

24th October, 2025

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National Stock Exchange of India Ltd,
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NSE Code: - PCBL

BSE Code: - 506590

Dear Sir,

Sub:- Q2 FY 26 Earnings Conference Call – Transcript

Further to our letters dated 14th October, 2025 and 17th October, 2025, please find enclosed herewith the transcript of the Q2 FY'26 Earnings Conference Call held on Friday, 17th October, 2025 at 17:00 hrs India Time, for the quarter and half year ended 30th September, 2025. This information will also be hosted on the Company's website and can be accessed at the link: <https://www.pcbltd.com/investor-relation/financials/investor-presentation>.

We request you to please take the afore-mentioned information in record and oblige.

Thanking You,

Yours faithfully,

For **PCBL CHEMICAL LIMITED**

K. Mukherjee
Company Secretary and Chief Legal Officer

Enclo: As Above

PCBL Chemical Limited

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Note: "PCBL Chemical Limited" was formerly known as "PCBL Limited"



“PCBL Chemical Limited Q2 FY'26 Earning Conference Call”

October 17, 2025



MANAGEMENT: **MR. KAUSHIK ROY - MANAGING DIRECTOR, PCBL
CHEMICAL LIMITED**
MR. SURESH KALRA - CEO, AQUAPHARM CHEMICAL
**MR. RAJ GUPTA - CHIEF FINANCIAL OFFICER, PCBL
CHEMICAL LIMITED**
**MR. ANAND KUMAR - GROUP HEAD, INVESTOR
RELATIONS**
**MR. PANKAJ KEDIA – EXECUTIVE DIRECTOR,
INVESTOR RELATIONS**

MODERATOR: **MR. SANJESH JAIN - ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to PCBL Chemical Limited Q2 FY'26 Earning Conference Call Hosted by ICICI Securities Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and '0' on your touchtone phone.

I now hand the conference over to Sanjesh Jain from ICICI Securities. Thank you and over to you, sir.

Sanjesh Jain: Thanks, Dhanesh. Good evening, everyone. First of all, Happy Dhanteras and Happy Diwali to everyone and thanks for joining on to PCBL Chemical Limited Q2 & H1 FY'26 Earnings Conference Call.

We have PCBL Chemical Management with us on call represented by Mr. Kaushik Roy – Managing Director; Mr. Suresh Kalra – CEO, Aquapharm Chemical; Mr. Raj Gupta – CFO; Mr. Anand Kumar – Group Head, Investor Relations; Mr. Pankaj Kedia – ED, Investor Relations.

I would like to invite Mr. Kaushik Roy to initiate the call with his opening remarks post which we will have a Q&A session. Over to you, sir.

Kaushik Roy: Hi, good afternoon, everyone and thank you for joining us for the Q2 FY'26 Earnings Conference Call of PCBL Chemical Limited. It is a pleasure to connect with all of you once again as we share the highlights of our performance for the quarter and discuss key business developments.

Our Results and Investor Presentation have been uploaded on the Stock Exchanges and the Company website for your reference.

In Q2 FY'26, PCBL Chemical reported healthy growth in carbon black sales volume on both YoY as well as QoQ basis and improved capacity utilization across three product lines. However, the margins are impacted by continued pricing pressure in a relatively softer market environment. We believe that this phase has largely bottomed out and expect a steady recovery in profitability in coming quarters.

This quarter, we achieved highest ever power generation and sales volume. Our working capital cycle improved by 12 days in H1 FY'26, releasing around Rs. 240 crores of cash and overall cash generation remain healthy, with a reduction in gross debt of over Rs. 300 crores since March 2025. Our specialty and solution segment under Aquapharm witnessed a gross margin improvement of 10% on the back of a better product mix.

Margins in carbon black during the quarter were influenced by a challenging global environment, following the imposition of high input tariffs by the United States. We have also noticed customers being quite cautious in their purchasing patterns, reflecting broader economic uncertainties and tighter inventory position across society. Currently, our carbon black exports

to US account for around 5% of total volume and with a 50% tariff in place, the business remains constrained. However, as US continues to be imported dependent for carbon black, we expect both volume and margin to recover once the situation stabilizes. Meanwhile, we are proactively taking steps to mitigate the impact and strategically rebalance our export strategy.

Given this backdrop, in this environment, we have identified specific areas where operations can be improved and efficiencies can be enhanced. Dedicated teams are already working and actively implementing initiatives across functions to optimize process, manage costs and strengthen overall competitiveness. These focused efforts are helping us stay resilient and well positioned for recovery.

With the recent GST cut in India, we are already seeing signs of recovery in auto sector. Demand is picking up and we expect this growth to sustain. Domestic tyre demand is projected to grow at 6-8% in FY'26, led by stronger replacement demand in the second half.

Now coming to global scenario:

Major international tyre companies have announced significant investment to expand production capacity in North America with project planned through 2029. Just for instance, Goodyear is investing around \$865 million, Hankook is committing \$1.6 billion, Bridgestone is bringing in about \$610 million and Michelin plans to invest nearly \$540 million and some other tyre companies together are investing approximately \$4 billion. This reflects long-term optimism in the sector despite current demand problems.

While this quarter reflected certain short-term challenges including the impact of US tariffs, temporary deferment of purchases following the GST rate cut and subdued overall economic sentiment, the long-term carbon black demand-supply dynamics of the industry remain strong. With improving market conditions and expected pickup in demand, we are entering a phase of renewed growth momentum.

In line with this PCBL Chemical is poised for exciting period ahead with several strategic projects scheduled to come on-screen in phases over the next 18 months, positioning us well for sustained growth and long-term value creation.

Let me share some of these projects with you:

Specialty Black Line dedicated for super conductive grades of 1,000 MTPA capacity will be commissioned in Palej, Gujarat by this month end and commercial production will begin from 2025 November, which is next month.

Brownfield expansion of 90,000 MTPA rubber line in Tamil Nadu is under commissioning stage and likely to be operational in the current quarter itself.

Number 3, commissioning of Specialty Black Line, 20,000 MTPA in Mundra is likely to be preponed to March '26.

On the battery chemical side, Nanovace's pilot plant project is on track. Process patent for the nano-silicon for battery applications already granted in US and likely to be received in Japan, South Korea and Europe over the next two quarters. The Company has also applied for two project patents, namely carbon-silicon composites and battery-grade graphite from bio-sources.

Acetylene Black plant of 4,000 MTPA is expected to be commissioned over next 18 months.

We are on track to achieve our targeted capacity of over 1 million tons of carbon black capacity in next couple of years.

The global conductive carbon black market continues to grow steadily, supported by rising electrification and the expanding energy transition worldwide. Demand is driven by multiple sectors including electronics, energy storage, EVs and industrial applications. Three key major trends, the global shift to renewable energy, increasing electrification and rapid expansion of data centers are reshaping the need for advanced conductive materials. Asia-Pacific remains the largest production and consumption hub while the United States and Europe continue to be strong high-value markets.

PCBL Chemical's expansion into superconductive grade carbon black will position us to tap into this growing global market and cater to next generation high-performance applications. We are expanding our capabilities via customized offerings and continued innovation, particularly in high-performance applications like battery chemicals and energy storage. We are the first company globally with all three advanced technologies, namely superconductive carbon black, nano-silicon and acetylene black, catering to conductive solutions and next generation battery applications.

In our Specialty Black business, we maintain growth despite current market challenges, demonstrating strength of our supply chain and customer relations while continuing to expand product, coverage and applications.

We have strengthened our sales force, warehouses, technical support and distribution network to enhance customer connect and service. Our successful EU strategy now serves as a blueprint for the Americas, MEA and Asia with the focus on service excellence, positive turnaround and portfolio expansion. The aim is to position PCBL as a local player in each region, defend our stronghold in the Indian subcontinent, at the same time expanding to high-potential markets like ASEAN, China and the EU.

During the quarter, PCBL achieved two significant milestones in its sustainability journey. The Company successfully registered under the International Renewable Energy Certificate, IREC platform, entitled to credits for clean energy generated across our plants.

In addition, PCBL was once again honored with the Gold Medal in the EcoVadis Sustainability Rating for financial year 2023-24, placing us among the top 5% of companies globally. Together these achievements reinforce our commitment to sustainability and further strengthen PCBL's

ESG profile and brand positioning globally. PCBL Chemical has established a resilient and far-reaching global footprint, supported by a seamlessly integrated manufacturing and distribution network. As the company scales into high-margin, high-growth segments, it continues to demonstrate discipline in capital allocation and agility in responding to evolving demand cycles.

Now coming to the quarterly performance:

During the quarter our consolidated sales volume in the carbon black business increased by 5% QoQ to reach 1,61,728 metric tons. This translates into a capacity utilization of over 99% during the quarter.

Consolidated revenue from operations during the quarter was Rs. 2,164 crore and consolidated EBITDA were Rs. 278 crores. PBT stood at Rs. 78 crores while PAT stood at Rs. 62 crores. Of the total carbon black sales volume, domestic sales volume stood at 99,549 tons while international sales volume stood at 62,179 tons in Q2 FY'26, which means a 6% YoY growth.

Now moving on to our segmental performance:

Tyres accounted for 93,892 tons, performance chemical stands at 50,331 tons while specialty sales volume was 17,505 tons. We expect this share to continuously ramp up over next few years with increasing demand and capacity addition. During this time, we also achieved the highest ever power generation and sales volume during the quarter. Power generation increased by 7% year-on-year from 209 MUs to 223 MUs with an external sales volume growing by around 10% year-on-year to 138 MUs as against 126 MUs in Q2 FY'25.

Coming to the 6-month performance during H1 FY'26:

Consolidated revenue from operations stood at Rs. 4,278 crores as against Rs. 4,307 crores in H1 FY'25. Sales volume for carbon black increased 4% year-on-year to 3,15,821 MT in H1 FY'26 as against 3,02,610 MT in H1 FY'25. The consolidated EBITDA for H1 FY'26 stood at Rs. 603 crores as against Rs. 738 crores in H1 FY'25. Power generation went up by around 9% and sales volume by 11% in the first half of the financial year. Despite macroeconomic volatility and evolving trade barriers, PCBL is strengthening its position as a multi-chemistry platform focused on innovation, scalability, and localization. By expanding capacity, leveraging digitalization and automation and partnering with global technology leaders, we are creating future-ready solutions.

Let me now hand over to my colleague, Mr. Suresh Kalra – CEO of Aquapharm Chemical, who will update you on Aquapharm performance and outlook. Suresh, good evening. Thank you for joining us. Over to you, Suresh.

Suresh Kalra:

Thank you, Kaushik. Good evening, everyone. Thank you for joining us in this call. I will update you on Aquapharm Chemical Limited, especially for Q2 FY'26. Aquapharm has a challenging external environment. The different dynamics shaping performance across our key markets. I will take it one by one.

India delivered strong growth, which was supported by expanding reach and deeper engagement with key customers, while Saudi Arabia continued to scale on the back of strategic accounts. Our U.S. business hit some near-term softness, being a technical business, and the oil prices were almost at a very low from longer time on a WTI index basis, but sales trend seems like improving in August and September.

Our Home Care business delivered promising growth of 18% QOQ (Q2 FY'26 versus Q1 FY'26) in quantity sold driven mostly by expanded reach and stronger engagement with our key customers, especially our large key customers like P&G Unilever, etc.

Our water solution maintained also very strong momentum, growing at about 16% QOQ, driven by strategic accounts.

The fourth segment is applications-in conductive solutions, which are almost flat, a bit slowdown in the domestic textile industry. And in Oil & Gas segment, which is, as I said, our U.S.-based business, the plant at U.S., their volumes were a little down by 40%.

So, overall, all of our four market segments, Home Care saw robust growth. Water solution growth was very strong. Applications-specific solutions were flat, and oil & gas saw some volume downtrend because of the cyclicity of the oil market in U.S.

Geopolitical tensions continue to remain elevated, as we understand, and the recent 100% tariffs imposed by U.S. and China actually created some good opportunities for Aquapharm's phosphonate and Green Chelates business, because the U.S. customers are now also looking forward to diversifying sourcing beyond China. They were lot dependent on China for that. So, that's creating an opportunity. At the same time, the recent application of tariffs by the U.S. on India, especially on the biocides and select polymers exported from India, has impacted a portion of our business, which leads to some temporary headwinds in the near term. In spite of that, Aquapharm delivered a steady performance in Q2 FY'26, closing the quarter with a revenue of Rs. 395 crores, with a growth of 9% on topline, and an EBITDA number of Rs. 48 crores. During the quarter, our focus remained on strengthening our commercial capabilities and technical depth to support long-term sustainable growth.

We also recently onboarded a very senior level industry expert as Head of our R&D and innovation center, a very experienced guy from the industry and we are now going to steer our innovation efforts also for the future, which will help us advance our next phase of product development.

We also have enhanced our sales organization in the USA. As I said, the business is driven by cyclicity, sometimes we really need to work on very strong opportunity pipelines. So, we are enhancing our sales organization with very strong technical orientation people, with great customer engagement focus, laying the foundation for improved market reach and market resilience in the coming quarters. That effort has already been taken and we are going to see benefit from that in the coming quarters.

A few more key business updates I would like to share.

Aquapharm now offers a complete green chelates portfolio. So, Aquapharm is possibly the only company today in the entire industry which has the entire portfolio of green chelates. So, green chelates – GLDA, MGDA and IDS, they are ready for the commercial sales. Alongside two new Polymer products, one of them is PESA Granules, which is used in dishwashing like Reckitt kind of customers, and second is PM 300 which is used in water treatment, like Ecolab kind of customers. So, these trials and discussions are underway with multiple customers. We have now the complete range ready with us.

We also have commissioned a new plant of PBTC As you have seen before, it was a traded product for us for a long time, and now we have commissioned a plant which will move from a traded product to a manufactured product for us. A sampling has been initiated for all strategic accounts and discussions are ongoing for the global water treatment players.

We are also undertaking a de-bottlenecking initiative, which is also complete, for acetyl chloride. This is one of the product lines that were completely sold out. So, we undertook a de-bottlenecking operation, which is complete now and that will increase the efficiency of our business. Along with that, we are also putting granulation lines to support our new granulated products.

Coming to our segmental performance in terms of volumes, Home Care, which is our product line basically for public care and home cleaning, reported ~10,000 tons of volume. Oil & gas reported ~6,500 tons of volume. Water solutions reported ~5,000 tons and the application-specific solutions reported ~4,000 tons of volume.

We are pretty confident now of delivering a visible EBITDA improvement from Q3 onwards because of all the initiatives which are complete. We are building new opportunities and have already seen some tender wins, especially a very large tender at Saudi Water Authorities RO and Purification Plants tender and we are also participating in tenders with Procter & Gamble for the green chelates for their US operations.

Our focus on expanding the customer base is across three regions, coupled with very strong distributor partnerships. We are also entered into have new distributor partnerships in Africa with Solevo and a couple of other distributors which we are currently appointing in the Latin American market.

At the same time, there's an extensive workshop-style approach which we have taken for our new product development to identify new molecules through close collaboration with our customers. We have very strong standings with a lot of our customers, and we are using the voice of customers there to identify the new products required in that workshop-style approach. Our commercialization approach would be going along with it, strengthening our NPD pipeline, looking forward to enhancing profitability and supporting our sustained growth momentum.

With this, I will conclude my remarks. Thank you for your attention. I would now welcome any questions from the participants.

Moderator: Thank you, sir. Thank you very much. Ladies and gentlemen, we will now begin with a question-and-answer session. Our first question is from the line of Aditya Khetan from SMIFS Institutional Equities. Please go ahead.

Aditya Khetan: Thank you, sir, for the opportunity. So, just a couple of questions. Sir, in your initial remark, you mentioned that the US tariff impact and GST related changes have led to slower volume uptick. So, if you can quantify like if the situation were normalized, if this were not about to happen, how much volumes we have lost in this quarter?

Raj Gupta: Yes, just for specifically US, we have cut down our volumes by roughly about 2000 tons in this quarter. And so far, as GST impact is concerned, we have not lost volume, in fact our domestic volumes have gone up but due to more sales in spot market, we did face pricing pressure. So, the impact of this deferment of auto purchases was felt not directly on the volume but on the pricing more, specific to us.

Aditya Khetan: And this is for gross price, like what we understand that market demand is also soft. Comparatively, is there also higher supply which is coming from Russia? We knew like earlier the share was lower, now it has doubled up. So, because of higher imports coupled with lower demand, is this the reason to blame for lower price?

Raj Gupta: We do not see a structural change in the demand supply scenario but last 5-6 months, the markets and the industry have been facing a lot of headwinds. Everything came together, like this US tariff which was initially introduced at a lower level, then increased, then GST rate cut announcement, which also kind of resulted in some deferment of auto purchases. Russian imports have been happening since last 1 year. So, overall levels have not gone up. So, India still is importing almost about 8,000-10,000 tons a month, which is not much honestly, but of course, these imports are happening at a lower price. So which is kind of creating pressure on the spot prices. But we do not see anything which can destabilize our plan going forward. We have our own strategy to deal with all these headwinds. But of course, it takes some time to respond to the situation. But we remain very optimistic about our performance in the subsequent quarters.

Aditya Khetan: Got it. Sir, earlier, like in earlier calls, we used to highlight that from our commodity carbon black space only, we have some specialty products also over there. That will also help to improve EBITDA by Rs. 1 per kg. I mean, for the last 1 year, we were highlighting this point. So, is that thing taking place right now or you see like that will be slow from here on?

Raj Gupta: Our specialty volumes are going up. Even this quarter, if you look at our volume, they have gone up. Quarter-on-quarter, we have a 9% increase. Even year-on-year also we have increase. And on a full half year basis, you will see that there is an increase. This year, based on our capacity, we can reach maybe about 72,000-73,000 tons and we are on track to achieve that volume. So,

the product mix is changing for better. But of course, the current situation is not a usual one. And therefore, the impact on the margins.

Aditya Khetan:

Okay. Sir, on Aquapharm in your initial presentation, you highlighted, so there will be a visible EBITDA improvement. You mentioned like, I believe, sir, for the last few quarters, we are at the similar EBITDA in Aquapharm. We are stocking around Rs. 20 per kg on EBITDA. You see like, sir, most of the negatives, like earlier we used to mention about higher cost and lower product mix. All these things are there in the current spreads and EBITDA. And you see how much jump if you can quantify like for FY'26 and for FY'27?

Suresh Kalra:

So, our business is divided into four major market segments. And also, right now, it is aligned pretty well geographically. Okay. So, India business, which is basically we call it Aquapharm India, is manufactured in India and mostly supplied in Europe to some extent in US. So, I would say, for example, Aquapharm India business is 20% of the revenue come from US. So, that is the only business that is impacted due to tariffs. Now, if you see it at the global level, that business becomes only 9% impact. So, the tariff situation on India product is impacted for sure. Some of the products are exempt also. So, the impact there is still limited. On the other hand, the benefit to us due to tariffs is because we have a manufacturing location for oil & gas in Houston, US and most of the customers also in US in Permian Basin. So, we have a benefit over Chinese and any other suppliers. Now, right now, our India business is clearly showing visible improvement, but overall numbers are still looking the same to you at an EBITDA level because of US business right now is going through a low end of cycle because of the oil prices are staying between \$62-65, which is possibly one of the lowest. Usually, the sweet spot for oil prices is between \$75-80. And the better it goes, the better efficiency products are needed. So, right now, we are facing headwinds due to the type of business in our US manufactured business, while India manufactured business is seeing quite a growth and overall, it is still offsetting it. That's why we are seeing looking at the normal. If I take a number, for example, the India business alone EBITDA grew at Rs. 28 crores in Q1 and in Rs. 33 crores in Q2. So, a very clear visible improvement in the Indian business. When we are saying that overall improvement will be visible in the coming quarters, because we know oil is a cyclical business and it has to change in the coming quarters.

Aditya Khetan:

Sir, just a follow-up on this. At what crude oil price level will you start getting operating leverage?

Suresh Kalra:

Yes. So, it's not always directly as such linked, but this is very clear that the crude oil price, so we talk about Brent and WTI. WTI is about \$4 lower. So, WTI today is about \$62, \$65 or \$62.9 last night. So, the moment it starts improving the efficiency products, because we make efficiency products mostly, which are basically scale inhibitors, original inhibitors and H2S scavengers. They are used more and more and especially the high-end of the ones that require more, when the efficiencies are needed more. And that's linked with oil prices, but not a linear, I would say, comparison which we can make, but it definitely see improvement when the oil prices goes up.

- Aditya Khetan:** Sir, just one last question. This acetyl chloride, you had mentioned in your earlier remarks. So, this expansion figure is included in our numbers like we have stated to double from 1.4 to some 3 lakh tons. So, this de-bottlenecking is included in that figure?
- Suresh Kalra:** Yes, that is included, but it's not clear. It's just de-bottlenecking. It is not completely expansion projects, but yes, that is included. You're right.
- Aditya Khetan:** Got it. Thank you, sir. That's it for me.
- Moderator:** Thank you. Our next question is from the line of Sanjay Jain. Please go ahead.
- Sanjay Jain:** Yes, good evening. (Inaudible)
- Kaushik Roy:** Well, at this point of time, there are a lot of uncertainties in the market. As you know, one is of course US tariff and specific to India, it is also about GST. And beyond that, even the global economies, if you talk about USA, Europe or Asia, including India and China, other than India, in the first quarter, only we had shown a good number 7.8% GDP growth, economic growth. Most of the places, the fundamentals are little soft and ultimately the growth is not very strong at this point of time. Projections are also little soft at this point of time. But having said that, we feel that we have kind of reached a level from where it will start improving. How fast the recovery can happen, that is something possibly time will tell. But a lot of actions have been taken internally to manage or sail through this difficult headwind or the strong headwind what we are facing at this point in time with more focus on operational excellence. So, that is one initiative. So, that should take care of the challenges what we are facing. But this thing do take time, I am sure all of you will appreciate it. But on the other side, since our feeling and we are quite clear about it, that going forward things will improve. And therefore, our expansion plans are all in place. The CAPEX are all in place. As we explained a while back, that 90,000 tons of Tamil Nadu is coming on stream within next few weeks' times. Similarly, in Mundra and Palej, both places, specialty lines are coming up. Nanovace's pilot plant is also. So, overall, in nutshell, our thinking and our outlook are very positive. And we should be able to overcome it. I mean, it is a global phenomenon at this point of time. So, I am sure it is a matter of time, things will get sorted within USA. And US is a potential market for us going forward. So, we should be able to recover fast. And we are all ready with all our arms and ammunition in place. We are making sure that we are fully geared up. The moment opportunity comes, we should be able to capture that opportunity. So, that is the overall outlook. And in a way, you can see the positive thinking from our side. Some headwinds are there, but we should be seeing better times going forward and not too far off. It is just around the corner, possibly.
- Sanjay Jain:** Got it. One additional question. Last quarter, we spoke elaborately, we were trying to complete the capacity expansion and what timeline we expect the capacities to be operational?
- Kaushik Roy:** You're absolutely right. Some of the not-so-viable production lines are going under closure in near future. I am not taking the name, but you are fully aware of it. Some of them are based out of US, some of them are based out of Europe and South Africa, in Africa. So, which is kind of

advantage for us, of course. And since the efficiency level of manufacturing is pretty high with Asian manufacturers particularly and we are adding capacity, we are already in discussion with some of the global players for our next year contract, which is just another 2-3 months away. So, that discussion has already started. So, now, this capacity utilization will take time. 90,000 tons is equivalent to a medium size of plant. It will not happen overnight, but gradually, production will go up in line with buying from the customers. We have started discussion of that and trials will start now as soon as the lines come on stream, which is end of this month and commissioning early next month. We will start the trials and thereafter, it is more about discussion with the customers, tying up the volume and quickly scale up and our endeavor is to utilize capacity as far as possible in next financial year itself. It should be more than 50% I guess, in next financial year. And by exit, we should be, by exit of next financial year, we should be touching the run rate to achieve full 100% utilization. That is the level of confidence we have.

Sanjay Jain:

Got it.

Moderator:

Thank you. The next question is from the line of Radha from B&K Securities. Please go ahead, ma'am.

Radha:

Hi, sir. Thank you for the opportunity. Sir, for Aquapharm based products, what percentage of the U.S. market is being catered by China directly or indirectly? And now, if there are 100% tariffs on China, how much volume growth as well as any margin expansion that you are expecting due to this?

Suresh Kalra:

Thank you, ma'am. I will answer this question. So, U.S. market, as I said, is divided into two major parts. One is oil & gas. Oil and gas is where we manufacture locally and we supply locally. So, we basically do not compete with a lot of Chinese products there. We would rather use them a lot for our buying raw materials, okay, for the oil & gas market. A lot of production happens in oil and gas, but a lot of imports also come through. So, it is a combination. So, we get some benefits when we are competing with them and the duty becomes very high. But at the same time, if the raw materials for us get expensive also because of the duty on China, then also we get impacted. So, it is kind of an offset impact. While our other business, which is Home Care business, there we are going to see a lot of benefits coming to us, although we are supplying from India. But right now, at this moment, we know that it is uncertain, it is changing every day. As of now, the duty structure on China on these products has become 100% effective last week, okay. If that continues, we are going to see a significant benefit. Now, how much to quantify it is that we are looking at all the pluses and minuses. For example, we are seeing some demand drivers also in our favor with smart appliances for the Home Care industry coming and they are phasing out of the EVPA mostly in the phosphonate side of the business for the Home Care. So, that net overall, we are looking at currently, we are at an average of Rs. 50 crores of EBITDA every quarter. We look forward to end this financial year with the Rs. 75 crores of EBITDA overall, the global business for nine-months' basis. So, that is an exit we are looking at today. We are comparing all those pluses and minuses coming to us in the business.

- Radha:** Yes, so just to confirm, 75 crores of EBITDA you want to end it on a quarterly basis by this year end?
- Suresh Kalra:** By this year end, that is right. So, that is where our exit is planned at this moment.
- Radha:** Okay, great sir. So, second question is on Nano silicon. With regards to Nano silicon, the company is investing Rs. 500 crores in a rapidly evolving technology and targeting a substantial Rs. 1,200 crores EBITDA by 2030. So, can you please highlight any customer approvals or feedbacks that have been received in the initial stages as of now?
- Pankaj Kedia:** Can you repeat your question?
- Radha:** Yes, I wanted to understand any customer approvals or feedbacks received with in terms of Nano silicon?
- Pankaj Kedia:** Sir, we are waiting for the pilot plant of ours to get commissioned and once the pilot plant is commissioned, we will be sending the approval grade material to a lot of customers and then we hope that in the next 6 to 9 months post sending of the approval grade material, we will be able to get product approval. The interest level in this product remains high and so sometime by the second half of next year, we look forward to a lot of positive news around this.
- Kaushik Roy:** And in addition to that, based on our lab samples, we have already started producing this in our lab. So, we have kind of approached some of the global names. I cannot take those names for obvious reasons but there is a lot of excitement with this product. There is a lot of interest and as Mr. Pankaj just now mentioned, now as we are moving from lab to pilot, once the pilot is ready, which should be by FY'26, another 2-3 months' time, thereafter we will start submitting the sample and then the engagement will be much deeper and we are pretty confident that we will get a very positive response from most of them.
- Moderator:** Thank you. Our next question is from the line of Dhruvin Kadakia from SKP Securities. Please go ahead.
- Dhruvin Kadakia:** Hello, sir. Thank you for the opportunity. I just wanted to confirm that given the current situations that are going on overall in the market, for carbon black as well as for Aquapharm for the next 2 years, what are our expectations with respect to sales realization per ton and EBITDA per ton?
- Raj Gupta:** With The level of crude and raw material prices at a steady level, we believe that whatever drop we had to absorb because of the current market condition, I think we can get back to that in couple of years' time. So, our EBITDA which used to be around say Rs. 20,000, has come down to about Rs. 16,000. So, that is a margin of Rs. 4,000, we are fairly confident of recovering once the market stabilizes.
- Dhruvin Kadakia:** Okay. That is for carbon black and Aquapharm in particular?

- Suresh Kalra:** Yes, I think the principle remains the same. So, in that sense, a lot of our business actually depends on how the crude oil moves. So, net sales realization would definitely also be part of that. It does not mean that it improves the EBITDA level. So, I mean, of course, I mean, this is another metric which is used. But at the same time, I would say that we are focusing more on how much per ton we are going to make a profit. And that is what we are currently mostly finding because the product resource changes significantly. So, the selling price becomes less important. Price is about 115 per kilo. I believe if I just go by that, then we will be looking at increasing it to more than 200 actually, with the product mix which we are planning, yes.
- Dhruvin Kadakia:** Okay, sir. Thank you, sir.
- Moderator:** Thank you, sir. The next question is from the line of Krishan Parwani from JM Finance. Please go ahead.
- Krishan Parwani:** Hi, sir. Thank you for taking my question. So, I actually joined the call late. So, I am not sure whether you have answered any of these. So, just first on the carbon black side, there has been a sharp decline in per kg EBITDA. So, do you already respond to that? Why is that?
- Raj Gupta:** Yes, Krishan, we kind of responded to that. As I said, one, we had to bear the burden of US tariffs. And just to give you a sense, in carbon black business, annually, we were doing about Rs. 350 odd crores of business there. In our case, the effective tariff rate is 20%. So, though it is 50%, but we get some exemption. But it is still 20% and which makes it a Rs. 70 crores a year kind of an impact at EBITDA level. Now, part of that has hit our numbers this quarter. So, expenses to that extent are higher. So, that is one. The second is, if you look at crude, it came down steeply in last quarter from about \$72-73 in the previous quarter to about \$63-64 in July-September quarter. Now, when this happens, then some of the operators who can buy oil from spot and sell in the spot market, they price their products differently. And we have to compete with them, especially considering that the market conditions currently are soft. I mean, the GST deferment also had some impact in pushing the auto sales towards the last part of the quarter. And consequently, market was kind of oversupplied and which further created the pricing pressure. So, all of these conditions kind of hit us in one quarter and therefore the impact on the margins.
- Krishan Parwani:** Okay, great. Thank you for the elaborate answer. Just on that particular inventory losses, if I may, if I call it that, how much of an impact do you think it would have made on your per kg. Let us say it is X of 100 income, Rs. 14, Rs. 13.5. So, X of that inventory losses would you have been around 15-15.5?
- Raj Gupta:** I would not call it inventory losses, because it was not a write down that we had to take. But it is only that it gave opportunity to some of the producers to buy lower priced oil, produce and sell at market at a lower rate. And we wanted to keep our capacity utilization high. And consequently, we had to compete with them in the spot market. So, it was more of that. But if you look at our volumes, volumes have gone up. I mean, despite all the challenges, all the

headwinds that we were facing, we could still keep our capacity utilization at almost full level. I mean, we were at about 99% in this quarter.

Krishan Parwani:

And just a clarification on that front, because I think you mentioned about US tariffs. And as I see your exports sequentially has declined to about 62 KTPA compared to 65, 63 run rate. So, and how much of a volume is to US? Because as far as my understanding is probably not more than 5% to 10% of the overall carbon black sales. Or is it high?

Raj Gupta:

No, it was 5% only. We were doing about 30,000 tons. Last year, we did 30,000 tons and that was the run rate. But of course, I mean, we see US as a large market, large opportunity for us. US imports about 200,000 tons a year. And once the tariff settles to some lower level, we obviously would be doing more volume there. But again, for these 30,000 tons, it converts into almost Rs. 350 crores of sales, of revenue.

Krishan Parwani:

Got it. And second question is on the Aquapharm. I think I did hear that there is a tariff impact also there in the Aquapharm. But when do you think you can get to a Rs. 70 crores-Rs. 80 crore EBITDA run rate, I think which we had initially planned or hoped that FY'26 will see somehow like a Rs. 70-80 crore EBITDA run rate. So, are we still on track to achieve that?

Suresh Kalra:

Yes, thank you. So, as I said earlier, we are kind of hovering around Rs. 50 crore EBITDA. And with all the initiatives which I discussed without repeating them, we are looking forward to reach at end of this year, financial year with an exit of Rs. 75 crores EBITDA. So, while we maintain our current set of business, that new product lines which we have introduced and looking at the positive demand drivers which are coming from Europe and looking at the additional business which we are going to generate from Saudi side, I think with that pipeline, it seems right now pretty confident for us to reach an exit rate of over Rs 75crores, which is something which we promised you earlier. So, it's not changing. Just as I said again, tariff situation uncertainty slightly delayed our plan. So, something which we would have achieved at once, possibly would be achieving at Quarter 4, it's only change. And also, earlier when you said about the net realization, I think also was clarified pretty much. There will be a lot of things that will change in the product mix in the future, but I don't see any significant change in the net realization in the coming quarters. We are looking at a lot of new product development in the next year and two years, which I have already discussed, that in our innovation centre, we are putting a workshop-side approach. With that, we are going to a lot of new ends of products with high realization. But in these coming two quarters, I see a lot of improvement from our EBITDA perspective. So, in the end of Quarter 4, as I said at the beginning, we will be close to about Rs. 75 crores.

Krishan Parwani:

Got it, got it. Thank you. And one last clarification, if I may, or rather a question. So, with the kind of EBITDA decline and our net debt not going anywhere, do you want to rethink your dividend policy? I mean, do you want to conserve that Rs. 200 crore-Rs. 300 crore cash, whatever that you have? That's my last question.

- Pankaj Kedia:** Frankly speaking, in this quarter itself, we saw significant improvement in the working capital days and we do not see the current quarter's performance as an indication of performance going ahead. The fact remains that we are running at over 99% capacity utilization on the carbon black business. And in a matter of, going forward, you would see significant improvement in the performance. So, cash generation is likely to remain healthy and that probably gives the confidence to the board to maintain a strong dividend payout policy.
- Krishan Parwani:** Okay, got it. Thank you so much for answering my question. I wish you and the entire PCBL team a very happy Diwali. Thank you.
- Moderator:** The next question is from the line of Shashank Kanodia from ICICI Securities. Please go ahead.
- Shashank Kanodia:** Good evening to you and thanks for the opportunity. Sir, firstly, just wanted to check, is there anything to follow in the employee expenses because it is a sharp 25% jump on Y-o-Y basis?
- Raj Gupta:** Shashank, our appraisal cycle is July to June. And therefore, typically in second quarter, employee expenses go up. Now, if you compare year-on-year, it has also gone up because of some fresh hiring. We are building capability, we are expanding both organically and inorganically, and also we are investing in technology. And therefore, we will require more talent in the organization. And some of this hiring has happened in last one year's time. And consequently, the effect is visible in the employee cost.
- Shashank Kanodia:** So, should we expect a new run rate for us, quarterly new run rate for us?
- Raj Gupta:** Yes, it will be kind of quarterly run rate. There is some one time also because some senior level employees joined during the quarter and there were some joining bonuses, etc. But that is not much, that is Rs. 2-3 crores. But more or less, this is indicative of the going forward run rate.
- Shashank Kanodia:** Right. Secondly, sir, as you rightly mentioned in the first half, EBITDA per ton on the carbon black, which is roughly Rs. 16,000 to a ton. So, given the fact that you mentioned the things being bottomed out, so for the full year basis, can we clock an annual rate of Rs. 16,000 as EBITDA per ton, both fiscally and then, return to a course of 20,000 plus kind of thing, '27 onwards? Any take on that front?
- Raj Gupta:** Though it is early in this quarter and the major issues like US tariffs and all, those are still unresolved, but what we are seeing is that crude has stabilized kind of around \$60-62. And the disadvantage that we faced last quarter because of steep decline in crude price, is not likely to be there this quarter. Basis that we have confidence that Quarter 3 EBITDA per ton should be better than this quarter.
- Shashank Kanodia:** Right. Sir, for a full year basis, can we do something like 16,000 or is it still early to take a call on that?
- Raj Gupta:** I guess we should do better. But, the situation globally, both in domestic market as well as in international market, a lot of things are happening one after another. If we assume a steady state

kind of a scenario, if we assume that this US tariff situation is going to be resolved with some kind of rational tariff, I think we can do much better.

Shashank Kanodia: Right. And so, usually we maintain a target like, giving a Rs. 20,000 base case an EBITDA per ton to improve around Rs. 1-2 per kg, as we are taking as to a kg by effect of FY'29-FY'30. So, does that really alter that game plan or is it still very much possible for us to really traverse that journey?

Raj Gupta: So, long term guidance remains same and we remain on track. All the initiatives that we discussed with you all, those have already been initiated internally and we are pretty confident that we will deliver those numbers. But those numbers again, I mean, when we were at Rs. 20,000, the market conditions were different, we did not expect so many disruptions. So, this again Rs. 16,000 is not a normal margin profile of the business. This is due to that and we therefore expect the company to come back to the previous run rate level once we have some solution to these issues. And with all the changes that those are happening at the product mix level, operating leverage and then yield improvement, operational efficiency and all, we expect us to be on track for that Rs. 24,000-25,000 EBITDA per ton.

Shashank Kanodia: Right. Sir, just a small feedback, it has taken a, knowing personally with me for last 7-8 years, this has taken a long time explaining to the investment community the main strength of the business and a non-commodity feature. But this kind of performance really does not match up with the initial commentary and the thing. So, just a small question, if you can be a little more realistically, if you can give us guidance to the community in future. That is the only feedback from my side.

Raj Gupta: When we give guidance, those are based on some basic assumptions, right, like external situations remaining stable. And of course, today it is not a normal situation. If you compare our current year's performance with, say 3-4 years back performance, even in good market conditions, we used to deliver about Rs. 12,000-13,000 kinds of EBITDA. And now, even with so many headwinds, we are still able to deliver some Rs. 16,000 kinds of EBITDA. So, definitely there is improvement in our operating efficiencies, size of business, and our product mix. So, those changes are visible. And we are pretty confident that the numbers that we have communicated to you all, we will deliver. Long-term guidance, we are on track, we are pretty confident. But short-term disruption, it takes some time to respond to the headwinds. But we are confident of our capability as an organization and as a team. And God willing, in a couple of quarters, we will again start showing improvement.

Shashank Kanodia: Perfect. Thank you so much.

Moderator: Thank you. Next question is from the line of Mr. Kumar Soumya. Please go ahead.

Kumar Soumya: Hi, sir. Good evening. Sir, just one question from my side. This quarter, we had a healthy growth on the domestic front. So, how sticky is that? And how do you see the domestic volume spanning out in the rest of the course of the business?

- Raj Gupta:** See, market was soft during the quarter. And we, of course, our focus was on to utilize our capacity. But then we also had to compete with some of the spot players, and which is reflecting in our margins. It will take some time for us to reroute our materials to the targeted market. We will have to move more volumes out of domestic market. Because if we continue to sell more here, it will further impact the pricing and the margin. So, I would not call it a very steady state or a steady number. Of course, we will ensure that our capacities are utilized to full. But it will take a couple of quarters before we can find the right market mix and customer mix.
- Kumar Soumya:** Got it. And sir, the second question, the point that you highlighted, the effective tariff that you have is 20%. Is that because you are sourcing raw material from US?
- Raj Gupta:** Yes. We are importing raw material from US. And 60% of the price at which we sell in our material in US consists of input from US. So, raw material part of that is about 60%. And therefore, that portion becomes exempt from tariff. So, it is only the balance 40% which gets tariffed at 50%.
- Kumar Soumya:** Got it, sir. Thank you.
- Moderator:** Thank you so much. That was the last question. On behalf of PCBL Chemical Limited and by ICICI Securities Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.