Archean Chemical Industries Limited

Life's god with our chemistry

May 13, 2025

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

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

Dear Sir/Madam,

Sub: Transcript of Earnings Call

Reference: Intimation of Earnings Call dated May 04, 2025

Pursuant to Para A Part A Schedule III of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the earnings call held on May 07, 2025 post announcement of financial results of the Company for the quarter and year ended March 31, 2025.

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

Kindly take the same on record.

Yours faithfully
For Archean Chemical Industries Limited

VIJAYARAGHAVAN N E Digitally signed by VIJAYARAGHAVAN N E Date: 2025.05.13 17:59:20 +05'30'

Vijayaraghavan N E
Company Secretary and Compliance Officer

"Archean Chemical Industries Limited

Q4 and FY'25 Earnings Conference Call"

May 07, 2025

"E&OE -This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 07th May 2025 will prevail."

MANAGEMENT:	**MR. RANJIT PENDURTHI – MANAGING DIRECTOR – ARCHEAN CHEMICAL INDUSTRIES LIMITED** **MR. N.R. KANNAN – EXECUTIVE DIRECTOR – ARCHEAN CHEMICAL INDUSTRIES LIMITED** **MR. NATARAJAN RAMAMURTHY – CHIEF FINANCIAL OFFICER – ARCHEAN CHEMICAL INDUSTRIES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Archean Chemical Industries Limited Q4 and FY '25 Earnings Call. 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 this 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, Archean. Thank you, and over to you, sir.

Ranjit Pendurthi: Thank you. Good morning, everyone. A warm welcome to all of you joining our Q4 and FY '25 earnings call. It is an active morning, so thank you for making the time to be with us today. On this call, I have the pleasure of being joined by our Executive Director, Mr. N.R. Kannan; our CFO, Mr. Natarajan Ramamurthy; and the SGA team, our Investor Relations advisors.

I trust you have reviewed the financial results and investor presentation available on our website as well as the stock exchanges. I will begin with an overview of recent developments and business updates; after which, our CFO, Mr. Natarajan, will present the financial performance for Q4 and full year '25.

To start with the market overview. The Indian chemical market continues to stand strong on the basis of innovation and diversity with over 80,000 commercial products across various sectors. The year gone by has posed several challenges for the industry at large, particularly to demand variations from key global markets as in the West as well as Far East.

However, amid these global headwinds, Indian chemical manufacturers have proven to be resilient and have demonstrated strength and adaptability. Along with many of our peer group companies, Archean Chemicals has also managed to withstand the pressures and has improved its operational performance.

This resilience underscores our strong foundation and agility in navigating a dynamic global environment. On a broader scale, we are beginning to see some signs of recovery in the global chemical industry; however, every day is a new challenge from a geopolitical perspective.

Improving demand trends and more stable supply chains are helping a cautious optimism. While the recovery may remain uneven across geographies and sectors, the overall momentum for us is gradually building.

At Archean Chemicals, we are seeing clear and consistent traction in client demand for our key products, which proves to be an encouraging sign and that is reflected in our Q4 FY '25 performance as well. This reinforces our belief that sustainable growth is rooted in long-term thinking, strategic agility and operational excellence, along with strong consumer and customer relationships.

Coming to our segmental performance, specifically.

We'll start with Bromine. Elemental Bromine contributed approximately 1/3rd of our total revenue during FY '25. We continue to focus on bromine, which is our strength, and we continue to remain India's largest exporter and manufacturer.

Contracted volumes remained broadly in line with the prior year. For FY '26, we are targeting an increase in the total bromine volumes including captive consumption in the range of 22,000 to 25,000 tons for FY '26.

Industrial Salt. Industrial Salt, again, we are the largest exporter from India and have been so for many years. This accounted for almost 2/3 of our total revenue. We saw a solid recovery in Q4 with volumes reaching 1.3 million tons for the quarter. Operational challenges from earlier quarters, primarily around logistics, have been largely addressed. We have added our own fleet to help augment the logistics.

With the commissioning of our additional washery and investment in the dedicated logistics fleet, we've expanded our capacity to over 5 million tons on an annual basis, and we expect the quarterly volume run rate to remain above 1 million in the coming quarters. This is also aided by the fact that our long-term relationships with customers allow us to have longer-term contracts and these remain in force.

Sulphate of Potash, the trials are continuing steadily and continue to be very promising. We have completed most of the trials at the test phase and at the pilot phase, and we are moving to demonstrate this at the plant scale in the next quarter. We anticipate meaningful contributions, as I've stated on earlier calls, from this vertical starting in second half of FY '26.

We remain one of the few manufacturers of Sulphate of Potash in the world, and it is a fertilizer that is not easily made elsewhere, and we believe the market continues to remain firm for this product.

Bromine Derivatives. Our Bromine Derivatives operations are up and running, currently between 20% and 30% capacity utilization. Clear brine fluids and catalysts for Purified Terephthalic Acid (PTA) synthesis, contributed to Q4 FY '25 performance. We obviously expect the utilization to rise to more than 50% in the near term. The products have been well received, and we have started exports of the same from the facility.

Regarding the flame retardant bromine project, this initiative is being actively now pursued, and we will provide an update soon once we finalize the key arrangements at our end. To date, we have invested approximately INR160 crores to INR170 crores in the Bromine Derivatives platform, and this has started yielding results both on the top line and on the utilization rates.

On Oren Hydrocarbon, this is the business, as you all may recall, we bought in 2024. We have made progress in reviving Oren hydrocarbon's operations. Of the four units, the two facilities in Andhra Pradesh are now ready, while the two remaining units in Gujarat and one in Tamil Nadu are likely to commence operations towards the latter part of FY '26.

But having said that, we continue to remain focused on the two that are going to get operational soon and start contributing revenues shortly. Debottlenecking and refurbishment works has been going on in all sites. We expect Oren Hydrocarbon to contribute approximately INR150 crores in revenue during FY '26 on a conservative basis.

On our new strategic initiatives, as you all may be updated, we have made investments in two areas for the future, keeping eye on the development across the industry, both from a domestic perspective as well as from a global perspective. The semiconductor manufacturing initiative, the land acquisition process for the project has been completed.

The company is now working closely with both state and central government officials. As previously communicated, we have submitted our application to the Indian semiconductor mission and are awaiting approval. The project has been approved at the state level in Orissa, and now we are waiting for the final approval to come from the centre.

On the energy storage battery business, the zinc-bromide batteries specifically, the company's planned investment in Offgrid Energy Labs, a U.S.-based zinc-bromide battery innovator, is progressing well. The Offgrid team is currently advancing site identification and vendor selection for the pilot plant in the U.K. And we hope in the coming quarter, this will be finalized and the start-up will have begun.

In summary, the company has maintained margins, expanded customer engagements and advanced strategic initiatives in both the Bromine Derivatives business, semiconductor and the energy storage business. We remain a net debt-free company, supported by a strong balance sheet and disciplined capital allocation, which positions us well to pursue long-term growth opportunities.

The key being for us to be vigilant, agile and be conservative in how we use our cash, but at the same time, pursue opportunities that provide long-term growth for the company and for the shareholders.

With that, I would now like to invite our CFO, Mr. Natarajan Ramamurthy to provide the financial highlights for Q4 and FY '25. Thank you.

Ramamurthy Natarajan: Thank you, and a very good morning to all the participants on the call. We are pleased to report a notable performance for the quarter gone by. To give the summary of Q4 FY 2025 on stand-alone basis, total revenue for Q4 FY '25 stood at INR3,333.3 million.

Our business mix are as follows in Q4: Bromine contributed 24% of the total revenue, whereas Industrial Sea Salt contributes around 76%. Sales volume of business are as follows: Volume sales of bromine for the quarter 4, 2025, stood at near 3,600 metric tons. Volume sales of Industrial Salt for the Q4 FY '25 stood at 1.3 million.

EBITDA for the company stood at INR1,011.2 million in Q4 FY '25 with a margin of 30.3%. Increase in other expenses during the quarter was largely due to increase in operating expenses due to increase in salt quantity by 55% and year-end provisions. Net profit for Q4 FY '25 stood at around INR583 million.

On FY '25 highlights. Total revenue for FY '25 stood at INR10,634.5 million. Our business mix are as follows: Bromine contributed 35%, whereas Industrial Salt contributes around 65%. Export market contributed around 77% and the balance 23% were contributed by the domestic market. Volumes sales of Bromine for the FY '25 stood at near 18,000 metric tons. Volume sales from Industrial Salt for the FY '25 stood at 3.5 million metric tons.

EBITDA for the FY '25 stood at INR3,721.2 million with a margin of 35%. Reduction in the employee cost was driven by ESOP utilization and MD submission compared to last year. Net profit for FY '25 stood at around INR1,849.2 million. Net debt to equity stood at 0.03 level. We are delighted to share that the Board of Directors have recommended a final dividend of INR3 per equity share of INR2 each for the financial year ending March 31, 2025.

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

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

Sanjesh Jain: Sorry, it's a repetition. I know you said this earlier in your opening remarks, but still can you give me this quarterly revenue breakup between salt and bromine and bromine SOP?

Ramamurthy Natarajan: Yes. Okay. In Q4, FY '25, sales metric ton Industrial Salt was 1,270,035 metric tons; Bromine 3,604 metric tons; SOP 26 metric tons.

Sanjesh Jain: Revenue?

Ramamurthy Natarajan: Revenue Industrial Salt is INR245.4 crores, bromine INR76.25 crores, SOP was INR0.09 crores. Total INR321.74 crores.

Sanjesh Jain: Got it. Got it. Now what was the derivative? Because, I guess, there is a decent derivative sale even in this quarter, if I do console minus stand-alone, almost INR24 crores of derivative sales that should be assumed. So what is the derivative volume we sold during this quarter?

Ranjit Pendurthi: So Sanjesh, this is Ranjit here. So yes, you're right, we did start derivative sales this quarter, which is why I think I mentioned that we're quite well placed in the coming year. So we sold about close to 500 tons of product for the first quarter -- first quarter as in the operation, commercial sales as in FY '25 Q4. So we did sell about 500 metric tons.

Sanjesh Jain: That's a great start, actually. 500 metric tons, even at this stage, we are talking about 6,000 metric ton already, right?

Ranjit Pendurthi: Yes.

Sanjesh Jain: So we guided 10,000 metric ton for FY '26 in the previous call, that still stands or do you think there is an upside risk to that?

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

Sanjesh Jain: You mentioned that for FY '26 in the previous call, we are looking at derivative sale of 10,000 metric ton, so with this 500 metric tons already being sold in Q4, do you think that 10,000 metric ton can be surpassed easily?

Ranjit Pendurthi: I think, when we discussed this the last time on the call, I think we were having that projection, and I think that's what we'd like to target. But we also have to see with changes having happened on the geopolitical side. For example, I think you know this more than anyone else, how the oil prices have come down from 70-odd to now 56, 60-odd.

But having said that, I think the silver lining remains that the producers have increased the output, which means that the more they supply, the more they will need chemicals for the more they drill. So I think that's, I think, one green shoots that we see that will support demand and offtake.

And the second one is also, I think, with all that's going on in U.S., there may be other opportunities also that may open up for supplies. But on a volume basis, I think -- it's not incorrect to say that is it achievable or not, it is probably achievable. But we'd like to see performance happen over the next couple of quarters and stabilize.

Sanjesh Jain: Got it. Next question on the bromine 3,600 metric tons with prices are going so sharply. I thought it was more demand-led, right, rather than the supply-led. The volume metric ton really is not encouraging for the Q4. Are we facing any sort of capacity constraint or how it is?

Ranjit Pendurthi: No. Actually, I mean, we've always been in this position with bromine that demand exceeds what we're able to supply for our own customers. But the reality has been that we've had an extended, I think, winter. So what's happened in January and February, generally, Q4 is our traditionally our strongest quarter for bromine also.

But this year, with evaporation rates staying subdued because of the extended winter Jan-Feb, that caused a lower concentration, but I think you would see the pickup happen through March. And as we are speaking, I think it's gone to a pretty healthy rate beyond what we actually budgeted as well.

Ramamurthy Natarajan: But, offtake, upgrade, whatever we are able to make, we're able to sell.

Sanjesh Jain: But from the offtake perspective, I thought we have a lot of ponds which can be developed to meet this offtake. Practically speaking, what is the capacity which we can drive bromine out of the ponds, which we have developed and the water resources we have?

Ranjit Pendurthi: The infrastructure that we have, we can go in excess of 30,000.

Sanjesh Jain: And that can be enhanced or that is where we will hit the peak?

Ranjit Pendurthi: No, that can be enhanced. So I think we still have areas to be developed. We still have brine efficiency management in the fields, that's an ongoing process. So I think those improvements are being done as we speak. So in terms of our ability to do more does exist, with not a large expenditure.

Sanjesh Jain: Very clear. And just last question. Any comment on the bromine pricing?

Ranjit Pendurthi: Well, the bromine pricing, see, I think the climb was steep. I think as the market may know, in a matter of, I think, a month, the prices almost jumped 70%. But also, like everything else, it comes down. And we've always held a conservative view, you know this, on what the bromine pricing will be from a long-term average perspective. But at the moment, it is higher than it was last couple of quarters.

Sanjesh Jain: And the long-term contracts we signed, they don't change, right?

Ranjit Pendurthi: They don't change, because I think our reputation is what people come to us for. They expect us to honor contracts. And because it works both ways. We expect our customers to also honor contracts. So despite all that's been going on, the turbulence worldwide customers continue to honor their contracts as well, so for whatever they signed. So I think our customer engagement is very strong given our track record and history of working with them.

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

Aditya Khetan: Sir, my first question is for the next 2 years, like we had like -- so major geographies, whether it is U.S., China, Japan, U.K., everywhere, the growth is slowing down. And I believe, sir, what guidance you have given for bromine in terms of volumes, that is surpassing '25 volumes, I mean, on to the growth part. So what is giving us the confidence that this stronger growth can be achieved? And any outlook or any sort of volumes you can share, - for the Salt business in FY '26?

Ranjit Pendurthi: So thank you for the question. So I think the reason why we feel that bromine is well placed is because there are only a handful of manufacturers who do produce bromine. And the fact that we are one of the largest on a global basis as well. I think our customers come from a range of industries, right?

We are not focused on any one end use. So we have flame-retardant importers, we have spec chem, we have pharma, so that diversification of industrial base allows us to be confident of being able to move the volume.

Aditya Khetan: But we're talking about a growth of upwards of around 20% to 25% in terms of volumes.

Ranjit Pendurthi: Yes. So I think that's based on the contracts that we have and the visibility we have with these customers, like I said, these are the products that are needed. There's no substitute for them. So it's not that because the price has changed that somebody can swap out for some of other input. So I think there's a base demand for it and that base demand is still not being met. So I think that difference will allow us to keep moving a little bit more volume than we did this year for sure.

Aditya Khetan: Got it. Sir, the spot pricing which has moved from \$3 to \$5 in a span of weeks only, any particular reason? And is the price so volatile like it can move from \$3 to \$5 in a week's time only and it can again come down to the same level? I believe -- what is the reason, sir, for this moment?

Ranjit Pendurthi: I think market participants and shareholders understand that supply shocks generally only lead to such a rapid increase in price. So I think, that the supply disruptions from West Asia and I think that caused the spike. But in our conversations with customers and as well as we ourselves as a company knew that this spike won't last. So I think trying to plan on the basis of a spike is not, I think, realistic.

So we need to keep our head down, understand the long-term trends, end-use industry trends, end use industry prices and then accordingly model ourselves into what prices we expect. So for the current prices that we are doing, we're happy. I think customers appreciate that we didn't try to take advantage of this temporary spike. We honor our contracts, and I think that's what keeps our customers coming back to us.

Just to give you an insight, most of our bromine customers are more than 10 years old. So they don't expect us to sway as the wind goes.

Aditya Khetan: Got it. Sir, just one last question. Sir, in Q4, the business mix has tilted more towards the salt side. I believe from 50-odd percent for revenue mix now, it is around 65%. Sir, considering salt is more of a low entry barrier business, it doesn't have any sort of an edge, how you see this mix moving ahead? Will Bromine mix move up or it will remain in this direction only?

Ranjit Pendurthi: So I think -- see, we have to see the business holistically. While we are a specialty chemicals company with bromine and bromine derivatives are our key products and key focus areas, right? Salt also is an important product. So we don't fancy one over the other. I think the first fundamental thing is both make money, both have a good healthy contribution to the effort and the business bottom line, both do it.

So I think, I'm not going to choose one over the other, but at the same time, I will add this, our intention is to keep growing the bromine and bromine derivative business, because we see the future there and the distinction between us and many others coming from that strength. Salt will continue to be a product that we continue to sell because it's a large volume mover and has a healthy contribution. So I think it will be an all-round performance, but our focus will continue to be on the bromine and bromine derivatives.

Aditya Khetan: Got it. Thank you.

Moderator: Thank you. Next question is from the line of Archit Joshi from Nuvama Institutional Equities. Please go ahead.

Archit Joshi: Good morning, sir. Thanks for the opportunity. Sir, first question, again, harping a little bit on the bromine pricing. I believe a lot of our contracts have different time frames that we operate in. But would it be conceivable that the new contracts that will be repriced, let's say, 3, 6, 9 months down the line, would be at a higher price? Where I'm getting from is just to get a sense of how should we look at pricing of bromine in FY '26?

Ranjit Pendurthi: So I think, there are two parts to this, Archit. One is that today, I think we are amongst a few companies where we don't have a demand problem. So I think we should be fortunate for that.

So the prices of the contracts we've signed people are still buying and wanting. So I think that's a good thing. So which is why I keep saying our demand at the moment continues to be stable.

The second one is on future pricing. I think, given all that's happening, right, it is very dynamic. I think it would be hazarding too much of a guess what's going to happen in 6 months' time or 9 months' time. But having said that, I think the contracts that we have signed towards, I think, Q3 or Q4 or Q3 last year or Q2, Q3 last year, I don't personally see the prices being below that.

And I think this is an observation we made last year saying that someone asked us, has the prices bottomed? I said, I don't know if they hit bottom, but I think there is no reason to think that they will fall any further. So similarly, I think there's no reason to think that the prices will fall when the renewal time comes. But at the same time, is there an upside? I think, there is an upside. But most of that upside, we would like to capture it through our derivatives business, not necessarily on the elemental bromine business.

Archit Joshi: Sure, sir. That clarifies. Sir, second question, again, like you mentioned on derivatives, I think when we had planned this entire project of whatever investments we have done till now INR160 crores, INR170 crores that you mentioned earlier, we were supposed to have a good 20%-odd value addition on the derivative space.

I think, a large part of it could have been driven by flame retardants because that typically had a more demand visibility and I think you stalled it, but would those economics still stand through even without flame retardants as we speak because we're doing about 500 tons, like you mentioned, before? So any thoughts on that?

Ranjit Pendurthi: So, I think, our focus today is on ramping up the utilization of the plants. So I think once that happens, obviously, margins do move up. For this year, I think assuming a 20% margin would not necessarily be too true simply because the investment has to start paying off and the utilization has to move up.

But going forward, I think the margin that we have stated earlier is possible to achieve. As we also changed the product/mix and as we keep moving between various industries, not just oil and gas, right, so I think our R&D team has done a great job. We have a few interesting products lined up coming up over the next 2, 3 months. And so I think this will make us as a unique manufacturer of some of these products for end-use industries in pharma and agri chem.

Archit Joshi: Sure, sir. One quick last one. As we plan to resurrect the flame retardants capacity once again, anything with regards to timelines as to when that plant will be operational? And since you already spent INR160 crores, INR170 crores, I'm assuming that there will be common infrastructure, etcetera, involved in that already. So what will be the incremental capex on to that?

Ranjit Pendurthi: So I think our overall project cost for the bromine derivative business was INR250-odd crores. So at the moment, we are Phase 1 and Phase 2 included. So I think at the moment, the first phase has been completed under budget. So kudos to the team for doing that. But the additional capex should happen within that same INR251 crores, give or take a little bit, given the inflation, etc., on certain things. But yes, a large part of the infrastructure is already in place.

Archit Joshi: So sir, incremental INR250 crores or incremental INR90 crores, INR100 crores? I didn't get that part, sir?

Ranjit Pendurthi: No. The total Phase 1 and Phase 2, including flame retardant was INR250 crores, of which INR160 crores to INR170 crores has been spent. So the balance INR80 crores to INR90 crores that is available -- will be what will be used for the flame retardant project. So it's well within what we had estimated earlier.

Archit Joshi: Sure. Sir, and time lines with regards to the commissioning of the project? Anything that you could guide?

Ranjit Pendurthi: We probably will have a better update on the next call. Hopefully, we'd have made some progress, so there'll be something more meaningful to convey. But ideally, we would like to see if we can do it within this FY '26.

Archit Joshi: Sure, sir. That's great. Thanks and all the best.

Moderator: Thank you. Next question is from the line of Resham Jain from DSP Asset Managers. Please go ahead.

Resham Jain: Hi, good morning Mr. Ranjit. So my question is with respect to the bromine prices. So one is your long-term contracts, if I'm not wrong, is largely for the export markets; and domestic, you have certain open contracts as well. Is that correct? And how does your pricing change in the light of this mix?

Ranjit Pendurthi: Resham, thanks for the question. So you're right, the contracts for a longer-term tenure and price is for the export market. So that continues. On the domestic side, we have a combination of those that are basically quantity based or period based for a certain quantity. So I think when and where those have finished in the last couple of months, we have renewed them at better prices. So that is on a rolling basis on the domestic side. So we are seeing no issue on the offtake, and we are benefiting from an uptick in price on the domestic side.

Resham Jain: Understood. Got it. And the other thing is, in your initial remarks, you mentioned that next year, you are budgeting for 22,000 tons of bromine. Is it production or is it sales because you'll be consuming a bit of for in-house as well?

Ranjit Pendurthi: Yes. So I think it is sales.

Resham Jain: Okay. So 22,000 tons plus you will consume whatever bromine derivative you will manufacture, you will use, consume there as well. That will be how much quantum approximately?

Ranjit Pendurthi: So we are looking at -- like the reason I said in my initial comments, between 22,000 to 25,000 tons was sales. So in that, between 22,000 and 25,000 tons we anticipate that extra quantity will come from our captive consumption.

Resham Jain: Understood. Okay. Lastly, if you can help us with the bromine derivative realization for -- I presume there will be different kind of products, but on an average, if you can just help with the realization of bromine derivatives?

Ranjit Pendurthi: Yes, give us a second here. Resham, I think we probably have to get back to you on that, if you don't mind. Mr. Natarajan, our CFO, will reach out to you, because like you said we are doing multiple products and some have a recycled component to it. So I don't want to give you an answer that's incorrect, but the data will be given to you post the call. No worries.

Resham Jain: Okay. Because based on the data you have given 500 tons and INR24 crores revenue, it comes out to INR480 per kg. I don't know whether that is correct or not?

Ranjit Pendurthi: No, that's -- yes, that's why I think we should be careful, even there is -- is the product mix. But definitely, we're not selling anything that low. We are making money for sure.

Resham Jain: Okay. Perfect. Thank you and all the best.

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

Krishan Parwani: Hi, sir. Thank you for taking my questions. Couple from my side. First, your salt sales volume guidance for FY '26 is north of 4 million tons or what is it exactly?

Ranjit Pendurthi: Yes. Thank you, Krishan. So I think our volume, we expect in excess of 4 million.

Krishan Parwani: Okay. So any -- it's is like more closer to 5 or 4.5 or what is it?

Ranjit Pendurthi: Yes. So the completion of our washery, the second line has added the capacity. And as I said, it has taken us to 5 million tons plus on an annual basis. So ideally, we should be able to use as much of that as possible. So I would say between 4.5 million to 5 million.

Krishan Parwani: Got it. And secondly, on the bromine price. I know you've answered quite a lot. But just during the last up-cycle, we saw your peak bromine realization was $4.7 a kg, even when the spot price was $10, $12 a kg. So let's say what's the peak realization you think you can get if prices or spot prices sustained at $4-odd?

Ranjit Pendurthi: I think, if spot prices stay at $4, our endeavour would be to be as close as possible to that. You're obviously not going to get the spot price for a long-term contract naturally. Those are all for people who are wanting to just do a months export and just get some benefit out of it. But long term, generally, if we take the hypothetical situation of $4 spot, I would assume long-term contract will be between $3.25 to $3.4, $3.5 because there is a local duty element in China and all those things.

Krishan Parwani: Got it. So probably at a 20% discount roughly, give or take?

Ranjit Pendurthi: To spot price, yes, I would assume that would be a safe thing to assume and then build your business around that.

Krishan Parwani: Got it. And just last two bits. So what's your capex and for FY '26 and '27 considering investments for Offgrid and delay?

Ranjit Pendurthi: We'll revert back on that. But I think on salt, we don't have any outside capex other than just regular maintenance. On bromine derivatives, like I said a few minutes earlier, if we do the flame retardant, as we plan to, it will be within that original budget capex of INR250 crores, so there's no new capex as such from that perspective.

And on the Offgrid this year, apart from the investment, we don't have any capex. And on the semiconductor project, I think any meaningful capex at only next year. I think for this year, probably we may have INR50 crores, INR60 crores at best. And we, of course, the only, I think one that really is focusing on pure capex is the SOP plant start-up, where we do obviously get the immediate revenue and cash flow and sales. So I think will happen between now and September-October, that we estimate about INR20 crores to INR30 crores. So we don't have any large capex as such.

Krishan Parwani: And what about Oren?

Ranjit Pendurthi: Oren is already underway. So we don't -- again, it's within the original budget we've given last year of about INR25 crores, INR30-odd crores. So we don't have any large capex planned outside of these. But to be more accurate, I think Mr. Natarajan will get back to you on that.

Krishan Parwani: Okay. Got it. And last bit, if I may. So when do you expect, let's say, derivative business to be profitable on the PAT front?

Ranjit Pendurthi: On PAT?

Krishan Parwani: Yes. Because I think there's a console minus standalone is INR5 crores of loss, right?

Ranjit Pendurthi: Yes. So I think on a PAT basis, definitely, we want to see a positive figure this year, for sure.

Krishnan Parwani: Okay. Got it. Thank you for answering my question. Wish you all the best.

Moderator: Thank you. Next question is from the line of Rohit Nagraj from B&K Securities. Please go ahead.

Rohit Nagraj: Thanks for the opportunity. Sir, first question is on Oren Hydrocarbons. What is the total capex including the acquisition cost that we are looking at? And you already mentioned that this year, we are expecting about INR150 crores of revenues from this asset. What is the peak potential that we are looking at from the current investment that we are making or that we have made?

Ranjit Pendurthi: Thank you for the question. So I think we bought the asset for about INR77-odd crores. And I think since then, we have spent about INR10-odd crores on the refurbishment. As you know, these were running plants. And -- but the last 4 years, they were shut. So it did take that -- it took more time than actual real capex, simply because we have to go in there, post the NCLT orders and all that and look at what's not working and lot of those things, long lead items, etc.

So yes, so that's all we have spent for the moment out of the INR25 crores, INR30 crores, we have budgeted when we had bought the asset itself. And I think peak revenues before the company had got into trouble, I think they have touched almost close to INR500 crores in top line when they still didn't have, I think, a couple of the plants operational.

So as a business, there's a lot of potential there, and I think we are slowly climbing that wall and to start with that INR150-odd crores I think, estimate we have given is on that basis.

Rohit Nagraj: Sure. This is helpful. The second question is on the Industrial Salt. So generally, how has been the trend in terms of pricing of Industrial Salt and do we expect at least, say, inflation-adjusted price increase in salt or what is your estimate for maybe a couple of years from now on?

Ranjit Pendurthi: I think, a couple of years projection or prediction I think, is very, very, I think, difficult. I think most industries aren't even predict what's going to happen next quarter. So I think, I wouldn't have a guess for 2 years, for sure. But all that I can add and say is that as you see our volume, again, is back up over 1 million tons.

I think, the first objective is to touch what we have projected with the enhanced capacity for this year, that I think at the contribution levels of what we got in Q4 and hopefully that continuing. The focus will be on moving that volume and having a tight cost control to ensure that the contribution level stays thereabouts what we accomplished in Q4. So I think if that is achieved, I think we would have added a significant top line and bottom line from the volume.

Rohit Nagraj: Sure. Just one clarification. I mean, generally, the salt prices do increase or they have been largely stable and there is marginal increase, which happens?

Ranjit Pendurthi: They have largely been stable. There is, I think, maybe a drop of 5%, 10%. But I think, like I said, I think the volume far more than makes up for that. And I think we are not overly concerned on our ability to be able to move to that 5 million mark for this year.

Rohit Nagraj: Got it. And just one last clarification on the lease, any incremental update?

Ranjit Pendurthi: On that, I think, it is continuously work in progress. We are making headway. I think we are in touch with the authorities and they've assured that they will move on this quickly, because I think they will receive a larger number of representations from many others on the same subject.

Rohit Nagraj: Thanks and all the best, sir.

Ranjit Pendurthi: Thank you.

Moderator: Thank you. Ladies and gentlemen, in the interest of time, that was the last question. I would now like to hand the conference over to the management for closing comments.

Ranjit Pendurthi: So thank you, everyone, for joining us on this earnings call. We appreciate your time and showing interest in our company. In case of queries, you can get in touch with us or SGA, our Investor Relations Advisors. We look forward to again meeting all of you over the next call and meanwhile be safe and Jai Hind.

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