PCBL Chemical Limited

September 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1,325.00 (Reduced from 1,600.00)	CARE AA; Stable	Reaffirmed
Long-term / Short-term bank facilities	3,815.00 (Reduced from 3,900.00)	CARE AA; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	100.00	CARE A1+	Reaffirmed
Non-convertible debentures	700.00	CARE AA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities/instruments of PCBL Chemical Limited (PCBL; erstwhile PCBL Limited) continue to draw comfort from PCBL's leadership position in domestic carbon black (CB) industry with satisfactory track record of operations, financial flexibility from being a part of established RP-Sanjiv Goenka (RPSG) group, strategic location of plants, geographically-diversified sales with strong presence in export market, and steady source of revenue from power segment.

Ratings take into cognisance the diversification of PCBL's existing product portfolio to specialty chemicals business, with wider geographical reach, following the acquisition of 100% equity stake in erstwhile Aquapharm Chemicals Pvt Limited (ACPL). The acquisition was majorly debt funded by PCBL, and its wholly owned subsidiary PCBL (TN) Limited (PCBLTN; rated CARE AA-; Stable/CARE A1+). Though the negative rating sensitivity was triggered with total debt to profit before interest, lease rentals, depreciation and taxation (TD/PBILDT) above 4x as on March 31, 2025. However, it improved significantly from 5.07x as on March 31, 2024, to 4.33x as on March 31, 2025. Furthermore, comfort is drawn from PCBL's improved sales revenue in FY25 (refers to April 01 to March 31), enhanced capacity of CB and specialty black with recent completion of large capex and benefits from operational efficiencies, which are likely to result in superior financial performance going forward. Ratings derive further comfort from issue of convertible warrants of ₹448 crore to the promoters in FY25, of which balance ₹336 crore is expected to be received by November 2025.

However, ratings are constrained by subdued financial performance of recently acquired business of ACPL due to demand slowdown in the US and Europe. Improvement in financial performance of Aquapharm Chemicals Ltd (ACL) shall remain a key rating monitorable. PCBL continues to remain exposed to the risk of volatility in raw material and finished goods prices and exposure to foreign exchange fluctuation risk given the significant dependence on imported raw material. Ratings are further tempered by cyclicality due to significant dependence on fortunes of tyre industry and threat of CB's imports.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained increase in scale of operations, return indicators and business cash flows through higher share of speciality CB with continued comfortable debt protection metrics.

Negative factors

- TD/PBILDT above 4x on a sustained basis.
- Any sharp deviation in envisaged sales volumes or contribution having a significant bearing on the company's performance.
- Any regulatory change having the potential to materially impact the company's performance.

Analytical approach: Consolidated

For arriving at the ratings, CARE Ratings Limited (CareEdge Ratings) has taken a consolidated approach of PCBL with its subsidiaries due to strong operational and financial linkages between them. The list of companies being consolidated is given in Annexure-6.

Outlook: Stable

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

The 'Stable' outlook reflects that PCBL is likely to maintain its dominant market position with favourable demand scenario shall enable it to sustain its healthy business risk profile over the medium term. PCBL is also likely to benefit from its diversified product portfolio into specialty chemicals.

Detailed description of key rating drivers:

Key strengths

Leadership position in the domestic CB segment and diversification in specialty chemicals business

PCBL commenced its operations from 1962 and achieved leadership position in domestic CB industry with its installed capacity gradually increasing from 14,000 million tonne per annum (MTPA) to 790,000 MTPA. It established a strong relationship with customers.

ACL enjoys a strong market position in manufacturing specialty water treatment solutions such as phosphonates, chemicals used in oil and gas sector, and polymer catering to reputed global customers across diverse end-markets. ACL's acquisition led to diversification of PCBL's product portfolio into specialty chemicals business, with wider geographical reach.

PCBL entered a joint venture (JV) with Australia-based Kindia Private Limited (Kindia) in September 2024, with 51% stake in the JV company Nanovace Technologies Limited. The JV company shall own intellectual properties of nano-silicon based products for battery applications. PCBL infused US$ 16.5 million (mn) in the JV company with plans for further infusion of upto US$ 28 mn over two years for setting up manufacturing facilities.

Strong presence in export markets

PCBL is CB's largest exporter from India having presence in over 45 countries, though majority exports are to south-east Asian countries. In terms of volume, share of exports was ~37% in FY25 against ~35% in FY24. PCBL earns ~5%-7% of its revenue from exports to the US, which is now subject to a higher tariff. In July 2025, PCBL incorporated a wholly-owned US subsidiary—PCBL Chemical USA Inc, as a strategic move to navigate trade barriers and retain market access amid increasing uncertainties.

Healthy financial performance in FY25 and Q1FY26 despite subdued performance of ACL

In FY25, PCBL achieved growth in total operating income (TOI) by ~30%, mainly because of added sales revenue from ACL (acquired in FY24), with growth in sales volume of CB and speciality black (~12%) supported by enhanced capacity. Growth in turnover was also driven by increase in revenue from power segment by 17% y-o-y. CB's PBILDT/tonne in FY25 slightly decreased compared to FY24 because of the increase in raw material prices, despite the increase in sales of CB, leading to lower operating margins y-o-y.

With a large proportion of CB sales being made to tyre companies (~60% in FY25) where the pricing is formula driven and linked to movement in raw material prices, the company has been able to pass on increase in input prices to a large extent. Increase in sales of specialty CB, which is a value-added product and commanding higher margin has contributed to the increase in spread. Financial performance of ACL's recently acquired business remained muted over the last few quarters due to demand slowdown in the US and Europe. Improvement in ACL's financial performance shall remain a key rating monitorable.

Going forward, with stable demand outlook and benefits derived from operational efficiencies, CareEdge Ratings expects operating profitability to remain healthy.

Strategic location of the plants

PCBL's manufacturing units are situated in different parts of India, close to the ports (except Durgapur unit) and near major tyre manufacturing hubs which facilitates PCBL in optimising transportation cost. The project at Tamil Nadu also added to locational advantage as plants of major tyre companies are situated in southern India. ACL, a step-down subsidiary of PCBL, has two manufacturing units in Maharashtra, India and one each in Jeddah, Saudi Arabia, and Texas, USA, which gives it access to international markets, where ACL has strong presence.

Part of strong promoter group

PCBL is a part of RP-Sanjeev Goenka Group of Kolkata, which has interests across diverse business segments, such as power, CB, retail, education, BPO, media and entertainment, tea and rubber plantations and sports. The group's other major companies include CESC Limited (rated CARE AA; Negative/CARE A1+), Haldia Energy Limited (rated CARE AA-; Negative/CARE A1+), Saregama India Limited (rated CARE AA-; Stable/CARE A1+) and Noida Power Company Limited. Being part of a large and established group provides significant financial flexibility to PCBL.

Stable industry outlook

With significant capacity addition of CB, India is emerging as a manufacturing hub for the globe. Stagnant capacity addition in western markets and sanctions on Russian exports by EU provided significant export opportunity to Asian players. The major use of CB is in tyre segment (~60% in FY25 for PCBL) followed by other industrial uses. The demand outlook of tyre segment remains favourable and the tyre industry is seeing a revival in capex spend with significant capacity added recently. The demand from non-tyre segment is also expected to improve with increase in industrial applications of this.

Liquidity: Strong

The company's liquidity position remains strong, considering strong internal accruals due to financial obligations with free cash, bank and liquid investments of ₹385 crore as on March 31, 2025. The company allotted convertible warrants to Rainbow Investments Ltd, Quest Capital Markets Ltd and STEL holdings Ltd (promoter group entities) in FY25 for ₹280/share, where it raised ₹112 crore (25% of warrant price). The amount raised has been utilised towards debt repayment, working capital requirement and general corporate purposes in H1FY25. In FY26, PCBL has debt repayment obligation of ~₹610 crore which is expected to be easily met out of internal accruals and balance fund infusion of warrants.

Balance warrant issue proceed of ₹336 crore is expected to be received on or before November 08, 2025. This shall be utilised towards debt repayment (₹126 crore), working capital requirements (₹126 crore) and general corporate purpose (₹84 crore) providing significant liquidity comfort. PCBL's working capital limit utilisation stood at ~20% in 12 months ended May 2025. Apart from secured working capital limits of ₹3,000 crore, PCBL has access to unsecured limits of ₹1800 crore at standalone level from different lenders. However, it has a policy to restrict utilisation up to ₹3000 crore.

Key weaknesses

Moderate capital structure and debt protection metrics; despite improvement in FY25

PCBL's capital structure and debt protection metrics moderated due to debt funded acquisition in FY24. However, because of significant accretion of profits to reserves, there was improvement y-o-y in FY25. The company's overall gearing slightly improved from 1.61x as on March 31, 2024, to 1.57x as on March 31, 2025. Its total debt (TD)/PBILDT also improved to 4.33x as on March 31, 2025, from 5.07x as on March 31, 2024. With scheduled repayment of debt and incremental PBILDT from new ventures, operational efficiencies, capacity expansion and higher share of specialty black, capital structure and debt coverage indicators are expected to improve going forward. Further, debt funded expansion/acquisition leading to the company's inability to improve TD/PBILDT below 4x on a sustained basis shall remain a key rating monitorable.

Profitability susceptible to raw material price volatility and foreign exchange fluctuations

Carbon Black Feedstock (CBFS) is the key raw material for CB, accounting for ~90%-95% of PCBL's material costs in FY25. CBFS is a derivative of crude oil refining having strong correlation with crude oil prices and exhibits volatility. However, a significant portion of PCBL's sales is to the tyre segment which operates per pricing formulae, reducing volatility in profits, if sales volumes are maintained. Although favourable demand-supply dynamics in CB industry is envisaged to benefit PCBL in the short-term, sustained high prices of crude oil leading to inflationary pressure could impact demand in the medium-term. PCBL sourced 90% of its raw material requirement (CBFS) through imports, whereas it exported ~37% of its gross sales in FY25. PCBL, being a net importer, is exposed to the risk of having foreign currency payable. However, exposure to volatility in profits considering foreign currency fluctuation is reduced to a certain extent as PCBL hedges most of its net forex exposure at all points of time as articulated by the company's management.

Dependence on fortunes of the cyclical tyre industry

Major portion of PCBL's revenue is from sale of CB to tyre manufacturers, aligned with overall application of CB produced across the globe. Over 60% of CB is used for tyre manufacturing. This leads to PCBL's dependence on fortunes of the tyre industry which depends on the cyclical auto industry. Tyre industry caters to original equipment manufacturers (OEMs) and replacement market. ~55% of the total tyre industry sales are to the replacement market which provides support in auto sector's cyclical downturn. Although degrowth in auto sales has the potential to impact the future replacement market.

PCBL has also been increasing its presence in specialty black range, which caters to diversified industries - paints, inks, and plastics among others. It operates research and development (R&D) centres in Palej (Gujarat) and Belgium where one of the objectives is to grow its portfolio in specialty black.

Inherent project risk associated with large-size ongoing projects

PCBL is increasing its capacity at Tamil Nadu by 90,000 MTPA with expansion of Green power production by 12 MW. It is projected to be done in two phases. First phase of 30,000 MTPA is to be commissioned by Q3FY26 while the second phase of 60,000 MTPA by H1FY27, at a total cost of ~₹450 crore. This shall be funded by a mix of debt and equity, which is yet to be finalised.
In addition, PCBL is adding a 1,000 MTPA line dedicated to superconductive specialty CB grades at Palej which is expected to be operational by the end of FY26. 4,000 MTPA acetylene black facility is planned at Mundra by FY27. ACL is implementing a capacity expansion project of 38,000 MTPA at a cost of ~₹220 crore. This is expected to be completed by FY26. The company remains exposed to pre and post-implementation risks associated with these projects. Sizeable planned capex apart from recently debt funded acquisition of ACL is expected to delay the meaningful improvement in its capital structure and debt coverage indicators in the near term.

Threat of CB's imports

Anti-dumping duty (ADD) had been imposed on CB's import (US$ 397/MT from China and US$ 36/MT from Russia) from November 2009 was removed in January 2021. As China accounts for a significant portion of the world's CB capacity and production, Chinese demand supply imbalance has the potential to impact market share and fortunes of domestic players. However, China majorly produces CB through carbon black oil (CBO)/ coal tar route, prices of which are higher than that of CBFS prices. Imports from Russia have also been impacted due to the ongoing geo-political situation in the region. European Union (EU) imposed ban on CB's import from Russia which came into effect from July 01, 2024, leading to higher opportunities for exports to Europe for other countries.

Environment, social, and governance (ESG) risks

	Risk factors
Environmental	1. Committed to environment sustainability across business operations to ensure recycling and responsible usage. 2. Zero Liquid Discharge (ZLD) compliant plants. 3. Recycling wastewater for utilisation in the process – 908 KLPD recycled water used in FY25. 4. Initiatives such as maximising heat recovery by different inline heat exchangers (APH, WHB & OPH) and other measures on energy efficiency, rainwater harvesting, plantation etc. 5. 23,000+ saplings planted in FY25.
Social	1. Risk-based training programmes to improve employee health and safety. 2. The company spent ₹12.18 crore in FY25 against its 2% obligation amounting to ₹12.18 crore, matching its CSR obligation.
Governance	1. No penalties, fines or strictures have been imposed on the company by Stock Exchange or SEBI or Statutory Authority on matter related to capital markets in the last three financial years. 2. The company carried out two risk management meetings in FY25. 3. Over 50% of the members on the board are independent.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Consolidation

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals and petrochemicals	Carbon black

PCBL was incorporated in 1960, and is engaged in manufacturing and sale of CB, which is mainly used in tyre and other rubber products. The company also produces specialty CB, which are used as pigmenting, UV stabilising and conductive agents in a variety of common and specialty products, including plastics, printing and packaging and coatings. It acquired 100% of the paidup and issued share capital of ACL, engaged in manufacturing specialty water treatment solutions such as phosphonates, chemicals used in oil and gas sector, and polymers, in FY24. PCBL is the largest producer of CB in the country and one of the largest players in the world, with an installed capacity of 678,000 MTPA of CB and 112,000 MTPA for speciality black. Its plants are at Durgapur (West Bengal), Mundra (Gujarat), Palej (Gujarat), Kochi (Kerala) and Chennai (Tamil Nadu). PCBL is managed under the stewardship of the Kolkata-based RP–SG group.

Consolidated Financials (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	6,467.85	8,457.74	2,114.05
PBILDT	1,037.05	1,336.78	319.05
PAT	491.11	434.67	94.10
Overall gearing (times)	1.61	1.57	NA
Interest coverage (times)	5.74	2.90	2.84

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non-convertible debentures		Proposed	market driven	Not yet placed	700.00	CARE AA; Stable
Fund-based - LT-Cash Credit		-	-	-	750.00	CARE AA; Stable
Fund-based - ST-Working Capital Demand loan		-	-	-	100.00	CARE A1+
Fund-based/Non-fund-based-LT/ST		-	-	-	1190.00	CARE AA; Stable / CARE A1+
Non-fund-based - LT/ ST-BG/LC		-	-	-	2050.00	CARE AA; Stable / CARE A1+
Non-fund-based - LT/ ST-BG/LC		-	-	-	575.00	CARE AA; Stable / CARE A1+
Term Loan-Long Term		-	-	January 2029	575.00	CARE AA; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	750.00	CARE AA; Stable	-	1)CARE AA; Stable (09-Oct-24)	1)CARE AA; Stable (23-Jan-24) 2)CARE AA (RWD) (07-Dec-23) 3)CARE AA; Stable (14-Sep-23) 4)CARE AA; Stable (07-Jul-23) 5)CARE AA; Stable (22-Jun-23)	1)CARE AA; Stable (05-Jul-22)
2	Non-fund-based - LT/ ST-BG/LC	LT/ST	2050.00	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (09-Oct-24)	1)CARE AA; Stable / CARE A1+ (23-Jan-24) 2)CARE AA / CARE A1+ (RWD) (07-Dec-23) 3)CARE AA; Stable / CARE A1+ (14-Sep-23)	1)CARE AA; Stable / CARE A1+ (05-Jul-22)

							4)CARE AA; Stable / CARE A1+ (07-Jul-23) 5)CARE AA; Stable / CARE A1+ (22-Jun-23)	
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	575.00	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (09-Oct-24)	1)CARE AA; Stable / CARE A1+ (23-Jan-24) 2)CARE AA / CARE A1+ (RWD) (07-Dec-23) 3)CARE AA; Stable / CARE A1+ (14-Sep-23) 4)CARE AA; Stable / CARE A1+ (07-Jul-23) 5)CARE AA; Stable / CARE A1+ (22-Jun-23)	1)CARE AA; Stable / CARE A1+ (05-Jul-22)
4	Fund-based/Non-fund-based-LT/ST	LT/ST	1190.00	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (09-Oct-24)	1)CARE AA; Stable / CARE A1+ (23-Jan-24) 2)CARE AA / CARE	-

							A1+ (RWD) (07-Dec-23) 3)CARE AA; Stable / CARE A1+ (14-Sep-23) 4)CARE AA; Stable / CARE A1+ (07-Jul-23)	
5	Fund-based - ST-Working Capital Demand loan	ST	100.00	CARE A1+	-	1)CARE A1+ (09-Oct-24)	1)CARE A1+ (23-Jan-24) 2)CARE A1+ (RWD) (07-Dec-23) 3)CARE A1+ (14-Sep-23)	-
6	Term Loan-Long Term	LT	575.00	CARE AA; Stable	-	1)CARE AA; Stable (09-Oct-24)	1)CARE AA; Stable (23-Jan-24)	-
7	Debentures-Non-convertible debentures	LT	700.00	CARE AA; Stable	-	1)CARE AA; Stable (09-Oct-24)	1)CARE AA; Stable (23-Jan-24)	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non-convertible debentures	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - ST-Working Capital Demand loan	Simple
4	Fund-based/Non-fund-based-LT/ST	Simple
5	Non-fund-based - LT/ ST-BG/LC	Simple
6	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Phillips Carbon Black Cyprus Holdings Ltd (PCBLCHL)	Full	Wholly owned subsidiary
2.	Phillips Carbon Black Vietnam Joint Stock Company	Full	Step-down subsidiary
3.	PCBL (TN) Ltd	Full	Wholly owned subsidiary
4.	PCBL Europe SRL	Full	Wholly owned subsidiary
5.	Aquapharm Chemical Limited (ACL)	Full	Wholly owned subsidiary
6.	Nanovace Technologies Limited	Full	Wholly owned subsidiary
7.	Aquapharm Chemicals LLC (ACLLC)	Full	Step-down subsidiary
8.	Aquapharm Europe B.V	Full	Step-down subsidiary
9.	Unique Solutions for Chemical Industry Company (USCIC)	Full	Step-down subsidiary
10.	Enersil Pty Ltd	Full	Step-down subsidiary
11.	Aquapharm Foundation	Full	Step-down subsidiary
12.	USCI LLC	Full	Step-down subsidiary
13.	Aquapharm PChem LLC	Full	Step-down subsidiary
14.	Aquapharm Speciality Chemicals LLC	Full	Step-down subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Ranjan Sharma Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3453 E-mail: Ranjan.sharma@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Hardik Manharbhai Shah Director **CARE Ratings Limited** Phone: +91-22-6754 3591 E-mail: hardik.shah@careedge.in Richa Bagaria Associate Director **CARE Ratings Limited** Phone: +91-33-4018 1653 E-mail: richa.jain@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information,
please visit www.careratings.com