

July 02, 2026

Haldia Petrochemicals Limited: Ratings reaffirmed; outlook revised to Stable from Negative

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Long-term limits - Fund based - Term loans	2,815.00	2,959.0	[ICRA]A+ (Stable); Reaffirmed and outlook revised to Stable from Negative
Long-term limits- Fund based	500.00	431.0	[ICRA]A+ (Stable); Reaffirmed and outlook revised to Stable from Negative
Short-term limits - Non-fund based limits	2,401.00	2,370.0	[ICRA]A1; Reaffirmed
Long term/Short term - Unallocated limits	8,342.00	8,298.0	[ICRA]A+ (Stable)/ [ICRA]A1; Reaffirmed and outlook revised to Stable from Negative
Short term - Commercial paper programme	100.0	100.0	[ICRA]A1; Reaffirmed
Long term/Short term - Fund based/Non-fund based - Interchangeable limits	(810.0)	(810.0)	[ICRA]A+ (Stable)/ [ICRA]A1; Reaffirmed and outlook revised to Stable from Negative
Issuer rating	0.0	0.0	[ICRA]A+ (Stable); Reaffirmed and outlook revised to Stable from Negative
Total	14,158.0	14,158.0	

*Instrument details are provided in Annexure-II

Rationale

The rating reaffirmation with a revision in the outlook factors in the improvement in tolling margins for Haldia Petrochemicals Limited (HPL) in the last quarter, along with the expectation of continued firmness in margins in the near term. While the tolling margins improved in late FY2026 and are expected to remain healthy in the near term, the sustainability of this trend remains to be seen. ICRA notes that the debt levels have come down following the transfer of the standby letter of credit (SBLC) debt to another TCG group company via a stake sale in a subsidiary. This has reduced HPL's debt servicing commitments. The proceeds from the stake sale will be received in 2028 and 2029. However, the company will continue receiving interest on this deferred receivable. ICRA also notes that the company completed an efficiency improvement programme during a shutdown undertaken in Q1 FY2026, which is expected to improve the cost structure and throughput.

An 85% stake sale in one of its subsidiaries, 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 ongoing debt-funded capex in HPL's step-down subsidiary (AdPlus) for downstream products is likely to keep the debt metrics under pressure in the near term. The total capex for the phenol-acetone project is estimated to be ~Rs. 5,651 crore, which is being funded through debt and equity in an indicative ratio of 75:25. The project is expected to commence operations by H1 FY2027.

The ratings consider the cyclicity inherent in the petrochemicals business and the vulnerability of HPL's profitability to changes in import duty levels and the rupee-dollar exchange rate. Demand in India continues to remain healthy. Further, the

closure of the Strait of Hormuz has resulted in a rise in petrochemical realisations, in turn leading to healthy tolling margins (average tolling margin of ~\$138/MT for HPL in FY2026 against ~\$95/MT in FY2025).

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 depend 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. Other favourable factors include its locational advantage in servicing eastern India and Asian export demand, as well as a favourable long-term outlook for polymer demand from several end-user industries in India, especially given the low per capita consumption compared with the global average.

The ratings also factor in the company's comfortable liquidity position, reflected in cash and investments of ~Rs. 3,327 crore as on March 31, 2026, including non-current investments in quoted non-convertible debentures, as well as the encumbrance for various banking facilities (including the debt service reserve account) and the low working capital intensity of the business. Further, there is a cushion in the form of lower working capital utilisation of limits.

ICRA has not factored in any other large long-term acquisition/investment by HPL. ICRA will review the ratings if the company undertakes 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 Asia - 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 butene-1 (under its subsidiary) pygas desulphurisation plant. In addition, 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; however, the same witnessed sharp increase in FY2026 – The company’s performance remained subdued, with net losses in FY2023 and FY2024, followed by a net profit of Rs. 1,218 crore in FY2025. Further, the company reported an operating profit of Rs. 1,442 crore in FY2026, up 231% YoY from Rs. 435.6 crore in FY2025. Profitability remained under pressure as tepid global demand and excess capacity additions weighed on end-product prices. However, there has been an increase in tolling margins due to a shift in the demand-supply balance, driven by healthy domestic demand and capacity constraints arising from supply disruptions and plant shutdowns globally amid the ongoing West Asia conflict. The tolling margins increased to an average of ~\$138/MT for HPL in FY2026 against ~\$95/MT in FY2025.

Debt levels to remain elevated and coverage indicators to moderate in the medium term, although these may improve gradually - The debt levels, on a consolidated basis, came down to ~Rs. 6,272 crore due to the HTS stake sale as on March 31, 2025. However, due to the ongoing phenol project expansion, the total debt as on March 31, 2026 remained at ~Rs. 8,895 crore. The company is on the verge of completing a sizeable capex of around Rs. 5,600 crore for its phenol-acetone project, which has been funded in a debt-equity ratio of 75:25. The high debt, coupled with strained EBITDA generation, put pressure on the debt coverage indicators in the previous fiscal. While some improvement is expected, the metrics are likely to remain weak in the near term.

Profitability vulnerable to inherent cyclicity in business, import duty levels and exchange fluctuations - Profitability remains vulnerable to the cyclicity 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 overcapacity, 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. 3,327 crore on a consolidated basis (including unencumbered cash of Rs. 1,131 crore), coupled with low working capital utilisation as on March 31, 2026. 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 undertaking a large debt-funded capex in HPL’s step-down subsidiary, which will exert some pressure on cash flows. HPL has repayment obligations of ~Rs. 970 crore in FY2027 and ~Rs. 998 crore in FY2028. The company plans to refinance a portion of these obligations. It is undertaking an ongoing capex of ~Rs. 5,651 crore for its upcoming phenol-acetone project. There are no sizeable capex plans in the medium term.

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 profitability, any material investment or funding support to Group companies, or any further large debt-funded capex/acquisition could result in ratings downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology 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, 2025, the company had subsidiaries as listed in Annexure III.

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). After 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 such as high-density polyethylene (HDPE), linear low-density polyethylene (LLDPE), and polypropylene (PP), as well as chemicals and fuels such as 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 Limited, and ONGC Petro Additions Limited.

Key financial indicators (audited)

Consolidated	FY2025	FY2026
Operating income	14,331.1	14,919.2
PAT	1,218.0	389.6
OPBDIT/OI	3.0%	9.7%
PAT/OI	8.5%	2.6%
Total outside liabilities/Tangible net worth (times)	0.6	0.7
Total debt/OPBDIT (times)	14.4	6.2
Interest coverage (times)	0.6	2.5

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

Current rating (FY2027)				Chronology of rating history for the past 3 years					
Instrument	Type	Amount rated (Rs. crore)	July 02, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	2959.0	[ICRA]A+ (Stable)	Aug 13, 2025	[ICRA]A+ (Negative)	Aug 23, 2024	[ICRA]A+ (Negative)	21-Feb 24	[ICRA]AA- (Negative)
				Jul 17, 2025	[ICRA]A+ (Negative)	Sep 16, 2024	[ICRA]A+ (Negative)	22-Sep 23	[ICRA]AA- (Negative)
Fund based	Long term	431.0	[ICRA]A+ (Stable)	Aug 13, 2025	[ICRA]A+ (Negative)	Aug 23, 2024	[ICRA]A+ (Negative)	21-Feb 24	[ICRA]AA- (Negative)
				Jul 17, 2025	[ICRA]A+ (Negative)	Sep 16, 2024	[ICRA]A+ (Negative)	22-Sep 23	[ICRA]AA- (Negative)
Non-fund based limits	Short term	2370.0	[ICRA]A1	Aug 13, 2025	[ICRA]A1	Aug 23, 2024	[ICRA]A1	21-Feb 24	[ICRA]A1+
				Jul 17, 2025	[ICRA]A1	Sep 16, 2024	[ICRA]A1	22-Sep 23	[ICRA]A1+
Unallocated	Long term/	8298.0	[ICRA]A+ (Stable)/ [ICRA]A1	Aug 13, 2025	[ICRA]A+ (Negative)/ [ICRA]A1	Aug 23, 2024	[ICRA]A+ (Negative)/ [ICRA]A1	21-Feb 24	[ICRA]AA- (Negative)/ [ICRA]A1+

	Short term			Jul 17, 2025	[ICRA]A+ (Negative)/ [ICRA]A1	Sep 16, 2024	[ICRA]A+ (Negative)/ [ICRA]A1	22-Sep 23	[ICRA]AA- (Negative)/ [ICRA]A1+
Issuer rating	Long term	0.0	[ICRA]A+ (Stable)	Aug 13, 2025	[ICRA]A+ (Negative)	Aug 23, 2024	[ICRA]A+ (Negative)	21-Feb 24	[ICRA]AA- (Negative)
				Jul 17, 2025	[ICRA]A+ (Negative)	Sep 16, 2024	[ICRA]A+ (Negative)	22-Sep 23	[ICRA]AA- (Negative)
Commercial paper programme	Short term	100.0	[ICRA]A1	Aug 13, 2025	[ICRA]A1	Aug 23, 2024	[ICRA]A1	21-Feb 24	[ICRA]A1+
				Jul 17, 2025	[ICRA]A1	Sep 16, 2024	[ICRA]A1	22-Sep 23	[ICRA]A1+
Fund based/Non Fund based – Interchange able limits	Long term/ Short term	(810.00)	[ICRA]A+ (Stable)/ [ICRA]A1	Aug 13, 2025	[ICRA]A+ (Negative)/ [ICRA]A1	Aug 23, 2024	[ICRA]A+ (Negative)/ [ICRA]A1	21-Feb 24	[ICRA]AA- (Negative)/ [ICRA]A1+
				Jul 17, 2025	[ICRA]A+ (Negative)/ [ICRA]A1	Sep 16, 2024	[ICRA]A+ (Negative)/ [ICRA]A1	22-Sep 23	[ICRA]AA- (Negative)/ [ICRA]A1+

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA

7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

Complexity level of the rated instrument

Instrument	Complexity indicator
Long-term limits - Fund based - Term loans	Simple
Long-term limits- Fund based	Simple
Short-term limits - Non-fund based limits	Simple
Long term/Short term – Unallocated limits	Not Applicable
Issuer rating	Not Applicable
Short term – Commercial paper programme	Simple
Long Term/Short Term – Fund based/Non Fund based – 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 II: 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	2959.0	[ICRA]A+ (Stable)
NA	Long-term limits- Fund based	NA	NA	NA	431.0	[ICRA]A+ (Stable)
NA	Short-term limits - Non-fund based limits	NA	NA	NA	2370.0	[ICRA]A1
NA	Long term/Short term – Unallocated limits	NA	NA	NA	8298.0	[ICRA]A+ (Stable)/ [ICRA]A1
NA	Issuer rating	NA	NA	NA	0.0	[ICRA]A+ (Stable)
Yet to be listed	Short term – Commercial paper programme	NA	NA	NA	100.0	[ICRA]A1
NA	Long term/Short term – Fund based/Non-fund based – Interchangeable limits	NA	NA	NA	(810.0)	[ICRA]A+ (Stable)/ [ICRA]A1

Source: Company

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

Annexure III: 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

ANALYST CONTACTS

Girishkumar Kashiram Kadam

+91 22 6114 3406

girishkumar@icraindia.com

Prashant Vasisht

+91 124 4545 322

prashant.vasisht@icraindia.com

Anubha Rustagi 2

+91 22 6169 3345

anubha.rustagi2@icraindia.com

Saurabh Bharat Parikh

+91 22 6169 3356

saurabh.parikh@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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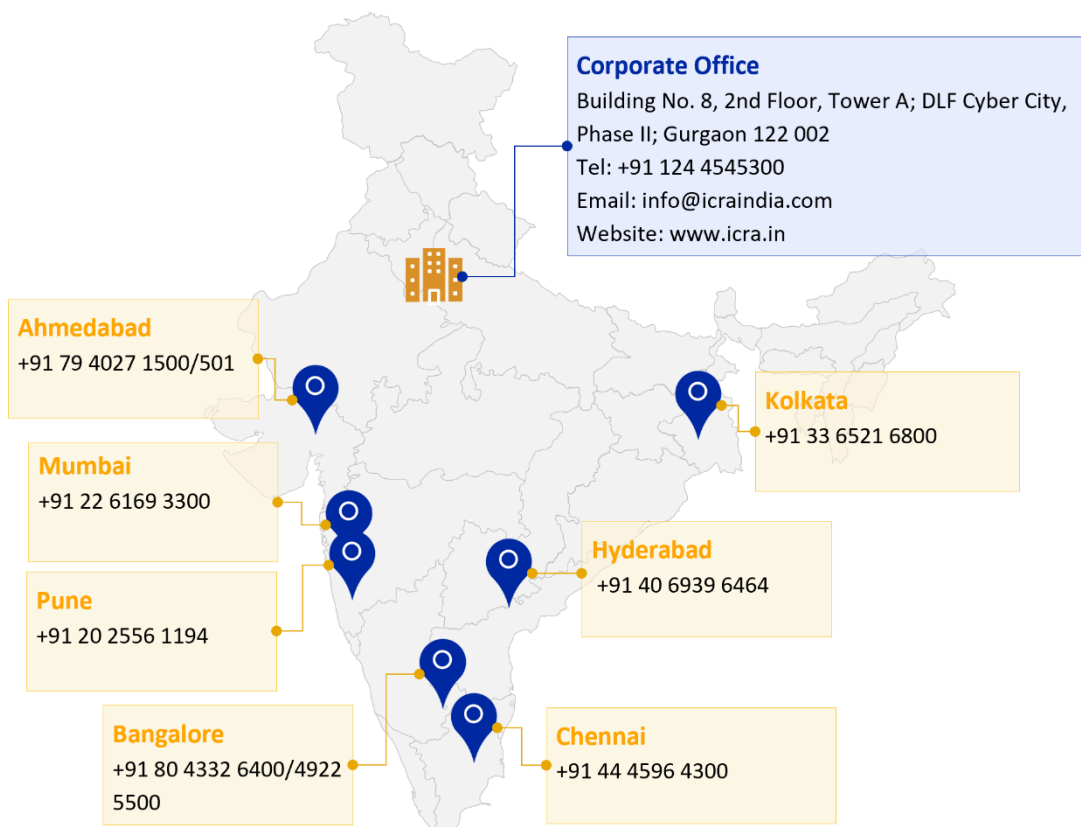


Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



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