India Ratings Revises Outlook on Haldia Petrochemicals and Its Debt Instruments to Stable; Affirms Ratings at 'IND A+'/'IND A1'

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India Ratings and Research (Ind-Ra) has revised the Outlook on Haldia Petrochemicals Limited (HPL) and its debt instruments to Stable from Negative while affirming the ratings at 'IND A+'/'IND A1'. The instrument-wise rating actions are as follows:

Details of Instruments

Instrument Description	Regulator of Instrument	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (INR million)	Rating Assigned along with Watch/Outlook	Rating Action
Issuer rating	#	-	-	-	-	IND A+/Stable	Affirmed; Outlook revised to Stable
Non-convertible debentures*	Refer ISIN annexure	-	-	-	10,000	IND A+/Stable	Affirmed; Outlook revised to Stable
Bank loan facilities	RBI	-	-	-	104,000	IND A+/Stable/IND A1	Affirmed; Outlook revised to Stable

*details in annexure

There is no instrument being rated and, hence, Regulator of Instrument is not applicable. The rating scale and definitions are being followed as stipulated in the SEBI Master Circular for CRAs.

Analytical Approach

Ind-Ra continues to take a fully consolidated view of HPL and its subsidiaries, given the strong operational and strategic linkages among them.

Detailed Rationale of the Rating Action

The Outlook revision to Stable reflects Ind-Ra's expectation of an improvement in HPL's credit profile after the commercialisation and ramp-up of the ADPLUS Chemicals and Polymer Private Limited (ADPLUS) capacity. While the petrochemical spreads remained volatile post the West Asia Conflict, they improved slightly over the past two to three months (averaging around USD120/tonne) in International Tolling Margins (ITMs). This, coupled with an improvement in the opex/tonne and HPL's ability to price polypropylene (PP) higher than ITMs (averaging USD30-40/tonne), is likely to improve HPL's standalone margins over the medium term. Moreover, Advanced Performance Materials Private Limited's (ADPERMA; debt rated at 'IND A+'/Stable) EBITDA was largely stable at INR2 billion-INR2.5 billion annually over the past three to four years, which is likely to continue over the medium term. The ADPLUS capex is also at the last stage of completion and is likely to commence operations in FY28, which would increase long-term visibility on the sustenance of margins as the phenol prices and spreads have historically been counter-cyclical to PP given the latter is an input for phenol; therefore, HPL is likely to see margin protection from downstream capex on a consolidated basis.

Additionally, HPL divested its stake in HPL Tech BV in FY25, although the sale proceeds of USD295 million are likely to be received only in FY28 and FY29. In the interim, the company continues to earn cash interest on the deferred receivables.

The company has also pared off its high interest debt, resulting in lower interest costs in FY26, which is likely to continue.

The ratings also factor in the significant progress achieved on the debt-funded phenol and acetone projects being implemented under ADPLUS. The company had incurred INR42.2 billion towards the project as of June 2026 and had achieved 96% physical progress by August 2026, limiting the residual execution risk and providing firm visibility on project cost and implementation timelines.

However, the ratings are constrained due to the profitability being vulnerable to the cyclicality inherent in the petrochemical business and import duty levels.

List of Key Rating Drivers

Strengths

- Established market position
- Downstream value-added capex to provide medium-term EBITDA stability
- Significant progress on ADPLUS project
- Credit metrics to improve materially after phenol project commercialises

Weaknesses

- EBITDA susceptible to international prices

Detailed Description of Key Rating Drivers

Established Market Position: HPL is a leading polyolefin manufacturer in India, with a dominant position in the eastern region. It is the fourth-largest combined polyethylene (PE) and PP producer in India with a capacity of 1.06 million tonnes per annum, followed by Reliance Industries Ltd ('IND AAA'/Stable), Indian Oil Corporation Ltd ('IND AAA'/Stable), and ONGC Petro Additions Limited ('IND AAA'/Stable). Furthermore, the long-term domestic demand outlook for polyolefins is positive, driven by a lower domestic per capita consumption than the global average and continued strong demand from the fast-moving consumer goods, automobiles, infrastructure, and agriculture sectors. Ind-Ra expects HPL's market position to improve after the commencement of phenol and acetone projects. The agency also expects products from phenol and acetone projects to be counter-cyclical to petrochemical products, thereby protecting HPL's EBITDA during downcycles.

Downstream Value-added Capex to Provide Medium-term EBITDA Stability: HPL is reducing its dependence on polyolefins and increasing the share of value-added products on the chemicals side. Polyolefins contributed about 56% of its FY26 revenue (FY25: 58%), and chemicals the balance. HPL is expanding downstream value addition through its phenol project in ADPLUS, which would aid in: i) value addition on benzene resulting in higher chain margins to HPL, ii) increasing the cracker's capacity utilisation, and iii) earning counter-cyclical phenol margins compared to cracker margins. The ADPERMA product portfolio consists of butene-1 and methyl tert-butyl ether. HPL's downstream diversification will likely enable it to earn higher margins and bring stability to earnings in a relatively cyclical industry. The capex to capture a greater portion of the value chain bodes well for petrochemical companies. Furthermore, the agency expects the counter-cyclicality of chemical and polymer spreads to bode well for the stability of HPL's EBITDA.

Significant Progress on ADPLUS Project: HPL has made significant progress on the ADPLUS project, achieving 96% physical completion as of August 2026. However, the estimated cost has increased to INR60.2 billion (INR56 billion earlier) and the scheduled commercial operation date has extended to March 2027 (October 2026). The company has sought an increase in the sanctioned debt and an extension in the moratorium and repayment period, in line with the new project cost estimate and timelines. Nevertheless, the project DSCR is likely to be comfortable at above 1.6x over the debt tenor. The timely completion of the capex within the estimated cost is a key rating monitorable. Upon commissioning, Ind-Ra expects the phenol and acetone projects to generate an annual EBITDA of INR8 billion-10 billion. Accordingly, an improvement in product spreads and timely commissioning and stabilisation of the phenol and acetone capacities are key rating monitorables.

Credit Metrics to Improve Materially After Phenol Project Commercialises: Ind-Ra expects HPL's credit metrics to improve materially after the phenol capacity commercialises. The downstream capex is likely to result in lower EBITDA

volatility due to reliance on a single stream of output. The demand for phenol and acetone is less elastic, and the prices and spreads move counter-cyclical to PP, giving value-chain benefits. Furthermore, the PP cycle is also likely to improve over the medium term, with signs visible in 4QFY26 and July-August 2026, but there was some erosion in 1QFY27 due to geopolitical shocks. HPL has historically been able to realise USD30-40/tonne higher margins than ITMs due to import parity pricing and better product yield, which is also likely to continue. The EBITDA is also likely to benefit from an improvement in the petrochemical spread cycle, driven by capacity closures across Europe, Japan, and Singapore, which should help narrow the demand-supply imbalance created by excess Chinese supply. HPL has also invested around INR7.5 billion over the past two to three years towards improving plant operations and efficiency, resulting in a meaningful reduction in its operating cost base and supporting EBITDA margins. Ind-Ra expects HPL's consolidated EBITDA to reach around INR20 billion a year from FY28, with a debt of INR80-85 billion.

While HPL generated a strong EBITDA in FY26, it was largely subdued in 1QFY27 due to inventory losses. HPL has also pared off a high-cost bridge debt taken in FY25, reducing the interest cost burden in FY26. While the consolidated net leverage (net debt/EBITDA) is likely to be high in FY27, as the phenol project debt would have been fully utilised (and EBITDA generation would start in FY28), it is likely to improve to around 3.5x in FY28. The net leverage would also be supported by cash flow realisations from HPL Tech BV, with USD295 million likely to be received over FY28-FY29. Ind-Ra will continue to monitor the ramp up of the phenol capacity, the EBITDA lock in ability at the consolidated level, and the cash flow realisations from the sale transaction, which would have a bearing on the net leverage trajectory.

HPL's total debt increased to INR88.6 billion at FYE26 (FYE25: INR62.3 billion), following the debt draw down for the ADPLUS project. HPL's long-term debt increased to INR70.7 billion at FYE26 (FYE25: INR40.7 billion), while the short-term debt decreased to INR17.82 billion (INR21.6 billion). The consolidated net leverage (total debt less cash and cash equivalents (including lien marked balances)) improved to 3.8x in FY26 (FY25: 9.1x), due to an improvement in the EBITDA. HPL's interest coverage (EBITDA/interest expense) improved to 2.5x in FY26 (FY25: 0.5x).

EBITDA Susceptible to International Prices: HPL's profitability is subject to fluctuations arising from petrochemical industry cycles, changes in import duties, and movements in forex rates. The company's reported EBITDA improved significantly in FY26 despite the 60 days maintenance capex in 1QFY26 to INR14.1 billion (FY25: INR3.9 billion), largely due to an increase in the spreads in March 2026 amid the West Asia conflict. The company also benefitted from an inventory gain of Naphtha in FY26. The HPL tolling margins reduced to around USD60/tonne in 1QFY27, due to the high cost of Naphtha purchased, while it improved to USD160/tonne by August 2026. The margins of petrochemical players is susceptible to the spread between polymer and feedstock prices.

HPL's consolidated EBITDA is supported by ADPERMA's EBITDA. ADPERMA's EBITDA was INR2 billion in FY26 (FY25: INR2.6 billion). HPL's revenue included accrued benefits under government incentive schemes worth INR5.2 billion in FY26 (FY25: INR3.1 billion). The actual payment for these accrued benefits remains to be ascertained on account of the pending resolution of the issue with the West Bengal government in the Kolkata High Court. The accumulated accrued benefits were INR26 billion at FYE26 (FYE25: INR20.8 billion).

Liquidity

Adequate: HPL, on a consolidated basis, had total cash and cash equivalents of INR33.3 billion at FYE26 (FYE25: INR26.5 billion). Of the overall cash and cash equivalents, INR13.1 billion was lien marked as margin money for the letter of credit and bank guarantee in FY26 (FY25: INR13.8 billion). As a practice, HPL has been putting cash and investments as collateral to avail lower interest rates and finance charges. The cash flow from operations turned positive to INR11.1 billion in FY26 (FY25: negative INR2.7 billion), mainly due to an improvement in the EBITDA and working capital cash released as the net working capital cycle improved to 19 days (36 days).

The company has scheduled consolidated repayments of INR12-13 billion in FY27 and FY28 each. The company is also exploring to refinance the existing debt with a longer tenure debt, which, if successful, will reduce the annual repayment burden. HPL largely relies on the non-fund-based limits to purchase naphtha, the average utilisation of which was 85% during the 12 months ended June 2026. The average use of the fund-based limits was 34% for the 12 months ended June 2026. Ind-Ra expects HPL's liquidity position to remain adequate over FY27, given the healthy cash and cash equivalents. Furthermore, the under-construction project has made a significant progress and is likely to complete by end-FY27, for which ADPLUS will draw an increment debt of INR23 billion in FY27. Any material increase in the loans and

advances to the group companies is a key rating monitorable. The company's liquidity is also supported by interest to be received to the tune of INR1.7 billion-1.8 billion for deferred payments pertaining to the stake sale of HPL Tech BV.

Rating Sensitivities

Positive: An improvement in the profitability, resulting in the net leverage below 2.5x on a sustained basis while maintaining adequate liquidity, and/or a successful ramp-up of operations at ADPLUS with the EBITDA in line with expectations, leading to lower volatility in overall profitability, would be positive for the ratings.

Negative: Continued pressure on profitability, time or cost overruns on the planned capex, and/or ADPLUS profitability below expectations, resulting in reduced visibility of the net leverage below 3.5x on a sustained basis, could lead to a negative rating action.

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on HPL, due to either their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

HPL is a joint venture with the majority shareholding and management control with The Chatterjee Group. The company manufactures PE (high-density and linear low-density) and PP resins. It has an installed capacity of 720,000 tonnes per annum for PE and 341,000 tonnes per annum for PP. Its product lines also include chemicals such as butadiene, benzene, and motor spirit, which are by-products during the manufacturing of PE and PP resins using naphtha.

Key Financial Indicators

Particulars (INR billion) – Consolidated	FY26	FY25
Revenue	149.1	142.9
EBITDA	14.4	3.9
EBITDA margin (%)	9.7	2.8
Interest expenses	5.8	7.7
Gross interest coverage (x)	2.5	0.51
Net leverage	4.7	12.6
Net leverage including restricted cash	3.83	9.06
Source: HPL, IND-Ra		

Particulars (INR billion) – Standalone	1QFY27	FY26	FY25
Revenue	45.1	127.1	132.9
EBITDA	1.1	11.52	0.50
EBITDA margin (%)	2.4	9.1	0.4
Interest expenses	1.4	4.9	4.3
Gross interest coverage (x)	0.82	2.4	0.12

Particulars (INR billion) – Standalone	1QFY27	FY26	FY25
Net leverage (x)	-	2.23	56
Source: HPL, Ind-Ra			

Status of Non-Cooperation with Previous Rating Agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook			
	Rating Type	Rated Limits (INR million)	Current Rating	3 October 2025	17 April 2025	17 September 2024	18 September 2023
Issuer rating	Long-term	-	IND A+/Stable	IND A+/Negative	IND A+/Rating Watch with Negative Implications	IND A+/Stable	IND AA-/Negative
Non-convertible debentures	Long-term	10,000	IND A+/Stable	IND A+/Negative	IND A+/Rating Watch with Negative Implications	IND A+/Stable	IND AA-/Negative
Bank loan facilities	Long-term/Short-term	104,000	IND A+/Stable/IND A1	IND A+/Negative/IND A1	IND A+/Rating Watch with Negative Implications/ IND A1/Rating Watch with Negative Implications	IND A+/Stable/IND A1	IND AA-/Negative/IND A1+

Disclosure on instruments / activities and names of regulators:

A list of products/activities or ratings of instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by Ind-Ra on its website. A link to the same has been provided below for ready reference:

Rating Activities

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Bank wise Facilities Details

The details are as reported by the issuer as on (01 Oct 2026)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating

1	DBS Bank India Limited	Fund Based Working Capital Limit	1000	IND A+/Stable / IND A1
2	HDFC Bank Limited	Fund Based Working Capital Limit	1000	IND A+/Stable / IND A1
3	Punjab National Bank	Fund Based Working Capital Limit	300	IND A+/Stable / IND A1
4	State Bank of India	Fund Based Working Capital Limit	1560	IND A+/Stable / IND A1
5	Union Bank of India	Fund Based Working Capital Limit	450	IND A+/Stable / IND A1
6	Yes Bank Ltd	Fund-based working capital limits	1000	IND A+/Stable / IND A1
7	DBS Bank India Limited	Non-Fund Based Working Capital Limit	2600	IND A+/Stable / IND A1
8	HDFC Bank Limited	Non-Fund Based Working Capital Limit	3500	IND A+/Stable / IND A1
9	Punjab National Bank	Non-Fund Based Working Capital Limit	3700	IND A+/Stable / IND A1
10	State Bank of India	Non-Fund Based Working Capital Limit	9350	IND A+/Stable / IND A1
11	Union Bank of India	Non-Fund Based Working Capital Limit	2550	IND A+/Stable / IND A1
12	Yes Bank Ltd	Non-fund-based working capital limits	2000	IND A+/Stable / IND A1
13	Bandhan Bank	Term loan	1800	IND A+/Stable
14	CSB Bank Limited	Term Loan	1706.3	IND A+/Stable
15	EXIM Bank	Term Loan	4121.4	IND A+/Stable
16	ICICI Bank	Term Loan	1250	IND A+/Stable
17	IndusInd Bank Limited	Term Loan	4000	IND A+/Stable
18	Punjab National Bank	Term Loan	2026.9	IND A+/Stable
19	State Bank of India	Term Loan	9424.3	IND A+/Stable
20	Union Bank of India	Term Loan	2583.1	IND A+/Stable

21	Yes Bank Ltd	Term Loan	1425	IND A+/Stable
22	NA	Bank loan facilities	46653	IND A+/Stable / IND A1

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity-indicators.

Annexure

Instrument Type	Regulator of Instrument	ISIN Number	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (INR million)	Rating/Outlook
NCDs	SEBI	INE105U07014	1 July 2022	8.75	1 July 2029	2,500	IND A+/Stable
NCDs	SEBI	INE105U07030	1 July 2022	8.95	30 June 2027	2,500	IND A+/Stable
Proposed NCDs#	SEBI	-	-	-	-	5,000	IND A+/Stable
Total						10,000	

Source: NSDL
#Yet to be issued

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Corporate Rating Methodology

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

Evaluating Corporate Governance

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