

Rating: HOLD | CMP: Rs300 | TP: Rs302

February 3, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

Rating	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	HOLD		ACCUMULATE	
Target Price	302		341	
Sales (Rs. m)	96,470	1,07,321	1,06,699	1,16,187
% Chng.	(9.6)	(7.6)		
EBITDA (Rs. m)	13,114	15,842	15,936	19,360
% Chng.	(17.7)	(18.2)		
EPS (Rs.)	12.0	18.4	17.5	25.1
% Chng.	(31.7)	(26.5)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	84,043	83,199	96,470	1,07,321
EBITDA (Rs. m)	13,368	10,726	13,114	15,842
Margin (%)	15.9	12.9	13.6	14.8
PAT (Rs. m)	4,352	2,424	4,515	6,951
EPS (Rs.)	11.5	6.4	12.0	18.4
Gr. (%)	(11.4)	(44.3)	86.2	54.0
DPS (Rs.)	6.0	6.0	6.0	6.0
Yield (%)	2.0	2.0	2.0	2.0
RoE (%)	12.5	6.5	11.8	16.6
RoCE (%)	12.1	8.3	11.0	13.8
EV/Sales (x)	1.9	2.0	1.7	1.5
EV/EBITDA (x)	12.3	15.2	12.4	10.0
PE (x)	26.0	46.7	25.1	16.3
P/BV (x)	3.1	3.0	2.9	2.6

Key Data

	PCBL.BO PCBL IN
52-W High / Low	Rs.444 / Rs.255
Sensex / Nifty	83,739 / 25,728
Market Cap	Rs.118bn/ \$ 1,307m
Shares Outstanding	393m
3M Avg. Daily Value	Rs.244.2m

Shareholding Pattern (%)

Promoter's	53.38
Foreign	5.68
Domestic Institution	10.19
Public & Others	29.56
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(0.2)	(25.2)	(25.7)
Relative	2.2	(28.0)	(31.5)

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Muted realization drags EBITDA/t

Quick Pointers:

- EBITDA/t for Q3FY26 reduced to Rs13,855 (calc) vs. Rs19,868 in Q3FY25.
- 60,000mtpa brownfield expansion in TN commercialized in Jan'26.

Taking into consideration the impact of cheaper imports and a weak demand environment, we downgrade PCBL to 'HOLD' rating with TP of Rs302, valuing the stock at 18x Dec'27 EPS. PCBL reported consolidated revenue of Rs18.5bn in Q3FY26, down 15% QoQ and 8% YoY, driven by a 13% QoQ and 2% YoY decline in carbon black volumes and a sharp fall in realization to Rs104. Lower operating leverage led to a decline in EBITDA/t to Rs13,855 from Rs19,868 in Q3FY25. Realization is expected to remain under pressure in the near term due to weak demand and continued inflow of cheaper imports. The power segment also witnessed a 27% QoQ decline in revenue to Rs779mn, largely due to lower CB production, while the Aquapharm (Chemicals) segment reported a 17% decline in topline sequentially amid geopolitical tensions.

Looking ahead, we expect carbon black volumes to grow by 2% in FY26 and 11% in FY27, supported by new capacity additions; however, EBITDA/t is likely to remain subdued at ~Rs15,545 in FY26 and ~Rs17,100 in FY27, reflecting sustained pricing pressure. Aquapharm margins are also expected to remain under pressure, although the management has guided 20% volume growth in FY27. The stock is currently trading at 16x FY28E EPS. Downgrade to 'HOLD'.

- CB segment declines 13% QoQ/11% YoY in Q3FY26:** Consolidated revenue stood at Rs18.5bn (-8% YoY, -15% QoQ; PLe: Rs20.4bn, Consensus: Rs21.4bn). 9MFY26 revenue stood at Rs61.2bn, down 3% compared to 9MFY25. Revenue mix for CB, Power and Chemicals businesses stood at 78%, 4% and 17%, respectively. Chemicals segment remained flat YoY, while Power segment saw 20% YoY growth, but declined 27% QoQ.
- Gross margin decline by 70bps YoY:** Gross margin stood at 30.4%, up from 29.3% in Q2FY26, but down YoY from 31.1% in Q3FY26 by 70bps, due to raw material cost volatility. EBITDA came in at Rs2.1bn (PLe: Rs2.5bn; Consensus: Rs2.6bn), down 32% YoY and 19% QoQ. EBITDAM stood at 11.6% in Q3FY26 vs. 12.3% in Q2FY26 and 15.8% in Q3FY25. EBIT from the CB segment declined 43% YoY and 12% QoQ, with EBIT margin contracting 550bps YoY to 9.7%. Chemicals segment reported 108% YoY decline in EBIT, with EBIT margin at -0.3% vs. 3.3% in Q3FY25.
- Key concall takeaways:** (1) CB domestic demand remains healthy. (2) CB industry utilization is currently at 75%, lower than usual 80% utilization. (3) US tariff reduction will benefit the carbon black as well as Aquapharm business. (4) EU trade deals will also be beneficial for PCBL. (5) 60,000mtpa brownfield CB capacity has been commissioned in Jan'26. (6) 20,000mtpa specialty CB to commission in Mar'26. (7) Trial runs for 1,000mtpa of super-conductive carbon black grades at the Palej, Gujarat, have commenced. (8) The upcoming 30,000mtpa carbon black line is expected to be commissioned in the next few

months. **(9)** EBITDA/t for the quarter was Rs13,855/t. **(10)** The company has applied for environmental clearance for its greenfield carbon black plant in AP. **(12)** Geopolitical tensions led to weak performance for Aquapharm. **(13)** Oil and gas segments faced headwinds due to lower crude oil prices. **(14)** PBTC samples have been sent to all water treatment companies for approval. **(15)** Acetylene black with capacity of 4000mtpa is likely to be operational by FY27 end. **(16)** The company plans a capex of Rs5.5bn in FY26 and Rs3–4bn in FY27. **(17)** Nanovace 80t pilot is expected to come online by Mar'26. **(18)** Commercial plants with capacity of 2000mtpa are expected to come online by FY28 end. **(19)** Total capex for Nanovace pilot plant will be USD4-5mn; capex for the commercial plant will be USD25-30mn. **(20)** At full utilization, it will generate Rs17bn topline and 50% EBITDAM.

Exhibit 1: Q3FY26 Result Overview – Consolidated (Rs mn)

Y/e March	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var.	Q2FY26	QoQ gr. (%)	9MFY26	9MFY25	YoY gr. (%)
Net Sales	18,456	20,100	(8.2)	20,409	(9.6)	21,636	(14.7)	61,232	63,168	(3.1)
Gross Profit	5,612	6,247	(10.2)	5,960	(5.8)	6,343	(11.5)	18,550	19,838	(6.5)
Margin (%)	30.4	31.1		29.2		29.3		30.3	31.4	
EBITDA	2,147	3,173	(32.4)	2,488	(13.7)	2,662	(19.4)	7,999	10,391	(23.0)
Margin (%)	11.6	15.8		12.2		12.3		13	16	
Other Income	161	111	45.0	114	41.4	121	33.4	339	276	22.8
Depreciation	936	867	8.0	936	0.1	928	0.9	2,788	2,575	8.2
EBIT	1,371	2,418	(43.3)	1,665	(17.7)	1,854	(26.1)	5,550	8,092	(31.4)
Interest	1,063	1,177	(9.7)	1,113	(4.5)	1,072	(0.8)	3,258	3,578	(8.9)
PBT before exceptional items	308	1,241	(75.2)	552	(44.2)	783	(60.6)	2,292	4,515	(49.2)
Total Tax	79	304	(73.9)	117	(32.1)	166	(52.1)	506	1,165	(56.6)
ETR (%)	25.8	24.5		21.2		21.2		22.1	25.8	
Adj. PAT	229	936	(75.6)	435	(47.4)	617	(62.9)	1,787	3,350	(46.7)
Exceptional Items	209	5		0		0		209	5	
PAT	20	931	(97.8)	435	(95.4)	617	(96.7)	1,578	3,345	(52.8)

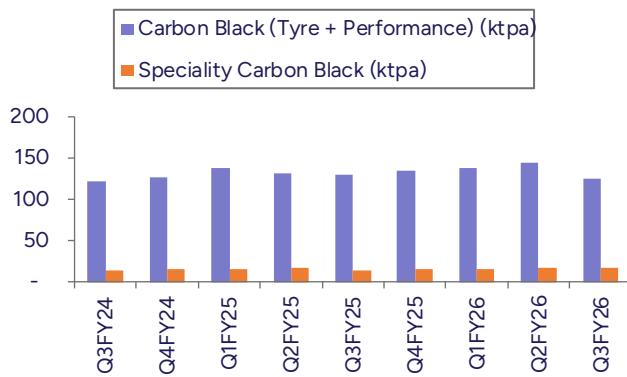
Source: Company, PL

Exhibit 2: Segmental Details (Rs mn)

Y/e March	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Carbon Black	17,343	17,531	16,475	16,674	16,636	16,945	14,730
Carbon Black revenues growth Y-o-Y (%)	32%	22%	2%	1%	-4%	-3%	-11%
Carbon Black revenues growth Q-o-Q (%)	5%	1%	-6%	1%	0%	2%	-13%
Power	813	807	649	742	993	1,069	779
Power revenues growth Y-o-Y (%)	43%	26%	-1%	5%	22%	32%	20%
Power revenues growth Q-o-Q (%)	15%	-1%	-20%	14%	34%	8%	-27%
Chemical	3,574	3,609	3,266	3,750	3,825	3,950	3,267
Chemical revenues growth Y-o-Y (%)				57%	7%	9%	0%
Chemical revenues growth Q-o-Q (%)	49%	1%	-10%	15%	2%	3%	-17%
Total:	21,729	21,947	20,389	21,167	21,455	21,964	18,775
Less: Inter Segment Revenue	294	315	289	293	314	328	319
Net Revenue	21,436	21,632	20,100	20,874	21,141	21,636	18,456
Segmental Revenue Mix (%)							
Carbon Black	80%	80%	81%	79%	78%	77%	78%
Power	4%	4%	3%	4%	5%	5%	4%
Chemical (Aquapharm)	16%	16%	16%	18%	18%	18%	17%
Total	100%						
Segmental EBIT							
Carbon Black	3,043	2,720	2,511	2,150	2,267	1,626	1,427
Carbon Black EBIT margin (%)	17.5%	15.5%	15.2%	12.9%	13.6%	9.6%	9.7%
Carbon Black EBIT growth Y-o-Y (%)	53%	37%	-1%	-17%	-25%	-40%	-43%
Carbon Black EBIT growth Q-o-Q (%)	17%	-11%	-8%	-14%	5%	-28%	-12%
Power	553	497	376	433	678	768	471
Power EBIT margin (%)	68%	62%	58%	58%	68%	72%	61%
Power EBIT growth Y-o-Y (%)	72%	19%	-9%	-8%	23%	55%	25%
Power EBIT growth Q-o-Q (%)	17%	-10%	-24%	15%	57%	13%	-39%
Chemical	158	196	108	194	145	119	-9
Chemical EBIT margin (%)	4.4%	5.4%	3.3%	5.2%	3.8%	3.0%	-0.3%
Chemical EBIT growth Y-o-Y (%)					-8%	-39%	-108%
Chemical EBIT growth Q-o-Q (%)	-294%	24%	-45%	79%	-25%	-18%	-107%
Total:	3,754	3,412	2,995	2,777	3,090	2,513	1,889
Less: Finance Cost	1,211	1,189	1,177	1,032	1,124	1,072	1,063
Less: Unallocated Exp	907	585	577	484	765	658	518
Total EBT	1,636	1,638	1,241	1,261	1,202	783	309

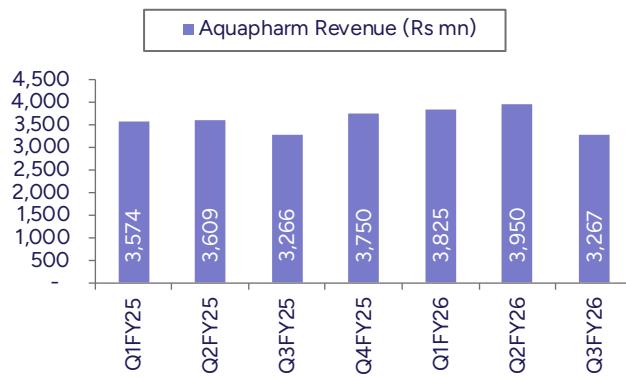
Source: Company, PL

Exhibit 3: CB volumes decline by 2% YoY



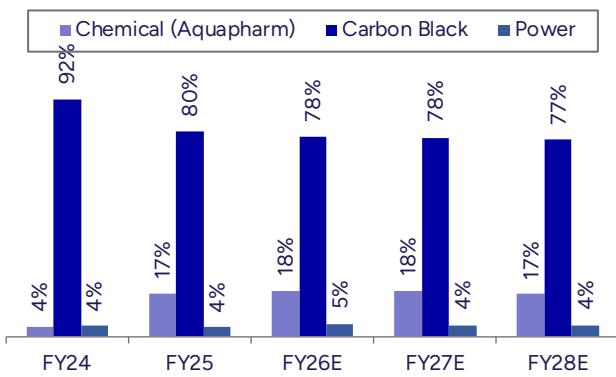
Source: Company, PL

Exhibit 4: Aquapharm Q3FY26 revenue decreases by 17%QoQ



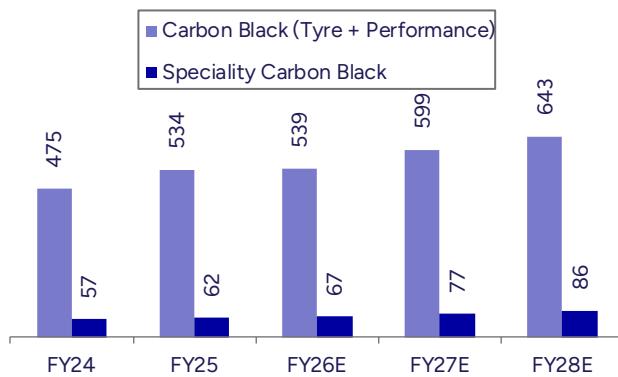
Source: Company, PL

Exhibit 5: CB segment contribution to be at 77% in FY28E



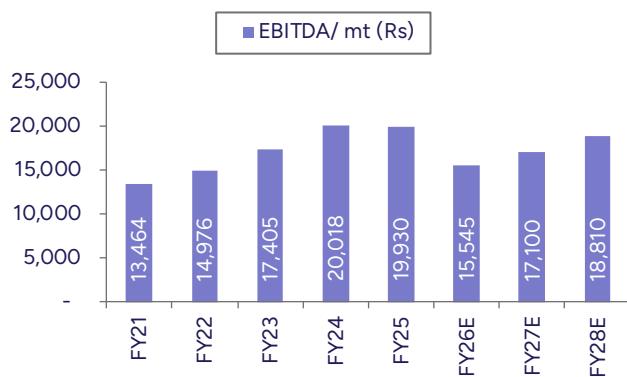
Source: Company, PL

Exhibit 6: CB sales volume to grow at 7% CAGR over FY25-28



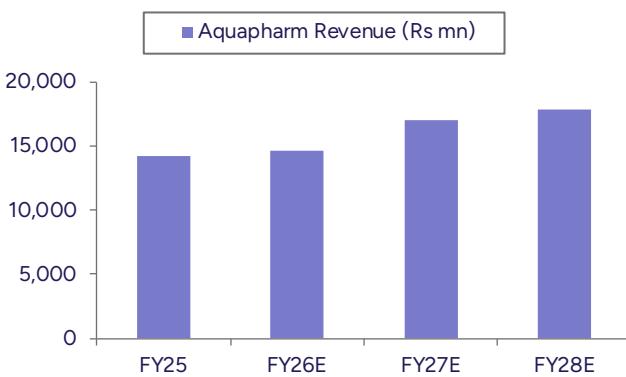
Source: Company, PL

Exhibit 7: CB EBITDA/t to reach Rs18,810 by FY28E



Source: Company, PL

Exhibit 8: Aquapharm revenue to reach Rs17.8bn by FY28E



Source: Company, PL

Exhibit 9: Power revenue to grow at 16% CAGR over FY25-28

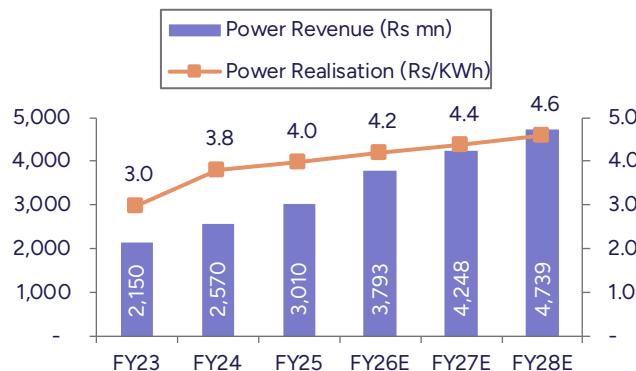
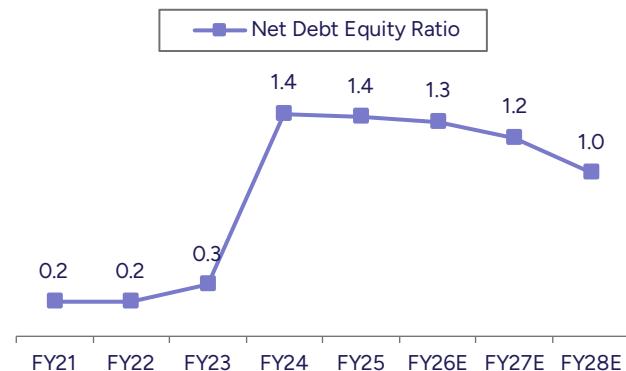


Exhibit 10: Net debt/equity to reach 1 by FY28



Source: Company, PL

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	84,043	83,199	96,470	1,07,321
YoY gr. (%)	30.9	(1.0)	16.0	11.2
Cost of Goods Sold	58,095	58,219	67,237	74,231
Gross Profit	25,947	24,980	29,234	33,090
Margin (%)	30.9	30.0	30.3	30.8
Employee Cost	4,128	4,701	5,306	5,903
Other Expenses	8,451	9,553	10,814	11,345
EBITDA	13,368	10,726	13,114	15,842
YoY gr. (%)	28.8	(19.8)	22.3	20.8
Margin (%)	15.9	12.9	13.6	14.8
Depreciation and Amortization	3,457	3,768	3,918	4,068
EBIT	9,911	6,958	9,196	11,774
Margin (%)	11.8	8.4	9.5	11.0
Net Interest	4,609	4,349	4,060	3,619
Other Income	474	499	579	644
Profit Before Tax	5,776	3,108	5,715	8,799
Margin (%)	6.9	3.7	5.9	8.2
Total Tax	1,424	684	1,200	1,848
Effective tax rate (%)	24.7	22.0	21.0	21.0
Profit after tax	4,352	2,424	4,515	6,951
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	4,352	2,424	4,515	6,951
YoY gr. (%)	(11.4)	(44.3)	86.2	54.0
Margin (%)	5.2	2.9	4.7	6.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,352	2,424	4,515	6,951
YoY gr. (%)	(11.4)	(44.3)	86.2	54.0
Margin (%)	5.2	2.9	4.7	6.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,352	2,424	4,515	6,951
Equity Shares O/s (m)	378	378	378	378
EPS (Rs)	11.5	6.4	12.0	18.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	45,478	50,978	53,978	56,978
Tangibles	45,478	50,978	53,978	56,978
Intangibles	-	-	-	-
Acc: Dep / Amortization	10,001	13,769	17,687	21,755
Tangibles	10,001	13,769	17,687	21,755
Intangibles	-	-	-	-
Net fixed assets	35,476	37,208	36,291	35,223
Goodwill	35,476	37,208	36,291	35,223
Non-Current Investments	5,663	5,037	5,833	6,484
Net Deferred tax assets	(2,892)	(2,892)	(2,892)	(2,892)
Other Non-Current Assets	3,406	4,322	4,588	4,805
Current Assets				
Investments	-	-	-	-
Inventories	12,682	11,165	12,895	14,236
Trade receivables	17,937	19,375	22,466	24,993
Cash & Bank Balance	3,185	1,197	1,587	1,052
Other Current Assets	3,435	4,160	4,824	5,366
Total Assets	1,17,219	1,17,900	1,23,917	1,27,593
Equity				
Equity Share Capital	378	378	378	378
Other Equity	36,597	36,756	39,006	43,692
Total Networth	36,974	37,134	39,383	44,070
Non-Current Liabilities				
Long Term borrowings	36,469	37,000	36,500	32,000
Provisions	224	83	96	107
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	17,331	14,000	14,000	14,000
Trade payables	15,947	20,515	23,787	26,463
Other current liabilities	5,689	4,494	5,211	5,797
Total Equity & Liabilities	1,17,219	1,17,900	1,23,917	1,27,593

Source: Company Data, PL Research

Cash Flow (Rs m)					Key Financial Metrics				
Y/e Mar	FY25	FY26E	FY27E	FY28E	Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	5,771	3,108	5,715	8,799	Per Share(Rs)				
Add. Depreciation	3,457	3,768	3,918	4,068	EPS	11.5	6.4	12.0	18.4
Add. Interest	4,609	4,349	4,060	3,619	CEPS	20.7	16.4	22.3	29.2
Less Financial Other Income	474	499	579	644	BVPS	97.9	98.4	104.3	116.7
Add. Other	(382)	-	-	-	FCF	(0.4)	19.7	19.1	26.1
Op. profit before WC changes	13,455	11,225	13,693	16,486	DPS	6.0	6.0	6.0	6.0
Net Changes-WC	(4,075)	2,384	(2,278)	(1,790)	Return Ratio(%)				
Direct tax	(1,780)	(684)	(1,200)	(1,848)	RoCE	12.1	8.3	11.0	13.8
Net cash from Op. activities	7,600	12,925	10,215	12,849	ROIC	9.1	6.2	8.3	10.5
Capital expenditures	53,025	(5,500)	(3,000)	(3,000)	RoE	12.5	6.5	11.8	16.6
Interest / Dividend Income	194	-	-	-	Balance Sheet				
Others	(60,122)	-	-	-	Net Debt : Equity (x)	1.4	1.3	1.2	1.0
Net Cash from Inv. activities	(6,903)	(5,500)	(3,000)	(3,000)	Net Working Capital (Days)	88	65	65	65
Issue of share cap. / premium	-	-	-	-	Valuation(x)				
Debt changes	(33,856)	(2,800)	(500)	(4,500)	PER	26.0	46.7	25.1	16.3
Dividend paid	(2,076)	(2,265)	(2,265)	(2,265)	P/B	3.1	3.0	2.9	2.6
Interest paid	(4,751)	(4,349)	(4,060)	(3,619)	P/CEPS	14.5	18.3	13.4	10.3
Others	38,923	-	-	-	EV/EBITDA	12.3	15.2	12.4	10.0
Net cash from Fin. activities	(1,759)	(9,414)	(6,825)	(10,384)	EV/Sales	1.9	2.0	1.7	1.5
Net change in cash	(1,063)	(1,989)	390	(535)	Dividend Yield (%)	2.0	2.0	2.0	2.0
Free Cash Flow	(139)	7,425	7,215	9,849					

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	20,875	21,141	21,636	18,456
YoY gr. (%)	8.2	(1.4)	-	(8.2)
Raw Material Expenses	14,766	14,545	15,293	12,845
Gross Profit	6,109	6,595	6,343	5,612
Margin (%)	29.3	31.2	29.3	30.4
EBITDA	2,977	3,191	2,662	2,147
YoY gr. (%)	(3.8)	(10.9)	(26.8)	(32.4)
Margin (%)	14.3	15.1	12.3	11.6
Depreciation / Depletion	881	924	928	936
EBIT	2,095	2,267	1,734	1,210
Margin (%)	10.0	10.7	8.0	6.6
Net Interest	1,032	1,124	1,072	1,063
Other Income	198	58	121	161
Profit before Tax	1,261	1,202	783	308
Margin (%)	6.0	5.7	3.6	1.7
Total Tax	259	261	166	79
Effective tax rate (%)	20.6	21.7	21.2	25.8
Profit after Tax	1,002	941	617	229
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,002	941	617	229
YoY gr. (%)	(9.7)	(20.2)	(50.0)	(75.6)
Margin (%)	4.8	4.5	2.9	1.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,002	941	617	229
YoY gr. (%)	(9.7)	(20.2)	(50.0)	(75.6)
Margin (%)	4.8	4.5	2.9	1.2
Other Comprehensive Income	430	342	(148)	-
Total Comprehensive Income	1,432	1,283	470	229
Avg. Shares O/s (m)	378	378	378	378
EPS (Rs)	2.7	2.5	1.6	0.6

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jan-26	Accumulate	341	292
2	18-Oct-25	Accumulate	402	364
3	07-Oct-25	BUY	474	378
4	09-Sep-25	BUY	474	385
5	23-Jul-25	BUY	474	406
6	07-Jul-25	BUY	464	409
7	29-Apr-25	BUY	464	383
8	08-Apr-25	BUY	542	393
9	24-Mar-25	BUY	543	423

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	P.I. Industries	Hold	3,310	3,276
2	PCBL Chemical	Accumulate	341	292

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

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