

Stable performance, valuations limit the upside...

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.
- Present in speciality chemical domain though Aquapharm Chemicals

Q4FY26 Result: PCBL reported stable results. On the consolidated basis, at PCBL, net sales for the quarter came in at ₹ 2,066 crore with carbon black sales volumes at 162 kt (up 8% YoY). EBITDA for the quarter came in at ₹243 crore with margins at 11.8%. PAT for Q4'26 stood at ₹40 crore vs. ₹ 100 crore in Q4'25. EBITDA/tonne in carbon black space for Q4'26 stood at ~₹ 13,516/t vs. ₹13,855/t in Q3FY26.

Investment Rationale:

- **Base business – worst behind, profitability to rise on low base:** For Q4'26; in PCBL's core carbon black business, domestic volumes grew 21% YoY at 105 KT while export volumes declined 10% on YoY basis at 57k. Speciality grade carbon black sales volume came in impressive 19kT for Q4'26, up 26% YoY. Domestic growth was supported by healthy tyre demand domestically as well as restocking at customers end fearing supply disruptions amidst geopolitical conflict. Profitability however remained under pressure with EBITDA/tonne further down by ₹ 340/tonne QoQ amid overcapacity domestically and challenging export environment. Management however sounded confident of bottom in place and guided for healthy double-digit growth in EBITDA/tonne for FY27 vs. FY26. Accordingly we bake in EBITDA/tonne of ₹ 16k/t for FY27E vs. ₹ 13.5k/t in Q4'26. Struggle at Aquapharm continued with 10% decline in topline and EBITDA coming in at a multi quarter low of ₹ 29 crore. Here too management shared that worst in behind them with business targeting 20-25% topline growth (supported by anticipated recovery in drilling activity amid firm crude prices) and recovery of EBITDA to ₹ 50 crore + quarterly run-rate. Building in the positives, we expect consol. profitability to meaningfully improve at PCBL going forward, albeit on a low base.
- **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 8.8 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 i.e. super conductive grade carbon black, acetylene black & nano-silica (use in EV's, FY28 onwards).

Rating and Target Price

- Margins has declined substantially at PCBL in FY26. We await sustained improvement in profitability across carbon black & Aquapharm businesses before turning decisively positive on the stock. Consequently, **we retain HOLD rating on PCBL with revised target price of ₹ 310 i.e. 17x PE-FY28**

Key Financial Summary

Key Financials	FY22	FY23	FY24	FY25	FY26P	5 year CAGR (FY21-26)	FY27E	FY28E	2 year CAGR (FY26-28E)
Net Sales	4,446	5,774	6,420	8,404	8,189	25.2%	10,213	10,704	14.3%
EBITDA	653	731	1,037	1,337	1,043	15.0%	1,315	1,738	29.1%
EBITDA Margins (%)	14.7	12.7	16.2	15.9	12.7		12.9	16.2	
Net Profit	426	442	491	435	198	-8.7%	407	715	90.1%
EPS (₹)	11.3	11.7	13.0	11.5	5.0		10.3	18.2	90.1%
P/E	25.7	24.8	22.3	25.2	57.7		28.0	16.0	
RoNW (%)	16.3	15.6	15.1	11.8	5.4		9.7	15.5	
RoCE (%)	16.1	15.8	10.2	10.9	7.6		10.1	13.8	

Source: Company, ICICI Direct Research



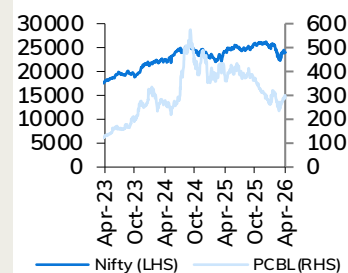
Particulars

Stock Data	₹ crore
Market Capitalization	11,412
Total Debt (FY26P)	4,825
Cash & Cash Eqv (FY26P)	288
Enterprise Value	15,948
52 week H/L (₹)	437/ 226
Equity Capital	39.4
Face Value	₹ 1

Shareholding pattern

	Jun-25	Sep-25	Dec-25	Mar-26
Promoter	51.4	51.4	53.4	53.4
FII	5.5	6.1	5.7	5.6
DII	9.9	10.8	10.2	11.0
Other	33.2	31.7	30.7	30.1

Price Chart



Recent event & key risks

- PCBL reports stable Q4FY26. Commissions 90 KT brownfield expansion in FY26.
- Key Risk: (i) higher than built in pace of EBITDA/tonne recovery in carbon black space (ii) lower than built in volume growth

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Key Tables and Charts

Exhibit 1: Quarterly P&L Analysis

	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
Total Operating Income	2,066	2,088	-1.0	1,846	11.9
Raw Material Expenses	1,451	1,477	-1.8	1,284	12.9
Employee Expenses	113	109	3.7	116	-2.4
Other expenses	259	204	27.0	230	12.4
EBITDA	243	298	-18.3	215	13.3
EBITDA Margin (%)	11.8	14.3	-249 bps	11.6	14 bps
Other Income	5	20	-76.4	16	-71.0
Depreciation	94	88	6.6	94	0.4
Interest	97	103	-5.8	106	-8.6
Total Tax	12	26	-53.0	8	53.7
PAT	40	100	-59.9	2	1,898.5
Key Metrics					
Carbon Black Sales Volume (tonne)	161,865	150,152	7.8	141,271	14.6
Carbon Black EBITDA/tonne (₹/t)	13,516	17,655	-23.4	13,855	-2.4

Source: Company, ICICI Direct Research

Exhibit 2: Change in key estimates

(₹ Crore)	FY27E			FY28E		
	Old	New	% Change	Old	New	% Change
Revenue	9,351	10,213	9.2	10,721	10,704	-0.2
EBITDA	1,347	1,315	-2.4	1,747	1,738	-0.5
EBITDA Margin (%)	14.4	12.9	-153 bps	16.3	16.2	-6 bps
PAT	445	407	-8.6	724	715	-1.3
EPS (₹)	11.3	10.3	-8.6	18.4	18.2	-1.3

Source: ICICI Direct Research

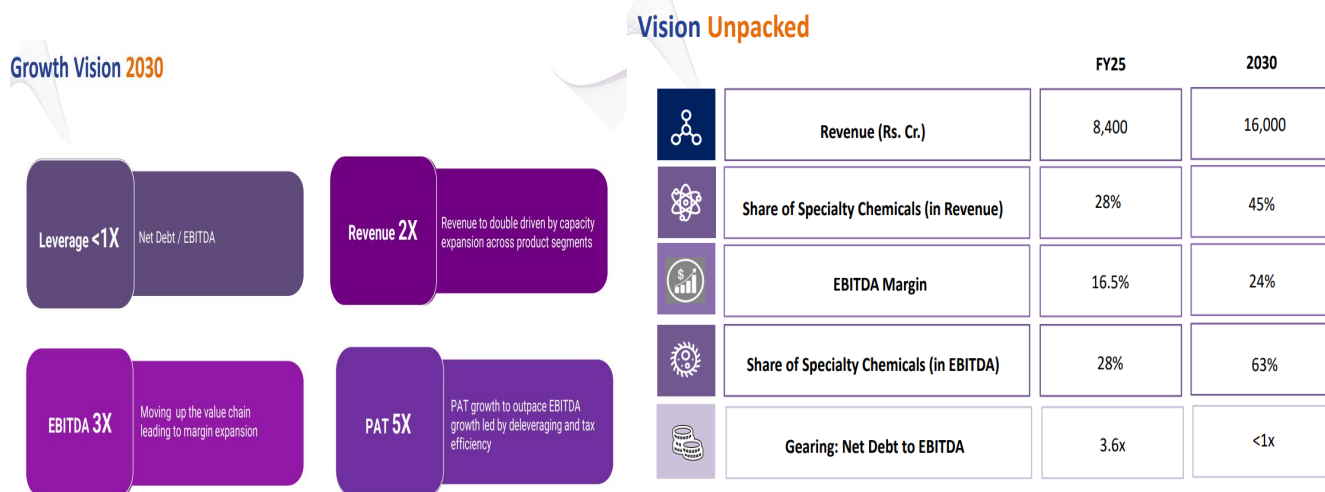
Exhibit 3: Assumptions

Assumptions	Units	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Carbon Black Sales Volumes	tonne	403,423	406,790	389,260	454,187	445,184	531,849	596,263	618,957	663,060	739,530
Speciality Grade Sales Volumes	tonne	19,300	19,378	23,966	34,687	40,376	57,247	62,450	69,656	75,000	80,000
Carbon Black blended ASP's	₹/kg	85	78	67	96	129	113	114	105	125	110
Carbon Black Sales (₹ crore)	₹ crore	3,431	3,157	2,592	4,353	5,732	6,013	6,802	6,512	8,291	8,122
Carbon Black EBITDA/tonne	₹/tonne	15,437	11,429	13,322	14,435	16,543	19,322	19,135	14,222	16,000	17,500
Carbon Black EBITDA	₹ crore	623	465	519	656	736	1,028	1,141	880	1,061	1,294
Aquapharm Sales	₹ crore	-	-	-	-	-	239	1,420	1,443	1,702	1,958
Aquapharm EBITDA margins	%							13.8%	11.3%	15.0%	16.0%
Aquapharm EBITDA	₹ crore							196	163	255	313
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



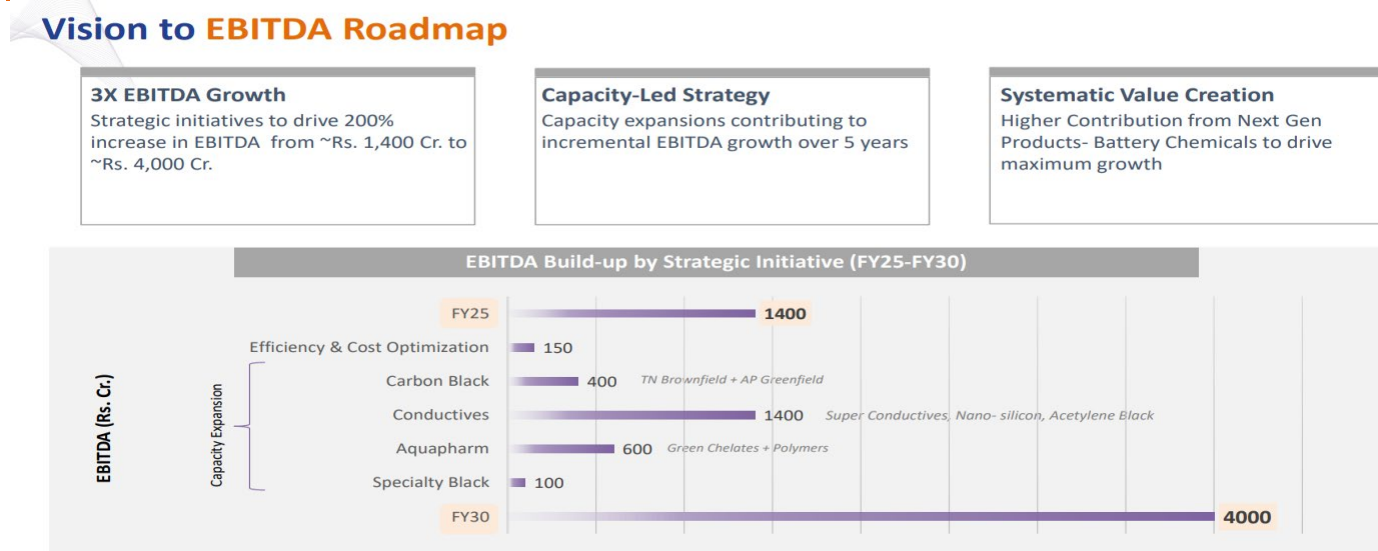
Source: Company, ICICI Direct Research

Exhibit 5: Vision 2030 – new verticals – growth engine

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

Source: Company, ICICI Direct Research

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



Source: ICICI Direct Research

Financial Summary

Exhibit 7: Profit and Loss statement		₹ crore			
(Year-end March)	FY25	FY26P	FY27E	FY28E	
Net Sales	8,404	8,189	10,213	10,704	
Other Operating Income	-	-	-	-	
Total Operating Income	8,404	8,189	10,213	10,704	
Growth (%)	30.9	-2.6	24.7	4.8	
Raw Material Expenses	5,810	5,719	7,149	7,172	
Employee Expenses	413	463	511	557	
Selling Expense	336	328	409	428	
Other Operating Expense	509	636	830	810	
Total Operating Expenditure	7,068	7,146	8,898	8,966	
EBITDA	1,337	1,043	1,315	1,738	
Growth (%)	28.9	-22.0	26.1	32.2	
Depreciation	346	373	404	449	
Interest	461	423	398	370	
Other Income	47	39	23	21	
PBT	578	286	536	941	
Total Tax	142	63	129	226	
PAT	435	198	407	715	
Growth (%)	-11.5	-54.5	105.7	75.6	
EPS (₹)	11.5	5.0	10.3	18.2	

Source: Company, ICICI Direct Research

Exhibit 8: Cash Flow statement		₹ crore			
(Year-end March)	FY25	FY26P	FY27E	FY28E	
Profit after Tax	435	198	407	715	
Add: Depreciation	346	373	404	449	
(Inc)/dec in Current Assets	-318	656	-776	-372	
Inc/(dec) in CL and Provisions	-4	-204	551	277	
Others	461	423	398	370	
CF from operating activities	919	1,445	984	1,439	
(Inc)/dec in Investments	-83	52	-5	-5	
(Inc)/dec in Fixed Assets	-861	-847	-500	-550	
Others	-86	116	0	0	
CF from investing activities	-1,030	-679	-505	-555	
Issue/(Buy back) of Equity	0	2	0	0	
Inc/(dec) in loan funds	560	-555	0	-100	
Interest & Dividend paid	-669	-659	-634	-646	
Inc/(dec) in Share Cap	0	0	0	0	
Others	224	346	0	0	
CF from financing activities	116	-867	-634	-746	
Net Cash flow	4	-101	-155	138	
Opening Cash	385	389	288	133	
Closing Cash	389	288	133	272	

Source: Company, ICICI Direct Research

Exhibit 9: Balance Sheet		₹ crore			
(Year-end March)	FY25	FY26P	FY27E	FY28E	
Liabilities					
Equity Capital	37.8	39.4	39.4	39.4	
Reserve and Surplus	3,660	3,967	4,138	4,577	
Total Shareholders funds	3,697	4,006	4,177	4,616	
Total Debt	5,380	4,825	4,825	4,725	
Deferred Tax Liability	289	263	263	263	
Minority Interest / Others	192	241	246	251	
Total Liabilities	9,558	9,335	9,511	9,855	
Assets					
Gross Block	5,052	6,063	6,379	7,429	
Less: Acc Depreciation	1,268	1,641	2,046	2,494	
Net Block	3,784	4,422	4,333	4,935	
Capital WIP	730	566	750	250	
Total Fixed Assets	4,513	4,988	5,083	5,185	
Investments & Goodwill	3,329	3,187	3,192	3,197	
Inventory	1,268	1,024	1,343	1,466	
Debtors	1,794	1,395	1,819	2,053	
Loans and Advances	13	56	60	63	
Other Current Assets	261	204	234	245	
Cash	389	288	133	272	
Total Current Assets	3,725	2,968	3,589	4,099	
Current Liabilities	1,976	1,727	2,238	2,493	
Provisions	98	119	155	172	
Current Liabilities & Prov	2,074	1,847	2,393	2,665	
Net Current Assets	1,650	1,121	1,196	1,434	
Others Assets	66	39	39	39	
Application of Funds	9,558	9,335	9,511	9,855	

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios					
(Year-end March)	FY25	FY26P	FY27E	FY28E	
Per share data (₹)					
EPS	11.5	5.0	10.3	18.2	
Cash EPS	20.7	14.5	20.6	29.6	
BV	97.9	101.8	106.2	117.3	
DPS	5.5	6.0	6.0	7.0	
Cash Per Share (Incl Invst)	98.5	88.3	84.5	88.2	
Operating Ratios (%)					
EBITDA Margin	15.9	12.7	12.9	16.2	
PAT Margin	5.2	2.4	4.0	6.7	
Inventory days	55.1	45.6	48.0	50.0	
Debtor days	77.9	62.2	65.0	70.0	
Creditor days	85.8	77.0	80.0	85.0	
Net Working Capital days	47.1	30.8	33.0	35.0	
Return Ratios (%)					
RoE	11.8	5.4	9.7	15.5	
RoCE	10.9	7.6	10.1	13.8	
RoC	12.5	8.4	11.2	14.6	
Valuation Ratios (x)					
P/E	25.2	57.7	28.0	16.0	
EV / EBITDA	12.3	15.3	12.2	9.1	
EV / Net Sales	2.0	1.9	1.6	1.5	
Market Cap / Sales	1.4	1.4	1.1	1.1	
Price to Book Value	3.0	2.8	2.7	2.5	
Solvency Ratios					
Debt/EBITDA	4.0	4.6	3.7	2.7	
Debt / Equity	1.5	1.2	1.2	1.0	
Current Ratio	1.6	1.5	1.4	1.4	
Quick Ratio	1.0	0.9	0.9	0.9	

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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