

PCBL Chemical | HOLD

FY30 EBITDA target seems ambitious; maintain HOLD

On its Investors Day, PCBL's management gave insights on its aspirations to grow EBITDA to INR 40bn in the next 5 years (from ~INR 14bn in FY25). As per the company, this is likely to be majorly driven by its EV battery chemicals business, not excluding the Kinaltek minority share (PCBL holds ~51% stake in the JV). Of the incremental EBITDA by FY30E, ~55% is expected to be contributed by nano-silicons, acetylene black and superconductive grades while the rest is expected from its investments in carbon black and Aquapharm capacities. This implies an EBITDA CAGR of ~25% over FY25-30E. However, on account of recent issues in its carbon black business, the company has not been able to deliver on volume and margins at the same time. Also, it has struggled to meet its guidance in the Aquapharm business since its acquisition. Further, the EV battery landscape is ever-changing and the company's products are yet to be proven in the market. As a result, we are building in ~11% EBITDA CAGR over FY25-28E (considering 51% stake in the JV). Hence, we maintain HOLD, keeping our estimates and SoTP-based Sep'26 TP of INR 430/share unchanged.

- **Carbon black, Aquapharm issues likely to impede ~INR 12bn incremental EBITDA target:** Management said growth in carbon black capacity and volume, ramp-up in Aquapharm, and cost-optimisation measures are expected to deliver an incremental ~INR 12bn EBITDA by FY30 (over FY25) (refer **Exhibit 1**). However, this would be challenging as PCBL has not been able to deliver on carbon black volume and profitability at the same time in recent quarters due to Russian dumping. Hence, although carbon black volume is likely to be robust, going ahead, profitability might not improve. For Aquapharm, PCBL plans to increase utilisation and move to high-end applications to reach INR 45-50/kg EBITDA by FY30 (vs. INR ~20/kg in FY25). Again, this would be a big task as it has struggled to scale up Aquapharm volumes and improve per kg EBITDA since its acquisition.
- **Battery chemicals incremental EBITDA target of ~INR 14bn faced with uncertainties:** The company anticipates ~INR 14bn incremental EBITDA by FY30 (over FY25) from nano-silicon, acetylene black, and superconductive grades (refer **Exhibit 1**), largely driven by the scale-up of nano-silicon volume as the pilot plant is expected to be commissioned soon, with commercial-scale capacity to follow after that. The company's estimates includes the minority portion in Kinaltek JV where it has a ~51% stake and is consolidating it fully in its numbers. Considering the recent uncertainty in the EV battery industry and with its products yet to be proven in the market, ~INR 14bn incremental EBITDA, including the Kinaltek minority portion, would be difficult to achieve, in our view.
- **Estimate ~22% EPS CAGR over FY25-28E; maintain HOLD:** PCBL is targeting ~24% EBITDA margin by FY30 (vs. ~16.5% in FY25) (refer **Exhibit 2**) driven by increasing carbon black volume, positive operating leverage in Aquapharm, and high-margin products in battery chemicals business, which implies an EBITDA CAGR of ~25% over FY25-30E. However, due to multiple challenges across segments as explained above, we are building in ~11%/22% EBITDA/EPS CAGR over FY25-28E. We maintain our HOLD stance on the name with an unchanged SoTP-based Sep'26 TP of INR 430/share.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	64,198	84,043	91,983	103,944	113,915
Sales Growth (%)	11.2	30.9	9.4	13.0	9.6
EBITDA	10,373	13,368	14,349	16,547	18,105
EBITDA Margin (%)	16.2	15.9	15.6	15.9	15.9
Adjusted Net Profit	4,911	4,347	5,455	6,954	7,910
Diluted EPS (INR)	13.0	11.5	14.4	18.4	21.0
Diluted EPS Growth (%)	11.1	-11.5	25.5	27.5	13.8
ROIC (%)	10.5	9.1	9.3	10.4	10.8
ROE (%)	16.2	12.5	14.1	16.2	16.4
P/E (x)	29.6	33.4	26.6	20.9	19.4
P/B (x)	4.5	3.9	3.6	3.2	3.0
EV/EBITDA (x)	18.3	14.6	13.6	11.8	11.2
Dividend Yield (%)	1.4	1.4	1.4	1.4	1.4

Source: Company data, JM Financial. Note: Valuations as of 08/Sep/2025



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Recommendation and Price Target

Current Reco.	HOLD
Previous Reco.	HOLD
Current Price Target (12M)	430
Upside/(Downside)	11.8%
Previous Price Target	430
Change	0.0%

Key Data – PCBL IN

Current Market Price	INR385
Market cap (bn)	INR145.3/US\$1.6
Free Float	46%
Shares in issue (mn)	377.5
Diluted share (mn)	377.5
3-mon avg daily val (mn)	INR524.7/US\$5.9
52-week range	585/331
Sensex/Nifty	80,787/24,773
INR/US\$	88.3

Price Performance

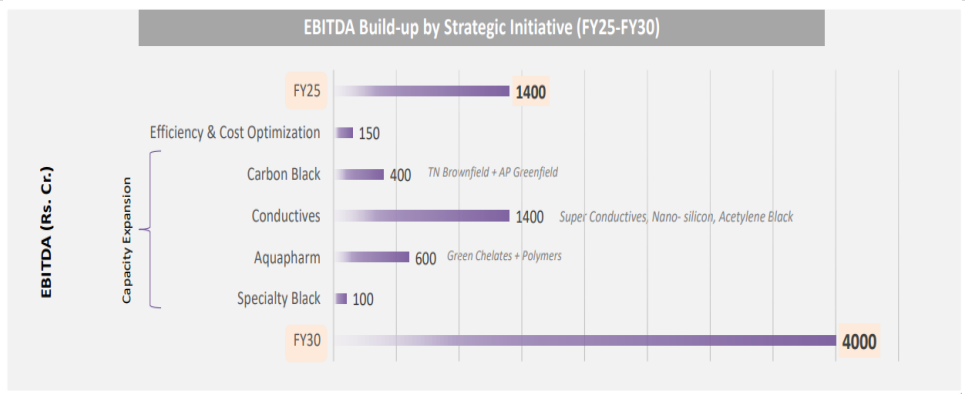
%	1M	6M	12M
Absolute	2.4	-1.5	-19.3
Relative*	1.2	-9.4	-18.5

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha






Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Target EBITDA of INR 40bn by FY30E



Source: Company

Exhibit 2. Target EBITDA margin of 24% and net debt to EBITDA ratio of <1x by FY30

	FY25	2030
 Revenue (Rs. Cr.)	8,400	16,000
 Share of Specialty Chemicals (in Revenue)	28%	45%
 EBITDA Margin	16.5%	24%
 Share of Specialty Chemicals (in EBITDA)	28%	63%
 Gearing: Net Debt to EBITDA	3.6x	<1x

Source: Company

Key assumptions and estimates

Exhibit 3. PCBL's key assumptions

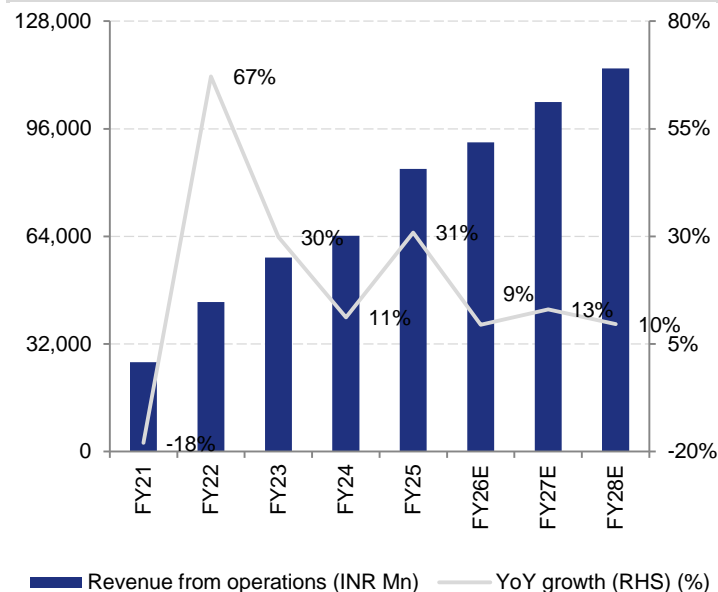
	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Carbon black												
Sales volume (MT)	402,069	403,423	406,791	389,261	454,187	445,184	531,850	596,262	635,360	682,825	738,500	808,500
Brent (USD/bbl)	57.6	70.2	60.9	44.7	80.0	95.4	83.0	78.0	80.0	80.0	80.0	80.0
EBITDA/MT (USD)	105	193	127	154	159	164	191	191	185	185	185	185
EBITDA/kg (USD) as % of brent	0.18%	0.27%	0.21%	0.34%	0.20%	0.17%	0.23%	0.24%	0.23%	0.23%	0.23%	0.23%
EBITDA/kg (INR)	7	12	9	11	12	13	16	16	16	16	16	16
Aquapharm												
Sales volume (MT)							91,000	95,806	117,600	145,600	159,600	168,000
Sales price (INR/kg)								148	156	163	167	170
EBITDA margin (%)								12.9%	15.0%	16.0%	16.0%	16.0%
EBITDA/kg (INR)								19	23	26	27	27
Kinaltek JV												
Sales volume (MT)										250	1,200	2,100
Sales price (USD/kg)										100	100	100
EBITDA/kg (USD) (PCBL's share)										13	13	13

Source: Company, JM Financial; Note: Our per kg EBITDA is based on carbon black EBIT + unallocable + depreciation (taken from annual report). This is divided by carbon black volumes

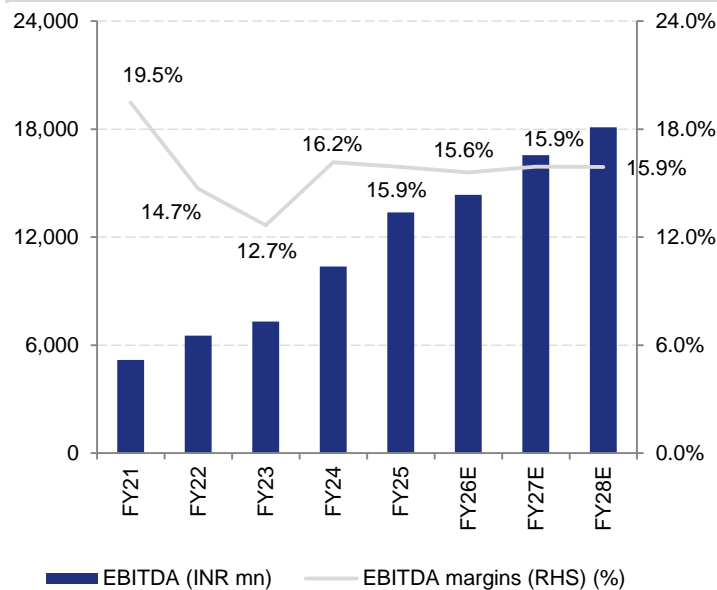
Exhibit 4. PCBL's segmental EBITDA break-up

INR mn	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY29E
Carbon black	2,822	5,013	3,653	4,312	5,387	5,883	8,395	9,642	10,015	10,870	11,874	13,130
Power	1,208	1,322	1,222	960	1,248	1,673	2,029	2,279	2,515	2,824	2,902	2,980
Aquapharm	0	0	0	0	0	0	40	1,830	2,745	3,806	4,256	4,569
Kinaltek JV (PCBL's share)	0	0	0	0	0	0	0	0	0	269	1,304	2,304
Unallocable	261	174	235	92	105	243	90	384	926	954	927	1,143
Total	3,768	6,162	4,641	5,180	6,530	7,312	10,373	13,368	14,349	16,816	19,408	21,840

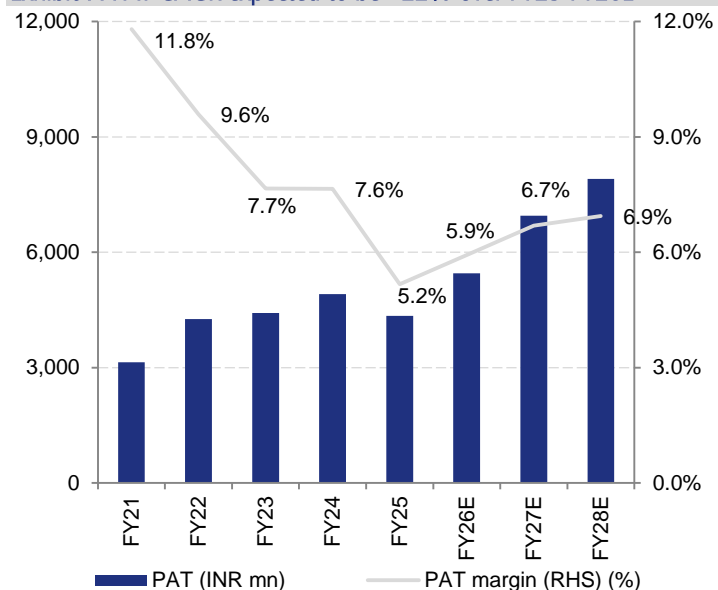
Source: Company, JM Financial

Exhibit 5. PCBL's revenue is expected to show ~11% CAGR over FY25-28E...

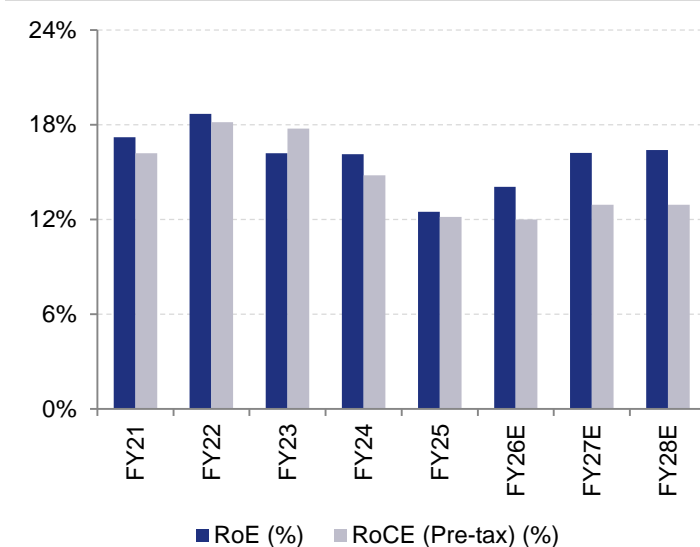
Source: Company, JM Financial

Exhibit 6. ...while EBITDA also is to rise by ~11% CAGR over FY25-28E

Source: Company, JM Financial

Exhibit 7. PAT CAGR expected to be ~22% over FY25-FY28E

Source: Company, JM Financial

Exhibit 8. RoCE (pre-tax) expected to improve to 13% while RoE is expected to improve to 16% by FY28E

Source: Company, JM Financial

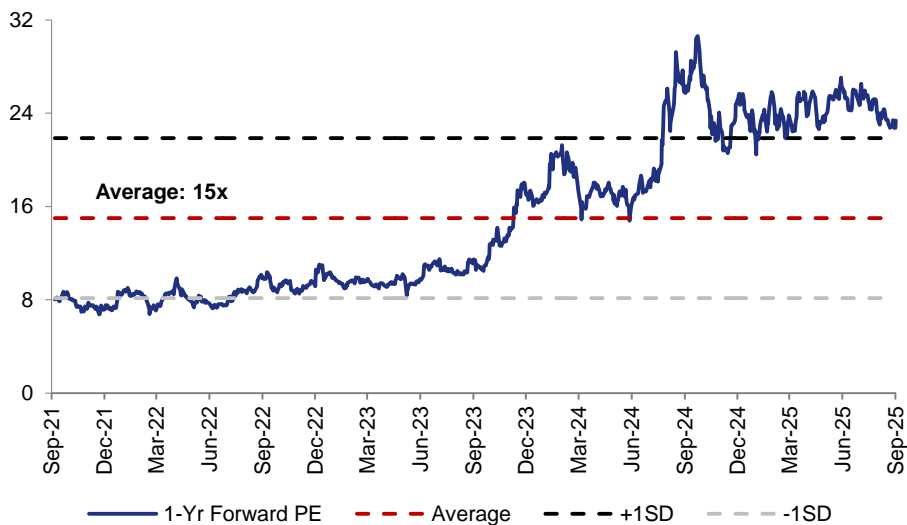
Valuation

Exhibit 9. Our Sep'26 TP for PCBL stands at INR 430/share

		EBITDA (INR mn)	Multiple (x)	Valuation (INR mn)	Value per share (INR)
Segments	Valuation methodology				
Carbon black (A)	8x FY29E EBITDA discounted to Sep'27	13,130	8	83,072	220
Power (B)	5x FY29E EBITDA discounted to Sep'27	2,980	5	11,410	30
Aquapharm (C')	15x FY29E EBITDA discounted to Sep'27	4,569	15	55,156	146
Kinaltek JV (considering PCBL's stake)	25x FY29E EBITDA discounted to Sep'27	2,304	25	47,191	125
Enterprise value (A) + (B) + (C') + (D)				1,96,830	521
Less: Net Debt/(cash)	Mar'29E net debt discounted to Sep'26			33,994	90
Equity value				1,62,836	430
Sep'27E consolidated EPS		-	-		20
Implied P/E multiple (x)		-	-		22

Source: JM Financial

Exhibit 10. PCBL is currently trading at ~23x 1-year forward consensus P/E multiple



Source: Bloomberg, JM Financial

Exhibit 11. Chemical companies peer valuation

Company	Rating	CMP (INR)	TP (INR)	P/E (x)				P/B (x)				EV/EBITDA (x)				ROE (%)			
				FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
SRF	BUY	2,889	3,510	68.4	43.9	32.2	30.3	6.8	6.0	5.2	4.6	32.8	24.8	19.2	16.9	10.4	14.5	17.3	16.1
PI Industries	HOLD	3,692	3,920	33.9	33.3	29.7	26.4	5.5	4.8	4.2	3.7	24.1	21.9	19.4	17.1	17.5	15.5	15.2	15.0
Deepak Nitrite	BUY	1,745	2,265	34.2	30.1	24.1	22.8	4.4	3.9	3.4	3.0	22.3	20.1	15.9	14.8	13.6	13.7	15.0	14.0
Clean Science	BUY	1,191	1,780	47.8	38.1	29.6	23.8	8.9	7.3	5.9	4.7	31.7	26.7	20.3	16.1	20.2	21.0	21.9	22.0
Fine Organic	SELL	4,843	4,070	36.2	37.1	37.3	34.0	6.5	5.7	5.0	4.5	27.1	27.5	25.4	21.6	19.5	16.3	14.3	14.0
Galaxy Surfactants	HOLD	2,346	2,515	27.3	25.1	23.0	21.7	3.5	3.2	3.0	2.7	16.4	15.2	13.9	12.8	13.4	13.5	13.6	13.2
PCBL Chemical	HOLD	385	430	33.4	26.6	20.9	18.4	3.9	3.6	3.2	2.8	14.6	13.6	11.8	10.7	12.5	14.1	16.2	16.4
Aether Industries	BUY	740	1,030	57.8	49.5	32.8	25.0	4.4	4.0	3.6	3.1	40.6	29.5	22.2	16.9	7.9	8.5	11.5	13.4
Acutaas Chemicals	BUY	1,468	1,500	74.9	50.8	38.6	31.7	9.2	7.9	6.6	5.5	50.8	35.3	26.6	21.6	16.2	16.7	18.6	19.0
Anupam Rasayan	SELL	1,084	680	127.7	97.2	58.4	40.6	4.2	3.8	3.5	3.2	33.2	26.7	21.5	17.6	3.3	4.1	6.3	8.3
Archean Chemicals	HOLD	691	635	42.2	28.9	18.3	14.3	4.6	4.0	3.3	2.7	26.9	18.4	12.1	9.2	11.3	14.8	19.9	21.1
Tatva Chintan Pharma Chem	SELL	983	535	402.3	86.9	63.0	50.3	3.1	3.0	2.9	2.7	67.8	33.2	25.7	22.2	0.8	3.5	4.7	5.6
Paradeep Phosphates	SELL	185	175	27.2	18.2	15.9	15.6	3.7	3.1	2.6	2.2	14.7	10.8	9.6	9.1	14.4	18.4	17.6	15.2
Gujarat Fluorochemicals	HOLD	3,368	3,645	67.9	51.4	38.8	33.1	5.1	4.7	4.2	3.7	33.3	25.8	20.0	17.0	8.3	9.5	11.4	11.9

Source: Companies, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	64,198	84,043	91,983	103,944	113,915
Sales Growth	11.2%	30.9%	9.4%	13.0%	9.6%
Other Operating Income	0	0	0	0	0
Total Revenue	64,198	84,043	91,983	103,944	113,915
Cost of Goods Sold/Op. Exp	44,658	58,095	64,388	72,657	79,399
Personnel Cost	2,504	4,128	4,541	4,904	5,297
Other Expenses	6,662	8,451	8,705	9,836	11,115
EBITDA	10,373	13,368	14,349	16,547	18,105
EBITDA Margin	16.2%	15.9%	15.6%	15.9%	15.9%
EBITDA Growth	41.9%	28.9%	7.3%	15.3%	9.4%
Depn. & Amort.	2,173	3,457	3,573	3,928	4,296
EBIT	8,201	9,911	10,776	12,618	13,809
Other Income	370	474	558	468	372
Finance Cost	1,808	4,609	4,157	3,937	3,772
PBT before Excep. & Forex	6,763	5,776	7,177	9,149	10,408
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	6,763	5,776	7,177	9,149	10,408
Taxes	1,852	1,424	1,722	2,196	2,498
Extraordinary Inc./Loss(-)	0	-5	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	4,911	4,347	5,455	6,954	7,910
Adjusted Net Profit	4,911	4,347	5,455	6,954	7,910
Net Margin	7.6%	5.2%	5.9%	6.7%	6.9%
Diluted Share Cap. (mn)	377.5	377.5	377.5	377.5	377.5
Diluted EPS (INR)	13.0	11.5	14.4	18.4	21.0
Diluted EPS Growth	11.1%	-11.5%	25.5%	27.5%	13.8%
Total Dividend + Tax	2,076	2,076	2,076	2,076	2,076
Dividend Per Share (INR)	5.5	5.5	5.5	5.5	5.5

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	32,467	36,974	40,353	45,230	51,064
Share Capital	378	378	378	378	378
Reserves & Surplus	32,089	36,597	39,975	44,852	50,686
Preference Share Capital	0	0	0	0	0
Minority Interest	37	117	117	117	117
Total Loans	48,197	53,800	52,800	51,800	50,300
Def. Tax Liab. / Assets (-)	8,710	2,892	2,892	2,892	2,892
Total - Equity & Liab.	89,411	93,783	96,162	100,039	104,373
Net Fixed Assets	59,908	64,862	68,289	71,861	75,065
Gross Fixed Assets	42,269	47,714	54,714	62,214	69,714
Intangible Assets	21,707	21,707	21,707	21,707	21,707
Less: Depn. & Amort.	8,399	11,855	15,428	19,357	23,653
Capital WIP	4,330	7,296	7,296	7,296	7,296
Investments	1,094	706	706	706	706
Current Assets	51,953	51,650	60,474	64,137	68,066
Inventories	9,993	12,682	15,120	17,087	18,726
Sundry Debtors	17,102	17,937	24,504	27,691	30,347
Cash & Bank Balances	3,123	3,185	3,003	1,514	1,147
Loans & Advances	6	6	5	5	5
Other Current Assets	21,728	17,841	17,841	17,841	17,841
Current Liab. & Prov.	23,543	23,436	33,308	36,665	39,464
Current Liabilities	19,730	17,523	27,395	30,752	33,551
Provisions & Others	3,814	5,913	5,913	5,913	5,913
Net Current Assets	28,409	28,215	27,166	27,472	28,602
Total - Assets	89,411	93,783	96,162	100,039	104,373

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	6,763	5,776	7,177	9,149	10,408
Depn. & Amort.	2,173	3,457	3,573	3,928	4,296
Net Interest Exp. / Inc. (-)	1,808	4,609	4,157	3,937	3,772
Inc (-) / Dec in WCap.	2,919	-4,075	866	-1,795	-1,497
Others	-453	-382	0	0	0
Taxes Paid	-2,156	-1,780	-1,722	-2,196	-2,498
Operating Cash Flow	11,054	7,605	14,051	13,023	14,482
Capex	-5,358	-7,738	-7,000	-7,500	-7,500
Free Cash Flow	5,697	-133	7,051	5,523	6,982
Inc (-) / Dec in Investments	144	524	1	0	0
Others	-36,927	311	0	0	0
Investing Cash Flow	-42,141	-6,903	-7,000	-7,500	-7,500
Inc / Dec (-) in Capital	0	41	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	37,803	5,540	-1,000	-1,000	-1,500
Others	-3,995	-6,221	-6,234	-6,013	-5,849
Financing Cash Flow	33,808	-639	-7,234	-7,013	-7,349
Inc / Dec (-) in Cash	2,721	62	-182	-1,490	-367
Opening Cash Balance	402	3,123	3,185	3,003	1,514
Closing Cash Balance	3,123	3,185	3,003	1,514	1,147

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	7.6%	5.2%	5.9%	6.7%	6.9%
Asset Turnover (x)	1.0	0.9	1.0	1.0	1.1
Leverage Factor (x)	2.2	2.7	2.5	2.3	2.2
RoE	16.2%	12.5%	14.1%	16.2%	16.4%

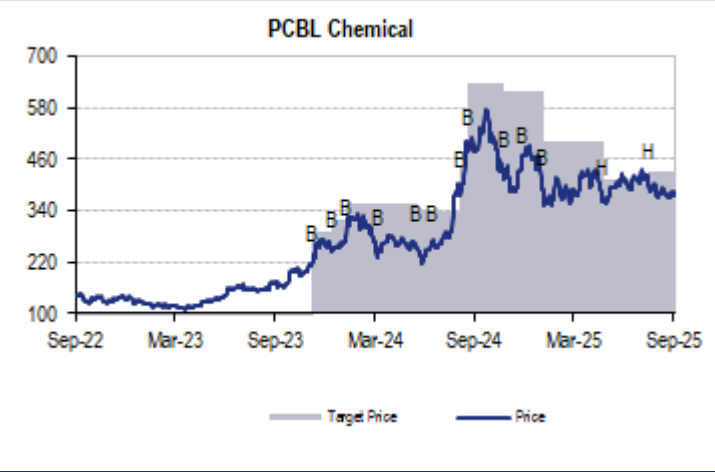
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	86.0	97.9	106.9	119.8	135.3
ROIC	10.5%	9.1%	9.3%	10.4%	10.8%
ROE	16.2%	12.5%	14.1%	16.2%	16.4%
Net Debt/Equity (x)	1.4	1.3	1.2	1.1	0.9
P/E (x)	29.6	33.4	26.6	20.9	19.4
P/B (x)	4.5	3.9	3.6	3.2	3.0
EV/EBITDA (x)	18.3	14.6	13.6	11.8	11.2
EV/Sales (x)	3.0	2.3	2.1	1.9	1.8
Debtor days	97	78	97	97	97
Inventory days	57	55	60	60	60
Creditor days	122	82	121	122	122

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
15-Nov-23	Buy	290	
21-Dec-23	Buy	320	10.2
15-Jan-24	Buy	355	11.0
14-Mar-24	Buy	355	0.0
23-May-24	Buy	335	-5.4
20-Jun-24	Buy	335	0.0
12-Aug-24	Buy	445	32.8
26-Aug-24	Buy	635	42.7
30-Oct-24	Buy	620	-2.4
4-Dec-24	Buy	620	0.0
11-Jan-25	Buy	500	-19.3
29-Apr-25	Hold	410	-18.0
23-Jul-25	Hold	430	4.9

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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