

February 12, 2026

PCBL Chemical Limited (erstwhile PCBL Limited): Ratings reaffirmed; outlook revised to Negative

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term term loan	712.00	583.10	[ICRA]AA reaffirmed; outlook revised to Negative from Stable
Long term working capital term loan	480.00	480.00	[ICRA]AA reaffirmed; outlook revised to Negative from Stable
Unallocated limits	8.00	136.90	[ICRA]AA reaffirmed; outlook revised to Negative from Stable
Commercial paper	500.00	500.00	[ICRA]A1+; reaffirmed
NCD	700.00	700.00	[ICRA]AA reaffirmed; outlook revised to Negative from Stable
Total	2,400.00	2,400.00	

*Instrument details are provided in Annexure I

Rationale

The revision in the outlook on the long-term rating of PCBL Chemical Limited (PCBL) reflects the pressure on its profitability which in ICRA's view is likely to persist over the next few quarters. The profitability moderated primarily because of subdued carbon black realisations across both the domestic and international markets due to supply overhang and increased dumping. The subdued profitability in turn impacts the debt protection metrics, which are expected to remain muted, going forward. Additionally, the continued weak performance of Aquapharm Chemical Private Limited (ACPL) is expected to exert further pressure on the consolidated profitability and coverage indicators.

PCBL announced its Q3 FY2026 results on February 03, 2026 to the stock exchanges. PCBL's consolidated profitability moderated in 9M FY2026, with the operating profit margin (OPM) and net profit margin (NPM) declining to 13.1% and 2.6%, respectively, from 16.5% and 5.3%, respectively, in 9M FY2025. This was driven by lower carbon black realisations – in line with softened crude prices – and the adverse impact of US tariff measures. The EBITDA/MT also declined to Rs. 15,389/MT in 9M FY2026 from Rs. 20,415/MT in the corresponding period of the previous fiscal. Further, ACPL's profitability has remained subdued during 9M FY2026, thereby constraining PCBL's consolidated margins. The moderation in profitability has led to a deterioration in the key credit metrics, including the total debt/OPBDITA and DSCR, compared to the FY2025 levels.

The ratings derive comfort from the company's status as a leading player in the domestic carbon black (CB) industry and its growing presence in the international market and from being a part of the RP-Sanjiv Goenka Group, which gives it considerable financial flexibility because of its established relationships with banks. ICRA has also favourably factored in the equity infusion of Rs. 336 crore through the exercise of warrants in November 2025. The recently announced US-India trade deal and EU-FTA with India are also expected to help the company expand its international business.

The ratings also favourably factor in the increasing share of specialty black (SB) in the company's sales and its focus on research and development to introduce new CB grades and new products, which would strengthen its operating profile, going forward. Further, the company has increased the capacity of its Chennai plant by 60,000 MT which is expected to support its growth. The sale of surplus power generated from the company's captive power plants provides additional cushion to the profitability.

Advaya Chemical Industries Limited (ACIL, a wholly-owned subsidiary of PCBL) had acquired ACPL in January 2024. ACPL was amalgamated with ACIL effective from January 2025. In the long term, the acquisition is aimed at diversifying PCBL's product portfolio and, hence, reduce the cyclicity inherent in the carbon black business.

The ratings are also constrained by the inherent cyclicity of the business and the exposure of the company's margins to the adverse movement in crude oil prices as its major raw material is a crude oil derivative. The profitability and cash flows are also exposed to foreign exchange rate fluctuation risks, though the hedging policy mitigates these risks.

The company does not envisage any major capital expenditure in FY2027. However, it has major capex plan lined up over FY2028-FY2029 for its upcoming plant in Andhra Pradesh and investment in Nanovace, which is to be funded through a mix of debt and internal accruals. Additionally, the company has significant repayment obligations over the next two years. The company's ability to achieve meaningful improvement in profitability and a consequent improvement in the debt coverage metrics through an increased scale, leading to economics of scale, and realisation of commensurate returns from Aquapharm and other completed and planned capex, over the medium term remain critical from a credit perspective. Also, any significant delay in deleveraging by the company remains a key sensitivity from a credit perspective.

Key rating drivers and their description

Credit strengths

Leading player in domestic carbon black industry; diversification into specialty chemicals – PCBL is an established player in the domestic carbon black industry with the highest market share. It has a wide portfolio of various grades of carbon black and the company has been increasing its product reach by developing new carbon black grades. Such initiatives are likely to help the company maintain its leadership position, going forward. The company has made a significant addition to its specialty chemical portfolio through the acquisition of Aquapharm, which is one of the leading global producers of phosphonates and has a reputed client base that includes players like Procter and Gamble, Henkel AG, Ecolab Inc. and Unilever PLC.

The company will also start manufacturing Lithium-ion battery grade nano silicon composites through its Nanovace joint venture (JV) which will help diversify the product portfolio through high-margin new products.

Improvement in product portfolio from higher sale of specialty and superior grade carbon black – PCBL's product mix has been changing in the last few years with a higher share of superior grade carbon blacks and specialty chemicals, which have higher margins. The specialty carbon black sales volume increased to 50,270 MT in 9M FY2026 and 62,749 MT in FY2025 from 57,247 MT in FY2024.

Sale of surplus power provides cushion to profitability – The captive power plants generate significant revenues from the sale of surplus power to the power grid, contributing to the company's bottom line. Revenue from the power segment stood at Rs. 182 crore in FY2025 and Rs. 188 crore in 9M FY2026 compared with Rs. 168 crore in FY2024 with the increase in power tariffs as well as higher units generated from the ramped up capacity over the years.

Financial flexibility from being a part of RP-SG Group – The company has access to bank finances at competitive interest rates. In the past, PCBL had got a significant portion of its term loan refinanced with an elongated repayment tenure because of the financial flexibility derived from being a part of the RP-SG Group.

Credit challenges

Commensurate returns from capex and acquisition remains critical for credit profile – PCBL completed a greenfield capex under its wholly-owned subsidiary, PCBL (TN) Limited, entailing an expenditure of ~Rs. 950 crore, for setting up a 1,47,000-MTPA CB capacity and a 24-MW power plant in Chennai, Tamil Nadu, in FY2024. In FY2026, the company expanded the capacity of PCBL (TN) Limited by 60,000 MT. Further, it completed the brownfield expansion of its specialty black (SB) manufacturing capacity by 20,000 MT in July 2023 and 20,000 MT in December 2024.

In January 2024, PCBL had acquired ACPL for Rs.3,800 crore, which was majorly funded through external debt. However, ACPL's profitability has remained subdued in FY2025 and 9M FY2026 compared to the earlier levels which in turn has moderated PCBL's profitability at a consolidated level.

The Group has large capex plans over FY2028 and FY2029 for an upcoming project in Andhra Pradesh in addition to regular capex at the existing plans, which are to be funded through a mix of debt and internal accruals. Further, PCBL has committed \$44-million infusion (already infused ~\$22 million as on latest date) in Nanovace Technologies Limited (JV with Kindia Pty Ltd) in phases for developing nano-silicon products to be used in anodes of Li-ion batteries and expects to invest the remaining amount of the commitment in FY2028.

The consolidated financial risk profile has moderated with the increase in leverage from the debt-funded acquisition of ACPL. Also, the planned capex is likely to weigh on the financial risk profile. However, an expected rise in CB offtake from the expanded capacity at PCBL (TN) Limited, increased opportunities for business expansion as a result of the US-India trade deal and EU FTA with India, enhanced specialty black capacity and higher capacity utilisation and expansion of ACPL's product and customer portfolio are likely to support the operating income and operating profitability in the medium to long term.

Susceptible to cyclical risk in domestic automobile industry – A significant portion of the company's revenues is generated from the domestic automotive tyre industry (58% sales volume in 9M FY2026 - tyre segment). While almost two-thirds of the demand for tyre manufacturers come from the replacement market, carbon black producers like PCBL remain exposed to the cyclical risk of the domestic automobile industry. PCBL, however, has scaled up the production of specialty black and other specialty chemicals to reduce the risk of cyclical risk in the automobile industry.

Exposed to movement in crude oil prices – The major raw material is carbon black feedstock (CBFS), which is a crude oil derivative and mainly imported. Moreover, carbon black prices move in line with crude oil prices. As a result, PCBL is exposed to the adverse movements in crude oil prices. The company has largely been able to pass on the hikes in CBFS prices, given the existing pricing mechanism in the industry. However, the realisations for carbon black remain exposed to the moderation in crude oil prices.

Exposed to foreign exchange fluctuation risk – The company imports a significant portion of its raw materials and is thus exposed to forex risks. However, the risk is mitigated to a considerable extent as exports accounted for ~50% of the company's revenues in FY2025. PCBL also has a hedging policy in place.

Environmental and social risks

Given the safety and environmental health-related concerns associated with chemicals, the industry is exposed to the risk of tightening regulatory norms for the production, handling, disposal and transportation of chemical products. Additionally, some products can face restrictions/substitution over time because of their hazardous nature and the availability of more environment-friendly products. Further, in the event of accidents, the litigation risks and the liabilities for clean-up could be high. While PCBL has a demonstrated track record of running its operations safely, the nature of the risk (being low frequency-high impact) weighs on its rating.

Chemical sector entities are exposed to the risk of shift in consumer preferences over time to more environment-friendly products. Further, operating responsibly is an imperative and instances of non-compliance with environmental, health and safety norms could have an adverse impact on the local community which could manifest in the form of protests, constraining the ability to operate or expand capacity. PCBL hasn't experienced/reported any incident suggestive of safety lapses in its manufacturing facilities over the past several years and its ability to maintain the manufacturing controls would be a monitorable.

Liquidity position: Adequate

PCBL's liquidity position is likely to remain adequate on account of a steady cash flow from operations. Also, it has a headroom in terms of unutilised working capital facilities with an average utilisation at ~10% of a total of Rs. 1,220 crore of

sanctioned fund-based limits for the past 15 months ended November 2025. The company has an annual debt repayment obligation of ~Rs. 279 crore in Q4 FY2026 and Rs. 670 crore FY2027, against which it is expected to generate sufficient cash accruals.

Rating sensitivities

Positive factors – PCBL’s rating outlook can be revised to stable if there is meaningful improvement in profitability and debt coverage metrics while maintaining healthy liquidity.

Negative factors – The company’s ratings can be downgraded if there is an inability to improve the profitability from current level on a sustained basis. Any significant delay in correction in the leverage metrics (total debt/OPBIDTA) could be a trigger for downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of PCBL

About the company

PCBL, incorporated in 1960, manufactures carbon black across five plants in Chennai, Durgapur (West Bengal), Mundra (Gujarat), Palej (Gujarat) and Kochi (Kerala) with an aggregate capacity of 8,50,000 MTPA.

The company commissioned the greenfield capex in Chennai, Tamil Nadu, in September 2023 under its wholly-owned subsidiary, PCBL (TN) Limited. In FY2026, this plant’s capacity was increased by 60,000 MTPA to 2,07,000 MTPA. The rubber black capacity is 738,000 MTPA and specialty black capacity is 112,000 MTPA.

The company also operates 122-MW (as of December 2024) co-generation power plants based on waste gas generated in the carbon black manufacturing process. PCBL is a part of the Kolkata-based RP-SG Group.

Advaya Chemical Industries Limited (ACIL), a wholly-owned subsidiary of PCBL, was formed to facilitate the acquisition of Aquapharm Chemicals Private Limited (ACPL). ACPL was acquired by PCBL in January 2025. Post the acquisition, the scheme of amalgamation of ACPL with ACIL has been effective from January 1, 2025.

ACIL manufactures specialty chemicals with key products like phosphonates, biodegradable chelating agents, polymers, biocides, oilfield chemicals, which have application in water treatment, detergents, industrial cleaners, oilfields, municipal water treatment, pulp and paper, water softening, surface cleaning, pharma, agrochem applications. ACPL has manufacturing facilities in India, the United States and Saudi Arabia. The overseas plants are being operated through subsidiaries.

Key financial indicators

Company name (consolidated)	FY2024	FY2025	9M FY2026*
Operating income	6,419.8	8,404.3	6,123.2
PAT	491.1	434.7	157.8
OPBDIT/OI	15.4%	15.9%	13.1%
PAT/OI	7.7%	5.2%	2.6%
Total outside liabilities/Tangible net worth (times)	2.5	2.2	-
Total debt/OPBDIT (times)	5.0	4.2	-
Interest coverage (times)	5.5	2.9	2.5

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years							
Instrument	Type	Amount rated (Rs. crore)	Feb 12, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based - Term loan	Long term	583.10	[ICRA]AA (Negative)	-	-	Mar 17, 2025	[ICRA]A A (Stable)	Apr 10, 2023	[ICRA]A A (Stable)	Apr 07, 2022	[ICRA]AA (Stable)
				-	-	-	-	Dec 07, 2023	[ICRA]A A (No Outlook) Rating Watch with Developing Implications	-	-
				-	-	-	-	Jan 12, 2024	[ICRA]A A (Stable)	-	-
				-	-	-	-	Mar 19, 2024	[ICRA]A A (Stable)	-	-
Unallocated limits	Long term	136.90	[ICRA]AA (Negative)	-	-	Mar 17, 2025	[ICRA]A A (Stable)	Apr 10, 2023	[ICRA]A A (Stable)	Apr 07, 2022	[ICRA]AA (Stable)
				-	-	-	-	Dec 07, 2023	[ICRA]A A (No Outlook) Rating Watch with Developing Implications	-	-
				-	-	-	-	Jan 12, 2024	[ICRA]A A (Stable)	-	-
				-	-	-	-	Mar 19, 2024	[ICRA]A A (Stable)	-	-
Fund based - Working capital term loan	Long term	480.00	[ICRA]AA (Negative)	-	-	Mar 17, 2025	[ICRA]A A (Stable)	Mar 19, 2024	[ICRA]A A (Stable)	-	-
				-	-	-	-	-	-	-	-
Commercial paper	Short term	500.00	[ICRA]A1+	-	-	Mar 17, 2025	[ICRA]A 1+	Apr 10, 2023	[ICRA]A 1+	Apr 07, 2022	[ICRA]A1+
				-	-	-	-	Dec 07, 2023	[ICRA]A 1+ Rating Watch	-	-

								with Develop ing Implicati ons			
				-	-	-	-	Jan 12, 2024	[ICRA]A 1+	-	-
				-	-	-	-	Mar 19, 2024	[ICRA]A 1+	-	-
NCD	Long term	700.00	[ICRA]AA (Negative)	-	-	-	-	-	-	-	-
Bonds/NCD/L TD	Long term			-	-	Mar 17, 2025	[ICRA]A A (Stable)	Jan 12, 2024	[ICRA]A A (Stable)	-	-
				-	-	-	-	Mar 19, 2024	[ICRA]A A (Stable)	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Unallocated limits	NA
NCD	Simple
Long term - Fund based - Working capital term loan	Simple
Commercial paper	Simple
Long term - Fund based - Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	FY2021	NA	FY2027	7.0	[ICRA]AA(Negative)
NA	Term loan II	FY2024	NA	FY2029	75.0	[ICRA]AA(Negative)
NA	Term loan III	FY2023	NA	FY2031	121.4	[ICRA]AA(Negative)
NA	Term loan IV	FY2024	NA	FY2029	157.5	[ICRA]AA(Negative)
NA	Term loan V	FY2025	NA	FY2032	222.2	[ICRA]AA(Negative)
NA	Working capital term loan	FY2024	NA	FY2029	480.0	[ICRA]AA(Negative)
Yet to be placed	Commercial paper	NA	NA	NA	500.0	[ICRA]A1+
INE602A07020	NCD	Jan 29, 2024	8.79%	Jan 29, 2029	700.0	[ICRA]AA(Negative)
NA	Unallocated limits	NA	NA	NA	136.9	[ICRA]AA(Negative)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
PCBL (TN) Limited	100.0%	Full consolidation
Phillips Carbon Black Cyprus Holdings Limited	100.0%	Full consolidation
Phillips Carbon Black Vietnam Joint Stock Company	80.0%	Full consolidation
PCBL Europe SRL	100.0%	Full consolidation
Advaya Chemical Industries Limited	100.0%	Full consolidation
Nanovace Technologies Limited (NTC)	JV of PCBL	Full consolidation
Aquapharm Europe B.V*	100.0%	Full consolidation
Unique Solutions for Chemical Industries Company (USCIC)*	85.0%	Full consolidation
Aquapharm Chemicals LLC (AC LLC) *	100.0%	Full consolidation
Aquapharm Foundation *	100.0%	Full consolidation
USCI LLC *	85.0%	Full consolidation
Aquapharm PChem LLC*	100.0%	Full consolidation
Aquapharm Specialty Chemicals LLC *	100.0%	Full consolidation
Enersil Pty Ltd	Subsidiary of NTC^	Full consolidation

Source: Company data; ICRA Research; * Subsidiary of ACIL w.e.f. January 31, 2024; ^Subsidiary of Nanovace Technologies Limited w.e.f. September 23, 2024

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