So, however, in case of any queries, please feel free to get in touch with us or SGA, our Investor Relations advisors. And thank you once again and we look forward to meeting all of you over the next call. Have a good day.

Moderator:

Thank you very much. On behalf of Archean Chemical Industries Limited, that concludes the conference. Thank you for joining us, ladies and gentlemen. You may now disconnect your lines.