

10 August 2025

India | Equity Research | Results Update

## Hindustan Petroleum

Oil &amp; Gas

### Strong YoY growth in Q1; LPG compensation to boost rest of FY26 earnings

HPCL's Q1FY26 standalone EBITDA/PAT of INR 76bn/INR 43.7bn rose 3.6/12.3x YoY (+31/+30%QoQ), vs. I-SecE of INR 82/48.4bn, respectively. LPG losses in Q1 stood at INR 21.5bn, (INR 109bn in FY25). Strong retail margin (INR 8.8/ltr, up 2.9x YoY/up 38% QoQ) helped offset a USD 2/bbl YoY dip in GRM (-USD 5.4/bbl QoQ). FY26-28E to see improvement driven by: 1) Higher and more complex refining capacity; 2) some improvement in GRMs; 3) growing Petchem volume; and 4) approval of INR 300bn LPG losses compensation for the OMCs. Having said that, weaker margin environment in the near term and muted outlook create uncertainties, driving a sharp ~23/8% downgrade to FY27/28E EPS while FY26 EPS may rise ~6% on LPG compensation. TP benefits from now including equity investments at 0.8x book value. **BUY.**

### Healthy refining/marketing volumes; margin environment turns murky

Refinery throughput stood at 6.7mt, up 15.6% YoY, reflective of full volume post Visakh refinery expansion. GRM of USD 3.1/bbl (factoring in USD 3.4/bbl inventory loss) dipped USD 2/bbl YoY (down USD 5.4/bbl QoQ) with inventory movement drastically different than our estimates. Going forward, with most units (except for bottom upgradation unit) at Vizag already being commissioned and Rajasthan refinery on course for likely commissioning in FY26, we see portfolio of HPCL materially benefiting in next 2-3 years. Volume in marketing was steady – domestic sales grew 1.6% YoY to 12.3mt and overall volume grew 3.2% YoY to 13mt (in line). The recent weakness in both GRM and retail margin is a material headwind and has led to a significant downgrade to FY26-28E estimates (refer Exhibit 14).

### LPG losses to reduce; INR 300bn compensation approved

HPCL reported LPG loss of INR 21.5bn in Q1 (INR 109bn cumulative losses in FY25). OMCs reported loss of ~INR 412bn in FY25 but the approval of LPG compensation of INR 300bn ([link](#)) alleviates the pain materially with further respite via INR 50/cylinder increase in subsidised LPG prices and the moderation in Asian LPG prices, in line with the decline seen in Brent crude prices over the last one month or so. Assuming crude stays in a narrow band of USD 65-70/bbl, LPG losses are expected to average INR 150/cylinder, ~50% lower YoY for FY26E, materially reducing the burden on earnings.

### Financial Summary

Y/E March (INR Mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	43,41,062	39,04,041	42,55,975	47,71,397
EBITDA	1,65,512	2,16,052	2,61,225	3,00,264
EBITDA %	3.8	5.5	6.1	6.3
Net Profit	67,357	1,30,004	1,11,607	1,52,527
EPS (INR)	31.7	61.1	52.5	71.7
EPS % Chg YoY	(57.9)	93.0	(14.2)	36.7
P/E (x)	12.9	6.7	7.8	5.7
EV/EBITDA (x)	9.1	7.0	5.5	4.5
RoCE (Pre-tax) (%)	8.8	11.8	14.3	16.6
RoE (%)	13.7	23.4	17.6	21.1

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#### Market Data

Market Cap (INR)	871bn
Market Cap (USD)	9,942mn
Bloomberg Code	HPCL IN
Reuters Code	HPCL.BO
52-week Range (INR)	457 /288
Free Float (%)	45.0
ADTV-3M (mn) (USD)	24.8

Price Performance (%)	3m	6m	12m
Absolute	5.5	19.6	5.2
Relative to Sensex	6.1	17.0	4.0

ESG Score	2023	2024	Change
ESG score	64.1	64.9	0.8
Environment	44.6	49.4	4.8
Social	63.7	69.5	5.8
Governance	77.2	76.6	(0.6)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E	FY28E
Revenue	0.0	0.0	0.0
EBITDA	(24.0)	(10.5)	(0.8)
EPS	6.3	(22.7)	(8.2)

#### Previous Reports

25-01-2025: [Q4FY25 results review](#)

25-01-2025: [Q3FY25 results review](#)

### Near-term outlook has turned uncertain

Given the uncertainty in demand outlook, and with Trump administration's tariff moves and gradual restoration of the ~2mb/d supply cuts of OPEC+ over FY26, we believe Brent crude prices should range between USD 65–70bbl in the short term. However, the recent moves on Russian crude exports and fresh pressure on Iran create material uncertainties in the direction of GRM, with retail margin also coming under pressure in recent weeks. While we do expect SG GRM to recover from the current levels, the potential increase in effective crude costs and inventory impact drive a reduction in GRM estimates vs. earlier estimates. Retail margin has also been lowered to factor in the sharp dip in diesel margin in particular. We believe that relatively stronger performance of complex refineries in HPCL portfolio could drive upsides to our base case estimates.

### Margin mix to change

We see the following factors enabling sustained improvement in operational prospects over FY26–28E: 1) Targeted investments in improving scale and complexity of downstream business. 2) Diversification that is aligned to margin improvement. 3) Improving leverage.

The completion of the Vizag expansion and the imminent commissioning of the Rajasthan refinery may add some much-needed petchem output to the traditional refined product yield for HPCL. This could allow FY26–28E to likely see a steep change in scale and scope of business.

### We remain optimistic; BUY

Despite the near-term uncertainty and the resultant downgrades in base case EPS estimates, we believe, at current valuation, HPCL is at an attractive level and does not fully reflect the structural changes in scale and scope of operations over the next three years. We appreciate that stabilisation challenges for both Vizag and Rajasthan exist and duly factor them along with the margin weakness in our revised estimates, but that has been offset somewhat by attractive valuations of <5x FY28E EV/EBITDA, 1.1x P/BV and the inclusion of equity investments (at 0.8x BV) in our SoTP. Revised TP of INR 510 (earlier 560) implies a 24% upside from CMP. Reiterate **BUY**.

**Upside risks:** 1) Faster-than-expected revival in benchmark GRMs; 2) recovery in petchem price realisation; 3) stronger retail fuel margins; and 4) valuations of associated businesses (CGDs, renewables etc.) playing into Street's estimates.

**Downside risks:** 1) Execution delays and longer stabilisation time of the expanded capacity; 2) prolonged downturn in both refining and petchem cycles; and 3) adverse promoter (government) intervention in retail fuel pricing.

## Q1FY26 conference call takeaways

### Quarterly performance

- In Q1, refinery throughput increased by 15.6% YoY to 6.7mt, driven by the commissioning of the Vizag refinery. Vizag refinery capacity was expanded from 8.3mt in FY22 to 15mt in FY25.
- The company incurred inventory loss of INR 14bn/6bn in the refining/marketing division, respectively. This was driven by building of higher inventories across crude, intermediate, and finished levels due to geopolitical tensions – Israel-Iran war likely blocking the Strait of Hormuz.
- Also, one of the diesel units was under maintenance, so the company had to hold more diesel in tanks.
- There was a sharp reduction in debt. Normally, debt is higher on a year-end basis. Typically, INR 60–70bn gets added in the year-end quarter.

### The four key plans the company is working on:

- Improving operational efficiency –
  - A key initiative, **Samriddhi**, launched in May'25, aims to enhance EBITDA by generating INR 10–15bn in savings. As of now, 25% of those savings have been locked in, with 16% (INR 2.5bn) already accrued in Q1FY26. INR 15bn saving shall translate into savings of USD 0.6/bbl (in GRM terms).
  - Through **Abhyuday**, the company is working to boost throughput and profitability across its retail network (initial focus is on 4,500 retail outlets) by implementing operational best practices along with more dealer engagement. It is already getting low single digit kilolitre throughput improvement per retail outlet and expects it to improve going forward.
  - Focus more on asset sweetening and reduce fuel and loss in refineries.
  - More stringent on new capital allocation; will be two-thirds of FY25.
- Next wave of growth.
- Digital aspect of business.
- Enhancing external engagement.

### Crude sourcing

- Russian crude sourcing for Q1FY26 was 13.2% of HPCL's crude portfolio. Sourcing from West Africa has increased due to better gross product output.
- Only Vizag refinery has processed Russian crude in Q1FY26. As per management, the impact on earnings should not be much if US sanctions are effective.
- The company continues to focus on adding new crude to its overall crude procurement basket. It added four more new crude types in Q1FY26.

### Vizag

- The Vizag Bottom Upgradation Unit is currently in the pre-commissioning phase, with diesel already fired into the plant earlier this week. The unit is expected to be commissioned by the end of Q2FY26 or early Q3FY26, with operational benefits likely to accrue in H2FY26. This shall increase the distillate yield by 4–5% to 83%.

### HRRL

- The HRRL (Rajasthan refinery) project has achieved overall 88% mechanical completion, with the refinery part achieving 95% completion. Out of 20 project packages, 12 are complete, and the petrochemical segment has achieved 73% mechanical completion.
- Safety and PSO (Petroleum and Safety Organisation) approvals are currently in progress. Full commissioning is expected within the next few months.
- Although petrochemical spreads remain subdued, the primary focus is to complete the project. Nearly 26% of the complex's output will be petrochemical intensive, built with high-energy efficiency and minimal production costs.

### Chhara Terminal

- The Chhara LNG terminal is yet to complete its breakwater construction and is non-functional in the monsoon season. Four LNG cargoes are planned for arrival in H2FY26, and capacity utilisation is expected to reach 10–15% in FY26, scaling up to 35–40% in FY27.
- The company has signed a 10-year gas contract with ADNOC, landing at the Chhara terminal starting from CY28.

### LPG compensation

- LPG under-recovery for FY25 was INR 109bn and INR 21bn in Q1FY26. Management expects it to reduce to INR 10 bn in Q2FY26 due to the fall in LPG Saudi prices, which are indicating a downward trend. LPG under-recovery for Apr/May/Jun'25 was INR 167/164/155 per cylinder, respectively.
- Today, the cabinet has approved INR 300bn LPG compensation for OMCs, further alleviating the impact of this loss.

### CNG

- In the CGD space, HPCL standalone has 350 CNG stations in its geographical areas and, along with the JV, it has 2,070 stations. In standalone, CNG sales were 32/27/22 TMT in Q1FY26/Q4FY25/Q1FY25, respectively. The segment was EBITDA positive.

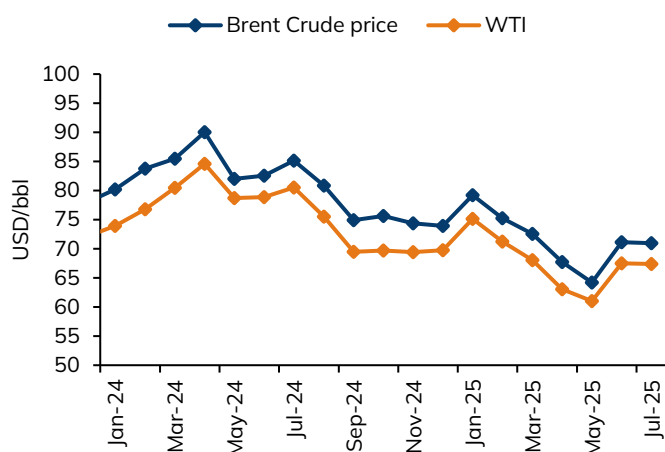
### Others

- Signed green hydrogen tender for 5 ktpa (Vizag refinery) at INR 328/kg.
- Current debt to equity is 1.1x, and management has guided the leverage to be below 1.2x in the long run.
- For ethanol blending, the company continues to align with the Government of India's 20% ethanol blending mandate. Ethanol, which is currently priced at INR 58/litre and is higher than petrol, is being sourced from grains, sugar, and maize in a way that minimises transport distances.

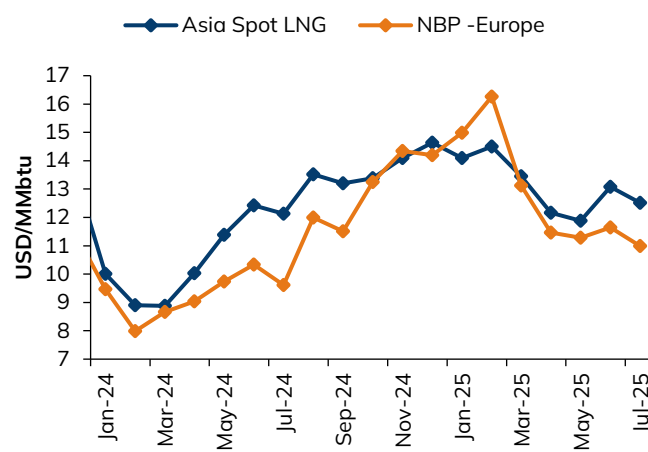
**Exhibit 1: Q1FY26 result snapshot**

INRm	Q1FY26	Q1FY25	yoy chg %	Q4FY25	qoq chg %
<b>Sales</b>	<b>11,07,674</b>	<b>11,38,045</b>	<b>(2.7)</b>	<b>10,94,924</b>	<b>1.2</b>
EBITDA	76,018	21,076	260.7	58,038	31.0
Adj PAT	43,709	3,558	1,128.5	33,550	30.3
<b>Reported PAT</b>	<b>43,709</b>	<b>3,558</b>	<b>1,128.5</b>	<b>33,550</b>	<b>30.3</b>
Adj EPS	20.5	1.7	1,128.5	15.8	30.3
Depreciation	15,491	14,757	5.0	15,831	(2.1)
Interest	7,493	7,307	2.6	7,087	5.7
Employee expense	8,971	7,645	17.4	8,680	3.4
Other Income	5,226	5,699	(8.3)	7,925	(34.1)
Marketing Inventory gain (loss)	(6,000)	(2,450)		5,500	
Forex gain (loss)	(720)	280		750	
Average GRM(USD/bbl)	3.1	5.0	(38.8)	8.4	(63.5)

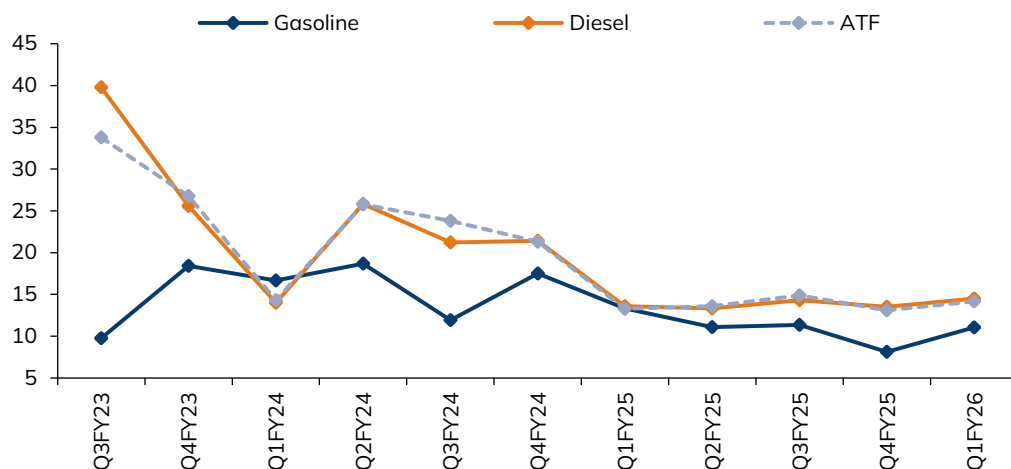
Source: Company data, I-Sec research

**Exhibit 2: Crude prices have decreased sharply in last 6 months**

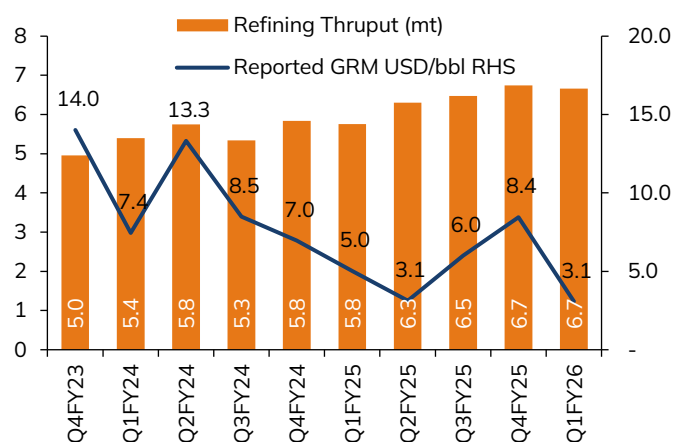
Source: Bloomberg, I-Sec research

**Exhibit 3: LNG prices have also declined in last 6 months**

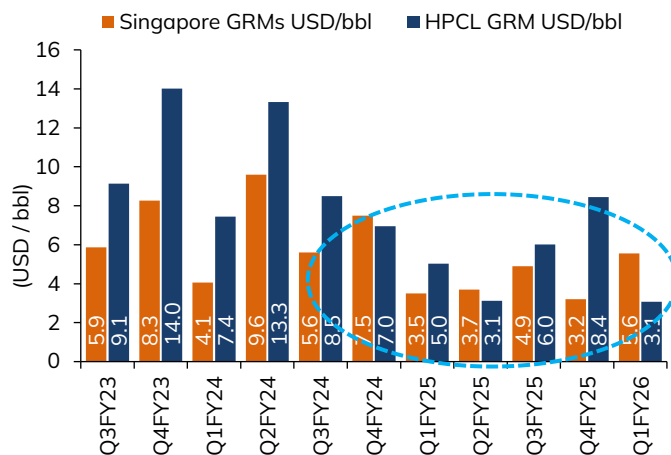
Source: Bloomberg, I-Sec research

**Exhibit 4: Diesel, ATF and petrol spreads improved in Q1FY26 QoQ**

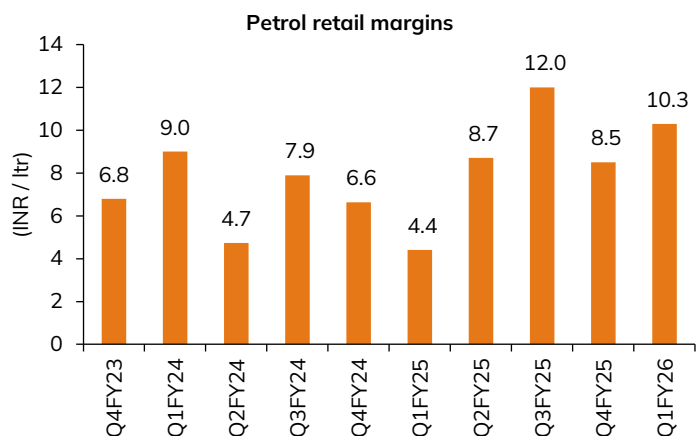
Source: I-Sec research, Company data

**Exhibit 5: Q1FY26 GRM declined QoQ/YoY**

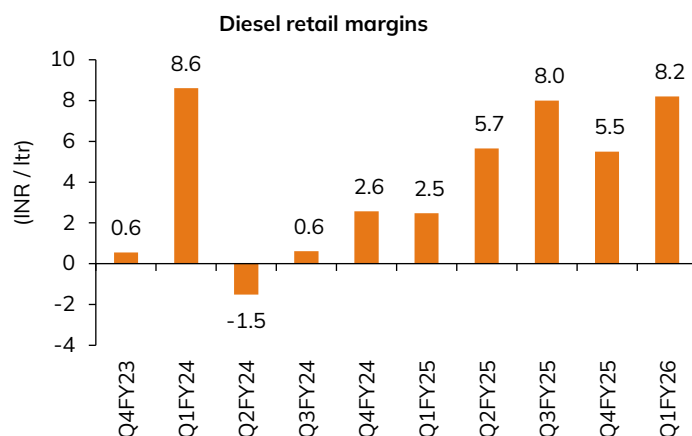
Source: Company data, I-Sec research

**Exhibit 6: Premium to Singapore GRM**

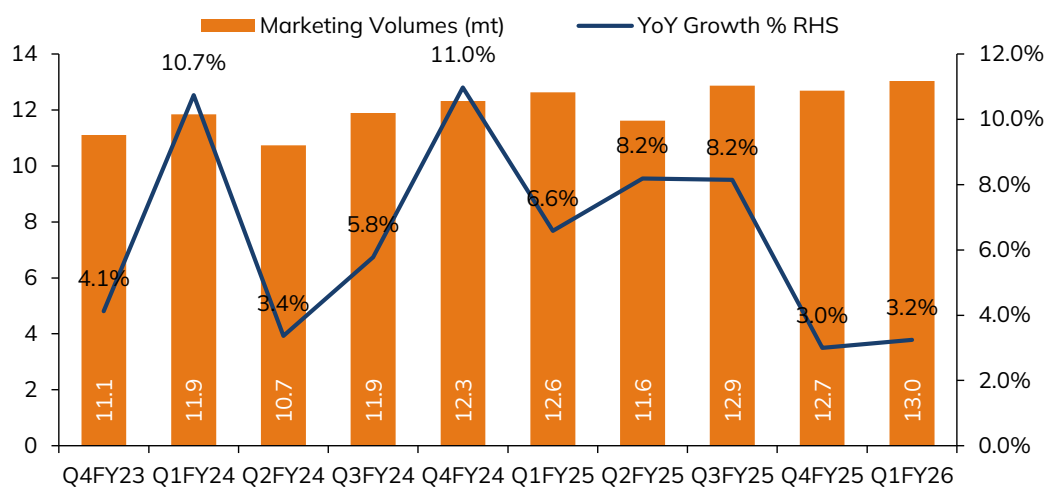
Source: Company data, I-Sec research

**Exhibit 7: Petrol retail margin improved in Q1FY26 QoQ/YoY**

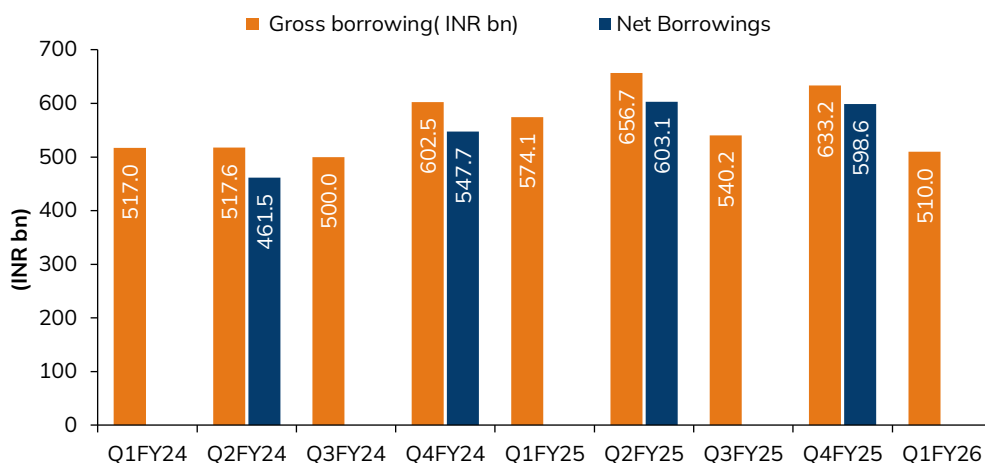
Source: Company data, I-Sec research

**Exhibit 8: Diesel retail margin also improved in Q1FY26 QoQ/YoY**

Source: Company data, I-Sec research

**Exhibit 9: Strong marketing volumes YoY**

Source: Company data, I-Sec research

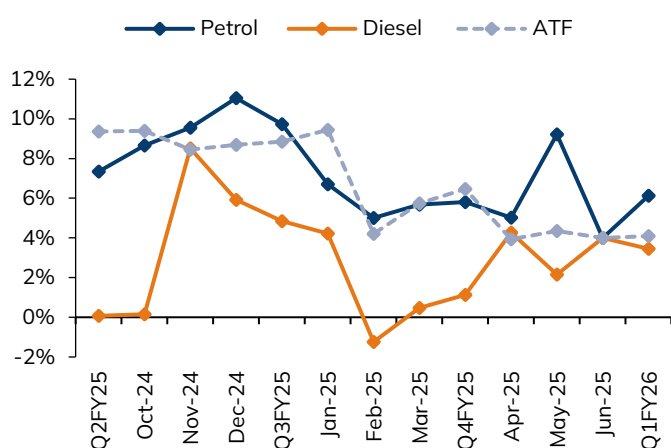
**Exhibit 10: Net borrowings decreased sharply YoY (INR bn)**

Source: Company data, I-Sec research

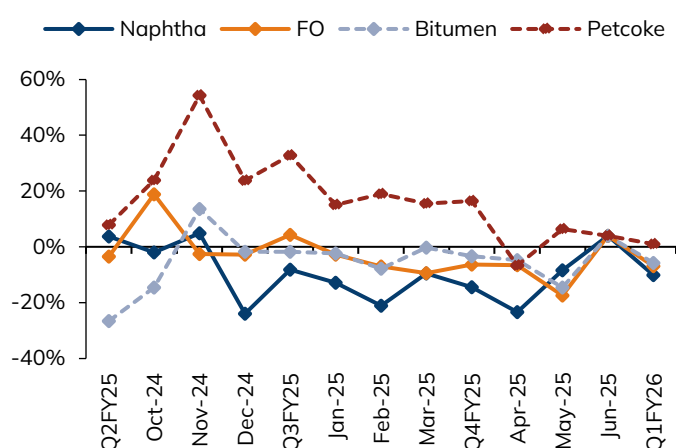
**Exhibit 11: Gross margin trends**

INR mn	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Gross Margins	75,706	1,05,107	73,722	80,438	1,21,651	1,15,453	1,31,902
Inventory gains	1,000	-6,000	-2,450	-7,500	-4,600	5,500	-6,000
Net under-recovery	-	-	-	-	-	-	-
Adj Earnings	74,706	1,11,107	76,172	87,938	1,26,251	1,09,953	1,37,902
Refining earnings	27,559	24,603	17,639	12,021	23,896	35,966	12,818
Pipeline margins	4,362	4,225	4,440	4,245	4,505	4,297	4,355
Marketing earnings	42,786	82,279	54,093	71,673	97,850	69,690	1,20,729
Marketing margin (INR/mt)	3,595	6,673	4,283	6,168	7,603	5,487	9,258
Marketing margin (USD/bbl)	5.9	11.0	7.0	10.1	12.4	8.7	14.8

Source: Company data, I-Sec research

**Exhibit 12: Transport fuel demand growth remained strong in Q1**

Source: Company data, I-Sec research

**Exhibit 13: Industrial fuel demand growth trends**

Source: Company data, I-Sec research



**Exhibit 14: Key Assumption**

		New estimates			Old estimates			% Change		
HPCL		FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
GRM	USD/bbl	7.0	8.0	10.0	9.0	10.0	10.3	-22.2%	-20.0%	-2.4%
Throughput	mmt	25.3	25.5	25.7	25.6	25.8	26.1	-0.9%	-1.3%	-1.3%
Blended retail fuel margin	INR/ltr	4.1	4.4	4.4	5.2	4.6	4.6	-21.3%	-6.0%	-6.0%
Marketing volumes	mmt	51.4	53.7	56.2	51.4	53.7	56.2	0.0%	0.0%	0.0%

Source: Company data, I-Sec research

**Exhibit 15: Refining capacity of HPCL + JVs to rise by 9.5mt over FY25–28E**

Refinery Capacity Additions (MTPA)	FY25	FY28	Capacity Addition
MR (Mumbai)	9.5	9.5	0
VR (Visakhapatnam)	15	15	0
HMEL (JV)	11.3	11.8	0.5
HRRL (Rajasthan)	0	9	9
Total	35.8	45.3	9.5

Source: Company data, I-Sec research

**Exhibit 16: Refinery expansion status and project cost**

Project	Physical Progress	Project Cost (INR bn)
MR Expansion (7.5 to 9.5 MMTA)	Commissioned	53.8
VR Modernisation (8.3 to 15.0 MMTA)	Dedicated to Nation	306.1
HRRL – 9 MMTA Green Field Refinery Petrochemical complex	87.4%	72.9
Lube Modernization & Bottom Upgradation Project at MR	4.2%	4.7

Source: Company data, I-Sec research

**Exhibit 17: Capacity expansion to earn 9–10% pre-tax RoCE**

		HRRL (Rajasthan Refinery)	Vizag*	Total
Capex	USD mn	8,800	3,200	12,000
Capacity	MMT	9.0	6.7	16
GRM	USD/bbl	20.5	11.0	32
Gross Refinery margin	USD mn	1,352	540	1,893
Less Opex	USD mn	165	123	288
EBITDA	USD mn	1,187	417	1,605
Depreciation	USD mn	352	128	480
EBIT	USD mn	835	289	1,125
RoCE Pre-tax		9.5%	9.0%	9.4%

\* Expansion of Vizag facility, from 8.3 to 15MMT

Source: Company data, I-Sec research

**Exhibit 18: Petrochemical diversification boosts margin compared to traditional refinery margin potential**

		HRRL (Rajasthan Refinery)	Vizag	Total
Petchem	MMT	2.4	0.15	2.55
Gross Margin	USD/t	365	365	365
Gross Margin	USD mn	876	55	931
vs. Traditional Refinery Product				
GRM	USD/bbl	10	10	10
Gross Margin	USD mn	176	11	187
Additional Gross margin due to Petchem	USD mn	700	44	744

Source: Company data, I-Sec research

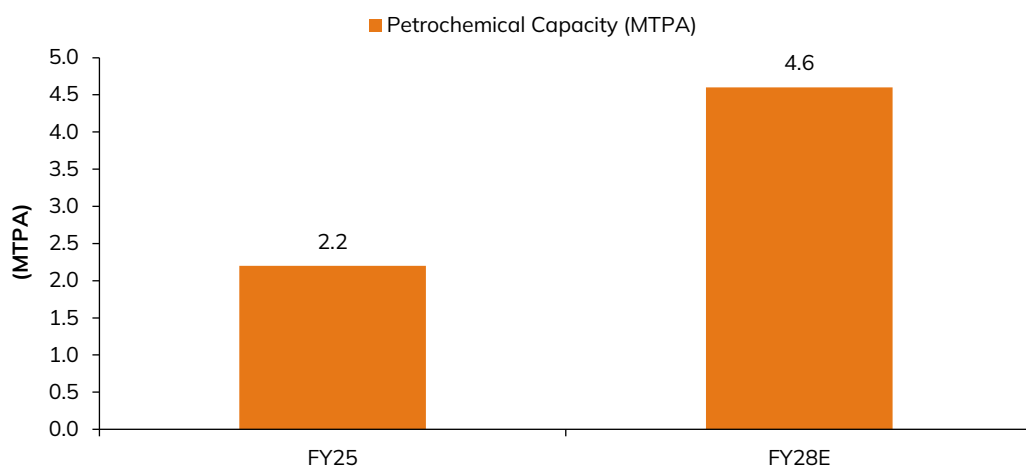


**Exhibit 19: HPCL's Rajasthan refinery capacity and product yield – a one of its kind configuration for Indian downstream projects**

Rajasthan Refinery	
Feed	MTPA
Rajasthan Crude	1.5
Imported Crude	7.5
	MTPA
Refinery process unit	9
Petchem unit	4
Products	KTPA
PP	1073
LLDPE	479
HDPE	479
Butadiene	146
Benzene	134
Toulene	104
MS	995
HSD	4035
Sulphur	157
Total	7602

Source: Elite petrochemical conference, HPCL, I-Sec research

Petchem capacity at HPCL's Rajasthan Refinery Ltd (JVC) would be ~2.4MMTPA, while HMEL added 1.2MMTPA of polymer dual feed cracker. HPCL started marketing of petrochemical under the brand 'HP Durapol'

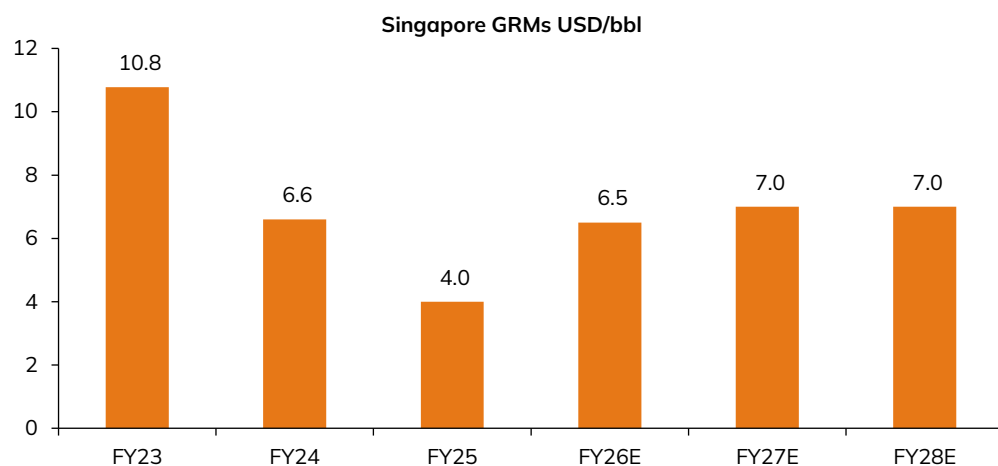
**Exhibit 20: Petrochemical capacity to increase by 2.4MMT over FY25–28E**


Source: Company data, I-Sec research

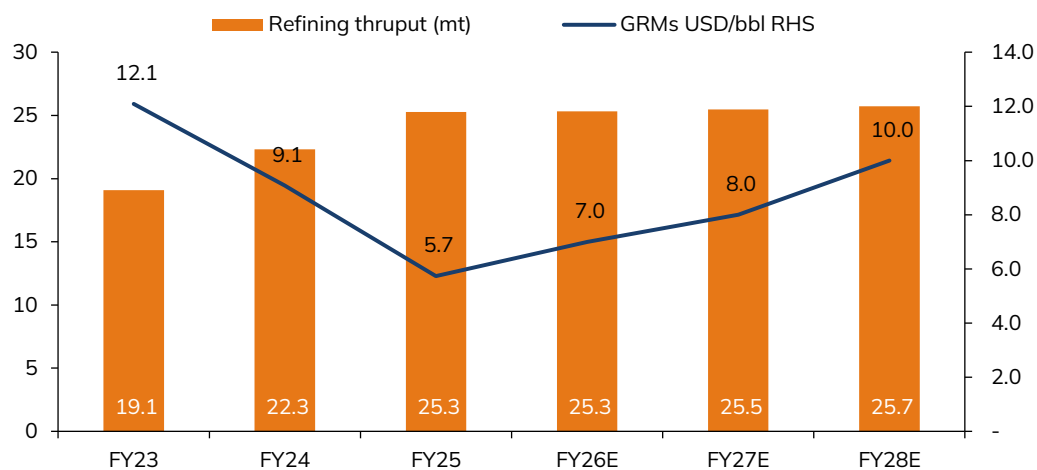
**Exhibit 21: Investments in last five years across segments have been material**

Area of Value Chain	Investment (INR bn)	Investment (USD bn)
Refining Capacity Expansions	310	3.8
Expansion of Pipeline Network	85	1.0
LPG Plants / POL Depots / Capacity Augmentations	58	0.7
Expansion of CGD Network	20	0.2
Enhancing Biofuels & Renewable capacities	10	0.1
Expanding Customer touch points	140	1.7
Others (R&D, Digital Transformation etc.)	100	1.2
Equity Investment in JVs & Subsidiaries	17	0.2
Total	740	8.9

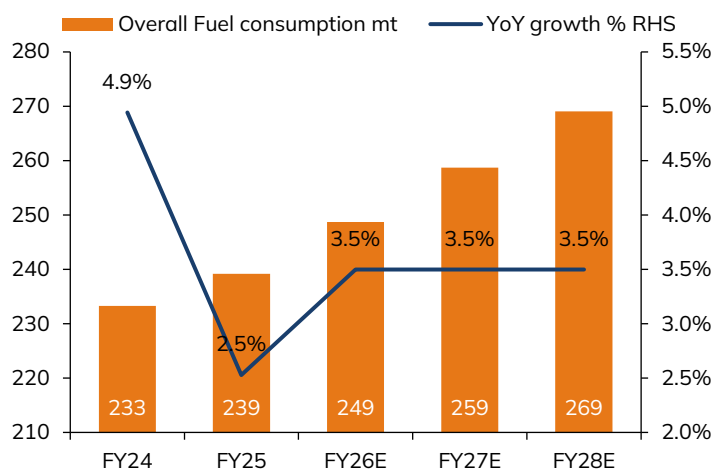
Source: Company data, I-Sec research

**Exhibit 22: Singapore GRM estimates for FY26–28E**

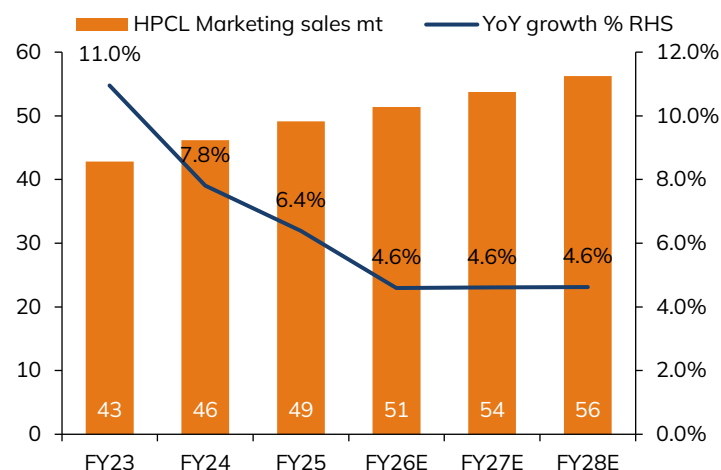
Source: Company data, I-Sec research

**Exhibit 23: GRM estimates and throughput for HPCL to improve over FY26–28E**

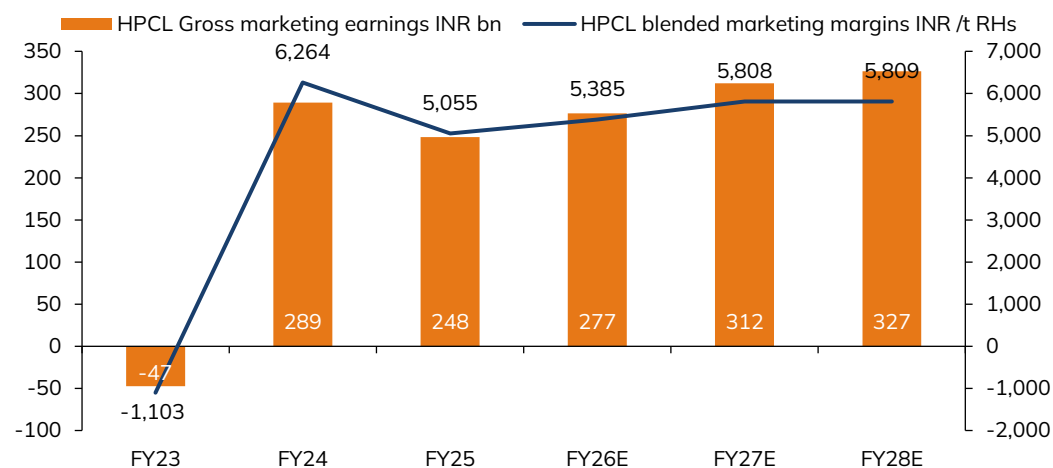
Source: Company data, I-Sec research

**Exhibit 24: India fuel consumption growth trends**

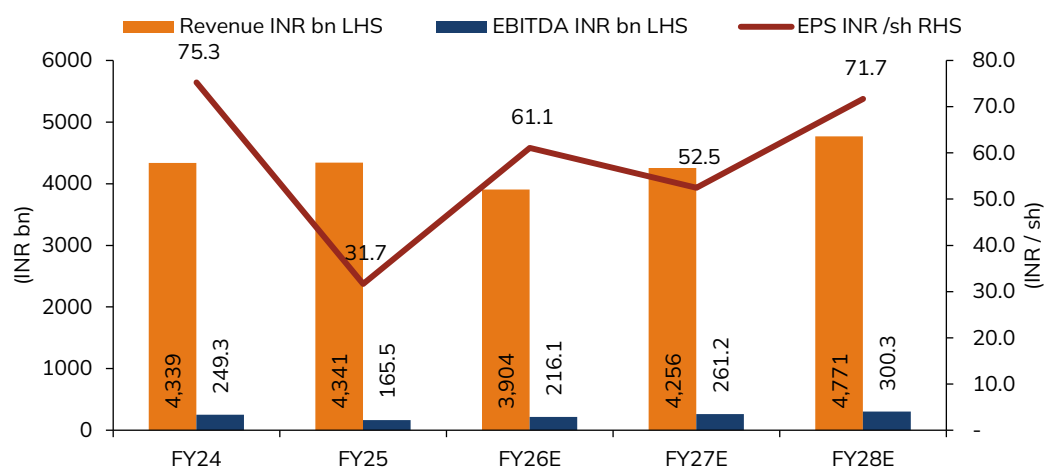
Source: Company data, I-Sec research

**Exhibit 25: HPCL fuel consumption growth estimates for FY26–28E**

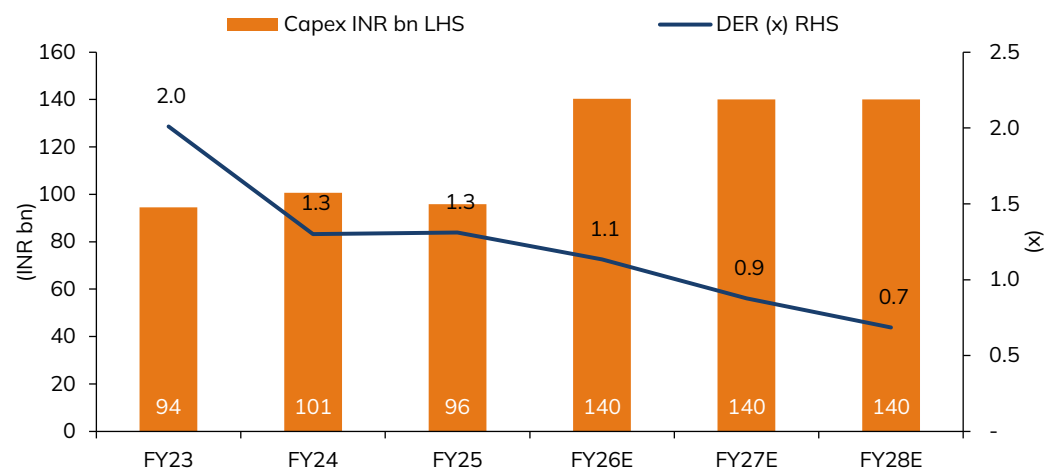
Source: Company data, I-Sec research

**Exhibit 26: Marketing margins trend over FY23–28E**

Source: Company data, I-Sec research

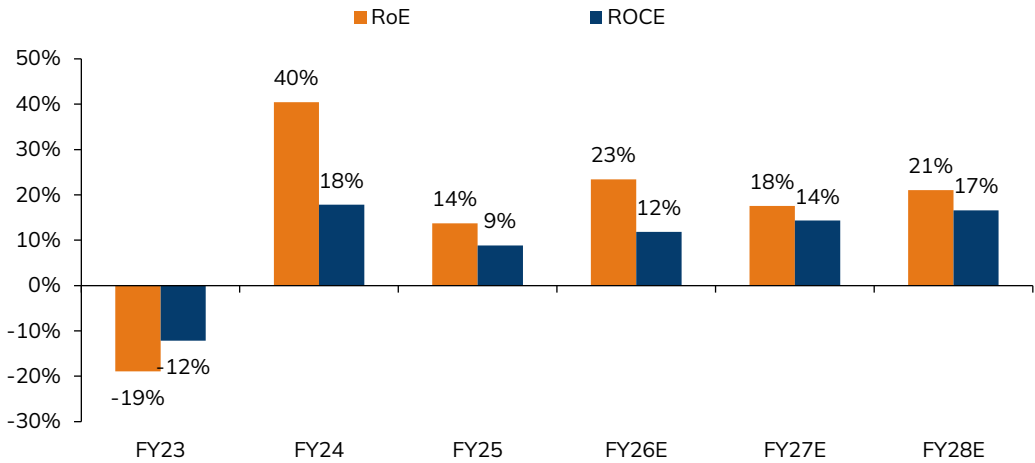
**Exhibit 27: We expect earnings to improve over FY26–28E**

Source: Company data, I-Sec research

**Exhibit 28: Capex to remain high, but DER may reduce over FY26–28E**

Source: Company data, I-Sec research

**Exhibit 29: Return ratios to follow earnings trajectory and capex trends**



Source: Company data, I-Sec research

## Valuation remains at a comfortable level

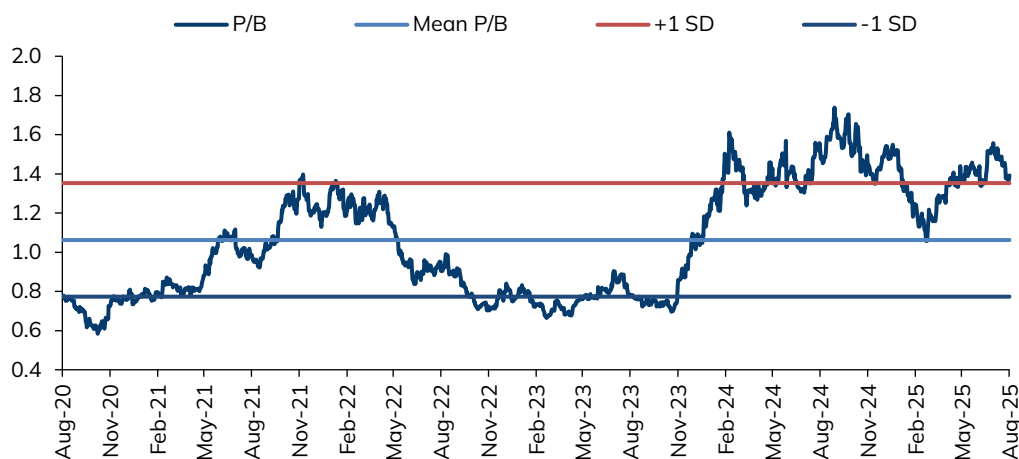
With Rajasthan (9mmt) refinery and Vizag residual refinery capacity coming on stream over FY26–27, we believe current valuations of just 7.8x FY27E P/E and 5.5x FY27E EV/EBITDA are favourable. We assign 5.0x EV/EBITDA multiple to FY28E EBITDA to arrive at our enterprise value. Maintain **BUY** with target price of INR 510/sh.

### Exhibit 30: Valuation summary

INR mn	FY28E
EV	13,81,971
Mcap	8,34,106
Debt	6,41,582
Cash & Cash Eqv.	51,182
Market value of investments and oil bonds (20% Disc)	42,536
Unlisted Invested (20% Disc)	1,29,497
EBITDA	3,00,264
EV at EBITDA of 5.75x	15,04,321
Less Net Debt	5,90,400
Add Investments	1,72,033
Equity value	10,85,953
Target Price (INR/sh)	<b>510</b>
CMP	<b>410</b>
Upside	<b>24%</b>

Source: Company data, I-Sec research

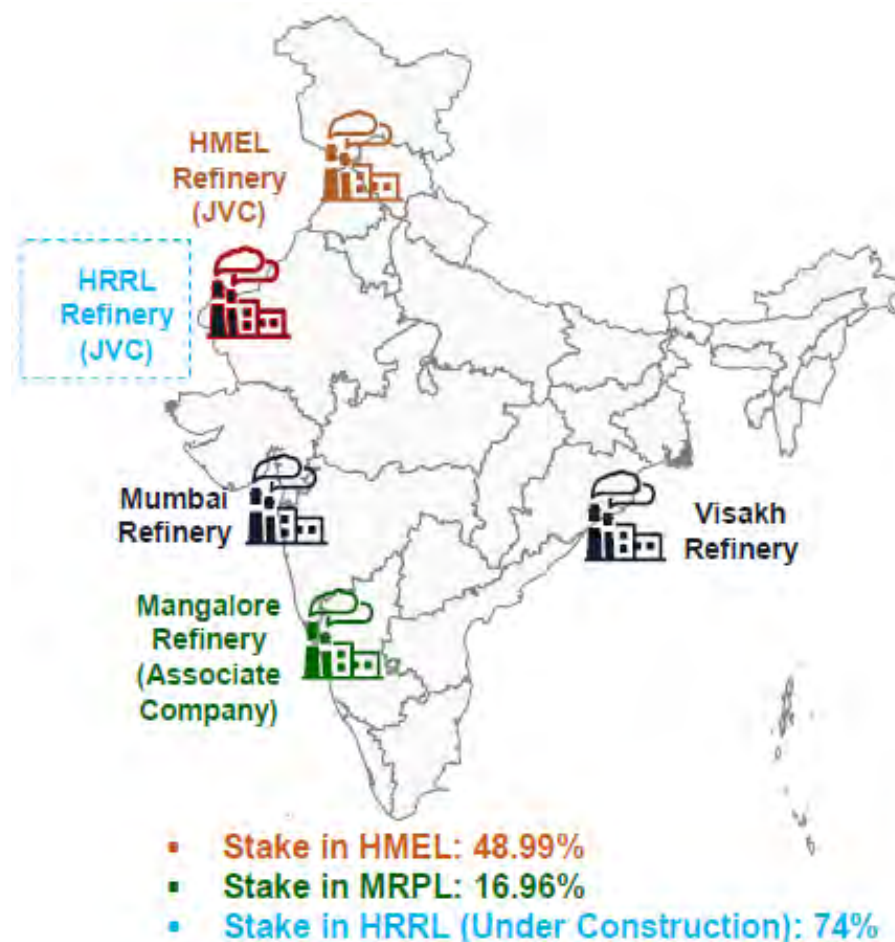
### Exhibit 31: HPCL's P/B trading above upper band



Source: Company data, I-Sec research

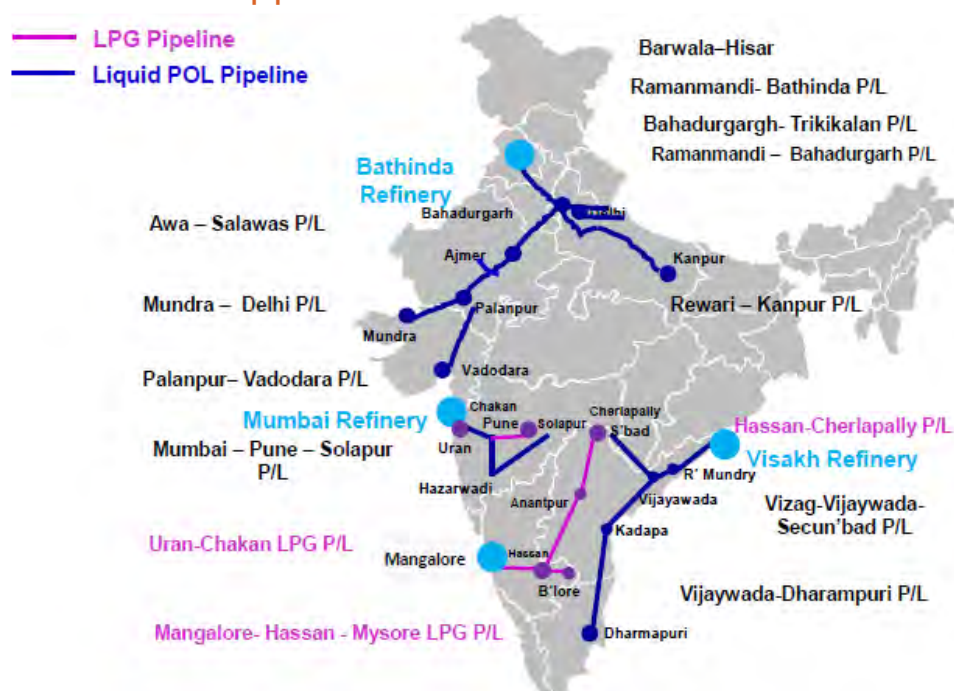
## Annexure

Exhibit 32: HPCL's refinery infrastructure



Source: Company data, I-Sec research

Exhibit 33: HPCL's pipeline network



Source: Company data, I-Sec research

**Exhibit 34: HPCL now has a well-diversified business portfolio**

Diversified Portfolio	Unit	
Refining*		
HPCL	MTPA	24.5
JV	MTPA	11.3
Market Sales	MMT	49.8
Pipeline	Kms	5,134
JV & subsidiaries	No.	20
R&D		83 Product and technologies
Renewables	MW	225
Natural Gas		Authorization for setting up CGD in 25 GAs in 14 states 5 MMTPA LNG terminal by HPLNG

\*Visakh Refinery under capacity expansion to 15 MMTPA

Source: Company data, I-Sec research

**Exhibit 35: Marketing footprint has grown materially**

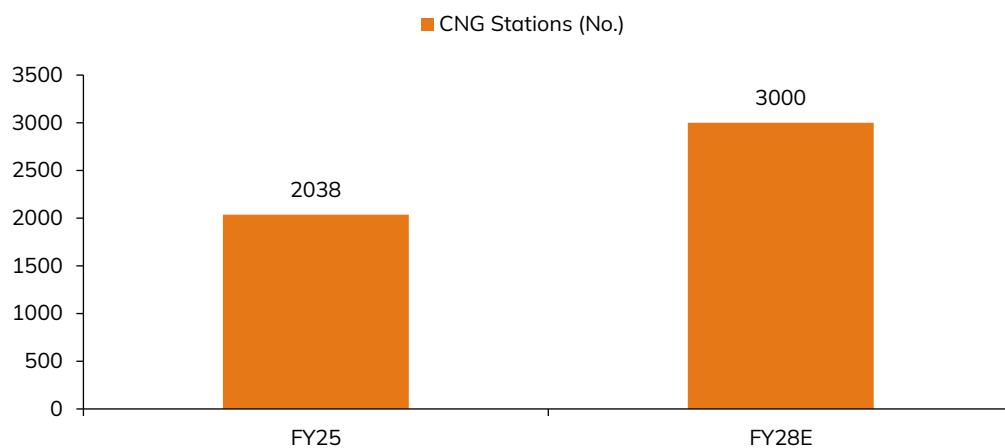
Particulars	
Retail Outlets	23,901
LPG Distributorships	6,384
SKO / LDO Dealerships	1,638
Lube Distributors (Ind & Auto)	521
Mobile Dispensers	883
CNG facilities at ROs	2,071
EV Charging facilities at ROs	5,334
LPG Consumers	97 Million
Daily Customer Interactions	25 Million

Source: Company data, I-Sec research

**Exhibit 36: Marketing network to expand substantially over FY25-28E**

	FY25	FY28E
Pipeline (Km)	5,134	6000
Terminal Depo (No.)	78	85
LPG bottling plant (No.)	55	60
Retail Outlet (No.)	23747	26000

Source: Company data, I-Sec research

**Exhibit 37: CNG stations to grow strongly in next 3 years**

Source: Company data, I-Sec research



**Exhibit 38: Natural gas: Participation across entire value chain**

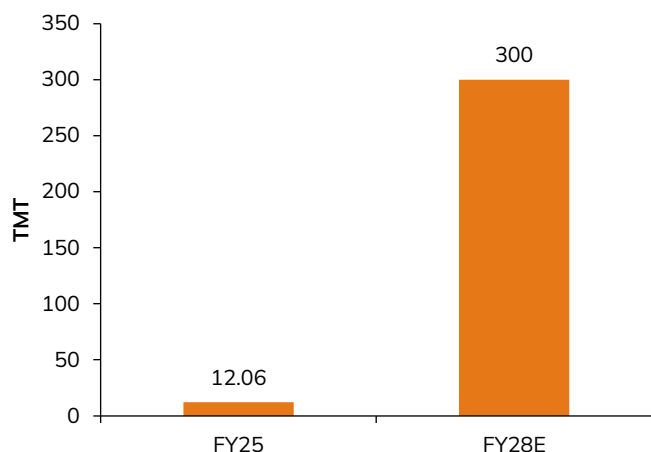
Value chain	Profile
<b>Regasification -LNG Import Facilities</b>	5 MMTPA LNG Regasification Terminal at Chhara, Gujarat (Subsidiary) Connection to National Gas Grid Pipelines
<b>Transportation -Natural Gas Pipelines</b>	Mehsana to Bhatinda (1669 Km) – GIGL (JV) Bathinda to Gurdaspur (260 Km) – GIGL (JV) Mallavaram to Bhilwara (1881 Km) – GITL (JV)
<b>Marketing -CGD Network &amp; Marketing</b>	25 GAs in 14 states HPOIL (JV) CNG facilities at Retail Outlets Gas Marketing LNG facilities at Highways

Source: Company data, I-Sec research

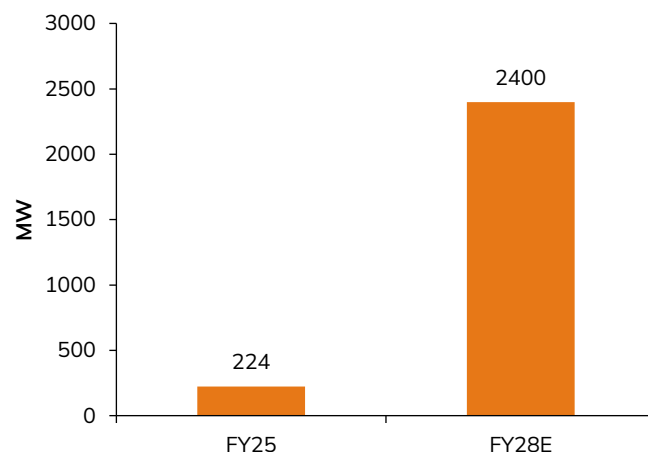
**Exhibit 39: Details of biofuel projects**

Projects	Status	Project Cost (INR mn)
14 TPD Capacity CBG Plant at Budaun, UP	Commercial Sale started	1330.0
1.6 TPD CBG Plant at Pathmeda, Rajasthan	Commenced CBG Sale	250.0
100 KLPD 2G Ethanol Bio- Refinery at Bathinda	Ongoing	14210.0
16TPD Compressed Biogas (CBG), Eluru, West Godavari, AP	Ongoing	2270.0

Source: Company data, I-Sec research

**Exhibit 40: Biofuel capacity likely to jump multi-fold...**

Source: Company data, I-Sec research

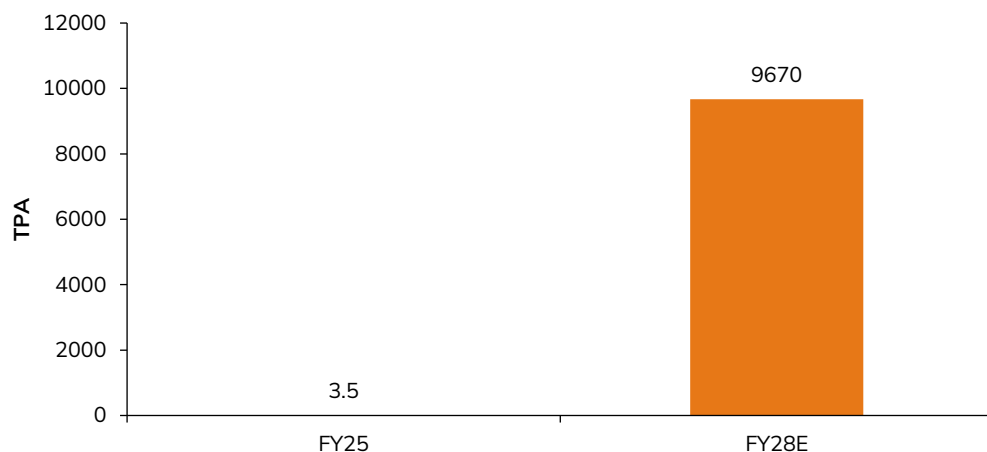
**Exhibit 41: ...so shall the renewable capacity**

Source: Company data, I-Sec research

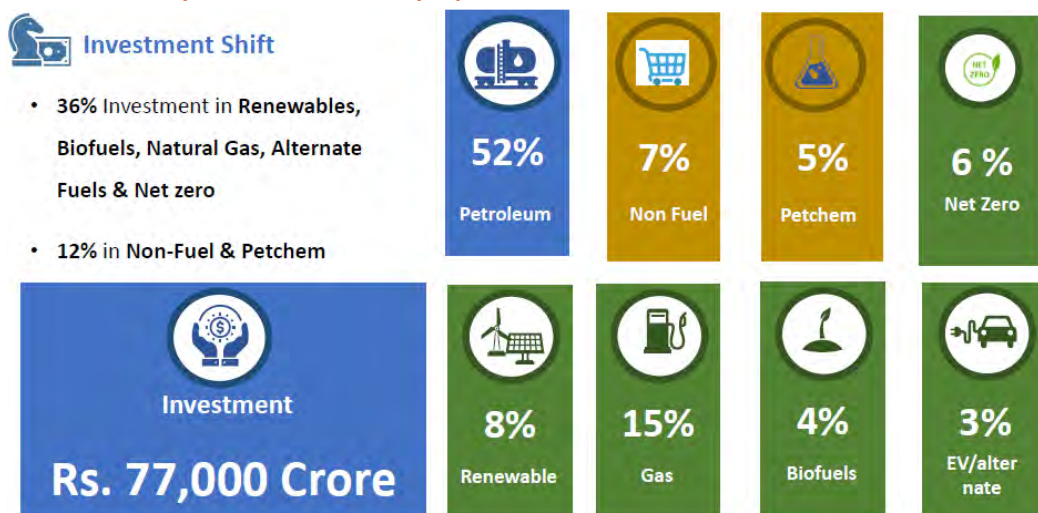
**Exhibit 42: Details of renewable energy projects**

Project	Status	Project Cost (INR mn)
Jhansi Solar Project	Transmission line work completed	370
Panipat Solar Project	Transmission line work in progress	450
Solar Power Plant at Galiveedu	Construction in progress	6820
Greening Retail Outlets- Delhi	Construction in Progress	550

Source: Company data, I-Sec research

**Exhibit 43: Green hydrogen capacity to grow multi-fold**

Source: Company data, I-Sec research

**Exhibit 44: Capex – HPCL and equity in JVs/subsidiaries over FY24-28**

Source: Company data, I-Sec research

**Exhibit 45: Shareholding pattern**

%	Dec'24	Mar'25	Jun'25
Promoters	54.9	54.9	54.9
Institutional investors	36.3	35.8	36.4
MFs and other	17.0	18.7	18.7
FIs/ Banks	0.4	0.3	0.3
Insurance Cos.	4.2	4.2	3.9
FIIIs	14.7	12.6	13.6
Others	8.8	9.3	8.7

Source: Bloomberg, I-Sec research

**Exhibit 46: Price chart**

Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 47: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Net Sales</b>	<b>43,41,062</b>	<b>39,04,041</b>	<b>42,55,975</b>	<b>47,71,397</b>
<b>EBITDA</b>	<b>1,65,512</b>	<b>2,16,052</b>	<b>2,61,225</b>	<b>3,00,264</b>
EBITDA Margin (%)	3.8	5.5	6.1	6.3
Depreciation & Amortization	61,541	65,157	71,877	78,597
EBIT	1,03,971	1,50,895	1,89,348	2,21,667
Interest expenditure	33,655	28,743	27,463	24,583
Other Non-operating Income	20,879	1,03,167	23,904	24,138
<b>PBT</b>	<b>91,195</b>	<b>2,25,319</b>	<b>1,85,788</b>	<b>2,21,222</b>
<b>Profit / (Loss) from Associates</b>	<b>(1,196)</b>	<b>(38,602)</b>	<b>(27,418)</b>	<b>(13,013)</b>
Less: Taxes	22,642	56,713	46,763	55,681
PAT	68,553	1,68,606	1,39,025	1,65,540
Less: Minority Interest	-	-	-	-
<b>Net Income (Reported)</b>	<b>67,357</b>	<b>1,30,004</b>	<b>1,11,607</b>	<b>1,52,527</b>
Extraordinaries (Net)	-	-	-	-
<b>Recurring Net Income</b>	<b>67,357</b>	<b>1,30,004</b>	<b>1,11,607</b>	<b>1,52,527</b>

Source Company data, I-Sec research

### Exhibit 48: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	5,44,524	5,38,056	4,70,935	5,02,548
of which cash & bank	2,538	20,247	18,657	24,517
Total Current Liabilities & Provisions	6,42,460	5,98,282	6,14,698	6,59,779
<b>Net Current Assets</b>	<b>(97,937)</b>	<b>(60,227)</b>	<b>(1,43,763)</b>	<b>(1,57,231)</b>
Other Non Current Assets	-	-	-	-
Net Fixed Assets	8,61,792	9,36,635	10,04,758	10,66,162
Other Fixed Assets	-	-	-	-
Capital Work in Progress	1,79,672	1,80,000	1,80,000	1,80,000
Non Investment	3,28,935	3,28,935	3,28,935	3,28,935
Current Investment	32,525	32,525	32,525	32,525
Deferred Tax Assets	-	-	-	-
<b>Total Assets</b>	<b>13,04,986</b>	<b>14,17,868</b>	<b>14,02,455</b>	<b>14,50,390</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>7,05,582</b>	<b>7,31,582</b>	<b>6,41,582</b>	<b>5,87,582</b>
<b>Deferred Tax Liability</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Lease Liability	-	-	-	-
Other Liabilities	87,961	87,961	87,961	87,961
Equity Share Capital	21,282	21,282	21,282	21,282
Reserves & Surplus*	4,90,161	5,77,043	6,51,630	7,53,564
<b>Total Net Worth</b>	<b>5,11,443</b>	<b>5,98,325</b>	<b>6,72,912</b>	<b>7,74,846</b>
Minority Interest	-	-	-	-
<b>Total Liabilities</b>	<b>13,04,986</b>	<b>14,17,868</b>	<b>14,02,455</b>	<b>14,50,390</b>

Source Company data, I-Sec research

### Exhibit 49: Quarterly trend

(INR mn, year ending March)

	Sep-24	Dec-24	Mar-25	Jun-25
Net Sales	9,99,259	11,05,054	10,94,924	11,07,674
% growth (YOY)	4%	-1%	-4%	-3%
EBITDA	27,244	59,702	58,038	76,018
Margin %	3%	5%	5%	7%
Other Income	5,750	4,791	7,925	5,226
Extraordinaries	0	0	0	0
<b>Adjusted Net Profit</b>	<b>6,312</b>	<b>30,229</b>	<b>33,550</b>	<b>43,709</b>

Source Company data, I-Sec research

### Exhibit 50: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Cash Flow from operation before working Capital</b>	<b>1,82,783</b>	<b>2,16,052</b>	<b>2,61,225</b>	<b>3,00,264</b>
Working Capital Changes	(44,359)	(20,002)	81,946	19,329
Tax	3,854	(56,713)	(46,763)	(55,681)
<b>Operating Cashflow</b>	<b>1,42,277</b>	<b>1,39,337</b>	<b>2,96,408</b>	<b>2,63,911</b>
Capital Commitments	(94,312)	(1,40,329)	(1,40,000)	(1,40,000)
<b>Free Cashflow</b>	<b>47,966</b>	<b>(991)</b>	<b>1,56,408</b>	<b>1,23,911</b>
Others CFI	(8,779)	64,565	(3,515)	11,125
<b>Cashflow from Investing Activities</b>	<b>(1,03,091)</b>	<b>(75,764)</b>	<b>(1,43,515)</b>	<b>(1,28,875)</b>
Inc (Dec) in Borrowings	25,910	26,000	(90,000)	(54,000)
Interest Cost	(43,930)	(28,743)	(27,463)	(24,583)
Others	(23,363)	(43,122)	(37,020)	(50,593)
<b>Cash flow from Financing Activities</b>	<b>(41,382)</b>	<b>(45,865)</b>	<b>(1,54,483)</b>	<b>(1,29,176)</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>(2,196)</b>	<b>17,709</b>	<b>(1,590)</b>	<b>5,860</b>
Closing cash & balance	2,538	20,247	18,657	24,517

Source Company data, I-Sec research

### Exhibit 51: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Per Share Data (INR)</b>				
Recurring EPS	31.7	61.1	52.5	71.7
Diluted EPS	31.7	61.1	52.5	71.7
Recurring Cash EPS	60.6	91.7	86.2	108.6
Dividend per share (DPS)	10.5	20.3	17.4	23.8
Book Value per share (BV)	240.4	281.2	316.2	364.1
Dividend Payout (%)	33.2	33.2	33.2	33.2
<b>Growth (%)</b>				
Net Sales	0.1	(10.1)	9.0	12.1
EBITDA	(33.6)	30.5	20.9	14.9
EPS	(57.9)	93.0	(14.2)	36.7
<b>Valuation Ratios (x)</b>				
P/E	12.9	6.7	7.8	5.7
P/CEPS	6.8	4.5	4.7	3.8
P/BV	1.7	1.5	1.3	1.1
EV / EBITDA	9.1	7.0	5.5	4.5
EV / Operating Income	12.1	6.0	6.7	5.6
Dividend Yield (%)	2.6	4.9	4.2	5.8
<b>Operating Ratios</b>				
EBITDA Margins (%)	3.8	5.5	6.1	6.3
Effective Tax Rate (%)	24.8	25.2	25.2	25.2
Net Profit Margins (%)	1.6	3.3	2.6	3.2
NWC / Total Assets (%)	(7.5)	(4.2)	(10.3)	(10.8)
Fixed Asset Turnover (x)	3.7	3.0	3.0	3.0
Working Capital Days	17.4	19.1	15.1	13.7
Net Debt / Equity %	131.1	113.5	87.7	68.5
<b>Profitability Ratios</b>				
RoCE (%)	6.6	8.9	10.7	12.4
RoCE (Pre-tax) (%)	8.8	11.8	14.3	16.6
RoE (%)	13.7	23.4	17.6	21.1

Source Company data, I-Sec research

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