

February 4, 2026

## Subdued results, not out of the woods yet...

**About the stock:** PCBL Chemical (erstwhile Phillips Carbon Black, PCBL) is the leading manufacturer of carbon black, which is used as a reinforcing agent in tyres.

- PCBL also derives ~11% of sales volume from speciality carbon black.
- Recently acquired speciality chemical company i.e. Aquapharm Chemicals

**Q3FY26 Result:** PCBL reported subdued results in Q3FY26. On the consolidated basis, at PCBL, net sales for the quarter came in at ₹ 1,846 crore with carbon black sales volumes at 141 kt (down 2% YoY). EBITDA for the quarter came in at ₹215 crore with margins at 11.6%. PAT for Q3'26 stood at ₹2 crore vs. ₹93 crore in Q3'25, incl. exceptional charge of ₹ 21 crore on account of labour code change charges. EBITDA/tonne in carbon black space stood at ~₹ 13,855/t vs. ₹14,235/t in Q2FY26.

### Investment Rationale:

- Global uncertainty & industry capacity addition to weigh on near term performance:** For Q3'26; in PCBL's core carbon black business, domestic volumes grew 6% YoY while export volumes declined 13% on YoY basis. Subdued domestic growth was attributed to incremental capacities coming on stream from peers while tariff uncertainty & muted demand led to decline in export volumes. Aquapharm struggled as well with flattish topline at ~₹ 330 crore and decline in EBITDA margins due to global trade uncertainties. Management commentary on demand outlook was a tad muted vs. its past indication of consistent double digit volume growth. With modest growth opportunities, it also scaled back its capex plans with gradual commissioning of new capacities. Arrest of EBITDA/tonne decline at its carbon black business however was comforting. PCBL clarified that it realises ~13-14% of carbon black export volumes from US which implies ~5% of total volume exposure, hence will benefit from US India revised trade deal, albeit on smaller scale. We have modelled carbon black volume at PCBL to grow at a CAGR of 6.6% over FY25-28E with EBITDA/tonne expected to improve to ₹ 18k levels by FY28E (~₹15k in FY26E).
- Vision 2030: targets unchanged:** PCBL Chemicals has in the past shared its Vision 2030, wherein it intends to 2x the revenues by 2030 vs. 2025, grow EBITDA to 3x and target PAT of 5x. All this will be achieved amidst calibrated capex spends (~₹ 3,000 crore over a 5-year period) with Net Debt: EBITDA declining from ~3.6x to <1. Base carbon black capacity is targeted to be enhanced from existing 7.9 lakh tonne to >1 million tonnes by FY28 which includes a greenfield plant in AP. PCBL is also targeting quantum jump in sales & profitability at Aquapharm which operates in niche water chemical space. In FY30, it is also targeting an ambitious ~₹ 1,400 crore EBITDA from new verticals which includes super conductive grade carbon black, acetylene black & nano-silica (use in EV's).

### Rating and Target Price

- With muted margin profile and persistent external challenges, the stock lags triggers for an up move. Consequently, **we retain HOLD rating on the stock with revised target price of ₹ 300 i.e. 20x PE on FY27-28E avg.**

### Key Financial Summary

Key Financials	FY21	FY22	FY23	FY24	FY25	5 year CAGR (FY20-25)	FY26E	FY27E	FY28E	3 year CAGR (FY25-28E)
Net Sales	2,660	4,446	5,774	6,420	8,404	21.0%	8,097	9,351	10,721	8.4%
EBITDA	519	653	731	1,037	1,337	23.5%	1,081	1,347	1,747	9.2%
EBITDA Margins (%)	19.5	14.7	12.7	16.2	15.9		13.4	14.4	16.3	
Net Profit	312	426	442	491	435	8.9%	225	445	724	18.4%
EPS (₹)	9.1	11.3	11.7	13.0	11.5		5.7	11.3	18.4	16.7%
P/E	30.9	24.8	23.9	21.5	24.3		49.1	24.7	15.2	
RoNW (%)	16.2	16.3	15.6	15.1	11.8		6.0	10.5	15.5	
RoCE (%)	16.1	16.1	15.8	10.2	10.9		7.8	10.1	13.6	

Source: Company, ICICI Direct Research



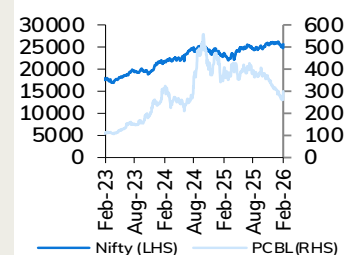
#### Particulars

Stock Data	₹ crore
Market Capitalization	11,018
Total Debt (FY25)	5,380
Cash & Cash Eqv (FY25)	389
Enterprise Value	16,009
52 week H/L (₹)	444/ 254
Equity Capital	39.4
Face Value	₹ 1

#### Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	51.4	51.4	51.4	53.4
FII	5.6	5.5	6.1	5.7
DII	8.9	9.9	10.8	10.2
Other	34.1	33.2	31.7	30.7

#### Price Chart



#### Recent event & key risks

- PCBL reports muted Q4FY26. EBITDA/tonne at Carbon black business stabilises at ~₹14k/t
- Key Risk: (i) higher than built in pace of EBITDA/tonne recovery in carbon black space (ii) lower than built in volume growth

#### Research Analyst

Chirag Shah  
shah.chirag@icicisecurities.com

Shashank Kanodia, CFA  
shashank.kanodia@icicisecurities.com

## Key Tables and Charts

## Exhibit 1: Quarterly P&amp;L Analysis

	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Total Operating Income	1,846	2,010	-8.2	2,164	-14.7
Raw Material Expenses	1,284	1,385	-7.3	1,529	-16.0
Employee Expenses	116	105	10.7	124	-6.6
Other expenses	230	203	13.8	244	-5.5
EBITDA	215	317	-32.4	266	-19.4
EBITDA Margin (%)	11.6	15.8	-416 bps	12.3	-67 bps
Other Income	16	11	45.0	12	33.4
Depreciation	94	87	8.0	93	0.9
Interest	106	118	-9.7	107	-0.8
Total Tax	8	30	-73.9	17	-52.2
PAT	2	93	-97.8	62	-96.7
Key Metrics					
Carbon Black Sales Volume (tonne)	141,271	143,500	-1.6	161,728	-12.6
Carbon Black EBITDA/tonne (₹/t)	13,855	19,868	-30.3	14,235	-2.7

Source: Company, ICICI Direct Research

## Exhibit 2: Change in key estimates

	FY26E			FY27E			FY28E
(₹ Crore)	Old	New	% Change	Old	New	% Change	Introduced
Revenue	8,710	8,097	-7.0	9,935	9,351	-5.9	10,721
EBITDA	1,266	1,081	-14.6	1,604	1,347	-16.1	1,747
EBITDA Margin (%)	14.5	13.4	-115 bps	16.2	14.4	-180 bps	16.3
PAT	383	225	-41.4	628	445	-29.1	724
EPS (₹)	9.7	5.7	-41.4	16.0	11.3	-29.1	18.4

Source: ICICI Direct Research

## Exhibit 3: Assumptions

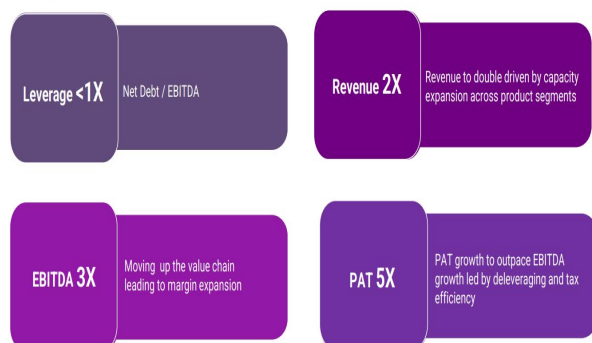
Assumptions	Units	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Carbon Black Sales Volumes	tonne	403,423	406,790	389,260	454,187	445,184	531,849	596,263	610,188	660,880	722,930
Speciality Grade Sales Volumes	tonne	19,300	19,378	23,966	34,687	40,376	57,247	62,450	67,000	75,000	80,000
Carbon Black blended ASP's	₹/kg	85	78	67	96	129	113	114	105	112	113
Carbon Black Sales (₹ crore)	₹ crore	3,431	3,157	2,592	4,353	5,732	6,013	6,802	6,416	7,430	8,143
Carbon Black EBITDA/tonne	₹/tonne	15,437	11,429	13,322	14,435	16,543	19,322	19,135	15,000	16,500	18,000
Carbon Black EBITDA	₹ crore	623	465	519	656	736	1,028	1,141	915	1,090	1,301
Aquapharm Sales	₹ crore	-	-	-	-	-	239	1,420	1,491	1,715	1,972
Aquapharm EBITDA margins	%							13.8%	12.0%	14.5%	16.0%
Aquapharm EBITDA	₹ crore							196	179	249	315
Conductive + Acetylene Black Sales	₹ crore										380
Conductive + Acetylene Black EBITDA	₹ crore										130

Source: ICICI Direct Research

## Vision 2030 – Unchanged

### Exhibit 4: PCBL Chemicals – Vision 2030 – key financial parameters

#### Growth Vision 2030



#### Vision Unpacked

	FY25	2030
Revenue (Rs. Cr.)	8,400	16,000
Share of Specialty Chemicals (in Revenue)	28%	45%
EBITDA Margin	16.5%	24%
Share of Specialty Chemicals (in EBITDA)	28%	63%
Gearing: Net Debt to EBITDA	3.6x	<1x

Source: Company, ICICI Direct Research

### Exhibit 5: Vision 2030 – new verticals – growth engine

	<b>Acetylene Black</b>	<ul style="list-style-type: none"> <li>✓ High-purity carbon black from pyrolysis of acetylene gas</li> <li>✓ Building a specialized portfolio for energy solutions &amp; advanced materials</li> <li>✓ <b>Application:</b> Energy solutions, ESD applications, conductive polymers</li> </ul>
	<b>Nano Silicon</b>	<ul style="list-style-type: none"> <li>✓ Conversion of Silicon precursors to battery grade Nano Silicon &amp; other composites</li> <li>✓ US patent secured for proprietary nanomaterial process</li> <li>✓ <b>25-100% Extended battery range   4x Faster charging   2-5x Longer battery life</b></li> </ul>
	<b>Super Conductive Carbons</b>	<ul style="list-style-type: none"> <li>✓ Enhancing <b>electrode conductivity</b> and extending cycle life in Li-ion batteries.</li> <li>✓ Electric mobility is driving <b>strong demand for conductive grades</b> of specialty CB</li> </ul>
	<b>Green Chelates &amp; Polymers</b>	<ul style="list-style-type: none"> <li>✓ Demand across <b>detergent, cleaning, and personal care segments</b></li> <li>✓ <b>Biodegradable polymers</b> safer, efficient alternatives in water treatment &amp; cleaning</li> <li>✓ New <b>9,200 TPA polymer capacity</b> commissioned at Mahad in May 2025</li> </ul>
	<b>Carbon Composites</b>	<ul style="list-style-type: none"> <li>✓ Better Mileage</li> <li>✓ Fuel efficiency</li> <li>✓ Road Safety and lesser rolling resistance</li> </ul>

Source: Company, ICICI Direct Research

### Exhibit 6: EBITDA roadmap 3x over FY25-30E

#### Vision to EBITDA Roadmap

##### 3X EBITDA Growth

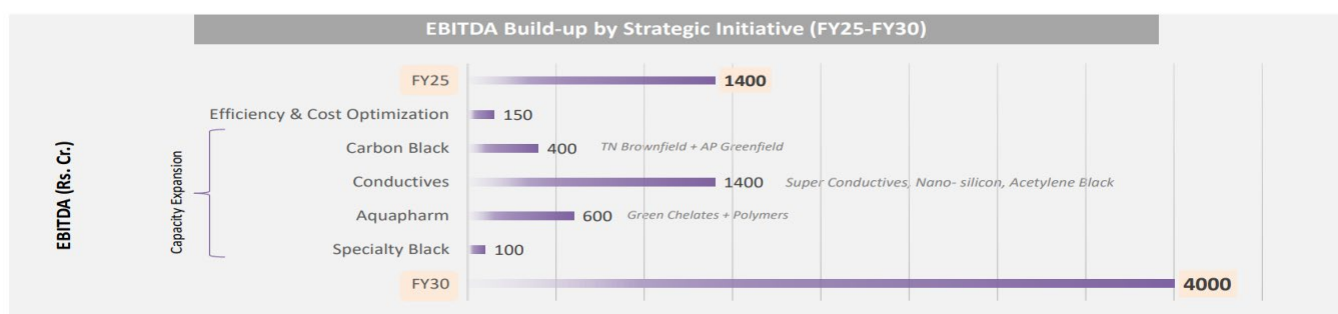
Strategic initiatives to drive 200% increase in EBITDA from ~Rs. 1,400 Cr. to ~Rs. 4,000 Cr.

##### Capacity-Led Strategy

Capacity expansions contributing to incremental EBITDA growth over 5 years

##### Systematic Value Creation

Higher Contribution from Next Gen Products- Battery Chemicals to drive maximum growth



Source: ICICI Direct Research

## Financial Summary

## Exhibit 7: Profit and Loss statement

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Net Sales	8,404	8,097	9,351	10,721
Other Operating Income	-	-	-	-
Total Operating Income	8,404	8,097	9,351	10,721
Growth (%)	30.9	-3.7	15.5	14.6
Raw Material Expenses	5,810	5,630	6,452	7,344
Employee Expenses	413	464	514	557
Selling Expense	336	324	374	429
Other Operating Expense	509	598	664	643
Total Operating Expenditure	7,068	7,016	8,004	8,973
EBITDA	1,337	1,081	1,347	1,747
Growth (%)	28.9	-19.1	24.5	29.8
Depreciation	346	381	415	457
Interest	461	414	373	367
Other Income	47	31	27	29
PBT	578	317	586	953
Total Tax	142	72	141	229
PAT	435	225	445	724
Growth (%)	-11.5	-48.3	98.3	62.6
EPS (₹)	11.5	6.1	11.3	18.4

Source: Company, ICICI Direct Research

## Exhibit 8: Cash Flow statement

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit after Tax	435	225	445	724
Add: Depreciation	346	381	415	457
(Inc)/dec in Current Assets	-318	254	-477	-521
Inc/(dec) in CL and Provisions	-4	-90	311	340
Others	461	414	373	367
CF from operating activities	919	1,184	1,068	1,367
(Inc)/dec in Investments	-83	-5	-5	-5
(Inc)/dec in Fixed Assets	-861	-550	-400	-550
Others	-86	0	0	0
CF from investing activities	-1,030	-555	-405	-555
Issue/(Buy back) of Equity	0	2	0	0
Inc/(dec) in loan funds	560	-400	-25	-125
Interest & Dividend paid	-669	-650	-609	-662
Inc/(dec) in Share Cap	0	0	0	0
Others	224	335	0	0
CF from financing activities	116	-714	-634	-787
Net Cash flow	4	-85	29	25
Opening Cash	385	389	304	333
Closing Cash	389	304	333	358

Source: Company, ICICI Direct Research

## Exhibit 9: Balance Sheet

₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
<b>Liabilities</b>				
Equity Capital	37.8	39.4	39.4	39.4
Reserve and Surplus	3,660	3,983	4,192	4,621
Total Shareholders funds	3,697	4,022	4,232	4,661
Total Debt	5,380	4,980	4,955	4,830
Deferred Tax Liability	289	289	289	289
Minority Interest / Others	192	197	202	207
Total Liabilities	9,558	9,488	9,677	9,986
<b>Assets</b>				
Gross Block	5,052	5,832	6,032	7,032
Less: Acc Depreciation	1,268	1,649	2,065	2,522
Net Block	3,784	4,182	3,967	4,510
Capital WIP	730	500	700	250
Total Fixed Assets	4,513	4,682	4,667	4,760
Investments & Goodwill	3,329	3,334	3,339	3,344
Inventory	1,268	1,154	1,332	1,527
Debtors	1,794	1,664	1,921	2,203
Loans and Advances	13	12	14	16
Other Current Assets	261	251	290	333
Cash	389	304	333	358
Total Current Assets	3,725	3,385	3,891	4,437
Current Liabilities	1,976	1,886	2,178	2,497
Provisions	98	94	108	124
Current Liabilities & Prov	2,074	1,979	2,286	2,620
Net Current Assets	1,650	1,406	1,605	1,817
Others Assets	66	66	66	66
Application of Funds	9,558	9,488	9,677	9,986

Source: Company, ICICI Direct Research

## Exhibit 10: Key ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
<b>Per share data (₹)</b>				
EPS	11.5	5.7	11.3	18.4
Cash EPS	20.7	15.4	21.9	30.0
BV	97.9	102.2	107.5	118.4
DPS	5.5	6.0	6.0	7.5
Cash Per Share (Incl Invst)	98.5	92.5	93.3	94.1
<b>Operating Ratios (%)</b>				
EBITDA Margin	15.9	13.4	14.4	16.3
PAT Margin	5.2	2.8	4.8	6.8
Inventory days	55.1	52.0	52.0	52.0
Debtor days	77.9	75.0	75.0	75.0
Creditor days	85.8	85.0	85.0	85.0
Net Working Capital days	47.1	42.0	42.0	42.0
<b>Return Ratios (%)</b>				
RoE	11.8	6.0	10.5	15.5
RoCE	10.9	7.8	10.1	13.6
RoIC	12.5	8.5	11.4	14.5
<b>Valuation Ratios (x)</b>				
P/E	24.3	49.1	24.7	15.2
EV / EBITDA	12.0	14.5	11.6	8.9
EV / Net Sales	1.9	1.9	1.7	1.4
Market Cap / Sales	1.3	1.4	1.2	1.0
Price to Book Value	2.9	2.7	2.6	2.4
<b>Solvency Ratios</b>				
Debt/EBITDA	4.0	4.6	3.7	2.8
Debt / Equity	1.5	1.2	1.2	1.0
Current Ratio	1.6	1.6	1.6	1.6
Quick Ratio	1.0	1.0	1.0	1.0

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agarwal  
Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Jeetu Jawrani Email address: [headsvicequality@icicidirect.com](mailto:headsvicequality@icicidirect.com) Contact Number: 18601231122

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