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# Archean Chemical Industries Limited

August 19, 2023

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Scrip Code- 543657

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

Dear Sir/Madam,

**Subject: Transcript of Earnings Call.**

**Reference: Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

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 August 14, 2023 post announcement of financial results of the Company for the quarter ended June 30, 2023.

The above information shall be made available on the website of the Company at [www.archeanchemicals.com](http://www.archeanchemicals.com)

We request you to take the above on records.

Thanking you

Yours faithfully  
For Archean Chemical Industries Limited

**S. Balasundharam**  
Company Secretary and Compliance Officer

Encl: A/a



# “Archean Chemical Industries Limited Q1 FY '24 Earnings Conference Call”

August 14, 2023

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**MANAGEMENT:**                    **MR. RANJIT PENDURTHI – MANAGING DIRECTOR – ARCHEAN CHEMICAL INDUSTRIES LIMITED**  
**MR. RAGHUNATHAN R – CHIEF FINANCIAL OFFICER – ARCHEAN CHEMICAL INDUSTRIES LIMITED**  
**MR. RAJEEV KUMAR – DGM FINANCE – ARCHEAN CHEMICAL INDUSTRIES LIMITED**

**MODERATOR:**                    **STRATEGIC GROWTH ADVISORS PVT. LTD.**



*Archean Chemical Industries Limited  
August 14, 2023*

**Moderator:**

Ladies and gentlemen, good day and welcome to Q1 FY24 Earnings Conference Call of Archean Chemical Industries Limited. This conference call may contain forward-looking statements about the company, which are based on the belief, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risk and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity 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 Chemical Industries Limited. Thank you and over to you, sir.

**Ranjit Pendurthi:**

Thank you. Good morning, ladies, and gentlemen. We wish you all a warm welcome to our Q1 FY24 earnings call. Today I am accompanied by our CFO, Mr. Raghunathan, and Mr. Rajeev Kumar, DGM Finance and SGA, our Investor Relations Advisor. I hope everyone had an opportunity to go through the financial results and investor presentation which has been uploaded on the stock exchange and on our company website as well.

I will give you all a quick snapshot on the industry and recent developments of the company. Post that Mr. Raghunathan our CFO will walk you through the operational and financial performance data of the company. So to start with the industry highlights, the quarter gone by has been a fairly challenging period for the entire chemical industry, as you all may be well aware. There are headwinds across the chemical sector, as large amounts of destocking is happening across the board, across geographies as well, and in the overseas market specifically. Just like any other product, Bromine and Bromine derivative products are not an exception to these challenges.

Global players are liquidating their inventory across sectors, and the inventory levels have been coming down, so we believe that there will be some green shoots in the coming period and the current trend will reverse. Some industry may take more time to recoup as overall consumption of China, which is a large consumer of many chemicals as well as an exporter of end products is also slower than expected. And same is witnessed in the business performance of many of our domestic manufacturers.

Most of the manufacturers are reassessing their market strategy and cost structure due to this uncertainty and so are we as a company. Nevertheless, despite this global turbulency, with all the other geopolitical issues going on, India is still doing very well and incurring significant capex for long-term growth opportunity, and we believe that that is a strategy that suits us best as well. It is worthy to note that the demand from domestic market has remained firm despite pricing pressure and we believe that this will continue as we go forward.

Coming to our company performance, we are glad to inform you that the company was able to report a healthy performance for the quarter, registering a total revenue of INR3,543 million for Q1 FY24. We did see some moderation in business due to gradual pickup from global customers and also due to the cyclone in June, as you're aware in Gujarat. A plant was shut for a few days in order to protect our employees and assets.

We resumed our operations within a week's time and normalized the operation in phases. The team at the facilities performed a great job in normalizing the situation in quick time. I would like to acknowledge and thank the entire team and staff at our company for their grit and commitment.

Coming to the segment wise performance. Bromine specifically, revenue contribution from Bromine in Q1 FY24 was about 40% as INR1,331 million. Realization of Bromine has been trending down for the last couple of quarters led by overall destocking, which I mentioned a few minutes ago, which we have also highlighted in our earlier call.

Demand, however, from domestic clients continues to be firm despite pricing pressure. Puritane bromine is very important and very limited players like us are meeting the global demand at the specification level. We are seeing some green shoots as many customers have liquidated a large part of the inventory and the export market is picking up again. We expect a steady business in the coming quarters.

Moving on to the industrial salt segment. Industrial salt contributed nearly 59% to our top line during Q1 FY '24 with a revenue of \$1,983 million. Demand for this business is primarily driven by chlorine in the Asian market, so many players have expanded their production and expanded the chlorine usage and its downstream product capacities. Hence the demand continues to remain robust and we do not see a challenge to this.

Coming to the pricing aspect, since more than half our industrial salt business is on long-term contract basis, volatility in the spot doesn't get echoed on our business performance. We also have ongoing contracts with few customers as well, and also expanding the client base by adding new customers. We're maintaining the quarterly volume run rate of a million tons and expect the same momentum to continue in the coming period.

On sulfate of potash segment, this continues to be an important business for us. This product has its own gestation period before it fully picks up. We have started seeing some traction from few clients, and also the domestic market is being aggressively marketed to and believe that the volumes will pick up domestically as well. And we expect to stabilize this in the current financial year.

That's it from my side. Now I request, our CFO, Mr. Raghunathan Rajagopalan to run through the financial performance.

**Raghunathan R:**

Thank you, sir. And a very good morning to all the participants on the call. We are pleased to report a reasonable performance for this quarter.



To give a summary of Q1 of FY '24, the company registered a total revenue of INR3,543 million. Of course, you could see a drop of 13% on a Y-on-Y basis. As highlighted by MD, the drop is predominantly due to headwinds across the chemical industry on the demand trend.

Export market contributed around 66% and the remaining 34% came from the domestic market. Coming to the business mix, bromine contributed 40% of the total revenue and the industrial salt 59% and the balance from SOP.

Moving on to the sales volume, around 4,273 metric tons of bromine was sold in this quarter against 5,729 in the same quarter in previous year and in the industrial salt the sales volume was around 1.06 million tons.

EBITDA for the companies stood at INR1,460 million and EBITDA margins stood at 41%.

Various operational efficiency measures that were taken have increased the output, coupled with lowering of the input cost, transportation, and power and fuel have really supported us to hold on to this margin of 41%.

Net profit after tax for the quarter stood at around INR942 million, a growth of 11% on a Y-on-Y basis. With this we conclude the speech and open the floor for Q&A. Thank you.

**Moderator:**

Thank you very much. We will now begin the question-and-answer session.

We have a first question from the line of Sudarshan Padmanabhan from JM Financial PMS. Please go ahead.

**Sudarshan Padmanabhan:** Thank you for taking my question. So my question is going a little deeper on your comment on the bromine market. When I'm looking at the second half specifically of July and more so in August, we are noticing that the bromine prices in China have improved. And primarily because of the reasons that you mentioned. In that context, I am trying to understand, one, the demand from export and long-term contracts.

You know, given that the prices were volatile, my assumption would be that clients would be vary, you know, to come and discuss on longer term contracts. But with that, is the worst over and do you see, you know, start seeing some kind of a demand coming in from the export client as well on the program?

**Ranjit Pendurthi:**

So thank you for the question. I think some of your observations are correct. We do see the demand picking up overseas, although it's not the speed that we expect, but we are happy that it's coming back. So some of the clients who've been sitting on the sidelines, I think they are re-engaging to pick up the contracted volumes again.

And we think, which is why we feel that in the coming quarters, some of this demand would come back. The overall market, of course, continues to be healthy. I think it is not a question of is bromine required or not. It is required. It will continue to be required for various

derivatives on the agrochemical side, pharma side, and various other end uses . So I think largely with the theme and the chemical sector of de-stocking happening, I think we believe that some of these customers will come back.

**Sudarshan Padmanabhan:** So in the context of the derivative that has been given up, new capacity coming in the fourth quarter, I mean do you think that primarily as we start negotiating even for the derivative, more or less things will become more rationalized and normalized and probably we should have a good platform to start selling the derivative as and when the capacity comes on stream?

**Ranjit Pendurthi:** Yes, I believe our strength will get more solid as we become a fully integrated player, which is why I think our capex into the Bromine Derivative Project continues. I think that the real strength will come on board when we commission this in the coming quarters. And the engagement on the competitive side also remains strong.

We have started marketing to some customers about the potential products that we will start making, and I think the feedback is very good.

**Sudarshan Padmanabhan:** So on the cost side, I mean, you did talk about some of these players talking to you about the cost and we are also looking at it. Can you give a little bit more color? I understand that partially you would have benefited in the quarter by lower power and transportation. Should we see more benefits going forward on that context? And also quickly on the SOP, I mean, when should we see the liquidation of the 8,800 funds that we had created?

**Ranjit Pendurthi** So I'll start with the second question first. I think the liquidation has already started. And like I said, the domestic market, interestingly, has been a good surprise for us. We are moving consistent volume month on month and increasing our local sales. And also the consignment for the exports also have started as we speak. So the entire quantity should be liquidated within this year very comfortably.

Coming to your first question on the cost rationalization and optimization, I'll ask Mr. Raghunathan to shed some light on that.

**Raghunathan R:** Yes, as we have mentioned in our speech, we have done some rational in our cost, about some cost reduction measures. And we could see that in the overall on aggregate basis on raw material transportation as well as on power and fuel we could see a savings of close to around INR14 crores to INR15 crores in this quarter and we could see that this trend will continue. And we still see that there are a lot of opportunities and bring down the cost going forward.

**Moderator:** Thank you. We'll take our next question from the line of Sanjesh Jain from ICICI Securities. Please go ahead.

**Sanjesh Jain:** Good morning, Ranjit. Thanks for taking my question. I've got a couple of them. First on the Salt side, can I get the volumes of all the three segments by sales for this quarter?



**Raghunathan R:** Yes, Sanjesh, good morning and to look at the sales quantity for Q1, bromine is 4,272 metric tons.

**Sanjesh Jain:** 4272.

**Raghunathan R:** Yes, the sales quantity and the salt is around 1.06 million. The SOP that was sold is around 380 tons.

**Sanjesh Jain:** 382 tons. And what is the numbers for the preceding quarter last year for the same quarter? Preceding year sorry?

**Raghunathan R:** On bromine it is 5,730. Salt is 0.96. And SOP is...

**Sanjesh Jain:** SOP is zero?

**Raghunathan R:** 65.

**Sanjesh Jain:** Just looking at the bromine realization for this quarter was close to 320. How do you see these prices for us in, say, for this year and next year? Do you see there's an opportunity for the prices to harden from here, or do you think the prices can remain stable at these levels? I have another question related to bromine.

Construction is a very large part of flame retardant in China and other part of the world, and construction seems to be a sector which is facing a lot of headwinds in China. In this context, do you still believe that a full recovery in the bromine demand is possible for this year? These are my first questions. Thank you.

**Ranjit Pendurthi:** Thank you, Sanjesh. I think the first question on price, I think in the last few months, we have seen a bottom on the price. And I think on the recovery front, well, it's a bit unclear on how much the price will recover, but I think what we are happy to see is that the demand remains firm, and thereby, like I mentioned in the introduction, we are seeing some of the Chinese customers come back on the buying side, so we think that will continue.

On the second question that you had on the construction industry sector itself in China, yes, I think they are going through a fair bit of churn and a downturn. However, I think all reports that we read and the news that we are getting from some of the customers, I think the government is planning to step in in a large way and support these infrastructure projects, etcetera, which I think the Chinese government has traditionally done.

When required, they've stepped in to support the market. And I think real estate is a very crucial market for them. So construction, we believe, we know will pick up. The timing of which remains a bit uncertain, but nevertheless, I think our customers are not necessarily only on derivatives that are focused on the construction aspect. I mean, a lot of them have in other places as well, auto electronics, textiles, etcetera. So the advantage being a diversified market for the derivatives, I think is a good thing.



**Sanjesh Jain:** Fair enough. Second, again on the bromine derivative side, do you think as sluggish demand, your ramp up in derivative will be slower than anticipated or you think once we start producing and we have a contract to supply at least a flame retardant to an existing buyer, the ramp-up will not be a problem at least on the flame-retardant side?

**Ranjit Pendurthi** I think if you may recall, we are doing our downstream project in two phases. So Phase 1 does not involve flame retardants. That's Phase 2. So the Phase 1 is brominated clear brine fluids, PTA synthesis catalyst, etcetera. So there I think we've started some groundwork on the marketing side. And as I said, we're getting very good feedback on people wanting to either buy on a tie up or on a long-term basis so that endeavour will continue.

On the flame retardant itself I think the fact that we will be an integrated producer I think that gives us a lot of competitive strength and edge most importantly. So I think the pricing itself would be of some concern but I think in terms of being able to sell what we make as and when the plant is up and ready, I think we don't see too much of a challenge at this point.

**Sanjesh Jain:** Got it. Just a clarification there. We said that the entire plant to be operational by end of this fiscal year. That also includes Phase 2 or you think Phase 2 could slip to FY '25?

**Ranjit Pendurthi:** No, I think the plant itself will be ready. I think the commissioning itself we will do it in two phases. So the second phase will be the flame retardant. That one we will probably do it in the first quarter of next financial year.

**Sanjesh Jain:** Got it. And in the presentation, I can see the pictures of the R&D setup. It's operational or it's just the building has come up and can you help us understand what's happening on the R&D side for us?

**Ranjit Pendurthi:** So I think the initial setup of R&D is ready so I think the trials for the end products are already going on. And we probably will start sending out some samples in post Diwali.

**Sanjesh Jain:** Got it. And what is the strength of R&D right now for us and are these restricted to the product we are starting initially and what are the plans for the R&D in FY25?

**Ranjit Pendurthi:** I think R&D at the moment is a four-member team, and we are briefing that up as we go along. And I think by FY'25, again, if you may recall earlier conversations, I think we plan to have up to a 10-member team for R&D, specifically with industry application and...

**Sanjesh Jain:** Got it, got it. The second question is on the salt. We're looking to add another two conveyor or washeries, are they in the progress and when can we expect that to be commissioned?

**Ranjit Pendurthi:** Well, we are still targeting to, as we discussed or mentioned on the calls earlier before March 24, but give or take this may be a month simply because I think the ground remains wet from all the excess rain Gujarat has had across the state. I think, there's been a 60% excess rain this year. So, I think we need some amount of dry weather to come continuously to start the piling,

etcetera. But as such, the drawings and engineering everything is ready. So, once we start the work, we wouldn't take too much time. It's something we're very familiar with.

**Sanjesh Jain:**

Do you think there could be a risk to the salt volume considering that the caustic and soda ash prices are now significantly corrected if you look at the results of the peer, hardly anybody is making any money in the caustic right now. Can this be a challenge for an off take in the salt volumes?

**Ranjit Pendurthi:**

The moment we're not seeing it, because I think, again, given that all of you have a lot of expertise in this area, I think the export market works a little bit differently, as you may be aware. They are primarily chlorine driven end users, not caustic driven, unlike the domestic market here.

So, I think the chlorine side, I think things are still a bit healthy, because it's just not about only PVC as a chain, but there's a lot of other end chlorine derivatives that a lot of companies make. So I think at the moment we're not seeing any let up in the shipments or the contract and volumes.

**Sanjesh Jain:**

Got it. My last question is on the SOP. What are the expectations for KTMS harvest this year and so that conversion of SOP, how do you see that happening for this year?

**Ranjit Pendurthi:**

I think our engagement with our technology supplier continues and I think they've done the first two levels of testing and I believe that they're going to do the third one sometime post the summer holidays in Europe. So, we hope to get some feedback. So far, it's been positive in the right direction, as we had hoped for.

And I think in September, we should have a fairly clear plan on what we will do with the KTMS and also the conversion ratios. This testing is all a part of that endeavour. So, I think we'll probably have a better update for you on our next call.

In the interim, the SOP volumes, whatever we had in stock, I think we're successfully getting it sold both domestically and export has started as well. So, I think we're happy about that. So the domestic market actually has found, we found a good market in the domestic.

**Sanjesh Jain:**

And in this testing, is the improvement significantly better than the existing harvesting technique which we use?

**Ranjit Pendurthi:**

We do expect significantly better conversion ratios, yes.

**Sanjesh Jain:**

But KTMS we have to still produce, right? Conversion is more of a plant you're telling or the salt itself?

**Ranjit Pendurthi:**

The plant. KTMS we already have what we have in stock as well. So, I think the KTMS is not the immediate concern at the moment. We would like to see how to get the ratio on the conversion sorted out first.



- Sanjesh Jain:** Fair enough. Thanks, Ranjit, for answering all my questions.
- Ranjit Pendurthi:** Thank you.
- Moderator:** Thank you. We have a next question from the line of Krishan Parwani from JM Financial. Please go ahead.
- Krishan Parwani:** Yes, hi. Thank you for taking my question. I have like two, three clarifications. So, firstly on bromine, I think you are kind of able to hold on to the USD4 per kg guidance price range. So, just on the volume front, do you kind of see FY'22 kind of a sales volume in FY24 or would that be too aggressive of a number?
- Ranjit Pendurthi:** I think given the domestic demand as well as the export market coming back, I think we are confident of holding to the guidance that we have given, but I think it's still early days a bit, but at the moment we don't see any specific reason to have to change it.
- Krishan Parwani:** Okay, got it. Thanks for that. for the flame retardants side, I think since 90% of our volume is going to be contracted, was it on a customer's request that we have delayed the flame retardants plant to let's say the first half of 25 from the second half of 24?
- Ranjit Pendurthi:** No, I don't believe so. I think you have to keep in mind that being an integrated manufacturer like the likes of – you have the overseas players like Albamarle or ICL right? I think that advantage always remains. So, it's a question of just pricing, but even at a very conservative price, I think the demand still is there as well as the margin can still be held. So, we have not done any deference.
- I think we'd always said that the capex is going to go at one time, and the commissioning is going to happen in two phases. First, we'll have the clear brine fluid and the PTA synthesis and the other allied products, and then the flame retardants. Flame retardants are slightly more technical products. So, in terms of customer evaluation, etcetera, there's a little bit more time that happens. So, it's not just about competing on price.
- Krishan Parwani:** Understood. And lastly on the phase one of your, let's say, the derivatives project, what kind of a utilization you expect from, let's say, the clear brine fluids or PTA synthesis catalysts in this current fiscal year?
- Ranjit Pendurthi:** I think in the first year, we have set ourselves up to target about 70% odd utilization because as I just said a few minutes earlier on earlier questions, post-Diwali we start aggressively marketing the products. So, we should have all the tie-ups done. So, we'll have a better visibility not to be able to get that utilization rate going at 70% in the first year.
- Krishan Parwani:** Okay, that's great. And just the last bit from my side, on the margin front, do you expect to see an uptick despite let's say the aggressive marketing from the second half? So, whatever, let's say margin that you have done in the first quarter, let's say 39% deducting the other income, do you expect to see the margin going upwards from here on?



- Ranjit Pendurthi:** I think 39% is pretty good. So, obviously any higher margin will be welcome, but I think we've always said that this 37 to 42 that's the space that we are happy to look at as a margin and I think that's what we're holding on. And I think we're holding on mid-range, possibly the upper range of that. But that's ideally where we would like to be no matter what we have to do.
- Krishan Parwani:** Got it, got it. Thank you for answering my questions and all the best for the coming quarters.
- Ranjit Pendurthi:** Thank you.
- Moderator:** Thank you. We have a next question from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** Yes, sir. Thank you for the opportunity. A few clarifications from the capacity that you are adding and the expansion which are coming in. So, from the presentation, we are adding about 32,000-ton capacity in the bromine side and the derivative side is about 28,000 tons. So, is it first of all fair to assume that the incremental bromine capacity will be – is largely set to the bromine derivative, that is the first question.
- My second question is from incremental volume in bromine will be, only bromine will be about 4,000 tons, 5,000 tons versus whatever we are doing about 20,000 tons, 21,000 tons. Then on the derivative side we mentioned that the brine fluid capacity will come from quarter 4 of this year. I did not understand when the flame-retardant capacity will come and both these capacities to hit 100% utilization, will it be FY'26 is my other question?
- Ranjit Pendurthi:** I am going to attempt answering all the questions and if need be, please help me with repeating a question if I do not get to answer it. So, the first one I think is that yes, your observation is correct a large part of the expansion will go into our captive views and the downstream facility. So, that is what will happen. So you're right in that observation.
- The second one is, I think, on the commissioning of the flame retardant that will happen. We will, I mean, conservatively, we will try to get it done in the first quarter of FY'25. However, as I said, capex is going in for all of them at one time. So, on an aggressive basis, we will see if we can commission it in FY'24 itself, but that I would say is a touch and go on the flame retardant.
- Pritesh Chheda:** On the full capacity utilization of bromine derivatives, do you think it is FY'26 considering whatever approvals, product, etcetera that you need to get in place?
- Ranjit Pendurthi:** Yes, 25 end we anticipate it should happen.
- Pritesh Chheda:** Okay. And lastly, sir, on the bromine derivatives, on the bromine side, for the 32,000-ton capacity that you are adding, what is your capacity in the system then?
- Ranjit Pendurthi:** Sorry, can you just clarify that question, how do you mean capacity in the system?
- Pritesh Chheda:** What is your capacity in bromine, after this 32,000-ton capacity that you are adding?



- Ranjit Pendurthi:** Understood. Okay. It is 42,000 and change.
- Pritesh Chheda:** So, you add 10,000 which is growing to 42.
- Ranjit Pendurthi:** Right.
- Pritesh Chheda:** And you are doing 20,000 ton already kind of a number. So, then the bromine needed for the derivative there would be more capacity expansion in bromine because bromine derivative you are adding 28,000 tons?
- Ranjit Pendurthi:** So the 28,000 tons of bromine derivatives do not necessarily consume 28,000 tons of bromine. It will be not necessarily a linear ratio of 1 is to 1.
- Pritesh Chheda:** Okay.
- Ranjit Pendurthi:** It could anyway range between 0.2 tons of bromine for a product to up to 0.9 tons of bromine to a product. So, the product mix will determine how much bromine will grow.
- Pritesh Chheda:** But the larger part of the incremental bromine is meant for bromine derivatives only?
- Ranjit Pendurthi:** Yes, largely yes.
- Pritesh Chheda:** Largely yes. Okay, thank you. I will come back for more questions if I have sir.
- Ranjit Pendurthi:** Thank you.
- Moderator:** Thank you. We have our next question from the line of Viral Shah from IIFL Securities. Please go ahead.
- Viral Shah:** Hi, sir. I just have one question. Can you please provide revenue split for 1Q FY23?
- Ranjit Pendurthi:** Revenue split for what?
- Viral Shah:** Yes, segment-wise, revenue split for 1Q FY23 that is last quarter, same quarter last year?
- Raghunathan R:** Yes, the salt has contributed around 1,960 million and bromine 2,038 million.
- Viral Shah:** 2,038 million. Yes, thank you.
- Moderator:** Thank you. We have our next question from the line of Shantanu from IRF. Please go ahead.
- Shantanu:** Yes, thank you. Hi, Ranjit. Ranjit, you spoke about the China market. Can you give us a sense of where the India market is both in terms of the bromine pricing because it sort of tracks to the China market and also in terms of the domestic demand on bromine, that's question number one.

The question number two is, in so far as China is concerned, do you see any supply side uptake both on the bromine and industrial salts from the China producers?

**Ranjit Pendurthi:** Thanks, Shantanu. I think if I understood the first question, you're asking about the pricing in India and China on bromine.

**Shantanu:** Yes, how is the India pricing tracking based on where the China bromine pricing lies? Do you think there is a lag or is it tracking exactly as China, so if China is bottomed down out, do you think that India is also bottomed out on the bromine pricing for the domestic market?

**Ranjit Pendurthi:** I think that happened in the last couple of quarters. I think the Chinese price obviously has come down faster simply because it rose much faster. And I think now they're finding pretty much a balance between the two and we're seeing that.

**Shantanu:** So, there's no significant difference in China and India pricing in the spot market?

**Ranjit Pendurthi:** At the moment, no. There's not any real difference. I think it just comes down to certain customers, how you price it with them, vis-a-vis export.

**Shantanu:** And how do you see the demand, the domestic demand?

**Ranjit Pendurthi:** Domestic demand, I think, is good. Like I said earlier, I think it's pretty firm. I think the Ag Chem guys and the Pharma guys are fairly more resilient. And I think there are certain companies that are having product portfolio differences between each other. So, there are certain ones that are doing better than some, but I think overall it's still firm.

**Shantanu:** And the second part of the question is, in so far as China is concerned, have you seen any supply uptake from domestic producers of bromine or salt?

**Ranjit Pendurthi:** Nothing significant. I mean, I'm going by the fact that our business continues quite firm on the salt side. Bromine, of course, I think summer always is where the small domestic producers in China do a little bit more. It's warmer, so they can produce a bit more, but nothing out of the ordinary.

**Shantanu:** Thank you. We have our next question from the line of Rohit Nagraj from Centrum Broking. Please go ahead.

**Rohit Nagraj:** Yes, thanks for the opportunity. Sir, my questions are on bromine derivatives. So in clear brine fluids, you have mentioned that the technology tie-up includes a 90% off take from the Chinese technology provider. So, here are we going in a cost-plus basis model or how the pricing of the product is done for this?

**Rajeev Kumar:** Hi, Rohit Rajeev here. So, just to clarify our 90% off take is for flame retardant, not clear brine fluid. Clear brine fluid, we are actually doing the project with our own R&D inputs. And also the marketing of clear brine fluid will not be on the cost-plus model.



- Rohit Nagraj:** Sure. Unfortunately, I think in the presentation on 19 number slides, it is mentioned in clear brine fluids column. So I don't know, maybe it might be.
- Rajeev Kumar:** Maybe it's an alignment issue, but the 90% of the case on flame retardant side.
- Rohit Nagraj:** Right, got it. And second question is again on the PTA synthesis catalyst. So, as of now, is it a replacement for the existing catalyst, or how does it work? So I mean, I understand that existing PTA players must be using some catalyst. So our bromine catalyst will be a replacement of it or we'll have to go in for only the newer capacities which are coming in to market this catalyst?
- Rajeev Kumar:** So, essentially it is not a replacement. The catalyst which we will be making will be from virgin bromine. Generally a lot of manufacturers make it from the recovered bromine. So, the PTA catalyst that we are attempting to will have a good demand and we, like our MD said, we are already starting to reach out to potential customers and that marketing activity will pick up pace from Diwali onwards.
- Rohit Nagraj:** Right, so we will be displacing some of the existing players in terms of the quality of the product, is that understanding right?
- Rajeev Kumar:** So we'll see when it comes but our PTA catalyst will be based on purity. Purity will be very high for it, for the product.
- Rohit Nagraj:** Right sir. Got it. Thanks for answering the questions and best of luck.
- Moderator:** Thank you. We have next question from the line of Pritesh Chheda from Lucky Investment Managers. Please go ahead.
- Pritesh Chheda:** Yes, sir one more clarification. So, when these capacities come on stream fully and we had utilized what will be the bromine plus – what will be the brome volume sold and what will be the bromine derivatives volumes. So, the bromine volume, which is about, let us say, 20,000, 21,000 tons give or take whatever we see on the quarterly swing what should be that number in FY'26 and what would be the bromine derivative number in FY26?
- Ranjit Pendurthi:** I think when all the plants are up and running and let us assume 90% capacity utilization conservatively, I think we expect pure bromine to be anywhere between 25,000 to 28,000 and the bromine derivatives to consume anywhere between 13,000 to 15,000, 16,000 tons.
- Pritesh Chheda:** Bromine derivatives to consume bromine of 13,000 to 15,000 tons, right?
- Ranjit Pendurthi:** Right.
- Pritesh Chheda:** Then what will be the derivative volume itself because that includes a part of bromine, so your derivative capacity is 28, so we should take 90% of that 28 to about 24,000, 25,000 tons of derivative?



*Archean Chemical Industries Limited*  
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- Rajeev Kumar:** So, Mr. Pritesh we had answered this question in our previous earning call, but just to reiterate the capacity of our bromine derivative is 28,000. 28,000 of bromine derivative will require around 13,000 to 14,000 tons of bromine and as and when we further increase the capacity of downstream, we will have to expand our bromine capacity.
- Pritesh Chheda:** Okay sir.
- Ranjit Pendurthi:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments. Over to you, sir.
- Ranjit Pendurthi:** Thank you everyone for joining us in this earnings call today. I appreciate your time and showing interest in our company. We look forward to meeting all of you over the next call. We wish you a Happy Independence Day. Jai Hind.
- Moderator:** Thank you sir. On behalf of Archean Chemical Industries, that concludes this conference. Thank you for joining us and you may now disconnect your lines.