

Archean Chemical Industries Ltd.

High Conviction
Report25th March 2026

Moving up the bromine value chain through derivatives

Archean Chemical Industries Ltd. (ACIL) is a leading manufacturer of specialty marine chemicals in India, specializing in the production and export of Bromine, Industrial Salt, and Sulphate of Potash (SoP) globally. As India's largest exporter of Bromine and Industrial Salt, the Company holds a competitive advantage in the global market, due to its cost-efficient production processes. ACIL sources its brine reserves from the Rann of Kutch in Gujarat and operates a state-of-the-art facility near Hajipir, strategically located on the northern edge of the Rann of Kutch brine fields, covering an area of ~240 sq. km. Importantly, the Company is increasingly sharpening its focus on downstream bromine derivatives, with Phase 1 capacity already operational (Clear Brine Fluids [CBF] and Pure Terephthalic Acid [PTA] catalysts) and expected to deepen product mix through Phase 2 capacity (brominated flame retardants) over the next 12–18 months.

Scaling bromine derivatives

The Company's next leg of growth will be driven by scaling bromine derivatives, a structurally higher value-add segment versus elemental bromine. Phase 1 is already commissioned with 18,000 MTPA capacity (Clear Brine Fluids 13,000 MTPA; PTA catalysts 5,000 MTPA) and utilisation has ramped to ~30–40% in 9M FY26. Management is focused on accelerating volumes through customer certifications and approvals, with 60+ customers engaged and utilisation targeted to cross 50% by end-FY26, implying a higher offtake ramp ahead. Further, Phase 2 (brominated flame retardants) is expected to come on stream over the next ~12–18 months, deepening downstream integration and diversifying the derivatives portfolio. Total capex for the derivatives platform is guided at ~Rs 2.50 Bn, with ~Rs 1.9 Bn already invested till H1 FY26; the balance ~Rs 0.6 Bn is largely for Phase 2, benefiting from shared utilities and infrastructure created in Phase 1, thereby supporting attractive incremental economics.

Becoming a comprehensive solution provider to Oil & Gas industry

ACIL's acquisition of Oren Hydrocarbons (Idealis Mudchemie Pvt Ltd) via the NCLT route for ~Rs. 765 Mn marks a strategic move to transition from a pure chemical supplier to a comprehensive solution provider for the oil and gas industry. By combining Idealis's specialty mud chemicals (Barite, Bentonite, Starch) with Clear Brine Fluids (CBF) (a bromine derivative which finds its use in oil & gas industry), ACIL is positioned to offer a single-source solution to drilling companies, enhancing its market value proposition. This acquisition positions ACIL to capture a larger share of the oil and gas market, providing significant growth potential once operational challenges are addressed.

View & Valuation

We believe ACIL is entering into a more visible growth phase as it expands into bromine derivatives and moves up the value chain. The Oren Hydrocarbons acquisition should further strengthen the offering by enabling bundled mud chemicals with Clear Brine Fluids. With improving bromine pricing and rising utilisation in bromine derivatives, we expect a double-digit growth in the coming years. We value the Company at 18x FY28E EV/EBITDA, implying a target price of Rs 757 and ~25% upside from current levels.

BUY

CMP Rs. 607

TARGET Rs. 757 (+25%)

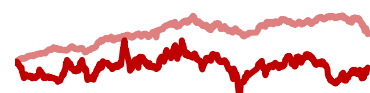
Company Data

Bloomberg Code	ACI IN
MCAP (Rs. Mn)	74,973
O/S Shares (Mn)	123
52w High/Low	728/480
Face Value (in Rs.)	2
Liquidity (3M) (Rs. Mn)	75

Shareholding Pattern %

	Dec 25	Sept 25	Jun 25
Promoters	53.4	53.4	53.4
FIIIs	11.1	11.2	11.1
DIIIs	25.3	25.5	24.7
Non-Institutional	10.2	9.9	10.8

ACIL vs Nifty



Mar, 23 Mar, 24 Mar, 25 Mar, 26
— ACIL — NIFTY

Source: Keynote Capitals Ltd.

Key Financial Data

(Rs Mn)	FY25	FY26E	FY27E
Revenue	10,410	11,391	14,405
EBITDA	3,142	2,905	3,933
Net Profit	1,621	1,528	2,210
Total Assets	25,511	27,841	30,383
ROCE (%)	9%	8%	10%
ROE (%)	9%	8%	10%

Source: Company, Keynote Capitals Ltd.

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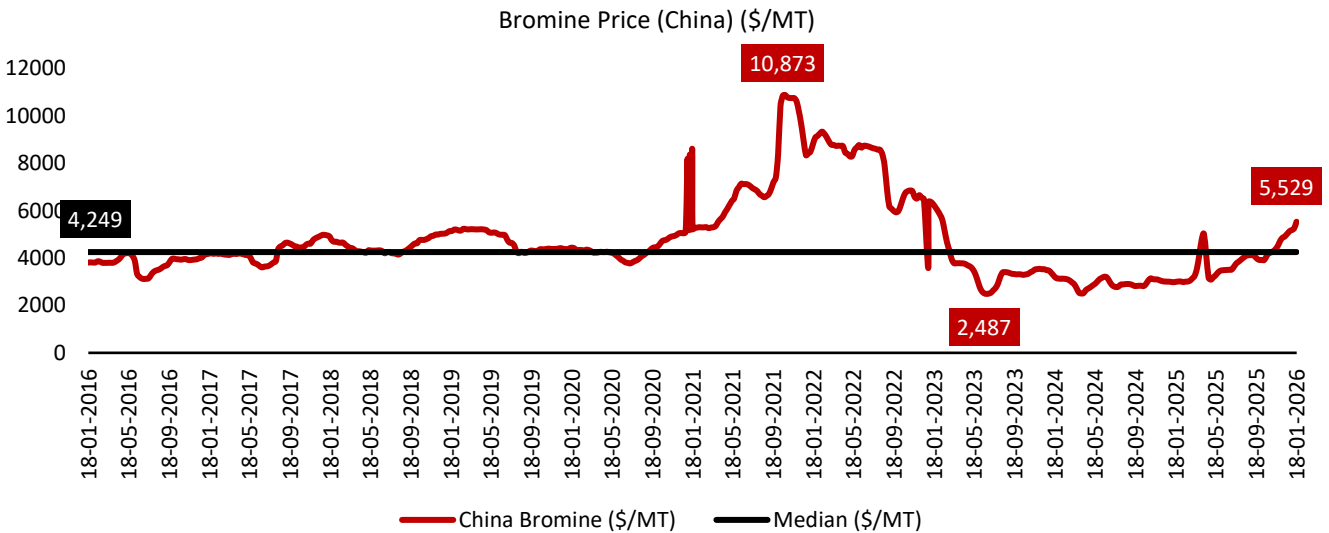
Industry Overview

Bromine

Bromine is a naturally occurring halogen element primarily found in seawater, salt lakes, inland seas, and brine wells. While elemental bromine does not exist in its pure form in nature, it is typically found in compounds with other elements. In its elemental state, bromine is a reddish-brown liquid that emits a pungent odour and is known to be irritating to the skin, eyes, and respiratory system.

Bromine is primarily produced by processing brine, where the majority of sodium chloride and potash are extracted. The highest concentrations of bromine, which are the most recoverable, are found in inland seas and brine wells.

As with most commodities, fluctuations in bromine prices can significantly affect the dynamics of the entire industry. Price volatility can influence the cost structure of companies across the supply chain, from producers of elemental bromine to manufacturers of bromine derivatives.



Source: Bloomberg, Keynote Capitals

In 2021, bromine prices in China experienced a sharp surge, primarily driven by severe supply constraints due to stringent environmental inspections and production cuts in key regions, notably Shandong. Simultaneously, the global logistics crisis and port congestion exacerbated supply issues, leading to a tight market and significant price hikes. However, by 2023, prices fell to decadal lows as the market shifted. A combination of normalized supply, with stable production and improved brine extraction, alongside weakening demand from key industries, particularly in the construction and electronics sectors, led to an oversupply in the market.

As of late 2025, bromine prices have stabilized at elevated levels relative to their 2023 trough, reflecting a re-balancing of supply and demand after the sharp correction over the prior two years. Currently, the prices are above decadal median levels at ~\$4,526/MT.

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Global Bromine Industry

The global bromine market in 2024 is estimated at ~\$3.1 Bn, with volumes of ~735,000 MT. Industry demand is expected to grow at a CAGR of ~5-6% through 2035.

The global bromine industry is driven by a few key producers who operate in regions with high concentrations of bromine, such as the Dead Sea (Israel/Jordan), underground brines in Arkansas (USA), and coastal and inland brines in China and India. These regions have been the backbone of global bromine production, supplying both domestic and international markets with bromine and its derivatives.

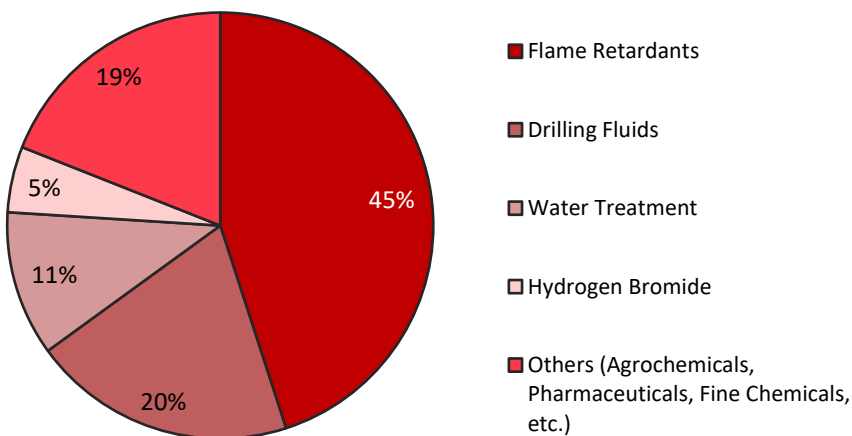
Four major producers (ICL, Albemarle, LANXESS, Jordan Bromine) control more than 80% of global production capacity, creating an oligopolistic market structure.

Bromine Application

Bromine plays a crucial role in a variety of industries, being predominantly used in brominated flame retardants and clear-brine fluids for oil & gas drilling. It is widely used as a reactant and catalyst for manufacturing various products, such as agrochemicals, biocides, water disinfectants, pharmaceutical intermediates, dyes, completion fluids, flame retardants, and photographic chemicals. Bromine finds applications in chemicals, rubbers, plastics, agrochemicals, oil and gas, pharmaceuticals, electronics, textiles and other industries

One of the promising uses of bromine is expected to be in Energy Storage Solution.

End Use Market Share (%) (2024)



Source: chemanalyst, Keynote Capitals

Growth in the global bromine market is primarily driven by rising demand for bromine-based flame retardants in electronics, automotive, and construction, along with increasing use in water treatment, oil and gas drilling fluids, and pharmaceuticals.

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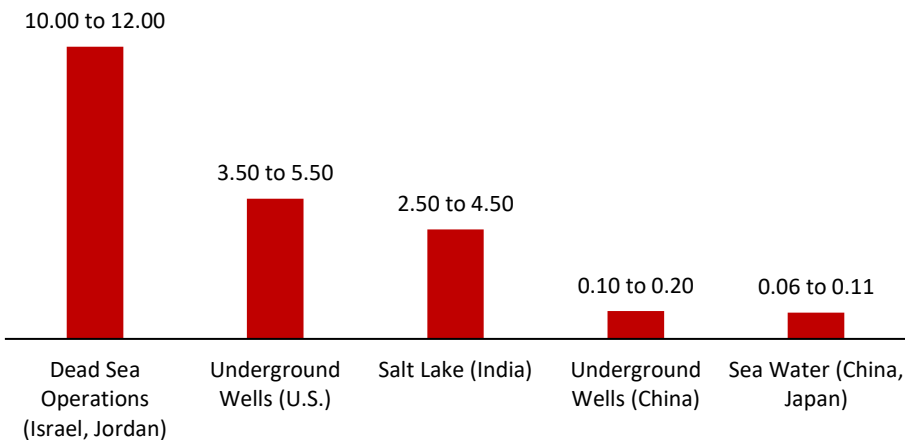
Global Natural Resources: Bromine Concentration by Region

Bromine is predominantly extracted from regions with high concentrations of saltwater lakes, evaporitic salt lakes, and underground brines associated with petroleum deposits. The richest global bromine reserves are found in:

- Dead Sea (Israel/Jordan): This region remains one of the largest sources of bromine production globally.
- Brine Wells in Arkansas, USA: Another significant source of bromine in the North American region.
- China's Coastal and Inland Brines: Historically a major producer, though this has decreased due to falling bromine concentration and stricter regulations.
- Great Rann of Kutch, India: This region is a rising star in bromine production, with large-scale extraction.

The typical cost of production of elemental bromine is ~\$500-600 per MT for Israel and Jordan, ~\$800-1,000 per MT for Arkansas, ~\$ 900-1,100 per MT for India, ~\$ 1,500- 1,700 per MT for China and ~2,500 or above per MT for Japan.

Bromine Concentration (g/litre)



Source: ICL, Keynote Capitals

China – A dominant consumer in the world

Asia Pacific controls over 50% of global consumption of bromine in 2025, with China as a major contributor, demonstrating regional manufacturing strength and expanding industrial base.

China is expected to be the dominant and fastest-growing market for bromine in the Asia Pacific region, driven by the rising demand for brominated flame retardants, particularly in the electronics sector, including smartphones, TVs, wires, and cables. As disposable income increases among the middle class and electronic exports grow, the demand for bromine-based flame-retardant applications is anticipated to rise, supported by the expanding electronics and construction industries.

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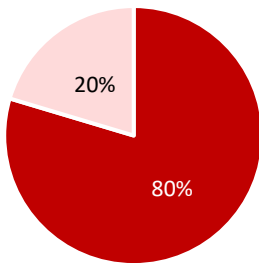
Decline of Bromine Production in China

China, once a strong producer of bromine, has witnessed a steady decline in its domestic production. In 2014, China was producing ~135,500 MTPA of bromine, which output has dropped significantly to ~63,500 MTPA in 2024. Factors that have contributed to this decline:

- Bromine concentration in China's key brine belts, such as Laizhou Bay and Bohai Bay, has declined, pushing up the cost per ton and eroding competitiveness versus global producers.
- China's tightening environmental regulations have placed additional restrictions on bromine production.

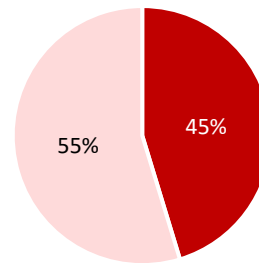
As a result, China's bromine production no longer meets its domestic demand. Its import dependence has exceeded 50%.

China's Bromine Consumption (%) (2014)



■ Domestic Production ■ Import

China's Bromine Consumption (%) (2024)



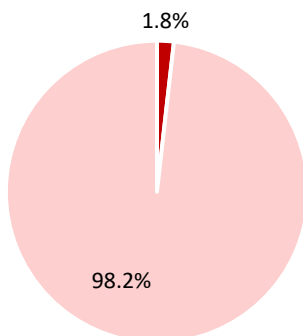
■ Domestic Production ■ Import

Source: Finance.sina, World integrated trade solutions, Keynote Capitals

This decline in domestic production, along with increasing demand, has led to China's position as a net importer, reshaping the global bromine supply landscape.

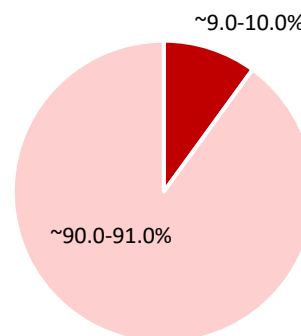
In 2014, China's bromine import stood at ~34,700 MTPA, which increased to ~76,700 MTPA in 2024.

India's share in China's bromine import (%) (2014)



■ India ■ Others

India's share in China's bromine import (%) (2024)



■ India ■ Others

Source: Finance.sina, World integrated trade solutions, Keynote Capitals

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Bromine is a hazardous, highly toxic chemical, which makes transportation complex and heavily regulated. As a result, logistics is a major cost component for producers. Even though India's production cost is higher than some global peers, its geographic proximity to China gives it a strong locational edge. This supply challenge in China may translate into a direct tailwind for India's bromine exports.

As of CY23, China accounts for 95% of India's bromine export [in Value terms]

India's bromine industry:

India is strategically positioned in the global bromine market due to its access to high-salinity brines in the Great Rann of Kutch, a key area supporting the production of bromine, industrial salt, and Sulphate Of Potash (SoP). India is emerging as an important player in the bromine sector, as global demand continues to grow and China's production falls behind.

India's bromine production has steadily increased, and the country is increasingly becoming a key exporter of bromine and bromine products. A few key drivers of this growth include:

- Rising domestic demand for bromine in applications such as flame retardants, oil & gas drilling fluids, water treatment, and agrochemicals.
- Strategic access to high-quality brine in Gujarat, providing India with a competitive edge in bromine production.

India has the potential to capture a larger share of the global bromine market as China's supply weakens. As of the latest estimates, India's bromine market is valued at ~\$118.7 Mn in 2024.

Globally, bromine producers are often forward-integrated to manufacture bromine compounds. The supply of bromine in the form of derivatives is preferred, as elemental bromine is highly hazardous and is typically utilized only at its point of origin.

Despite India's geographical advantage, the lack of capabilities to manufacture bromine derivatives has caused Indian companies to fall behind their international counterparts. This is a key reason why India remains a net importer of bromine and its derivatives.

ACIL increased bromine's capacity to 42,500 MTPA in January 2023, from 28,500 MTPA earlier. The increased bromine capacities will be used for its captive consumption in the bromine derivatives plant, leading to expansion in its product portfolio.

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Bromine derivatives

Flame Retardants: Globally, properties worth billions of dollars are lost due to fire-related accidents every year. This makes anti-inflammatory agents or flame retardants crucial chemicals since they minimise the fire-related risks for almost every manufactured commodity. Flame retardants prevent fire by delaying the combustion process by forming a layer of free radicals. They either release carbon dioxide or free radicals that combine with oxygen molecules, thus arresting the oxidation process.

There are more than 70 different types of Brominated Flame Retardants (BFRs) with various properties (reactive, polymeric, halogenated, etc.). BFR accounts for ~45% of bromine's application as of 2024.

Drilling Fluids (Clear Brine Fluids): Bromine is widely used in the oil and gas drilling industry, primarily in the form of clear brine fluids, which include calcium bromide, zinc bromide, and sodium bromide. These high-density fluids, often mixed with additives, are crucial in well completion operations to prevent solids from mixing with brines. They play a key role in protecting the well bore and productive zones by reducing the risk of damage. Due to their high density, clear brine fluids also help prevent fluid migration between underground formations, ensuring well stability during drilling. Drilling Fluid accounts for ~20% of bromine's application as of 2024.

Water Treatment: Elemental bromine and Bromine compounds like Sodium bromide, Calcium bromide and Bromine chloramine is used in water treatment primarily for its disinfectant properties (killing bacteria, viruses, and algae), especially in swimming pools, cooling towers, and industrial water systems. It is favored over chlorine in some applications due to its effectiveness at higher pH levels and its ability to function at lower temperatures. Water treatment accounts for ~11% of the bromine's application as of 2024.

Hydrogen-Bromine: Bromine flow batteries are emerging as a promising energy storage solution, particularly for large-scale industrial applications. Hydrogen-bromine flow batteries, which utilize bromine derivatives, are proving to be a reliable and sustainable power source. These batteries offer several advantages over traditional lithium-ion batteries, including the ability to store energy for longer periods and with greater safety. In recent years, extensive research and development efforts have led to significant advancements in industrial energy storage, making bromine flow batteries an increasingly viable option for energy storage across various global industries.

Pure Terephthalic Acid (PTA): Bromide plays a key role in the production of PTA, which is a crucial raw material for polyester production. The majority of PTA is used in the creation of polyester resins, including polyester films, fibers, yarns, and PET bottles. PTA also serves as an intermediate in the production of various other materials, such as liquid crystal polymers, plasticizers, polybutylene terephthalate, and compounds like cyclohexane dimethanol, terephthaloyl chloride, polytrimethylene terephthalate, and copolyester ether elastomers. Polyesters derived from PTA are widely used in industries such as textiles and packaging.

ICL uses the highest quality materials to design and provide tailor-made electrolyte blends according to specific customer requirements such as desired physio-chemical properties. ICL's bromine electrolytes are made up of zinc bromide or hydrobromic acid, together with additional complementary salts. These bromine-based electrolytes are fully recyclable and reusable, which makes them the perfect solution for renewable energy storage.

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Reasons for high entry barriers in Bromine Industry

1.Raw material unavailability & brine field development: The high-quality brine used to produce bromine is only found in select regions, such as the Rann of Kutch, which is already controlled by a few established players. This restricted access to brine makes it nearly impossible for new competitors to enter the market. Moreover, the development of brine fields requires 3-5 years of investment and work before commercial production can begin, further discouraging potential entrants.

2.Long gestation period: Companies in the industry involve intricate product development, manufacturing, and significant investment in salt beds. The availability of raw materials is limited, and only a few locations, like the Rann of Kutch in Gujarat, offer the right climate and access to reserves. The lead time for Research and Development (R&D), along with the time required to build customer trust and relationships, further extends the gestation period, making it challenging for new entrants to establish themselves.

3.High capital requirements: The bromine and salt business is capital-intensive, with substantial working capital needs and ongoing R&D investment. The industry offers low asset turnover (~1x) and a high risk of product rejection during the early stages of production. This makes it difficult for small players to enter the market, as the high initial investment and the financial risk involved are prohibitive without significant resources.

4.Specialized expertise required for Bromine: Bromine transportation involves handling highly corrosive, hazardous, and toxic chemicals, which require specialized knowledge and expertise. Bromine is typically transported in nickel and lead-lined ISO tankers, and each tank must be inspected annually by a certified expert. The complex logistics and strict compliance requirements make it difficult for new manufacturers to meet industry standards.

In the Rann of Kutch, most established companies already operate in this feasible extraction zone, making it difficult for new entrants to access these high-quality bromine reserves.

Setting up a bromine manufacturing unit requires access to high-quality brine reserves. The only significant source of such high-quality brines in India is found in large land parcels in the Rann of Kutch district in Gujarat. From our understanding, a substantial portion of this land is already controlled by established players like ACIL and others. As a result, the limited availability of these prime brine reserves creates strong entry barriers, making it nearly impossible for new players to enter the bromine manufacturing business in India.

Bromine Recycling

While bromine recycling technologies, particularly in e-waste plastics and industrial waste streams, are gaining traction, they currently remain niche and technologically complex. The infrastructure for large-scale recovery is limited, and the processes involved, such as chemical transformation and neutralization are costly and less efficient than primary bromine production. Although regulatory pressure for circular economy solutions could spur future demand for recycled bromine, at present, the impact on global bromine supply remains minimal. This presents a future risk, but one that is largely contained within specialized, low-volume applications rather than the broader bromine market.

Example of industrial recycling: At large sites like Syngenta in Monthey, bromine used in production is recovered, recycled on-site, and reused. It improves safety, reduces fresh bromine needs, and significantly cuts costs by minimising storage/transport and re-extraction.

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Industrial Salt Industry

Industrial salt, primarily composed of sodium chloride (NaCl), is a fundamental raw material used across various industries, including chemical manufacturing, water treatment, de-icing, agriculture, and food processing. Unlike table salt, which is primarily consumed for dietary purposes, industrial salt has diverse applications, making it a vital commodity in the global market.

Industrial salt plays an essential role in the production of over 14,000 commercial applications, including the manufacturing of plastics, glass, synthetic rubber, detergents, agrochemicals, pharmaceuticals, explosives, and metal coatings.

How Industrial Salt is Produced?

Industrial salt is obtained using two methods:

- **Rock Salt:** Rock salt is extracted by mining natural halite deposits found in underground salt mines. The salt is typically harvested using traditional underground mining methods or through surface mining. Once extracted, it undergoes crushing, washing, and refining processes before being used in industrial applications.
- **Natural Brine:** The extraction of salt from natural brine involves collecting brine from seawater, salt lakes, or underground deposits. The brine is then evaporated through solar evaporation or vacuum methods to produce salt crystals. The resulting salt may undergo washing and drying to remove impurities and moisture. This process is cost-efficient, especially in regions with abundant sunlight. The evaporation method usually results in a high-purity salt with fewer impurities than rock salt. However, the final purity can vary based on environmental conditions and the source of brine.

These methods vary in cost efficiency and scalability. Solar evaporation is the most cost-effective method for salt production, particularly in regions with abundant sunlight and access to seawater.

Global Industrial Salt Market

The global industrial salt market is growing steadily, with an estimated market size of ~\$15–16 Bn in 2024, driven by a CAGR of 3-5%. The growth is primarily fueled by increasing demand across key sectors such as chemical processing, de-icing, water treatment, and oil & gas.

Globally, Industrial salt is mainly used in chloralkali, synthetic soda ash and de-icing.

Key Segments for Industrial Salt demand

- **Chemical Processing:** This remains the largest demand driver, particularly for soda ash, chlorine, and caustic soda production, essential for manufacturing chemicals like PVC and other industrial materials.
- **De-Icing:** Industrial salt is critical for de-icing operations, especially in colder regions. It is preferred for its efficiency at low temperatures.
- **Oil & Gas:** Salt-based brines are used extensively in drilling and extraction operations, contributing to steady growth in this segment.
- **Water Treatment:** Increasing concerns over water scarcity and demand for clean water have led to a surge in water treatment operations globally, boosting the demand for industrial salt.

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The Asia-Pacific region, particularly China and India, dominates the industrial salt market. These countries are not only the largest producers but also major consumers due to rapid industrialization and high demand from the chemical sector. As per industry estimates, India is one of the largest exporters of industrial salt in the world, benefiting from its cost-effective solar-evaporation method and access to vast coastal areas suitable for salt production.

Indian Industrial Salt Market

India is the third largest salt-producing country in the world after China and the USA. India accounts for ~10–11% of global salt production. Primarily manufacturing salt through the solar evaporation method, which is cost-effective compared to traditional mining methods. The country's salt production costs are among the lowest globally, with estimates ranging from ~\$12–15 per MT for salt produced from seawater brine. This price advantage is attributed to India's natural salt-making ecosystem, which includes an abundant coastline and favorable climatic conditions for solar evaporation.

Globally, India is the largest exporter of industrial salt. The country's key salt-producing states are Gujarat, Rajasthan, and Tamil Nadu, where vast solar evaporation ponds are used to produce high-quality industrial salt. Together, these three states account for ~98–99% of India's salt production, with Gujarat alone contributing ~87–88%. In 2024, India produced ~34 Mn MT of salt, while consumption stood at ~20 Mn MT.

ACIL and Kutch Salt and Allied Industries Limited are 2 big players in the Indian industry. As per FY24, both achieved a topline of ~Rs. 8,500 Mn in their Industrial Salt segment.

India majorly exports to China, Korea and Japan, accounting for ~37%, ~13% and ~8%, respectively (in 2024).

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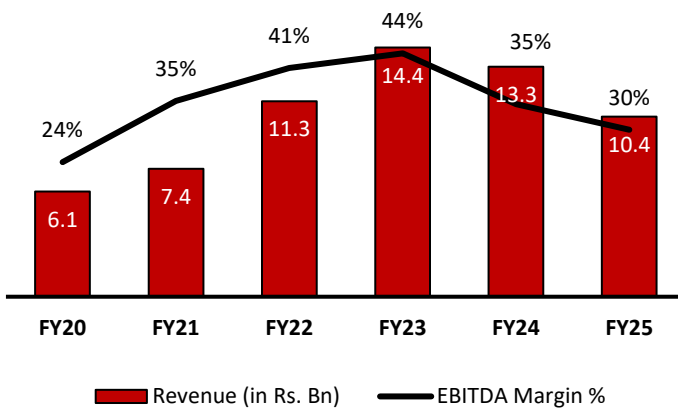
About the Company

Established in 2003, Archeon Chemical Industries Ltd (ACIL) is a leading Indian manufacturer of specialty marine chemicals, specializing in the production of bromine, industrial salt, and Sulphate of Potash (SoP). As India's largest exporter of bromine and industrial salt, ACIL holds a dominant position in the Indian bromine industry and is the only manufacturer of SoP from natural sea brine in the country.

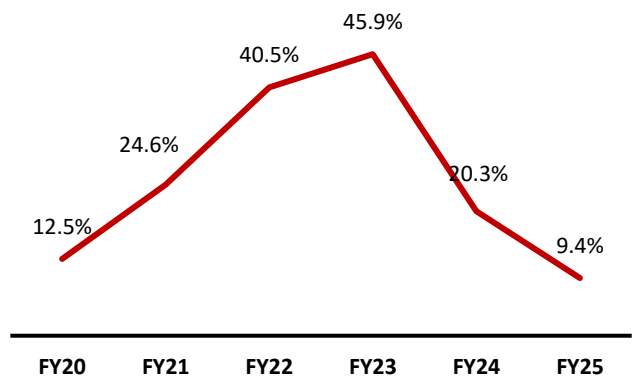
The Company operates an integrated manufacturing facility in Hajipir (Bhuj), Gujarat, strategically located near the Rann of Kutch brine reserves and well-connected to key ports. ACIL's long-standing client relationships, including long-term contracts (12 months or more), contribute to its stable revenue stream.

With exports accounting for ~77% of revenue in FY25, ACIL serves a strong, global customer base that includes leading trading houses and industrial clients.

Revenue (in Rs. Bn) and EBITDA Margins %

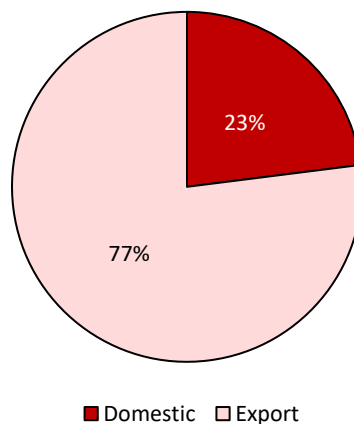


ROCE (%)



Source: Company, Keynote Capitals

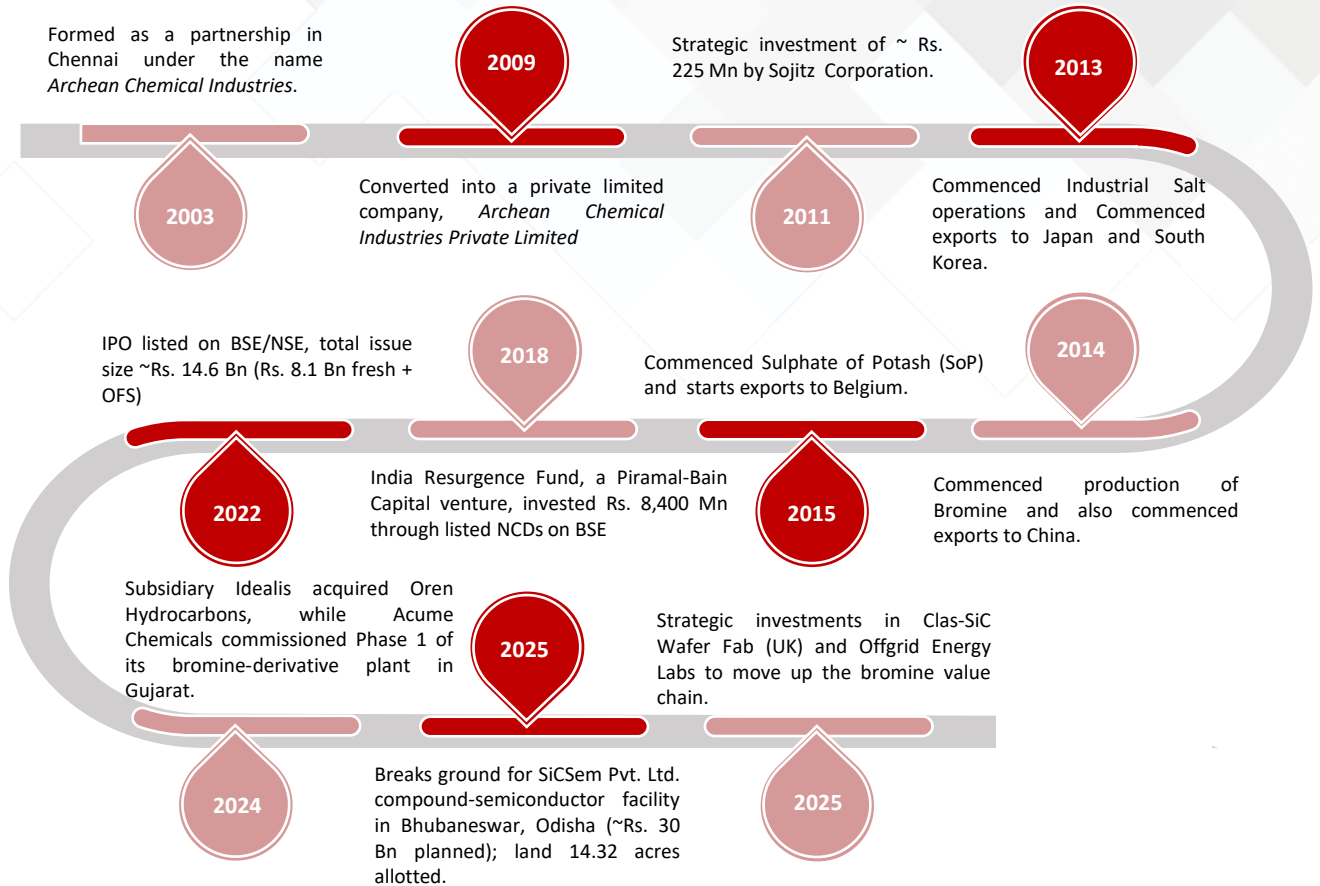
Revenue Mix (%) for FY25



Source: Company, Keynote Capitals

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History



Source: Company, Keynote Capitals

Products

1) Bromine

Bromine is a reddish-brown liquid used in pharmaceuticals, crop protection, flame retardants, and water treatment. It's also used in oilfield chemicals and emerging applications such as energy storage (zinc-bromide batteries).

Archeon is India's largest producer and exporter of Bromine and has recently commenced production of bromine derivatives (through its subsidiary Acume Chemicals). Its current capacity is 42,500 MTPA, it mainly exports to China, Japan and South Korea.

The technical know-how and technology for bromine plant was provided by a German engineering company pursuant to a technology transfer agreement.

Manufacturing process

Raw material source

The process starts with seawater sourced from the Rann of Kutch, a region with naturally high salinity. This seawater serves as the sole raw material for bromine extraction.

Bromine sales are based on 12 months fixed price contracts for exports and 6-12 months for domestic market.

ACIL holds 60-70% of market share in India's bromine exports.

Out of 42,500 MT annual capacity, the Company is expected to use 14,000 MT for bromine derivatives.

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Brine concentration through solar evaporation

Seawater is first subjected to solar evaporation, where bulk salts such as sodium chloride (NaCl) and potassium chloride (KCl) crystallise and are removed. This step concentrates the remaining brine into bitterns, which are rich in bromide ions and generated as a by-product of salt and SoP production.

Bittern purification and pre-treatment

The concentrated bitterns are then purified to remove contaminants such as oil, sulphur compounds, and suspended impurities. This step ensures operational stability and improves efficiency in subsequent chemical processing.

Conversion to elemental bromine

Bromide present in the purified brine is chemically converted into elemental bromine through oxidation using chlorine gas. This reaction is carried out under controlled conditions, typically at ~90°C and an acidic pH of ~3.5.

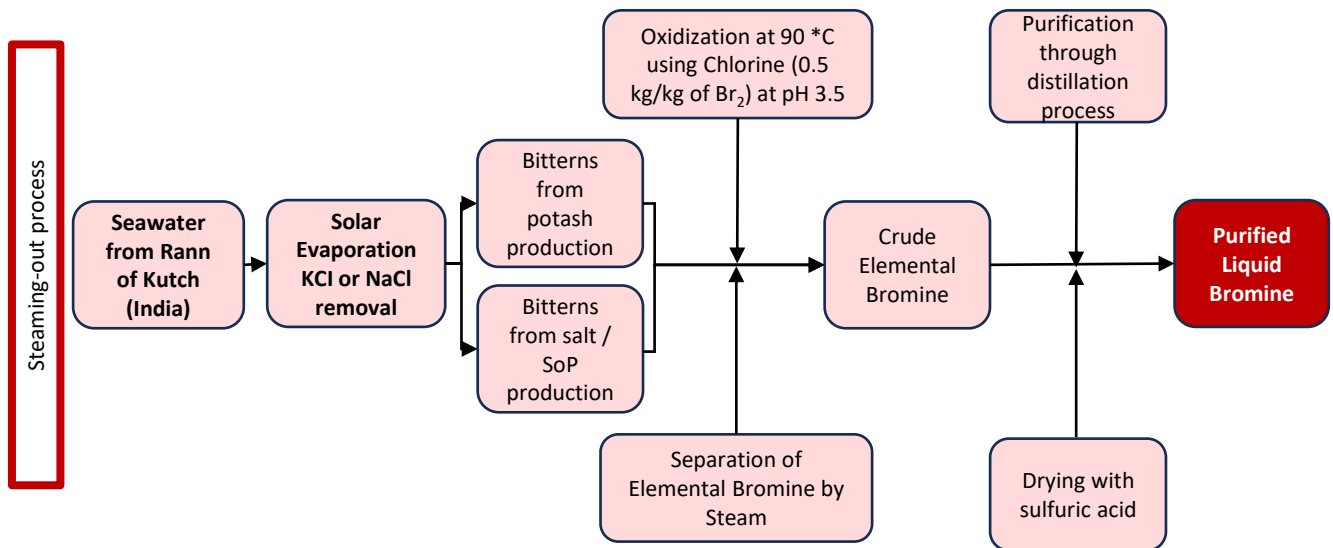
Bromine separation and recovery

The elemental bromine formed is separated from the brine using steam stripping, resulting in the recovery of crude bromine.

Final purification and drying

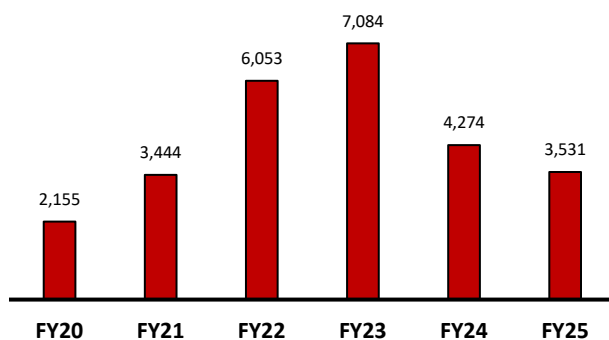
Crude bromine undergoes distillation-based purification to enhance purity. The final step involves drying with sulphuric acid, producing purified liquid bromine suitable for downstream industrial and chemical applications.

The purified bromine is stored in lead-lined tanks and transported in special ISO containers to global customers.

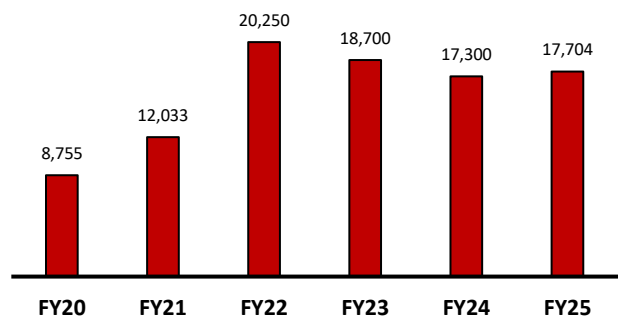


Source: Company, Keynote Capitals

Revenue from Bromine (Rs. Mn)



Volume Sales from Bromine (MT)



Source: Company, Keynote Capitals

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2) Bromine Derivatives

- Clear Brine Fluids (CBF)

These are high-density inorganic bromine compounds produced as clear, sediment-free liquids. CBFs are essential to the oil and gas drilling industry. They are used as "completion fluids" or "drilling muds" to manage pressure within the wellbore during drilling and completion operations, ensuring the stability of the oil field.

- Pure Terephthalic Acid (PTA) Synthesis

These are specialized catalysts derived from virgin bromine. ACIL distinguishes its product by using virgin elemental bromine rather than recovered bromine, which results in a product of significantly higher purity. These catalysts are used in the synthesis of PTA. PTA is a primary building block for polyester, which is used extensively in the global textile and packaging (PET bottles) industries.

As of Q3 FY26, derivatives product portfolio has expanded from 5-6 to 15, which are now in different stages of trials.

The Company runs its bromine derivatives business through its subsidiary, ACUME Chemicals Pvt Ltd.

The Company has recently forayed into bromine derivatives. This segment reported revenue of Rs 270 Mn in FY25 and Rs. 570 Mn in 9M FY26.

3) Industrial Salts

Industrial salt is a high-purity crystalline form of sodium chloride (NaCl), used as a raw material across multiple industries rather than for direct consumption. Its largest use lies in the chlor-alkali sector, where it feeds production of caustic soda, chlorine, PVC, and bleaching powder. The rest finds demand in food processing, water treatment and de-icing, and sectors like textiles, dyes, and paper.

Industrial Salt is a high-volume 100% export oriented product, primarily exported to Japan, South Korea, and China.

Industrial salt manufacturing is a climate-linked, asset-heavy, volume-driven business. Value creation is driven by location advantages, solar evaporation efficiency, scale of operations, washing capability, and proximity to ports or captive downstream users, rather than pricing power.

Industrial Salts sales are based on 12-24 months fixed price contracts and volume contracts.

Industrial salts prices gets impacted due to demand in Chlor-alkali sector

ACIL's production cost is \$5-6 per MT.

Manufacturing Process

Seawater Sourcing and Pumping

Industrial salt production starts with seawater (brine) being pumped from the sea into a network of reservoirs and condensers. At this stage, the brine typically has a low density of $\sim 25^{\circ}\text{Be}$. Continuous exposure to sunlight begins the natural evaporation process, gradually increasing brine concentration.

Solar Evaporation and Brine Concentration

The brine moves through large, shallow evaporation ponds, where solar heat and wind concentrate it further. In conventional salt fields, brine density is increased from $\sim 25^{\circ}\text{Be}$ to $\sim 27-28^{\circ}\text{Be}$. For ACIL, brine reaches $\sim 20-25^{\circ}\text{Be}$ and is then directly transferred to crystallisers for salt precipitation.

Salt Crystallisation

Once brine density reaches the required range of $25-29^{\circ}\text{Be}$ (ACIL through solar evaporation improves brine density from $\sim 20-25^{\circ}\text{Be}$ to $25-29^{\circ}\text{Be}$), NaCl begins to crystallise and settles on the salt bed in the crystalliser ponds. Salt is deposited gradually at a rate of $\sim 2.5-3.0$ cm per month. After the desired density is achieved, the residual brine is pumped out for further use or recycling.

$^{\circ}\text{Be}$ (degree Baumé) is a scale used to measure the density (concentration) of liquids, especially brines and chemical solutions.

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Solar Salt Harvesting

The crystallised salt is harvested annually, typically yielding a salt layer of ~25–30 cm thickness. Harvesting is carried out using mechanical harvesters and excavators, after which the raw salt is transported to the washing facility. This step converts naturally crystallised salt into a recoverable industrial product.

Washing and Impurity Removal

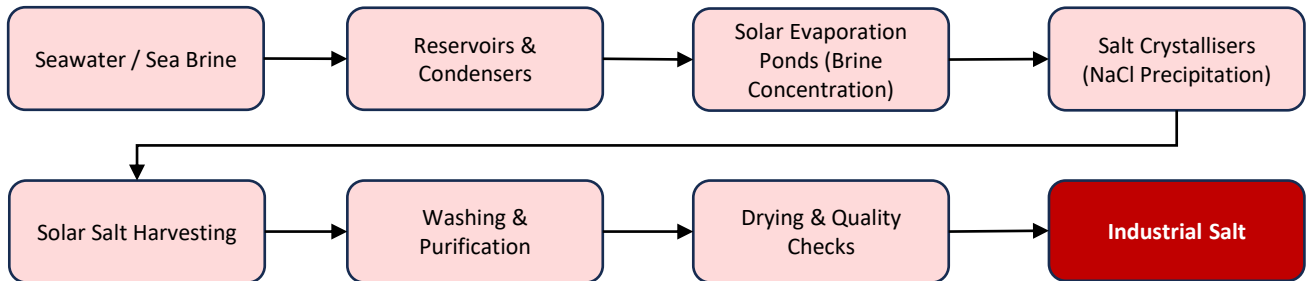
Harvested salt is processed through automated washer units, which operate for ~22 hours a day. Washing removes surface impurities such as mud, clay, calcium, and magnesium salts, improving chemical purity and consistency. This is a critical step for meeting industrial-grade specifications.

Quality Checks and Specifications

Before dispatch, salt undergoes quality testing to ensure it meets customer requirements. Key parameters typically monitored include calcium content (<0.05%), magnesium content (<0.03%), and a calcium-to-magnesium ratio of ~1.5. Only compliant material is supplied to end users.

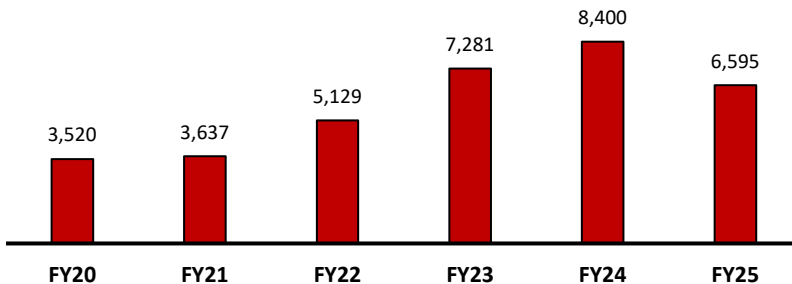
End Product

The final output is industrial-grade salt, primarily used in chlor-alkali chemicals, soda ash, detergents, textiles, water treatment, oil & gas drilling, and other industrial applications.

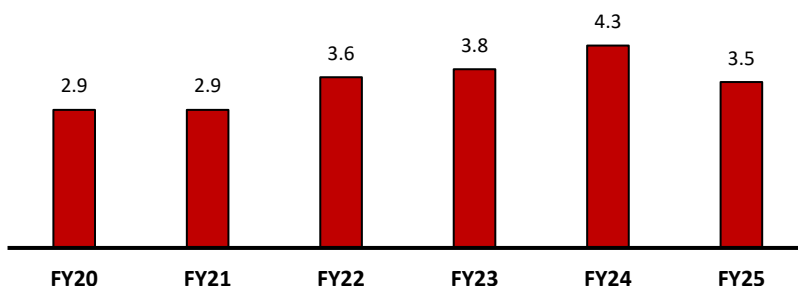


Source: Company, Keynote Capitals

Revenue from Industrial Salts (Rs. Mn)



Volume Sales from Industrial Salts (Mn MT)



Sojitz Corporation, which is the largest customer for industrial salts has committed to offtake ~2.2Mn MT per annum which it subsequently distributes across South Korea, Japan and China.

Source: Company, Keynote Capitals

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4) Sulphate of Potash (SoP)

Potassium Sulphate (K_2SO_4) is a high-quality, chloride-free potassium fertilizer containing about 50% Potassium Oxide (K_2O). It caters mainly to chloride-sensitive, high-value crops such as tobacco, tea, fruits, vegetables, and nuts where common Muriate of Potash (MoP) can damage roots or reduce yield. SoP provides both potassium and sulphate, improving crop quality, colour, and shelf life without the harmful effects of sodium chloride.

For ACIL, SoP is a low-volume but high-margin product, positioned as a specialty fertilizer within its marine chemicals portfolio. ACIL is the only player in Asia to produce SoP from natural resources, which is used as fertilisers for chlorine sensitive crops. However, revenue contribution from SoP has been almost nil in FY25 as production is impacted by the high level of sodium chloride in raw material, thereby impacting yield.

ACIL has been working with a Germany based technology partner to work on a process to overcome the above challenge and restart production of SoP. In addition to this, the Company has taken corrective steps like change of precipitation method from parallel to series mode in the crystallizers. Upgradation of facility & floatation circuit. All such changes may benefit the company positively & increase its overall production in the coming years.

We believe it is prudent to wait for clearer evidence of a revival in SoP, rather than interpreting these developments as confirmation of a turnaround.

Manufacturing process

Raw material Source

The process begins with sea brine sourced from salt lakes, which contains potassium, magnesium, sodium salts, and other dissolved minerals. This brine forms the base input for SoP production.

Formation of Crude Potassium-Magnesium Salt (Kainite Type Mixed Salts) (KTMS)

The brine is first processed into crude KTMS. At this stage, the material is segregated based on low NaCl and high NaCl content, as NaCl needs to be selectively reduced to enable efficient SoP recovery.

Leaching and Schoenite Formation

The KTMS is then subjected to leaching, often using cooled SoP mother liquor. This step facilitates the formation of Schoenite (a double salt of potassium sulphate and magnesium sulphate), which is a key intermediate in SoP production.

Flotation and NaCl Removal

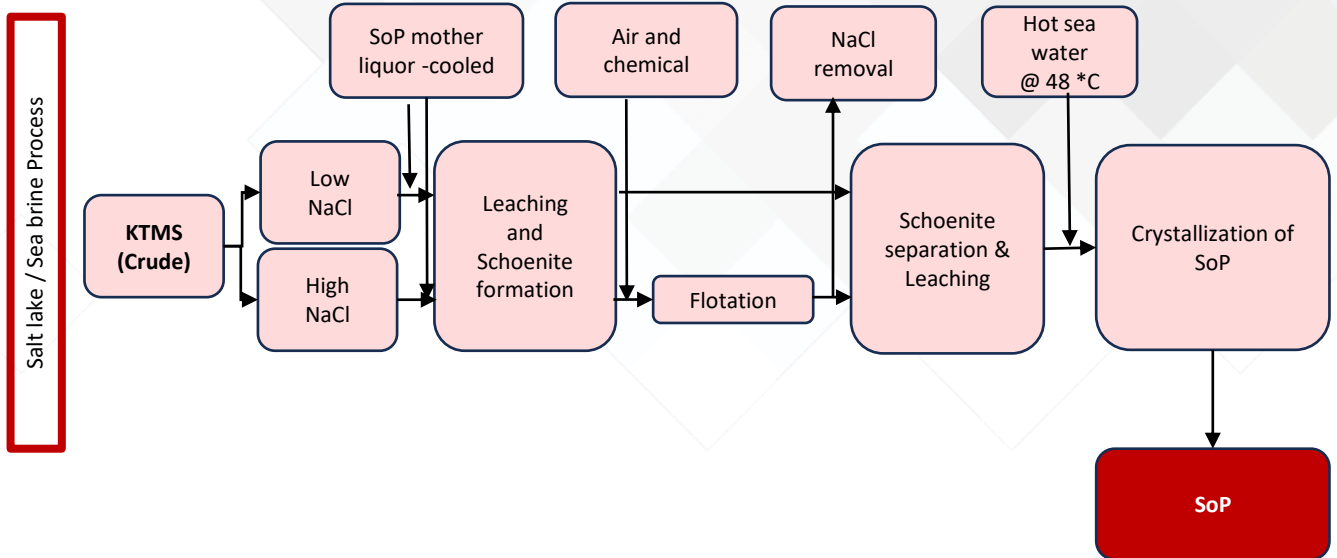
Once schoenite is formed, the material undergoes flotation, where air and specific chemicals are used to separate impurities. This stage is critical for removing residual NaCl, improving potassium concentration and overall product quality.

Schoenite separation and secondary leaching

The concentrated schoenite is then separated and further leached to maximise potassium recovery and remove remaining magnesium salts. This step prepares the material for final SoP crystallisation.

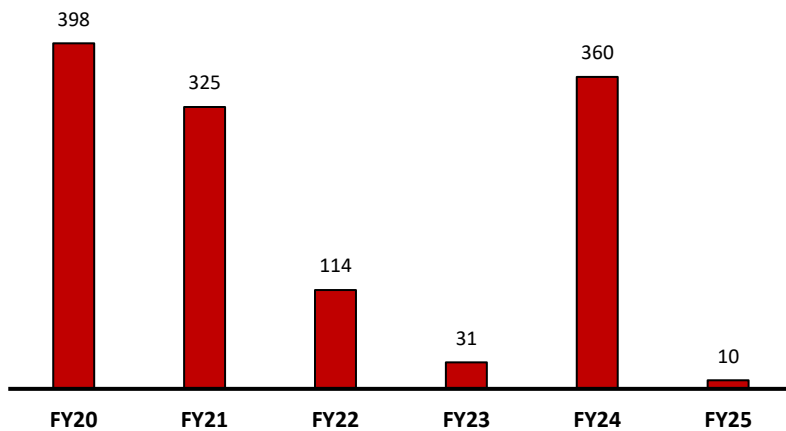
SoP Crystallisation

The purified solution is subjected to controlled crystallisation, typically using hot sea water at $\sim 48^\circ C$, leading to the formation of SoP crystals.

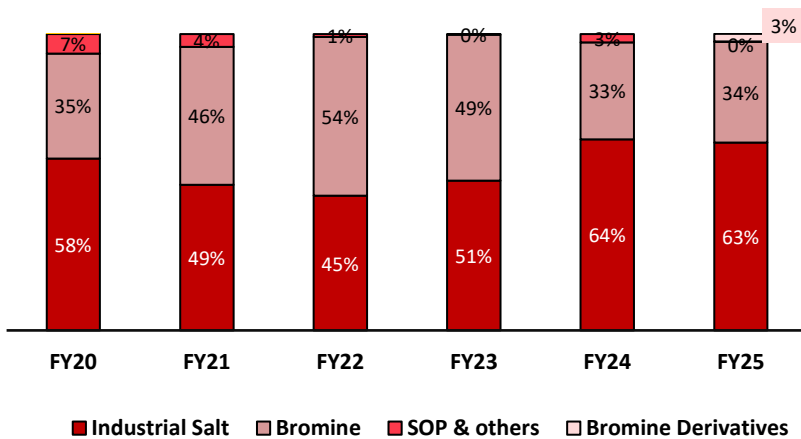


Source: Company, Keynote Capitals

Revenue from SoP (Rs. Mn)

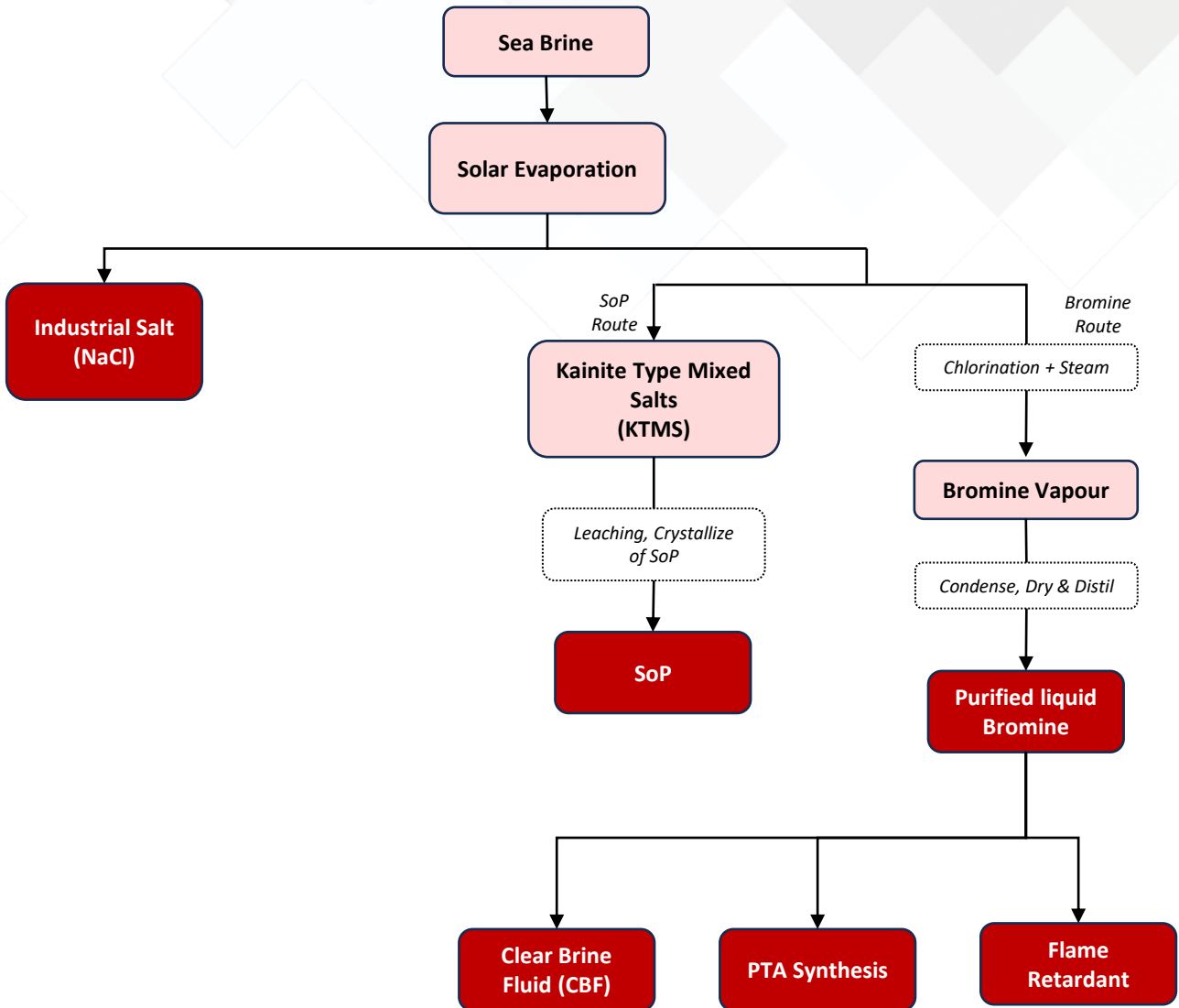


Revenue Mix – Product wise (%)



Source: Company, Keynote Capitals

Integrated manufacturing process



Source: Company, Keynote Capitals

Manufacturing hub

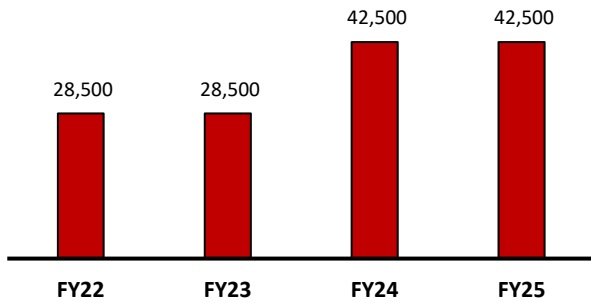
ACIL operates an integrated specialty marine chemicals complex at Hajipir (Kutch, Gujarat), with the manufacturing site, surrounding salt fields and brine reservoirs spanning ~240 sq km. The Company uses brine from its own reservoirs (industrial salt, kainite and end-bittern) as key raw material inputs, which structurally supports scale and cost competitiveness across the portfolio.

The site sits close to Jakhau Jetty and Mundra Port, enabling export-led operations and timely shipments.

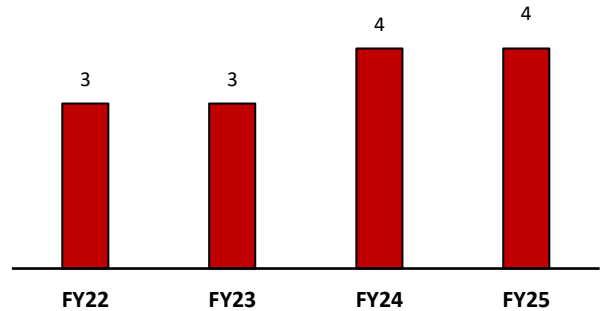
Note: due to the monsoon season, Jakhau Jetty remains non-operational for 2-4 months in a year.

In addition to this, the Company has constructed a greenfield plant for Bromine Derivatives at Jhagadia (GIDC, Gujarat) (through its subsidiary). This facility is constructed on a ~10 acres land. Phase 1, commissioned in March 2024, includes dedicated capacities for CBF and PTA Catalysts.

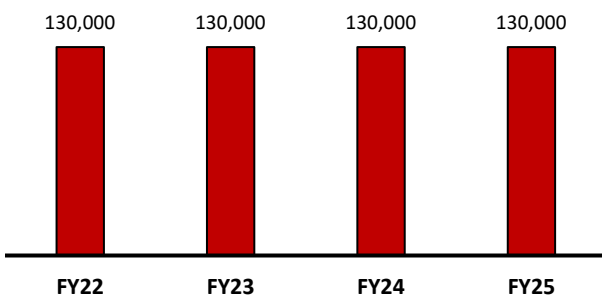
Bromine Capacity (MT)



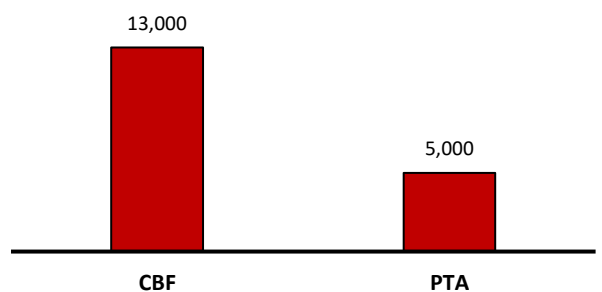
Industrial Salt Capacity (Mn MT)



SoP Capacity (MT)



Bromine Derivatives (MT) (FY25)



Source: Company, Keynote Capitals

As of 9M FY26, the utilization level for Bromine is ~45% [ex expansion of FY24, which is expected to be used specifically for bromine derivatives], Industrial Salt is ~81%, SoP is negligible and Bromine derivatives is ~30-40%.

In Bromine derivatives, management guides to achieve 50-60% utilization in the coming quarters

Note: Keeping current prices intact of the products, we believe at 85% utilization Bromine can achieve a topline of ~Rs. 5.5 Bn. Industrial Salts at 100% utilization can achieve a topline of ~Rs. 8.8 Bn. Bromine Derivatives at ~80% utilization can achieve a topline of ~Rs. 2 Bn.

Why a commoditized product has an EBITDA margin of ~30%

The Company's EBITDA profile is fundamentally a function of its structural cost advantage, driven by backward integration into captive brine resources and an integrated manufacturing set-up in Hajipir, Gujarat (on the edge of the Rann of Kutch brine fields). Unlike typical commodity manufacturers where feedstock procurement is a large swing factor, the Company's primary raw materials originate from its own brine field (industrial salt, kainite and end-bittern with high bromine content), translating into a very low "cost of materials consumed".

Apart from brine, other raw materials include chlorine, sulphuric acid, sulphur, lime, caustic soda, and utilities like water, coal, and castor oil. Most of these are procured locally within 500 km of the plant. The Company works on short-term supply contracts, keeping flexibility to manage price changes.

On the processing side, cost is closely linked to bromine concentration in the brine, the Company operates the steaming-out route (reason behind 7-9% power & fuel cost).

This pushes the P&L mix towards freight & handling charges as the dominant semi-variable cost. Exporting elemental bromine further requires specialised ISO containers (nickel/lead-lined) and periodic inspection, raising the entry barrier but also making freight-and-handling the economic fulcrum of the model.

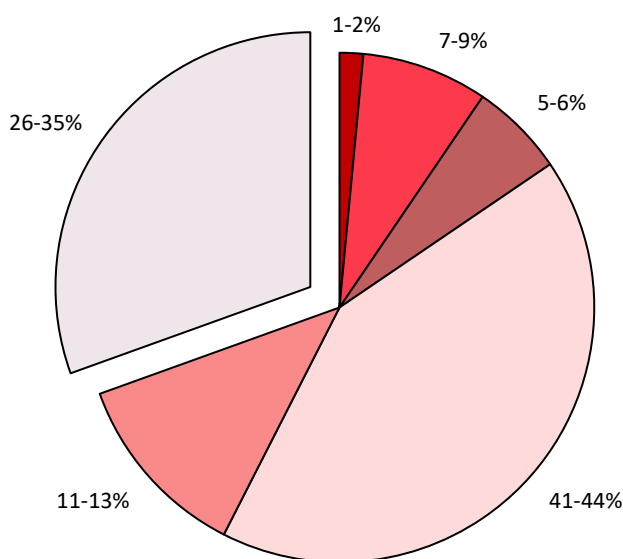
The residual cost base (other expenses) is primarily routine plant and corporate overheads such as repairs and maintenance (~2%), stores and spares (~2%), professional and legal charges (~1-2%), rent, insurance and conveyance (~3%), distribution expenses (~2%) and miscellaneous (~1-2%).

The Company sources brine from sea water, which carries no direct procurement cost, resulting in a structurally advantaged feedstock base.

Note: Steam out route is less energy intensive compared to blowing out process.

Freight & handling charges includes transportation cost to ports, barging / stevedoring expense, ocean freight.

Economics (%)



- Raw Materials
- Power & fuel
- Employee Cost
- Freight & handling charges
- Other expenses
- EBITDA

Source: Company, Keynote Capitals

*Note: This is based on historical numbers and we have removed outliers from our analysis

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Clientele

The Company has 41 Domestic & 36 Global clients. ACIL enjoys relationships of over 5 years with 7 out of the top 10 customers. Its largest trading partner is Sojitz Corporation of Japan. The Company's customers include leading domestic & international MNC's such as Sojitz Corporation, Shandong Tianyi Chemical Corporation, Unibrom Corporation, Wanhua Chemicals and Qatar Vinyl Company Ltd.



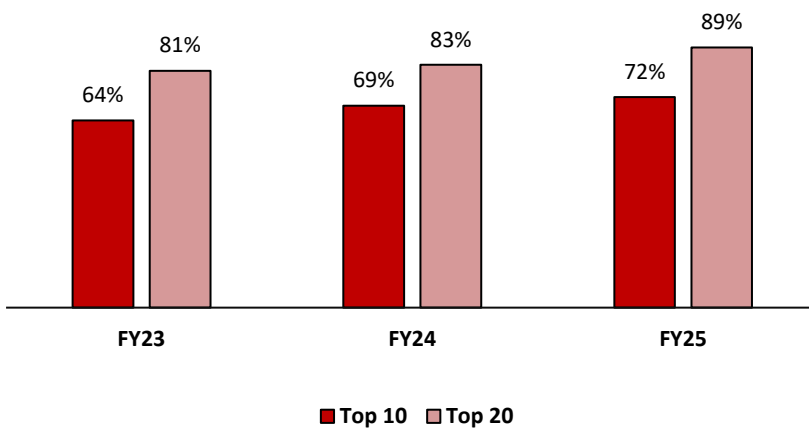
Source: Company, Keynote Capitals

The Company sells entirely on a B2B basis, operating on long-term contracts that typically range from 12 to 24 months. As of 9M FY26, the top 10 customers contributed ~77% of the Company's total revenue, while the top 20 customers accounted for ~89%.

The single largest customer, Sojitz Corporation (Japan), continues to play a key role. It is a major customer, purchasing ~2.2 Mn MTPA of industrial salt under multi-year supply agreements, which it subsequently distributes across South Korea, Japan and China .

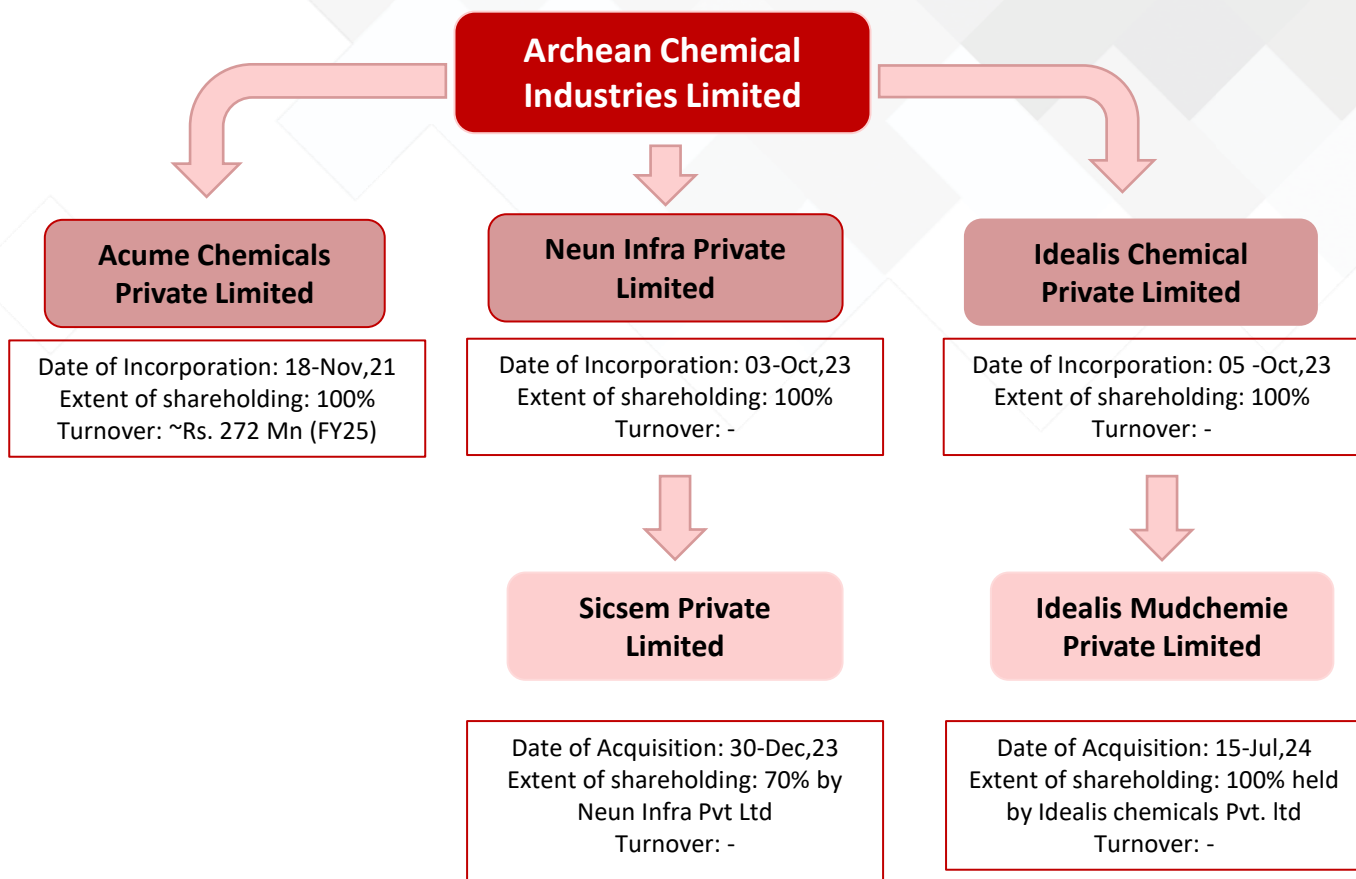
This shows that a large part of ACIL's sales still comes from recurring orders with a few large, established buyers mainly for industrial salt and bromine.

Revenue Concentration (Client wise) (%)



Source: Company, Keynote Capitals

Subsidiaries



Source: Company, Keynote Capitals

1) Acume Chemicals Private Limited (Acume)

Business Focus:

Specializes in bromine derivatives, including Clear Brine Fluids (CBF), catalysts for PTA synthesis, and organic/inorganic bromides.

Current Status:

Operations are active with a capacity utilization between 30-35%. The company successfully scaled inorganic bromides and commercialized more organic bromides.

Revenue for FY25 was ~Rs. 270 Mn and ~Rs. 570 Mn in 9M FY26. The Company expects utilization to improve to 50-60% in the coming quarters.

**Note: As per AOC 1 form of ACIL, in FY25, Acume did a loss of ~Rs. 119 Mn.*

2) Neun Infra Private Limited (Neun)

Business Focus:

Holds a controlling 70% stake in SiCSem Private Limited (a semiconductor manufacturing initiative).

3) Idealis Chemicals Private Limited

Business Focus:

Primarily an acquisition vehicle for Oren Hydrocarbons Private Limited (now Idealis Mudchemie).

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Step-Down Subsidiaries:

1) SiCSem Private Limited (SiCSem)

Business Focus:

Focuses on manufacturing semiconductor fabrication & ATMP, specifically Silicon Carbide (SiC) devices and wafers for use in EVs, renewable energy, and data centers.

Current Status:

The Company has achieved its most significant milestone to date by securing India Semiconductor Mission (ISM) approval from the Union Cabinet. Following this central government endorsement, the official ground-breaking ceremony was conducted on November 1, 2025, in Odisha, marking the formal start of plant commissioning activities.

ACIL has outlined a Phase 1 investment of ~Rs. 21 Bn. The project will receive substantial fiscal support from both the central and state governments, which is expected to cover ~60-65% of the total project cost. Funding will be disbursed on a pari passu basis (proportionally) among all parties as the project progresses. The Odisha state government has allotted 14.32 acres of land in Bhubaneswar for the facility.

The SiCSem project is the first in India to focus on Silicon Carbide (SiC) wafer fabrication, a high-growth sector for power electronics. The planned capacity is 60,000 wafers per year. The production line is designed for 150 mm wafers. While the initial commercial line is for 150 mm, ACIL has already successfully demonstrated the ability to produce 200 mm silicon carbide crystals through its research collaboration with IIT Bhubaneswar. This capability ensures that the company can eventually bring its technology down to the 150 mm commercial standard or scale up to 200 mm in future phases.

As per management, it is expected to take 24-30 months for any revenue contribution, which means meaningful revenue will come in FY29.

2) Idealis Mudchemie Private Limited (IMPL)

Business Focus:

Provides customized drilling fluids and chemicals for the oil & gas industry, with plants in Andhra Pradesh, Gujarat, and Tamil Nadu.

Current Status:

The Company has made steady progress in reviving and refurbishing the units acquired through the NCLT process. Trial runs have been completed at three units, and refurbishment is underway at other two units which is expected to commence operation in FY27. Samples have been sent to various domestic and international customers for testing. The company has received technical acceptance and approvals from certain local offices of MNCs and Middle East customers, though full commercialization with major oil producers is still pending.

Management has characterized the ramp-up as "disappointingly slow" due to unforeseen regulatory hurdles and challenges on the ground. Consequently, meaningful revenue contribution is now expected to hit the books in FY27 rather than FY26.

Management has guided that meaningful revenue contribution is expected in FY27.

The Company acquired IMPL [earlier known as Oren Hydrocarbon] through NCLT for a sale consideration of ~Rs. 770 Mn.

**Note: Earlier the management guided a sales of ~Rs.1.5 Bn in FY26.*

Strategic Investments:

1) Clas-SiC Wafer Fab Limited - UK

Clas-SiC Wafer Fab Limited is at the forefront of the Silicon Carbide (SiC) semiconductor industry, specializing in the manufacturing of SiC devices and the development of advanced SiC process modules and design kits. The company focuses on producing MOSFETs (Metal-Oxide-Semiconductor Field-Effect Transistors) and diodes, key components for energy-efficient green technologies such as electric vehicles, renewable energy systems, industrial power electronics, and data centers.

ACIL's investment in Clas-SiC Wafer Fab Limited aligns with its broader semiconductor initiative through SiCSem Private Limited, which aims to expand its footprint in the compound semiconductor space. This is India's first investment in a company focused on SiC MOSFETs and devices, providing ACIL with exclusive access to cutting-edge SiC technology and a technological edge in the Indian market.

The SiC market is poised for significant growth, expected to expand at a 26% CAGR through 2030, reaching a market value of USD 14+ Bn. This positions ACIL to benefit from a fast-growing market, with critical applications in sectors such as energy-efficient green technologies.

In October 2024, ACIL has acquired a 22.24% stake in Clas-SiC Wafer Fab through a primary subscription of GBP 10 Mn and a secondary purchase of GBP 5 Mn. This investment secures exclusive access to SiC technology in India, positioning ACIL as a leader in the domestic SiC manufacturing space, with a strong potential for growth in both domestic and international markets. The Indian Government has approved the 1st Compound Semiconductor Fab under the Odisha Semiconductor and Fabless Policy 2023, a move that will further enhance the Company's manufacturing and operational setup.

SiC devices are critical for enhancing energy efficiency across a range of industrial and green tech sectors, especially in electric vehicles and renewable energy systems. By gaining exclusive access to advanced SiC technology, ACIL strengthens its position in the rapidly growing semiconductor market, benefiting from increasing demand for energy-efficient power solutions.

2) Offgrid Energy Labs

Offgrid Energy Labs is an innovator in the energy storage sector, primarily focusing on Zinc Bromide chemistry for battery storage. The Company has developed a patented battery technology that offers significant advantages over traditional lithium-ion batteries in terms of cycle life, safety, and cost-effectiveness, positioning it well for renewable energy applications and grid stability.

This investment aligns with ACIL broader strategy to diversify into the rapidly growing energy storage market, leveraging its core expertise in bromine chemistry. Zinc Bromide batteries, known for their superior performance characteristics, are ideal for commercial and industrial solar applications and utility-scale grid stability projects. With global energy storage demand expected to exceed \$30 Bn by 2030, this market offers long-term growth opportunities for ACIL, making the investment a key pillar of its forward-looking strategy.

In October 2024, ACIL has acquired 21% of Offgrid Energy Labs for \$12 Mn, positioning itself to benefit from Offgrid's growth in energy storage while creating synergies with its bromine-based technology. ACIL is supporting Offgrid's pilot manufacturing in the UK, with plans to establish a giga-factory in India to scale Zinc Bromide battery production. This positions ACIL to play a crucial role in the global energy transition, as it taps into the increasing demand for sustainable energy storage solutions.

Zinc Bromide batteries offer an advantage compared to lithium-ion alternatives, especially in large-scale commercial and industrial applications. These batteries have longer cycle lives and enhanced safety features, addressing key challenges faced by existing energy storage technologies.

Offgrid Energy Labs is headed by Alumni of IIT Kharagpur.

Note: Shell & Tata power are the early testers in Offgrid Energy Labs.

Offgrid Energy labs plans to build a 10 MWh demonstration facility in UK by Q1 CY26, with a gigafactory in India planned as the next phase.

The startup is valued at \$58 Mn post-Series A.

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Management Analysis

Key Managerial Personnel

Name	Designation	Promoter / Professional	Experience with ACIL (Yrs.)
Mr. Rampraveen Swaminathan	Managing Director	Professional	-
Mr. Ranjit Pendurthi	Executive Vice Chairman	Promoter	15+
Mr. Ramamurthy Natarajan	Chief Financial Officer	Professional	1+

Source: Company, Keynote Capitals Ltd.

Compensation and Skin in the Game

Particulars	FY23	FY24	FY25
% Promoter Holding (~)	53.6%	53.46%	53.44%
MD's salary (Rs Mn)	~247	~192	~201
As a % of PAT (~)	~6.5%	~6.0%	~12.5%

Source: Company, Keynote Capitals Ltd.

Top Shareholders with >1% stake (%)

Shareholders	2023	2024	2025	9M FY26
SBI Small Cap Fund	7.8%	6.9%	6.9%	6.9%
DSP Small Cap Fund	1.3%	2.2%	-	4.7%
Goldman Sachs	-	1.8%	2.5%	2.5%
HDFC Mutual Fund	-	-	-	2.3%
Tata AIA Life Insurance	-	2.20%	2.1%	1.9%
Nippon Life India	1.1%	1.14%	-	1.1%
ICICI Lombard General Insurance	-	-	1.1%	1.1%
India Resurgence Fund	9.8%	7.4%	-	-
Piramal Natural Resources Pvt Ltd	3.7%	2.8%	-	-
Aditya Birla Sun Life Insurance	1.2%	1.1%	-	-
Sojitz Corporation	2.0%	-	-	-
Kotak Small Cap Fund	1.2%	-	-	-
Quant Mutual Fund	1.1%	-	-	-
Government Pension Fund Global	1%	-	-	-

Source: Company, Keynote Capitals Ltd.

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Peer analysis

Satyesh Brinechem Pvt Ltd (SBPL) which is a key player in the marine chemicals sector, specializing in industrial salt and liquid bromine.

Incorporated in 2014, the company has quickly established itself as one of Asia's integrated producers of bromine and industrial salt, leveraging the mineral rich landscapes of the Greater Rann of Kutch.

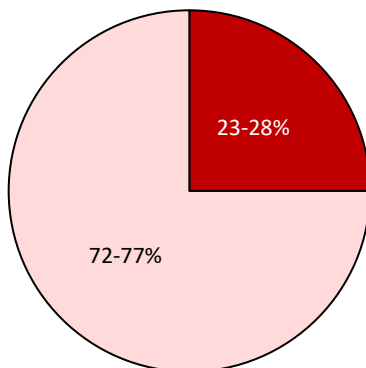
Satyesh Brinechem's flagship production capacity stands at 3.0 Mn MTPA for industrial salt and 21,000 MTPA for liquid bromine. The company is strategically positioned to ramp up its industrial salt production capacity to 4.5 Mn MTPA, with full approvals and sustainable operations.

The Company's plant is located in the GRK region, a prime source of marine chemicals, where they have converted 147 Sq. Km of allocated land into a major greenfield marine chemical project. This project not only ensures large-scale production but also operates with zero discharge, adhering to environmental norms and regulations.

Particulars	ACIL	SBPL
Manufacturing Location	Rann of Kutch, Gujarat Jaghadia, Gujarat	Rann of Kutch, Gujarat -
Allocated land (Rann of Kutch)	240 Sq Km	147 Sq Km
Products	Bromine Industrial Salt SoP Bromine Derivatives	Bromine Industrial Salt - -
Bromine capacity (TPA)	42,500	21,000
Industrial Salt Capacity (Mn TPA)	5+	3
SoP capacity (TPA)	1,30,000	-
Bromine Derivatives capacity (TPA)	18,000	-

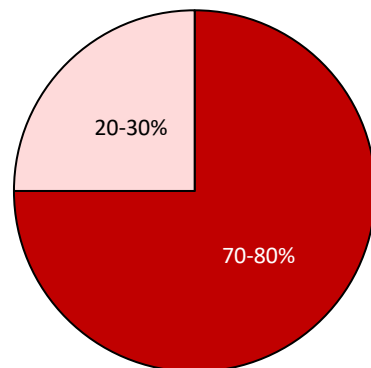
Source: Company, SBPL, Keynote Capitals Ltd.

ACIL's revenue mix (%)



■ Domestic □ Export

SBPL's revenue mix (%)

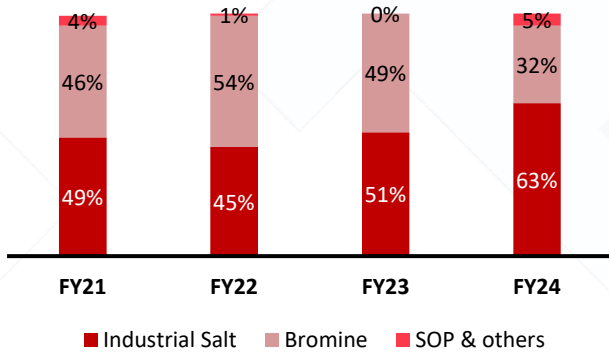


■ Domestic □ Export

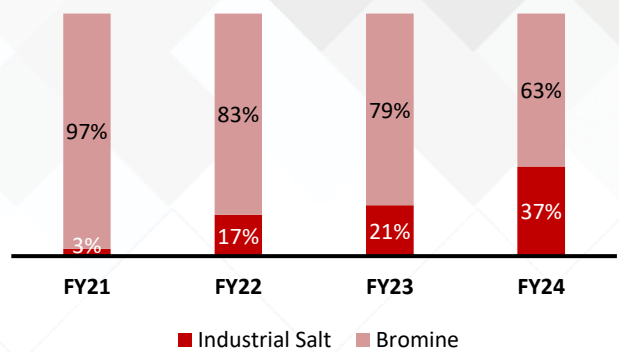
Source: Company, MCA, Keynote Capitals Ltd.

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ACIL's revenue mix – product-wise (%)



SBPL's revenue mix – product-wise (%)



Source: Company, MCA, Keynote Capitals Ltd.

A key point of distinction between ACIL and SBPL is customer concentration. In FY25, ACIL derived 29% of its revenue from a single client, while SBPL had 25% of its revenue tied to one customer in FY24.

Moreover, ACIL's industrial salt sales are 100% export-oriented, while SBPL focuses solely on the domestic market for its industrial salt. We believe these differences in product mix and geographical exposure lead to variations in the EBITDA margins of both companies.

Rs. Mn	ACIL						SBPL					
	FY20	FY21	FY22	FY23	FY24	FY25	FY20	FY21	FY22	FY23	FY24	FY25
Revenue	6,082	7,408	11,304	14,411	13,301	10,410	870	752	3,343	4,562	2,611	NA
EBITDA	1,480	2,622	4,672	6,340	4,627	3,142	229	203	2,115	3,011	1,038	NA
EBITDA (%)	24%	35%	41%	44%	35%	30%	26%	27%	63%	66%	40%	NA

Source: Company, MCA, Keynote Capitals Ltd.

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Opportunities

Scaling bromine derivatives

The next leg of the Company's growth is anchored in scaling up bromine derivatives, a structurally higher value-add segment versus elemental bromine. Phase 1 has already been commissioned, taking installed capacity to 18,000 TPA, comprising Clear Brine Fluids (13,000 TPA) and PTA synthesis catalysts (5,000 TPA).

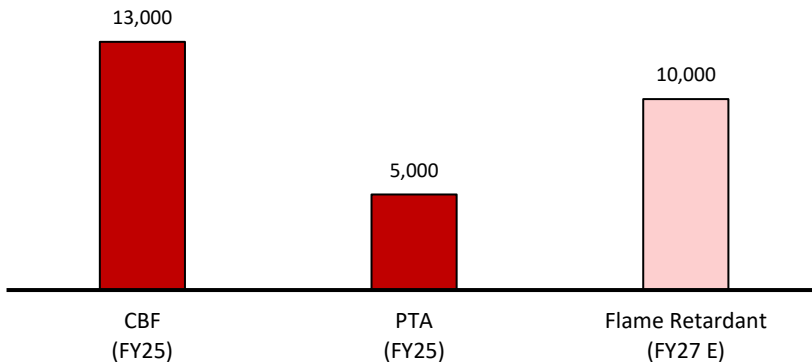
The Company commenced a greenfield facility in Jhagadia (Gujarat) for bromine derivatives.

Following stabilisation, utilisation has ramped to ~30–40% in 9M FY26. Management is now focused on accelerating the scale-up through customer certifications and approvals, with 60+ customers engaged. On-ground progress here is critical, as certifications remain the key gating factor for meaningful volume ramp-up. Management expects utilisation to cross 50% by end-FY26, implying a sharper step-up in offtake in the coming quarters.

Out of 60 clients, 1/3rd is in testing phase and 1/6th of the clients have approved the product.

Beyond Phase 1, the Company is also preparing to deepen downstream integration through Phase 2 (brominated flame retardants), which is expected to come on stream over the next ~12–18 months. This expansion is particularly important as it broadens the derivatives portfolio and improves resilience across end-use cycles.

Bromine Derivatives (MT)



Source: Company, Keynote Capitals Ltd.

On capital allocation, the Company has guided to a total direct capex of ~Rs 2.50 Bn for the bromine derivatives platform (Phase 1 + Phase 2), of which ~Rs 1.9 Bn has already been invested till H1 FY26. The residual ~Rs 0.6 Bn is largely earmarked for the flame retardant block, with common utilities and infrastructure already set up as part of Phase 1. In our view, this improves Phase 2 economics, as incremental downstream capacity can be added with relatively limited enabling capex.

As Phase 1 moves up the utilisation curve through FY26–FY27, Phase 2 provides a visible second lever to compound growth, deepen value addition, and expand the Company's addressable market within bromine derivatives.

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Becoming a comprehensive solution provider to Oil & Gas industry

ACIL acquired Oren Hydrocarbons (Idealis Mudchemie Private Limited) via the NCLT route for a total bidding of ~Rs. 765 Mn. The rationale was to move from being a pure chemical supplier to a "comprehensive solution provider" for the oil and gas industry. By combining Idealis's specialty mud chemicals with Acume's Clear Brine Fluids (CBF), ACIL can approach drilling companies as a single-source vendor.

Current Status: Trial runs have commenced in three units. However, the full restart has faced regulatory hurdles following the acquisition, which slowed the technical certification process. In addition to this, oil exploration companies have been slow to onboard new suppliers during a period of lower global crude prices, which has led to subdued rig activity.

Despite the delays, the Company has started receiving technical acceptance from domestic and Middle East clients, with samples being successfully qualified by local MNC offices.

At the time of acquisition in H2 FY24, management guided that IMPL would start contributing meaningfully from H2 FY25, however there has been a significant delay due to lower crude oil prices & regulatory issues. We believe that by H2 FY27 IMPL would start contributing meaningfully (annual run-rate) to the topline of ACIL.

Several optionalities

SoP

SoP is a high-margin specialty fertilizer in ACIL's marine chemicals portfolio, but its revenue contribution has been minimal in FY25 due to low yield caused by high sodium chloride content in the raw material.

To address this, ACIL has partnered with a Germany-based technology provider to refine the production process and improve yield. Additionally, the Company has implemented corrective steps, including a change in precipitation method (from parallel to series mode) and upgrades to its facility and flotation circuit. These enhancements are expected to significantly improve production efficiency and output, unlocking long-term growth potential in the specialty fertilizer segment.

In the interim, ACIL is producing and certifying second-grade SoP, which is already generating domestic and export inquiries while the main plant is being upgraded. The management anticipates plant scale trials to be completed by Q4 FY26 and expects a meaningful contribution from H2 FY27.

Management has strong conviction that SOP has significant potential for the business in the long-term.

Tapping into energy storage market

ACIL's 21% investment in Offgrid Energy Labs for \$12 Mn marks a strategic expansion into the energy storage market, leveraging its core bromine chemistry expertise. Offgrid's Zinc Bromide battery technology, known for superior cycle life, safety, and cost-effectiveness, positions ACIL to capitalize on the growing demand for renewable energy storage and grid stability solutions.

Through this partnership, ACIL is supporting Offgrid's pilot manufacturing in the UK and plans to establish a giga-factory in India to scale Zinc Bromide battery production. The move not only strengthens ACIL's diversification strategy but also positions the Company at the forefront of the global energy transition. With Zinc Bromide batteries offering a significant cost advantage over lithium-ion alternatives, ACIL is well-placed to tap into commercial, industrial, and utility-scale applications, unlocking substantial growth in the coming years.

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Tapping into the Semiconductor Industry

ACIL is positioning itself as a leader in the Silicon Carbide (SiC) semiconductor space through two key initiatives: SiCSem Private Limited and Clas-SiC Wafer Fab Limited. SiCSem's project, the first of its kind in India, focuses on manufacturing SiC devices and wafers for EVs, renewable energy, and data centers. The Rs. 21 Bn Phase 1 investment, supported by both central and state government funding, began in November 2025 with a groundbreaking ceremony in Odisha. According to management, revenue from this venture is expected to materialise in FY29, ~30 months after development begins.

Capacity size: 60,000 wafers per year

Simultaneously, ACIL's 22.24% stake in Clas-SiC Wafer Fab enhances its technological edge in SiC MOSFETs and diodes, critical for energy-efficient technologies. With SiC market growth projected at a 26% CAGR, this investment provides ACIL exclusive access to cutting-edge SiC technology, enabling it to capitalize on the fast-growing demand for green energy solutions. Together, these initiatives position ACIL to dominate India's SiC semiconductor market, with a strong foothold in both domestic and international markets.

Key Challenges:

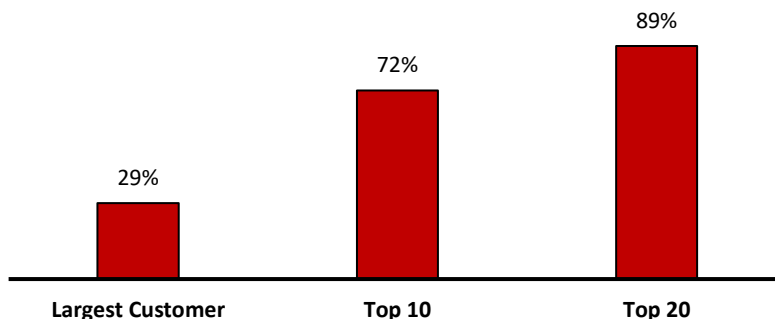
Revenue Concentration Risk

A significant portion of revenue is derived from a few key customers. As seen in FY25, the largest customer alone contributes 29% of the revenue, while the top 10 customers account for 72%, and the top 20 customers contribute 89%.

While the Company has long-standing relationships with several large counterparties, including Sojitz Corporation (its largest customer) and other global/large domestic customers such as Wanhua, Tianyi Group and Coromandel, the reliance on a limited set of customers elevates earnings sensitivity to any change in offtake behaviour.

Any reduction in sourcing, loss of a key account, contract renegotiation, or shift in customer procurement strategy could meaningfully impact volumes, pricing realisations, working capital cycle and, consequently, profitability. Given this concentration, near-term performance is more exposed to customer-level decisions and end-market dynamics than for peers with a broader, more diversified customer book.

Revenue concentration (client wise) (%) (FY25)



Client concentration remains a key monitorable for the Company.

Source: Company, Keynote Capitals Ltd.

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Adverse weather condition can significantly impact the business

A key challenge in the Company's operating model is the inherent dependence on solar evaporation and brine concentration, which makes production and inventory inherently sensitive to rainfall and adverse weather conditions. Above-normal or extended monsoons can dilute brine, slow evaporation cycles, disrupt salt pan operations.

In FY25, Cyclone Asna caused significant rainfall in the manufacturing region and led to damage to industrial salt inventories, translating into a one-off operational and financial impact. While the Company has been investing in mitigants such as brine storage and enrichment infrastructure to reduce normal seasonal variability, these measures cannot fully hedge extreme weather outcomes.

Financial Statements Analysis

Income Statement

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	13,301	10,410	11,391	14,405	17,344
Growth %		-22%	9%	26%	20%
Raw Material Expenses	877	-78	399	504	520
Employee Expenses	724	611	683	821	919
Other Expenses	7,073	6,736	7,404	9,147	10,753
EBITDA	4,627	3,142	2,905	3,933	5,151
Growth %		-32%	-8%	35%	31%
Margin%	35%	30%	26%	27%	30%
Depreciation	703	794	964	1,057	1,187
EBIT	3,923	2,348	1,941	2,876	3,964
Growth %		-40%	-17%	48%	38%
Margin%	29%	23%	17%	20%	23%
Interest Paid	85	81	204	228	228
Other Income & exceptional	433	-29	300	300	300
PBT	4,272	2,238	2,037	2,947	4,036
Tax	1,082	616	509	737	1,009
PAT	3,190	1,621	1,528	2,210	3,027
Profit from associates	0	0	0	0	0
Minority interest	0	0	0	0	0
Net Profit	3,190	1,621	1,528	2,210	3,027
Growth %		-49%	-6%	45%	37%
Shares (Mn)	123.4	123.4	123.4	123.4	123.4
EPS	25.85	13.14	12.38	17.91	24.52

Balance Sheet

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Cash, Cash equivalents & Bank	455	528	2,479	2,695	3,749
Current Investments	3,499	2,022	2,022	2,022	2,022
Debtors	1,564	1,646	1,709	2,017	2,428
Inventory	1,273	1,681	1,822	2,305	2,775
Short Term Loans & Advances	399	2,498	2,498	2,498	2,498
Other Current Assets	72	159	159	159	159
Total Current Assets	7,262	8,534	10,689	11,695	13,630
Net Block & CWIP	12,059	14,429	14,604	16,140	17,555
Long Term Investments	0	1,365	1,365	1,365	1,365
Other Non-current Assets	2,471	1,183	1,183	1,183	1,183
Total Assets	21,791	25,511	27,841	30,383	33,733
Creditors	998	1,051	1,253	1,585	1,908
Provision	6	1,678	1,678	1,678	1,678
Short Term Borrowings	0	0	600	600	600
Other Current Liabilities	344	864	864	864	864
Total Current Liabilities	1,349	3,593	4,395	4,727	5,050
Long Term Debt	594	1,516	1,516	1,516	1,516
Deferred Tax Liabilities	1,227	1,189	1,189	1,189	1,189
Other Long Term Liabilities	1,607	573	573	573	573
Total Non Current Liabilities	3,427	3,278	3,278	3,278	3,278
Paid-up Capital	247	247	247	247	247
Reserves & Surplus	16,769	18,393	19,921	22,131	25,158
Shareholders' Equity	17,016	18,640	20,168	22,378	25,405
Non Controlling Interest	0	0	0	0	0
Total Equity & Liabilities	21,791	25,511	27,841	30,383	33,733

Source: Company, Keynote Capitals Ltd. estimates

Cash Flow

Y/E Mar, Rs. Mn	FY24	FY25	FY26E	FY27E	FY28E
Pre-tax profit	4,272	2,238	2,037	2,947	4,036
Adjustments	547	647	867	985	1,115
Change in Working Capital	64	-575	-2	-459	-558
Total Tax Paid	-1,090	-546	-509	-737	-1,009
Cash flow from operating activities	3,794	1,762	2,394	2,737	3,584
Net Capital Expenditure	-1,301	-2,575	-1,139	-2,593	-2,602
Change in investments	-1,024	218	0	0	0
Other investing activities	-748	-105	300	300	300
Cash flow from investing activities	-3,073	-2,462	-839	-2,293	-2,302
Equity raised / (repaid)	0.838	0.061	0	0	0
Debt raised / (repaid)	381	966	600	0	0
Dividend (incl. tax)	-554	-123	0	0	0
Other financing activities	-153	-193	-204	-228	-228
Cash flow from financing activities	-326	650	396	-228	-228
Net Change in cash	395	-50	1,951	216	1,054

Valuation Ratios

	FY24	FY25	FY26E	FY27E	FY28E
Per Share Data					
EPS	26	13	12	18	25
Growth %		-49%	-6%	45%	37%
Book Value Per Share	138	151	163	181	206
Return Ratios					
Return on Assets (%)	16%	7%	6%	8%	9%
Return on Equity (%)	20%	9%	8%	10%	13%
Return on Capital Employed (%)	20%	9%	8%	10%	13%
Turnover Ratios					
Asset Turnover (x)	0.7	0.4	0.4	0.5	0.5
Sales / Gross Block (x)	0.9	0.6	0.6	0.7	0.7
Working Capital / Sales (%)	37%	52%	49%	46%	45%
Receivable Days	38	56	54	47	47
Inventory Days	40	52	56	52	53
Payable Days	27	36	37	36	37
Working Capital Days	51	72	73	64	63
Liquidity Ratios					
Current Ratio (x)	5.4	2.4	2.4	2.5	2.7
Interest Coverage Ratio (x)	51.5	33.6	11.0	13.9	18.7
Total Debt to Equity	0.0	0.1	0.1	0.1	0.1
Net Debt to Equity	0.0	0.1	0.0	0.0	-0.1
Valuation					
PE (x)	26.2	39.9	49.1	33.9	24.8
Earnings Yield (%)	4%	3%	2%	3%	4%
Price to Sales (x)	6.3	6.2	6.6	5.2	4.3
Price to Book (x)	4.9	3.5	3.7	3.4	3.0
EV/EBITDA (x)	18.1	21.0	28.5	21.1	16.1
EV/Sales (x)	6.3	6.3	7.3	5.8	4.8

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ACIL's Valuation

Valuation	
Expected (in Rs. Mn , otherwise stated)	FY28E
Revenue	17,344
EBITDA Margins %	30%
EBITDA	5,151
EV/EBITDA (x)	18
Debt	3,046
Cash	3,749
Market Capitalization	93,425
No. of Shares	123.4
Target Price (Rs.)	757
Current Market Price (Rs.)	607
% Upside/(Downside)	~25%

Source: Company, Keynote Capitals Ltd. estimates

We believe ACIL's earnings trajectory is set to improve meaningfully over the next 18–24 months driven by structural shift from elemental bromine to bromine derivatives. The 18,000 TPA Phase 1 derivatives platform (Clear Brine Fluids and PTA catalysts) is already operational, with utilisation at ~30–40% in 9M FY26 and management guiding to >50% by end-FY26, while Phase 2 (brominated flame retardants) should further widen the product basket and improve cyclical protection.

In addition to this, IMPL acquisition will meaningfully strengthen Company's position in Oil & Gas industry by enabling a bundled offering of mud chemicals with Clear Brine Fluids, improving wallet share and customer stickiness.

In our view, this mix upgrade and better scale should support stronger growth visibility and margin resilience. Accordingly, we value ACIL at 18x FY28E EV/EBITDA, arriving at a target price of Rs 757, implying a potential upside of ~31% from the current market price.

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Our Recent Reports

Enviro Infra Engineers Ltd | Initiating Cov.

KEYNOTE

6th January 2026

BUY

Target Price: 252

Current Price: 101

Market Cap: ₹ 1,128 Cr

Revenue Growth: 10%

Profit Growth: 15%

ROCE: 18%

Dividend Yield: 1.5%

Key Financials (₹ Cr):

Particulars	2024	2023
Revenue	1,128	1,000
Operating Profit	150	130
Net Profit	100	85

Key Highlights:

- Strong revenue growth driven by new projects and expansion into new markets.
- Robust operating margins and consistent profitability.
- Strategic focus on infrastructure development and green energy solutions.

Market Outlook: Positive

Analyst: Anshu Arora

Medi Assist Healthcare Services Ltd

KEYNOTE

8th December 2025

BUY

Target Price: 707 (₹15)

Current Price: 450

Market Cap: ₹ 1,128 Cr

Revenue Growth: 10%

Profit Growth: 15%

ROCE: 18%

Dividend Yield: 1.5%

Key Financials (₹ Cr):

Particulars	2024	2023
Revenue	1,128	1,000
Operating Profit	150	130
Net Profit	100	85

Key Highlights:

- Advancing health benefits administration with scalable solutions.
- Strong revenue growth driven by new projects and expansion into new markets.
- Robust operating margins and consistent profitability.

Market Outlook: Positive

Analyst: Anshu Arora

Yatra Online Ltd | Initiating Coverage

KEYNOTE

29th September 2025

BUY

Target Price: 257 (₹10.9)

Current Price: 100

Market Cap: ₹ 1,128 Cr

Revenue Growth: 10%

Profit Growth: 15%

ROCE: 18%

Dividend Yield: 1.5%

Key Financials (₹ Cr):

Particulars	2024	2023
Revenue	1,128	1,000
Operating Profit	150	130
Net Profit	100	85

Key Highlights:

- Investment in 2024, Yatra Online Limited (YOL) is a leading travel aggregator.
- Strong revenue growth driven by new projects and expansion into new markets.
- Robust operating margins and consistent profitability.

Market Outlook: Positive

Analyst: Anshu Arora

Enviro Infra Engineers Ltd.

Medi Assist Healthcare Services Ltd.

Yatra Online Ltd.

Rating Methodology

Rating	Criteria
BUY	Expected positive return of > 10% over 1-year horizon
NEUTRAL	Expected positive return of > 0% to < 10% over 1-year horizon
REDUCE	Expected return of < 0% to -10% over 1-year horizon
SELL	Expected to fall by >10% over 1-year horizon
NOT RATED (NR)/UNDER REVIEW (UR)/COVERAGE SUSPENDED (CS)	Not covered by Keynote Capitals Ltd/Rating & Fair value under Review/Keynote Capitals Ltd has suspended coverage

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