PRIVATE CLIENT GROUP | kotak Securities

Dated: 20th Oct 2025

PCBL CHEMICAL LTD (PCBL) - BUY

Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs. 362	**Rs. 452**

Rationale:

- A weak Q2FY26, as external headwinds and pricing pressure weighed on profitability.
- Net sales remained flat YoY and rose 2.3% QoQ, coming in ~7% below our estimates.
- Aquapharm reported revenue of Rs 395 crore with EBITDA of Rs 48 crore, up 9% QoQ.
- Management guided for visible margin improvement from Q3FY26.
- Near-term visibility remains limited, but long-term growth drivers remain intact.
- We expect meaningful earnings recovery only from FY28E-FY29E as new capacities and next-gen products scale up.
- Maintain BUY; revised FV of Rs 452 (Rs 470 earlier), valuing at 24x FY28E EPS of Rs 19.2.

(EPS-Earnings Per Share; EBITDA- Earnings Before Interest, Taxes, Depreciation, and Amortization; KT-Kilo Ton; MW-Megawatts)

Positives:

- Carbon black volumes grew 8.8% YoY and 5% QoQ, aided by strong exports.
- The power segment was a bright spot, delivering ~32% YoY revenue growth.
- Integration across Aquapharm's verticals is progressing well.
- 20,000 tpa specialty black line at Mundra preponed to March 2026.
- Strong operating cash flows from FY27E should aid deleveraging.

Negatives:

- EBITDA fell 26.8% YoY and 16.6% QoQ to Rs 266 crore, with margins contracting to 12.3%.
- The drag stemmed from the carbon black segment, which faced a combination of US tariff impact, GST-led pricing disruption in India, and subdued global demand.
- Blended realisations in Q2 came in at Rs ~134k per tonne (-2.5% down QoQ, -8% yoy).

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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