

# Phillips Carbon Black to spend Rs900 cr on expanding capacity

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**P**hillips Carbon Black Ltd (PCBL), which produces a key ingredient for tyre makers, on Friday said it will expand its manufacturing capacity at an estimated cost of Rs900 crore over the next two years.

The RP-Sanjiv Goenka Group company plans to set up a new factory in Ennore, Tamil Nadu, group chairman Sanjiv Goenka announced on Friday.

PCBL's annual production capacity will go up from 470,000 tonnes to 700,000 tonnes by 2020, he said. The new unit will cost Rs600 crore. The balance of Rs300 crore will be spent on augmenting capacities at Mundra and Palej.

The factory at Mundra is to be commissioned by December, and its capacity is to be expanded by another 50,000 tonnes to 200,000 tonnes, according to Goenka. The capacity of Palej will be ramped up by 30,000 tonnes to produce 100,000 tonnes by March next year.

Production capacity of the more profitable speciality carbon black will be expanded to 30,000 tonnes in the current fiscal year and to 50,000 tonnes next year, he said.

Asked how the expansion is to be funded, Goenka said PCBL is looking to pare its debt even as it pursues growth.

During 2017-18, the company reduced its debt from Rs1,200 crore to Rs770 crore. Although PCBL may have to

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*Sanjiv Goenka, chairman of RP-Sanjiv Goenka Group.*

borrow a bit to pay for the expansion, it will rely more on equity and internal generation, according to Goenka.

The current debt-equity ratio is 1:1, and the company is looking to further reduce its indebtedness. "I am very debt-averse," said Goenka. "The idea is to have zero long-term debt over the years." PCBL has long-term debts of Rs460 crore at present; the rest are working capital loans.

To fund the proposed expansion, various options are being considered, including infusion by the promoters, said Goenka. If PCBL taps the equity market, it will do so this calendar year, he added.

The firm on Friday said its net profit in the March quarter jumped to Rs74.25 crore from Rs28.25 crore in the same period last year, thanks to higher sales, reduction of debt and improved operational efficiency. Revenue from operations for the quarter rose 24.4% year-on-year to Rs753 crore from Rs605.31 crore.