



Archean Chemical Industries Limited

November 10, 2023

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

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

Dear Sir/Madam,

Sub: Transcript of Earnings Call

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

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, please find enclosed herewith the transcript of the earnings call held on 08th November 2023 post announcement of financial results of the Company for the second quarter and half year ended 30th September 2023.

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

Kindly take the same on record.

Thanking you

Yours faithfully
For Archean Chemical Industries Limited

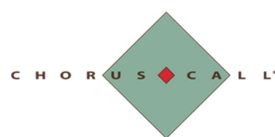
S Balasundharam
Company Secretary & Compliance Officer
M. No. A-11114

Encl: A/a



“Archean Chemical Industries Limited Q2 FY '24 Earnings Conference Call”

November 08, 2023



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

MODERATOR: STRATEGIC GROWTH ADVISORS

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 8th November 2023 will prevail

Moderator:

Ladies and gentlemen, good day and welcome to Archean Chemical Industries Limited Q2 FY '24 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on date of this call. The 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 touch-tone phone. Please note that this conference is being recorded.

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

Ranjit Pendurthi:

Thank you, Seema. Good morning, ladies and gentlemen. We wish you all a very warm welcome to our Q2 FY '24 Earnings Call today. I'm accompanied by our CFO, Mr. Raghunathan Rajagopalan, Mr. Rajeev Kumar, DGM Finance, and SGA, Investor Relations Advisors.

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

As you know, it's been an interesting time for the entire chemical industry. There's been some headwinds, no doubt. I think all of you are aware of that across the sector and something specific to our business as well. So some of the recent developments, I'll give it segment-wise, which will give better clarity to the larger community. To start with, on the bromine business itself, as you know, it's an important business for us, especially the chemicals company.

It's estimated that the industry size of the bromine is nearly \$3 billion annually and is expected to grow at mid-single digits due to the rising consumption of derivative products across the world. China is obviously a big market, so bromine and most of the growth will be echoed from this market due to the rising fire safety norms in electronic products such as smartphones, TVs, wires, cables, electronics, etcetera. China, as you're all aware, is the biggest supplier of these products in the global market, and any slowdown in consumption will hinder the sourcing of key raw materials like bromine, apart from many other products that they buy.

We're seeing this temporary blip over the last couple of quarters due to rising stockpile at different levels. As you're aware, the entire chemical market industry is working with destocking at various product portfolios across the board, and bromine is not an exception to that particular headwind at the moment. However, despite these uncertainties and changing global landscape, the company has maintained a steady performance during this quarter.

We saw some moderations from the select customers as they have deferred some of their buying due to the ongoing liquidation of their excess inventory, and this is happening as we

speak, and this also gives us an insight into how the next few quarters will be. This moderation has lingered over the last couple of quarters, especially on the bromine business.

Further, we would like to also let the investors know that as of now, we have not seen any significant impact on the bromine industry due to the recent ongoing tension in the Middle East.

However, in the last few weeks, we have seen some signs of uptick in demand, but there's more of restocking rather than demand supply mismatch. We foresee the second half of the financial year to be better than the first half, and demand will flow from the end customers, especially from the clients who are sitting at low inventory levels. On the industrial salt business next, we're pleased to report that we have been consistently maintaining our quarterly volume run rate of a million tons each quarter.

So industrial salt has been used in wide end-user industries, and we serve mostly chlorine and chlorine-derivative manufacturers in the Asian market. We have seen a firm demand and a continuing firm demand, in fact, for industrial salt from these manufacturers, and we foresee this momentum to continue in the upcoming periods because of our long-term contracts as well.

Next, on the sulphate of potash, what we call SOP side, we are seeing some traction from a few clients and have done a meaningful business during the quarter. We're conducting multiple trials in the market for further diversification of the product profile itself, and we will be able to serve our domestic customers as well and foresee this business to grow in the next financial year. Just to add, the domestic market is something we've entered in the last couple of quarters, and we're seeing a healthy demand from various end-users here as well.

It's important to note, of course, that most of our business contracts are bilateral in nature, which underline the stability and predictability of our business operations. Commercial terms of these bilateral contracts vary from customer to customer, depending upon the size and scale of the requirement. We continue to have a deep engagement with them for their future requirements and are closely monitoring it. We believe this recent, prudent approach by customers is momentary and will not adversely impact in medium to long term.

We are delighted, of course, to inform you that we have expanded our client base with a balanced mix of global customers and domestic customers. We went into longer term contracts with larger customers as well. Our company has built a strong foundation over the years in the marine chemicals space, and we're in a good position to leverage our technical know-how in the bromine-derivative products along with our primary focus. It means an establishing enduring collaborations with customers across all our key products.

That's it from my side on the overall view of the business. Now I'd like to hand it over to our CFO, Mr. Raghunathan Rajagopalan, to run you through some financial performance and other numbers as well. Thank you.

Raghunathan R: Thank you, sir. And a very good morning to all the participants on the call. We are pleased to report reasonably a good performance for this quarter, despite the continuing turbulence across the globe, as our MD has indicated.

To give a summary of Q2 of FY '24, total revenue that we have registered for this quarter is at INR3,020 million, a marginal drop in the growth by around 3% on a one-on-one basis. Export market contributed around 72%, and the balance of 28% comes from the domestic market.

Coming to the volumes, bromine sales for this quarter of Q2 of FY '24 should near about 3,400 levels, and Industrial salt was close to 1 million level. EBITDA for this quarter was at 1,072 million, a drop of around 22% on a YoY basis. And this drop is predominantly due to a drop in the average realization of the bromine price.

EBITDA margin stood at 35%. Continuous efforts in achieving our operational efficiency by way of increased output, coupled with lowering of raw material costs and other input costs, such as transportation, power, and fuel, have contributed to achieve this EBITDA margin.

Net profit for the quarter stood at around 663 million. A growth of 4% on a one-on-one basis. Net debt to equity is nil and returns on equity and returns on capital employed were at 21% and 25%, respectively.

In line with our dividend distribution policy, as approved by the Board of Directors, the Board has declared an interim dividend of INR1, which is around 50% of the paid-up share capital per equity share of INR2. That will entail a cash outflow of 123 million.

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

Moderator: Thank you very much. We will now begin with the question-and-answer session. Thank you. We take the first question from the line of Sanjesh Jain from ICICI Securities. Please go ahead, sir.

Sanjesh Jain: Yes, good morning. Thanks for taking my question. First on the bromine derivative side, in the last con-call, we said that we will be starting sampling closer to Diwali. Any more update you want to share on how many products we have trailed and have the samples started going in? So, what are the initial developments on the derivative side you want to share? And where are we in terms of building the plant? Are we in line to commercialize it between Q4 of this year and Q1 of next year?

Ranjit Pendurthi: So, thank you, Sanjesh, for the question. So, the Bromine derivative business, I think, is on track. The market remains healthy. We see a lot of potential requests from clients for various products. So, we have started discussions with them. And the plant itself is under construction, as you know, and we anticipate that in the timeframe that you mentioned to start up. And we are on track on that front.

Sanjesh Jain: Okay. And on the sampling, we have started that or its post-Diwali kind of a phenomenon?

- Ranjit Pendurthi:** No, the sampling has started. So, I think the trial of course, the trial batches as such haven't started because the plant is still under construction. But I think the sampling and test samples, etcetera, being done in the R&D, I think they have been, we're almost ready with those to start sending out to customers, maybe starting in the new year.
- Sanjesh Jain:** Got it. Got it. On the Bromine side, I think we have a sharp decline in the realization from last quarter to this quarter that also tells that a lot of the older contracts are now renewed. How are we looking in terms of volume for in the coming year? And does this political situation, geopolitical situation, has helped us to find more contracts, add more customers, any more color that you want to add?
- Ranjit Pendurthi:** I think on the customer front, I think our engagement continues. We do have some newer customers as well. And I think, like I mentioned in my introduction, we're not seeing too much of a fallout from the Middle East issues right now in terms of supply disruption. However, at the same time, I think as any prudent customer who's buying from that region would like to kind of have a plan B.
- So, I think we are seeing some requests coming from customers who would like to possibly safeguard some of the volumes and are talking to us. And we're engaging with them to be able to have an alternate source. So, we do see a positive, if I can say that, from our perspective.
- Sanjesh Jain:** So, next year we should see a healthy volume growth because of restocking and adding more customers and customers themselves looking to de-risking the geographical concentration. Will that be a fair assumption?
- Ranjit Pendurthi:** I wouldn't dispute that assumption.
- Sanjesh Jain:** Good. And on the SOP, where are we in terms of location technology, the progress we were trying to make with the technology partner?
- Ranjit Pendurthi:** I think we're making very good progress. I think the last but one trial has been conducted. So, I think we have a team. We're hoping with all the visas and all that sorted out, we have a team hopefully going in the first quarter. Actually, let me rephrase that. Going in the next quarter, the last quarter of the year to visit and do the last batch trials and tests under our supervision. And I think post that, we will possibly look at putting some infrastructure on the ground and making some changes to the plant.
- Sanjesh Jain:** Will that involve a significant capex or because of the change in the way we are processing now?
- Ranjit Pendurthi:** We have discussed with the technology providers, the German people, to accommodate whatever we have and minimize the capex spend or technology spend. So, we don't anticipate anything significant as an outflow.
- Sanjesh Jain:** Got it. One last question. A quick question to Raghu, sir. What are the SOP volumes for this quarter? We said 3,400 for Bromine, a million for salt. And what is for the SOP? Change volume?

- Raghunathan R:** SOP, yes, it's around 3,800 levels.
- Sanjesh Jain:** 3,800, okay. Got it. That's it from my side. Thanks, everyone, for answering my question. And best of luck for the new quarters.
- Moderator:** Thank you, sir. We take the next question from the line of Sudarshan Padmanabhan from JM Financial PMS. Please go ahead, sir.
- Sudarshan Padmanabhan:** Thank you for taking my question. So, just taking forward from Sanjesh, so when I look at the prices of Bromine as well as the volumes, there has been a dip. One is, the Bromine prices have improved towards the end of the last quarter, and you had also mentioned that newer contracts are getting signed. So, if you can give some clarity with respect to prospectively, you know, are we looking at better prices than newer contracts?
- Second is, has there been any shipment delay in the sense we have dispatched the volumes on Bromine or salt but not accorded as yet?
- Raghunathan R:** Mr. Sudarshan, I think if I understood your question right, I'm probably going to answer them, give the answer accordingly. I think, yes, as I mentioned, there is some positive in terms of the volume uptake given the situation going on in the Middle East or West Asia. So, I think that will flow through to us, for sure. And in terms of, I think, the pricing, as I said, there's no real supply disruption as such. So, the pricing, I think we have not seen any material uptick on that front.
- However, I would say that whatever decline that we have seen, we have seen possibly, I would say, I haven't seen a further decline that happened over the last couple of months. So, that's on those two aspects. The last part of your question, if you could repeat. I couldn't understand what exactly you were asking.
- Sudarshan Padmanabhan:** So, these Bromine volumes have dropped from the usual levels of 4,000 to 4,500. So, has there been any shipment that has happened but not booked as sales? I mean, which is probably explaining why there has been a drop. Or is it just that there has been lower demand and they should pick up going forward?
- Raghunathan R:** No, generally, this question...
- Ranjit Pendurthi:** I think, Raghunathan sir, maybe you can answer from the accounting perspective.
- Raghunathan R:** Just to take the question, yes, both the elements have influenced. But coming to our revenue recognition policy, as we see that the documentation process for the sale process is not complete, it generally follows some deferrals. And we had a deferral, of course, to around INR4 crores on this.
- Sudarshan Padmanabhan:** Sure, sir. And just to understand a little further, while the prices might be down, and as you mentioned the temporary dip, should we expect more or less the volume off-take to improve, say, in FY '25 as even discussed by the earlier participants? That should offset more or less the kind of temporary impact that we are seeing on the prices on the bromine side. Just trying to

understand, whether there can be a surprise in the volume, specifically one driven by the interim loss? And second is the prices itself has corrected quite sharply.

Raghunathan R: I think, I mean, between the last earnings call and this earnings call, again, geopolitical situation is turned for the worse. And along with that, as I made in my introductory remarks, the chemical industry as a whole is facing some headwinds. But for us specifically, the silver lining would be that, we would be possibly given that we are going to commission the derivative facility in the next few months, some part of our bromine is anyway planned to be used actively in our derivative plant. So there would be a movement of or increase of the overall volume.

Sudarshan Padmanabhan: Just one final question before I join back the queue is, we talked about signing more clients, I mean, more inquiries from clients. And on the derivative side, if you can throw a little bit more colors with respect to, versus, say, a month ago or a couple of months ago, given the Israel war, as you mentioned, Israel Plus One, opportunity that is staring at us. Are we seeing more and more clients, qualitatively on the elemental side and the derivative side, engaging with us? And should that benefit be seen, say, in FY '25?

Ranjit Pendurthi: Regrettably, given the situation, in adversity also lies opportunity. So, we do see a better dialogue and a more meaningful dialogue with some new prospects. And on the derivative side, for sure, we do have some customers that we are engaging with, possibly a little bit more actively today than a few months ago.

Sudarshan Padmanabhan: Sure. So we should see a faster off-take of the new capacity on the derivative side.

Ranjit Pendurthi: That is the plan, yes.

Sudarshan Padmanabhan: Sure. Thanks a lot. I'll join back in the queue.

Ranjit Pendurthi: Thank you.

Moderator: Thank you, sir. We take the next question from the line of Jainam Ghelani from SVAN Investments. Please go ahead, sir.

Jainam Ghelani: Hi, sir. Thanks a lot for this opportunity. As we had mentioned earlier that we usually sign one-year contracts for the bromine chemicals. So since the prices were down over the last past two quarters, do we see that – like have we signed contracts at the lower price and would that affect our margins for the next, for the next year or so?

Ranjit Pendurthi: I think our target has always been, some previous earnings calls as well and other conversations that we've had with the larger investor community. We've always said that our margins, we hope to retain, in the 37%- 40% range. So even in the tough pricing quarter that we have gone by, we are close to that range. So I believe that, we're already operating on a price level that, like I said, has not deteriorated over the last couple of months.

Jainam Ghelani: Okay, sir. And, sir, any updates on the lease of our salt fields?

Ranjit Pendurthi: That continues to be a work in progress.

Jainam Ghelani: That's it from my side. Thank you.

Ranjit Pendurthi: Thank you.

Moderator: Thank you, sir. The next question is from the line of Krishan Parwani from JM Financial. Please go ahead, sir.

Krishan Parwani: Yes, hi. Thank you for the opportunity, sir. Just one question from my side or rather a clarification. So you mentioned you've started sampling. So that would be for PTA synthesis and clear brine fluids, correct? Or the flame retardant sampling has also started?

Ranjit Pendurthi: No, on the formal. The PTA synthesis and the clear brine fluids.

Krishan Parwani: Okay. So what's the progress on flame retardant side? I mean, when would those sampling get started and what's your expected kind of off-take timeline for the flame retardants?

Ranjit Pendurthi: I think that's always been phase two of our derivative plant. So, we need to first get this up and running. The sampling making in the lab, etcetera, I think it's an ongoing process. But we haven't yet started making batches to send to customers for testing. So that's, a few months away.

Krishan Parwani: Okay. Thank you so much for answering my question. Wish you all the best and a Happy Diwali in advance.

Ranjit Pendurthi: Thank you. You as well..

Moderator: Thank you, sir. The next question is from the line of Omkar from IndiaRF. Please go ahead, sir.

Omkar: Hi. I just want to know average realizations for bromine and salt for Q2?

Ranjit Pendurthi: So possibly that information, I'm not sure if we have it offhand. Maybe Mr. Raghunathan can send that to you separately.

Omkar: Yes. That's it from my end. Thanks.

Moderator: Thank you, sir. The next question is from the line of Levin Shah from Motilal Oswal AMC. Please go ahead, sir.

Levin Shah: Yes. Thanks for the opportunity, sir. My first question is on volume. So if you see volume this quarter, 3,400 in bromine, which are down significantly as compared to last quarter as well as last year. So in the last call's commentary, we had highlighted that exports market is seeing some softness and deferment, but at the same time, domestic demand continues to be very healthy. So just I'm trying to understand what happened during this quarter. Are we seeing domestic demand also falling? And what has led to this kind of drop in volumes?

- Ranjit Pendurthi:** Well, I think, one, we're coming up the cyclone quarter. So I think that's – I think we spoke about that maybe in the last one's call. So I think the primary market, you know, being Gujarat and Maharashtra, I think there's been some lag effect.
- And also, I think the Indian companies also are sitting on higher stocks of goods. I think that's a known fact, the agrochemical companies, et cetera. So there's some amount of destocking happening there as well.
- But at the same time, I think the last couple of months, we've seen an uptick in our export volumes, which possibly will be reflected in the next couple of quarters because some of those contracts have started moving. And as I said, I think on the pricing side, we've been able to deliver a 35% margin with, I think, pricing at pretty much a lower level, which again is not deteriorated in the last month and a half. So I think we should be able to – you know, we would not be too far to say that we would be able to maintain this level.
- And I think the domestic market continues to be strong. And I think that's picking up as well in line with the export market. But also to keep in mind, we have a twofold objective here.
- One is to maintain the margin, protect that. At the same time, to not drop our prices too far below. So there will be obviously a mix of orders that we would like to maximize the revenue from as well as keep the margin intact.
- So there will be some orders that we will sacrifice where the price expectations are not in line with our desire to keep the prices at a certain level.
- Levin Shah:** Sure. So as I understand that you would look out for pricing as well and will not take – just chase volumes is what you're trying to explain, right?
- Ranjit Pendurthi:** Yes, we wouldn't necessarily chase volume if it's going to impact the margin.
- Levin Shah:** Sure. So then secondly, if you look at full year's volumes, so last year also we had some degrowth. But how do you see this year full year number? Will we be able to make up for the demand softness we had in first half or will still end up lower than last year's volumes for broamine?
- Ranjit Pendurthi:** I think our business, generally if you see our history, the third quarter and fourth quarter are generally the strongest.
- Levin Shah:** Yes. No, I understand that, sir. But when I look at last year's third and fourth quarter, we had volume softness and there was degrowth. So the base itself for this year's second half is soft. On that base, do we see that we will continue – we'll report volumes at that level or some improvement on that?
- Ranjit Pendurthi:** At the moment, we're not revising what our outlook should be for the year in terms of volume. So we should be able to, I think, meet that expectation.
- Levin Shah:** Sure. And my – okay. And my last question is on the inventory. So when we look at our inventory levels have gone up versus last year, same time. And some of it was to do with

building up of inventory that we explained on the bromine side to take advantage of the contracts that were to come up. So how do we see this inventory situation now and still it continues to be higher on the higher side?

Ranjit Pendurthi:

Well, I think the holding inventory, I think, is again a two-part, I think, if you can call it strategies. One is that, as I mentioned, we're not willing to sell at prices below what we want. So that inventory is holding. Second one is the inventory holding also is helping with what's happening in West Asia. You know, customers will suddenly want material. I think we're the only ones who are having the ability to supply from the inventory we have.

So it's worked in our favor in that context. And as I said, some of the export customers have come back online, and I think we're able to meet that demand pretty quickly when someone's asking for shipments immediately. So I think in that context, the holding inventory is helping us.

Levin Shah:

Got it. Thanks a lot, sir.

Ranjit Pendurthi:

Thank you.

Moderator:

Thank you. We take the next question from the line of Archit Joshi from B&K Securities. Please go ahead, sir.

Archit Joshi:

Thanks a lot for the opportunity, sir. Sir, I just have one question about the global supply situation on the bromine front. Sir, there have been some Chinese companies who have been trying to establish their base in countries like Laos and Djibouti, about 10,000 tons of plants coming up there. Sir, do you think that this could have a balance being created or maybe an oversupply sort of a situation going ahead with these new capacities coming in? And if you would have any idea about what the source of the elemental bromine they're extracting from those countries? Thank you.

Ranjit Pendurthi:

I think competition is a reality. What you make, you cannot be one of the few that will be making it for a long time. So part of that also requires us to keep looking forward and keep looking at other options that we can do, that we must continue doing. So I think us going downstream in the derivative business is a part of that overall strategy that we started even prior to listing. So I think we are on track to do that, which also means that we will be consuming a fair amount of bromine ourselves internally, just like other global majors do, like IAEA Chemicals or Albamarle and Lanxess. So I think overall, we'll fit into that bucket.

The second part is the bromine that is being made in Laos is coming from seawater, which means it is not exactly the same concentration levels. In fact, it's far lower than I think what we have or definitely lower than what Israel has for sure. So in that context, I think there's going to be our analysis that we will make, but we're not very sure that we need to worry about that at the moment.

Archit Joshi:

Sure, sir. Just a follow-up on that. Is it that these Chinese companies are setting up bases outside of China, given that their own production is in doldrums, so would this be largely to

cater to the Chinese market only because now they seem to have become more of net importers over the last few years, or this would also come into the global trade? Ex of China.

Ranjit Pendurthi: Our assessment is that China continues to be import-dependent from our country, for bromine, and will continue to remain so. I think the Chinese companies that have set up the facility in Laos, for example, I think it's all catering to the Chinese market. It's not meant to come onto the global market.

Archit Joshi: Got it, sir. Thank you. Thanks a lot. All the best.

Ranjit Pendurthi: Thank you.

Moderator: Thank you, sir. The next question is from the line of Mr. Ranjit from IIFL Securities. Please go ahead, sir.

Ranjit: Hi, sir. Thank you for this opportunity. One question, you have mentioned that there was an impact due to cyclone on our user industries. Also wanted to get a sense of how did we face the impact? The brine solutions, are they diluted? Was there any significant impact to us due to the cyclone?

Second, just a clarification, you said you are also in talks with the potential clients for the offtake of bromine derivatives. Again, here, I believe this is again largely for PTA and brine fluid, because we believe that flame retardants is largely tied up with the Chinese supplier. Thank you, sir.

Ranjit Pendurthi: So I think the cyclone impact for us was minimal in terms of damage to any structures, etcetera. I think given the severity of the incident, we were fortunate to have had far less damage than one would imagine. So I think that we thank God for that.

The second thing in terms of the dilution itself, of course, water always dilutes anything that's concentrated, so that's natural. But having said that, I think we also said in the past that our brine fluid is designed to be able to come back to production very quickly, and that's what we were able to do. So in that sense, the real impact, I think, was not severe.

The third part of what you asked, the brine, I think, derivatives plant is on track. And yes, I think I mentioned this before. We are looking at the PTA products and the pure brine products first, and the flame retardant products have been tied up. But having said that, we are also having the flexibility to sell it to others where we may see a better opportunity in terms of price or market. Thank you, sir.

Moderator: Thank you. We take the next question from the line of Aditya Khetan from SMIFS. Please go ahead, sir.

Aditya Khetan: Yes, thank you, sir, for the opportunity. Sir, first question is post-expansion of bromine derivatives. So at peak utilization level, how much of bromine we are planning to consume in-house? Any rough figures would help.

Ranjit Pendurthi: I think, Rajiv, you can take this question.

- Rajeev Kumar:** Yes, thanks for the question. For our bromine derivative, we are looking at consuming around 13,000 tons to 14,000 tons per annum.
- Ranjit Pendurthi:** At peak utilization level, sir?
- Rajeev Kumar:** At peak utilization level, yes.
- Ranjit Pendurthi:** Sir, suppose if it's a bromine, like it is commanding a spread of ex-dollar. So, sir, any guidance or any idea, like, if you can give some bromine derivatives, would be like ex-dollar-plus how much improvement in spread, like 15%, 25% or?
- Rajeev Kumar:** So we had given this indication on our previous call as well. We said that on the market prices of bromine, we are looking at a margin of around 20% to 25%.
- Ranjit Pendurthi:** Okay. Thank you, sir.
- Moderator:** Thank you, sir. The next question is from the line of Pooja from Avendus. Please go ahead.
- Pooja:** Thank you for the opportunity. Sir, if any sense on what percentage of our bromine production would get consumed in flame retardant would be helpful?
- Rajeev Kumar:** So, Pooja, out of 13,000 tons to 14,000 tons of captive bromine that we will consume at peak, around 40% of that will get consumed in our flame retardant.
- Pooja:** So that is helpful. Thank you. And I joined the call very late. So if you could enlighten us, you know, what impact is the Israel-Hamas conflict likely to have specifically on the ICL and bromine pricing in general? And would this conflict hamper ICL's ability to ship bromine? You know, any sense would be helpful.
- Ranjit Pendurthi:** So, I'll take this question. So I think, interestingly enough, I think, the country has been pretty resilient in terms of industrial production. I think, like I said, we're not seeing any meaningful uptake in pricing because of the supply disruption. I think it's happening more on the shipping side with vessels having to go in and out of Israel. So the impact of that is, I think, yet to be felt. But that's what we're hearing. So we have to see what happens over the next few weeks. But having said that, I think, like I said, I think our exports have picked up.
- Pooja:** Got it, sir. Thank you. One last question. I mean, if you could share the current status of our lease renewal and what is the total area of land available for harvesting bromine? Any scope for expansion there?
- Ranjit Pendurthi:** I think a large part of that, I think, was covered in our prospectus. So there's that to guide you. And the second thing is, I think someone else had this question, and I mentioned that it's a work-in-progress, and we continue to monitor it.
- Pooja:** Got it, sir. Got it. Thank you, sir. I'll come back in the queue.
- Ranjit Pendurthi:** Thank you.

- Moderator:** Thank you. We'll take the next question from the line of Rushabh from RBSA Investment Managers. Please go ahead.
- Rushabh:** Yes, hi, sir. Good morning. So we understand early days, but if you can elaborate on how big can this flow of battery opportunity be for us, and how are we looking to capitalize it?
- Ranjit Pendurthi:** That's an interesting question. I think the battery space and energy storage space, I think more-and-more people have spoken about it. We have intentionally not spoken too much about it, because I think we would like to deliver something on it before we talk about it. So at the moment, I think we're keeping that as it is. But all I can add and say is that progress is being made, and we're really happy with the progress.
- Rushabh:** Okay. And secondly, sir, we have certain cost rates and excesses, that we spoke about earlier. So on a full year basis, what is the cost sharing that we can see, say, this year or FY '25? If we just give some ballpark number on that?
- Ranjit Pendurthi:** I think we're primarily targeting cost savings on power and fuel. And I think some of it we have seen, as our CFO mentioned, on some raw material input costs. But having said that, these are all very volatile, because they're very globally benchmarked in terms of whether it be coal, chlorine, or sulphur, for example. So I think we continue to monitor that. And as and when we see a chance to lock in some prices that we believe would be low in our view, temporarily at least, we are doing that. And we continue to work on switching to gridline power.
- That should happen hopefully this quarter. And that should, again, see a substantial reduction in both our carbon footprint, which is very important for us from an energy perspective, and also importantly from a power cost perspective, which will be brought down significantly. And that savings will obviously go to the bottom line.
- Rushabh:** Okay, thank you. And just last clarification. We had incorporated certain new subsidies in the month of October. If you just share what the purpose of the subsidies are?
- Ranjit Pendurthi:** The subsidies have been incorporated with a specific purpose. And I think, there are opportunities that we're looking at. And ideally, we would want different vehicles for those opportunities related to the specialty chemical space.
- Rushabh:** Okay. Do you want to talk more about it, sir, or later on, sir, the opportunities that you're talking about on the specialty chemical side?
- Ranjit Pendurthi:** I think I don't want to put the horse before the cart. So I would, like I said, I think most of the time we would like our work to speak for itself. So I think at the appropriate time, I think we will talk about it.
- Rushabh:** Okay. Thank you, sir. All the best.
- Ranjit Pendurthi:** Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we take that as the last question. I now hand the conference over to Mr. Ranjit for closing comments. Thank you, and over to you, sir.

Ranjit Pendurthi: Thank you, Seema. So thank you, everyone, for joining us on this earnings call. We appreciate your time and showing interest in our company and continued interest as well. We look forward to meeting you over the next call, and we wish you all a very happy festive season ahead. Happy Diwali and a happy New Year as well. And God bless and stay safe and see you all on the next call. Thank you once again. Thank you, SGA, as well.

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.