"Archean Chemical Industries Limited

Q4 FY'24 Earnings Conference Call"

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Moderator: Ladies and gentlemen, good day, and welcome to Archean Chemicals Industries Limited Q4 and FY '24 Earnings Conference Call. 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 of this date. These statements are not guarantee of future performance and involve risks 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 for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ranjit Pendurthi, Managing Director of Archean Chemicals Industries Limited. Thank you, and over to you, sir.

Ranjit Pendurthi: Thank you. Good afternoon, ladies and gentlemen. We wish you a very warm welcome to our Q4 FY '24 Earnings Call. Thank you all for being here today. Today, I'm joined by our CFO, Mr. Raghunathan Rajagopalan; and Rajeev Kumar, DGM, Finance; and SGA, our Investor Relations Advisor.

I hope and assume everyone had an opportunity to go through our financial results and investor presentation, which has been uploaded on the stock exchange and on our company website as well.

I will run through you -- I'll run with you a quick snapshot on the industry and recent developments at the company. Post that, Mr. Raghunathan, our CFO, will walk you through the operational and financial performance of the company.

I'll start with the broad industry highlights in the segment that we operate as well as the chemical industry as such.

Over the last few quarters, as you all may be well aware, the Indian chemical industry at large as well as globally, we have experienced some headwinds as China is still yet to come out of its economic challenges and to fully revive their domestic consumption. A lthough we are seeing some green shoots there on the ground, which in turn has impacted the overall downstream industries.

For a few periods, we saw some stabilization and restoration of select products, but there have been other challenges on the ground with regards to some demand issues as well as some supply chain issues with regard to freight costs. And these have, on occasion, delayed the overall supplies from our end, which in turn have impacted the business temporarily.

If you see at an organization level, we have withstood these challenging conditions and maintained a healthy operational performance, showing resilience in both performance and managing costs. We have been constantly reviewing our internal measures to mitigate an impact of any rising cost and shipment delays, ensuring that our supply chain remains stable as well our customers and contracts are fully honoured.

On this occasion, I would like to thank the Archean team for their commitment and dedication to withstand and come up and rise to all these challenges.

Coming to the performance highlights specifically, despite the uncertainties, we are pleased to report a resilient performance for the financial year 2024, registering a total income of INR13,763 million.

Coming to the product itself, the first one on the bromine side. Overall, demand from end-user market of bromine derivatives or bromine compounds continues to remain on stream, albeit a bit slower than we expected, however, stable. Throughout the year, price of bromine stood near above $3 mark. Consequently, our bromine segment experienced a drop in business only when you compare it to last year.

In last few quarters, we have seen a steady demand from the domestic market, which all goes well for the demand scenario. And we have also ramped up our supply. And the volume offtake from end-user industries like Agrochem and Pharma has started picking up gradually over the last few months.

The same can be said of the export market, and we are gradually ramping up our shipments there as well. To reiterate, most of our business associations and relationships are bilateral. And based on our engagement with them, we have good demand visibility for the next financial year as well.

As most of you may be aware, most of our contracts are done on a long-term basis and thereby giving that stability and visibility as well. We are confident, of course, to do better business from the Bromine segment specifically and expect a healthy growth in FY '25.

The second segment is our Industrial Salt segment. As you all are aware, Industrial Salt is an important product for us and at the moment, contributing nearly 65% of our total revenue. This chemical being a grade 1 category is primarily manufactured by very few players around the world. We are one of those and one of the largest in the world in that segment.

For the year, we have crossed the 4 million mark in terms of volume, 4 million tons per year, that is. We did see some price moderation. But in the last quarter, however, that only saw specific spot shipments of a certain category and grade, but largely our volume and long-term contracts run at a higher rate and are intact.

We continue to remain optimistic in the Salt segment and expect to sustain our growth momentum in FY '25. Our focus will continue to be on leveraging market opportunities and to do more improvements on the ground in terms of our process and cost efficiencies to drive sustainable growth.

Sulphate of Potash, as we have been briefing you the last couple of quarters, this is a work in progress. We are seeing encouraging results on the trials and the labs by our technology partner in Europe, and we expect it to contribute meaningfully in H2 FY '25.

Coming to our capacity expansion. Phase 1 of our greenfield expansion at the bromine derivative plant at Jhagadia, GIDC has been undertaken through our subsidiary, Acume Chemicals Private Limited, and has successfully commissioned in March 2024. This phase is dedicated to manufacturing bromine performance derivatives and clear brand fluids, which will enhance our product offerings and market presence.

We have started engaging with end customers of both segments and have received a very encouraging response. And samples have been tested and approved in certain cases and trials are on elsewhere.

The next phase of the same Phase I would be commissioned by the end of H1 FY '25. This phase will focus on producing a high range of demand products. These products are essential for various industrial applications continuing to be on the bromine performance side, and the production will significantly boost both our capability and market reach.

A further update that's happened over the last few months is oren hydrocarbon, this we have acquired through our wholly owned subsidiary, Idealis Chemicals Private Limited. This company, we are waiting for the NCLT approval and that is pending at the moment. We're actively engaged in the process and are closely monitoring the situation. While we await these approvals, we remain optimistic about the potential of this project and its contribution to our portfolio. We have started doing some groundwork in restarting the plant, and that will keep going as we move forward.

Of course, we understand the importance of keeping our stakeholders informed, and we'll provide more detailed updates in the upcoming quarters. Once approvals are secured, we anticipate that this project will enhance our market position and also our capability in the segments that we sell in.

We're looking forward to engage with new clients, expand our product offerings, penetrate new markets and stabilize the new sites. We welcome the new financial year with renewed hope and are confident to deliver sustainable growth.

That's it from my side. Now, I would request our CFO, Mr. Raghunathan, to run through the financial performance in broad numbers. Thank you.

Raghunathan R.: Thank you, sir, and a very good afternoon to all the participants on the call.

I'm pleased to report a notable performance for this quarter to give a summary of Q4 of FY '24.

The total revenue for this quarter stood at around INR 2972 million. Bromine contributed around 36% of the revenue from the product, and Industrial Salt has contributed around 64%.

EBITDA for the company stood around INR1,019 million for this quarter with a margin at 34%. And net profit for the quarter stood at around INR596 million.

Coming to 12 months' highlights. The total revenue stood at around INR13762.8 million. Bromine contributed around 33%. Industrial Salt is around 64%, and the balance 3% of the revenue came from SOP. 74% of the revenue is from the export market, and the balance 26% that was the domestic market.

EBITDA for 12 months stood at around INR5,110.3 million with a margin at 37%. Net profit for the financial year stood at around INR3,223.5 million.

Returns on capital employed and the returns on equity stood nearly at around 24% and 21%, respectively, for the full year.

We also wish to inform and are happy to inform you that the Board of Directors have recommended a final dividend of INR1 per equity share of INR2 each for the financial year amounting to INR12.34 crores. It is further to be noted that the company had already declared 2 interim dividends in the year. And thus, with this, the total amount disbursed by way of dividend aggregates to around INR37 crores.

With this, we conclude the speech and open the floor for Q&A session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Archit Joshi from B&K Securities.

Archit Joshi: Sir, I have a couple of questions. Firstly, if you can throw some light on how are you seeing the contracts for bromine, both long term and short term, to be panning out for this year for FY '25? I think last quarter, we had mentioned that we endeavour to reach close to 28,000, 29,000 tons of volume. Do you think in the current state and form of the demand environment, would that number be achievable? And more so, would that be more back-ended towards the second half of FY '25?

Ranjit Pendurthi: Thank you for that question. I think generally, if you see the pattern in our business, the second half generally tends to be stronger than the first half. But having said that, I think we remain on target. I think the recent -- as I mentioned in the introduction, I think we are seeing a healthy demand offtake. So there is no challenge on being able to sell more.

So I think we'll continue to maintain that balance between the domestic and the export because the domestic also now with the monsoon coming generally, Agrochem players start getting a bit more active in terms of their production and stocking for the monsoon -- post-monsoon period, etcetera. So I think we don't see a challenge in meeting what we have suggested for FY '25.

Archit Joshi: Sure, sir. And if you could throw some light on the pricing bit as to at what prices would have our company lock the bromine contracts at? I think even despite, sir, the conflict geopolitically that we saw, we haven't seen much of a rise in the commodity prices, including that of bromine. So would we be higher or lower compared to last year with bromine, if you can share some of that on the long-term contracts that we usually tie up for?

Ranjit Pendurthi: I think I was asked this question maybe 1 quarter or 2 quarters ago. I said the geopolitical issue, we are not seeing any impact as such on the bromine business globally, although I think there's a little bit more pronounced effect maybe now. But nevertheless, I think supplies are still happening from that part of the world.

And we've always competed, I think, with the global players. So we don't see any reason for us to not be able to continue to compete. And I think bromine pricing, I think the pricing specifically, I think pricing is around the -- I think our last quarter average, maybe I would say about INR220 per kilo. I think that's a fair number to assume.

Archit Joshi: Understood, sir. Sir, one last question. We've said that we'll be having our new Phase 2 plants coming in the second half FY '25. Now assuming the ramp-up of all these 3 derivative plants, what would be the internal consumption of bromine with the existing capacity that we have towards these derivatives that we intend to ramp up over a period of time? That would be my last one.

Ranjit Pendurthi: I think the bromine ramp-up, also just to clarify, I think our Phase I is broken up in 2 parts. So I think largely, the Phase II that we're talking about is the FR related project. So that we have not yet started work on that because we have discovered that in our Phase I itself, there's a lot of products that now actually have a healthy offtake in demand. So instead of committing more capex, we want to be able to utilize the capex that we already spent and hence, we have expanded the portfolio of products that we're going to make in Phase I itself beyond pure PTA catalyst products or clear brand fluids.

So I think in that aspect, we will ramp up. I think we've already started testing and sending for trial and samples almost 8 or 9 new products. So we expect to commercialize and start those sales over the next few months.

Archit Joshi: Sir, my question was more about knowing all the capex plans, assuming that, once we ramp up to, let's say, a peak utilization, how much bromine will be internally consumed? That was my question rather.

Ranjit Pendurthi: Okay. So I think we remain on target. I think we consume between 10,000 to 15,000 tons of bromine.

Archit Joshi: Right. So this assumes the fact that all the capacities, all the derivatives will be more or less at peak utilization, and we might require 10,000 to 15,000 tons of bromine?

Ranjit Pendurthi: Yes. That's Phase 1, yes.

Archit Joshi: Phase 1 only, not assuming Phase 2 here. Only for Phase 1?

Ranjit Pendurthi: Not assuming FR , yes.

Moderator: The next question is from the line of Aditya Khetan from SMIFS Institutional Equities.

Aditya Khetan: Sir, my question is on to the volume growth. So more or less, sir, we are -- we have told that we would be setting up the Phase II plant in the second half and Phase I has been started. So for FY '25 and for '26. So cumulatively, what sort of volume growth you're looking at?

Ranjit Pendurthi: So I think we are looking at, at least 30% growth from the FY '24 volume.

Aditya Khetan: 30% growth. And sir, in FY '26?

Ranjit Pendurthi: FY '26, that's -- in today's context, that's a long way off. But I will have a guess here. I think we should at least be able to double from where we are today.

Aditya Khetan: Okay. Sir, on to the capex side, sir, if you can tell us, sir, how much capex of this INR250 crores has been completed? And how much is remaining in the pipeline?

Ranjit Pendurthi: Mr. Raghunathan will answer that.

Raghunathan R.: Yes, we have incurred close to around INR110 crores.

Aditya Khetan: And remaining would be done before the second half?

Raghunathan R.: No, no, not necessarily or not fully. As we have said, for the purpose of completing our -- the so-called Phase 1, we'll be incurring an additional INR30 crores, INR40 crores.

Aditya Khetan: Okay. Okay. Sir, my last question, sir. Sir, post-expansion into this bromine derivatives. So considering your domestic export split is somewhere around 25 to 75. So with this bromine expansion, how the split would change more towards the export side?

Ranjit Pendurthi: We would -- our initial efforts are towards the export side. So I would imagine that it will translate into numbers showing the same. It would be a more focused on exports.

Aditya Khetan: 75% exports would remain at 75% post the bromine derivative expansion?

Ranjit Pendurthi: I mean, I think to be honest, I think give or take a few percentage. But by large, generally, at least 70% plus is generally where we export. So our product portfolio shouldn't undergo too much of a change in export versus domestic.

Aditya Khetan: Okay. Sir, just one last question. Sir, on to the import side, are you witnessing any sort of increase in imports in India? So from China or from any other countries, are there any news of capacity expansion, which you have heard?

Ranjit Pendurthi: In bromine?

Aditya Khetan: Yes, sir.

Ranjit Pendurthi: No, I think there's no new capacity as such. I think everyone is may be trying to tweak capacity what they have depending upon the market situation. But imports, I think largely over the last few years anyway, have reduced quite a bit. But there will be certain spurts in imports simply because there are some customers who have been buying from the foreign companies for a long time. They're relationship-based. So they continue to import some part of the requirement, but I would say largely, there's no big user of bromine who is not our customer at the moment.

Moderator: The next question is from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: Apologies if it's a repetition, I joined late in the call. First, on the bromine itself, how are you seeing demand scenario? Because it appears that the last few quarters have been very tough for us. How is the bromine market looking up? And when do you see volumes actually normalizing in the market, say, bottoming out in terms of pricing competition and the volume demand?

Ranjit Pendurthi: So thank you for the question, Sanjesh. So I think volume normalization is happening as we speak. I think our order book is full for our capacity, what we have planned for this year. So I think in that context, we see some demand having come back, the domestic market and the export market. And I think there are larger commitments per customer on a per-order basis.

So we believe that large segments of the customers also are quite encouraged by the signs that they are seeing in their end-user market. So we believe that it will continue to look that way. I think I mentioned this over the last call or the 2 calls before this, I said I'm not too familiar with how much destocking, etcetera, is happening. But from our industry perspective, we see more stability today as we speak than we did over the last 2 quarters.

Sanjesh Jain: That's fair enough. That's fair enough. But now that we have a full order book for the year, how does the pricing look like for this year? Because we generally do pricing plus volume contracts. How does the bromine realization for this year looks like?

Ranjit Pendurthi: Yes. So I think that -- yes, so that question, I think someone else had asked when you were not on the call. So no issues. So it's, I think, no, no problem. I think we're looking at between the 220, 225 mark per kilo, and I think we're comfortable with that range as well.

Sanjesh Jain: That's great. Second number, on the -- this downstream products. Clear brine fluid -- clearly, we can see INR50 lakhs of revenue being booked in the subsidiary, which is your console minus standalone. That means we have already started doing some sales in the subsidiary. How has been the response from the customer? And what kind of customers are we right now talking? And will that also have a beneficial impact on our expansion oren hydrocarbon?

Ranjit Pendurthi: Very good question. You've tied all the 3 companies together. So I think you're right. I think our aim from 2 years ago was always that we'll continue to grow in the bromine space and the downstream space. So 1 step towards that was Acume, the subsidary that's producing the bromine derivatives. And as you said, we have started the exports of the Clear Brine Fluids from that subsidiary as intended.

And we've already invoiced and billed And I think those are the first few batches of product. So I think, as you understand, we will be 2, 3 months of stabilization, but I think our response is very encouraging from the market. Specifically, since you asked the question, I think today, we have on the table almost 60-plus clients that we have started talking to. And we've given almost a majority of them have already taken our sample. And I would say about 1/3 of them are testing it for approval and about 10 of them have already approved it.

So we are making good progress. Like we always said, it's a slightly more technical product than elemental bromine. So there's a lot more engagement with the customer and certain testing and specification requirements are there. So as we fine-tune those, we anticipate the response will continue to be encouraging.

Sanjesh Jain: Got it. And how this you tie up with Oren? When is that going to start? And will it be the same customer?

Ranjit Pendurthi: So Oren incidentally also deals in the hydrocarbon space. They do make some products, not necessarily only bromine related, but the end-user industries are largely oil and gas and drilling industries. So that is where our derivatives are going already. So we do see a proper fit and hence, the acquisition.

And some of these products are complementary, not competition per se. So we'll be able to approach these customers with a bigger basket of products than just only a clear brand fluid product. So that was the intention.

Sanjesh Jain: Got it. Got it. And next on the TBBA, the flame retardant part of it. How is that market looking? Like you don't think another 6 months is the right time for us to get in or it will take more than that?

Ranjit Pendurthi: I think the TBBA market specifically, I think, has been weak for a bit. But it's primarily, I think, more of a concern for those who buy bromine and make the product. For integrated manufacturers, at the end of the day, TBBA is still being sold, maybe at lower prices. But I think for integrated manufacturers like ourselves, TBBA will still make return on the investment.

However, at this point, we see the other products on the inorganic side, where we've already invested some capex, building that portfolio out with the newer products. I think we'll make equally good return, if not slightly better, and still consume equal amounts of bromine.

So I would say we have taken a pause, but I think we keep reevaluating it every month and seeing when is the right time for us to commit that capex because the money has already been raised and is available with us. So we don't foresee a problem deploying that fund. It is that we need to get the timing right in terms of when we want to comment on the capex.

Sanjesh Jain: Clear, clear. Just last 2 questions, one on the Salt and one on the SOP. On the Salt, how does FY '25 look like? Should we grow volumes over FY '24, which was stronger? And number two, any more update to share on the SOP flotation technology, which you were trying to do?

Ranjit Pendurthi: Sure. I think on the Salt, our endeavour is to build on the volume that we crossed in FY '24. I think the market is there. And as you know, we are a pretty dominant player in the market in the Asian space itself, not just on the domestic business anyways in Salt. So there is ample scope to improve that volume.

On the SOP itself, I think the tests have been encouraging. It's a work in progress. We have made good headway over the last few months. And we recently commissioned the pilot plant trial at the technology provider's lab, which basically means the larger sample has been shipped and a larger test is being conducted. So I think, as I've said on earlier calls, I think we are almost there, and we are very encouraged seeing results of the test. So SOP is a bit of a patience gain, but I think we are getting there.

Sanjesh Jain: Got it. Will there be any sale of SOP volume in FY '25? Because I think we have exhausted that one batch, which we manufactured last year?

Ranjit Pendurthi: So we've also now started making a second-grade SOP. And this also has a market, and we are seeing some demand and some inquiries for that. So we are now in the process of getting that certified locally within the Indian market domestic, but we're also seeing some encouraging signs on the export side. So that material, we have enough to process and manufacture raw material for that particular grade. So you will see some production and volumes this year.

Moderator: The next question is from the line of Dipak Saha from DR Choksey Finserv Private Limited.

Dipak Saha: Sir, few housekeeping questions. Can you share the value for Bromine and Industrial Salt for the quarter and the volume for the sale?

Ranjit Pendurthi: Sorry, can you come again? It was -- we can hear you, but you're not very clear.

Dipak Saha: I'm asking for the value and volume while Bromine and Industrial Salt number for the quarter and the full year.

Raghunathan R.: Okay. For the quarter, the revenue from Salt is around INR179 crores and for bromine is around INR102 crores. As far as the volume goes, it's around 930,000 in Industrial Salt and 4,800 tons in Bromine.

Dipak Saha: Sir, thanks for the numbers. And what is the total production for Bromine and Industrial Salt for the full year, the production number, sir?

Raghunathan R.: Okay. For the full year, Bromine production is around 17,300 tons. And if it comes to Salt, it's around the 4.25 million.

Dipak Saha: Sir, one thing. Earlier, you said that for the full year FY '25, you're targeting 28,000, 29,000 odd volume for bromine. This is excluding your captive consumption for the bromine derivative, right?

Raghunathan R.: No. The number that we have set for these financial year is , excluding the captive number.

Dipak Saha: For FY '25, you highlighted why you are targeting...

Ranjit Pendurthi: Yes, FY '25 includes captive consumption as well. Going forward, all the numbers will include captive consumption because the plant is up now.

Dipak Saha: Okay. So within that captive consumption, I think you highlighted will go 10,000 to 15000-metric-ton-odd, right?

Ranjit Pendurthi: Depending on the product mix that we choose in the downstream plant, yes.

Dipak Saha: Okay. And sir, what is the outlook...

Moderator: Sorry, there is a break in your voice. Can you repeat the question?

Ranjit Pendurthi: Yes, we can't hear, either.

Dipak Saha: I'm asking you, sorry for inconvenience, sir what...

Moderator: The audio is still not clear. May I request you to rejoin the queue again? The next question is from the line of Krishan Parwani from JM Financials.

Krishan Parwani: Firstly, if you could give the sales volume of SOP during the quarter because I think I might have missed that number if you have given already.

Ranjit Pendurthi: Thank you, Krishan, for the question.

Raghunathan R: We have done around 8,200 tons of SOP.

Krishan Parwani: In the quarter?

Raghunathan R: For the full year.

Krishan Parwani: Okay. For the full year. Okay. We'll probably calculate that. And secondly, just one clarification. I think in your presentation, you have mentioned Phase II to get commercialized by 1H FY '25. And I think in our earlier commentary, you mentioned that BFR will be done probably in the second half of FY '25. So if you can give some clarity on that. I mean...

Ranjit Pendurthi: Yes, I think I was -- that's what I was talking about earlier when I clarified. So we've broken up our Phase 1 into 2 parts, right, given the change in the market. We have added a larger number of product portfolio products into the Phase 1 itself. And within that same capex, we've expanded the number of products that we are going to be making, and we are seeing enough and more customer demand coming from there. So with the INR130 crores, INR140 crores capex that Mr. Raghunathan had mentioned that we've already spent, we are saying to ourselves that we will assess the market on TBBA and the other FRs over the next few months. And then we will see if you need to commit more capex to that Phase 2 larger product portfolio of including FR as well.

So we'd also like to see how the pricing works out in the FR market. Of course, having said that, since we are an integrated player, we are better positioned to make the complete chain of FR products. But at the moment, given that our Phase 1 itself is showing encouraging results and signs of business, so we feel that it may be better utilized our -- the capex to expand that portfolio that we've already spent on.

Krishan Parwani: Understood. So just a follow-up on that. So the capacities, like 13,000 for CBR and 5,000 for PTA, still stand or that can be higher?

Ranjit Pendurthi: That can be increased as well. Because as you are aware, we've spent INR130 crores, INR140 crores on the capex, and we have a sizable reactive capacity today. And this allows us to -- there's a lot of flexibility in the mix and match of product portfolio that we can do, including volume and types of products.

Krishan Parwani: Noted. So probably if we were to take in, we can probably take in 20,000 tons of CBR and PTA both put together. Is that a fair to put in?

Ranjit Pendurthi: Yes, if the demand realizes at the right pricing, yes.

Krishan Parwani: Noted. And just one last clarification on this, Oren Hydrocarbon. So I think in your press release, it is mentioned that NCLT on April 30, '24, NCLT heard the argument for ADLS and the order is reserved. So what does that mean? I mean I think given you mentioned that NCLT is still to pass the resolution, so can you just...

Ranjit Pendurthi: So I think the legal -- yes, so the legal language, I think, says order reserved. But as for the arguments have been heard from our side, there's no other side as such because there's no other entity on the other side.

From what we understand, the judgment is likely to be in our Favor, and NCLT will endorse this post-vacation and resuming off the port after the summer holidays. So when they come back, there may be a 30- to 45-day timeline for getting the order in hand. But like in all things, we'd like to see it before we check the box and say it's all done and dusted.

Krishan Parwani: So if I may just ask the follow-up on that. If -- I mean, what kind of then revenue would you expect to do from Oren Hydrocardon in F '25?

Ranjit Pendurthi: I think our first year, we are looking at a conservative outlook. Because once we get the order is when we will put some capital expenditure to refurbish and restart the plants, although the work has started in a small way. And I think you may only see at best three full quarters of operations and at the very minimum, two quarters of operation. So given that the revenue may fluctuate. But I think you can assume safely, I would say, anywhere between INR100 crores to INR250 crores band.

Krishan Parwani: Well, that's a very broad range.

Ranjit Pendurthi: It's a very conservative range. It's a broad range because these products and plants, the ramp-up is pretty fast, right? So they don't take too much time to start producing more volume. And I think if the market continues to hold and we continue to develop that anyway as it is. So we think we should be able to see the higher range of what I just told you.

Moderator: The next question is from the line of Rushabh from RBSA Investment Manager.

Rushabh: Incorporated subsidy call some time back, any updates about what are we planning to do here?

Ranjit Pendurthi: So I think, Rajeev, my colleague will take that question.

Rajeev Kumar: Thank you, sir. So Sicsem Private Limited, we have created under volume, sir. We are looking to develop a subsidiary and operation there on Power Electronics segment. As and when we have more development, we'll update you.

Rushabh: So FY '25, '26, what we can expect? Or what is any product segments that we identify, what is the market?

Rajeev Kumar: Development is useful -- as and when we have some development, we'll update you.

Rushabh: Okay. And sir, any update on the flow batteries that we are doing some research on earlier?

Ranjit Pendurthi: Rajeev, can you answer that question?

Rajeev Kumar: Yes, yes. So flow batteries, also, we have some encouraging results. But since it is R&D project, generally, it takes its own time until we have a path to commercialization. But as on date , there's some positive development on flow there.

Moderator: The next question is from the line of Arpit Tapadia from IGE (India) Family Office.

Arpit Tapadia: I just wanted to ask when we can see meaningful revenue coming from the derivative products?

Ranjit Pendurthi: Apologies. Can you repeat that question?

Arpit Tapadia: What I want to say is, have we started any contracts for bromine derivative products? And when we can see it ramping up and getting a meaningful revenue for the company?

Ranjit Pendurthi: Thank you for that question. Yes, we've started building products from that subsidiary. Bromine derivatives, we have started selling them. It is -- I think at the moment, since it's just commissioned the plant, we are still working on stabilizing the production quality, etcetera. But we have started the exports already.

The ramp-up, I think, a meaningful ramp-up will be post first quarter. And like I said earlier, we're already engaged with 60-plus clients, 10 of them have already approved the samples. And I think almost 20 to 30 of them are under testing the -- qualifying the product. So we're making good progress on this.

Moderator: The next question is from the line of Parth Mehta from Vallum Capital.

Parth Mehta: I just wanted to understand that you mentioned -- you've identified some movement, more products for the Phase 1 of our derivatives. So what are these products? And what would be their applications?

Ranjit Pendurthi: Can you repeat the last part of your question, Parth?

Parth Mehta: Yes, yes, yes. So what would be the -- like which are these products? And what would be their applications and potential size of these applications?

Ranjit Pendurthi: On the derivatives?

Parth Mehta: Yes, yes. The new 8, 9 products that you've identified under derivatives, sir.

Ranjit Pendurthi: So I think we're going to oil and gas drilling, which obviously is a robust sector. The second one is they're going their intermediates in some ways to agrochemicals. And finally, some of them are a part of the petrochemical chain. So they go into some of those aspects as well.

Parth Mehta: And what would be the potential size that you are looking on?

Ranjit Pendurthi: I think our first size -- you're talking about quantity?

Parth Mehta: Quantity and value both.

Ranjit Pendurthi: Yes. So I think we're looking at anywhere between 15,000 tons to 20,000 tons in the first year and possibly giving us revenue between INR200 crores to INR300 crores.

Parth Mehta: Okay. Great. So INR200 crores. And if I look at the capacity that we have ramped up for Phase 1, what would be expected in revenue for the FY '25 from Phase 1 derivative?

Ranjit Pendurthi: I think we'd be closer to the lower range. But at the end of the year, I would expect us to be at the top of the range.

Parth Mehta: Any ballpark figure?

Ranjit Pendurthi: Yes, around the 200, 250 mark on the conservative.

Moderator: Ladies and gentlemen, due to time constraint, we will take that as the last question. I would now like to hand the conference over to the management for closing comments.

Ranjit Pendurthi: So thank you, everyone, for joining us today and for your faith in the company, and we appreciate you joining us on this earnings call, the time and showing interest in our company as well. In case of any queries, please do feel free to get in touch with us or SGA, our Investor Relations Advisors. And we look forward to meeting all of you on the next call. And meanwhile, have a pleasant evening and a good weekend. Thank you.

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