

India Carbon Limited

July 08, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	110.00	CARE A-; Negative	Reaffirmed; Outlook revised from Stable
Long-term / Short-term bank facilities	71.40	CARE A-; Negative / CARE A1	Reaffirmed; Outlook revised from Stable
Short-term bank facilities	104.90	CARE A1	Reaffirmed

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of India Carbon Limited (ICL) derive strength from its experienced promoters with long track record of operations, being the pioneer in setting up a calcination plant in Asia in collaboration with US based leading Calcined Petroleum Coke (CPC) player, Oxbow Calcining LLC having equity stake in ICL, and long-standing relationship with reputed clientele. Ratings derive strength from its comfortable capital structure and nil debt repayment obligations supported by healthy net worth base.

Ratings also factor the strong liquidity available with the company in the form of free cash and unencumbered investments amounting to Rs.476 crore (including mutual funds, quoted equity share, equity instruments, AIFs, Bonds and Debentures) as on March 31, 2025.

The company also benefits from the locational advantage of the Guwahati unit resulting entitlement to goods and service tax (GST) refunds (29% IGST) under Northeast Industrial and Investment Promotion Policy, 2017, for 10 years until FY27.

Ratings are partially offset by the moderation in financial performance in FY25 (refers to April 01 to March 31) with the company incurring operating loss on decline in volume and realisation due to muted demand scenario of CPC. Ratings continue to remain constrained by its weak bargaining power with suppliers, volatility associated with raw material and finished goods prices, working capital intensive operations, regulatory risks, forex fluctuation risk associated with import of raw petroleum coke (RPC) and substantial dependence on fortunes of the user industries, which are cyclical, due to which the company's profitability and cash flows remain highly volatile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increasing scale of operation on a sustained basis while maintaining profitability leading gross cash accruals (GCA) of above ₹150 crore.
- Reducing working capital cycle below 100 days on a sustained basis.

Negative factors

- Declining PBILDT margin on a sustained basis along with reduction in unencumbered investments below ₹300 crore.
- Significant stretch in the working capital cycle on a sustained basis.

Analytical approach: Standalone

Outlook: Negative

CareEdge Ratings have revised the outlook of ICL from 'Stable' to 'Negative' in view of likely continuation of pressure on the company's profitability amidst subdued demand and volatility in the CPC industry. The outlook may be revised to 'Stable' upon improvement in the scale of operation and operating the company's profitability.

Detailed description of key rating drivers:

Key strengths

Experienced promoters with long track record of operations

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

ICL's founders, late P D Himatsingka and his son, were actively involved in India's freedom movement. Rakesh Himatsingka, chairman and managing director is the third-generation entrepreneur and an M. Tech from BITS, Pilani. Rakesh Himatsingka has over four decades' experience in manufacturing and trading CPC. He is duly supported by his son, Shaurya Veer Himatsingka, deputy managing director who is an MBA from Carnegie Mellon University, Pennsylvania.

Pioneer in setting up calcination plant in Asia

ICL established its CPC plant in Guwahati in 1961, which was the first CPC manufacturing plant in Asia. The company is one of the leading players in manufacturing CPC, EPC and tamping paste with the facilities in the Eastern belt of India (Guwahati, Assam and Budge Budge, West Bengal).

Equity stake from the US based leading CPC player, Oxbow Calcining LLC

Oxbow holds 30.66% stake in ICL's equity shares. It has four qualified and experienced representatives on ICL's board. Oxbow is one of the leading CPC players in the US.

Strategic location of the units

The Guwahati plant is adjacent (within 300 m) to the Guwahati refinery of Indian Oil Corporation Limited (IOCL), ICL's main supplier. Thus, the inward freight cost and lead time of RPC is almost negligible, providing an edge over competition. Under the Northeast Industrial Development Scheme (NEIDS), 2017, the Guwahati plant is entitled to GST refunds (29% IGST).

Long standing relationship with reputed clientele from diversified industries, despite high customer concentration risk

ICL supplies its end products mostly to the aluminium, graphite and ferro alloys players. Being the first calciner in India, ICL has long standing relationships with most big players of the aluminium industry and graphite industry. This ensures regular inflow of orders. Sale to the graphite industry which used to be ~52% in FY22 has reduced to ~13% in FY25 (10% in FY24), due to subdued demand of CPC in the graphite industry. Sales to top five customers continue to remain high at 82.03% in FY25 against 84.89% in FY24, exposing the company to client concentration risk. However, ICL sells goods majorly to the reputed players having strong credit risk profile and have long standing relations with them which partially reduces the client concentration risk.

Comfortable capital structure and moderate debt protection metrics

The capital structure marked by overall gearing continues to remain comfortable at 0.10x as on March 31, 2025 (Nil as on March 31, 2024). The slight moderation in overall gearing is considering increase in working capital limit utilisation. This is expected to remain comfortable going forward as well in the absence of any debt-funded capex plans of the company. However, debt coverage indicators weakened with total debt to gross cash accruals (TD/GCA) ratio deteriorating from nil as on March 31, 2024, to not meaningful as on March 31, 2025, owing to increased working capital borrowings and cash loss incurred. This is expected to improve with improvement in the company's performance.

Key weaknesses

Subdued financial performance in FY25

The company's total operating income (TOI) moderated from ₹420.39 crore in FY24 to ₹174.64 crore in FY25. The decline in revenue is on account of decline in sales volume and sales realisation of graphite grade CPC and aluminium grade CPC considering muted demand. The company's operating loss increased significantly to ₹23.09 crore in FY25, compared to ₹4.09 crore in FY24. The increase in operating loss is primarily driven by reduced sales realisations. The average realisation including Guwahati unit and Budge Budge unit has reduced from ₹59,576 per tonne in FY24 to ₹35,784 per tonne in FY25. Reduction in sales volume resulted in under-absorption of fixed costs, contributing to the operating loss.

Moderate capacity utilisation

The capacity utilisation of CPC for Guwahati unit and Budge Budge Unit moderated from 48.62% in FY24 to 27.45% in FY25 and 99.91% in FY24 to 60.73% in FY25, respectively, considering subdued demand scenario.

Profitability susceptible to volatility in RPC and CPC prices and weak bargaining power with suppliers

RPC is the major raw material to produce CPC. The company sources RPC from domestic and international market (mostly from the US and a small portion from China). ICL's plant in Budge Budge being port-based, depends on the import of RPC due to the shortage of RPC supply in the domestic market. In the domestic market, ICL procures RPC from large domestic oil refineries (IOCL, Bongaigaon Refinery and Petroleum Ltd, Paradip Refinery, Numaligarh Refinery Ltd). Hence, ICL has low bargaining power as the suppliers are large corporates in the industry. RPC's price is highly volatile due to the cyclical end user industries. Thus, the company's operating margin remains susceptible to sharp movement in raw material prices and ICL's weak bargaining power.

Working capital-intensive operations

The company's operations are working capital intensive due to high inventory holding requirements. The company's operating cycle increased to 181 days in FY25 against 154 days in FY24. The increase is on account of increase in inventory days from 131 days in FY24 to 163 days in FY25.

Substantial dependence on fortunes of the aluminium, graphite and ferro alloys industry

Two grades of CPC are majorly used – i) anode grade CPC used mainly in aluminium industry and ii) graphite grade CPC used majorly in graphite industry and a small percentage in the ferro alloy industry. ~80% world's production is used in the production of carbon anodes in the aluminium smelting process, and hence, the production of primary aluminium is one of the most important determinants of CPC demand and the CPC industry's growth. However, the aluminium industry being cyclical depends heavily on the world economy's health. Thus, slowdown in production and demand of aluminium can adversely affect the company's financial profile.

Forex fluctuation risk associated with the import of RPC

The company is exposed to the risk of adverse movements in forex rates, mainly USD/INR rates which has shown increased volatility in the recent times. The company also hedges its foreign exchange exposures depending on the market scenario to avoid the volatility in foreign exchange currency. In addition, the company is always exposed to the risk of imported raw materials upon arrival not conforming to expectations or specifications, which can lead to higher consumption and/or lower price realisation.

Exposure to risks associated with government regulations related to pollution control norms

Since pet coke is considered a pollutant and has been debated over from time to time, the company's operations are exposed to regulatory risks. Changes in the regulatory framework, such as duties or quotas on the import of raw materials and pollution norms may have a significant impact on the company's operating performance.

Liquidity: Strong

The company's liquidity profile continues to remain strong marked by free cash and unencumbered investments amounting to Rs.476 crore (including mutual funds, quoted equity share, equity instruments, AIFs, Bonds and Debentures) as on March 31, 2025, and unutilised bank lines of ₹102 crore which is over adequate to meet its incremental working capital needs over the next one year. However, investments remain susceptible to market risks. The average utilisation of fund-based limits remained ~17% in the last 12-months ended May 2025.

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](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Energy	Oil, gas and consumable fuels	Petroleum products	Refineries and marketing

ICL was established in 1961 by late Prabhu Dayal Himatsingka and his son late Bhagwati Prasad Himatsingka, in collaboration with USA based Oxbow Calcining LLC (formerly Great Lakes Carbon LLC), a leading player in the international CPC industry. ICL is a pioneer in setting up calcination plant (Guwahati, Assam in 1962) in Asia. Currently, ICL is engaged in manufacturing CPC (installed capacity 100,800 MTPA), ECP (installed capacity 13,360 MTPA) and tamping paste at its manufacturing facilities in Guwahati (Assam) and Budge Budge (West Bengal). ICL is currently being managed by Rakesh Himatsingka, CMD (son of late B P Himatsingka), and his son, Shaurya Veer Himatsingka, DMD.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	420.39	174.64

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
PBILDT	-4.09	-23.09
PAT	30.28	-12.74
Overall gearing (times)	0.00	0.10
Interest coverage (times)	-1.00	-13.06

A: Audited; 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 facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	110.00	CARE A-; Negative
Fund-based - LT/ ST-Working Capital Demand loan		-	-	-	60.00	CARE A-; Negative / CARE A1
Fund-based - ST- Others		-	-	-	7.00	CARE A1
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	11.40	CARE A-; Negative / CARE A1
Non-fund-based - ST-Letter of credit		-	-	-	97.90	CARE A1

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	110.00	CARE A- ; Negative	-	1)CARE A- ; Stable (04-Jul-24)	1)CARE A- ; Stable (07-Jul-23)	1)CARE A- ; Stable (01-Jul-22)
2	Non-fund-based - ST-Letter of credit	ST	97.90	CARE A1	-	1)CARE A1 (04-Jul-24)	1)CARE A1 (07-Jul-23)	1)CARE A1 (01-Jul-22)
3	Fund-based - LT/ ST-Working Capital Demand loan	LT/ST	60.00	CARE A- ; Negative / CARE A1	-	1)CARE A- ; Stable / CARE A1 (04-Jul-24)	1)CARE A- ; Stable / CARE A1 (07-Jul-23)	1)CARE A- ; Stable / CARE A1 (01-Jul-22)
4	Fund-based - ST- Others	ST	7.00	CARE A1	-	1)CARE A1 (04-Jul-24)	1)CARE A1 (07-Jul-23)	1)CARE A1 (01-Jul-22)
5	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	11.40	CARE A- ; Negative / CARE A1	-	1)CARE A- ; Stable / CARE A1 (04-Jul-24)	1)CARE A- ; Stable / CARE A1 (07-Jul-23)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT/ ST-Working Capital Demand loan	Simple
3	Fund-based - ST-Others	Simple
4	Non-fund-based - LT/ ST-Bank Guarantee	Simple
5	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

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.

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