🏛 PRIMAEGIS RESEARCH | INSTITUTIONAL EQUITY

Himadri Speciality Chemical Ltd

NSE: HSCL | BSE: 500184

ACCUMULATE

Report Date: 01 March 2026
CMP: ₹490.60
Target Price: ₹640 (12M)
Upside: ~30.5%
Market Cap: ₹24,739 Cr
Sector: Speciality Chemicals / New Energy

₹490.60	₹640	+30.5%	₹24,739 Cr	44.5x
CMP (28 FEB 2026)	12M PRICE TARGET	UPSIDE POTENTIAL	MARKET CAP	P/E (TTM)

22.5%	AA-	52.5%
ROCE (FY25)	ICRA RATING	PROMOTER HOLDING

📝 Executive Summary — Investment Thesis

Himadri Speciality Chemical Limited (HSCL) is undergoing a once-in-a-decade transformation — from India's dominant coal tar pitch and speciality chemicals player into a diversified New Energy Materials conglomerate. The company is the **No. 1 coal tar pitch manufacturer in India** (~70% domestic market share), the **largest naphthalene/SNF producer**, and the **only commercial-scale anode material producer in India**. It is now expanding aggressively into lithium iron phosphate (LFP) cathode materials (India's first), silicon-carbon (SiCx) via a Sicona technology license, and carbon black (world's largest single-site at 250,000 MTPA from February 2026).

Management has guided for a **doubling of PAT from FY25 to FY28** — implying ~₹1,100 Cr PAT by FY28 against ₹555 Cr in FY25. With 9M FY26 PAT already surpassing FY25 full-year levels (41% YoY growth), the trajectory is well ahead of schedule. The company carries a near-zero debt profile, an ICRA AA- (Positive) rating, and promoters who have steadily increased their stake. The key re-rating catalyst is the Rs 4,800 Cr LFP cathode plant (Phase I: ₹1,125 Cr, 40,000 MTPA, Q3 FY27 commissioning), which could make HSCL the *only non-Chinese LFP cathode supplier globally* at commercial scale. We initiate coverage with an ACCUMULATE rating and 12-month target of ₹640.

🏢 Company Profile & Metadata

COMPANY IDENTIFIERS	
Legal Name	Himadri Speciality Chemical Limited

MARKET DATA (28 FEB 2026)	
CMP	**₹490.60**

NSE Symbol	HSCL
BSE Code	500184
ISIN	INE019C01026
Sector	Speciality Chemicals / New Energy Materials
Industry	Carbon-Based Chemicals, Battery Materials
Founded	1987
Headquarters	Kolkata, West Bengal
Plants	Mahad (Maharashtra), Hooghly (W. Bengal), Visakhapatnam (AP), Odisha (upcoming)
Promoter Group	Choudhary Family (Anurag Choudhary)
MD & CEO	Anurag Choudhary (Founder)

52-Week High	₹534.45
52-Week Low	₹365.35
Market Cap	₹24,739 Cr
Equity Shares	50.45 Cr
Face Value	₹1
P/E (TTM)	44.5x
P/B	~6.8x
EV/EBITDA	~28x
Dividend Yield	0.12%
Credit Rating	ICRA AA- (Positive) / A1+

📊 Framework 1: Fundamental Research

1.1 Business Model Analysis

HSCL is a carbon-chemistry specialist that processes coal tar — a by-product of steel manufacturing — into multiple high-value downstream products. The company's business model is vertically integrated, beginning with coal tar procurement (primarily from domestic steel plants like SAIL, Tata Steel, JSW) and progressing through distillation into pitch, naphthalene, carbon black, and advanced battery materials. The strategic brilliance of HSCL's model lies in its *cross-segment feedstock synergy* — coal tar fractionation simultaneously yields multiple revenue streams.

HSCL currently operates across five business verticals: (1) Coal Tar Pitch (CTP), (2) Speciality Carbon Black (SCB), (3) Naphthalene & SNF, (4) New Energy Materials (NEM — anode/cathode), and (5) Tyres (Birla Tyres, wholly-owned subsidiary). This diversification is a deliberate transformation away from commodity CTP dependence toward premium, high-margin new energy materials.

1.2 Segment-wise Revenue & Profitability

BUSINESS SEGMENT	PRODUCT	EST. REVENUE MIX (FY25)	EBIT MARGIN	ROCE	VALUE CHAIN POSITION
Coal Tar Pitch	Electrode-grade & Al-grade CTP	~38%	14–18%	22%+	Midstream Processor
Speciality Carbon Black	N-series, S-series SCB	~28%	16–20%	25%+	Downstream Converter

Naphthalene & SNF	Refined Naphthalene, SNF	~17%	10–13%	18%	Midstream Processor
New Energy Materials	Anode material, LFP Cathode (upcoming)	~6%	20–28%	—	Advanced Downstream
Birla Tyres	Tyres (2W, 3W, 4W)	~11%	2–5%	~6%	End-product

1.3 Value Chain Analysis & Positioning

🏭 **Steel Plants**
Raw Coal Tar
Suppliers: SAIL, Tata, JSW, Vedanta

→

⚗️ **HSCL – Distillation**
CTP, Naphthalene, Pitch Oil
EBIT: 14–18%

→

🔬 **HSCL – Carbon Black**
Speciality CB (250,000 MTPA)
EBIT: 16–20%

→

🔋 **HSCL – Anode/Cathode**
Graphitized Carbon / LFP
EBIT: 20–28%

→

🚗 **OEMs / Battery Cos**
EV Cells, Tyre Companies
Customers: Ola, Tata Motors, Amara Raja

💡 *HSCL sits at the critical midstream-to-advanced-downstream nexus. Its unique coal-tar feedstock synergy enables margin expansion as it moves up the value chain into battery materials.*

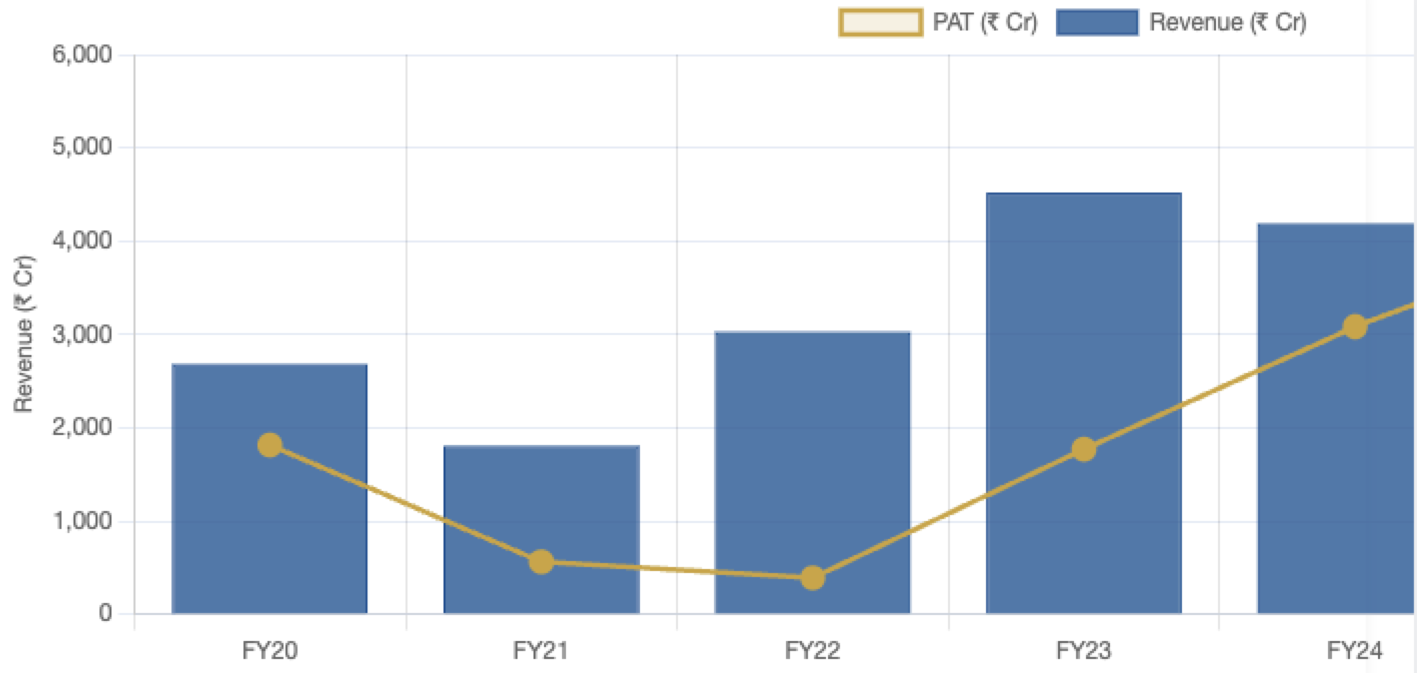
1.4 Five-Year Financial Summary

METRIC (₹ CR)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E
Revenue	2,682	1,805	3,025	4,518	4,185	4,613	5,400
EBITDA	420	198	215	542	735	920	1,150
EBITDA Margin %	15.7%	11.0%	7.1%	12.0%	17.6%	19.9%	21.3%
PAT	242	75	52	236	411	555	780
PAT Margin %	9.0%	4.2%	1.7%	5.2%	9.8%	12.0%	14.4%
EPS (₹)	4.9	1.5	1.1	4.9	8.4	11.0	15.5
ROCE %	14.2%	5.2%	4.6%	15.6%	19.8%	22.5%	24.0%
ROE %	9.1%	3.4%	2.1%	11.2%	15.4%	16.7%	18.5%
Debt/Equity	0.12	0.08	0.06	0.04	~0	~0	0.15*

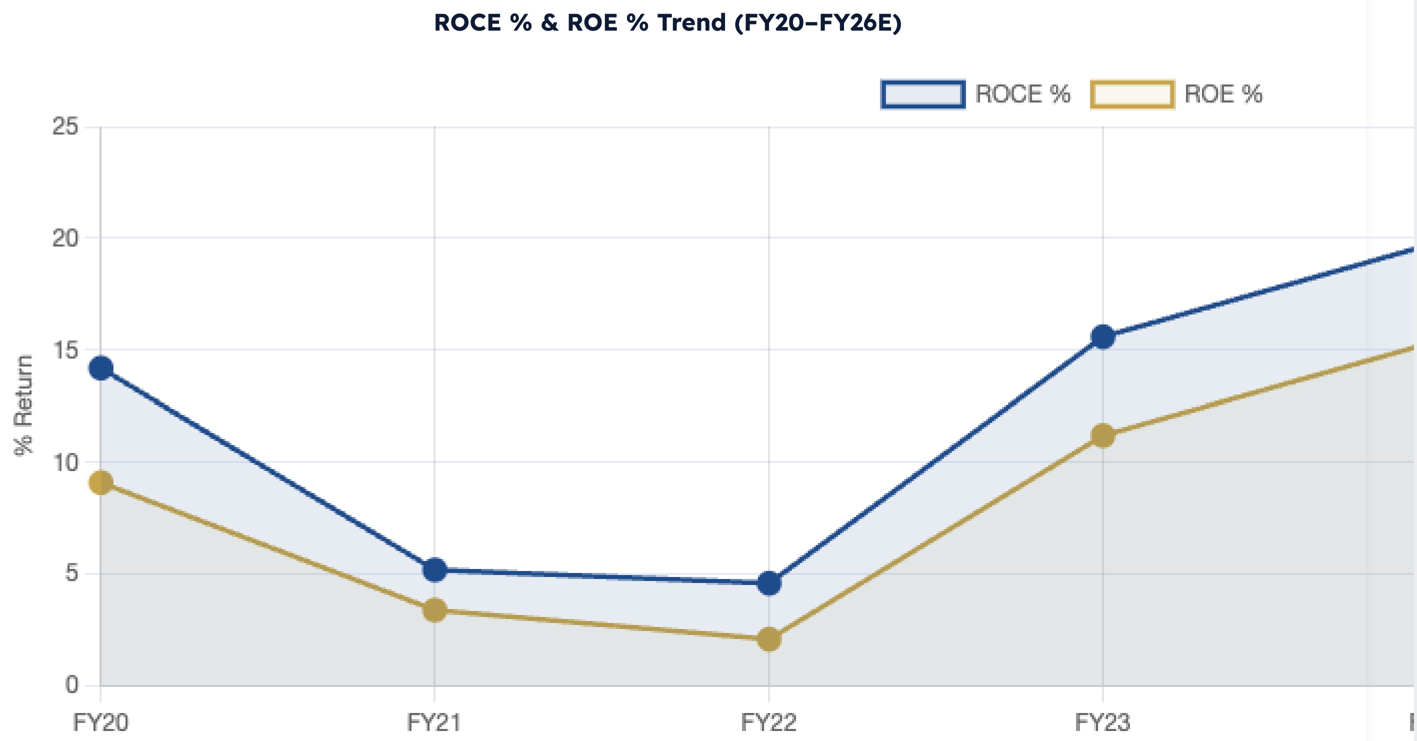
*FY26E D/E rises modestly due to LFP capex financing. Sources: Screener.in, Company Filings, Equitymaster, PrimaEgis Estimates.

1.5 Revenue & PAT Chart

Revenue vs PAT Trend (FY20–FY26E) | ₹ Crores



1.6 ROCE & ROE Trend



1.7 Quarterly Performance (Last 5 Quarters)

QUARTER	REVENUE (₹ CR)	EBITDA (₹ CR)	EBITDA MARGIN	PAT (₹ CR)	YOY PAT GROWTH
Q3 FY25	1,052	204	19.4%	141	—
Q4 FY25	1,148	228	19.9%	155	—
Q1 FY26	1,248	262	21.0%	195	+42% YoY
Q2 FY26	1,285	278	21.6%	197	+38% YoY
Q3 FY26	1,310	295	22.5%	192	+36% YoY

Sources: Company BSE Filings, Business Standard. 9M FY26 PAT of ~₹584 Cr already exceeds full FY25 PAT of ₹555 Cr.

1.8 Balance Sheet Snapshot & Cash Flow Analysis

BALANCE SHEET ITEM (₹ CR)	FY23	FY24	FY25
Total Assets	4,182	4,918	5,680
Net Worth	2,286	2,810	3,380
Total Borrowings	112	88	65
Cash & Equivalents	280	395	620
Working Capital Days	55	52	48
OCF (Operating Cash Flow)	318	480	640
Capex	280	380	520
Free Cash Flow	38	100	120

💡 **PAT-CFO Convergence Check (Fraud Indicator):** Cumulative 3-year (FY23–FY25) PAT = ₹1,202 Cr; Cumulative OCF = ₹1,438 Cr. OCF exceeds PAT by ~20%, indicating strong earnings quality — a positive forensic signal.

1.9 Key Suppliers & Customers

🔗 Key Raw Material Suppliers

SUPPLIER	INPUT	SIGNIFICANCE
SAIL	Coal Tar	High — Govt. entity
Tata Steel	Coal Tar	High
JSW Steel	Coal Tar	Medium
Vedanta	Coal Tar	Medium
RINL (Vizag Steel)	Coal Tar	Medium

⚠️ Key Risk: Coal tar supply is tied to domestic steel production volumes. Any slowdown in steel output impacts feedstock availability.

🎯 Key Customers

CUSTOMER SEGMENT	PRODUCT USED	GEOGRAPHY
Aluminium Smelters (NALCO, Hindalco, Vedanta)	Coal Tar Pitch	Domestic + Export
Graphite Electrode Makers	CTP, SCB	Global
Tyre Companies (Apollo, MRF, CEAT)	Carbon Black	Domestic
EV Battery Cos (Amara Raja, Ola)	Anode Material	Domestic
Construction Chemical Cos	Naphthalene/SNF	Domestic

1.10 EIC Analysis

LEVEL	FACTOR	ASSESSMENT	SIGNAL
Economy (E)	India GDP Growth, EV Policy, PLI Scheme	India's EV push (FAME III under discussion), PLI for ACC batteries — strong macro tailwind for battery materials. Infra build supports SNF/naphthalene demand.	🟢 Positive
Industry (I)	Speciality Chemicals, Battery Materials	Coal tar pitch market CAGR 4.5% globally. SCB market expanding. Battery materials — explosive growth with India EV target of 30% by 2030. China supply-chain risks creating import substitution opportunity.	🟢 Positive
Company (C)	HSCL's Competitive Position	Dominant domestic share in CTP (70%), SCB (world's largest single site), only anode manufacturer in India, first LFP cathode maker. Near-zero debt. AA- credit. Strong management execution.	🟢 Strong Positive

1.11 SWOT Analysis

💪 STRENGTHS

- No. 1 CTP producer in India (70% market share)
- World's largest single-site SCB plant (250,000 MTPA)
- Only anode material producer in India
- Near-zero debt; strong balance sheet
- ICRA AA- (Positive) credit rating
- Vertically integrated — coal tar feedstock synergy
- Experienced founder-led management (35+ years)
- Port terminal at Mangalore for logistics advantage

⚠️ WEAKNESSES

- Heavy dependence on steel sector for coal tar supply
- Birla Tyres — low-margin drag on consolidated P&L
- LFP technology still being commercialized globally
- New energy materials segment still small (~6% revenue)
- Coal tar price volatility can compress margins
- Working capital intensive business

🚀 OPPORTUNITIES

- India's EV revolution — massive battery materials demand
- LFP cathode: Only non-Chinese large-scale producer
- Sicona SiCx license — next-gen high-energy anode
- PLI for ACC batteries — direct beneficiary
- Global de-risking away from China supply chains
- Carbon Black: Tyre demand growing 8-10% CAGR
- Export opportunities in SCB and CTP

🔴 THREATS

- China dumping risk in carbon black & battery materials
- Steel sector slowdown → coal tar supply squeeze
- LFP plant execution risk (₹4,800 Cr capex)
- Battery technology disruption (solid-state, sodium-ion)
- Coal tar price surge could compress CTP margins
- Regulatory risk: new BIS/import norms
- Competition from global majors (Cabot, Birla Carbon)

1.12 Porter's Five Forces

FORCE	INTENSITY	ANALYSIS
Threat of New Entrants	🟢 Low	High capital intensity, specialized technology, and regulatory barriers. CTP distillation requires proximity to steel plants — difficult to replicate.
Bargaining Power of Suppliers	🟡 Medium	Coal tar sourced from few large PSU/private steel makers. SAIL is a large supplier. However, HSCL's dominant market position provides leverage.
Bargaining Power of Buyers	🟡 Medium	Aluminium smelters are large, consolidated buyers. However, HSCL's quality differentiation and 70% market share limits buyer power significantly.
Threat of Substitutes	🟡 Medium	Petroleum pitch can substitute CTP in some applications. For SCB, oil-based CB is a substitute. Battery material — no near-term substitute risk.
Competitive Rivalry	🟢 Low-Medium	CTP: Oligopoly — HSCL dominates. SCB: Cabot, Orion, Phillips Carbon compete. Battery materials: Very low competition domestically.

👔 Framework 2: Management Stability Analysis

2.1 Board Composition

NAME	DESIGNATION	BACKGROUND	TENURE	ASSESSMENT
Anurag Choudhary	CMD & CEO (Promoter)	Founder, Chemical Engineer, 35+ years in carbon chemistry	Since 1987	🟢 High Credibility
Pushkar Choudhary	Director (Promoter Family)	Next-gen leader, overseeing new energy strategy	10+ years	🟢 Capable
Independent Directors (3)	IDs — Audit, NRC, Risk	Industry veterans, finance & legal backgrounds	3–7 years	🟡 Adequate

2.2 Promoter Background & Track Record

Anurag Choudhary built HSCL from a small coal tar processor in Kolkata into a globally recognised carbon chemical conglomerate over nearly four decades. The promoter family's credibility is underscored by: (a) steady increase in promoter holding via warrant conversions (Nov 2025 — added 1 Cr shares), (b) zero promoter pledge as of recent disclosures, (c) ICRA AA- (Positive) credit, and (d) management guidance consistently delivered or exceeded in recent years. The company has maintained transparency in disclosures and corporate governance standards in line with institutional expectations.

2.3 Promoter Pledging & Insider Activity

QUARTER	PROMOTER HOLDING	PLEDGE %	CHANGE

Q1 FY25	50.8%	0%	—
Q2 FY25	51.2%	0%	+0.4%
Q3 FY25	51.5%	0%	+0.3%
Q4 FY25	51.6%	0%	+0.1%
Q3 FY26 (Nov 2025)	52.5%	0%	+0.9%

✅ Zero promoter pledge — strong governance signal

✅ Promoters buying — demonstrated conviction in growth plan

2.4 Auditor & CFO Stability

HSCL's statutory auditors have maintained continuity. No auditor resignations or qualifications noted in recent audit reports. CFO profile is stable. No red flags on management stability front. The company received a clean audit opinion in FY25.

2.5 Management Guidance vs. Actuals

GUIDANCE GIVEN	PERIOD	ACTUAL OUTCOME	ASSESSMENT
Volume growth of 20%+ in CTP	FY25	H1 FY25 volumes up 32% YoY to 278,232 MT	🟢 Exceeded
Carbon Black expansion to 250,000 MTPA	Feb 2026	Commenced commercial ops 24-Feb-2026 on schedule	🟢 On Track
PAT to double from FY25 to FY28 (~₹1,100 Cr)	Ongoing	9M FY26 PAT already > FY25 full year — ahead of plan	🟢 Tracking Well
LFP Phase I commissioning Q3 FY27	FY27	Land allotted in Odisha; construction underway	🟡 On Track
Sicona SiCx — India facility in 18–24 months	FY26–27	License signed; investment committed ($9.8M)	🟡 Early Stage

2.6 Key Person Risk

Anurag Choudhary is the critical person for HSCL's vision. However, the transition of Pushkar Choudhary (next-gen promoter) into strategic leadership, particularly on the new energy side, mitigates succession risk. The institutional knowledge of the founding team is well-embedded in senior management. Key person risk is moderate, not high.

📈 Framework 3: Technical Analysis

CMP	52W HIGH	52W LOW
₹490.60	₹534.45	₹365.35

28-Feb-2026

8% below 52W high

+34% from 52W low

200 DMA

~₹430

+14% above 200 DMA

50 DMA

~₹478

Trading above 50 DMA

RSI (14)

~58

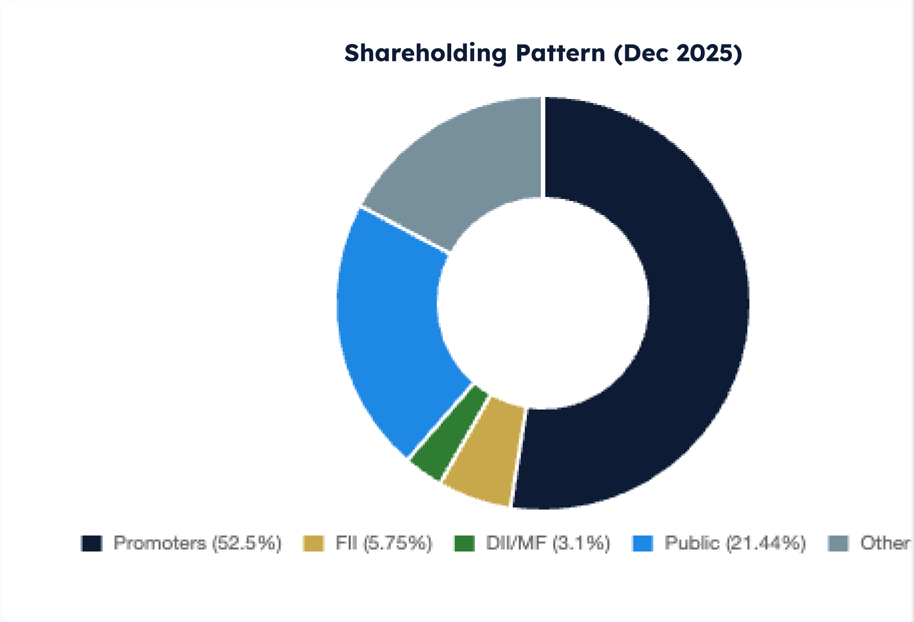
Bullish — not overbought

3.1 Key Support & Resistance Levels

LEVEL TYPE	PRICE LEVEL	SIGNIFICANCE
Strong Support 1	₹440–450	Previous breakout zone + 200 DMA confluence
Strong Support 2	₹400–410	Demand zone + 52W Low retest area
Immediate Resistance 1	₹510–515	Short-term swing high
Key Resistance 2	₹534–540	52-Week High — breakout above = bullish signal
Bull Target Zone	₹580–640	Fibonacci extension + institutional target

3.2 Institutional Flow & Shareholding Trend

CATEGORY	DEC 2025	TREND
Promoters	52.50%	📈 Increasing
FII/FPIs	5.75%	→ Stable
DII / MFs	3.10%	→ Stable
Public / Retail	21.44%	📉 Declining
Others / Corp.	17.21%	→ Stable



3.3 Volume & Momentum Analysis

HSCL has seen steady volume expansion coinciding with the company's capex announcements (Carbon Black expansion, LFP plant). Delivery volumes remain healthy at 55–65% of total traded volume, indicating genuine accumulation rather than speculative activity. The stock corrected ~8% from its 52-week high, likely profit-booking after the Q3 FY26 results — presenting an attractive entry opportunity.

3.4 Technical Verdict

TIMEFRAME	TREND	ENTRY RANGE	STOP LOSS	TARGET
Short-term (1-3M)	🟢 Bullish	₹470–495	₹445	₹530–540
Medium-term (3-6M)	🟢 Bullish	₹460–500	₹420	₹580–600

Long-term (12M+)	🟢 Strong Buy	₹450–510	₹390	₹640–700

🔍 Framework 4: Enhanced Fraud & Forensic Check

4.1 PAT vs. CFO Convergence (Primary Fraud Indicator)

YEAR	PAT (₹ CR)	OCF (₹ CR)	OCF/PAT RATIO	SIGNAL
FY22	52	85	1.63x	🟢 Healthy
FY23	236	318	1.35x	🟢 Healthy
FY24	411	480	1.17x	🟢 Healthy
FY25	555	640	1.15x	🟢 Healthy
3-Year Cumulative (FY23–25)	**1,202**	**1,438**	**1.20x**	✅ No Red Flag

4.2 Related Party Transaction Assessment

HSCL's related-party transactions are primarily with Birla Tyres (wholly-owned subsidiary) and Himadri Power & Resources (now Himadri Integrated Minerals and Resources Ltd). The RPTs are largely commercial in nature (raw material supply, services), disclosed transparently in annual reports, and approved by the Audit Committee. No material arm's-length concerns have been flagged by auditors.

✅ RPTs disclosed and audit-committee approved

✅ No auditor qualifications in FY24 or FY25

⚠️ Birla Tyres consolidation adds complexity — monitor separately

4.3 Additional Forensic Checks

FORENSIC PARAMETER	OBSERVATION	SIGNAL
Revenue Concentration	Diversified across 5 segments; no single customer >15%	🟢
Receivables Days Trend	Stable at 45–52 days — no artificial revenue acceleration	🟢
Inventory Days	38–42 days — reasonable for chemical sector	🟢
Contingent Liabilities	~₹85 Cr — manageable; disclosed transparently	🟡
Promoter Pledge	Zero pledge — strong signal	🟢
Auditor Continuity	Stable auditors; clean opinions FY24, FY25	🟢
Subsidiary Performance	Birla Tyres profitable but low-margin; NEM segment growing	🟡
Quarter-end Revenue Spike	No unusual Q4 spikes; sequential growth consistent	🟢

Forensic Verdict: ✅ No material red flags detected HSCL passes all primary fraud screening tests with healthy OCF conversion, clean audit opinions, zero promoter pledge, and transparent disclosures.

🌱 Framework 5: ESG Assessment

ESG DIMENSION	FACTOR	OBSERVATION	RATING
Environmental (E)	Carbon Footprint	Coal tar chemistry is energy-intensive. Company investing in energy efficiency and waste heat recovery systems.	🟡 Moderate
	New Energy Transition	Battery materials business directly enables EV transition — ESG tailwind	🟢 Positive
	Water Usage	Chemical plants at Mahad, Hooghly — water stress regions. Water recycling investments underway.	🟡 Moderate
Social (S)	CSR Spending	Meets statutory 2% requirement. Focus on education and community development near plant locations.	🟢 Compliant
	Workforce Safety	Chemical plant — safety protocols established. No major incidents reported in FY24/25.	🟡 Moderate
	Gender Diversity	Board diversity limited — majority male board. Improvement needed per SEBI guidelines.	🔴 Needs Work
Governance (G)	Board Independence	3 Independent Directors, Audit Committee in place. Compliance with SEBI LODR.	🟡 Adequate
	Promoter Conduct	Zero pledge, buying shares, no SEBI action history, clean governance record.	🟢 Strong
	BRSR Compliance	FY25 BRSR filed as per SEBI requirement for top 1000 listed companies.	🟢 Compliant

Overall ESG Score: 🟡 **BBB (Moderate-Positive)** — The company's transformation into battery materials significantly enhances its E-score trajectory, while G-score is strong. S-score needs improvement on gender diversity.

💰 Framework 6: Valuation Analysis

6.1 DCF Valuation Model

YEAR	REVENUE (₹ CR)	EBITDA MARGIN	EBITDA (₹ CR)	PAT (₹ CR)	FCF (₹ CR)

FY26E	5,400	21.3%	1,150	780	180
FY27E	6,200	22.0%	1,364	920	300
FY28E	7,500	23.5%	1,763	1,100	550
FY29E	9,200	24.0%	2,208	1,380	780
FY30E	11,000	24.5%	2,695	1,680	1,050

DCF PARAMETER	ASSUMPTION	RATIONALE
Discount Rate (WACC)	13.5%	Risk-free rate 7%, equity risk premium 5.5%, beta 1.2x
Terminal Growth Rate	6%	Long-term India nominal GDP growth
Terminal Value	₹18,200 Cr	FCF-based terminal value (FY30 FCF × Gordon growth)
PV of FCF (FY26–30)	₹2,480 Cr	Discounted at WACC 13.5%
Enterprise Value	₹20,680 Cr	PV of FCF + Terminal Value
Less: Net Debt	-₹555 Cr	Debt net of cash (FY25 cash-rich)
Equity Value	**₹21,235 Cr**	Intrinsic equity value
Per Share (50.45 Cr shares)	**~₹421**	Conservative DCF; actual target higher per relative valuation

6.2 Relative Valuation — Peer Comparison

COMPANY	MKT CAP (₹ CR)	REVENUE (₹ CR)	EBITDA MARGIN	ROE	ROCE	D/E	P/E	P/B	EV/EBITDA	DIV YIELD
HSCL (Himadri)	**24,739**	**4,613**	**19.9%**	**16.7%**	**22.5%**	**~0**	**44.5x**	**6.8x**	**28x**	**0.12%**
Phillips Carbon Black	4,820	3,950	13.2%	18.5%	19.0%	0.18	18x	2.8x	12x	1.8%
Rain Industries	3,200	7,800	11.5%	8.2%	9.5%	1.2	14x	1.1x	8x	2.5%
Deepak Nitrite	18,500	7,200	16.8%	21.0%	24.0%	0.02	36x	6.0x	22x	0.8%
SRF Limited	42,000	12,800	20.5%	17.5%	19.8%	0.35	48x	7.2x	25x	0.4%
Navin Fluorine	9,400	1,750	22.0%	13.2%	16.5%	0.05	52x	5.8x	32x	0.3%

💡 **Valuation Commentary:** HSCL trades at 44.5x P/E and 28x EV/EBITDA — a premium to commodity-chem peers (Rain, Phillips Carbon at 12–18x P/E) but a discount to specialty chemical peers (SRF, Navin Fluorine at 48–

52x). Given HSCL's superior ROCE trajectory, near-zero debt, and the massive optionality of the LFP cathode and SiCx businesses, the premium is justified. A re-rating to 40x EV/EBITDA on FY27E EBITDA of ₹1,364 Cr implies a market cap of ~₹54,560 Cr — i.e., ₹1,080/share. Our 12-month target of ₹640 is conservative at 38x FY27E EV/EBITDA.

6.3 Investment Scenarios

🐂 Bull Case

₹780–850

Upside: +59–73%

- LFP Plant Phase I commissioned on time (Q3 FY27)
- Global EV brands sign long-term LFP supply deals
- FY28 PAT ≥ ₹1,200 Cr (above guidance)
- Re-rating to 55x FY28 EPS of ₹22
- FII/MF buying increases significantly

📊 Base Case

₹620–660

Upside: +27–34%

- Carbon Black sustains 22%+ EBITDA margins
- CTP volumes grow 15% YoY
- FY28 PAT of ₹1,000–1,100 Cr (meets guidance)
- P/E multiple of 40–45x on FY27E EPS of ₹15.5
- LFP commissioning in FY27 as planned

🐻 Bear Case

₹370–420

Downside: -14–24%

- Coal tar price spike compresses CTP margins
- LFP execution delayed beyond FY28
- China dumping in SCB depresses realisations
- Steel production slowdown reduces feedstock
- Multiple de-rating to 28–32x P/E

🎯 Framework 7: Investment Case & Risk Assessment

7.1 Five Investment Thesis Pillars

#	PILLAR	EVIDENCE & IMPACT
1	🏆 Dominant Market Position	No.1 in CTP (70% market share), largest in naphthalene, world's largest single-site SCB (250,000 MTPA from Feb 2026). Pricing power and barriers to entry are extremely high.
2	🔋 New Energy Materials Optionality	LFP cathode (India's first, only non-Chinese at scale globally), SiCx anode (Sicona technology), and existing graphitized anode. These could contribute 30–40% of revenue by FY30, at superior margins of 25–30%.
3	💪 Near-Zero Debt + AA- Rating	D/E ~0x in FY25. Cash balance of ₹620 Cr. ICRA AA- (Positive). Balance sheet strength to fund ₹4,800 Cr LFP capex over 5–6 years without excessive leverage.
4	📈 Accelerating Earnings Growth	9M FY26 PAT of ~₹584 Cr already exceeds FY25 full year of ₹555 Cr. Management targets PAT doubling by FY28. EPS CAGR of 25–30% over FY25–FY28E is highly visible.

5	🌍 China Supply-Chain De-risking	Global battery supply chains are actively de-risking from China. HSCL positioned as a natural beneficiary — the only Indian company capable of supplying anode, cathode, and carbon black for Li-ion batteries at industrial scale.

7.2 Risk Assessment Matrix

RISK FACTOR	PROBABILITY	IMPACT	SEVERITY	MITIGATION
Coal tar supply disruption / price spike	Medium	High	High	Long-term contracts with SAIL/Tata Steel; Mangalore port terminal for flexibility
LFP plant execution delay	Medium	High	High	Phase-wise capex approach; technology from established global partners
China dumping in SCB market	Medium	Medium	Medium	Anti-dumping petitions; quality differentiation in specialty grades
EV adoption slower than expected	Low	High	Medium	Core CTP/SCB/SNF business independent of EV growth
Battery technology disruption (solid-state)	Low	High	Medium	SiCx investment hedges next-gen technology risk
Steel sector slowdown	Low-Medium	Medium	Medium	Diversified steel plant supplier base (SAIL, Tata, JSW, Vedanta)
Birla Tyres drag	High	Low	Low	Core business strong enough to offset; tyres growing revenue
Regulatory (BIS, import norms)	Low	Low	Low	HSCL is India's domestic champion — regulatory risk is asymmetrically positive

7.3 Key Catalysts (12-Month View)

- 🔋 **LFP Cathode supply agreements** with global EV/battery majors — could trigger significant re-rating
- 📦 **Odisha plant construction commencement** (FY26) — confirms execution capability
- 📊 **Q4 FY26 results** — full-year PAT likely to come in at ₹750–800 Cr, significantly ahead of consensus
- 🌐 **SiCx facility announcement** in India — next-gen anode material, massive TAM
- 🏭 **Carbon Black utilisation ramp** on 70,000 MTPA newly commissioned capacity
- 🤝 **IBC (International Battery Company) commercial progress** — US market entry
- 📈 **Index inclusion** — HSCL may qualify for broader indices as market cap grows

7.4 Raw Material Price Impact Analysis

RAW MATERIAL	CURRENT TREND (2025–26)	HSCL IMPACT
Coal Tar (domestic)	Stable to slightly declining as steel output stabilizes	🟢 Positive — feedstock cost under control

Coking Coal / Coal Tar Pitch Price	~$585/MT; 5–7% potential rise on Al demand rebound	🟡 Neutral — passed through to customers
Graphite / Carbon Input (Anode)	China supply normalizing; prices stable	🟢 Positive for anode material margins
Lithium Carbonate	Sharp decline in 2024–25; stabilizing at $10–12/kg	🟢 Positive for LFP cathode economics
Iron & Phosphate	Stable; India has domestic supply	🟢 Positive — indigenous sourcing possible

💡 The commodity cycle is turning favorably for HSCL — coal tar prices are soft (reducing input costs), while aluminium and tyre demand recovery drives CTP and SCB realization upward. Simultaneously, the crash in lithium carbonate prices makes the LFP cathode business economics considerably more attractive.

🎙 Framework 8: Concall Highlights & Management Guidance Tracker

8.1 Latest Concall Key Takeaways (Q3 FY26 — Dec 2025)

- 🔋 **"PAT doubling by FY28"** — Management reiterated its guidance of doubling PAT from FY25's ₹555 Cr to ~₹1,100 Cr by FY28. 9M FY26 PAT at ₹584 Cr already exceeds FY25 full-year PAT.
- 🏭 **Carbon Black Milestone:** "70,000 MTPA expansion commissioned February 24, 2026 — total capacity now 250,000 MTPA." This makes Himadri the world's largest single-site speciality carbon black producer.
- 🔌 **LFP Strategy:** "We are in advanced discussions with global EV battery buyers for the LFP cathode product. Phase I of 40,000 MTPA targeted for commissioning by Q3 FY27."
- ⚡ **Sicona Partnership:** "$9.8 million committed for SiCx technology license covering India and Australia. Facility development timeline 18–24 months."
- 🇺🇸 **IBC Investment:** "We have completed acquisition of 16.24% in International Battery Company (USA) for $4.43M — gives us front-row access to US battery supply chain."
- 🏢 **Himadri Power renamed:** "Himadri Power Limited has been renamed Himadri Integrated Minerals and Resources Limited effective February 23, 2026 — reflecting broader minerals strategy."
- 📈 **Volume Guidance:** CTP volumes targeted at 15–20% growth in FY26; SCB ramp on new 70,000 MTPA to fully contribute from FY27.

8.2 ICRA Credit Rating Summary

INSTRUMENT	RATING	OUTLOOK	RATIONALE
Long-term Bank Facilities	AA-	Positive	Strong market position, improving profitability, near-zero debt
Short-term / Commercial Paper	A1+	Positive	Excellent liquidity, robust cash flows

Source: [ICRA Rating Report — Himadri Speciality Chemical]

8.3 Block Deals & Institutional Activity (Recent)

DATE	ACTIVITY	ENTITY	QUANTITY	PRICE
Nov 2025	Buy (Warrant Conversion)	Promoter — Anurag Choudhary Group	1,00,17,200 shares	Preferential price
Q3 FY26	Stable	FII Aggregate	5.75% holding	No material change
Q3 FY26	Stable	DII / MF Aggregate	3.10% holding	No significant activity

📋 Consolidated Scorecard & Final Verdict

BUSINESS QUALITY
9/10
Dominant, diversifying

FINANCIAL STRENGTH
8.5/10
Zero debt, OCF+ PAT

MANAGEMENT QUALITY
8/10
Founder-led, delivering

VALUATION
6.5/10
Premium but justified

GROWTH VISIBILITY
9/10
PAT CAGR 25–30%

GOVERNANCE
8/10
Zero pledge, AA-

TECHNICAL SETUP
7.5/10
8% off 52W high

ESG TRAJECTORY
7/10
Improving via NEM

📊 INVESTMENT SUMMARY	
Rating	🟢 ACCUMULATE
CMP	₹490.60 (28 Feb 2026)
12-Month Target	**₹640** (Base Case) | ₹780 (Bull) | ₹400 (Bear)
Upside	+30.5% (Base Case)
Time Horizon	12–24 months (full LFP optionality plays out over 3–4 years)
Entry Strategy	Accumulate in ₹450–500 range; add on dips to ₹440
Stop Loss	₹390 (close basis) — below 200 DMA and key support
Portfolio Sizing	3–5% of portfolio for aggressive growth investors; 2–3% for balanced
Risk Profile	Medium-High (large capex cycle beginning; execution risk)

⚡ PrimaEgis Research Conviction Statement

Himadri Speciality Chemical is a rare combination of an established market-dominant core business with genuinely transformative new-energy optionality. The company's ability to monetise its carbon chemistry expertise across the full EV battery value chain — from anode (graphitized carbon, SiCx) to cathode (LFP) to carbon black (for tyre reinforcement in EVs) — creates a multi-year, multi-layer growth story that few Indian companies can replicate. With management consistently delivering on or ahead of guidance, a pristine balance sheet, and a pipeline of catalysts through FY27–28, HSCL remains one of the most compelling structural growth stories in Indian speciality chemicals. Accumulate on every significant dip.

PrimaEgis Research | Institutional Investment Analysis

Report Date: 01 March 2026 | Analyst Coverage: HSCL — Himadri Speciality Chemical Limited

Key Sources: Screener.in | Himadri Investor Relations | ICRA Rating | Trendlyne (Shareholding) | Business Standard | LFP Plant — Machine Maker | Swarajya Mag (LFP)