

Date: 7th May, 2026

The Manager,
Listing Department,
National Stock Exchange of India Ltd,
Exchange Plaza,
Plot No. – C – 1, G Block,
Bandra – Kurla Complex,
Bandra (East),
Mumbai – 400051

NSE Code – PCBL

The General Manager,
Department of Corporate Services,
BSE Ltd.,
1st Floor, New Trading Ring,
Rotunda Building,
P.J. Towers,
Dalal Street, Fort,
Mumbai – 400001

BSE Code – 506590

Dear Sir,

Sub:- Q4 FY 26 Earnings Conference Call – Transcript

Further to our letters dated 25th April, 2026 and 30th April, 2026, please find enclosed herewith the transcript of the Q4 FY 26 Earnings Conference Call held on Thursday, 30th April, 2026 at 14:30 hrs India Time, for the quarter and financial year ended 31st March, 2026. This information is hosted on the Company's website and can be accessed at the link: www.pcblltd.com/investor-relation/financials/investor-presentation .

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

Yours faithfully,
For **PCBL CHEMICAL LIMITED**

K. Mukherjee
Company Secretary and Chief Legal Officer

Encl: As above

PCBL Chemical Limited

Registered Office: 31 Netaji Subhas Road, Kolkata – 700 001, West Bengal, India

Corporate Office: RPSG House, 4th Floor, 2/4 Judges Court Road, Kolkata – 700 027, West Bengal, India

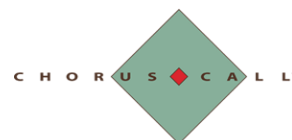
P: +91 33 6625 1443 | **E:** pcbl@rpsg.in | **W:** www.pcblltd.com | **CIN:** L23109WB1960PLC024602

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



“PCBL Chemical Limited
Q4 FY26 Earnings Conference Call”

April 30, 2026



MANAGEMENT: **MR. NILESH KOUL – MANAGING DIRECTOR – PCBL
CHEMICAL LIMITED**
**MR. RAJ GUPTA – CHIEF FINANCIAL OFFICER – PCBL
CHEMICAL LIMITED**
**MR. PANKAJ KEDIA – EXECUTIVE DIRECTOR –
INVESTOR RELATIONS**

MODERATOR: **MR. SANJESH JAIN – ICICI SECURITIES LIMITED**

Moderator:

Ladies and gentlemen, good day and welcome to PCBL Chemical Limited Q4 FY26 Earnings 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 star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sanjesh Jain. Thank you and over to you Mr. Jain.

Sanjesh Jain:

Thanks, Renju. Good afternoon, everyone. Thank you for joining the PCBL Chemical Limited Q4 FY26 Results Conference call. We have PCBL Chemical Management on the call represented by Mr. Nilesh Koul-Managing Director, Mr. Raj Gupta-Chief Financial Officer, Mr. Pankaj Kedia-Executive Director, Investor Relations. I would like to invite Mr. Nilesh to initiate the call with his opening remarks, post which we will have a Q&A session. Over to you, sir.

Nilesh Koul:

Hi, good afternoon, everyone and a warm welcome to you on the PCBL's Q4 and Full year 26 Earnings Conference call. When we last connected at the Q3 Earnings call, we had outlined the headwinds shaping our business, softer global benchmark spreads, surplus domestic capacity, geopolitical uncertainty and a sharp inventory adjustment by international customers. Most of these pressures persisted through the fourth quarter and FY26 whole has truly tested our resilience and our business amid a challenging microeconomic and industry environment.

That said, while we faced significant headwinds last year, the broad industry dynamics have now started to show clear signs of recovery. Spread appear to have found a floor, exit quarter momentum has turned positive, the recent rationalization of U.S. tariffs has restored a meaningful cost advantage for Indian exports.

Customer pipelines in our specialty business are firming up and the ratification of the India-EU FTA opens up a duty-free access to 1.8 million tons of carbon black market. We expect this recovery to consolidate progressively over the next 2-3 quarters. Today I'll walk you through headwinds we navigated, the challenges that have emerged from the West Asia situation.

The recovery signals we are seeing, the steps we are taking to strengthen our position and the outlook for the year ahead. I will initiate by briefly talking you through the key financial and operational highlights of the quarter and full year. The most defining feature of the quarter was the escalation of the West Asia conflict, which began in February and created significant disruptions across our value chain and substantial increases in cost.

With approximately 75% of our raw materials sourced from the U.S. Gulf Coast and around 40% of our business driven by exports across geographies, we have significant dependence on global supply chain and this quarter we felt the impact on multiple fronts. The West Asia situation has created new challenges in terms of massive increases in logistics cost, cost of feedstock and the availability of ships and access to markets.

While availability of CBFS itself has remained uninterrupted as we continue to source from the U.S. Gulf Coast, raw material prices have risen, packing material costs have moved up materially

and freight costs have escalated sharply, exerting significant pressure on our margins during the period.

Our key export routes to Europe and U.S. pass through the conflict zone, causing disruption to the normal trade routes. Vessels are being rerouted via the Cape of Good Hope, adding at least 14 days to transit time and increasing logistics costs significantly. This rerouting has tightened container availability globally as vessels are caught in longer loops and the effect is visible in ocean freight rates, which remain significantly elevated compared to pre-conflict levels.

Through all of this, our priority has remained unchanged. The company is fully focused on ensuring timely supply to customers with no disruptions. I would also like to particularly acknowledge that most of our customers have been very considerate in sharing the increased costs with us, and I sincerely thank them for their partnership during this period.

Our raw material is directly linked to crude price and this quarter crude rose sharply and witnessed high volatility. Brent started at around \$60 per barrel and ended March at around \$100 per barrel. As we speak, it's hovering close to \$120 per barrel. A significant portion of our volumes flow through formula-based contracts with tyre majors.

Given that price contracts carry an inherent quarterly lag effect, the full impact of cost pass-through will reflect in our numbers by Q2 FY27, at which point our margins profile should normalize. In the spot market, cost pass-through has been initiated and will help offset the rise in input costs.

We will continue to manage this actively as the situation evolves. The second important development is a clear shift in how customers are approaching their inventory. We are seeing a trend of stocking up at the customer level, which appears to be driven by uncertainty regarding the availability of materials going forward.

Global tyre majors are increasingly building strategic inventory buffers, transitioning from just-in-time to a more resilient just-in-case approach in order to mitigate supply chain disruptions. We expect this transition to translate into an incremental demand environment driven by restocking of carbon black across the region.

Over the past few months, we have added 90,000 tons of carbon black capacity, enabling us to effectively cater to this increased demand. With the global carbon black market continuing to grow over the long term, we believe we are well-placed to benefit from this structural shift.

The domestic sales have remained stable, supported by steady demand across key segments. In our limited exposure to conflict-affected regions, except maybe a little bit for the specialty volumes, exports have remained resilient despite the uncertainty arising from the West Asia situation. Around 40% of our total sales volume is exported, with South Asia being the primary market and remaining unaffected by the ongoing conflict.

To navigate the disruptions in West Asia trade routes, we have proactively rerouted shipments to alternate geographies, ensuring continuity and minimizing any impact on international sales.

With supply chain stabilizing, we expect both domestic and export growth to continue in the coming quarters.

We are deepening our presence through a service-led model in Europe and Japan, aiming to drive volume and market-shared growth through customized solutions with key players in these markets. Beyond the near-term disruption, the underlying fundamentals of our industry remain intact and several structural tailwinds are turning in our favor.

The India-EU FTA has been ratified, bringing duty-free access to an important market within sight. The recent U.S. tariff reduction and duty refund benefits will also work in our favor. We are already in active conversations with customers in these markets and see good headroom for growth.

Despite cost headwinds, the tyre industry is navigating globally, tyre demand in the U.S. and replacement segment has remained resilient. The Indian tyre sector in FY27 is poised for robust, high single-digit growth. High vehicle usage and aging commercial vehicle fleet support steady tyre replacement demand in India. The industry is also benefiting from capacity expansion, premiumization and electric vehicle adoption.

In the special black segment, we took some price hikes to meet the rising costs during the quarter. The near-term environment has been influenced by slower infrastructure activity. However, our products are gaining acceptance in applications such as industrial coating, supported by their performance characteristics. That said, we are seeing encouraging traction in segments like EV, semiconductors, data center and AI-led investment. Overall, we remain constructive on the outlook and continue to selectively increase our focus on resource reallocation in this segment.

Just a word on Nanovace, which is our platform for battery chemicals and the pilot plant at Palej is fully equipped and ready for commissioning within the coming weeks. On the R&D front, the team has been significantly strengthened with enhanced lab capabilities. Business development has also been expanded across key markets, including Europe and South Korea. Engagement with large battery manufacturers is already underway to validate product properties.

Post-commissioning, a validation period of a few months is anticipated before capacity ramp-up begins. This represents a significant opportunity for PCBL to diversify into battery material industry, a high-growth, high-margin segment with strong long-term potential.

A word on the cost reduction initiatives I had talked about in the last quarter. This initiative has made significant progress in unlocking efficiencies across manufacturing and procurement. I'm pleased to share that the program is progressing well. Cost initiatives across yield improvement, throughput enhancement and feedstock diversification are on track to unlock over INR200-250 crores of savings over the next 4-6 quarters.

We have also begun introducing agentic AI solutions on the shop floor. Early signs are very, very encouraging. Faster decision making is already visible and we expect this to translate into improved up-time, better quality and more consistent operations. This shift also calls for new ways of working and focused upskilling, which remains a priority for us.

An added benefit is faster speed to market, from lab to actual commercialization and the ability to introduce new solutions that support a more sustainable value chain. As part of our long-term cost resilience strategy, we are also actively pursuing feedstock diversification through backward integration into coal tar distillation. Increasing the share of coal tar-based feedstock for select applications is a key lever. Technical feasibility studies are currently underway and we'll share more details in the next quarter.

Now for the outlook. At PCBL, we are no strangers to adversity and PCBL has navigated these challenging cycles in the past, be it raw material volatility, demand disruption or global macroeconomic headwinds and each time we have emerged stronger and more resilient.

Through all of this, our priority remains unchanged. Ensure our customers face no disruption in supplies. We are doing everything necessary to meet their requirements without compromise. We have already taken steps to address the current environment by tightening procurement, accelerating cost optimization and improving supply chain efficiency.

As the environment normalizes and volumes recover, we are confident of delivering double-digit EBITDA growth fueled by volume momentum, leaner cost structure and better pricing realization. We are maintaining capital discipline with investment priorities towards specialty carbon black, battery chemicals and other value-added segments, where margins are higher and growth is much faster.

Importantly, we have used this period to strengthen the balance sheet. Net borrowings reduced by INR454 crores to INR4,536 crores during FY26, even while we funded INR750 crores of capex. Our working capital cycle has tightened further. The platform we are entering FY27 with is materially stronger than we were 12 months ago.

Just a quick update on the projects. With the 90,000 tons Brownfield expansion of rubber carbon black at our Tamil Nadu during this quarter, our total installed capacity is now 880,000 tons per annum. The superconductive specialty black line of 1,000 MTPA at Palej, Gujarat is mechanically ready for commissioning. However, commissioning has been delayed due to gas shortage. The specialty black line of 20,000 tons in Mudra is now ready as well and we'll be commissioning it in the next few weeks.

Coming to the quarterly performance, during the quarter, our consolidated sales volume in carbon black business increased by 8% YoY to 1,61,865 MT.

Consolidated revenue from operations during the quarter was INR2,066 crores and consolidated EBITDA were INR248 crores. Of the total carbon black sales volume, domestic sales volume grew by 21% YoY to 1,05,055 tons, while international sales volume decreased by 10% to 56,800 tons in Q4 FY26.

Moving on to our segment performance, tyres accounted for 88,591 tons, performance chemicals 53,888 tons, while specialty sales volumes grew by 26% YoY to 19,386 tons. Power generation increased by 12% YoY from 175 MUs to 196 MUs with external sales volume of 116 MUs as against 100 MUs in Q4 25.

Coming to the full year performance during FY26, consolidated revenues from operations stood at INR8,189 crores as against INR8,404 crores in FY25. Sales volume for carbon black decreased 4% YoY to 6,18,956 metric tons in FY26 as against 5,96,262 metric tons in FY25.

The consolidated EBITDA for FY26 stood at INR1,081 crores as against INR1,384 crores in FY25. Power generation was up around 14% and power sales volume by 17% during this financial year.

Turning to our specialty and solutions business at Aquapharm, it continues to face challenging external environments. There are different dynamics shaping performance across our key markets. I'll take it one by one. Aquapharm reported sales volumes of 21,998 MT, revenue of INR339 crores and an EBITDA of INR29 crores in Q4 FY26. For the full year, revenue was INR1,443 crores and EBITDA INR162 crores.

Amidst the geopolitical conflict around the year, total sales volume in FY26 was resilient at 94,445 MT. During the year, home care sales volumes increased by 11% on YoY basis. Our water solutions business also faced headwinds, resulting in a 12% YoY decline.

Application-specific solutions increased by 18%, while the oil and gas segment declined by 19% YoY, impacted by low oil rig counts and frack spreads in the U.S. Lower oil prices pre-war led to more cautious customer behavior and an indirect impact on realizations. In Q4 FY26, we faced multiple challenges during the West Asia conflict.

Lead time and freight rates increased significantly, alongside a 25-30% rise in raw material prices. Yellow phosphorus, acrylic acid, malic acid and other raw materials. Packing material costs also went up materially (up to 1.5 times). Disruption in LPG supply and increase in price during the war impacted production, as LPG is used in a few of our processes.

However, to ensure wallet share loss, we reduced deliveries in consultation with customers. And once again, I would like to thank our customers for their continued support and consideration during this period. In home care, we are locking in orders for FY27 with our key customers, and new products are also under approval.

Similarly, for water solutions and green chelates, several products are at the approval stage and we expect these to materialize in the next few months. During the year, we have successfully expanded our capacity from 1,30,000 tons to 1,67,000 tons, enabling us to serve higher volumes going forward.

We are expanding our oil & gas business by increasing wallet share and strengthening new customer engagement. We now have presence in Midland and North Dakota and have also received product approval from new customers in LATAM. Overall, we remain positive about the strong growth opportunities in oil and gas.

And based on historical trends, drilling activity should rise by around 30% at current crude levels. Overall utilization level should also increase with faster commercialization of new products and diversification of our product portfolio. With China implementing supply-side

reforms, including VAT rebate cuts, provincial value-added mandates and stricter capacity guidelines, we expect structural price improvement across various chemicals and we expect to benefit from the same in the near future. To summarize, FY26 was a year that tested us. But it's also a year in which we de-leveraged, advanced our growth pipeline and built a sharper operating platform. The fundamentals of our industry remain strong, the early signs of recovery are clear and we are entering FY 27 with great confidence and purpose.

With this, I'll conclude my remarks. Thank you for your attention and I welcome your questions now.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Sanjesh Jain with ICICI Securities Limited. Please go ahead.

Sanjesh Jain: Yes, thank you. Thanks for taking my questions and for this opportunity. I got a few across the businesses. First on the carbon black, what is benefiting us because the profitability in the segment has gone up? It's purely because U.S. tariff has changed ways. We were struggling or there is a lower import coming from Russia, thanks to the Middle East crisis?

I can also sense inventory gains during the quarter, considering that there was a sharp increase in prices across commodities, which should have benefited. In this backdrop, how do you see FY27 panning out, both from a volume perspective and the profitability perspective in the carbon black business? Thank you.

Nilesh Koul: I think, first U.S. tariff reduction has definitely improved prospects, which also means that more players are exporting material outside of India. And therefore, there's a little bit of reduced pressure on the prices in India. While the tyre business is based on pass-through, in the non-tyre business in India, we have been successful in increasing prices over the last few months.

Of course, after the West Asia crisis, we were forced to increase even more prices, but structurally we have been able to improve some pricing in that area. That's one. Going forward, I think we are optimistic on both fronts in terms of volume improvement, both domestic as well as export, because the headroom for us to grow in export markets is significant.

And we are implementing some supply chain initiatives, which will unlock some markets which we could not access, given the transit time, etcetera. On the pricing front also, while the industry continues to be in overcapacity, we believe that structurally, we will be able to take some price increases with value-added products coming into play as well as introducing new services for the customers, which unlock more value for the entire value chain and therefore sharing that with the customers.

Sanjesh Jain: Got it. But what is the reason for a jump in profitability this quarter? If you can break that up, that will be really helpful?

Nilesh Koul: Raj, you want to get into details. But essentially, it's a contribution increase and yes there is a lag in inventory valuation as well.

Raj Gupta:

Sanjesh, if you're comparing it with last quarter, it was not a usual quarter. And our profitability dipped significantly. So, while quarter-on-quarters, when you're looking, it is appearing as a significant jump, but this is not where we should be with the kind of volumes that we have done.

And, of course, this quarter the volumes have gone up by 20,000 tons and the volumes have contributed. EBITDA margins remain the same. There's not much improvement at EBITDA per ton level. So, the real impact of all the initiatives which Nilesh just spoke about is yet to come. It is still not reflected in the performance.

Sanjesh Jain:

That's clear. Second, Nilesh, on the entire shift towards coal tar distillation, we have been positioned ourselves as a crude-based feedstock producer. And coal tar, which in which way is finding more buyers, thanks to the multiple applications there. Now, what is driving us to reconsider a business proposition to shift towards coal-tar distillation? That's number one. And number two, there's already established where we're procuring the coal tar. Now, how do we ensure that we get the feedstocks?

Nilesh Koul:

I'll get into more detail on this in the next call, because the project feasibility is being finalized right now. But at the core of it is that we need to diversify our feedstock base. Second, it's not that we will use coal-tar for all applications. This will be specific application based. So, there are applications where coal tar-based feedstock is slightly better. We have also upgraded our facilities, to be able to use combination of feedstocks. So that will help. And as I said, I'll get more details for you in the next call, where we would have already signed off the capex investment.

Sanjesh Jain:

Got it. One last question on carbon black and then probably one question on Aquapharm. With the existing West Asia crisis, do you think we are in a better position from a carbon black manufacturing perspective and tapping the US market or do you think Russia now has a chance of selling their product in Europe or that's not happening?

Nilesh Koul:

We are seeing good traction from US customers, given that the tariff has gone down now. Of course, people are waiting for final stability in that structure. The logistics cost is a little bit challenging, but I think we are more competitive now than we were in pre-war. So, we stay optimistic for both EU as well as the US markets.

Sanjesh Jain:

But how do you read the jump in the logistic cost because we are a bulky material, right?

Nilesh Koul:

Yes. But even with that we are competitive in the US market. It's an underserved market. And the US customers are also trying to diversify away, because the competition is China, Russia as you said, they want to diversify to other Indian players. Therefore, we believe we are still competitive in multiple applications.

Sanjesh Jain:

Okay. Last one from my side on the Aquapharm side. Phosphoric acid prices have gone up very sharply. That should itself has given a lot faster growth in my view. Number two, crude prices very beneficiary for us in our US business. A combination of this, does it improve the outlook for Aquapharm in FY27? Now, for last two quarters, we have been doing EBIT losses there?

Pankaj Kedia: So Sanjesh, yes, the phosphoric acid prices have gone up. We have also taken immediate price hikes from March onwards. So, it will have some cushioning effect going forward. But as far as the oil and gas business is concerned, with this jump in oil prices, we see substantial restocking impact coming in the first two quarters of FY27. So most probably you will see a decent growth in the oil and gas business in Aquapharm in FY27.

Sanjesh Jain: And how should we see part to profitability?

Pankaj Kedia: From a profitability perspective what has happened is significantly lower capacity utilization in the last couple of quarters. That has led to some kind of a negative operating leverage playing to our numbers. As we see Q1 and Q2 onwards, oil and gas business moving up sharply, the same thing will turn into positive to our advantage. So, you will see profitability moving up as our overall capacity utilization moves up from Q1 FY27 onwards.

Sanjesh Jain: That's very clear. Just one balance sheet question. Considering there is a sharp increase in the feedstock prices, that will put significant pressure on working capital and hence on the net debt position, which already appears to be stretched in correct profitability situation. How do we want to manage this entire leverage situation and still continue to grow?

Raj Gupta: Our overall borrowings have come down by roughly INR450 odd crores this year, as you must have seen from the balance sheet. You must have also noticed that our investment in working capital has also gone down significantly. So, we are managing our receivables and inventory very tightly.

And we feel that there is further scope for us to improve there. So, we are instituting better controls. We believe that despite the increase in crude prices we don't expect crude is going to be here for the full year. We believe that maybe in a quarter's time, we'll see crude soften back to that 80-90 level.

Even if crude remains at \$90 level, I think considering the volume growth, the revenue growth, we will require another INR100 crores worth of incremental working capital. That's how we are estimating it as of now. And the cash generation with higher volumes and better margins will be far more than what we require to invest in our growth, pay out to shareholders and invest in working capital for this incremental requirement.

Sanjesh Jain: Got it, Thanks, Nilesh, thanks, Raj for all those questions. And best of luck for the coming quarters.

Raj Gupta: Thank you.

Nilesh Koul: Thank you.

Moderator: Thank you. Next question comes from the line of Rohit Sinha with Sunidhi Securities. Please go ahead.

Rohit Sinha:

Yes. Thank you for taking my question, sir. So already some of my questions have been answered. Just a few from my side. One is, as sir, in the opening remark indicated about this price increase pass-on would be majorly reflecting from Q2 onwards, I guess. So just wanted to understand how this pricing pass-on would be, I mean, being out in the different segments for us for carbon black as well as for the Aquapharm also.

And I think from March onwards, we have some higher prices which came down in mid-April. But again, again it started moving up and probably there would be some adjustment in the contracts also. So how the contracts have shaped and how we should look at basically going forward our Q1 performance also?

Nilesh Koul:

So, as you said, different segments in our market have different pricing linkages. So, in case of tyres, for example, there is a structure where pricing can be linked to and we have different types of contracts with tyre consumers. Some are Q minus 1, some are M minus 1. So, there are different pass-through mechanisms.

So those will come into effect as and when the contract terms move along with it. There is also a significant piece of volume which is based on spot pricing. There we have anticipated and taken price increase early. As I said in March itself, we had started taking prices up and price increases have gone through because obviously, the entire industry is facing the same challenge.

So, we expect prices to be strong in Q1. And depending on how the crude situation moves, this will sustain. Some part of it we will lose later on as the crude prices hopefully come down. But we expect profitability improvement given the cost of our raw materials available with us for Q1. Aquapharm is going to be a similar story for some segments where we have pass-through and prices are linked to Q minus 1 or M minus 1 in some cases.

Rohit Sinha:

Got it. And sir, from our new battery business, how things are progressing there? When we should be seeing the material numbers in that segment?

Nilesh Koul:

I think the pilot plant is ready. This, of course, is a very high-value business with high margins. But it also requires qualification. So, the pilot plant is designed to start getting qualifications done within this year. Then we will move on to putting up a commercial plant with additional capacities. I would expect that FY28 is when we will start seeing commercial volumes going up. We will share more details as we progress in getting more qualifications with our customers.

Rohit Sinha:

Got it. And one last question for maybe for the guidance point of view and how we should be looking at the volume growth in the carbon black side for next year. And for the power business also, I think I mean some outlook wanted to know as the demands are quite strong there, but pricing has not been to that extent. So, are we seeing any material price increase also going forward in the power side or it will remain more or less in this similar range?

Nilesh Koul:

I think in the carbon black business now with our additional capacity coming in, we expect to see a high single-digit volume growth. We should see more than double-digit growth in EBITDA as well for next year. As Raj was saying, Q4 results are not what we aspire to be.

So, you should see significant improvement in that going from Q1 onwards. On power side, the pricing, there are two components of it. One is the bilateral agreements that we have. Now there the price is moving well. And I would also expect that because of the fuel crisis in West Asia, we should start seeing some better pricing realization Q1 onwards as well. So, we should see structurally better pricing in power business as well.

Rohit Sinha: Okay. That's it from my side, sir. Thank you. Thank you very much.

Moderator: Thank you. Next question comes from the line of Aditya Khetan with SMIFS Institutional Equities. Please go ahead.

Aditya Khetan: Thank you, sir, for the opportunity. Just a couple of questions. Sir, you mentioned in your opening remarks on the carbon black spreads bottoming out. So, what are the indicators like if you can highlight and what is giving you that confidence that this has bottomed out? And what are the triggers wherein it can improve apart from what we say that tyre demand will grow? Any structural change in the business we can see okay now this has bottomed out and sir compared with last quarter actually spreads look much lower here, adjusting for the inventory gains. So, what has changed and what is giving you that confidence that it has bottomed out?

Nilesh Koul: For the Indian players, some of the positive things that we are seeing is because the US tariff issue is to some extent sorted out. So, the additional volume coming into the Indian market is now moving towards US as well. So, you see some improvement in volumes being exported out of India, which therefore reduces the pressure on pricing in India. That's number one.

I think we are also continuing to see some inventory built up by our customers as well, which is a little bit of an additional demand coming through and again should allow us to start charging a little bit more premium. Third, of course, the value-added component of our business is going up and we expect to see that also helping us improve our spreads.

Aditya Khetan: Got it. Sir, on to the customer side, like you mentioned, so customers are keeping some inventory, which earlier they were taking just in time. So, can you highlight like what are the inventory levels today with the tyre players of carbon black and specialty and Aquapharm across businesses?

Nilesh Koul: It varies by customer to customer. So, depending on the market that you're talking about, for example, our domestic customers usually keep, were keeping about 3-7 days depending on the location of their plants, etcetera, which they are dialing up a little bit given the uncertainty in export markets. Again, it varies across the value chain.

What we are looking at doing is actually providing some more additional inventory stock points for just-in-time delivery as well for the longer term. This is not going to come in effect right now. It will take a little bit of time to do that, but our customers are increasing their cover for beyond increasing that by at least 3-4 days minimum as we see as of now. And this is true for specialty as well as for tyre customers.

Aditya Khetan:

Got it, sir. Sir, on to the Aquapharm like you mentioned, so with the rise in crude prices, definitely coming quarters should look good. But you also mentioned that restocking is picking up. So, suppose that if tomorrow all these things stabilizes, the West Asia crisis, everyone is anticipating crude price to fall down. So still this thesis will remain intact that demand will pick up and restocking thing also will continue or we could be back to that original level like we were saying earlier?

Nilesh Koul:

So, we are not banking only on the inventory increase. We are also making efforts to increase share of wallet in terms of providing value-added services and solutions for customers. As I mentioned, there is a lot of new product approvals that we have got. So, we are seeing positive traction beyond the immediate impact of inventory increase.

So structurally, we believe there is enough growth in the key segments, oil and gas in water treatment and the home care segments, especially as we have got now greener products coming into the mix. And we should see increased volume. So no, structurally, we are making efforts to ensure that profitability goes up.

Aditya Khetan:

Sir, current quarter when we look, so we are sitting at around INR29 crores sort of an EBITDA, which you have mentioned in the presentation. So, sir, next year, considering if things normalize and you are mentioning that premium mix will go up, can we again go back to the levels of INR50-55 crores EBITDA per quarter in Aquapharm?

Pankaj Kedia:

Yes, we believe we should be able to do that.

Aditya Khetan:

Got it. And sir, on to the volume side, any numbers for FY27-28 like earlier, we had said for 26, so double-digit volume, but I think we are at flat. For FY27-28, any number guidance?

Pankaj Kedia:

Aquapharm should see a very strong growth in top line in FY27. I think in the region of 20-25% is something which we believe should be able to achieve.

Aditya Khetan:

Got it. Sir, just one last question, on to the debt part you had mentioned that we have also reduced some of the debt. Along with that, we are also into capital expenditure mode. So, this will continue in FY27 also, both paying off debt and simultaneously doing capex FY27-28. How you see things shaping up on this front?

Raj Gupta:

Yes, we feel that we can generate more cash from operations and what we require to invest in growth. And therefore, there should be net-net reduction in overall leverage.

Aditya Khetan:

One last question that we had mentioned in our investor day earlier, lumpsum 40 billion guidance of EBITDA by 2030. So, does that hold or is there any change on to that?

Raj Gupta:

See the long-term fundamentals of the industry remain intact. These are short-term headwinds that we are facing currently. So, from 2030 perspective, we are very confident, we remain on track and with all the initiatives that we are taking, we believe that we should be able to deliver those numbers.

- Aditya Khetan:** Got it, sir. Thank you. That's it from my side.
- Moderator:** Thank you. Next question comes from the line of Prit Nagersheth, Wealth Finvisor. Please go ahead.
- Prit Nagersheth:** Yes, thank you. My question is back to the EBITDA per ton for FY27. So, if I understand, you said you are expecting double-digit growth on EBITDA. So, should I assume that the 14,900 odd per ton, we should see at least about a 14-15% increase on this number? Is that what this leads to?
- Nilesh Koul:** We should easily see that, yes. Just to clarify it's a mix of both. We expect pricing to move up and we also are taking significant initiatives on cost. So, combination of that should definitely deliver that.
- Prit Nagersheth:** And here you are coming to this number based on two factors, one being the volume growth of high single digits of 7-10% and the value growth of the remainder to get to this number. Is again my understanding, correct?
- Nilesh Koul:** So let me recapture. So, there's three elements. One is, of course, the volume growth. Second is a product mix change. We are getting higher value-added products coming through. The third one is the general price increase. And sorry, there's a fourth one, which is the cost initiatives, which we are also taking.
- Prit Nagersheth:** Understood. So basically, effectively, the EBITDA ton moves up by a strong double-digit number and we should also see maybe revenue increase, volume increase alongside all of these things?
- Nilesh Koul:** Yes.
- Prit Nagersheth:** Okay, great. Thank you. The other questions have been answered.
- Moderator:** Thank you. Next question comes from the line of Sailesh Raja with B&K Securities. Please go ahead.
- Sailesh Raja:** Yes. Sir, in the last call, we had mentioned that Aquapharm received incremental allocation from customers like P&G, Henkel. So, could you quantify the potential volume growth expected from these two allocations over the next 1-2 years? Also, regarding the recent, the removal of 13% VAT, the export debate which you were talking with benefit in China. So specific to PBTC product, so within the Aquapharm the overall volume mix, what proportion of volume is currently derived from PBTC product and what about the operating profit growth that we are expecting in Aquapharm?
- Pankaj Kedia:** So, Sailesh, specifically, if you talk about the green chelates portfolio, where we last quarter also mentioned that we have started receiving trial orders and supplies have started to both P&G and Henkel. There, I think, from Q2 and Q3 onwards, we see significant increase in the expected sales revenue as we get product approvals.

So, from a potential perspective, potential is large. We ourselves have limited capacity, our overall green chelates capacity is 4,000 tons. And we have been looking at expanding that capacity, but we have been waiting for product approvals to come in so that we don't set up capacity too early.

Now, as we see increasing sales in the green chelates portfolio, both FY27 & 28, you should see significant increase in the revenue side. And we will be adding more capacities to the green portfolio for Aquapharm, once we get these product approvals from P&G and Henkel. We are also working with more customers to get product approval from the non-detergent side of the business too. So, this should help us to have a larger revenue growth from this green chelates portfolio.

Sailesh Raja:

Hello. Yes. Sir, we are expecting 20,000 tons incremental number. Can you please quantify the volume that you are expecting from these two customers and also the growth that you are expecting from Aquapharm?

Pankaj Kedia:

A couple of things. The requirement of these customers is pretty large. I mean, we will not be able to supply that requirement with what capacities we have. So, if I tell you about the opportunity size, it is pretty big. We have received the trial orders in the last quarter and the supplies have started now, we have to build up that portfolio gradually.

So, if you recall, a couple of years back also we mentioned that we have a very large ambition for the green chelates portfolio. We have some capacity. We are now getting trial orders and more orders are expected to come in a couple of quarters. So, by the end of this year, we should have a much larger say when we talk about the green chelates portfolio.

The challenge is not the target market or the size of the market. And from an EBITDA perspective, I think while last quarter has been a challenging quarter in Aquapharm and we faced multiple challenges, which Nilesh also mentioned during his opening comment, we believe that our goal remains to reach that INR75 crores per quarter EBITDA run rate, which we have been trying to achieve in the last few quarters.

And if the market had been in a normalized scenario, we probably would have achieved it by now. But over the next 2-3 quarters, we believe that that goal remains intact for us to reach 75 crores run rate on a quarterly basis.

Sailesh Raja:

Okay, sir. Great, sir. The Europe market, the carbon black, size is around 1.5 million tons. Just to understand better to see just potential benefits from EU FTA, could you please help us with the current supply mix, how much of demand is met through domestic production versus imports? Within imports, what is the share from China, India? Is there still some Russia supply is coming to Europe market, can you please talk about that.

Raj Gupta:

Western Europe on average imports about 500,000 tons of carbon black every year. And earlier, almost 80% of it used to come from Russia. Now, of course, it is spread across number of countries. India currently is doing about close to 100,000 tons to our understanding. And China share would be a little more compared to us. Rest comes from multiple geographies.

Now, in terms of how this EU FTA is going to benefit us, there is no import duty on carbon black in Europe. So, there is no direct benefit. But when you look at indirect benefit, currently, tyre imports in EU from India attracts 4.5% duty. So once this FTA is signed, then the duty is likely to get to 0%. And Europe accounts for one third of India's tyre exports. So, I mean, that should boost up domestic production in India and from that perspective, it is going to be positive.

- Sailesh Raja:** How much is domestic carbon black imports here?
- Raj Gupta:** In Europe?
- Sailesh Raja:** India imports.
- Nilesh Koul:** In India, it is not significant.
- Raj Gupta:** China and Russia are not much. China does about roughly about 1,500 tons a month. And Russia would be around similar 1,500 tons, 2,000 tons a month. India in totality imports about 8,000-10,000 tons a month.
- Sailesh Raja:** Okay. Thank you. Thanks.
- Moderator:** Thank you. Next question comes from the line of Shashank Kanodia with ICICI Securities. Please go ahead.
- Shashank Kanodia:** Yes, good afternoon. Thank you for the opportunity. So given the current crude prices, what kind of blended carbon by regulations should we look for Q1, F27, given that you clock closer to INR105 to a kg in Q4?
- Nilesh Koul:** Sorry, I couldn't get the question. If you can say that again, please.
- Shashank Kanodia:** Yes. So, what kind of blended carbon black realisation should we expect in Q1, F27, given the crude prices that they are currently hovering at?
- Raj Gupta:** Around \$1,400-1,500.
- Shashank Kanodia:** Okay. And that is true for Indian markets as well, right?
- Nilesh Koul:** Yes, I'm talking about average blended, both domestic and international.
- Shashank Kanodia:** Right. And sir at the current level of crude prices, how is the CBO versus CBFS profitability? So, do we see more of Chinese supply getting into the market at the current crude prices, which is coal-type based or CBFS as a root is still at an advantage position?
- Nilesh Koul:** The coal-type prices have also moved up. So, it is even keel as of now. So pre-war versus now, it's about the same levels of difference. So, when it is imported coal tar into India, it's still a little bit more expensive on a TCO basis, because there is a difference in yield which we get between CBFS and coal tar. So competitive, but CBFS is better for us right now.

- Shashank Kanodia:** And sir for a quarterly breakup of volume that you have shown in the presentation, your tyre space volume has declined from 90,000 odd tons in Q4 to 88,500 tons for this quarter, whereas the domestic tyre space has grown healthy double digit. So, is it just purely out of profitability angle that we have supplied less to the industry or is there some market share loss, some angle to it?
- Shashank Kanodia:** Yes, quarterly sales volume for tyres performance specialty that you have showcased in your presentation?
- Nilesh Koul:** Performance specialty, one second.
- Shashank Kanodia:** I'm talking about tyre in particular getting potentially declining in sales volume from 90,000 MT last quarter, as in Q4 to 88,600 MT this quarter?
- Nilesh Koul:** This is just a customer mix that we had and it's just a timing effect in terms of when the material got supplied. So overall, we are going to see growth in tyre business as well.
- Shashank Kanodia:** Right. And lastly, sir, do you see.
- Nilesh Koul:** Q1, you should see higher volume from us on tyres.
- Shashank Kanodia:** Okay, sir. So, given that there are state elections in the home state, is there any recurring one-time expense charged to a P&L for this quarter or do we expect something in Q1?
- Nilesh Koul:** Shashank, you have to repeat.
- Shashank Kanodia:** So, I'm saying that sir, given that there are state elections in your home state, do we see any one-time recurring charge, which is non-recurring in nature, either in Q4 or in Q1? So, we had a history of some donations in the past. So, do we see that as an element for Q4 or next quarter Q1?
- Pankaj Kedia:** Nothing significant, Shashank.
- Shashank Kanodia:** Okay. And, sir, given that you're expecting a good amount of profitably increase for base carbon black as Aquapharm, do we surpass the FY25 base case profitability in terms of EBITDA and PAT
- Nilesh Koul:** Yes.
- Shashank Kanodia:** Sure, sir. Thank you so much and wish you all the best. Thank you, sir.
- Nilesh Koul:** Thank you.
- Moderator:** Thank you. Ladies and gentlemen, we have reached the end of question-and-answer session. On behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.