

Philips Carbon to invest ₹9 billion

AVISHEK RAKSHIT

Kolkata, 4 May

Optimistic on rising demand for its products, driven by the tyre industry and speciality users, Philips Carbon Black (PCBL), India's largest producer of this commodity, has decided to increase its existing capacity by 49 per cent from the current 0.47 million tonnes (mt) to 0.7 mt in the next two years. The company will invest ₹9 billion, funded by internal accrual and debt-equity financing. PCBL is setting up a 60-acre plant at Ennore (a Chennai suburb) in Tamil Nadu for ₹6 billion, which will have an annual production capacity of 0.15 mt. This is expected to be commissioned by 2020.

"Earlier, we used to sell around 26,000 tonnes of carbon black per month. Sales have touched 36,000 tonnes a month. A large part is driven by the tyre segment. Since many tyre producers are in Tamil Nadu and expanding their capacity, it makes sense for us to set up a plant there," said Sanjiv Goenka, chairman of the RP-Sanjiv Goenka Group, of which PCBL is a part.

It is also increasing its plant capacity at Mundra in Gujarat by 50,000 tonnes by December. At its Palej plant, also in Gujarat, another 30,000 tonnes will be added by March 2019. Gujarat is another state where automotive manufacturing has a strong presence. Mundra has annual capacity of 0.14 mt and Palej can produce 95,000 tonnes a year.

Its other plants at Kochi in Kerala and Durgapur in West Bengal will not see any capacity enhancement.

Despite the rubber industry facing a shortage of carbon black, PCBL continues to export 23-24 per cent of its production. Goenka said it was on account of long-term contracts signed with foreign buyers, which have to be honoured. It is estimated in 2017-18, production of carbon black was 0.84 mt, while consumption was 0.9 mt. The deficit was met through import.

According to a report from TechSci Research, the market in India is poised to grow at a compounded annual rate of 8.78 per cent to reach \$2,003.14 million by the end of 2026, from \$879.26 million in 2016.