

July 17, 2025

Haldia Petrochemicals Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term limits - Fund based - Term loans	2,730.0	2,365.0	[ICRA]A+ (Negative); reaffirmed
Long-term limits- Fund based	500.0	500.0	[ICRA]A+ (Negative); reaffirmed
Short-term limits - Non-fund based limits	2,500.0	2,500.0	[ICRA]A1; reaffirmed
Long term/Short term – Unallocated limits	5,128.0	5,185.0	[ICRA]A+ (Negative) / [ICRA]A1; reaffirmed
Issuer rating	-	-	[ICRA]A+ (Negative); reaffirmed
Short term – Commercial paper programme	100.0	100.0	[ICRA]A1; reaffirmed
Long term – Non-fund based	3,200.0	3,508.0	[ICRA]A+ (Negative); reaffirmed
Total	14158.0	14158.0	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation with a Negative outlook continues to factor in ICRA's expectation of a sustained pressure on the tolling margins and debt metrics of Haldia Petrochemicals Limited (HPL). While the tolling margins are improving in YTD FY2026 vis-à-vis FY2025, the sustenance of the trend remains to be seen. ICRA notes that the debt levels have come down post the transfer of the standby letter of credit (SBLC) debt to another TCG group company via a stake sale in a subsidiary. This has brought down HPL's debt servicing commitments and the proceeds from the stake sale will be received in 2028 and 2029. However, the company will continue to receive interest on this deferred receivable. ICRA also notes that the company has completed an efficiency improvement programme during a shutdown undertaken in Q1 FY2026, which will improve the cost structure and the throughput.

The profitability has been under pressure because of a global supply glut in the petrochemical market. This had constrained HPL's tolling margins, though these are expected to improve, going forward. ICRA expects FY2026 to be better than FY2025 due to benign naphtha prices following the dip in crude oil prices.

An 85% stake sale in one of its subsidiary - HPL Technologies B.V. Netherlands - for ~Rs. 2,525 crore will ease the company's repayment obligations for the SBLC debt which was availed to acquire Lummus Technologies. This will have a positive impact on HPL's balance sheet and cash flow position. However, the proposed debt-funded capex in HPL's step-down subsidiary for downstream products is likely to keep the debt metrics under pressure in the near term. The total cost of the capex is expected to be ~Rs. 5,651 crore, which is likely to be funded through debt and equity of 75:25. The project is expected to start commissioning in FY2027.

The ratings consider the cyclicity inherent in the petrochemical business and the vulnerability of HPL's profitability to the changes in import duty levels and the rupee-dollar movement. While the demand in India continues to be healthy, cheaper imports from some geographies are exerting pressure on the tolling margins of petrochemical companies, including HPL (average tolling margin of ~\$95/MT for HPL in FY2025 against ~\$115/MT in FY2024). The tolling margins for April and May 2025 were relatively better; however, the plant remained shut for turnaround purposes and the benefit of improved margins will start accruing from Q2 of the current fiscal, if the tolling margins were to sustain.

ICRA notes that HPL has been investing in subsidiaries and extending short-term loans and advances to Group companies, with the total exposure at ~Rs. 3,096 crore as of March 2025, reduced from ~Rs. 4,991 crore in March 2024. Any further material increase in loans and advances to Group companies remains a key rating sensitivity. Further, on a consolidated basis, HPL has sizeable debt repayments in the current fiscal for which it is likely to be dependent on the available cash balances.

The ratings, continue to factor in HPL's demonstrated track record in the petrochemical business, its experienced management and its leading market position in eastern India for polymers. The other comforting factors are its locational advantage in servicing eastern India and Asian export demand and a favourable long-term outlook for polymer demand from several end-users in India, especially given the low per capita consumption vis-à-vis the global average.

The ratings also factor in the comfortable liquidity position of the company, reflected in cash and investments of ~Rs. 2,649 crore as on March 31, 2025, including non-current investments in quoted non-convertible debentures, as well as the encumbrance for various banking facilities (including debt service reserve account) and the low working capital intensity of the business.

ICRA has not factored in any other large long-term acquisition/investment by HPL. ICRA will review the ratings if the company is to embark on any other large debt-funded project that impacts its financial profile.

Key rating drivers and their description

Credit strengths

Well-demonstrated track record in petrochemical business with established customers - The domestic polyolefins market has major participants, such as Reliance Industries Ltd., HPL, Indian Oil Corporation Limited, GAIL India, OPAL, HPCL Mittal Energy Limited, Mangalore Refinery and Petrochemicals Limited, wherein HPL has maintained its niche position through its focus on high quality.

Dominant market position in eastern India and logistical advantage in exporting to East Asian region - HPL has a strong market position in eastern and northern India and sells most of its products in the high netback regions of these markets. Additionally, owing to the location of its Haldia plant, the company has logistical advantage in exporting to the East Asian market.

Favourable demand outlook for polyolefins demand in India - The domestic per capita consumption as well as the absolute consumption of commodity polymers are expected to show consistent growth due to various economic and demographic factors such as increase in urban population and rise in per capita income. Notwithstanding the ban on single-use plastics and the adverse impact of any future waves of the pandemic, ICRA expects the domestic consumption of commodity polymers to record a CAGR of 7-8% over the long term.

Value-added projects to improve returns from the business over long term - The company has regularly invested in setting up capacities for manufacturing value-added products to enhance its profitability. In the past, HPL had set up a butene1 (under its subsidiary) pygas de-sulphurisation plant. In addition to this, it has replaced its two naphtha and CBFS boilers with coal-based boilers. The company is also working on a strategic project to enhance its capacity utilisation by mitigating excess ethylene. This involves the conversion of surplus ethylene into propylene, which, in conjunction with the existing propylene and procured benzene, will be used to manufacture high-value products, namely phenol and acetone.

Credit challenges

Moderation in profitability – The company reported an OPBITDA profit of Rs. 50.1 crore in FY2025 compared to a loss of Rs. 20.1 crore in FY2024. The profitability has remained under pressure as tepid global demand and excess capacity addition weighed on end-product prices. While the demand in India continues to be healthy, cheaper imports from some geographies are exerting pressure on the tolling margins of petrochemical companies, including HPL. The average tolling margin for HPL remained at ~\$95/MT in FY2025 against ~\$115/MT in FY2024. The tolling margins for April and May 2025 were relatively better; however, the plant remained shut for turnaround purposes and hence the benefit of improved margins will start accruing from Q2 of the current fiscal.

Debt levels to remain elevated and coverage indicators to moderate in the medium term, though these may improve gradually - The debt levels on a consolidated basis have come down to ~Rs. 6,272 crore due to the HTS stake sale. However, the debt level is expected to increase in the medium term because of the planned downstream capex in HPL's step-down subsidiary. The company is undertaking a sizeable capex of around Rs. 5,600 crore to venture into phenol-acetone, which will be funded in a debt-equity ratio of 75:25. The high debt, coupled with the strained EBITDA generation, had put pressure on the debt coverage indicators in the previous fiscal. While some improvement is expected, the metrics are likely to remain weak in FY2026 as well.

Profitability vulnerable to inherent cyclicality in business, import duty levels and exchange fluctuations - The profitability remains vulnerable to the cyclicality inherent in the petrochemical business, import duty levels and foreign exchange fluctuations. Moreover, a downcycle in margins is likely in the near to medium term owing to supply overhang, ethylene over-capacity and tepid global demand. Accordingly, the tolling margins for all types of crackers are expected to face headwinds.

Liquidity position: Adequate

HPL's liquidity is expected to remain adequate, evident from its cash and investments of ~Rs. 2,649 crore on a consolidated basis (including encumbrances and non-current investments) coupled with low working capital utilisation as on March 31, 2025. The cash flow from operations is expected to improve, which coupled with the on-book cash balances, would be sufficient to cover the repayment liabilities over the near term. The company is also embarking on a large debt-funded capex in HPL's stepdown subsidiary, which will exert some pressure on the cash flow.

Rating sensitivities

Positive factors – The ratings can be upgraded if the company demonstrates a consistent growth in its profitability, leading to an improvement in the debt metrics.

Negative factors – Inability to improve the profitability, or any material investment/funding support to Group companies, or any further large debt-funded capex/acquisition could result in a downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Chemicals
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of HPL. As on March 31, 2024, the company had subsidiaries as listed in Annexure II

About the company

Haldia Petrochemicals Limited (HPL) was set up as a joint venture (JV) between the Dr. Purnendu Chatterjee-led Chatterjee Petrochem (Mauritius) and the Government of West Bengal (GoWB). With the sale of the first tranche of shares by GoWB in December 2015, the majority shareholding as well as the management control of the JV is now with The Chatterjee Group (TCG).

HPL manufactures commodity polymers like high-density polyethylene (HDPE), linear low-density polyethylene (LLDPE), and polypropylene (PP), as well as chemicals/fuels like benzene and butadiene with intermediates sourced from a naphtha cracker (capacity: 700 KTA of ethylene) at Haldia, West Bengal. The company is the fourth-largest player in the domestic polyolefins market after Reliance Industries Limited, Indian Oil Corporation and ONGC Petro Additions Limited.

Key financial indicators (audited)

HPL (consolidated)	FY2024	FY2025
Operating income	14,399.6	14,289.8
PAT	-1,017.0	1,218.0
OPBDIT/OI	2.3%	2.8%
PAT/OI	-7.1%	8.5%
Total outside liabilities/Tangible net worth (times)	0.9	0.6
Total debt/OPBDIT (times)	25.3	15.9
Interest coverage (times)	0.4	0.5

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDITA: 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 (FY2026)			Chronology of rating history for the past 3 years					
		FY2026			FY2025		FY2024		FY2023	
		Amount rated (Rs crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	2365.0	Jul 17, 2025	[ICRA]A+ (Negative)	23-Aug-24	[ICRA]A+ (Negative)	21-Feb-24	[ICRA]AA- (Negative)	30-Sep-22	[ICRA]AA- (Stable)
					Sep 16, 2024	[ICRA]A+ (Negative)	22-Sep-23	[ICRA]AA- (Stable)		
Fund-based	Long term	500.0	Jul 17, 2025	[ICRA]A+ (Negative)	23-Aug-24	[ICRA]A+ (Negative)	21-Feb-24	[ICRA]AA- (Negative)	30-Sep-22	[ICRA]AA- (Stable)
					Sep 16, 2024	[ICRA]A+ (Negative)	22-Sep-23	[ICRA]AA- (Stable)		
Non-fund based limits	Short term	2500.0	Jul 17, 2025	[ICRA]A1	23-Aug-24	[ICRA]A1	21-Feb-24	[ICRA]A1+	30-Sep-22	[ICRA]A1+
					Sep 16, 2024	[ICRA]A1	22-Sep-23	[ICRA]A1+		
Non-fund based	Long term	3508.0	Jul 17, 2025	[ICRA]A+ (Negative)	23-Aug-24	[ICRA]A+ (Negative)	21-Feb-24	[ICRA]AA- (Negative)	30-Sep-22	[ICRA]AA- (Stable)
					Sep 16, 2024	[ICRA]A+ (Negative)	22-Sep-23	[ICRA]AA- (Stable)		
Unallocated	Long term/	5185.0	Jul 17, 2025	[ICRA]A+ (Negative) /	23-Aug-24	[ICRA]A+ (Negative) / [ICRA]A1	21-Feb-24	[ICRA]AA- (Negative)	30-Sep-22	[ICRA]AA- (Stable) / [ICRA]A1+

	Short term			[ICRA]A1				/		
					Sep 16, 2024	[ICRA]A+ (Negative)/ [ICRA]A1	22-Sep-23	[ICRA]AA- (Stable)/ [ICRA]A1+		
Issuer rating	Long term	-	Jul 17, 2025	[ICRA]A+ (Negative)	23-Aug-24	[ICRA]A+ (Negative)	21-Feb-24	[ICRA]AA- (Negative)	30-Sep-22	[ICRA]AA- (Stable)
					Sep 16, 2024	[ICRA]A+ (Negative)	22-Sep-23	[ICRA]AA- (Stable)		
Commercial paper programme	short term	100.0	Jul 17, 2025	[ICRA]A1	23-Aug-24	[ICRA]A1	21-Feb-24	[ICRA]A1+	30-Sep-22	[ICRA]A1+
					Sep 16, 2024	[ICRA]A1	22-Sep-23	[ICRA]A1+		

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term limits - Fund based - Term loans	Simple
Long-term limits- Fund based	Simple
Short-term limits - Non-fund based limits	Very Simple
Long term/Short term – Unallocated limits	Not applicable
Issuer rating	Not applicable
Short term – Commercial paper programme	Very Simple
Long term – Non-fund based	Very 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 limits - Fund based - Term loans	January 2015	2.5-7.5%	March 2031	2,365.0	[ICRA]A+ (Negative)
NA	Long-term limits- Fund based	NA	NA	FY2024	500.0	[ICRA]A+ (Negative)
NA	Short-term limits - Non-fund based limits	NA	NA	FY2026	2,500.0	[ICRA]A1
NA	Long term/Short term – Unallocated limits	NA	NA	FY2025	5,185.0	[ICRA]A+ (Negative) / [ICRA]A1
NA	Issuer rating	NA	NA	FY2021	-	[ICRA]A+ (Negative)
NA	Short term – Commercial paper programme	NA	NA	FY2031	100.0	[ICRA]A1
NA	Long term – Non-fund based	NA	NA	NA	3,508.0	[ICRA]A+ (Negative)

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	HPL ownership	Consolidation approach
Haldia Riverside Estates Limited	100%	Full consolidation
HPL Global Pte Limited	100%	Full consolidation
Advance Performance Materials Private Limited	100%	Full consolidation
HPL GO Private Limited	100%	Full consolidation
HPL Technologies B.V. Netherlands	100%	Full consolidation
SIO2P Private Limited	100%	Full consolidation
HPL Industrial Parks Limited	100%	Full consolidation
HPL Industrial Estates Limited	100%	Full consolidation
AdPlus Chemicals & Polymers Private Limited	100%	Full consolidation

Source: Annual report FY2024

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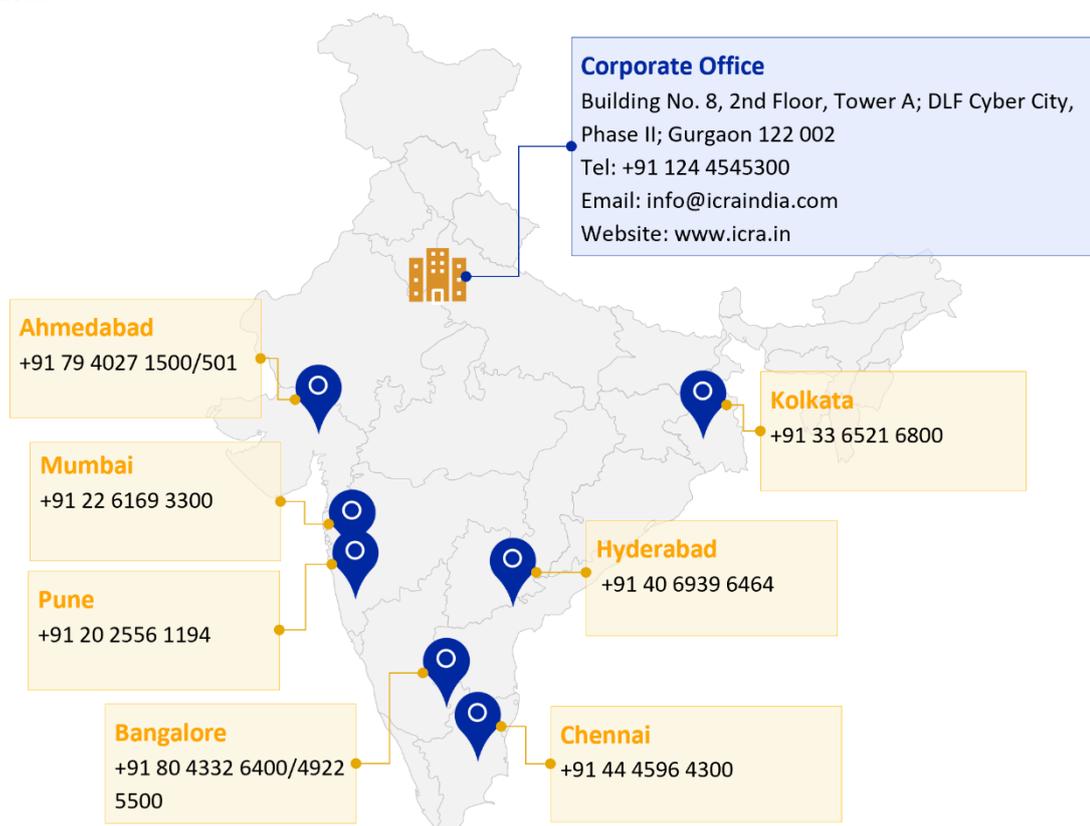
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