

PCBL Chemical

Operator: Ladies and gentlemen, good day and welcome to the PCBL Chemical Limited Q1 FY27 earnings conference call, hosted by ICICI Securities. As a reminder, all participants' 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 the operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded. I now hand over the conference to Mr. Sanjesh from ICICI Securities. Thank you and over to you, sir.

Sanjesh – ICICI Securities: Thanks Shritik. Good evening everyone. Thank you for joining the PCBL Chemical Limited Q1 FY27 results conference call. We have PCBL Chemical management on the call represented by Mr. Nilesh Kol, Managing Director; Mr. Rohit Narang, CEO of Performance Chemicals; Mr. Rajiv Gupta, CFO; and Mr. Pankaj Kedia, Executive Director of 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.

Management: Thank you so much. Good afternoon everyone. A warm welcome to the PCBL Chemical Q1 FY27 earnings conference call. I am pleased to report that there has been a strong quarter for us on almost every parameter. Consolidated revenue grew 17% year-over-year. EBITDA grew 23%, and profit after tax grew 65%.

What makes this performance particularly satisfying is the background against which it was delivered. Costs continue to be volatile with the West Asia situation persisting through the quarter. When we spoke to you last at the end of FY26, we had said that a recovery would consolidate progressively. This quarter is evidence of exactly that, and of the resilience we have built into the business over the last few quarters.

Let me offer some perspective on the composition of this performance. Close to a third of our volumes are on the spot market, and our teams monetized this exposure very effectively as crude ran up sharply through April and May, capturing strong realizations. On the formula-linked portion of our business, the pricing mechanism worked exactly as designed. Input cost movements are passed on to our customers with a contractual lag, and we remain committed to maintaining this pricing discipline.

While a part of the spot-related gains is naturally linked to how crude behaved during the quarter and may moderate as crude prices correct, the more important point is that the underlying operating environment for our industry is improving structurally. I will spend a few minutes on that shortly.

First, on costs and margins. Dated Brent crude averaged \$97 per barrel during the quarter compared to \$78 per barrel in Q4 FY26, largely on account of the escalation of the West Asia conflict. CBFS costs moved in line with crude, and together with higher inward freights, this raised our raw material bill during the quarter. Despite geopolitical disruptions impacting global trade routes, we ensured uninterrupted customer service and met every customer commitment. This took a lot of effort and agility, and I am really proud of the team for having delivered this discipline, which continues to strengthen our standing as a reliable global supplier.

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Now, let me talk about the structural tailwinds. The global landscape is turning in India's and PCBL's favor. Before I move to the operating segments, I want to step back and talk about three structural developments that we believe are shaping the global carbon black landscape in favor of India and Indian manufacturers, and specifically PCBL.

First, India's trade architecture has strengthened remarkably over the past several quarters. The India-US trade deal discussions in February this year have brought tariffs on Indian exports down sharply from the peak levels seen last year. Subsequent negotiations have secured for India one of the most favorable tariff tiers among major exporting nations. The India-EU FTA, concluded in January 2026, is progressing through ratification and opens up duty-free access to European markets. It is also expected to eliminate the 4.5% EU import duty on Indian tires, enhancing the competitiveness of Indian tire manufacturers in an important export market and, in turn, supporting domestic carbon black demand. Alongside this, the India-UK CETA and India-EFTA trade economic partnerships are already in force. New agreements with Oman and New Zealand together position India as a preferred trusted partner in the global chemical supply chain. Very few carbon black-producing geographies enjoy this breadth of preferential market access today.

Second, and specifically on the US market, Indian carbon black now attracts a lower tariff than materials from competing Asian and Middle Eastern origins. With China facing significantly higher effective duties, US customers are actively looking to diversify their sourcing away from China and Russia, and India is a natural beneficiary. We are seeing good traction from US customers and even after accounting for elevated ocean freight, we are more competitive in the US market today than we were before the conflict. Our upcoming presence in Texas further strengthens our ability to serve this market.

Third, the global supply chain is tightening. Ukraine's sustained strikes on Russian energy infrastructure have now hit all of Russia's largest refineries. Russian refining throughput has fallen to new lows with a meaningful share of capacity offline. This has two direct consequences for our industry. Russian exports of carbon black feedstock have shrunk, keeping global CBFS availability relatively tight. Russia's own carbon black exports, historically a large low-cost supplier to Europe, Asia, and the Middle East, have contracted sharply on top of European sanctions already in place. This combination of shrinking Russian supply and India's improving market access creates durable white space for PCBL in Europe, the Americas, and other premium markets. This is a structural, not just a cyclical, opportunity.

Regarding domestic and export sales, domestic sales were a bright spot this quarter with steady demand across key segments driving strong growth. Domestic volumes were also supported by an element of inventory building by our customers in the last quarter. Export realizations were temporarily weighed down by elevated freight costs, and we responded with agility by strategically diverting a part of our volume to the domestic spot market where realizations were more attractive. At the same time, we continued to service our key strategic export customers to protect long-term relationships. As freight normalizes and the tariff and FTA tailwinds take hold, we see significant headroom to scale our international business. You should see those volume flows happening Q2, Q3, and Q4 onwards.

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On the tire outlook, globally the tire industry continues to navigate cost headwinds while demand in the US replacement segments has stayed resilient. Closer home, the Indian tire sector is on a healthy growth path after a solid 7–8% growth this fiscal. Industry estimates put growth in a similar high single-digit range over 2027 to 2029. This is supported by an aging vehicle fleet, premiumization, and rising EV penetration. Leading tire makers are stepping up capacity; several are running close to 90% utilization and have lined up fresh capex for FY27, which gives us good visibility on offtake for our carbon black volumes over the next few years. Exports are another factor behind the investment cycle. India's tire exports grew 9% in FY26 despite supply chain disruptions, elevated logistics costs, and trade uncertainty. The US remains the largest export destination, while Germany, Italy, Brazil, and France continue to be important markets. With trade agreements now in place or in ratification across the US, EU, and UK, the runway for Indian tire exports and domestic carbon black demand only gets stronger.

In specialty carbon black, we continue to make good progress. Volumes remained healthy during the quarter supported by our rich product mix and increasing customer acceptance of our differentiated offerings. We continue to develop new grades, expand our customer base, deepen relationships with existing customers, and strengthen our presence across new geographies. Globally, specialty demand continues to move up the value chain with customers increasingly shifting towards higher-grade performance-differentiated products rather than commodity grades. We see this as a validation of our own push to innovate towards higher grades and we intend to keep building our position there. The 20,000 MTPA specialty black line in Mundra was commissioned in Q1 FY27. With this, our total installed carbon black capacity now stands at 900,000 metric tons per annum, a milestone that firmly establishes PCBL among the world's leading carbon black producers.

Regarding our advanced battery materials business, we continue to make strong progress in building a differentiated platform focused on two attractive and fast-growing segments: silicon-based anode materials and high-performance conductive carbons. The global battery industry is transitioning rapidly towards silicon-enhanced anodes to deliver higher energy density and faster charging capabilities. We view this as a significant long-term growth opportunity and have invested accordingly. Our nano-based pilot plant in Palaj is in progress and we have received the consent to operate for R&D and customer sampling. At the individual machine level, we have already started trials and are ready to start sampling in the coming weeks of August. We are also going beyond nano-silicon and evaluating a broader portfolio of silicon-based materials to address evolving battery industry requirements and sustainability objectives.

At the same time, we are strengthening our position in high-performance conductive carbons which play a critical role in improving battery conductivity, charging efficiency, and overall battery performance. To address growing demand from battery semiconductors and advanced polymer applications, we have set up a 1,000 metric ton per annum super-conductive specialty black facility in Palaj and have commenced market development activities across battery, conductive polymers, and electronic applications. In addition, we continue to advance our entry into acetylene black, a high-performance conductive carbon gaining relevance in battery and energy storage applications. Engineering for the first phase of the modular manufacturing facility has been completed and we have initiated product development activities with our technology collaborator. This positions us in high-value, margin-accretive segments benefiting from accelerating adoption of electrification,

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electronics, and renewable energy technologies.

Together, our silicon and conductive carbon initiatives create a differentiated battery materials platform aligned with some of the fastest-growing and most attractive segments of the global energy storage value chain, offering significant potential for long-term growth and value creation.

A quick update on our cost optimization and efficiency program. The program continues to progress well. The initiatives will yield an improvement through enhancement and feedstock diversification. We believe the target we identified earlier of 200 crores to 250 crores of savings over the next 4 to 6 quarters still holds, and we look forward to delivering that in our results.

Looking ahead, we are decidedly positive. The three structural shifts I described—India's trade agreements, our tariff advantage in the US, and the contraction in Russian refining—are all durable tailwinds that play directly to PCBL's strength, scale, and global supply chain. In the very near term, the operating environment remains dynamic. Some customers have adopted a more cautious procurement approach which will probably have a temporary effect on volumes in Q2. We see this as a timing effect, not a demand effect, and therefore remain constructive on the second half of FY27. Our focus remains on capturing opportunity, driving volume growth, sustaining cost efficiencies, and strengthening our specialty and battery chemical portfolio.

Addressing the financial and operational highlights, consolidated sales volume in the carbon black business was steady at 153,530 metric tons. Consolidated revenue from operations grew 17% to 2,474 crores and consolidated EBITDA grew 23% year-over-year to 400 crores. Profit after tax grew 65% year-over-year to 155 crores. Of the total carbon black sales volume, domestic sales volume grew 15% year-over-year to 102,985 tons while international volumes were 50,528 tons, reflecting the deliberate reallocation to the domestic spot market. Moving to segmental performance, tires accounted for 91,379 tons, performance chemicals 42,386 tons, while specialty sales grew a strong 23% year-over-year to 19,748 tons. Power generation was 217 million units with external sales volume of 113 million units in Q1 FY27 at improved realization.

Regarding Aquapharm, I would like to take this moment to introduce Mr. Rohit Narang as the new CEO of Aquapharm Chemicals. Rohit brings over 25 years of global leadership experience across general management, strategy, and M&A. His last stint was with Eastman Chemical, where he led global P&Ls across large-scale specialty portfolios and spearheaded multi-billion dollar M&A transactions. Aquapharm remains an important part of our specialty portfolio and under his leadership we look forward to shaping our future on growth, operational efficiency, and expanding our presence. His track record of delivering transformational and profitable growth aligns well with our plan to take Aquapharm over the next 5 years and scale it meaningfully. We are confident that with the new leadership in place, there will be a renewed push on growth and execution. Now I would like Rohit to share his perspective. Rohit, over to you.

Management: Thank you, Nilesh, and good afternoon everyone. It is a pleasure to be speaking with you all for the first time since joining Aquapharm as CEO. Over the last few weeks, I have been on the ground visiting our plants, working with our people, and listening to our customers. What I have found leaves me extremely optimistic. There is a strong foundation here and I see meaningful headroom for growth as we sharpen our focus on execution and scale. I look forward to partnering with my team to take Aquapharm to the next level.

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Just a quick word on the markets. In home care, the industry is seeing strong overall growth with good tailwinds from Asia on phosphonates. Though Europe is a bit of a headwind as the market there shifts towards green chelates, which conveniently is also part of our growth story. In water treatment, demand remains strong across regions, especially with newer use cases like data centers, and we are scaling our phosphonates and polymer portfolio to keep pace. Renewed geopolitical friction and economic uncertainty across the Americas have stalled near-term demand growth in the oil and gas segment and created customer inventory overhangs. This should pick up in subsequent quarters as we continue to innovate on our product portfolio and target new accounts.

Regarding this quarter's numbers, Aquapharm reported sales volumes of 22,985 metric tons, revenue of 394 crores, and EBITDA of 47 crores in Q1 FY27. During this quarter, home care and water solution sales volume decreased marginally on a year-over-year basis, whereas application-specific solutions posted a double-digit growth of 10%. The oil and gas segment saw a 35% year-over-year decrease; however, sequentially, the segment reported a strong growth of 50%, which shows turnaround momentum. Q1 saw some challenges on raw material availability which affected production levels. On the cost side, we saw higher costs across raw materials, logistics, and packaging. LPG availability added even more pressure. We had a spot surcharge in place through Q1 that helped us keep our spread constant, but we assume no surcharge for the rest of the year.

Going forward, demand for our existing portfolio is picking up. With a strong new product pipeline and growth in our distribution network, we are confident of delivering a better number in FY27 led by volume growth. In Saudi Arabia and the wider Gulf region, we are positioning ourselves for the industry shift to seawater reverse osmosis. We are speeding up our account approvals and expanding our reverse osmosis portfolio. The effort is already delivering good wins, including a new 3-year anti-scalant contract and active qualification with more customers.

On procurement, we are actively working to de-risk our raw material supply chain, evaluating alternative vendors, and exploring backward integration for key raw materials. On green chelates, order booking is running ahead of our current capacity and we are now getting qualified with key accounts like PNG, Reckitt, and Henkel. To build further on this shift towards green chelates, we are in discussions around a new facility. Alongside this, we continue to focus on cost reduction through ongoing initiatives.

Over the next 1 to 3 years, our growth will be built around a few clear pillars: introducing new products across polymers, phosphonates, and adjacent categories; sharpening our focus on the US market; qualifying green chelates with our key accounts; expanding our oil and gas portfolio through biocides and paraffin inhibitors; and securing new customer qualifications in desalination. We are also actively building our customer relationships and driving more targeted engagement. We believe all these efforts will give Aquapharm a solid foundation to build on through the rest of FY27 and beyond. With this, I will conclude my remarks and open the floor for questions.

Operator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Aditya from Smiths Institutional Equities. Please proceed.

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Aditya – Smiths Institutional Equities: Thank you sir for the opportunity and congratulations on a good set of numbers. You mentioned in your opening remarks that because of volatility in crude oil prices, realizations were higher and there was an inventory gains benefit, which could reverse once crude oil prices go down. What was the quantum of the inventory gains this quarter? Second, in your overall volume mix, the performance chemicals volume dipped on a sequential basis, but specialty carbon black volumes remained intact. I believe specialty carbon black is 90–95% for export markets. Ideally, a dip in exports should complement a dip in specialty volumes, but it remained intact while performance chemicals went down. This means the export dip is because of performance chemicals. Could you share the mix of the performance chemicals volumes for exports and domestic, and do you see these volumes coming back?

Management: Aditya, I will answer your question. On specialty, around 70% of our volumes are sold in the international market. Most of our customers are strategic customers and, as Nilesh mentioned, we ensured that none of our strategic customers suffered because of supply chain disruptions. Therefore, there was no impact on specialty volumes in the international market. The story for performance chemicals and rubber grade carbon black is different. We had some low-cost oil at our end, and in the international market, higher freight caused our margins to be lower compared to the domestic market. Therefore, we deliberately tried to sell more material in the domestic market where margins were better to ensure better blended margins. On your first question regarding the impact of low-cost inventory, we did about 70 crores, part of which will not go away completely next quarter. My estimation is about 30 crores to 50 crores might be given away because of the change in the inventory position.

Aditya – Smiths Institutional Equities: Got it, sir. Now regarding tariffs, the US government is reversing tariffs and most companies from India have applied for refunds. Have we also applied for the tariff reversal? If so, what is the quantum and will this flow through the top line or other income?

Management: We will have to discuss the accounting treatment with our auditors, but in terms of overall magnitude between Aquapharm and PCBL, the amount would be somewhere between 40 crores to 45 crores. We have already made the application and are tracking it very closely. My sense is we should be receiving that refund in the next 2 to 4 weeks.

Aditya – Smiths Institutional Equities: Got it. On the Aquapharm numbers, EBITDA per kg looks to be around 20,000 per ton, which is on the higher side compared to the last 7 quarters. What is the sustainable run rate for Aquapharm? Can this be sustained after inventory benefits go away and as fixed costs come down? Similarly, for carbon black, the per kg numbers look elevated; what is the sustainable number for full fiscal 2027?

Management: Capacity utilization at Aquapharm still remains low, so there is upside to that number. It can go up. Whether it will go up next quarter, maybe not, because inventory adjustment will happen there as well. But on a steady-state basis, if we compare this quarter's number with the same quarter last year, the numbers are similar. Last year we did about 19,500 EBITDA, and this quarter we have done about 1,000 per ton more. The numbers are sustainable, but in the immediate next quarter, inventory adjustment may make the numbers a little lower. On a full-year basis, I am confident we can deliver something similar to this.

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Management: Rohit has just taken over and is developing an action plan for the turnaround. I would like us to give him a quarter or so to get a handle on the opportunities. In the next conference call, we will give you a far more detailed response on what to expect. Rohit, do you want to add something?

Management: No, I think you covered everything. I agree with the comment that we expect some hiccups in the next quarter, but on a full-year basis, we are looking at sustainably managing our EBITDA per kg.

Aditya – Smiths Institutional Equities: Sir, one last question. On the power side, the EBIT this quarter is 110 crores compared to 80 crores last quarter. There is a 30 crore jump which flowed directly into EBITDA. What led to this jump? Secondly, what is the update on Nanoways? Have we started the pilot plant? Are you confident that the 1,000 crore EBITDA target from the Nanoways business can be achieved, and what are the timelines?

Management: I will answer the first part. Power EBIT jumped because of better realization. Last quarter our realization was 3.66, which jumped to 5.39. That is almost a 50% jump in power realization. Regarding Nanoways, we remain extremely positive. Lab-scale testing and initial testing with customers are very positive. The pilot plant is up. Testing at the individual equipment level is progressing well. We now need to line-balance it and ensure flows are managed. That process is ongoing. In the next few weeks, we are committed to starting production of the first batch of products for customers we have already been engaging with. In the long term, we are extremely bullish about the battery material space. Nanoways will hit the targets we set. Along with superconductive black and acetylene black, this will form a significant portfolio for PCBL. We are committing a lot of resources. We now have R&D facilities in India, Australia, and Europe. We have recruited specialists in key positions over the last 3 or 4 months, and we are very confident in making the numbers we talked about.

Aditya – Smiths Institutional Equities: Got it, sir. Thank you.

Operator: Thank you. The next question is from the line of Rohit Sinha from Sunidhi Securities. Please proceed.

Rohit Sinha – Sunidhi Securities: Thank you for taking my question and congratulations on a good set of numbers. Regarding Aquapharm, how will we expand volume? Will it be from new products, expanding revenue with existing customers, or acquiring new customers? In which segments—oil and gas or water treatment—will we see more product launches? Also, regarding the contraction in the oil and gas segment due to conflict issues, how should that shape up?

Management: I will take those one by one. On volume growth for Aquapharm India, for the phosphonates portfolio, we are actively launching commercial products that have been qualified, and we expect to sell them in the next three quarters. That will bring both revenue and margin growth. There is also penetration growth in tier 1 and tier 2 customers on the distribution side in Europe. For oil and gas, given the volatility in oil prices, we are seeing erratic customer behavior. There was a demand surge in April, but as oil prices fluctuates, everyone is holding investments. We expect a rocky and volatile evolution over the next couple of quarters, but we expect things to stabilize on a full-year basis. We are focusing on regional growth in the US and Latin America in

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geographies where we are not yet present, and we are launching new products later in the year.

Rohit Sinha – Sunidhi Securities: Got it. So new product launches will be in oil and gas as well as water treatment?

Management: In FY27, the major impact is from the commercialization of phosphonates. At the end of the year, we are working on qualifications for oil and gas, the major impact of which will probably be seen next year.

Rohit Sinha – Sunidhi Securities: Secondly, on the carbon black side, what was the mix of exports from the US and Europe this quarter? As we were positive on Europe, how much improvement have we seen since last quarter?

Management: In Q1, we prioritized regions where Indian demand gave us more value per ton, so we diverted volume to local customers while retaining strategic volumes for Europe and the US. Going forward, we expect significant growth as new contracts are negotiated. We are in a good position to compete in the US. We should see significant growth in the US followed by the EU. In Europe, we did around 16,000 tons of volume, and in the USA, we did about 4,800 tons.

Rohit Sinha – Sunidhi Securities: One last question on logistics. This impacted our exports to some extent. How are you seeing the logistics issues shaping up for the next two quarters?

Management: It continues to be erratic, reflecting how the Middle East crisis ebbs and flows. We have to be agile in looking for capacity and prices. We are still seeing high prices for both inbound and outbound logistics this quarter.

Rohit Sinha – Sunidhi Securities: Are these costs being adjusted with customers or are you taking the impact?

Management: It varies by customer. In most cases, we have managed to get surcharges based on the fact that logistics costs have gone up. We try to recover it, but we aren't always able to recover 100% because we have to be competitive at a delivered price level. It is a bit of a mixed bag.

Rohit Sinha – Sunidhi Securities: Got it, sir. Thank you.

Operator: Thank you. The next question is from the line of Sanjesh from ICICI Securities. Please proceed.

Sanjesh – ICICI Securities: Thank you. I have a few things. First, on volumes, the demand scenario was interesting. Why did the volume decline on both a quarter-on-quarter and year-over-year basis? Was raw material availability constrained? We commissioned another line in Chennai; I thought that should have added to volume growth. Specialty continues to grow well, so it seems the dip was in rubber. Second, regarding coal tar distillates, we spoke earlier about foraying into distilling coal tar. Any progress or capex outlined there? How do you plan to ensure raw material supply given it is tied up with two buyers today?

Management: Regarding the second question, we are progressing well on defining the coal tar distillation projects. The business plan is being checked and we are in talks with equipment

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suppliers. By this quarter, we should be looking at getting approval for the required capex as we refine the business model. We have evaluated raw material tie-ups and are confident we can lock in the required availability. We will provide sharper advice on dates, targets, and capex over the next month. As for volumes, it was a tactical choice. As mentioned, we chose not to deliver some international volumes because logistics costs were eating into the margin. Second, our formula price hits with a lag. The low-cost inventory we had meant it made more sense to market it this quarter when new prices had come in. There is a bit of destocking happening this quarter, but overall we are confident volumes will pick up significantly in Q3 and Q4.

Sanjesh – ICICI Securities: My working suggests we have done a gross profit in the range of 40–45 per kg, which looks unusually high. You called out the inventory gain, but the run rate we were doing before was around 31 per kg. Even with a reversal, it appears we are expecting a 37–38 per kg gross profit. Has something structurally changed in the market or spreads?

Management: Sanjesh, we are also trying to maintain pricing discipline. We are doing bottom pricing when it comes to low-margin volumes. We have to deliver upward movement in both our EBITDA per ton and gross margin. Whether it is 36, 37, or 38 per kg, we will see, but that is what we are targeting.

Sanjesh – ICICI Securities: So for the next 9 months, is 36 to 37 per kg the right number to work with for modeling?

Management: That is roughly right, but it will be a tradeoff between volumes and margin. We will hold onto pricing discipline as long as we can see that our ability to push volumes into the market is high, but it will also depend on the demand and supply scenario.

Sanjesh – ICICI Securities: Clear. On Aquapharm, we did 47 crores this quarter. The oil and gas industry has done well. How does the outlook look considering green chelates, phosphonates, and desalination trends? We were looking for an EBITDA exit run rate of 75 crores for this year at Aquapharm; do you still stick with that?

Management: For green chelates, we continue to have momentum. We are overrunning our capacity and discussing another facility. We have significant qualification with tier 1 and tier 2 customers. However, some of that is coming at the cost of European customers moving away from phosphonates. On the phosphonate side, we have tailwinds in Asia, but in Europe, customers are moving toward green chelates. Oil and gas is a bit more of a non-linear story because of volatility. Service companies and oil majors are holding back investments, resulting in erratic behavior. We saw a surge in April that has not sustained, and there is now an inventory overhang. Regarding the 75 crore target, it is early days for me as I deeply understand the stable run rate. I will provide more details in subsequent quarters.

Sanjesh – ICICI Securities: One follow-up on oil and gas. You were looking to expand your footprint in Europe. Any early success there?

Management: We are thinking about sequential expansion. We have two immediate opportunities. First, there are geographies in the US where we are not participating—New Mexico, North Dakota—which needed approvals. We have attained approvals for New Mexico. In Latin America, we

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are focusing on Venezuela and re-establishing ourselves in Mexico. Europe is in line as we put the building blocks in place to expand in the future.

Sanjesh – ICICI Securities: Thank you.

Operator: Thank you. The next question is from the line of Sunil Jain from Ambit Capital. Please proceed.

Sunil Jain – Ambit Capital: Hi sir, congratulations on a great set of numbers. Can you provide the EBITDA per ton for the carbon black business for the quarter and the guidance for the full year? Also, what is the capex outlook for the year?

Management: For the quarter, we did about 22,900 per ton. On a full-year basis, referring to our last quarter, the average EBITDA will be around 16.5–17,000 per ton. We stick to that. Capex outlook this year is largely focused on maintenance and productivity enhancement since downstream expansion is mostly through. The spend should be around 300 crores, plus or minus 50 crores.

Sunil Jain – Ambit Capital: Thank you, sir.

Operator: Thank you. The next question is from the line of Harsh from SKP Securities. Please proceed.

Harsh – SKP Securities: Hi, good evening sir. Volumes this quarter have been muted and you suggested next quarter may be rocky. Do you still expect to meet the high single-digit growth guidance for the full year?

Management: That is correct. As I said, this is purely a timing issue as domestic customers are pushing volumes into the next quarter. For the year, we expect good volume growth.

Harsh – SKP Securities: Can you provide an update on how the greenfield expansion is coming up?

Management: Greenfield expense this year will be limited. While we are getting licenses for the Andhra facility, the major spending will happen next year. Most capex this year will be for efficiency. There will be at best about 100 crores of strategic capex spent this year.

Harsh – SKP Securities: Thank you, sir.

Operator: Thank you. The next question is from the line of Dinesh from HSTL. Please proceed.

Dinesh – HSTL: Thank you for the opportunity. Can we expect quarter-on-quarter growth from here? How do you see the growth for the PCBL business in the next two years given the headwinds at Aquapharm and dynamic crude behavior?

Management: Structurally, we should expect significant growth in both value and volume for PCBL over the next few years because Indian demand is rising and we are opening more facilities and contracts in the US and Europe. On specialty carbon blacks, we have good traction with new products launching over the next few quarters. It is a very positive outlook for the 1 to 2 year horizon. We will have volatility over the next few quarters because of geopolitical issues, which impact logistics costs and some port availability. But overall, we remain very positive.

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Dinesh – HSTL: Will we maintain the margins we had this quarter?

Management: This quarter we had some extraordinary benefits of low-cost inventory which is unlikely to be repeated in subsequent quarters.

Dinesh – HSTL: Okay, thank you.

Operator: Thank you. The next question is from the line of Aditya from Smiths Institutional Equities. Please proceed.

Aditya – Smiths Institutional Equities: Thank you for the follow-up. Is it possible to quantify the difference between CBFS and CBO prices? How much was the difference in Q1 versus Q4?

Management: The difference continues to be close to \$150, with CBO being higher. That equation is holding. We did see CBO prices moving up once CBFS prices moved up. As we diversify, doing the distillation of coal tar ourselves would provide an incremental margin. We should have a firm plan for that in the next couple of months.

Operator: Thank you. The next question is from the line of Kumar from Ambit Capital. Please proceed.

Kumar – Ambit Capital: Realizations moved up about 20%. If the spot market is only 30% of volumes and contracts have a quarter lag, how did realizations move up 20%?

Management: Realizations moved up roughly by about 27,000 per ton quarter-on-quarter. Out of that, about 11,000 to 12,000 was on account of our ability to price better in the spot market, and the balance was the cost pass-through.

Kumar – Ambit Capital: Got it. Thank you, sir.

Operator: Thank you. That was the last question. Thank you everyone and thank you to the management speakers. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.