RP - Sanjiv Goenka Group
Growing Legacies

PCBL CHEMICAL

6th November, 2026

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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 Limited,
1st Floor, New Trading Ring,
Rotunda Building,
P.J. Towers,
Dalal Street, Fort,
Mumbai – 400001

BSE Code (Equity) – 506590
BSE Code (Debt) – 975353

Dear Sir,

Sub:- Q2 FY 27 Results Conference Call – Transcript

Further to our letters dated 27th October, 2026 and 2nd November, 2026, please find enclosed herewith the transcript of the Q2 FY 27 Results Conference Call held on Monday, 2nd November, 2026 at 17:00 hrs (IST), for the quarter and half year ended 30th September, 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 take the afore-mentioned information on record and oblige.

Yours faithfully,
For **PCBL CHEMICAL LIMITED**

Ravi Varma
Digitally signed by Ravi Varma
Date: 2026.11.06 15:19:19 +05'30'

Ravi Varma
Company Secretary and Compliance Officer

Enclo: As above

“PCBL Chemical Limited

Q2 and H1 FY27 Earnings Conference Call”

November 02, 2026

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

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

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY27 Earnings Conference Call of PCBL Chemical Limited, 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 touch-stone phone. Please note that this conference is being recorded.

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

Sanjesh Jain: Thanks, Muskan. Good afternoon, everyone. Thank you for joining on the PCBL Chemical Limited Q2 FY27 Results Conference Call. We have PCBL Chemical management on the call, represented by Mr. Nilesh Koul, Managing Director; Mr. Rohit Narang, CEO, Aquapharm Chemical; Mr. Raj Gupta, CFO; and Mr. Pankaj Kedia, Executive Director, Investor Relations.

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

Nilesh Koul: Thank you so much, Sanjesh. Good afternoon, everyone, and thank you for joining the PCBL Chemical's Q2 FY27 Earnings Call. But before I get started on that, I'd like to extend my warmest wishes to all of you for the festive season ahead.

Coming back to business now. The September quarter was marked by volatility in carbon black market with crude price movements influencing customer purchasing patterns. Geopolitical developments, particularly the conflict in West Asia and between Russia and Ukraine continue to disrupt trade routes, elevate freight costs and influence customer destocking decisions.

Amid this market condition, we remained focused on factors within our control: pricing discipline, cost management, and reliable customer servicing. Despite the volume headwind, we delivered and grew revenue by 14% to INR 2,474 crores , EBITDA grew 12% to INR 310 crores and profit after tax grew 20% to INR 74 crores, a testament to the improved pricing discipline and cost optimization effort.

Amid these market conditions, we remained focused on factors which are within our control, pricing discipline was maintained, cost management, and reliable customer services. Geopolitical developments, particularly conflict in West Asia and between Russia and Ukraine, continue to influence energy markets and trade flows. In fact, in some cases, the supply chains are getting de-routed. With crude movement from Middle East being disrupted, there is a change in trade patterns for crude coming in from the U.S. to Europe.

For our business, the impact has been felt through changes in feedstock costs, shipping expenses, and customer destocking decisions. Some customers continue to maintain lean inventories and adopt a wait-and-watch approach amid expectations of softening prices, adding to the pressure on quarterly volumes.

Freight and logistics costs have risen very sharply with shortage of vessels, availability and longer transit times. Longer shipping routes are increasing ton miles while higher freight rates and war risk premiums are adding to the landed cost of feedstock. We are balancing customer commitments with realization and remain selective while logistics costs make the economics less attractive.

Let me briefly touch upon the quarterly performance before going into other details. I mentioned this earlier, but let me repeat it again. Consolidated revenue grew 14% year-on-year, EBITDA grew 12%, and profit after tax grew 20% during the quarter.

Just quickly going back to the global carbon black industry and feedstock trends. Coal tar prices have firmed up in China, increasing production costs for carbon black manufacturers. This should, in the medium- and long-term, support prices in Southeast Asia.

Disruption of Russian refineries continues to impact availability of CBFS. As we highlighted last quarter, Russian refineries throughput has fallen to multi-decade lows with a meaningful share of capacity off-line. This shrinking of the Russian supplies is impacting both their export of carbon black as well as CBFS and keeping global feedstock availability relatively tight. This should hopefully also support the higher realization in the market.

Now on the domestic demand & exports. Domestic demand continues to be supported by strong OEM performance, a steady replacement demand and activity across key automotive segments. However, cautious procurement and inventory management by customers is affecting volumes during the quarter. With capacity utilization in domestic carbon black industry inching up, we can reasonably expect some improvement in spot prices and margins going forward.

In the international markets, we are maintaining price discipline while elevating freight costs are impacting the economics of serving customers. Our focus is to maintain strategic customer relationships and protecting realizations while pursuing opportunities where commercial returns are appropriate.

We are strengthening our presence in Europe and North America through Antwerp warehouse and U.S. entity, improving supply chain flexibility, customer engagement, and local support. Our Power business continues to support the overall operating model. Short-term power tariffs remain elevated and we continue to benefit from the same.

Now a quick look at the tyre and carbon black outlook. The automotive demand outlook is encouraging, especially in India, with improving commercial vehicle trends and festive season providing potential support to vehicles and tyre sales. However, tyre manufacturers continue to face elevated raw material costs, not just carbon black, but on elastomers and rubber as well.

So while overall cost inflation in the OEM and replacement market is adding to cost pressure, price increases by them into the market is not fully passing through and that keeps pressure on their margins going. Capacity expansion across tyre industries remains encouraging and leading manufacturers operating at healthy utilization levels and progressing their planned capex. This supports our confidence in the underlying demand outlook for carbon black.

On Specialty Carbon Blacks. During the quarter, Specialty Carbon Black operations were impacted by global uncertainty, elevated oil prices and higher freight costs, which affected trade flows across key markets. Despite these external challenges, we continue to make meaningful progress on our strategic growth initiatives across products, applications, and geographies.

In the interim, we are exploring opportunities to reallocate volumes across customers and markets while remaining well positioned to scale up supply as conditions normalize. In parallel, we are deepening customer engagement through technical collaboration, solutions-led offerings, strengthening supply chain, and integrating into customer product development road maps, enhancing long term customer stickiness.

Expanding the proposition of business covered under long-term supply and offtake arrangements with strategic customers remains a key priority, improving revenue visibility, reducing demand volatility and supporting a more predictable earnings profile. These initiatives, combined with our expanding market reach, position us well to drive profitable growth and steadily increase the contribution of Specialty Carbon Blacks to our overall portfolio.

A little bit of a deep dive into our Advance Battery Materials business. Our battery materials strategy is progressing from advanced materials to integrated high-value solutions for the lithium-ion battery industry. Through Nanovace, our 51% joint venture with Australian technology partner, Kinaltek, we are developing high-purity nano-silicon using a proprietary chemical reduction process with the potential for lower cost, lower carbon manufacturing.

Silicon, of course, offers 10x the energy storage capacity of graphite, 3,579 mAh/g versus 372 mAh/g, creating opportunities for high energy density and a faster charging. However, managing silicon's volume expansion of up to 300% remains a critical challenge. That's where our innovation and program is focused on overcoming these limitations.

Our pilot project in Palej has started creating some samples, making an important milestone in the scale-up of the technology. Materials produced at the facility are currently undergoing internal qualification to be followed by customer evaluation and validation. This represents a significant transition from laboratory scale technology development to pilot scale manufacturing, strengthening the foundation for future market adoption.

There's another change from last time. We are now moving beyond nano-silicon additives to silicon carbon composite solutions as well, combining PCBL's expertise in engineered carbons with Nanovace silicon technology. Our objective is to improve conductivity, manage expansion, enhance cycle life, and deliver commercially scalable anode materials. Development is progressing across Palej, Belgium, and Australia, leveraging complementary capabilities in electrochemistry and carbon engineering.

Just for reference, the global silicon carbon anode market estimated at approximately $1.2 billion in 2025, is projected to grow at over 25% annually through 2035. Together with our Conductive Carbon Black and Acetylene Black programs, this positions PCBL to capture a large share of the battery materials value addition. Our ambition is to move from supplying individual

ingredients to engineering integrated battery solutions, creating a differentiated technology-led platform with significant long-term potential. The Super Conductive Black facility has been commissioned, while Acetylene Black is progressing towards its planned time line and the project has received approvals under the relevant ECMS framework.

Talking about the financials and operational highlights, let me now briefly touch on some of those parameters. Consolidated Carbon Black sales volume was 134,180 tonnes. Revenue from operations stood at INR 2,474 crores, EBITDA was INR 310 crores and profit after tax was INR 74 crores.

Domestic Carbon Black volume was 92,843 tonnes, while export volume was 41,337 tonnes. Within the Carbon Black portfolio, tyre grades contributed 77,914 tonnes, Performance Chemicals 39,698 tonnes and Specialty Grades were 16,568 tonnes. Power Generation was 186 million units, of which 108 million units were sold externally at INR5.34 per unit.

We reiterate our guidance of double-digit growth in average EBITDA per tonne over FY26 levels. We remain committed to that guideline. Through the quarter, our focus was to maintain the impact of market volatility while maintaining operational efficiency and customer commitments.

Now a little bit about Aquapharm. And I'm going to hand over to Rohit. But before I do that, I'd like to highlight a few priorities of Aquapharm. Green Chelates continues to perform well, while PBTC is moving into its next phase of ramp-up. We are also focused on improving capacity utilization and accelerating customer validation for the newer products. These measures support our FY27 target of double-digit revenue growth.

I now invite Rohit to take through the Aquapharm performance for the quarter and its priorities going forward. Rohit, over to you.

Rohit Narang: Thank you, Nilesh, and good afternoon, everyone. At Aquapharm, our focus is on improving utilization of existing assets, strengthening our product mix and converting ongoing initiatives into growth. We are working towards double-digit revenue growth for FY27, supported by executions, customer deployment, and new products.

Let me first take you through the second quarter numbers. Aquapharm reported sales volume of 24,253 metric tonnes, revenues of INR 433 crores, and EBITDA of INR 42 crores in Q2 FY27. During the quarter, Home Care sales volume increased by 7% on a year-over-year basis. Both the Water Solutions and Oil & Gas segment reported a 20% year-over-year decline, while remaining steady sequentially. Application-specific solutions posted strong double-digit growth of 15%.

Green Chelates continue to do well and remain an important area of growth. We are progressing customer engagement and commercial opportunities in this portfolio, gaining customer qualifications, especially in the U.S. and Europe. At the same time, we are experiencing very strong demand for our PBTC product line and working to increase its contribution to the business.

On the raw material front, we have expanded our critical raw material inventory coverage to protect our supply chain against ongoing market volatility. While proactively managing input risk is vital to prevent operational disruptions, we have preserved our margin profile through rigorous price realization and commercial discipline.

Moving forward, we will maintain a disciplined balance between robust supply security and optimal working capital efficiency. Concurrently, we are conducting a comprehensive pricing review across our portfolio and regional markets, executing rationalization measures where necessary.

Our objective is to ensure swift pass-through of input cost dynamics, protecting product margins, and enhancing overall revenue quality. Driving higher plant capacity utilization remains a core operational priority, enabling us to unlock greater operating leverage and efficiency as volume momentum builds.

Our strategic focus on innovation is beginning to deliver tangible results, highlighted by our first commercial order for synthetic thickeners. Concurrently, we are actively advancing customer qualifications for our biocides and corrosion inhibitors with key U.S. oil and gas operators. We are systematically expanding our advanced product pipeline and collaborating closely with customers through trials and technical approvals to accelerate market adoption, drive profitable growth across our application-led portfolio.

In Saudi Arabia, the wider Gulf, we continue to position ourselves for shift from thermal desalination to Sea Water Reverse Osmosis technology, commonly known as SWRO technology. We are accelerating our account approvals and building out our RO-focused portfolio consistent with the progress we reported last quarter. Our action focus and priorities are scaling Green Chelates, ramping up PBTC, improving utilization, and strengthening raw material security.

With that, I'll hand back to Nilesh, for the outlook and closing remarks. Over to you, Nilesh.

Nilesh Koul: Thank you, Rohit. Looking ahead, we remain constructive on the medium-term opportunity. The structural tailwinds, India's expanding trade agreements, our tariff advantage in key markets and the contraction in refining and carbon black exports from Russia continue to play directly to PCBL's strength: scale, reliability, a global supply chain and an expanding Specialty portfolio.

In the near-term, we expect buying patterns to improve gradually as customers gain greater clarity on prices. Continued disruption to Russian refining operations is expected to keep global CBFS availability relatively tight, supporting a more balanced industry environment and healthier spreads. We remain constructive on the strong second half while recognizing that the timing of recovery will depend on market conditions.

To sum up, Q2 was shaped by geopolitical disruptions and cautious customer buying. But our focus on pricing discipline and cost optimization delivered improved financial performance despite volume headwinds. We optimized our cost, product, and geographical mix to manage the margin portfolio effectively.

On the cost front, we continue to drive efficiencies across our operations through targeted cost-saving measures and yield improvement with a focus on improving overall cost competitiveness. We continue to focus on a disciplined core Carbon Black business, diversifying our Specialty portfolio and progressing our Advance Battery Materials platform.

Thank you for your continued interest and support. We'll now be very happy to take any questions from you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Your first question is from the line of Rohit Sinha from Sunidhi Securities.

Rohit Sinha: Congratulations for good set of numbers. As we have indicated in Q1 call also that a lot of inventories were cleared in Q1 and Q2, there would be some bit of inventory buildup. So just wanted to understand how has been the inventory situation for us in this quarter? And considering the rising price in China, how much we have been passed on in this quarter and how much we would be seeing the impact in the coming quarter?

Raj Gupta: Yes. Last quarter, when we were doing the earnings call, Rohit, crude had already come down to around $70 level. And therefore, we expected some kind of inventory buildup at customer end. But then crude didn't stay there, moved back to $100 and beyond. As we speak, it is $110. And consequently, we didn't see inventory buildup. Rather there was inventory reduction because no one expected crude to remain at the current level, and -- which has also impacted our volumes.

Regarding the impact of inventory, if crude has stayed where it was, $70 or maybe $75, possibly part of the inventory gains that we made in first quarter or maybe a good part of it, we would have had to give back in the second quarter, but that didn't happen because crude remained elevated. So only about INR10 -15 crores of that in the beginning of the quarter that become passed through for customers. But subsequently, because of higher crude, the prices remained elevated, which is also reflecting in the realization for the quarter, which is higher than the last quarter.

Rohit Sinha: Got it. And in terms of -- I mean, looking at the current prices, I think Q3 -- I mean, first month of Q3 will also be having a better realization as compared to Q2. So will we be seeing -- if the growth remains at this level, we'll see better realization in Q3 as well, correct?

Raj Gupta: I think realization in our kind of business doesn't matter much. It is more about how much margin are we making per tonne. Realization will also depend on the level of crude, like you correctly said. So the idea is not to focus on realization, but to ensure that we have a proper pass-through and we are also able to utilize the opportunities which are available in the spot market.

Nilesh Koul: That said, we have already announced the price increase in the spot market as well, which should be getting through. In November and December, we expect that price increase to go further up. So it's gradually being moved up as the higher cost inventory comes in.

Rohit Sinha: Okay. Great. Secondly, sir, just on the Power side, Power business, this quarter, we had a little lower revenue and a lower profit also. So I mean, just wanted to understand, given the rising power demand scenario, why the revenue was down in this segment? Is it that we have been captively using the power or any other read on through that?

Raj Gupta: PCBL business is self-sufficient in power. However, in Aquapharm, we have to purchase power and where we had to incur about INR 10 crores of higher cost during the quarter. So to that extent, there was an impact on the performance. But our realization has also gone up. So in PCBL about 40% of the power that we generate, we use captively and 60% is available for sale. So higher realization actually pushes up the bottom line for us.

And the generation of power actually is dependent on the carbon black production level. Last quarter, we did mention that we are exercising pricing discipline. Some of the geographies, especially Southeast Asia, where we were not making decent margins, we have cut down on volume. Consequently, production level also came down. And with that, the overall generation was a little lower compared to last year. So as we scale up the production, which we are scaling up this quarter, we are likely to see a jump in power production also.

Rohit Sinha: Great. One last question on Aquapharm. I mean, how we are looking at the second half as I think Rohit sir has joined and we're looking to scale up the business with this kind of geopolitical issues, we are still, I think, putting in the short side. So how the full year number would be looking at on the Aquapharm volume and profitability side?

Raj Gupta: Rohit, would you please take this question?

Rohit Narang: Yes, we continue to strengthen our foundation across the portfolio. Our ACL India business and our Saudi business continues to be strong and we are expecting double-digit growth in the second half. With the geopolitical situation in U.S., there is a lot of investment that the oil and gas companies are holding on to because of the uncertainty. And that's the part that we are still navigating in terms of bringing that around and resuming growth. So overall, we will stay within the commitment of double-digit growth for the second half as well.

Moderator: The next question is from the line of Sailesh Raja from 360 ONE Capital Market.

Sailesh Raja: Sir, we have cost control program to save INR 200 crores to INR 250 crores. So both opex and employee cost, it fell by INR53 crores Q-o-Q. But how much of that is volume-linked and structural reduction in the cost? Can you please quantify it?

Raj Gupta: It is not much at this stage. So most of the drop in fixed cost that you are seeing that is on account of volume, plus maybe about INR 10 - 15 crores has also come through the project Alchemy. But we are getting very good results out of this. And Nilesh, do you want to add on?

Nilesh Koul: So the Alchemy project is moving well. So as you would expect, initiatives have been identified. We stay positive about the INR 200 crores being delivered over the quarters coming forward. So the initiatives are getting proven. Then the next step, of course, is horizontal deployment. So we are in that phase right now where initiatives are proven. We are making them standard and

spreading them across, which will be done over the next few months or so. So we should start seeing some acceleration in bottom line realization of these cost projects that we are working on.

Sailesh Raja: From 4Q, sir, can we see significant improvement from 4Q of this year?

Nilesh Koul: I think you'll see acceleration from where we are today. The realization will subsequently happen in the further quarters. And a lot of it is essentially yield improvement initiatives and throughput improvement initiatives, which when our capacity utilization goes up further, the benefit will be even higher because throughput improvement is what we are getting through some of these initiatives. The ones which are yield-linked is a direct flow back into profits. There is other procurement-linked cost initiatives also, which some of them we expect to see -- start seeing results this quarter and the next quarter as well.

Sailesh Raja: Okay. Got it, sir. Sir, we were expecting better exports volume from 2Q, you mentioned in last call, but volume was down 18% Q-o-Q. So if crude remains high at $90 to $100, so how do you see the exports volume offtake in second half -- for the full year? And also last 2 years, we have maintained about 2.3 lakh tonnes volume in exports. So how do you see for the full year, sir?

Nilesh Koul: See, the exports, as Raj was mentioning, we actually pulled back some volume where the contribution was not positive. And to a large extent, it was a mix of the crude and the raw material price and the freight cost. Because in some cases, we don't have freight on a pass-through basis. Now as the market has stabilized and also we are seeing the coal tar-based exports prices also moving up, we expect to come back to growth on international markets also.

In fact, based on that, we have invested in the U.S. and in Europe on infrastructure facilities, which should give us and unlock some more additional volume. For example, in the U.S., roughly about 40% to 50% of volume is sold through railcars. Now we didn't have railcars till now. Because we are setting that infrastructure up, we expect that volume to go up as well.

The third thing we expect to happen is this whole uncertainty around tariffs, which was there. So that was influencing some customer decisions as well. There's a little bit more stability on that front. And once we have stock in U.S. for servicing those customers, there will be more comfort and then they will increase volume. So I expect to see international volume growing as we move forward.

Sailesh Raja: I just want to understand, including the Andhra capacity, effectively, we can produce around 8 lakh tonnes. So that is incrementally 2 lakh tonnes from current volumes. So how much of which could come from exports?

Nilesh Koul: We should see significant growth in exports over the next few years. We have a fairly small market share today with some of the largest customers globally. And we are entering into conversations with them on long-term tie-ups, which should easily see our volumes multiplying as we progress over the next year. So a significant part should go into export market, which is part of our strategy to keep lower pressure on the Indian market, so that the prices are not impacted because of the overcapacity.

Sailesh Raja: Okay. Sir, also specific to Specialty Carbon Black. So effectively, we can produce 1 lakh tonnes. So this year, how much we are targeting and also for the next year with more grade approvals and customer wins. So how much we are targeting, sir, volumes?

Nilesh Koul: So on Specialty, the capacity that we have is around 75. So we are good to market that. We are tying up more and more resources for raw material, which is feedstock, which is unique for Specialty Chemicals. So that is the barrier. Otherwise, we have enhanced capacity now. Mundra Line 6 will -- is already commercialized, but we can dial up volumes. As gas and raw material becomes more available, we should see a significant growth in both of those.

Sailesh Raja: Okay. Sir, one last question. Sir, we have INR 300 crores of capex plan in FY27. So how much -- how about this coal distillation capex, sir? Has it finalized?

Nilesh Koul: So we are in the final stage of approving that. As I said, last time, we were looking at both the supplier contracts as well as the technology we want to use. That is now almost finalized. We should be announcing that shortly.

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

Aditya Khetan: So just a couple of questions. Sir, first on the Aquapharm side, you mentioned like we are anticipating a double-digit growth for FY27. When I recalibrated the numbers over the last 2 years, when we look, sir, H2 is generally lower than H1 in terms of volumes for Aquapharm. We have been lower by 8% to 10% consequently for the last 2 years.

So now in this coming H2, what are we anticipating higher volumes coming from either from the Green Chelates or from the Phosphonate segment, which are witnessing an uptick? What is that leading to this double-digit growth first, excluding the pricing benefit, whatever we are anticipating over there?

Secondly, the HEDP and the ATMP antidumping duty, which has been provisionally imposed by the DGTR. And sir, just, on a ballpark side number, if you can give how much that would be additionally contributing to the EBITDA for Aquapharm? And what is the current contribution in the top line of these two products?

Rohit Narang: Yes. So thank you. So I'll take it one by one. You are absolutely right. Second half, especially the Q3, we do see cyclicality. So in the U.S. oil and gas business, we do see a dip because a lot of customers do not want to hold the inventory and pay taxes on it, especially in U.S. And we also renew a lot of contractual business in Europe. So the business typically picks up in the Q4 of the financial year and you see a dip in Q3.

So all those impacts in the past have, on a sequential basis, taken the Q3 volumes down and then some recovery in Q4. So that's where H2 was always lower than H1. This time around, what is different is the commercialization of new products, especially in PBTC, GLDA, we are seeing strong demand. So those products were not present in the last year H2 and we are seeing some traction there. So that's the driver for the double-digit growth on the volume side. Let me take a pause. Did that answer your first question?

Aditya Khetan: Sir, I was also asking, so the double-digit growth we are seeing, so this would be largely contributed by the pricing growth only, like you said, because volumes would likely dip in Q3 and recover in Q4. So largely, so pricing would be the key driver, right? That's what I mean.

Rohit Narang: No, the volume and pricing both, definitely, we are driving pricing discipline and will be key driver. But as I said, the new products that we are selling that we were not selling in the last year H2 -- PBTC, GLDA, Green Chelates -- that's driving the volume growth as well.

Aditya Khetan: Got it. Okay.

Rohit Narang: On the second question, yes, antidumping in India, that's provisional right now. And we are working on getting it over the line so that it's finalized. We have not incorporated any impact of antidumping yet in our forecast. And I do not have specific numbers of how that's going to help. We do anticipate that it is going to help definitely on the margin side and some of the volume side. But it has -- given that it is in process and just happened, we still have to fully finalize the impact.

Aditya Khetan: Got it, sir. Okay. Sir, my second question is on to the carbon black side. Like sir, in your opening remarks, you had mentioned that Russian facilities are also facing the brunt of the war and they are operating at lower levels. So considering sir, in India also, the volumes could have shrink from the Russia side.

So now how is the import dynamic looking? Is the Indian pricing much more benefit to the local tyre manufacturers or imported are still able to lower their prices and get their supply in the market? And also on to the China side also, like how the Russia and the Chinese imports are versus the domestic -players?

Nilesh Koul: So we did have a challenge with Russian prices being lower than our domestic prevailing prices. But over the last couple of months, we have seen decline in the volumes of imports, specifically because of both those things that you talked about. Russian supplies has become challenging and the coal tar prices, which is the predominant feedstock that the Chinese players use, that price has gone up. So there is not as much import which is happening.

The import had happened because it also takes a little bit of time. Our customers had booked those volumes when there was uncertainty around availability when the war started in 6 months ago. So some of that started hitting after 3 months, but now we are starting to see some decline in volumes being imported into India already.

Aditya Khetan: Okay. And sir, on to the raw material sourcing side, like earlier, sir, we knew like some 80%, 85% portion is imported from the Gulf. Now sir, how that RM sourcing supply chain has changed, like to which other countries are we now rerouting to procure CBFS? And also, sir, what would be that supply risk premium we are giving?

Like considering if crude prices remain same and we change the sourcing from Gulf country to any other country like U.S. or China. What would be that supply chain premium we are paying,

like in terms of higher freight, higher power cost or any sort of a higher cost like which we are paying for changing the supply chain rerouting?

Nilesh Koul: So we, as of now, the mix from the U.S. continues to be as it was. What we have done is we have diversified in U.S. Instead of buying everything from one vendor, we are now sourcing material from multiple vendors in the U.S. We are also trying to find additional sources, which hopefully should come through in the next few months is from Southeast Asia as well from Korea, Malaysia, Thailand, we are looking for alternate raw material.

But in our case, the quality of the feedstock that we get and price has to be looked at in terms of what is the yield we will get out of the same type of product. So that mix is what we are trying to optimize, of course, to some extent, derisk the business from the U.S. supplies as well. The premium -- would you have an estimate for the premium that we pay right now?

Raj Gupta: He is asking whether -- when we change from one geography to another, would there be a premium?

Nilesh Koul: Okay. So for derisking, we are hoping that on a like-for-like, as in the component in the end product, we should be able to keep the prices flat. A little bit of 1% to 2% premium might happen on that, the volume that is coming from Southeast Asia. But we are in the middle of negotiations there right now.

Aditya Khetan: Got it. Sir, just one last question. Sir, to the earlier participant, you mentioned regarding the volume guidance. Sir, considering like Q2 has been a lower quarter and also like you are mentioning -- also looking at the current situation with the higher oil prices, geopolitical uncertainty still seen. It is unlikely by this calendar year also things would resolve. So that 11% volume growth guidance that still maintains or like is there a cut to that number?

Nilesh Koul: So two things on that. On the financial guidance, we don't -- we are not changing anything. On the volume, we had said around 7% or so volume growth. That is a little bit challenging right now, both from the point of view of the availability of raw material as well as the competitive markets where we want to address this year. But the EBITDA guidance continues. Volume might be a little lesser than what we had initially set out at the beginning of the year.

That said, we will see how the spot markets behave. Q3, Q4, we will be looking at exploiting some of those opportunities as well because now we are far more competitive given what's happening with Russia as well as with carbon black prices in China.

Moderator: The next question is from the line of Sanjesh Jain from ICICI Securities.

Sanjesh Jain: I got a few questions. First on the volume. The volume decline in this quarter, what explains that, whether raw material availability or economics not favorable or demand itself being lower? If I put the volume decline in these three buckets, can you help us understand what was the magnitude of impact from these 3 regions?

Raj Gupta: This was primarily a margin decision, Sanjesh, in the geographies and with the customers, especially in the spot market, where we're not making meaningful contribution. We decided to let go of those orders. And a good part of it has come from Southeast Asia, countries like Sri Lanka, Bangladesh, Vietnam, Thailand and all.

Domestic market also in spot, wherever we didn't see decent margins, we allowed others to take that share. And last quarter, we did discuss this, Sanjesh, that we will maintain some kind of pricing discipline at our end and we will focus on profitable growth. And therefore, you will see that, the margin profile this quarter, even if you take out the impact of the reversal of the tariffs, it is better than what we had guided.

So we will continue to do that. And we are not chasing volumes. We would rather keep this capacity spare. And if required, maybe we'll slightly postpone some of our capex decisions if it requires.

Nilesh Koul: Just one quick last additional point also. In Q1, we had also seen some degree of stocking up by some of our tyre customers who had built up additional inventory anticipating a price increase. That has been moderated by them this quarter. We expect that volume to come back in Q3.

Sanjesh Jain: And in the domestic market, particularly, we have been playing value over volume. Who has been very aggressive in the market? Because imports generally are facing challenges. So what is the players' thought process here in terms of competitive intensity who are picking up the lower price spot volumes?

Nilesh Koul: I don't want to reflect on competition, what is happening there. But it's just that some people are chasing volume and I assume some degree of cash. But when we look at benchmarking across, I don't think it's possible to afford low prices for long in this industry.

Sanjesh Jain: Got it. Second, on the backward integration, coal tar, we said that we have firmed up the plan now. Do we have enough avenue to source the raw material competitively for us to run that plant more efficiently?

Nilesh Koul: Yes, we have done that exercise and raw material that we need is available to us.

Sanjesh Jain: Got it. The other question on the export dynamic. Now that the tariff situation in U.S. has stabilized Europe. Apart from the challenges of the logistic cost being too high -- and we are a bulky product -- do you see any other challenge in terms of grabbing the export market? Because as the things settle down, I think that will become a very interesting market to look at.

Nilesh Koul: See, U.S., we will see a volume increase next year. The one residual challenge is that there is still some degree of concern on the volatility of tariff. Right now, it is low. But all the large customers contract out volume for the full year besides, of course, there is some spot volume available. But when they are doing that calculation, they don't want to forgo local capacity.

Because if somewhere down in the middle of the year, the tariff suddenly goes back, that's one worry they have expressed to us. The way we have worked around that is to promise to them

that we will keep some degree of inventory in the U.S. locally to ensure that they don't run into unavailability of material because we are not able to supply. So that's the only pending thing which we have to sort out.

Hopefully, if the trade deal between U.S. and India gets through, that will provide far more certainty. While as right now, we are competitive. They still don't want to shift a significant amount of volume to us compared to what they would be able to do if there was more certainty on tariff.

Sanjesh Jain: And from the Europe market perspective, now that Russia capacity of raw material has also fallen, they have become less competitive and Russians any which way were not supplying material. How do you see Europe market?

Nilesh Koul: See, while the overall Europe market growth is still a bit of a question mark. We hope that next year, it will grow by 1% or 2% or so or 1.5%, I would say. We are expanding our infrastructure and expect to keep growing. Definitely on Specialty and even on the rubber products, we are looking forward to growth. So we are negotiating with customers right now for the next year's volumes. There are positive indications on growth.

Sanjesh Jain: Got it. And the INR 33 crores what we got refund from the U.S. tariff, it is the 100% of what we were supposed to receive?

Nilesh Koul: Yes.

Raj Gupta: Yes.

Sanjesh Jain: Okay. One last on battery chemical. When you said we are looking at a compound silicon, are we looking at making anode including the graphite or graphite is still not in the drawing board for us?

Nilesh Koul: Graphite is not what we are looking at this stage. This stage, we are looking at next, which is carbon silicon compound. We are exploring other materials to enhance the offer range. But as of now, what we are trialing out internally is carbon silicon compound.

Moderator: The next question is from the line of Harsh Motika from SKP Securities Limited.

Harsh Motika: My question would be with respect to both the Europe and the U.S. markets. Considering that you just mentioned that Russia has faced some sort of issues with its production has -- the market has a shortfall of Russian carbon black.

At the same time, we know that China has gone through a significant price increase over the last quarter. Do we expect realizations from both these markets to go up in the remaining part of the year? At the same time, will it also impact our spread positively?

Nilesh Koul: Answer is yes.

Harsh Motika: Okay. And sir, would you be able to give us a number of the spread this quarter for Carbon Black?

Raj Gupta: We made INR 19,800 roughly, out of which about INR 2,300 was on account of tariff refund. So net-net, around INR17,500 is what we made at per tonne EBITDA.

Moderator: As that was the last question for the day, on behalf of ICICI Securities Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.

Nilesh Koul: Thank you.

Rohit Narang: Thank you.

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