

March 25, 2026

Phoenix Conveyor Belt India (P) Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term/Short Term -Non-Fund based Limits – Bank Guarantee/ Letter of Credit	131.00	131.00	[ICRA]A+ (Stable)/ Reaffirmed [ICRA]A1+;
Total	131.00	131.00	

*Instrument details are provided in Annexure I

Rationale

The reaffirmation of the ratings of Phoenix Conveyor Belt India (P) Limited (PCBIPL) factors in the company's strong liquidity profile, debt-free status and robust financial flexibility. The ratings also draw comfort from PCBIPL's established market position in the domestic steel cord conveyor belt segment and its reputed customer base across various end-user industries, which mitigates the counterparty risk to an extent, and the company's strong parentage as a part of the Continental Group. This ensures the company has access to better technology as well as raw material sourcing capabilities. While assigning the ratings, ICRA has considered the rating of the company's ultimate parent, Continental AG, which stands at Baa2 (Stable), assigned by Moody's. Notably, Continental AG has initiated a strategic realignment that includes its intention to divest the ContiTech division; ICRA will continue to monitor the development of this proposed divestment and assess any consequent implications for PCBIPL's operational linkages and support framework.

Despite a temporary moderation in profitability in CY2024–CY2025 due to a sharp surge in raw material prices and subdued OEM demand, the company has maintained stable revenues and strong credit metrics. PCBIPL's operating performance in CY2025 remained broadly stable with revenues similar to CY2024. However, the operating margins dipped in CY2025, compared to 12.4% in CY2024, primarily because of unprecedented raw material cost escalation, especially in fire-resistant (FR) belts, and an increase in service spends to be future ready. While these factors compressed the margins in the near term, PCBIPL is undertaking formulation optimisation, material substitution initiatives and tighter cost controls, helping restore the competitiveness. The margins are expected to improve in CY2026, supported by higher-margin services revenue and a better order pipeline. The liquidity remains strong with sizeable cash and bank balances as on December 31, 2025, and no fund-based external borrowings.

The ratings, however, continue to be constrained by intense competition in the traditional conveyor belt industry, which keeps the margins of all players, including PCBIPL, under check. The company's profits also remain susceptible to the volatility in the prices of rubber and steel, its key raw materials, with sharp fluctuations impacting the performance. ICRA also notes that the scale of operations remained moderate for the past several years and its margins have also been volatile in the past.

The Stable outlook reflects ICRA's expectation that PCBIPL will continue to benefit from its established brand, track record of operations, product portfolio and strong parent support in the conveyor belts manufacturing business.

Key rating drivers and their description

Credit strengths

Conservative capital structure with substantial cash balance - PCBIPL is a debt-free company and continues to maintain a healthy cash/bank balance, providing it with strong financial flexibility. The company funds its capex through internal accruals and is also expected to fund the capital expenditure towards new plant similarly. Further, PCBIPL is likely to remain debt-free at least in the near term. The cash balance also supports the entity to provide a slightly elongated credit cycle to its customers.

Established position in domestic conveyor belt industry; support from parent further strengthens market position - PCBIPL manufactures conveyor belts and its product portfolio includes steel cord reinforced (SR) and textile reinforced (TX) conveyor belts. SR belts accounted for the majority of the company's revenues in CY2025, with TR belts forming most of the remaining share, and a small portion coming from splicing materials. It is an established player in the steel cord reinforced conveyor belt segment in India. The company is a 100% step-down subsidiary of Continental AG (rated at Baa2, Stable by Moody's) and derives benefits in the form of technical know-how and raw material sourcing support provided by its parent.

Reputed customer base from OEMs and replacement market segments - The conveyor belts manufactured by the company find application in the mining, power, steel, cement and port sectors, which require bulk material handling. The company's primary customers include reputed players from these industries. The initial belt requirements are usually for project execution stages. Also, the product has considerable replacement demand owing to its average life of around three to five years. However, ICRA notes that PCBIPL is exposed to overall economic cycles as most user industries are cyclical in nature.

Credit challenges

PCBIPL's performance moderated in CY2024 and CY2025 - PCBIPL's performance moderated in CY2024 and further moderation expected in CY2025 with operating margins witnessing a decline, driven by high raw material. Also, the sluggish market resulted in low execution and subdued realisations. The company is expecting a healthy revenue growth in CY2026, driven by better execution along with a recovery of its regular portfolio with a revival in market demand. At present, the company has taken corrective steps to address the adverse movement in raw material cost, which along with better execution, is expected to support the margins in the near to medium term.

Moderate order book on an absolute basis - The revenues have remained range bound in recent years, and the order book typically provides 3-5 months of visibility, although the pipeline improved as of February 2026. The company remains selective in taking new orders and opts for orders primarily with high margins, mitigating the counterparty credit risk. Also, a better execution is likely to support the revenues in the current calendar year.

Susceptibility of profits to volatility in prices of input materials - The prices of raw materials, namely steel, rubber and carbon black, witness high volatility. Rubber is one of the major raw materials, besides steel cord and textile/ fabric, for manufacturing conveyor belts, which constitutes 30-35% of the company's total raw material costs. The company uses most of its total requirement from synthetic rubber and the balance is met from natural rubber. The adverse raw material price movements have impacted the margins in the past. The company has started including a price variation clause (PVC) in contracts with long lead times to protect its margins.

Liquidity position: Strong

PCBIPL's liquidity remains strong, with high cash/bank balances, absence of fund-based debt, low capex relative to the available liquidity and moderate working capital intensity. The utilisation of non-fund-based bank limits also remains comfortable.

Rating sensitivities

Positive factors – ICRA may upgrade PCBIPL’s ratings if an improvement in the company’s scale of operations and profitability results in healthy cash accruals on a sustained basis.

Negative factors – Pressure on PCBIPL’s ratings may arise if there is a sustained deterioration in revenues and profitability, and/or if there is an increase in the working capital intensity of operations and/or any large dividend outflow, adversely impacting the liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered standalone financial statement of PCBIPL

About the company

Phoenix Conveyor Belt India (P) Limited (PCBIPL, formerly known as Phoenix Yule Limited) was incorporated in 1998 as a 74:26 joint venture (JV) between Phoenix AG (a part of Continental AG) and Andrew Yule & Company Limited (AYCL). The company became a 100% subsidiary of ContiTech Transportbandsysteme GmbH {formerly known as Contitech AG (a part of Continental AG)} after AYCL sold off its stake to ContiTech Transportbandsysteme GmbH in 2009. With its plant at Kalyani in West Bengal, PCBIPL is one of the largest manufacturers of steel cord conveyor belts.

Key financial indicators (audited)

PCBIPL	CY2023	CY2024
Operating income	336	282
PAT	53.87	32.47
OPBDIT/OI	20.92%	12.38%
PAT/OI	16.02%	11.52%
Total outside liabilities/Tangible net worth (times)	0.14	0.18
Total debt/OPBDIT (times)	0.00	0.00
Interest coverage (times)	123.40	99.69

Source: Company, ICRA Research; 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

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Mar 25, 2026	Date	Rating	Date	Rating	Date	Rating
Non-fund based - Others	Long term/ Short term	131.00	[ICRA]A+ (Stable)/ [ICRA]A1+	Mar 13, 2025	[ICRA]A+ (Stable)/ [ICRA]A1+	Mar 18, 2024	[ICRA]A+ (Positive)/ [ICRA]A1+	Jan 19, 2023	[ICRA]A+ (Stable)/ [ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term - Non-fund based limits – Bank guarantee/Letter of credit	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	Bank guarantee/ Letter of credit	-	-	-	131.00	[ICRA]A+ (Stable)/ [ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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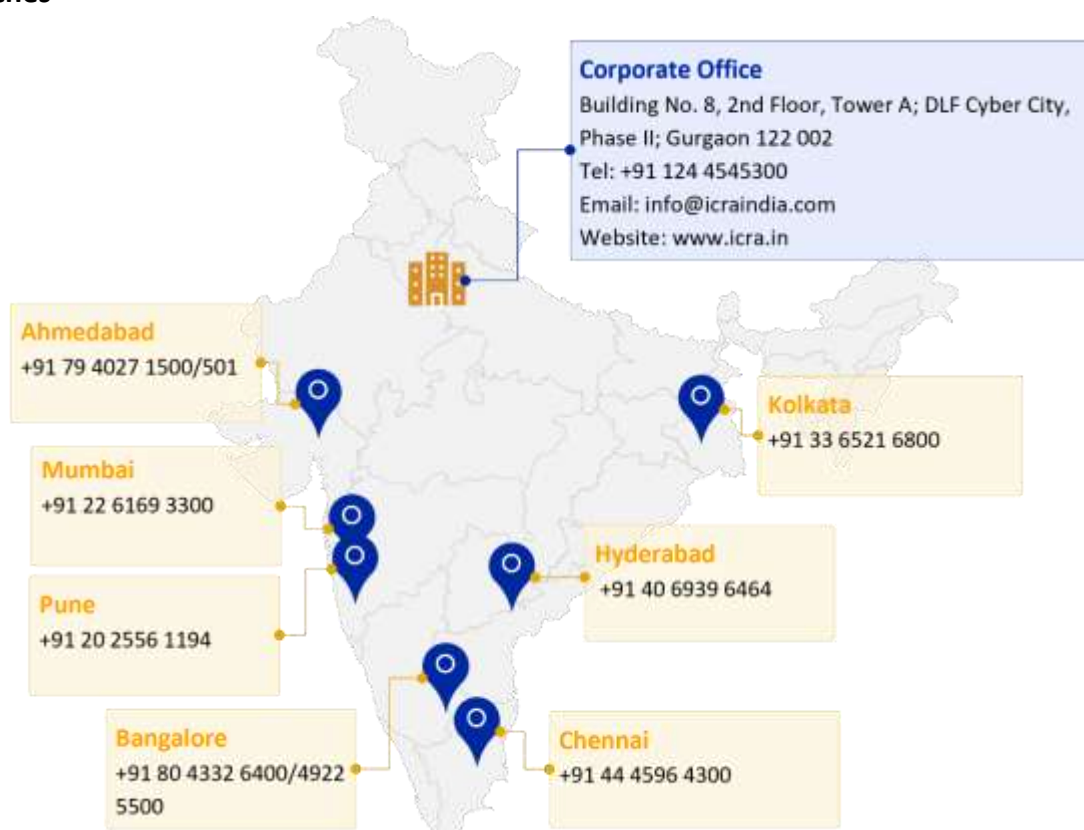
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