"Archean Chemical Industries Limited

Q3 and 9M FY'24 Earnings Conference Call"

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MANAGEMENT: **MR. RANJIT PENDURTHI – MANAGING DIRECTOR – ARCHEAN CHEMICAL INDUSTRIES LIMITED**
MR. RAGHUNATHAN – CHIEF FINANCIAL OFFICER – ARCHEAN CHEMICAL INDUSTRIES LIMITED
MR. RAJEEV KUMAR – DEPUTY GENERAL MANAGER FINANCE – ARCHEAN CHEMICAL INDUSTRIES LIMITED
SGA -- INVESTOR RELATIONS ADVISORS – ARCHEAN CHEMICAL INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Archean Chemical Industries Limited Q3 and 9 months FY24 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 date of this call. These statements are not the guarantees 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to the management team. Thank you and over to you.

Ranjit Pendurthi: Thank you. Good morning, ladies and gentlemen. This is Ranjit Pendurthi. We wish you all a very warm welcome to our Q3 FY24 earnings call today. I'm joined by Mr. Raghunathan, our CFO, Mr. Rajeev Kumar, DGM Finance and SGA, our Internal Investor Relations Advisor.

I hope everyone had an opportunity to go through the financial results and the investor presentation which has been uploaded on the Stock Exchange and on the company website. I'll take this opportunity to give you a quick snapshot on the industry and recent developments of the company. Post that, Mr. Raghunathan, as usual, will walk you through the operational and financial performance of the company.

To start with, the industry highlights. Over the last few quarters, there's been some moderation in the business performance across the chemical industries at large. As you all know, the sector has faced some headwinds over the last three, four quarters, and we believe that continues to happen as well.

China, of course, the large player on the domestic impact as well as overseas, continues to encounter hurdles as the recovery in domestic consumption is slower than expected, resulting in an overall downturn in end-user industries. As you're all aware from news and various other sources, their economy is struggling, especially on the construction sector and thereby impacting many downstream industries as well.

However, in recent times, we observed some stabilization in certain end-user industries, restoring and sustaining demand for specific chemicals like bromine. China, as you're all aware, is one of the largest manufacturers of downstream bromine derivatives. Despite the current industry-wide destocking phase and demand moderation, Archean Chemicals has not only withstood these external obstacles, but has also recorded consistent performance.

Coming to the performance highlights, we're glad to inform you that the company was able to report a healthy performance for the quarter, registering a total revenue of INR4,227 million for Q3 FY24, a growth of 13% year-on-year basis.

On the bromine side specifically during the quarter, we did see some demand pickup in bromine, as well as some of the clients have started pushing back their inventory levels to limited demand and are now restocking. In the domestic market, it's been more resilient.

We did some business with agrochemical players who are facing headwinds at the moment, and offtake is lower than usual. We see that as well, moderating shortly.

Due to, of course, the global geopolitical tensions, we have seen some additional inquiries from various customers. However, we believe this to be momentary and not sustainable in the longer term.

On the pricing front, bromine prices have moderated, as you're aware from the numbers, but they remain around the $2.75, $3 mark. In the long term, we are confident to generate steady business. This is the contracts we have and the relationships we maintain with our global customers.

On industrial salt, we are delighted to inform you that our quarterly volume rate has remained steady at more than 1 million tons. Industrial salt, as you're aware, finds applications in a vast array of end user sectors. However, our primary clientele consists of chlorine and chlorine derivative manufacturers in Asian market who require grade one industrial salt.

There are limited players of this quality in the world and we are one of the handful producers of the same and able to deliver such large volumes as well. The derivative industry is witnessing the advent of new areas, especially in the Middle East, and our geographical spread continues. Based on our strategic location, we are well positioned to serve this ongoing growing global demand.

The third one is on sulphate of potash. We're getting some new business clients and have done a good amount of business this quarter. We're doing several trials in the market, both domestic and overseas to make the product profile even more varied. We'll also be able to serve our domestic clients, and we expect this business to grow meaningfully in the latter part of the next financial year.

Coming to a greenfield project, the bromine derivatives facility coming up in Jagadia, Gujarat. The project is progressing as per schedule and we anticipate starting the first phase in this quarter, subject to obtaining necessary clearances from the regulatory authorities.

That is it from my side. Now I will request our CFO, Mr. Raghunathan, to run through the financial performance. Thank you.

Raghunathan: Thank you, sir and a very good morning to all the participants on the call. We are pleased to report a notable performance for this quarter. To give a summary of Q3-FY24, as MD has indicated in his speech, the company has registered a total revenue of INR4,227.2 million and this giving a growth of close to around 13.5% on a YoY basis. Bromine has contributed around 27% of the total revenue. Industrial salt has around 68% and the balance 5% has come from SOP. These are the product mix.

Moving to EBITDA. EBITDA for this quarter stood at around INR1,559.8 million with a margin of around 37%. Net profit after tax stood at around INR1,021.9 million, a growth of around 4% on a YoY basis.

Moving to the business mix, bromine contributed around 32%. Industrial salt is around 64, and the balance four has come from SOP. Export market has contributed around 75%, and the balance 25, of course, is from the domestic market. EBITDA for nine months stood at around 4,090.9 million, with a margin of around 38%. The net profit is around [2,627.1], a growth of around 6.5, and when compared to the nine months of the previous year.

We are also happy to share that the board of directors have declared a second interim dividend of INR1 per equity for this FY24, amounting to INR12.34 crores. It is further to be noted that the company had already declared a first year interim dividend in the previous quarter, and thus with this second interim dividend, the total amount disbursement by way of dividends aggregates around INR24.38 crores.

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

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Sudarshan Padmanabhan from JM PMS. Please go ahead.

Sudarshan Padmanabhan: Thank you for taking my question. Sir, my question is, we have seen that the downward spiral of the bromine prices got arrested, say, about three, four months ago. And broadly, the assumption was that we will be able to get a little bit more firmer contracts in the longer term, business. So if you can give some colour with respect to prospectively, when we look at this business, how do we see the contracts getting signed?

And as you mentioned, $2.9 also seems to be lower than the long term average. So how do you see the demand scenario kind of pushing the prices, especially in the light of the Israel situation at this point of time?

Ranjit Pendurthi: So thank you for that question, Mr. Sudarshan. As I said in my commentary, I think there is a demand moderation. So a couple of factors contribute to the bromine pricing. Specifically to us, we are performing on our long term contracts. So I think that is continuous. We have a backlog of almost 4,000 tons of orders.

So fulfilling that, itself keeps us on a fairly even path. But with regards to the pricing of bromine, yes, I think in the context of the bromine prices coming down, it's got more to do with end user industries. It's not so much about the requirement of bromine as a critical specialty chemical into what processes these companies do, especially in China.

I think we anticipate that the pricing will continue maybe at current levels, give or take few cents here and there. But having said that, I think the longer term picture will emerge when the Chinese are able to stabilize on the export front, the Chinese are able to stabilize their end user industries, especially on the derivatives aspect.

With Israel, I think I said this maybe a couple of quarters ago when this question came up or in some other conversations with investors or shareholders, that we really didn't see too much of an impact from the Israel situation. And I don't think we are seeing much of an impact today either. I think shipments out of Israel are happening.

Maybe [inaudible] are slightly more expensive because insurance premiums, marine insurance, etcetera, have gone up. But as such, we don't think there has been too much of a disruption to the supply chain as such. So as we have been competing before, I think we'll continue to compete even now. So our focus remains on ensuring that our market stays intact and grows.

Sudarshan Padmanabhan: And with respect to the derivatives as the capacity is coming up, have we been able to get some contracts or visibility to this business?

Ranjit Pendurthi: As I said in my last earnings call, we anticipated to start doing trials with customers in January this year. And I think we've stuck to that schedule. So we've started doing some sampling and trials with both domestic and overseas customers. So I think we're on track. And hopefully once the trials are done, I think that's when we will start moving towards firmer negotiations on contracts and offtake.

Sudarshan Padmanabhan: And in terms of costs, we had embarked on some cost savings. Are we largely done with it? And can we start seeing the benefits from FY25 onward?

Ranjit Pendurthi: I think given the environment, I think all industries today are focusing on a continuous exercise of cost savings. I'm not sure how much of it is cutting because at the same time, we need to keep getting talented people on board. So I think our cost-saving exercise is an ongoing process.

Certain things have kicked in just this past month or so. So I think we'll start seeing some benefits in the coming quarters for sure. But I think it's an ongoing exercise always. It's about cost savings versus efficiency.

Sudarshan Padmanabhan: One final question before I join back is, we have seen a change in inventory to the tune of about INR37 crores this quarter. I mean, what is it specifically towards SOP or derivatives? Can you throw some colour on that?

Raghunathan: Sir, I'll take this question, sir.

Ranjit Pendurthi: Mr. Raghunathan will take the question.

Raghunathan: So, sir basically, we have to see the operation for Q3 where our sales in all the three products in terms of quantity is much higher than the production. That means we are eating the opening stock. We're using the opening stock to do our sales. And so we can see that the entire cost that is coming up from the opening is sitting in the increase or decrease in inventory.

Moderator: Thank you. Our next question is from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

Sanjesh Jain: Good morning, sir. Thanks for taking my questions. I got a few of them. First, probably start with the bookkeeping question. Can you help us with the volume, sales volume for all the three products during this quarter?

Raghunathan: Good morning. For this quarter, the sales from salt is around 1.3 million. Bromine is around 5,000. And SOP is around 4,300 tons.

Sanjesh Jain: Thank you. That's helpful. Second, starting on the -- again, picking up on the bromine pricing, we said that $2.75 to $2.9 is what you see as a steady state pricing. And if you look at the bromine prices for last, say, seven, eight years, the prices have averaged at about $3. Any reason why do you believe the prices will be lower than the long-term median in the bromine for us?

Ranjit Pendurthi: I think it's a view that we've taken, Sanjesh, that I think if you recall over the last couple of years in various discussions, we've always said, I think the pricing should be about $3.5-odd over a period of time. So we're not too far away from that, I think, trend. I think we've taken a bit of a conservative view, as we always do, and we've pegged it to the levels that I mentioned, you know, $2.75-odd.

So during the quarter, there may be some changes, a little bit up, a little bit down, but I think broadly we're comfortable with that range. So it all flows back into us maintaining all the other parameters to ensure the margins remain intact, and I think that's our endeavour, to be on the conservative side and deliver numbers on that basis.

Sanjesh Jain: Fair enough. Second on the long-term contract, we generally have a long-term contract, given that the demand situation remain muted. Are you seeing longer-term contract being signed lower than what we have done historically?

Ranjit Pendurthi: I think definitely below the historical record prices. I think that's across all chemicals, not just bromine.

Sanjesh Jain: No, not prices. I was looking from the volume perspective.

Ranjit Pendurthi: Volume, I think, some part of it, I think, will continue. We're not seeing too much of, I think, a problem on the volume. I would say that some part of that also will start increasing when we do a downstream plant commissioning. As you're aware, we're going to consume some part of the bromine there also. So we don't see too much of a challenge on volume.

Sanjesh Jain: Got it. Now that we have already hit 5,000 mark in this quarter, do you believe that consuming the 28,000, 29,000 of elemental bromine now looks possible in FY'25?

Ranjit Pendurthi: I think that's our endeavour. If we do get a boost from external customers, not just consuming ourselves, I think we will definitely look at doing that. But having said that, as it is today, if you ask me, I would probably take a more conservative number than that.

Sanjesh Jain: Got it. One question on the acquisition we announced on the Oren carbon, which is largely into barites and bentonites, while we are largely into the bromine, salt, and SOP. Can you help us understand what excites you about this business? What has led to the decision making of buying out this business?

Ranjit Pendurthi: Sure, good question. So I think Oren Hydrocarbons was a company that was started in 1990 by the promoter who was a part of Schlumberger oil drilling. And subsequent to that, they had some financial difficulties and we've just acquired that company.

So that company is primarily into oil drilling fluids, which ties into our bromine derivatives business, where we also are going to be making oil drilling products, as you're aware. So I think the synergy there is a right fit. And also, it allows us to expand our product portfolio while going into oil drilling companies and contracts.

So we're able to today not only offer pure bromine-related products, but also other specialized chemical products into oil drilling. So I think that expands our basket of product portfolio when we approach oil drilling customers.

Sanjesh Jain: And I guess this company has been shut for now, what, multi years, right? How do we plan and what is the kind of investment this company may require to come back into the shape so they can again start producing that mud chemicals they have been there historically?

And second, follow up again on the talent. I guess with such a long, the talent would really would have moved out of the company. How do we are looking at bringing that talent back into the company in terms of employees, manufacturing, construction, and what is the level of investment from our side required to bring that operation say to their historical levels?

Ranjit Pendurthi: Sure. So I think with any acquisition, I think people is probably the most important thing that we need to focus on, followed by the funds required. So I think on the people front, there is already an existing team.

We need to obviously -- we have used the top grade diligence people to evaluate prior to us doing the acquisition. So I think we're also in the process of signing with, I think, shortly for integration exercise of Oren with the company. And I think we've already recruited the people to lead it.

The ex-promoter is also going to be advising us on some of these products, certifications, etcetera. So I, so I think we've covered most of those bases. The plants, as you said, have been, I think, largely in operation for a couple of years, but some of them are brand new.

So we don't anticipate too long to start up some of these facilities and get the products recertified with all the drilling companies. And I think from our perspective, we will be spending maybe between INR20 crores and INR30 crores on the revamp. So it's not a large sum of money.

Sanjesh Jain: It's very small, INR20 crores, INR30 crores is fairly. And Ranjit, what was the peak revenue for this company historically? You have any?

Rajeev Kumar: Yes, Sanjesh, it was around INR430 crores.

Sanjesh Jain: And which year was this?

Rajeev Kumar: This was 2016.

Sanjesh Jain: 2016. Okay. And what was the EBITDA margin then for this entity?

Rajeev Kumar: Around 15%.

Sanjesh Jain: Around 15%. We should be doing better than this because...

Rajeev Kumar: Allow us some more time to work on this and maybe a quarter later we'll answer this.

Sanjesh Jain: No, no, that's fine. That's fine. I'll come back probably next quarter to get more details. One last bit on the bromine derivative side. Can you help us understand where are we in the entire process as the initial run, pilot run has been done or we are still in that process in terms of sampling? What is your internal assessment of the sample of the products which we have produced at the lab level? And where are we in the TBBA, capex and commercialization?

Ranjit Pendurthi: So as you're aware, phase one is not having the retardants and that phase one, as I said earlier, I think we have started doing the sampling with customers already in January as we had projected in our earlier call. And feedback I think is very good because we've always said this from day one that being an integrated producer gives us an advantage in terms of how we are positioning the bromine derivative. And I think that strength is going to play out as we've always said.

And the customers have given good feedback on the product, on the quality. So now I think we, as I said a few minutes ago in the earlier question, as we move forward, we will start trying to get more contract driven, I guess, projection going. But we hope that we will be able to commission that this quarter and then start doing the sales.

Sanjesh Jain: And on the TBBA, when it…

Moderator: Sorry to interrupt, sir. May we request you to rejoin the question queue? There are several participants waiting for their turn, sir.

Sanjesh Jain: Yes, I know. It's just a follow-up for my existing question, then I'm done.

Ranjit Pendurthi: Sorry, Sanjesh, can you repeat, repeat?

Sanjesh Jain: So we said that Q1 is when we are expecting TBBA plan to come up. Is that on the schedule?

Ranjit Pendurthi: I think at the moment Q1 is what we're targeting for, but we anticipate, I would say, between Q1 and Q2 to be safe.

Sanjesh Jain: Okay, Q1 and Q2 to be safe. Done. Done. Thanks, thanks for answering all the questions. And best of luck for the coming quarter.

Moderator: Thank you. Our next question is from the line of Rusmik Oza from 9 Rays EquiResearch. Please go ahead.

Rusmik Oza: Thanks for the opportunity, and sir, congrats. Number you have in the comment…

Moderator: Sir, may I request you to use your handset, sir? Your audio is muffled.

Rusmik Oza: Yes, congrats on the good set of numbers, sir, because the chemical and specialty company numbers haven't quite beaten down in the last quarter. I have two questions, sir. One is the first phase of capex, once it gets commissioned and what kind of revenue we can expect in FY25 from the first phase, and what kind of revenues can come in the second phase from the bromine derivatives?

Ranjit Pendurthi: So, I think, thank you for the question. So, I think, we've always had, I would say, a conservative view on how the business would shape up. And we've, I think, consciously avoided being too aggressive in how we see business growing, because our intention is not to compete quarter-on-quarter basis.

I think our intention is to compete on product portfolio over a period of time, because some of these things take time to be able to generate, I think, substantial revenues. So, the business entry is primarily into promising fields and new fields that, people from India are not in right now. So, that's the endeavor of being in the bromine derivative business, right, to become a fully integrated manufacturer. So, we compete globally.

So, I think, more specifically to your question, I think in FY25, we are targeting between INR200 crores to INR300 crores on the lower end from the derivative plant. And subsequently, I think, as a previous question, Sanjesh asked, when we ramp up and add the second phase of the flame retardant part of the project, then the revenues obviously go up correspondingly.

Rusmik Oza: Okay. So, a related question, what kind of margins we can, you know, expect from this bromine derivative as compared to a normal bromine business, which we are doing as of now?

Ranjit Pendurthi: So, I think the bromine business obviously, colors the margins part. But I think, on a combined basis, we've always said that, we will be in that 35 to 40 mark. So, I think that is what we'll continue to endeavor. I think Rajeev also wanted to add something.

Rajeev Kumar: Yes, exactly. So, the numbers which Ranjit sir gave was on a capacity utilization of around 70% for the first phase of product. And like we have said in our previous interaction, that margin over and above the market prices of Brumman, we are expecting around 20% to 25%.

Rusmik Oza: Okay. And my second question is related to the lease, because as a shareholder, with the big concern for us, is that renewal of lease actually. So, if you can give us some clarity on where we are right now, and how do you see this, lease renewal going forward for the company?

Ranjit Pendurthi: Yes. So, I think, as we continue to operate in Gujarat, as you know, they do have one of the most robust industrial policies and support of industry. And I think we continue to believe that government is evaluating the whole industry, not just our lease. There are many pending. And we think the government is working on, I think, sorting out and closing a lot of these open points. And we get a lot of support from them as well, the administration. So, it is a work in progress. That's the pointed answer. And we know it will be done sooner than later. Because like I said, it's just not us. There's a lot of them pending.

Rusmik Oza: Okay. But based on interaction, the authorities, any timelines, actually, you would like to actually, share that by when this can be, you can hear some outcome on this?

Ranjit Pendurthi: As I said, I think it's always been a productive dialogue with the government and administration. This is not a new industry as such. I think the subject the government has dealt with for many decades. And they continue to support all businesses on the ground level from a state perspective. So, I wouldn't venture in putting a timeline on it. But I would say that we remain confident that, it will happen sooner than later.

Moderator: Thank you. Sorry to interrupt, sir. May we request you to rejoin the question queue, please? Thank you, sir. Our next question is from the line of Alok Ranjan from 360 ONE AMC. Please go ahead.

Alok Ranjan: Yes, thanks for the opportunity. So, just a clarification on this foreign hydrocarbon. Although you have indicated quite a lot of the business, but this INR20, INR30 crores which will be needed to invest into the company for the revamp, whether this business is more capital intensive or how is it any coming from that? Like, how is the asset terms in this business?

Ranjit Pendurthi: So, I don't think it is capital intensive. Rajeev wants to take the answer. Okay, question.

Raghunathan: Yes, I'll take this question. So, it is like I said, it is not capital intensive, Alokji. For this INR20 crores, INR30 crores of investment, which will be required to refurbish the plants and make most of the assets operational, the day-to-day maintenance, capex requirement won't be much.

Alok Ranjan: Got it. And last question is, we have also created a new subsidiary company, SICS and Private Limited, which is under this new NEUN INFRA Private Limited. Any color that you can give, like what will be the purpose of this company? Anything that you can share at this point?

Ranjit Pendurthi: I think we'll probably, I think, wait for some things to happen. Then we'll provide clarity. But it has been incorporated with the purpose, as you know, similar to what we had done with Idealist when we created that subsidiary. So, there is a plan. And I think at the moment, it's a bit premature for us to talk about it. But in due course, we will inform all stakeholders appropriately, not to worry.

Alok Ranjan: Sure, sir. Thank you. That's all from me.

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

Aditya Khetan: Thank you for the opportunity. Sir, my first question was on to the flame retardant side. So, almost around 90% of the volumes are contracted. So, whenever the business starts, so during the first year itself, so we can see that business explant so reaching peak utilization level?

Ranjit Pendurthi: I think on the flame retardant business, that is phase two. So, I think if I were you, I would expect revenues to start kicking in conservatively in FY'26.

Aditya Khetan: Correct, sir. So, whenever that starts, so just my point was that so, will it run at around 90%, 95%?

Raghunathan: So, I'll take this question. We have indicated that we, for the current year, inorganic chemicals, we expect it to start at 70%. And flame retardant also, we expect that from the first year, it will start at 60%, 70% capacity utilization, and then it will ramp up from there.

Aditya Khetan: Okay. Okay. So, second question was on to the de-stocking side. So, still many of the agrochemical companies are indicating that, so de-stocking is going on, and they are still struggling on to the numbers. Have we also like face that any sort of headwinds?

Ranjit Pendurthi: I think agrochemical companies obviously have a very large setup. They have a very large geographical exposure to around the world. And I think some part of it is related also to weather and seasonal patterns around the world. So, I think we are in context, a smaller subset player. So, I don't really know about the de-stocking part per se, about their own products.

But at least from what we hear from our buyers, I think it's stabilized far better now than over the last couple of quarters. And I think the worst-case scenario would be that it continues at this level. The best-case scenario would be that there is some tailwind from either weather or from demand, or a combination of both. So, I think we have to see how it plays out.

Aditya Khetan: Any near-term views that you quick and share? So, this will continue or this is the end, like we're standing at the bottom. Just a view from your side?

Ranjit Pendurthi: I think I'm very wary of sharing a view, simply because I think it is easy to be mistaken as reality. So, I think, like I said, I think our own view as a company is to be conservative. We plan for the worst-case scenario and prepare ourselves accordingly in terms of how we run our business on cost, production, efficiency, etc.

So, I think, like I said in my earlier comments on this call, I think that will continue to be our focus. Our focus is on what we do and how we do it well and keep delivering on what we are doing.

Moderator: Thank you, sir. Sir, may we request you to join the question queue, please? Thank you. Our next question is from the line of Rohit Sinha from Sunidhi Securities. Please go ahead.

Rohit Sinha: Yes, thank you for taking my question, sir. Congratulations on a good set of numbers. So, one question, if I have heard correctly, in your initial remark, you have indicated about there have been some additional inquiries about the business in the growing side, but you said that it is not sustainable.

So, just wanted to understand why we cannot capitalize on that and what is the competition level we have in terms of capitalizing those inquiries?

Ranjit Pendurthi: No, I think all inquiries will be pursued, obviously, vigorously, because today, everyone's competing for the business. So, I don't think there's going to be any shortage of effort and action on our side. I think I was merely referring to the fact that we can't base the business on what could happen and how good the prices could be.

I think our business has always been a large part of this contract, but we do leave some part, percentage of our production into the stock market. So, I think if there were an upsurge in the prices, we do have quantity to be able to take advantage of in such uptake in those prices. So, we don't leave anything on the table as such.

Rohit Sinha: Okay. And second, on the domestic and export side, I would say we are into a lot of other chemical companies also looking at their numbers. I mean, indicating that the domestic part is quite good as of now, as we are seeing a lot of disturbance in the global market.

And since we have a higher exposure on export side, how we are looking at this domestic market for us, especially for industrial salt also, because currently 100% is for the export market. So, is there any scope for us to expand in the domestic market also, and how basically we are seeing the opportunity in the domestic market?

Ranjit Pendurthi: So, I think for us, the domestic market will primarily be bromine related and potash related. We don't have any intention of doing any industrial salt in the domestic market. So most of our volume is already contracted for exports And as a company, as an entire company, I think we will continue to be predominantly export oriented.

So, I think that will continue, that won't change. There won't be a greater domestic mix as a company. Product portfolios, like I said, salt will not be domestic.

Rohit Sinha: Okay. Any specific reason for that? I mean, why we are not looking at domestic market for this?

Ranjit Pendurthi: I think the grade that we supply is preferred by the overseas markets, not necessarily required locally. And I think, as I said, most of our volumes are already contracted out. So, we have never positioned it as a domestic supply. So, I think we are comfortable with what we produce and what we sell in the export market.

Rohit Sinha: Okay. And last question on this margin side. I missed out at currently around what 35%-40% kind of EBITDA margin is what we are indicating. And with this derivative segment coming up, what should be the overall combined margin level we will be looking at?

Ranjit Pendurthi: I think as my colleague Rajeev mentioned, I think overall combined we will stay within that range.

Rohit Sinha: Okay. Fair enough. Thank you. That's it for my side.

Moderator: Thank you. Next question is from the line of Krishnan Parwani from JM Financial. Please go ahead.

Krishnan Parwani: Yes, thank you for taking my question. I have two questions. The first is on the salt business.

So, the salt transit of this quarter is about 1.3 million metric tons that you mentioned. So, is this a sustainable run rate going into FY '25 or was there, let's say, order for this quarter specifically?

Ranjit Pendurthi: I think – thank you, Krishnan, for the question. I think the run rate should be maintained, give or take a couple of hundred thousand tons. Like I said, salt is largely contracted out. So, generally, if you see the quarter-on-quarter performance in monsoon season, there will generally be a little bit of a dip. And then third quarter, fourth quarter, generally, it peaks. So, if you normalize it, I think the 4 million tons plus is, I think, sustainable per year.

Krishnan Parwani: Understood. And on the ORN hydrocarbon, I think the liquidation reserve price was about 90-odd. So, how much did we pay for that?

Ranjit Pendurthi: So, I think it failed on the first liquidation, but I think Mr. Raghunathan maybe can specify what we have done.

Raghunathan: The bidding price was INR76.55 crores.

Krishnan Parwani: Sorry?

Raghunathan: 76.55.

Krishnan Parwani: 76.55, I believe.

Raghunathan: Yes.

Krishnan Parwani: Okay. Thank you. These are the two questions and wish you all the best. Thank you.

Ranjit Pendurthi: Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, that was the last question. I now hand the conference over to the management team for closing comments.

Ranjit Pendurthi: So, thank you, everyone, for joining us in this earnings call. We appreciate your time and showing interest in our company, as always. We're happy with the questions we got and the clarifications we have provided. We hope it's the same for you.

In case of any further queries, of course, you can always get in touch with us, RSJ, our investor relations advisors, and we look forward to meeting all of you over the next call. Thank you.

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