PL Capital
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PCBL Chemical (PCBL IN)

Rating: ACCUMULATE | CMP: Rs364 | TP: Rs402

October 18, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	**ACCUMULATE**		**BUY**	
Target Price	**402**		**474**	
Sales (Rs. m)	1,07,468	1,16,980	1,09,380	1,18,671
% Chng.	*(1.7)*	*(1.4)*		
EBITDA (Rs. m)	15,692	19,069	18,445	22,403
% Chng.	*(14.9)*	*(14.9)*		
EPS (Rs.)	17.2	24.7	22.8	31.6
% Chng.	*(24.5)*	*(21.7)*		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	84,043	88,587	1,07,468	1,16,980
EBITDA (Rs. m)	13,368	11,605	15,692	19,069
Margin (%)	*15.9*	*13.1*	*14.6*	*16.3*
PAT (Rs. m)	4,352	3,112	6,504	9,329
EPS (Rs.)	11.5	8.2	17.2	24.7
Gr. (%)	*(11.4)*	*(28.5)*	*109.0*	*43.4*
DPS (Rs.)	5.5	5.5	5.5	5.5
Yield (%)	*1.5*	*1.5*	*1.5*	*1.5*
RoE (%)	*12.5*	*8.3*	*16.1*	*20.2*
RoCE (%)	*12.1*	*9.3*	*13.5*	*16.3*
EV/Sales (x)	2.2	2.1	1.7	1.6
EV/EBITDA (x)	14.1	16.1	11.9	9.6
PE (x)	31.5	44.1	21.1	14.7
P/BV (x)	3.7	3.6	3.2	2.8

Key Data	PCBL.BO | PCBL IN
52-W High / Low	Rs.505 / Rs.331
Sensex / Nifty	83,952 / 25,710
Market Cap	Rs.137bn/ $ 1,560m
Shares Outstanding	377m
3M Avg. Daily Value	Rs.358.56m

Shareholding Pattern (%)

Promoter's	51.41
Foreign	5.52
Domestic Institution	11.12
Public & Others	31.95
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(7.4)	(16.3)	(24.4)
Relative	(8.8)	(21.7)	(27.0)

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Muted realization leads to sharp decline in EBITDA/t

Quick Pointers:

- EBITDA/tn for Q2FY26 reduced to Rs14,234 (Calc.) vs Rs21,324 in Q2FY25.
- 90,000mtpa brownfield expansion in TN to commercialize in current quarter.

Due to impact of cheaper imports and tariff uncertainties, we downgrade PCBL to "Accumulate" rating with a target price of Rs402, valuing the stock at 22x Sep'27 EPS. PCBL reported consolidated revenue of Rs21.6bn in Q2FY26, up 2% QoQ, while remaining flat YoY. In the carbon black (CB) segment, volumes grew 10% YoY, but lower realizations and higher operating costs weighed on profitability, with EBITDA/tn (calculated) at Rs13,489 a sharp decline compared to Rs21,324 in Q2FY25. Realizations are expected to remain under pressure in the near term, impacted by cheap imports and tariff-related headwinds in the USA. The power segment delivered a strong performance, supported by increase in power generation. Aquapharm reported 9% YoY revenue growth, though margins contracted by 90bps due to elevated operating costs.

Looking ahead, we expect CB volumes to grow by 1%/17% in FY26/FY27, supported by new capacity additions. However, EBITDA/tn is likely to decline sharply to around Rs16,542 in FY26 and Rs19,023 in FY27, reflecting continued pricing pressure. Aquapharm's margins are expected to recover gradually as crude oil prices rise and capacity expansions come onstream. We downgrade PCBL to an "Accumulate" rating, as the stock currently trades at 21x FY27E EPS.

- **CB segment grows 2% QoQ; Slight 3% Decline YoY in Q2FY26:** Consolidated revenue stood at Rs21.6bn (0% YoY, 2% QoQ; PLe: Rs20bn, Consensus: Rs21bn). Revenue mix for CB, Power and Chemicals business stood at 77%, 5% and 18%, respectively. CB segment remained flat YoY, while Chemicals segment grew by 9% YoY. Power segment saw the highest growth of 32% YoY and 8% QoQ.

- **Gross Margins decreased QoQ and YoY by 190bps and 140bps:** Gross margin stood at 29.3%, declining by 190 bps and 140 bps from 31.2% in Q1FY26 and 30.7% in Q2FY25 respectively, primarily due to higher raw material costs. EBITDA came in at Rs2.7bn (PLe: Rs 2.8bn; Consensus: Rs3.3bn), down 27% YoY, and 17% QoQ. EBITDA margin stood at 12.3%, compared to 15.1% in Q1FY26 and 16.8% in Q2FY25. EBIT from CB segment declined 40% YoY, and 28% QoQ, with EBIT margin contracting 590bps YoY to 9.6%. Chemicals segment reported 18% QoQ decline in EBIT, with margins at 3% versus 5.4% in Q2FY25 and 3.8% in previous quarter.

- **Key concall takeaways: (1)** CB margins were impacted due to lower realization, expect steady recovery in upcoming quarters. **(2)** CB exports to USA constitute 5% of exports, this was impacted due to 50% tariffs, volumes to USA have been cut by ~2000mtpa. **(3)** Domestic tyre industry is expected to increase by 6-8% in FY26 led by stronger replacement demand. **(4)** Specialty CB facility dedicated to super conductive grade is expected to be commissioned by Nov'25. **(5)** 90,000mtpa brownfield expansion in TN to come online in current quarter (Q3FY26). **(6)** 20,000mtpa Specialty CB commissioning preponed to March'26. **(7)** Russian imports are from last one year, India is importing ~8000-10,000mtpa per month at lower prices**. (8)** RM is imported from USA; exports equivalent to that value which is ~60% of export value is exempted from tariffs. **(9)** Aquapharm now offers complete range of green chelates which includes GLDA, MGDA, and IDS. **(10)** Nanovace received a process patent for nano silicon in the USA; patents pending in Japan, South Korea, and Europe. A pilot plant is under construction and lab samples have been sent to global players. **(12)** Acetylene Black 4,000mtpa capacity plant is expected to be operational within the next 18 months.

Exhibit 1: Q2FY26 Result Overview – Consolidated (Rs mn)

Y/e March	Q2FY26	Q2FY25	YoY gr. (%)	Q2FY26E	% Var.	Q1FY26	QoQ gr. (%)	H1FY26	H1FY25	YoY gr. (%)
Net Sales	**21,636**	**21,632**	***0%***	**20,567**	***5.2***	**21,141**	***2%***	**42,776**	**43,068**	***-1%***
Gross Profit	6,343	6,646	*-5%*	6,278	*1.0*	6,595	*-4%*	12,938	13,591	*-5%*
Margin (%)	*29.3%*	*30.7%*		*30.5%*		*31.2%*		*30%*	*32%*	
EBITDA	**2,662**	**3,635**	***-27%***	**3,047**	***(12.6)***	**3,191**	***-17%***	**5,852**	**7,218**	***-19%***
Margin (%)	*12.3%*	*16.8%*		*14.8%*		*15.1%*		*14%*	*17%*	
Other Income	121	57	*113%*	103	*17.2*	58	*108%*	179	165	*8%*
Depreciation	928	864	*7%*	936	*(0.8)*	924	*0%*	1,851	1,709	*8%*
EBIT	**1,854**	**2,828**	***-34%***	**2,214**	***(16.2)***	**2,325**	***-20%***	**4,179**	**5,674**	***-26%***
Interest	1,072	1,189	*-10%*	1,190	*(9.9)*	1,124	*-5%*	2,195	2,400	*47.6*
PBT before exceptional items	**783**	**1,638**	***-52%***	**1,024**	***(23.6)***	**1,202**	***-35%***	**1,984**	**3,274**	***(40.1)***
Total Tax	166	404	*-59%*	222	*(25.3)*	261	*-36%*	426	860	*-50%*
ETR (%)	*21%*	*25%*		*22%*		*22%*		*21%*	*26%*	*-18%*
Adj. PAT	**617**	**1,235**	***-50%***	**802**	***(23.1)***	**941**	***-34%***	**1,558**	**2,414**	***-35%***
Exceptional Items	0	0		0		0		0	0	
PAT	**617**	**1,235**	***-50%***	**802**	***(23.1)***	**941**	***-34.4%***	**1,558**	**2,414**	***-35%***

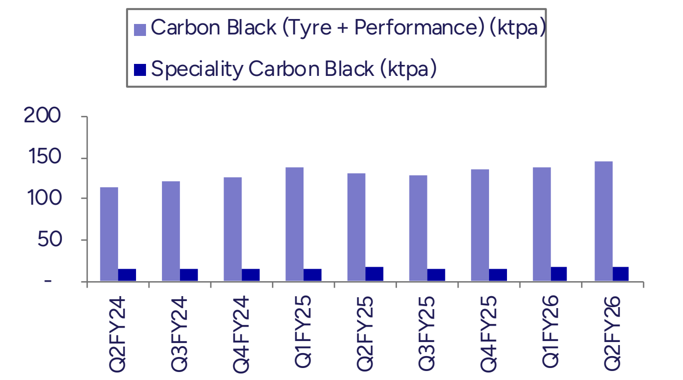
Source: Company, PL

Exhibit 2: Segmental Details (Rs mn)

Y/e March	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Carbon Black	16,460	17,343	17,531	16,475	16,674	16,636	16,945
Carbon Black revenues growth Y-o-Y (%)	*23%*	*32%*	*22%*	*2%*	*1%*	*-4%*	*-3%*
Carbon Black revenues growth Q-o-Q (%)	*2%*	*5%*	*1%*	*-6%*	*1%*	*0%*	*2%*
Power	707	813	807	649	742	993	1,069
Power revenues growth Y-o-Y (%)	*26%*	*43%*	*26%*	*-1%*	*5%*	*22%*	*32%*
Power revenues growth Q-o-Q (%)	*8%*	*15%*	*-1%*	*-20%*	*14%*	*34%*	*8%*
Chemical	2,391	3,574	3,609	3,266	3,750	3,825	3,950
Chemical revenues growth Y-o-Y (%)					*57%*	*7%*	*9%*
Chemical revenues growth Q-o-Q (%)		*49%*	*1%*	*-10%*	*15%*	*2%*	*3%*
Total:	19,558	21,729	21,947	20,389	21,167	21,455	21,964
Less: Inter Segment Revenue	270	294	315	289	293	314	328
Net Revenue	19,288	21,436	21,632	20,100	20,874	21,141	21,636
Segmental Revenue Mix (%)							
Carbon Black	84%	80%	80%	81%	79%	78%	77%
Power	4%	4%	4%	3%	4%	5%	5%
Chemical (Aquapharm)	12%	16%	16%	16%	18%	18%	18%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Segmental EBIT							
Carbon Black	2,595	3,043	2,720	2,511	2,150	2,267	1,626
Carbon Black EBIT margin (%)	*15.8%*	*17.5%*	*15.5%*	*15.2%*	*12.9%*	*13.6%*	*9.6%*
Carbon Black EBIT growth Y-o-Y (%)	*53%*	*53%*	*37%*	*-1%*	*-17%*	*-25%*	*-40%*
Carbon Black EBIT growth Q-o-Q (%)	*3%*	*17%*	*-11%*	*-8%*	*-14%*	*5%*	*-28%*
Power	471	553	497	376	433	678	768
Power EBIT margin (%)	67%	68%	62%	58%	58%	68%	72%
Power EBIT growth Y-o-Y (%)	*37%*	*72%*	*19%*	*-9%*	*-8%*	*23%*	*55%*
Power EBIT growth Q-o-Q (%)	*14%*	*17%*	*-10%*	*-24%*	*15%*	*57%*	*13%*
Chemical	-82	158	196	108	194	145	119
Chemical EBIT margin (%)	*-3.4%*	*4.4%*	*5.4%*	*3.3%*	*5.2%*	*3.8%*	*3.0%*
Chemical EBIT growth Y-o-Y (%)						*-8%*	*-39%*
Chemical EBIT growth Q-o-Q (%)		*-294%*	*24%*	*-45%*	*79%*	*-25%*	*-18%*
Total:	2,984	3,754	3,412	2,995	2,777	3,090	2,513
Less: Finance Cost	1,082	1,211	1,189	1,177	1,032	1,124	1,072
Less: Unallocated Exp	409	907	585	577	484	765	658
Total EBT	1,493	1,636	1,638	1,241	1,261	1,202	783

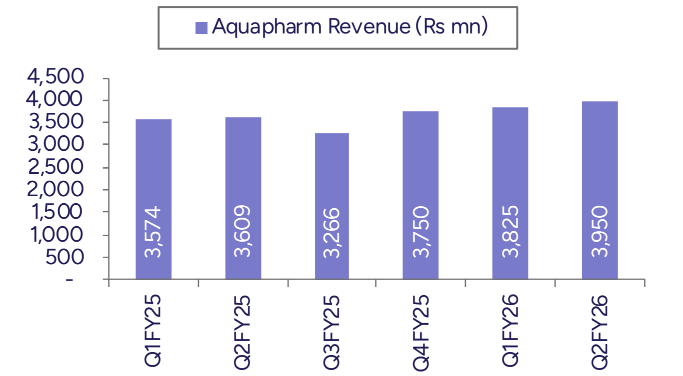
Source: Company, PL

Exhibit 3: CB volumes increase by 9% YoY



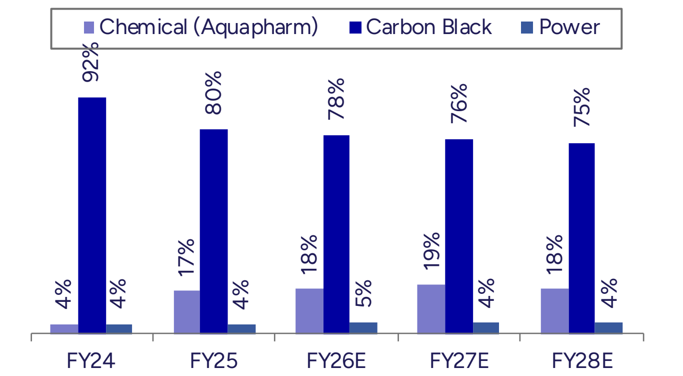
Source: Company, PL

Exhibit 4: Aquapharm Q2FY26 revenue improves by 9%YoY



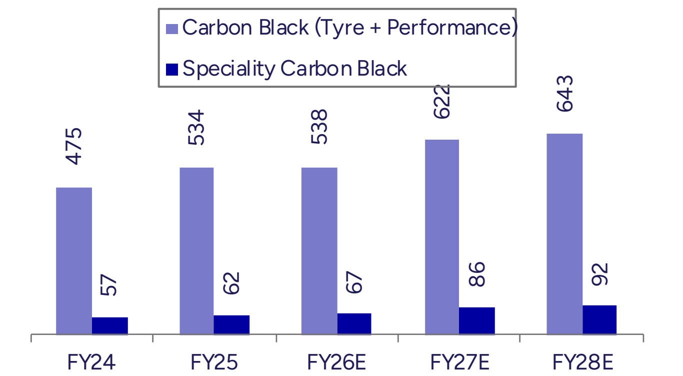
Source: Company, PL

Exhibit 5: CB segment contribution to be at 75% in FY28E



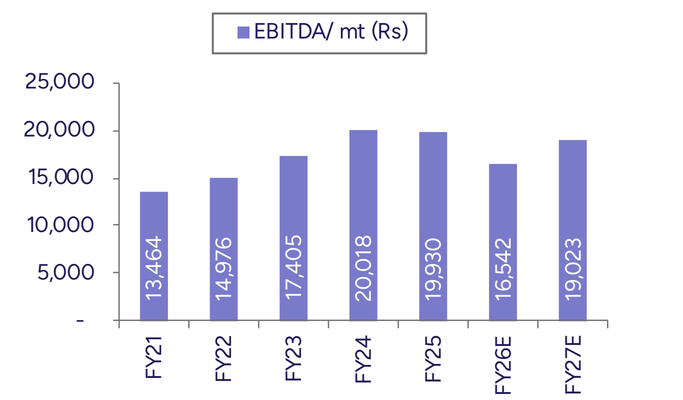
Source: Company, PL

Exhibit 6: CB sales volume to grow at 9% CAGR over FY25-27



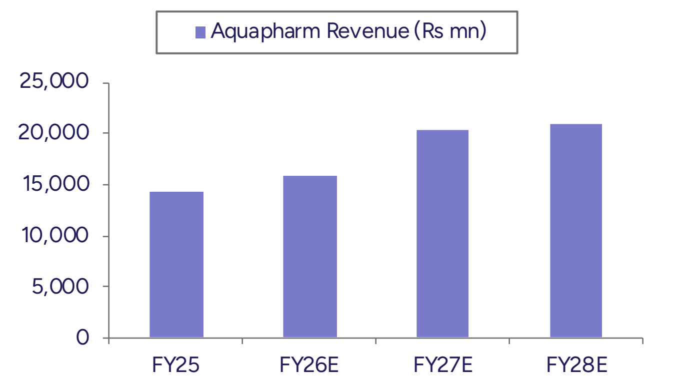
Source: Company, PL

Exhibit 7: CB EBITDA/t to reach Rs19,023 by FY27



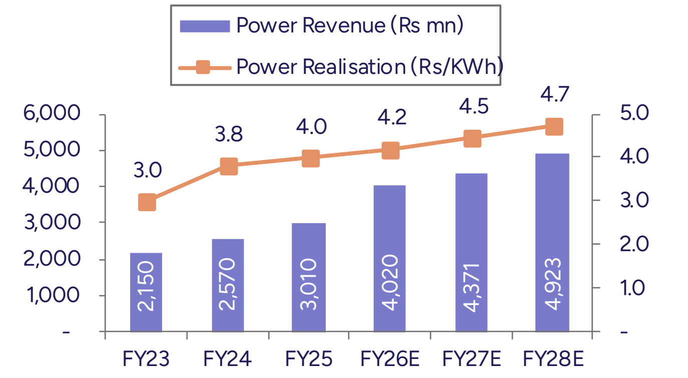
Source: Company, PL

Exhibit 8: Aquapharm revenue to reach Rs20bn by FY27



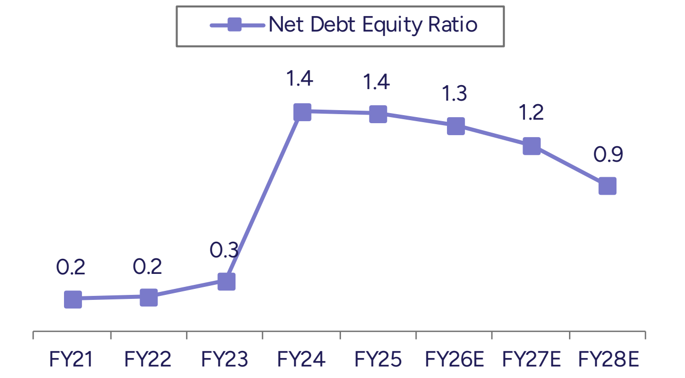
Source: Company, PL

Exhibit 9: Power revenue to grow at 20% CAGR over FY25-27



Source: Company, PL

Exhibit 10: Net debt/equity reaches 0.9 by FY28



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	**84,043**	**88,587**	**1,07,468**	**1,16,980**
YoY gr. (%)	*30.9*	*5.4*	*21.3*	*8.9*
Cost of Goods Sold	58,095	61,695	73,825	77,719
Gross Profit	25,947	26,892	33,643	39,261
Margin (%)	*30.9*	*30.4*	*31.3*	*33.6*
Employee Cost	4,128	5,049	6,126	6,668
Other Expenses	8,451	10,238	11,826	13,524
EBITDA	**13,368**	**11,605**	**15,692**	**19,069**
YoY gr. (%)	*28.8*	*(13.2)*	*35.2*	*21.5*
Margin (%)	*15.9*	*13.1*	*14.6*	*16.3*
Depreciation and Amortization	3,457	3,743	4,043	4,343
EBIT	**9,911**	**7,862**	**11,649**	**14,726**
Margin (%)	*11.8*	*8.9*	*10.8*	*12.6*
Net Interest	4,609	4,454	4,060	3,619
Other Income	474	532	645	702
Profit Before Tax	**5,776**	**3,940**	**8,233**	**11,809**
Margin (%)	*6.9*	*4.4*	*7.7*	*10.1*
Total Tax	1,424	827	1,729	2,480
Effective tax rate (%)	*24.7*	*21.0*	*21.0*	*21.0*
Profit after tax	**4,352**	**3,112**	**6,504**	**9,329**
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	**4,352**	**3,112**	**6,504**	**9,329**
YoY gr. (%)	*(11.4)*	*(28.5)*	*109.0*	*43.4*
Margin (%)	*5.2*	*3.5*	*6.1*	*8.0*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**4,352**	**3,112**	**6,504**	**9,329**
YoY gr. (%)	*(11.4)*	*(28.5)*	*109.0*	*43.4*
Margin (%)	*5.2*	*3.5*	*6.1*	*8.0*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,352	3,112	6,504	9,329
Equity Shares O/s (m)	**378**	**378**	**378**	**378**
EPS (Rs)	**11.5**	**8.2**	**17.2**	**24.7**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	**45,478**	**50,478**	**56,478**	**62,478**
Tangibles	45,478	50,478	56,478	62,478
Intangibles	-	-	-	-
Acc: Dep / Amortization	**10,001**	**13,744**	**17,787**	**22,130**
Tangibles	10,001	13,744	17,787	22,130
Intangibles	-	-	-	-
Net fixed assets	**35,476**	**36,733**	**38,691**	**40,348**
Tangibles	35,476	36,733	38,691	40,348
Intangibles	-	-	-	-
Capital Work In Progress	29,362	29,362	29,362	29,362
Goodwill	6,068	6,068	6,068	6,068
Non-Current Investments	5,663	5,360	6,493	7,064
Net Deferred tax assets	(2,892)	(2,892)	(2,892)	(2,892)
Other Non-Current Assets	3,406	4,430	4,808	4,998
Current Assets				
Investments	-	-	-	-
Inventories	12,682	11,832	14,158	14,905
Trade receivables	17,937	20,630	25,027	27,242
Cash & Bank Balance	3,185	1,659	524	481
Other Current Assets	3,435	4,429	5,373	5,849
Total Assets	**1,17,219**	**1,20,509**	**1,30,509**	**1,36,321**
Equity				
Equity Share Capital	378	378	378	378
Other Equity	36,597	37,633	42,061	49,314
Total Networth	**36,974**	**38,010**	**42,439**	**49,692**
Non-Current Liabilities				
Long Term borrowings	36,469	37,000	36,500	32,000
Provisions	224	89	107	117
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	17,331	14,000	14,000	14,000
Trade payables	15,947	21,843	26,499	28,844
Other current liabilities	5,689	4,785	5,805	6,319
Total Equity & Liabilities	**1,17,219**	**1,20,509**	**1,30,509**	**1,36,321**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	5,771	3,940	8,233	11,809
Add. Depreciation	3,457	3,743	4,043	4,343
Add. Interest	4,609	4,454	4,060	3,619
Less Financial Other Income	474	532	645	702
Add. Other	(382)	-	-	-
Op. profit before WC changes	13,455	12,136	16,336	19,771
Net Changes-WC	(4,075)	1,495	(3,106)	(1,140)
Direct tax	(1,780)	(827)	(1,729)	(2,480)
Net cash from Op. activities	**7,600**	**12,804**	**11,501**	**16,151**
Capital expenditures	53,025	(5,000)	(6,000)	(6,000)
Interest / Dividend Income	194	-	-	-
Others	(60,122)	-	-	-
Net Cash from Invt. activities	**(6,903)**	**(5,000)**	**(6,000)**	**(6,000)**
Issue of share cap. / premium	-	-	-	-
Debt changes	(33,856)	(2,800)	(500)	(4,500)
Dividend paid	(2,076)	(2,076)	(2,076)	(2,076)
Interest paid	(4,751)	(4,454)	(4,060)	(3,619)
Others	38,923	-	-	-
Net cash from Fin. activities	**(1,759)**	**(9,330)**	**(6,636)**	**(10,195)**
Net change in cash	**(1,063)**	**(1,526)**	**(1,135)**	**(44)**
Free Cash Flow	(139)	7,804	5,501	10,151

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	**20,100**	**20,875**	**21,141**	**21,636**
YoY gr. (%)	*21.3*	*8.2*	*(1.4)*	-
Raw Material Expenses	13,853	14,766	14,545	15,293
Gross Profit	6,247	6,109	6,595	6,343
Margin (%)	*31.1*	*29.3*	*31.2*	*29.3*
EBITDA	**3,173**	**2,977**	**3,191**	**2,662**
YoY gr. (%)	*13.8*	*(3.8)*	*(10.9)*	*(26.8)*
Margin (%)	*15.8*	*14.3*	*15.1*	*12.3*
Depreciation / Depletion	867	881	924	928
EBIT	**2,307**	**2,095**	**2,267**	**1,734**
Margin (%)	*11.5*	*10.0*	*10.7*	*8.0*
Net Interest	1,177	1,032	1,124	1,072
Other Income	111	198	58	121
Profit before Tax	**1,235**	**1,261**	**1,202**	**783**
Margin (%)	*6.1*	*6.0*	*5.7*	*3.6*
Total Tax	304	259	261	166
Effective tax rate (%)	*24.6*	*20.6*	*21.7*	*21.2*
Profit after Tax	**931**	**1,002**	**941**	**617**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**936**	**1,002**	**941**	**617**
YoY gr. (%)	*(36.7)*	*(9.7)*	*(20.2)*	*(50.0)*
Margin (%)	*4.7*	*4.8*	*4.5*	*2.9*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**936**	**1,002**	**941**	**617**
YoY gr. (%)	*(36.7)*	*(9.7)*	*(20.2)*	*(50.0)*
Margin (%)	*4.7*	*4.8*	*4.5*	*2.9*
Other Comprehensive Income	(507)	430	342	(148)
Total Comprehensive Income	**430**	**1,432**	**1,283**	**470**
Avg. Shares O/s (m)	378	378	378	378
EPS (Rs)	**2.5**	**2.7**	**2.5**	**1.6**

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	11.5	8.2	17.2	24.7
CEPS	20.7	18.2	27.9	36.2
BVPS	97.9	100.7	112.4	131.6
FCF	(0.4)	20.7	14.6	26.9
DPS	5.5	5.5	5.5	5.5
Return Ratio(%)				
RoCE	12.1	9.3	13.5	16.3
ROIC	9.1	7.1	10.2	12.4
RoE	12.5	8.3	16.1	20.2
Balance Sheet				
Net Debt : Equity (x)	1.4	1.3	1.2	0.9
Net Working Capital (Days)	88	65	65	65
Valuation(x)				
PER	31.5	44.1	21.1	14.7
P/B	3.7	3.6	3.2	2.8
P/CEPS	17.6	20.0	13.0	10.0
EV/EBITDA	14.1	16.1	11.9	9.6
EV/Sales	2.2	2.1	1.7	1.6
Dividend Yield (%)	1.5	1.5	1.5	1.5

Source: Company Data, PL Research

Price Chart

Recommendation History

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

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	P.I. Industries	Hold	3,631	3,630
2	PCBL Chemical	BUY	474	378

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

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