August 05, 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 July 28, 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 July 31, 2025 post announcement of financial results of the Company for the quarter ended June 30, 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: 2025.08.05 10:28:07 +05'30'

Vijayaraghavan N E
Company Secretary and Compliance Officer
M. No. A41671

"Archean Chemical Industries Limited

Q1 FY26 Earnings Conference Call"

July 31, 2025

"E&OE -This transcript is edited for factual errors. In case of discrepancy, the audio recording uploaded on the stock exchange on 31st July 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
MR. RAJEEV KUMAR – DGM FINANCE – ARCHEAN CHEMICAL INDUSTRIES LIMITED
SGA, INVESTOR RELATIONS ADVISORS – ARCHEAN CHEMICAL INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Archean Chemical Industries Limited Q1 FY '26 Earnings Conference 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. Thank you and over to you, sir.

Ranjit Pendurthi: Thank you. Good morning, everyone. A warm welcome to all of you joining our Q1 FY26 Earnings Call. Thank you all for taking the time to be here with us today. On this call, I am joined by Mr. N.R. Kannan, our Executive Director; Mr. Natarajan Ramamurthy, our CFO; Mr. Rajeev Kumar, our DGM Finance and the SGA team who are our Investor Relations Advisors.

I hope you all had a chance to go through the financial results and the investor presentation available on our website and the stock exchanges. I will start up with a brief overview on the recent developments and market trends. Post that, Mr. Natarajan, our CFO will give you a financial overview for the quarter.

To start with the market overview, we are witnessing mixed trends across the chemical industry with early signs of recovery in select segments. Inquiry levels are steadily improving, indicating a more favourable business environment in the coming quarters and years ahead. However, the recent tariff uncertainties have obviously held many global MNCs from making decisions while re-evaluating sourcing and investment strategies.

The Indian specialty chemicals industry, nevertheless, is poised for significant long-term growth supported by rising domestic consumption, supply chain diversification and government led incentives, etc. Recently, NITI Aayog has released a report in July 2025 outlining a roadmap for India to become a global chemical powerhouse with potential to reach USD 1 trillion dollars by 2040.

Despite mixed signals and industry challenges, Archean Chemicals has demonstrated resilience and agility while overall improving its operational performance despite volatility in the market. We began FY '26 on a strong note, delivering a 30% year-on-year revenue growth in the first quarter with a steady product mix.

Coming straight to our performance, we'll start with Elemental Bromine. We continue to be India's largest manufacturer and exporter in the space. Elemental Bromine contributed approximately 30% of our total revenue in Q1 FY '26, with overall business performance remaining broadly stable as compared to the previous quarter. We are confident and we are seeing consistent demand and expect gradual improvement in volumes over the coming quarters. We're also seeing more traction from domestic clients at the same time.

Just to reiterate again, any sharp movements in spot prices do not immediately impact us as most of our contracts are long-term and bilateral in nature, therefore providing the underlying resilience to our business model. While the pricing environment has been challenging from the last couple of years for the chemical industry in whole, we have reported a steady volume as well as some green shoots and uptick in price movements, helping the Bromine segment.

At the same time, our strong relationship with our customers, whom many of them have been with us for more than 5 -7 years, continue to place orders with us and continue to demonstrate their confidence in our capability to meet any extra volume that they need, both domestically as well as internationally.

Industrial Salt. As you all are aware, we produce a Grade 1 superior quality of Industrial Salt that is primarily exported to the Far East, and to over 10 countries overall. Our end customers are chlor-alkali manufacturers, particularly those in the chlorine value chain. Purity and consistency in delivery is a requirement for most of these global manufacturers, both on the chemical side as well as the petrochemical side.

Globally, only a handful of manufacturers can meet this level of purity and we are among them and continue to be India's largest exporter of Industrial Salt. During the quarter, we have maintained sales volume of 1.1 million tons, as we have indicated in previous quarters that that would be largely our run rate and maybe a little bit more in the coming quarters.

Earlier operational challenges, particularly related to logistics, have been largely resolved. With strong demand visibility and once again with long-term contracts with end customers across Asia, we expect to maintain this run rate and also continue to work towards increasing the volumes in this segment.

On Sulphate of Potash, our trial runs are progressing very well. We are very confident with the efforts that we are putting in now on improving the conversion ratios. We are also working closely with the technology partner to progress from pilot scale to plant scale trials. Activities to enable this such as plant modifications are under progress already and we are now preparing for plant trials in the coming quarter and are confident of replicating the pilot plant performance where the trials have proved to be very encouraging.

And we continue to believe that SOP will be a mainstay business for the company in the quarters and years to come. We are one of the few very global manufacturers of SOP, and the market remains very firm in terms of demand for this specialty fertilizer, of which we are one of the very few in the world who make it. As stated earlier, we expect meaningful contributions from this vertical in the second half of FY '26.

On Bromine Derivatives, Bromine Derivatives operations are up and running and currently operating between 30% to 40% capacity utilization. Clear brine fluids and catalysts for Purified Terephthalic Acid (PTA)synthesis has contributed in the Q1 FY '26 performance. We expect the utilization to gradually improve to greater than 50% before the end of this financial year. Once again here, we are encouraged by the response we have received from clients, both domestically and internationally, primarily in the Middle East where the oil fields are based. Both products have been received well and have started engaging with ongoing certifications.

Regarding the flame retardant, FR project, as I told you on the earlier call, we have initiated work on this project and this initiative is being actively pursued now and we will provide an update in the coming quarters once the finalization has been done at our end. As you're aware, FR is a very important chemical that's used primarily in electronics and the recent government initiatives on PLI schemes, etc and the thrust for the electronics sector.

We believe the scope for FR continues to remain robust domestically and continues to be so internationally.

On Oren Hydrocarbon, which has been renamed as Idealis Mudchemie, we acquired this company in 2024, and as you are aware, took possession of the assets in the last quarter of that year. Over the past 6 months we made steady progress in reviving and refurbishing the units.

The trial runs have commenced in 2 units and product qualification has also commenced. We have started receiving acceptance from certain customers domestically and internationally. And we continue to focus on starting the commercial production soon and starting to contribute meaningfully to the top line and bottom line this year.

On our new strategic initiatives, Semiconductor, the land acquisition is completed for this project in Odisha and we have also tendered out RFQs for running the project management office last month and we expect to commence groundwork post monsoon. On the energy storage business, as you're all aware, we have invested in Offgrid Energy Labs, a zinc-bromide battery innovator with a robust IP portfolio of 50 patents and more across cathodes, anodes and separators.

In May 2025, we successfully acquired an 18.14% stake with the remaining commitment expected to be fulfilled over the coming quarters. Offgrid has finalized the pilot site and vendor selection for the pilot plant in the U.K., marking a significant milestone. Upon successful pilot execution, we shall plan to scale up to a gigafactory, which is expected to take 18 to 24 months to materialize.

On closing remarks, to sum up, our business fundamentals remain strong and robust. We maintained healthy margins, deepened our relationship with clients, and laid a strong foundation to invest in high potential sectors like Bromine Derivatives, Semiconductors and Energy Storage. We continue to be a net debt free company backed by robust balance sheet and disciplined capital allocation.

This financial strength and business robustness ensures healthy cash flows and provides the strategic flexibility to invest confidently in long-term growth opportunities. With that, I would now request our CFO, Mr. Natarajan Ramamurthy to share the financial performance for Q1 FY '26.

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 quarter gone by. To give you a summary of Q1 FY 2026 on standalone basis, total revenue for Q1 stood at INR 2,915 million, 30% growth on a year-on-year basis. Our business mix are as follows in Q1: Bromine contributed around 30% of the total revenue whereas, Industrial Salt contributes around 70%. Sales volume of business are as follows: volume sales of Bromine for the quarter 1 FY '26 stood above 4,000-ton level.

Volume sales of Industrial Salt for Q1 FY '26 stood around 1.1 million. EBITDA for the company stood at INR 958 million in Q1 FY '26, a 13% growth on a YoY basis. EBITDA margin stood near 33% for the quarter. Increase in other expenses during the quarter was largely due to increase in packing, dispatching and freight for higher salt sales made and ECL provision. Net profit for Q1 FY '26 stood at around INR 518.5 million.

On a consolidated basis, Q1 FY '26 performance stood as follows. Total revenue for Q1 FY '26 stood at INR 3,005.9 million. EBITDA for the company stood at INR 863.2 million in Q1 FY '26. Net profit for Q1 FY '26 stood at around INR 401.4 million. With this we conclude this speech and open the floor for Q&A. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first is from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: I got three of them. I'll list them. First, can you give us a bookkeeping exact sales volume and revenue for all the three segments? That's one. Number two, there is a purchase of goods, which is a very unusual item in our P&L. Can you help us understand what is the purchase of goods we have traded in this quarter?

Number three, is on the gross profit margin in the Acumes, which is standalone minus consolidated. Last quarter, it was 25%. This quarter, it is 5%. There is a steep deterioration in that. Now it is just because trial and hence volatile or how should we see this gross profit margin on a steady-state basis?

Number four, on the Bromine guidance, you mentioned 22,000 to 25,000 metric tons for FY '26 and 4.5 million for salt. Does that hold good for the year, seeing how the quarters are unfolding? These are my questions.

Ramamurthy Natarajan: Yes. Product-wise revenue for Q1 FY '26 is totalling INR 279 crores, out of which Industrial Salt is INR 194 crores and Bromine is INR 84 crores. And sales metric ton is 1.1 million of salt and Bromine is 4,054.

Sanjesh Jain: 54?

Ramamurthy Natarajan: Yes.

Sanjesh Jain: And SOP?

Ramamurthy Natarajan: SOP is 52 metric tons.

Sanjesh Jain: And revenue?

Ramamurthy Natarajan: Total is 279 -- SOP revenue is INR 26 lakhs.

Sanjesh Jain: INR26 lakhs. Not material. Got it.

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

Aditya Khetan: Sir, my first question is on to the Bromine side. Sir, when we look at the global players commenting, so whether it is in Agrochemicals, Pharmaceuticals and on electronic side, most of the companies have stated that the demand is weak and their capex, what they are planning for the next 2 years, that has been also cut by roughly 40%-50%.

So structurally, it seems like the demand will remain weak. But sir, our guidance of 20%-25% in Bromine. So sir, I just want to know this guidance which you have given, what is the confidence you have got in terms of data, if you can just mention and what is the outlook in the Bromine segment in the global market?

Ranjit Pendurthi: So thank you for that question. I'm also going to answer Mr. Sanjesh's question from the previous segment, which I think was -- I think one of them was left unanswered. So on the Bromine and salt volumes, there was a question if they will hold good. I think to answer that question, Sanjesh, they will hold good.

As you are all aware, these are long-term contracts that we have in place. And I think customers continue reporting faith in both the supply side with us as well as their own operations where they continue to consume. So at the moment, both remain strong for us, and the off take continues almost at 100% of what we make, we are able to sell. So that is answering the previous question.

And coming to your question on the market itself, I think Bromine on the pricing in the last few months, we are seeing a little bit of an uptick, as I mentioned. I think the readjustment of product portfolios by various Agrochemical companies across the globe as well as India and the chemical companies in China where we sell and export Bromine too.

I think they have been quite resilient. And there has also been an uptick in some volumes in some of these chemical companies in terms of sales, whether it be within Asia or whether it be exports from India. And I think we are starting to see that during conversations with some of these manufacturers.

Now, obviously, each company is unique in how it operates, what are the strengths, what are the constraints within that environment. So, however, I think our history has shown that even in a tough market, I think our company has continued to be very resilient in volumes for sure. And we've also tackled pricing in a very methodical manner because most of these, again, are locked into contract.

Aditya Khetan: Okay. Got it. Sir, these long-term contracts which we have signed, ideally, sir, from next quarter, if we look what guidance you have given, this quarter we have got some 4,000 tons of a run rate in Bromine. To achieve that number, what you've said of 20%- 25%, ideally, the next quarter Bromine run rate should be around 5,500 tons. So are the long-term contracts in place so that these numbers would be achieved?

Ranjit Pendurthi: I will answer that question in a different way. I think our order book is full. And like I said, today -- and it has been in the past the same way, whatever we're able to make, we're able to sell.

Aditya Khetan: Okay. Got it. Sir, on to -- coming to the other businesses of -- so like the Bromine Derivatives. Sir, the difference in top line, like, INR 292 crores is on consol and what sir has given -- so the revenues from Bromine and salt, they are INR 278 crores. So the difference is into the Bromine Derivatives?

Ranjit Pendurthi: Yes. We are doing about INR 25 crores -- close to INR 23 crores to be exact, but for the first quarter. And as the capacity utilization keeps going up, that sales will keep moving up to the rest of the year. But at the same time, we'll also be introducing 2-3 other products in the Bromine Derivatives space.

Aditya Khetan: Got it. Sir, we have seen like some news has been floating in the global market that -- so toxic flame retardants, so that -- there are chance that some of the countries might look to ban for it. How do you see this changing in our business? Like when we set up a plant, are we also manufacturing similar set of the flame retardants?

Ranjit Pendurthi: I think the flame retardant portfolio, I think, we'll come back to it when we finalize the plan, because there are different kinds of flame retardants. And so I think there is regulation around certain categories of them. But at the same time, I think there is also, like I said, a large arena of products in the flame retardants. So as I said in my comments earlier, when we finalize the flame retardant portfolio, I think we will come back and answer that question with a little bit more clarity for all of you.

Aditya Khetan: Sir, just one last question.

Moderator: Sorry to interrupt I request to all participants please restrict your questions to two per participants. The next question is from the line of Krishan Parwani from JM Financial. Please go ahead.

Krishan Parwani: Two to three from my side. Firstly, when will our Bromine price move up from current $2.4 per kg that we've been seeing from the last two to three quarters?

Ranjit Pendurthi: So I think we've moved -- thanks for the question, Krishan. So I think we've moved past that number. So we are closer to USD2.5 and a little bit more, in fact, on some cases.

Krishan Parwani: Okay. In July, you mean?

Ranjit Pendurthi: It will come through -- I think it started already in May, June. So it's a mix of old orders and new. So you may not see the full impact of it. But as the old orders get extinguished and the new ones fully kick in, you'll see that come through this quarter and the next quarter.

Krishan Parwani: Got it. And so on the -- some clarification on the derivative business. Did you mention INR14 crores for the derivative business or INR24 crores this quarter?

Ranjit Pendurthi: INR 23 crores, INR 23 crores and change for this quarter. It's primarily come from the brine fluids -- clear brine fluids and the other products will get introduced over the next couple of quarters.

Krishan Parwani: Okay. But when I do the math, like, let's say, INR194 crores from Industrial Salt, INR84 crores from bromine and you have done INR292 crores on a total top line basis. So it just comes to INR14 crores from the Bromine Derivatives. What am I missing?

Ranjit Pendurthi: No, the combined top line is consolidated is INR3,009 crores, I think or INR3,005 crores.

Krishan Parwani: Okay. You mean with the other income?

Ranjit Pendurthi: So it's INR3,005.9 crores total revenue on a consol basis. (Errata: Actual Number to be read as Millions instead of Crores)

Krishan Parwani: But that includes the other income, right?

Ramamurthy Natarajan: Yes. This is a consolidated basis in which intercompany sales are set off.

Krishan Parwani: Got it. Anyway, I'll move to the last question, which is, are we still on track to deliver INR150-odd crores revenue from Oren Hydrocarbon in FY '26?

Ranjit Pendurthi: I think that is the endeavour. The product certification, like I said, is taking a bit of time, but at least we've actually started getting some local approvals, the local offices of MNCs and certain Middle East customers who sell these to oil companies, I think, have tested it and approved. So the endeavour is to kick start the sales in this coming quarter.

I mean, I would like maybe to make an observation largely on the market. So I think the market for those products still continues very healthy. So it's just a matter of time for us to start and be able to sell. So I think we are getting there and we are still hopeful of that.

Krishan Parwani: So you don't want to lower your guidance of INR 150-odd crores revenue from there?

Ranjit Pendurthi: Well, I think if I were to look at it conservatively, I would possibly lower it. But I think is INR 150 crores realistic? I think we should aim for that.

Moderator: Our next question is from the line of Rohit Nagraj from B&K Securities.

Rohit Nagraj: Sir, we've had faced certain logistical challenges in the previous quarter. So in the recent quarter -- I mean, recent past, are those challenges have been completely taken care of? And incrementally, that should not be a challenge from our growth perspective for the exports market?

Ranjit Pendurthi: Thank you for the question. So yes, we have largely resolved them. We've added a lot more equipment, both owned and leased and third-party equipment, both on the transportation as well as on the operations side at site. So as you can see, the volume has picked up, and we are hopeful that this run rate will continue, and we'll try to expand that a bit more.

Rohit Nagraj: Right. And on the salt side, generally, how the pricing behaves? I mean, is it -- has it been relatively stable over the last few years or on a year-on-year basis, at least there is some price increase based on the operational increase or operation cost increase or how structurally it moves?

Ranjit Pendurthi: So I think over the last year -- let me correct that. Over the last 6 months, there has been a little bit of weakness, but that's largely made up by the efficiency improvements at our end. Because you have to also remember that on a global scale, right, the petrochemical business and the chlor-alkali business has not had the easiest of times.

But nevertheless, some of the customers that we sell to are very large and very strong operationally. So we look for more continuity in the off take, which has happened. All the customers continue with their off takes. And I think the price has been, I would say, given all that's happened in the market, has fairly been resilient.

Moderator: The next question is from the line of Pratik Oza from Systematix.

Pratik Oza: Sir, our standalone entity reported a PAT of INR 518 crores, while our consol PAT was substantially lower at INR 401 crores, so if you can provide a sales breakdown of the difference of the pre-tax loss between your subsidiaries that is Acume Chemicals and Idealis Chemicals?

Ranjit Pendurthi: Sorry, you'll have to repeat that question with a little more clarity because we could not hear you very clearly. We can hear you, but it's not very clear.

Pratik Oza: Yes. Sir, so what I was referring to was your standalone entity had a PAT of INR 518 crores and consol PAT is substantially lower at INR 401 crores. So there is a negative difference of about INR 117 crores. So I just wanted to know the breakdown at pre-tax loss for the subsidiaries of Acume Chemicals and Idealis Chemicals. I guess, our subsidiaries must have posted a loss and that had impacted our consolidated PAT? (Errata: Actual Number to be read as Millions instead of Crores)

Ranjit Pendurthi: Okay. So your question is at a standalone, it's INR 500-odd crores and why is it -- sorry, INR 51 crores and why on a consol basis, it's lower.

Pratik Oza: Yes.

Ramamurthy Natarajan: That is because of the subsidiaries' initial losses being the first year of full operation. Acume and all, we have some small losses. After setting off, that is the net profit.

Rajeev Kumar: So when we start a business in a new subsidiary, generally, the first few quarters, you buy raw materials and all more than your production for next 1 quarter or 2 quarters. And then you expense them also. So that is the differential.

Pratik Oza: Okay. And sir, how are things shaping up now for the subsidiaries? I mean, given that in the last quarter, you had said that the derivative business would achieve PAT positivity in this fiscal year. So how are things panning out?

Ranjit Pendurthi: I think as I said earlier, I think despite the challenges globally and with all this tariff uncertainty, etc, I think the products that we sell, there continues to be a good demand for them. And we continue to have encouraging feedback from clients who we are approaching for approvals and technical certifications. So I think we have -- our only job is to now make the product, and I don't think sales is a problem.

Moderator: Our next question is from the line of Archit Joshi from Nuvama.

Archit Joshi: Sir, just one question. I wish to get your thoughts on what we have been hearing about the anti-involution policy that China is trying to implement or rather in the stage of implement?

Moderator: Sorry to interrupt. Archit sir, can you please keep your device close to you, because your voice is breaking.

Archit Joshi: Sir, I believe that China is trying to implement certain policies to limit the capacity addition in the view of subdued pricing that is seen in the chemical industry. And I believe flame retardants also is one of the products where there is significant bit of overcapacity in China. And they are trying to do something on that account with regards to creating a level playing field possibly or to cut down this deflationary pricing that we are seeing over the last maybe 18 months. So anything that we hear on that account, your thoughts on that?

Ranjit Pendurthi: To be honest, we have not really heard anything, because we do exports every month. So none of us -- in fact, just this morning, someone has said, can you please speed up the consignment? So -- and I think -- so I'm not aware of any such thing. So it would be hard for me to comment.

But one of the things that you mentioned, what they're trying to do, I don't know what it is they're trying to do domestically, but obviously, there's a lot of policy reviews going on within China. But at the same time, they still need the Bromine. So I think in that context, I think we are not concerned from at least what our customers are telling us.

Moderator: The next question is from the line of Dhruv Muchhal from HDFC AMC.

Dhruv Muchhal: Sir, If I look at the breakup that you gave of the derivative segment, so it seems the differential is because of the Bromine sales that you do internally, which if I do the rough math, is about 10% of your Bromine segment sales, which roughly assuming 10% of your Bromine volumes also is sold internally.

That would mean -- and last quarter, that was -- there was no internal sales of Bromine -- Elemental Bromine. So that would mean the Elemental Bromine external sales have declined quite a bit. So just trying to understand, was it just a timing issue or you are focusing more on your capital versus the exports or external?

Ranjit Pendurthi: So Dhruv, thanks for the question. I'm just going to repeat it so that we understood you clearly. What you're saying is that -- you're asking us about the internal sale of Bromine from Archean Chemical to our subsidiary, Acume, is it?

Dhruv Muchhal: Yes. So okay. Just to clarify, sir, the Bromine sales number that you have given, is it the overall sales or is it just the external sales? So what you sell to the subsidiary.

Ranjit Pendurthi: So it's the overall sales.

Dhruv Muchhal: Okay. So the subsidiary sales are also given in the volume numbers, 4,054 that you have given, that includes the Elemental Bromine sales to the subsidiary?

Ranjit Pendurthi: Yes. So in the last quarter, we had about 400-odd tons sold to the subsidiary.

Dhruv Muchhal: In 1Q?

Ranjit Pendurthi: Yes, Q1. Yes.

Dhruv Muchhal: Yes. So, sir, that is what I was trying to understand. In the previous year quarter, your external -- 4,700 tons. And this year excluding your internal sales, it's about 3,600 tons. So there is a decent decline in your external sales of Elemental Bromine.

Dhruv Muchhal: Yes. Sir, I was saying that your external sales of Elemental Bromine has come off from 4,700 tons last year quarter to about 3,600 tons this year quarter. So just trying to understand what's driving this?

Ranjit Pendurthi: So as you're comparing it to last year same quarter --

Dhruv Muchhal: Same quarter. Yes.

Ranjit Pendurthi: Yes. So we would probably have to come back to you. Mr. Natarajan, our CFO, will reach out and clarify that.

Dhruv Muchhal: Okay. Sure. No worries, sir.

Ranjit Pendurthi: Yes, we don't have that figure in front of us.

Dhruv Muchhal: Sure. And sir, the second question was on the potash commentary. So you see -- if I'm not wrong, your commentary was incrementally more positive. So if you can -- so have the pilot trials been successful and now you're starting for the plant scale trials at your site, if I understood that right. And how do you see the progress? I mean, how does it happen? What are the time lines or what are the milestones that you will have to cover for it to scale up?

Ranjit Pendurthi: So no, you're absolutely right. The pilot trials have been done and they have been successful, which is now why they're moving to plant scale trials. At the plant scale, we've already ordered the equipment that's required to be put into place. So that work is going on, on the ground. And in the next couple of quarters, we will get that up and ready.

And we are confident that we will be able to -- well, we have also harvested KTMS, which is our mixed salt, which is a raw material for the SOP plant for this year already done. So that stock is also already available. So that will be also available to be used when the plant is up and ready.

So in terms of raw material, we have it in place. So the plant scale equipment is being put in place. So which is why we said that we expect meaningful contribution to come this year in SOP.

Dhruv Muchhal: Got it. That's nice. And sir, this should also -- if I'm not wrong, this should also aid in ramping up your Bromine volumes, Elemental Bromine volumes, once this plant is up and running?

Ranjit Pendurthi: Not directly, but you do have a point. There is an indirect correlation, because the more KTMS we get, it would imply that there is enough brine available for more Bromine as well. But that will be gradual. It won't be -- I mean, unfortunately, these things have to evaporate over a period of -- over a large area of land. It doesn't happen instantly.

Dhruv Muchhal: Yes. I mean over a period of time. Yes.

Ranjit Pendurthi: You're right. So the most important thing is, as you rightly observed, we are in place and doing those things. So you'll see that improvements coming over the next few quarters much more than you've seen in the last two, three quarters.

Dhruv Muchhal: Got it. And sir, last question is just on a particular point, your EBITDA on a Y-o-Y basis has grown by about -- from this year to last year same quarter is about INR7-odd crores versus just your salt sales volume have grown by about -- salt sales revenue has grown by about INR80-odd crores on a Y-o-Y basis quarterly.

I would assume your salt business does about 25%, 30% -- to 20% to 30% margin. Just that delta should have contributed to your EBITDA, which is not completely getting reflected. So just wanted to understand, is there some drag in some business, which is leading to this mismatch?

Rajeev Kumar: So Dhruv, see, salt, while you are aware that we don't do product-wise margin, and it is also not possible in our case. But yes, there's not much pricing pressure on salt. The lower EBITDA that you are seeing more comes from the downstream derivative of Acume, etc, overall consolidated performance.

Dhruv Muchhal: Okay. So it's just the ramp-up of these subsidiaries, which is taking some cost.

Ranjit Pendurthi: Yes.

Dhruv Muchhal: And once that normalization happens, they should get reflected?

Ranjit Pendurthi: Correct.

Moderator: Thank you. The next question is from the line of Rikin Shah from the Boring AMC.

Rikin Shah: I just have one question. Are we seeing any sort of inventory build up on any geographies where we are selling at the moment?

Ranjit Pendurthi: We are not hearing that from our customers. And a lot of them actually have always, not just now, have always been very lean on inventory. So which is one of the reasons why they continue to lift and do the off take as per contract.

Moderator: Our next question is from the line of Chetan Doshi from TM Financial.

Chetan Doshi: I have two questions. One is, this Idealis Chemicals, it is the -- we are going to start trials. So when the trials will be completed and how much it will contribute for the financial year '26? And second question is, are we exporting anything to U.S.? And if yes, what is the quantity?

Ranjit Pendurthi: So the trials have already started on certain products related to the starch chemicals and as well as liquid chemicals for oil drilling. So the end markets are the Middle East right now. We have no exposure or business with the U.S. in either the parent or the subsidiaries.

Chetan Doshi: Okay. And how much this Idealis Chemicals will contribute for the full financial year '26 in the top line?

Ranjit Pendurthi: Top line, we have given a guidance of INR 150 crores, but I think someone had asked earlier, are we maintaining this guidance? So we are, for the moment, sticking to it. But I would also leave the door open a little bit because the ramp-up or the technical approvals are taking a bit taking more time than we anticipated.

So we're already halfway through the second quarter. So I would more focus on actually getting the plants up and ready and start shipping out products, because you have to also realize that most of these businesses are not done over one or two quarters. They are contracts. So the robustness of the long-term off takes are more critical for us than be very concerned about immediate one, two quarters, especially for a business that we are trying to revive that we bought in NCLT. So that's our focus right now to get certifications of the products and to start the sales.

Chetan Doshi: So this will start from which quarter?

Ranjit Pendurthi: This should start from the third quarter.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to…

Ranjit Pendurthi: Sorry, I think there was one question, Sanjesh, was still unanswered. The purchase of goods is actually, generally what happens is this is good for all to know. So in August and September, we generally get some rains, unexpected, unseasonal sometimes it moves on in September. And we always have a little bit of a difficulty in restarting shipments from our regular facility at Jakhau. And then there's a delay of another two weeks to three weeks.

So what we have done to mitigate that risk, because we always run at 100% on salt exports and logistics, we have purchased some extra material as a buffer and that will allow us to kick start the season immediately without having to wait post monsoon from Jakhau. So this gives us that buffer for at least two shipments with a clear runway of being able to lock in that revenue and not have to wait on that quarter. Please continue.

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

Ranjit Pendurthi: Thank you very much. Thank you, everyone for joining us on this earnings call. We appreciate your time and continued interest in our company. In case of any queries, please do get in touch with us or SGA, our Investor Relations Advisors and we look forward to meeting all of you over the next call. Thank you. Have a good day.

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.