

January 30, 2026

Graphite India Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. Crore)	Current rated amount (Rs. Crore)	Rating action
Long term/ Short term - Fund-based facilities	600.00	600.00	[ICRA]AA+ (Stable)/ [ICRA]A1+; Reaffirmed
Long term/ Short term - Non-fund-based facilities	400.00	400.00	[ICRA]AA+ (Stable)/ [ICRA]A1+; Reaffirmed
Long term/ Short term – Fund-based/ Non-fund based	400.00	400.00	[ICRA]AA+ (Stable)/ [ICRA]A1+; Reaffirmed
Commercial paper	300.00	300.00	[ICRA]A1+; Reaffirmed
Total	1,700.00	1,700.00	

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation considers Graphite India Limited's (GIL) established position in the global graphite electrode (GE) industry, along with its geographically diversified customer base and superior technical capabilities in manufacturing GEs of various grades. In addition, the economies of scale arising out of GIL's position as one of the largest manufacturers of GE globally continues to support the ratings.

GIL's operating profitability improved in FY2025 to Rs.196 crore vis-à-vis Rs.145 crore operating loss reported in FY2024, on the back of decline in needle coke (CNC) prices. In the current fiscal, while the volumes have picked up, the electrodes prices continue to face pressure amid global overcapacity. Consequently GE's realisations were ~12% lower in H1 FY2026, on a YoY basis. However, the compression in the spreads of GE and CNC prices was partially offset due to further decline in CNC prices. GIL has been able to demonstrate sustained healthy capacity utilisation in FY2025 and H1 FY2026, with capacity utilisation improving to ~93% in H1 FY2026 from 83% in FY2025. Further, a conservative capital structure and a strong liquidity position of ~Rs. 3,900 crore as of January, 2026 provide comfort. Also, a healthy non-operating income arising from large cash and investment balances will continue to support the overall cash flows of the entity. Moreover, the long-term demand prospects for GE remain favourable, given the expected increase in the share of electric arc furnace (EAF) in the global steel production over the medium-to-long term. While reaffirming the ratings, ICRA has also considered the large capex plan in GIL for setting up Synthetic Graphite Anode Materials (SGAM) used in Lithium-ion Battery Cells. The capacity would be around 30,000 metric tonnes (MT), and the capex would be around Rs. 4,330 crore in phases. As part of phase-1, the company is considering setting up 10,000 MT capacity at an estimated cost of Rs. 1,600 crore, to be commissioned in next three fiscal years. The entire project will be executed in a phased manner over the medium to long term and will be funded through a mix of internal accruals and debt. Timely execution and funding tie up, along with impact of this project on leverage and debt coverage metrics of the company will remain a key rating monitorable going forward. In addition, company is also expanding its graphite electrode capacity by 25,000 MT, to be commissioned in the next two fiscals. Herein, comfort is drawn from strong liquidity position.

The ratings also factor in the company's exposure to the cyclicity in the steel business and to the risks arising from volatility in the cost of input materials, including power. While GE is used as a consumable in steel production through the EAF route, the primary raw materials used are crude oil derivatives. Therefore, GIL, along with other GE manufacturers, is exposed to the cyclicity in steel and crude prices. Additionally, GIL's low product diversification is a risk, exposing the company's cash flows to the supply-demand situation of the global GE industry and the high working capital intensity of operations.

The Stable outlook on [ICRA]AA+ rating reflects ICRA's expectation that GIL's cash flows are expected to remain comfortable relative to its debt service obligations and it will continue to benefit as a leading manufacturer of GE in the domestic as well as export markets, amid a favourable long-term demand outlook.

Key rating drivers and their description

Credit strengths

Strong liquidity position and conservative capital structure - GIL has a highly conservative capital structure, indicated by a consolidated gearing of 0.03 times as on March 31, 2025 and March 31, 2024. Additionally, the consolidated entity had a large cash and investment portfolio of over ~Rs. 3,900 crore as of beginning of January 2026, generating substantial non-operating income, which provides strong financial flexibility to the company, even in the case of lower profits. However, any large debt addition for the announced capex in the near to medium term, impacting the leverage and debt-coverage indicators would remain the key rating monitorable.

Established player in the global GE industry with superior technical capabilities - GIL is among the largest non-Chinese GE manufacturers globally with an installed capacity of around 98,000 MTPA (including 18000 MT capacity in Germany which is currently non-operational). GIL manufactures a full range of graphite electrodes, but stays focused on the higher margin, large diameter, ultra-high power (UHP) electrodes. GIL is also among the only two graphite electrode manufacturers in the country.

Geographically diversified customer base - GIL has a geographically diversified customer base with significant presence in the domestic as well as export markets. In India, GIL is among one of the largest GE producers. Its export destinations are also spread across various countries in West Asia, Europe, the US and Southeast Asia.

Favourable long-term demand outlook - GE is used as a consumable to manufacture steel via the EAF route. With more thrust on reducing the carbon footprint globally, the steel manufactured via the less polluting EAF route is expected to increase in the medium-to-long term, favourably supporting the demand for GE. Thus, the medium-to-long-term demand outlook for GE remains favourable.

Credit challenges

Large capex plans underway- ICRA notes that GIL has large capex plans for setting up Synthetic Graphite Anode Materials (SGAM) used in Lithium-ion Battery Cells. The capacity would be around 30000 MT, and the capex would be around Rs 4330 crore in phases. As part of phase-1, the company is considering setting up 10,000 MT capacity at an estimated cost of Rs. 1,600 crore, to be commissioned in next three fiscal years. The entire project will be executed in a phased manner over the medium to long term and will be funded through a mix of internal accruals and debt. Timely execution and funding tie up, along with impact of this project on leverage and debt coverage metrics of the company will remain a key rating monitorable going forward. In addition, company is also expanding its graphite electrode capacity by 25,000 MT, to be commissioned in the next two fiscals. Herein, comfort is drawn from strong liquidity position.

Global overcapacity leading to intense competition and pressure on realisations - GIL's business has been impacted in the recent fiscals due to pressure on pricing amid intense competition due to the global overcapacity of GE. Currently, the GE capacity is with five to six major players globally, resulting in high-capacity concentration. In the current fiscal, the average realisation declined by ~12% in H1 FY2026 compared to H1 FY2025. While the raw material cost also declined, the spread continued to be impacted by a drop in realisation. Nonetheless, with the increased focus on decarbonisation, EAF capacity addition in both India and the rest of the world is expected to improve the demand for GE in the upcoming fiscals.

Highly working capital intensive nature of operations - GIL's business is highly working capital intensive because of the long processing period for manufacturing GEs, as corroborated from NWC/OI of 35-40% in the recent fiscals. Maintaining high inventory also poses the risk of devaluation in case of a higher-than-expected movement in prices of finished goods and raw materials, as witnessed in the previous fiscals.

Limited product diversification with graphite electrodes being the primary revenue contributor - GIL has a low product diversification as over 90% of the company's revenue and operating profits are generated from the sale of GE and carbon products. The GE industry has witnessed significant volatility in the past and such volatility is likely to persist, thus impacting the cash flows of the company.

Environmental and social risks

Environmental considerations - GIL is engaged in the manufacturing of carbon, graphite and other products and, thus, remains exposed to several environmental risks, especially related to carbon emissions. Increasing regulatory requirement to reduce greenhouse gas emissions and stricter air pollution standards may push up costs in the medium term, thereby impacting the profitability and coverage metrics. This, in turn, may lead to a greater focus on reducing the carbon footprint through various technological interventions, like replacing fossil fuel with gas as well as the use of renewable energy resources as part of its ongoing efforts to reduce greenhouse gas (GHG) emission. GIL has also undertaken various energy efficiency initiatives to reduce specific energy consumption in the graphitisation process. The company also focuses on sustainable operations through waste re-utilisation, with a 50% reduction in water usage at the Durgapur plant through recycling.

Social considerations - Social risks arise from the health and safety aspects of employees involved in manufacturing activities. Casualties/accidents at the operating units due to gaps in safety practices could result in production outages and invite penal action from regulatory bodies. The sector is exposed to risks related to labour and protests/social issues by local communities, which might impact the expansion/modernisation plans. In order to mitigate the risk, internal safety audits are conducted at the plants at regular frequency. In addition, the company continuously imparts training across all levels for skill development of the concerned employees. As a part of its CSR activities, the company has initiated projects aimed at promoting education, enhancing vocational skills, livelihood enhancement, healthcare initiatives and rural development.

Liquidity position: Strong

GIL's liquidity is strong with healthy consolidated cash and investment portfolio of Rs. 3,900 crore as of beginning of January 2026. The fund flow from business operations along with the treasury income from investments will support the liquidity. GIL has large capex plans to be executed in phases, which would require liquidity in the near to the medium term. GIL will be able to comfortably meet its expected margin requirement for capex commitments through its cash flows and still be left with sizeable cash surplus.

Rating sensitivities

Positive factors – ICRA could upgrade the long-term rating if the company is able to meaningfully diversify its cash flows along with a significant improvement in the operating profits and cash flows. A specific trigger could be RoCE of more than 25% on a sustained basis.

Negative factors – The ratings could be downgraded in case of a prolonged downturn in GE prices that would weaken the industry spread between GE and needle coke (CNC) prices to below \$1,600 per tonne on a sustained basis. Further, a weakening of the liquidity position due to a large outflow of cash in the form of dividends or any large debt-funded capex could be a trigger for downgrade.

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 the consolidated financials of GIL. As on March 31, 2025, the company had two subsidiaries and five step-down subsidiaries, which are all enlisted in Annexure II

About the company

Graphite India Limited (GIL) is a Kolkata-based company of the K.K. Bangur Group, which is engaged in the production of graphite electrodes, other miscellaneous graphite and carbon products and related processing with a domestic capacity of ~80,000 MTPA. At present, the company has two operating plants at Durgapur (West Bengal) and Nashik (Maharashtra). In addition, the company manufactures glass-reinforced plastic (GRP) pipes and high-speed steel and alloy steel. The company's graphite and carbon segment continues to be the main source of revenue and profit, accounting for 90% of the total operating revenues.

Key financial indicators (audited)

GIL Consolidated	FY2024	FY2025	H1 FY2026*
Operating income	2948	2501	1394
PAT	805	458	209
OPBDIT/OI	-4.9%	7.8%	6.2%
PAT/OI	27.3%	18.3%	15.0%
Total outside liabilities/Tangible net worth (times)	0.2	0.2	0.3
Total debt/OPBDIT (times)	-1.2	0.9	1.6
Interest coverage (times)	-8.5	17.6	17.2

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation NM: not meaningful

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					
	Type	Amount rated (Rs crore)	Jan 30, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based- Cash credit	Long Term/ Short Term	600.00	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jan 31, 2025	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jan 30, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jan 11, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+
Fund-based/ Non-fund based- Others	Long Term/ Short Term	400.00	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jan 31, 2025	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jan 30, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jan 11, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+
Non-fund based- Others	Long Term/ Short Term	400.00	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jan 31, 2025	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jan 30, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jan 11, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+
Commercial Paper	Short Term	300.00	[ICRA]A1+	Jan 31, 2025	[ICRA]A1+	Jan 30, 2024	[ICRA]A1+	Jan 11, 2023	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-Term/Short-Term - Fund-based facilities	Simple
Long term/ Short term - Non-fund-based facilities	Simple
Long term/ Short term – Fund-based/ Non-fund based	Simple
Commercial Paper	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	Long term/Short term - Fund-based facilities	NA	NA	NA	600.00	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Long term/Short term - Non-fund based facilities	NA	NA	NA	400.00	[ICRA]AA+ (Stable)/ [ICRA]A1+
NA	Long-Term/Short-Term - Fund-based/ Non-fund based-Others	NA	NA	NA	400.00	[ICRA]AA+ (Stable)/ [ICRA]A1+
Yet to be placed	Commercial paper	NA	NA	NA	300.00	[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

Company name	Ownership	Consolidation approach
Graphite India Limited	100.00% (rated entity)	Full consolidation
Carbon Finance Limited	100.00%	Full consolidation
Graphite International B.V.	100.00%	Full consolidation
Bavaria Electrodes GmbH	100%*	Full consolidation
Bavaria Carbon Holdings GmbH	100%*	Full consolidation
Bavaria Carbon Specialities GmbH	100%*	Full consolidation
Graphite Cova GmbH	100%*	Full consolidation
General Graphene Corporation	60.93%*	Full consolidation

Source: Annual report FY2025 *step-down subsidiary

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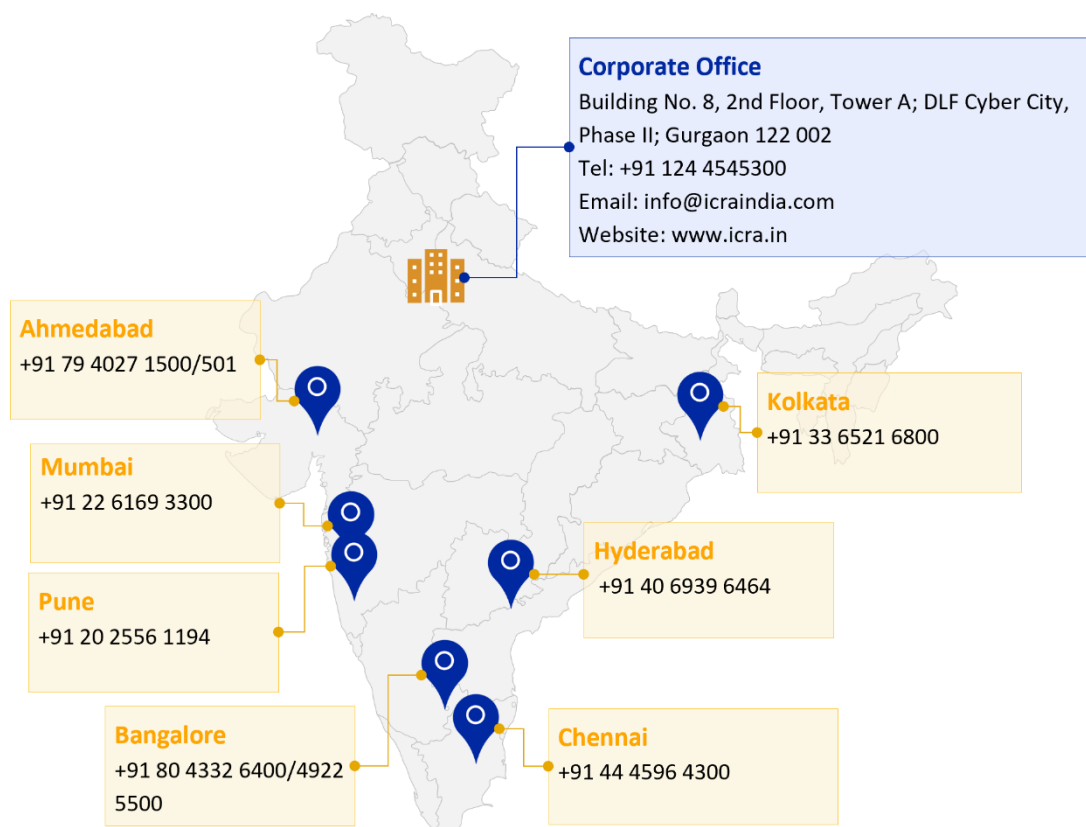
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