

November 21, 2025

Core Carbons Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based facilities – Cash credit	40.00	40.00	[ICRA]A- (Stable); reaffirmed
Long term/Short term – Interchangeable Limits	(40.00)	(40.00)	[ICRA]A-(Stable)/[ICRA]A1; reaffirmed
Total	40.00	40.00	

*Instrument details are provided in Annexure I

Rationale

The reaffirmation of the ratings continues to factor in Core Carbons Private Limited’s (CCPL) healthy financial profile, characterised by stable profitability, a comfortable capital structure and a strong liquidity position. The operating profits were stable at Rs. 42.8 crore in FY2025, broadly similar to the FY2024 levels. The gearing was nil as on March 31, 2025 with a strong liquidity position, characterised by free cash and bank balances of Rs. 138.8 crore as on March 31, 2025. CCPL is one of the early entrants in India in manufacturing activated carbon and is one of the largest players with an operational installed capacity of 30,000 MTPA.

The ratings also consider the long track record of the promoters in activated carbon manufacturing and the favourable demand prospects for coconut shell-based activated carbon in the global markets on account of a growing population and the acute need for superior waste disposal management.

The ratings, however, are constrained by the susceptibility of the margins to the fluctuation in the prices of the key raw material - coconut shell-based charcoal - and the company’s limited pricing flexibility in the export market. The raw material prices increased in FY2025 and further rose significantly in H1 FY2026. So, the profitability is expected to moderate from the FY2025 levels, though it will continue to be stable in the medium term. As the entire revenue is derived from exports, the margins are susceptible to foreign exchange fluctuations as well.

The ratings also consider the high customer concentration risk and the intense competition in the export market from other tropical countries and large international players in the organised segment. The regulatory risks inherent in manufacturing activated carbon remain a rating concern.

The Stable outlook on the rating reflects ICRA’s expectation that CCPL is likely to sustain its operating metrics even as its operating profitability may moderate. Further, the outlook underlines ICRA’s expectation that the company will continue to benefit from the extensive experience of the promoters in the activated carbon business and the favourable demand prospects for coconut shell-based activated carbon.

Key rating drivers and their description

Credit strengths

Favourable demand prospects for coconut shell-based activated carbon – Activated carbon is widely used in the purification industry, namely the water, air and gas purification industries, and for gold extraction purposes. Regulations related to water and air pollution across the world have a major role to play in influencing the demand for activated carbon. A growing population and the acute need for superior waste disposal management will generate demand for activated carbon in hazardous waste incineration and clinical waste incineration applications. Further, the demand for coconut shell-based

activated carbon will be on the rise in the long term as manufacturing coal-based activated carbon has a detrimental effect on the environment.

Experience of promoters in activated carbon industry for more than two decades – CCPL, incorporated in 1998, is one of the early entrants in India in manufacturing activated carbon and is one of the largest players with an installed operational capacity of ~30,000 MTPA as on date. The company had incurred significant capex in FY2023 to enhance the capacity to 30,000 MTPA from 25,776 MTPA. The promoters have more than two decades of experience in activated carbon manufacturing.

Healthy financial risk profile – The company's capital structure is robust, with gearing at nil and TOL/TNW of 0.1 times as on March 31, 2025. The company does not have any long-term debt, and as on March 31, 2025, it had working capital borrowings of Rs. 10 crore (quarter end utilisation). The working capital utilisation remained nil in the last 12 months ended September 2025. The revenues improved by 48% YoY to Rs. 318.5 crore in FY2025 from Rs. 215.7 crore in FY2024, though the OPBDITA levels remained stable at Rs. 42.8 crore (PY: Rs. 42.2 crore) on account of higher raw material prices due to insects and diseases affecting the crop, which was not passed on fully to the end clientele considering that the end product pricing depends on the global market.

Credit challenges

Cyclical nature of business; margins exposed to volatility in raw material prices – The supply of coconut shell-based charcoal is cyclical as the yield of coconut depends on the monsoons. Any scarcity in coconut shell supply will directly impact the production and the margins will be affected by an increase in charcoal prices. The supply of coconut shell generally lags by a year of producing the coconuts as coconut shells come last in the line of coconut use. There was excess supply of coconut shells in FY2024 due to a better monsoon, which brought down the prices of coconut shell and reduced charcoal prices during the fiscal. However, in FY2025 and H1 FY2026, raw material prices rose significantly with insects and diseases affecting the crops, resulting in unavailability of coconut shells.

High customer concentration risk - CCPL has increased its customer portfolio over the years and at present caters to clients across the globe. It has a well-diversified geographic portfolio, which includes the US, Germany, Africa, Sri Lanka, China, Switzerland, Belgium and Korea. However, the top five customers accounted for 51-55% of the total sales in FY2024 and FY2025, resulting in high customer concentration risk.

Intense competition in export market; exposure to regulatory risks – Tropical countries such as the Philippines, Indonesia, Malaysia, Sri Lanka and India are the primary producers of coconut shell-based charcoal due to the abundance of the primary raw material. Numerous players from these countries give tough competition to the company, limiting its pricing flexibility. Further, the primary raw material, coconut shell-based charcoal, is conventionally obtained by burning coconut shells in large pits. As the burning of shells results in environmental pollution, there is a regulatory risk of possible restriction on its manufacturing using conventional methods.

Liquidity position: Strong

The liquidity position of the company continues to be strong, supported by a healthy cash balance of Rs. 138.8 crore as on March 31, 2025. CCPL does not have any debt repayment obligations. It also has a comfortable buffer in fund-based working capital limits as the working capital utilisation has broadly remained unutilised in the last 12 months ended September 2025. The company uses its funds from the current account as and when needed to meet its working capital requirement. The company covers 50-60% of the EEFC account through forward contracts.

Rating sensitivities

Positive factors – CCPL's ratings can be upgraded if the company shows a sustained improvement in its scale of operations amid healthy profitability.

Negative factors – Pressure on CCPL’s ratings could arise if the profitability declines, weakening the debt coverage indicators. Any major capex/investment that weakens CCPL’s liquidity position will also trigger a downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Core Carbons Private Limited, incorporated in 1998, manufactures coconut shell-based activated carbon that finds application mainly in water and air purification and gold extraction. CCPL has an operational installed capacity to manufacture 30,000 MT of activated carbon a year from its manufacturing plant in Coimbatore, Tamil Nadu. The company had incurred significant capex in FY2023 to enhance the capacity to 30,000 MTPA from 25,776 MTPA. CCPL mainly caters to the export market and its primary export destinations are European Union countries, the US and Japan. Further, the carbon dust produced while manufacturing activated carbon is sold in the domestic market to agarbathi manufacturers and other food processing industries.

Key financial indicators (audited)

CCPL	FY2024	FY2025
Operating income	215.7	318.5
PAT	30.6	33.8
OPBDIT/OI	19.5%	13.4%
PAT/OI	14.2%	10.6%
Total outside liabilities/Tangible net worth (times)	0.1	0.1
Total debt/OPBDIT (times)	0.2	0.2
Interest coverage (times)	66.3	43.7

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	Type	Current rating (FY2026)		Chronology of rating history for the past 3 years		
		Amount rated (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
			Nov 21, 2025	Dec 06, 2024	Sep 15, 2023	Jun 23, 2022
1 Cash credit	Long term	40.00	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)
2 Interchangeable Limits	Long term/Short term	(40.00)	[ICRA]A- (Stable)/ [ICRA]A1	[ICRA]A- (Stable)/ [ICRA]A1	[ICRA]A- (Stable)/ [ICRA]A1	[ICRA]A- (Stable)/ [ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based facilities	Simple
Long term/Short term – Interchangeable Limits	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	Cash credit	NA	NA	NA	40.00	[ICRA]A-(Stable)
NA	Foreign bill discounting (Interchangeable Limits)	NA	NA	NA	(40.00)	[ICRA]A-(Stable)/[ICRA]A1

Source: Company

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

Annexure II: List of entities considered for consolidated analysis - Not applicable

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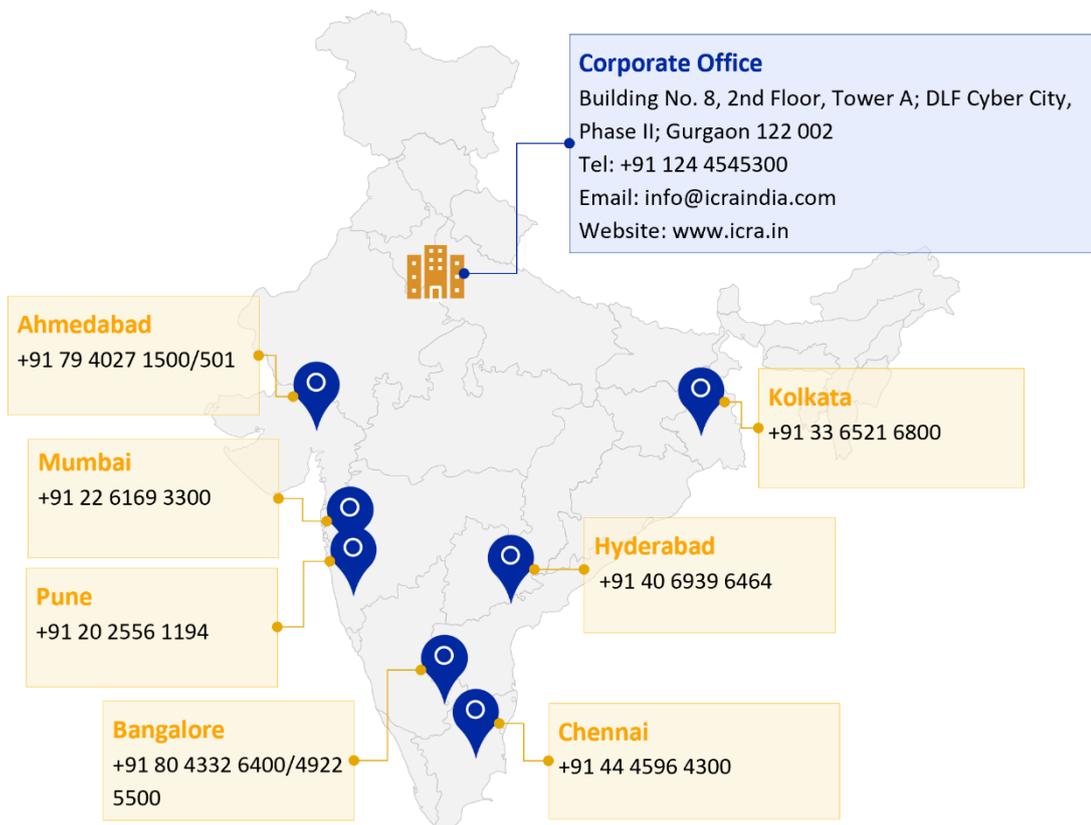
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