

PCBL (PCBL) - ADD

Result Update

Current Market Price (CMP)

Rs. 394

Fair Value (FV)

Rs. 452

Rationale:

- PCBL reported a muted Q1FY26 performance, with net sales down 1.3% YoY to Rs 2,114 cr.
- Pricing pressure, external disruptions, and temporary headwinds in Aquapharm.
- Aquapharm posted revenue of Rs 382 cr and EBITDA of Rs 50 cr.
- Near-term challenges; leveraged balance sheet, strong cash flows should aid deleveraging.
- Positive on long-term outlook; Retain ADD with a FV based on a 24x FY27E EPS of Rs 18.8.

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

Q1FY26 Earnings Update:

Positives:

- The power segment was the key positive, with ~34% QoQ revenue growth.
- Integration across Aquapharm's three verticals is underway to unlock synergies.
- Expansion plans progressing as scheduled—Phase 1 of the Chennai carbon black plant (30KT) has commenced, with Phase 2 (60KT + 12MW) expected by FY26-end.
- Chennai phase 1 commissioned; phase 2 and greenfield Andhra Pradesh project on track.
- Strong cash flows from FY27E expected to support deleveraging & future investments.

Negatives:

- Margin pressure and weak domestic demand pose near-term challenges.
- EBITDA declined 12% YoY to Rs 325 crore.

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For detailed report dated 25 July 2025. Note: CMP & valuation may differ due to difference in dates.



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