July 10, 2026

Himadri Speciality Chemical Limited: Long-term rating upgraded and outlook revised to Stable; short-term rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term – Fund based/Non-fund based	1980.00	1980.00	[ICRA]AA (Stable) /[ICRA]A1+; long-term rating upgraded from [ICRA]AA-(Positive); outlook revised to Stable from Positive; short-term rating reaffirmed
Long term/Short term Unallocated limits	0.86	0.86	[ICRA]AA (Stable) /[ICRA]A1+; long term rating upgraded from [ICRA]AA-(Positive); outlook revised to Stable from Positive; short-term rating reaffirmed
Short term - Commercial paper	500.00	500.00	[ICRA]A1+; reaffirmed
Total	**2,480.86**	**2,480.86**	

**Instrument details are provided in Annexure II*

Rationale

The long-term rating upgrade reflects an improvement in Himadri Speciality Chemical Limited's (HSCL) credit profile, driven by a sustained growth in operating profits over the past few years. Further, healthy near-to medium-term demand supports the company's business outlook and is expected to help sustain robust EBITDA per metric tonne (EBITDA/MT). The ratings also positively factor in the increasing share of speciality carbon black (SB) in the company's sales mix, which is likely to further support the EBITDA/MT, going forward. HSCL's financial risk profile remains comfortable with healthy capital structure and coverage metrics and stable cash and bank balances.

The ratings continue to factor in the company's established track record, its large scale and the backward-integrated nature of its manufacturing operations. Further, HSCL has a strong market position in the domestic coal tar pitch (CTP) and carbon black (CB) businesses with established relationships with customers and suppliers. The ratings also favourably factor in the company's diversified products, which are used in the aluminium, graphite, tyres, mechanical rubber goods, plastics, dyes and other chemical-related product manufacturing industries. HSCL raised Rs. 252.57 crore in FY2026 through share warrants. ICRA notes that the company operates the largest coal tar distillation capacity in India at 6 lakh metric tonnes per annum (MTPA) (5 lakh MTPA in FY2025). The facility produces CTP of various grades and naphthalene for further processing into sulphonated naphthalene formaldehyde (SNF) and is integrated with CB manufacturing lines and a 32-MW power plant.

The ratings, however, remain constrained by the cyclicality in the company's end-user industries viz. aluminium and graphite electrode manufacturing, and the foreign exchange fluctuation risk. Further, HSCL has capex plans to address a part of the global demand for critical raw material required for lithium-ion batteries. The capex is likely to be funded through internal accruals and cash reserves. The company is exposed to project execution risk, including the risks of delays and cost overruns. The company's ability to commission the project within the budgeted cost and estimated timeframe, stabilise the facilities and ramp up sales within a short gestation period, post commissioning, would remain important for the success of its capital expenditure programme.

Further, HSCL's ability to ramp up sales of Birla Tyres to achieve profitable operations remains crucial for maintaining the overall profitability at a consolidated level. It is also exposed to the inherent risks in the tyre manufacturing business, including stiff competition. Accordingly, the company's ability to achieve the operational profitability of the tyre business will also be a key monitorable.

The Stable outlook reflects ICRA's expectations that the company is likely to sustain its operating metrics. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, which will help expand the product portfolio, will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Large scale of integrated operations – HSCL's scale of operation is large and integrated, starting from coal tar distillation to the manufacturing of various carbon-based products and power generation. The company achieved a total sales volume of 5,64,206 MT in FY2026, reflecting a CAGR of 10.5% over the last five years, and the volume growth is likely to sustain, going forward. The increase in volumes is supported by volume growth in coal tar pitch and carbon black.

Dominant status as operator of the largest coal tar distillation capacity in India – HSCL operates the largest coal tar distillation plant in India. It enjoys a competitive advantage due to its large scale of operations compared to the other entities in the business. The company scaled its distillation capacity to 6,00,000 MTPA in FY2026 from 5,00,000 MTPA in FY2025.

Strong market position in domestic coal tar pitch and carbon black businesses – The company has a strong market position in the domestic CTP and CB businesses, bolstered by established relationships with customers as well as suppliers. Further, it has a proven track record of over two decades in CTP manufacturing and more than a decade in CB manufacturing. The company commenced commercial operations of a 70,000-MTPA speciality carbon black line in FY2026, increasing the carbon black capacity to 2,50,000 MTPA, including 130,000 MTPA of speciality carbon black.

Comfortable financial risk profile with healthy capital structure – A sustained growth in operating profits in the last few years, driven by higher EBITDA/MT and equity infusion, has supported the company's financial risk profile, leading to comfortable debt coverage metrics. The capital structure is comfortable, reflected in a gearing of 0.2 times and TOL/TNW of 0.3 times as on March 31, 2026.

Credit challenges

Exposed to project-related and ramp-up risks – HSCL will be undertaking a capex of ~Rs. 1,125 crore over the next two years under phase 1 to establish a manufacturing capacity of critical raw materials (40,000 MTPA) required for lithium-ion batteries. The capex is to be funded through internal accruals and cash reserves. As the company is undertaking a large capex in a sunrise sector, its ability to commission the project within the budgeted cost and estimated timeline, stabilise the operations and ramp up sales within a short gestation period, post commissioning, would remain a key monitorable. Further, HSCL is undertaking a Rs. 120-crore capex towards high value-added speciality products manufactured from existing coal tar distillates by FY2027. Consequently, the company is exposed to project execution risk, including the risks of delays and cost overruns.

Also, HSCL, along with Dalmia Bharat Refractories Limited (DBRL), acquired Birla Tyres Limited (BTL) in October 2023, under the corporate insolvency resolution process. The BTL plant had been shut for over three years and reported operating losses for several years prior to the shutdown. HSCL commenced the operations at BTL on May 29,2025. The ability of HSCL to ramp up BTL's sales to make the operations profitable remains crucial for maintaining the overall profitability at a consolidated level. Further, it is exposed to the inherent risks in the tyre manufacturing business, including stiff competition. Accordingly, the company's ability to achieve the operational profitability of the tyre business will be a key monitorable.

Exposed to business cycles – More than 45% of HSCL's sales volume is derived from the cyclical aluminium and graphite electrode industries, exposing its cash flows to business cycles and resulting in variable return indicators. Nonetheless, the risk is mitigated to an extent as CTP is a key consumable for the end-user industries Further, the acquisition of BTL exposes the company to inherent risks in the tyre manufacturing business, including stiff competition.

Vulnerability to foreign exchange fluctuations – The major raw material for CTP manufacturing is coal tar. For manufacturing CB, HSCL uses a mix of CBFS and carbon black oil (CBO). CBFS is a crude oil derivative and is mainly imported, exposing HSCL to forex risk. The risk is mitigated to a certain extent by the company's hedging policy and the natural hedge derived from exports.

Environmental and social risks

The safety and environmental health-related concerns associated with chemicals expose the industry to the risk of tightening regulatory norms for the production, handling, disposal and transportation of chemical products. Further, in the event of accidents, the litigation risks and liabilities for a clean-up could be high. While HSCL has a demonstrated track record of running its operations safely, the nature of the risk (being low frequency-high impact) weighs on its rating.

Further, operating responsibly is an imperative and instances of non-compliance with environmental, health and safety norms could have an adverse impact on the local community which could manifest in the form of protests, constraining the ability to operate or expand capacity. HSCL hasn't experienced/reported any incident suggestive of safety lapses in its manufacturing facilities over the past several years and its ability to maintain the manufacturing controls would be a monitorable.

Liquidity position: Adequate

HSCL's liquidity is adequate with sufficient buffer in the working capital limits and likely positive cash flow from operations, going forward. The average utilisation of its fund-based working capital limits against the sanctioned limits in the last 13 months ended April 2026 is 41%. Further, the company has an additional undrawn working capital facility against an FD of ~Rs. 500 crore. The company has free cash and liquid investments of Rs. ~348 crore. It has an annual long-term repayment obligation of ~Rs. 1.69 crore in FY2027, mainly towards vehicle/equipment loan, which can be comfortably met through internal accruals. The company has plans for capex/investments over the next few years which are likely to be funded from a mix of internal accruals and cash reserves.

Rating sensitivities

Positive factors – The ratings may be upgraded if there is a sustained improvement in scale and profitability along with low debt levels, translating into healthy credit metrics.

Negative factors – Pressure on the ratings could arise if a decline in volumes/margins and cash flows, a large debt-funded capital expenditure and any inability to ramp up the large capacity additions being made adversely affecting the company's financial metrics. A specific credit metric which may lead to a downgrade includes total debt/OPBDITA of greater than 1.2 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Chemicals
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated financial profile of the company. The details of the subsidiaries are enlisted in Annexure III

About the company

HSCL is an integrated manufacturer of various carbon-based products, starting with coal tar. The company operates 6,00,000-MTPA coal tar distillation units. The various distillates are used to manufacture CTP, different types of carbon black (CB), sodium naphthalene formaldehyde (SNF) and other advanced carbon-based materials. The coal tar distillation unit is the single-largest facility in India, and the company commands a leading position in the domestic CTP and CB markets. The total manufacturing capacity of carbon black is 2,50,000 MTPA, including speciality CB of 1,30,000 MTPA.

HSCL, along with Dalmia Bharat Refractories Limited (DBRL), acquired BTL in October 2023 through the corporate insolvency resolution process.

Key financial indicators (audited)

HSCL (consolidated)	FY2025	FY2026
Operating income	4,612.8	4,661.7
PAT	555.1	755.1
OPBDITA/OI	18.4%	21.6%
PAT/OI	12.0%	16.2%
Total outside liabilities/Tangible net worth (times)	0.2	0.3
Total debt/OPBDITA (times)	0.4	0.8
Interest coverage (times)	18.9	15.6

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					
	FY2027			FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	July 10, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based/Non-fund based - Others	Long term/ Short term	1,980.00	[ICRA]AA (Stable)/ [ICRA]A1+	Jul 31, 2025	[ICRA]AA- (Positive)/ [ICRA]A1+	Jul 09, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	Jul 07, 2023	[ICRA]A+ (Positive)/ [ICRA]A1
				Sep 10, 2025	[ICRA]AA- (Positive)/ [ICRA]A1+	Oct 15, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	Aug 31, 2023	[ICRA]A+ (Positive)/ [ICRA]A1
				-	-	-	-	Oct 09, 2023	[ICRA]A+ (Positive)/ [ICRA]A1
				-	-	-	-	Dec 12, 2023	[ICRA]A+ (Stable)/ [ICRA]A1
				-	-	-	-	Mar 28, 2024	[ICRA]A+ (Stable)/ [ICRA]A1
Unallocated-Unallocated	Long term/ Short term	0.86	[ICRA]AA (Stable)/ [ICRA]A1+	Jul 31, 2025	[ICRA]AA- (Positive)/ [ICRA]A1+	Jul 09, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	-	-
				Sep 10, 2025	[ICRA]AA- (Positive)/ [ICRA]A1+	Oct 15, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	-	-
Commercial paper	Short term	200.00	[ICRA]A1+	Jul 31, 2025	[ICRA]A1+	Jul 09, 2024	[ICRA]A1+	Jul 07, 2023	[ICRA]A1
				Sep 10, 2025	[ICRA]A1+	Oct 15, 2024	[ICRA]A1+	Aug 31, 2023	[ICRA]A1
				-	-	-	-	Oct 09, 2023	[ICRA]A1
				-	-	-	-	Dec 12, 2023	[ICRA]A1
				-	-	-	-	Mar 28, 2024	[ICRA]A1
Commercial paper	Short term	250.00	[ICRA]A1+	Jul 31, 2025	[ICRA]A1+	Jul 09, 2024	[ICRA]A1+	Jul 07, 2023	[ICRA]A1
				Sep 10, 2025	[ICRA]A1+	Oct 15, 2024	[ICRA]A1+	Aug 31, 2023	[ICRA]A1
				-	-	-	-	Oct 09, 2023	[ICRA]A1
				-	-	-	-	Dec 12, 2023	[ICRA]A1
				-	-	-	-	Mar 28, 2024	[ICRA]A1
Commercial paper	Short term	50.00	[ICRA]A1+	Jul 31, 2025	[ICRA]A1+	Jul 09, 2024	[ICRA]A1+	Jul 07, 2023	[ICRA]A1

				Sep 10, 2025	[ICRA]A1+	Oct 15, 2024	[ICRA]A1+	Aug 31, 2023	[ICRA]A1
				-	-	-	-	Oct 09, 2023	[ICRA]A1
				-	-	-	-	Dec 12, 2023	[ICRA]A1
				-	-	-	-	Mar 28, 2024	[ICRA]A1
Fund based - Cash credit	Long term			-	-	-	-	Jul 07, 2023	[ICRA]A+ (Positive)
				-	-	-	-	Aug 31, 2023	[ICRA]A+ (Positive)
				-	-	-	-	Oct 09, 2023	[ICRA]A+ (Positive)
				-	-	-	-	Dec 12, 2023	[ICRA]A+ (Stable)
				-	-	-	-	Mar 28, 2024	[ICRA]A+ (Stable)
Non-fund based - Others	Long term/ Short term			-	-	-	-	Jul 07, 2023	[ICRA]A+ (Positive)/ [ICRA]A1
				-	-	-	-	Aug 31, 2023	[ICRA]A+ (Positive)/ [ICRA]A1
				-	-	-	-	Oct 09, 2023	[ICRA]A+ (Positive)/ [ICRA]A1
				-	-	-	-	Dec 12, 2023	[ICRA]A+ (Stable)/ [ICRA]A1
				-	-	-	-	Mar 28, 2024	[ICRA]A+ (Stable)/ [ICRA]A1
Fund based - Term loan	Long term			-	-	Jul 09, 2024	[ICRA]AA- (Stable)	Jul 07, 2023	[ICRA]A+ (Positive)
				-	-	Oct 15, 2024	[ICRA]AA- (Stable)	Aug 31, 2023	[ICRA]A+ (Positive)
				-	-	-	-	Oct 09, 2023	[ICRA]A+ (Positive)
				-	-	-	-	Dec 12, 2023	[ICRA]A+ (Stable)
				-	-	-	-	Mar 28, 2024	[ICRA]A+ (Stable)
Unallocated - Unallocated	Long term			-	-	-	-	Jul 07, 2023	[ICRA]A+ (Positive)
				-	-	-	-	Aug 31, 2023	[ICRA]A+ (Positive)
				-	-	-	-	Oct 09, 2023	[ICRA]A+ (Positive)
				-	-	-	-	Dec 12, 2023	[ICRA]A+ (Stable)

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 regulatory purview of various Financial Sector Regulators (FSR) 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 regulatory purview of various FSR 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 FSR other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term – Fund based/Non-fund based	Simple
Long term/Short term unallocated limits	Not Applicable
Short term - 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 II: 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/Non-fund based**	NA	NA	NA	1,980.00	[ICRA]AA (Stable)/ [ICRA]A1+
NA	**Long term/Short term Unallocated limits**	NA	NA	NA	0.86	[ICRA]AA (Stable)/ [ICRA]A1+
Yet to be placed	**Short term - Commercial paper**	NA	NA	NA	500.00	[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	HSCL ownership	Consolidation approach
Himadri Speciality Chemical Limited	100.00% (rated entity)	Full consolidation
AAT Global Limited	100.00%	Full consolidation
Shandong Dawn Himadri Chemical Industry Limited	94.00%	Full consolidation
Himadri Agro Tech Specialities Limited (erstwhile Combe Projects Private Limited)	100.00%	Full consolidation
Himadri Clean Energy Limited	100.00%	Full consolidation
Himadri Future Material Technology Limited	100.00%	Full consolidation
Himadri Green Technologies Innovation Limited	100.00%	Full consolidation
Himadri Advance New Energy Material Limited (erstwhile Elixir Carbo Limited)	100.00%	Full consolidation
Himadri Speciality Inc	100.00%	Full consolidation
Invati Creations Private Limited	40% (Subsidiary)	Full consolidation
Birla Tyres Limited	100.00%	Full consolidation
Himadri Birla Tyre Manufacturer Private Limited	49% (Subsidiary)	Full consolidation
Trancemarine and Confreight Logistics Private Limited (TCLPL)	60% (Subsidiary)	Full consolidation
Sturdy Niketan Private Limited	Step down subsidiary of TCLPL	Full consolidation
Himadri Integrated Minerals and Resources Limited (erstwhile Himadri Power Limited)	100%	Full consolidation

Source: HSCL annual report FY2026

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