

May 7, 2025

## Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	SELL		SELL	
<b>Target Price</b>	319		322	
Sales (Rs bn)	3,944	4,007	3,920	4,007
% Chng.	0.6	-		
EBITDA (Rs bn)	201	180	177	180
% Chng.	13.4	-		
EPS (Rs.)	54.8	48.0	46.5	46.8
% Chng.	17.7	2.7		

### Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	4,339	4,341	3,944	4,007
EBITDA (Rs. bn)	249	166	201	180
Margin (%)	5.7	3.8	5.1	4.5
PAT (Rs. bn)	160	67	117	102
EPS (Rs.)	75.2	31.6	54.8	48.0
Gr. (%)	(329.4)	(57.9)	73.1	(12.4)
DPS (Rs.)	21.0	10.5	13.5	10.8
Yield (%)	5.3	2.6	3.4	2.7
RoE (%)	40.4	13.7	21.0	16.0
RoCE (%)	18.5	9.1	10.9	8.3
EV/Sales (x)	0.3	0.3	0.4	0.4
EV/EBITDA (x)	5.9	9.1	7.2	8.2
PE (x)	5.3	12.5	7.2	8.3
P/BV (x)	1.8	1.7	1.4	1.2

### Key Data

	HPCL.BO   HPCL IN
52-W High / Low	Rs.457 / Rs.288
Sensex / Nifty	80,641 / 24,380
Market Cap	Rs.844bn/ \$ 10,000m
Shares Outstanding	2,128m
3M Avg. Daily Value	Rs.2298.79m

### Shareholding Pattern (%)

Promoter's	54.90
Foreign	12.55
Domestic Institution	23.56
Public & Others	8.99
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	10.7	1.3	15.8
Relative	3.5	1.0	6.2

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## Strong quarter driven by GRM and GMM

### Quick Pointers:

- GRM at USD8.5/bbl in Q4FY25 including USD1.4/bbl inventory gain
- Under-recovery of Rs109bn on sale of LPG in FY25

**Hindustan Petroleum Corporation (HPCL) reported better-than-expected Q4 results with standalone EBITDA of Rs58bn (up 20.8% YoY; PLe: Rs35.6bn, BBGe:Rs40.5bn) and PAT of Rs33.5bn (up 18% YoY; PLe: Rs10.8bn, BBGe: Rs16.8bn). On the refining front, GRM came in at USD8.5/bbl. GMM stood at Rs4.6/lit, and under-recovery on sale of LPG stood at Rs33bn. The stock is trading at 1.3x FY27 P/BV. In Q1-TD, Singapore GRM has remains at USD3.6/bbl, with strength in past few days. Average marketing margins on petrol/ diesel stand at Rs12.6/9.8/lit. We believe GRMs will rebound to the long-term average of USD5-7/bbl in FY26/27 and build in a GRM of USD6/6/bbl for FY26/27E. On the marketing front, we build in a GMM of Rs4.9/4.5/lit for FY25/26/27E. We maintain Sell rating with a TP of Rs319 based on 1.0x FY27 P/BV.**

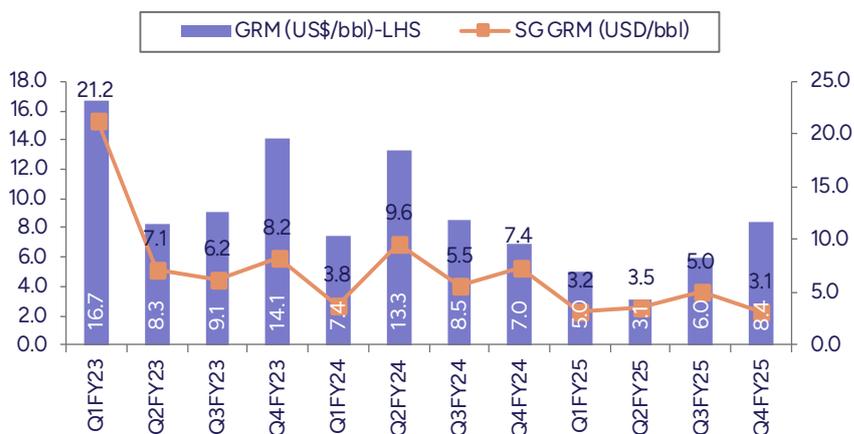
- **GRM much ahead of expectations:** HPCL reported a GRM of USD8.4/bbl in Q4FY25 vs our expectation of USD6.6/bbl. GRM in Q4FY24 and Q3FY25 stood at USD7.0/6.0/bbl respectively. Inventory gain in the quarter stood at USD1.4/bbl. GRM for the year stood at USD5.7/bbl vs USD9.1/bbl in FY24. Throughput stood at 6.7mmt in Q4FY25 vs 5.8mmt in Q4FY24 and 6.5mmt in Q3FY25. Throughput in FY25 stood at 25.3mmt vs 22.3mmt in FY24.
- **Implied marketing margin at Rs4.6/lit:** Implied gross marketing margin stood at Rs4.6/lit vs our expectation of Rs3.6/lit. GMM in Q4FY24 and Q3FY25 stood at Rs4.8/5.7/lit respectively. Domestic sales volume stood at 12.7mmt vs 12mmt in Q4FY24 and 12.9mmt in Q3FY25. For the year, GMM stood at Rs4.4/lit vs Rs5.5/lit in FY24.
- **PAT halves in FY25:** Led by weaker GRMs and weaker GMMs, HPCL witnessed its consolidated its EBITDA declining from Rs249bn in FY24 to Rs166bn in FY25. Conso PAT also declined from Rs160bn to Rs67bn YoY. Net debt has increased from Rs623bn in FY24 to Rs662bn in FY25.
- **Conference call highlights:** **1)** Expect to cut crude in Barmer in Oct'25 led by Petrochem commissioning in Jan'26; expect integrated margin of USD20/bbl; opex of USD5/bbl; Barmer crude would be 20% of the basket; net debt of Rs350bn; equity inv in Barmer Rs40bn, **2)** Capex of Rs145bn in FY25; Rs130-140bn in FY26, **3)** HMEL PAT loss in FY25 primarily due to low Petrochem spreads; GRM of USD9.3/bbl in FY25; net debt of Rs330bn **4)** Q4 inv gain of Rs6bn in ref, full yr loss of Rs5.5bn; Rs5.5bn gain in mkt, **5)** Resid upgradation at Vizag in Q2FY26; +USD2-3/bbl increment to GRM, **6)** Russian crude is 35% for FY25; 32-33% for Q4, **7)** ADNOC contract is HH linked, **8)** Pipeline throughput 26.9mmt for FY25.

Exhibit 1: HPCL's Quarterly and FY25 Financials

Quarterly Financials (Rs bn)	Q4 FY25	Q3 FY25	QoQ gr.	Q4 FY25E	% Var	Q4 FY24	YoY gr.	FY25	FY24	YoY gr.
<b>Net Sales</b>	1094.9	1105.1	-0.9%	1086.9	0.7%	1145.6	-4.4%	4337.3	4335.2	0.0%
YoY Change (%)	-4.4	-0.7		-5.1		6.1				
<b>Total Expenditure</b>	1036.9	1045.4	-0.8%	1051.3	-1.4%	1097.5	-5.5%	4171.2	4088.2	2.0%
<b>EBITDA</b>	58.0	59.7	-2.8%	35.6	63.2%	48.0	20.8%	166.1	247.1	-32.8%
Margins (%)	5.3	5.4		3.3		4.2		3.8	5.7	
Depreciation	15.8	15.1	4.9%	16.6	-4.6%	16.1	-1.8%	60.9	55.5	9.7%
Interest	7.1	9.3	-23.7%	9.5	-25.3%	7.3	-3.4%	33.1	25.2	31.6%
Other Income	7.9	4.8	65.4%	4.9	61.4%	8.5	-7.2%	24.2	23.8	1.4%
<b>PBT</b>	43.0	40.1	7.3%	14.4	199.1%	33.1	30.0%	96.2	191.5	-49.8%
Tax	9.5	9.9	-3.9%	3.6	162.1%	4.7	102.3%	22.6	44.6	-49.4%
Rate (%)	22.1	24.6		25.2		14.2		23.5	23.3	
<b>Reported PAT</b>	33.5	30.2	11.0%	10.8	211.5%	28.4	18.0%	73.6	146.9	-49.9%
<b>Key Operating Metrics</b>										
Refining throughput (mmt)	6.7	6.47	4.2%	6.6	2.9%	5.8	15.4%	18.5	22.3	-17.0%
Reported GRM (USD/bbl)	8.4	6.0	40.7%	6.6	27.9%	7.0	21.4%	4.7	9.1	-47.9%
Marketing sales volume incl exports (mmt)	12.7	12.9	-1.3%	12.2	3.8%	12	3.0%	37.1	46.4	-20.0%
Marketing GM incld inv (INR/litre)	4.6	5.7	-19.2%	3.6	27.1%	4.8	-3.0%	4.3	5.5	-21.3%

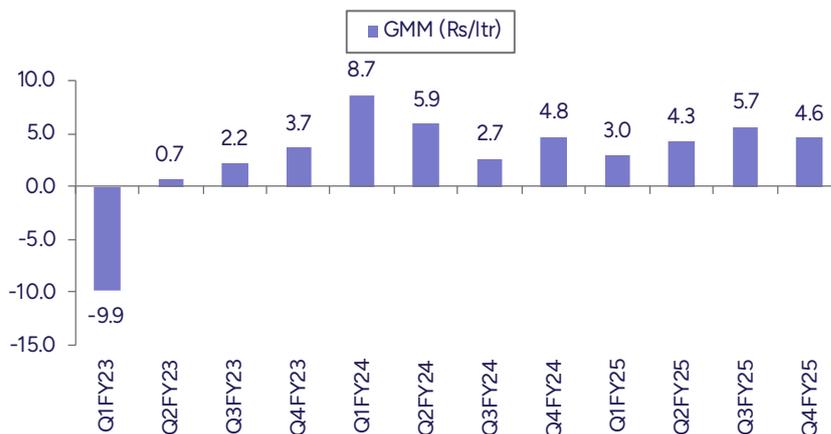
Source: Company, PL

Exhibit 2: GRM rose to USD8.4/bbl



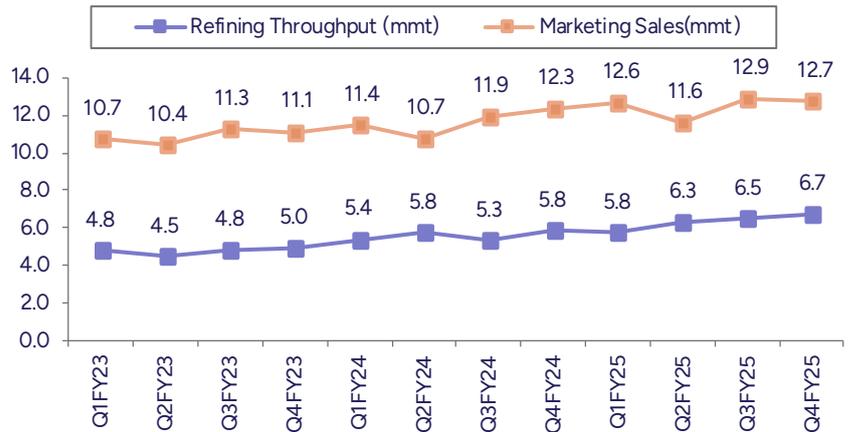
Source: Company, PL

Exhibit 3: GMM declined QoQ to Rs4.6/lit



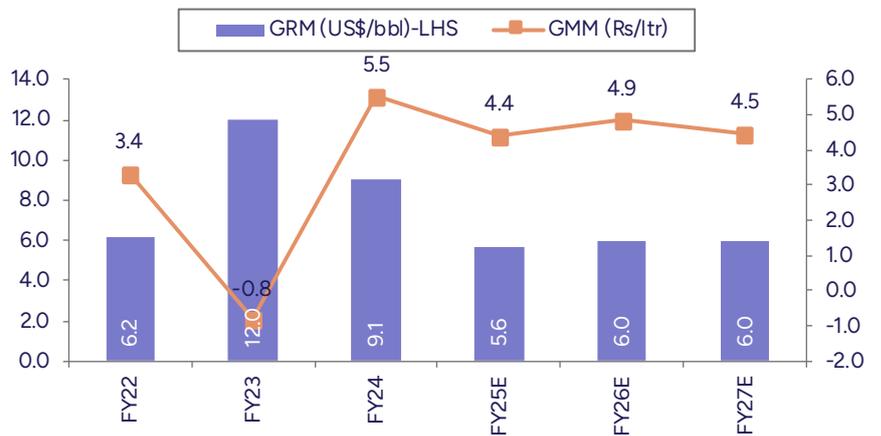
Source: PL

**Exhibit 4: Refining throughput at 6.7mmt in Q4FY25**



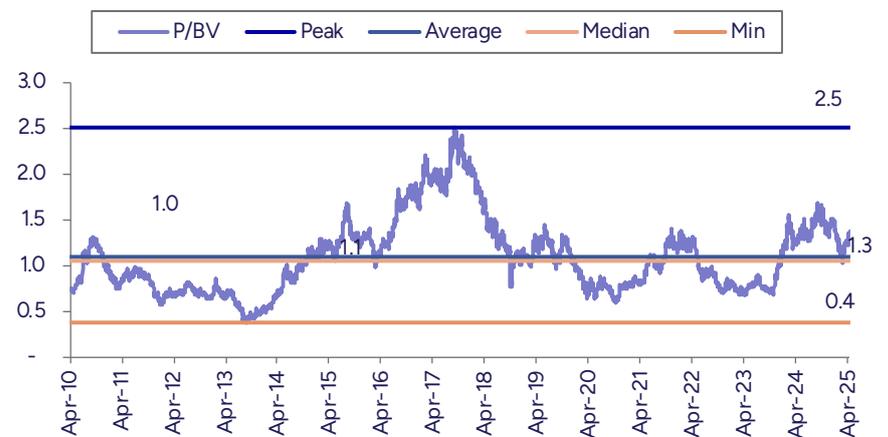
Source: Company, PL

**Exhibit 5: GRM estimated at US\$5.6/6/6/bbl for FY25/26/27E**



Source: PL

**Exhibit 6: Currently trading at 1.3x FY26 P/BV**



Source: Company, PL

## Financials

### Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Net Revenues</b>	<b>4,339</b>	<b>4,341</b>	<b>3,944</b>	<b>4,007</b>
YoY gr. (%)	(1.6)	0.1	(9.1)	1.6
Cost of Goods Sold	3,876	3,949	3,519	3,596
Gross Profit	463	392	426	411
Margin (%)	10.7	9.0	10.8	10.3
Employee Cost	-	-	-	-
Other Expenses	213	227	224	231
<b>EBITDA</b>	<b>249</b>	<b>166</b>	<b>201</b>	<b>180</b>
YoY gr. (%)	(445.9)	(33.6)	21.6	(10.4)
Margin (%)	5.7	3.8	5.1	4.5
Depreciation and Amortization	56	62	67	68
<b>EBIT</b>	<b>193</b>	<b>104</b>	<b>134</b>	<b>112</b>
Margin (%)	4.5	2.4	3.4	2.8
Net Interest	26	34	26	27
Other Income	19	21	29	33
<b>Profit Before Tax</b>	<b>187</b>	<b>91</b>	<b>137</b>	<b>118</b>
Margin (%)	4.3	2.1	3.5	2.9
Total Tax	45	23	39	34
Effective tax rate (%)	24.0	24.8	28.6	29.2
<b>Profit after tax</b>	<b>142</b>	<b>69</b>	<b>98</b>	<b>83</b>
Minority interest	(18)	1	(19)	(19)
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>160</b>	<b>67</b>	<b>117</b>	<b>102</b>
YoY gr. (%)	(329.4)	(57.9)	73.1	(12.4)
Margin (%)	3.7	1.6	3.0	2.6
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>160</b>	<b>67</b>	<b>117</b>	<b>102</b>
YoY gr. (%)	-	-	-	-
Margin (%)	3.7	1.6	3.0	2.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
<b>Equity Shares O/s (bn)</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>EPS (Rs)</b>	<b>75.2</b>	<b>31.6</b>	<b>54.8</b>	<b>48.0</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>1,120</b>	<b>1,245</b>	<b>1,320</b>	<b>1,420</b>
Tangibles	1,120	1,245	1,320	1,420
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>325</b>	<b>387</b>	<b>457</b>	<b>525</b>
Tangibles	325	387	457	525
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>795</b>	<b>859</b>	<b>862</b>	<b>894</b>
Tangibles	795	859	862	894
Intangibles	-	-	-	-
Capital Work In Progress	201	180	289	369
Goodwill	3	3	3	3
Non-Current Investments	295	270	270	270
Net Deferred tax assets	(69)	(77)	(77)	(77)
Other Non-Current Assets	45	40	40	40
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	342	383	265	269
Trade receivables	93	118	61	62
Cash & Bank Balance	5	3	93	100
Other Current Assets	35	40	40	40
<b>Total Assets</b>	<b>1,827</b>	<b>1,947</b>	<b>1,976</b>	<b>2,100</b>
<b>Equity</b>				
Equity Share Capital	14	21	21	21
Other Equity	455	490	578	657
<b>Total Networkth</b>	<b>469</b>	<b>511</b>	<b>599</b>	<b>679</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	628	664	698	739
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	273	298	205	208
Other current liabilities	387	397	397	397
<b>Total Equity &amp; Liabilities</b>	<b>1,827</b>	<b>1,947</b>	<b>1,976</b>	<b>2,100</b>

Source: Company Data, PL Research

**Cash Flow (Rs bn)**

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	205	90	156	137
Add. Depreciation	56	62	67	68
Add. Interest	26	34	26	27
Less Financial Other Income	19	21	29	33
Add. Other	(17)	(2)	-	-
Op. profit before WC changes	269	183	249	232
Net Changes-WC	(28)	(44)	82	(2)
Direct tax	(3)	4	(39)	(34)
<b>Net cash from Op. activities</b>	<b>239</b>	<b>142</b>	<b>292</b>	<b>196</b>
Capital expenditures	(99)	(96)	(180)	(180)
Interest / Dividend Income	-	-	-	-
Others	(31)	(31)	-	-
<b>Net Cash from Inv. activities</b>	<b>(130)</b>	<b>(127)</b>	<b>(180)</b>	<b>(180)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	(100)	26	33	42
Dividend paid	(21)	(23)	(29)	(23)
Interest paid	(41)	(44)	(26)	(27)
Others	51	25	-	-
<b>Net cash from Fin. activities</b>	<b>(111)</b>	<b>(17)</b>	<b>(21)</b>	<b>(8)</b>
<b>Net change in cash</b>	<b>(2)</b>	<b>(1)</b>	<b>90</b>	<b>7</b>
Free Cash Flow	239	142	292	196

Source: Company Data, PL Research

**Quarterly Financials (Rs bn)**

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
<b>Net Revenue</b>	<b>1,067</b>	<b>916</b>	<b>1,021</b>	<b>1,007</b>
YoY gr. (%)	(4.7)	3.2	(2.0)	(6.4)
Raw Material Expenses	1,064	919	983	979
Gross Profit	3	(2)	37	27
Margin (%)	0.3	(0.3)	3.7	2.7
<b>EBITDA</b>	<b>21</b>	<b>27</b>	<b>60</b>	<b>58</b>
YoY gr. (%)	(77.9)	(66.8)	175.9	20.8
Margin (%)	2.0	3.0	5.8	5.8
Depreciation / Depletion	15	15	15	16
<b>EBIT</b>	<b>6</b>	<b>12</b>	<b>45</b>	<b>42</b>
Margin (%)	0.6	1.3	4.4	4.2
Net Interest	7	9	9	7
Other Income	6	6	5	8
<b>Profit before Tax</b>	<b>5</b>	<b>8</b>	<b>40</b>	<b>43</b>
Margin (%)	0.4	0.9	3.9	4.3
Total Tax	1	2	10	9
Effective tax rate (%)	24.5	24.4	24.6	22.1
<b>Profit after Tax</b>	<b>4</b>	<b>6</b>	<b>30</b>	<b>34</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>4</b>	<b>6</b>	<b>30</b>	<b>34</b>
YoY gr. (%)	(94.3)	(87.7)	471.4	18.0
Margin (%)	0.3	0.7	3.0	3.3
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>4</b>	<b>6</b>	<b>30</b>	<b>34</b>
YoY gr. (%)	(94.3)	(87.7)	471.4	18.0
Margin (%)	0.3	0.7	3.0	3.3
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Avg. Shares O/s (bn)	2	2	2	2
<b>EPS (Rs)</b>	<b>1.7</b>	<b>3.0</b>	<b>14.2</b>	<b>15.8</b>

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	75.2	31.6	54.8	48.0
CEPS	101.5	60.6	86.2	80.0
BVPS	220.5	240.3	281.7	318.9
FCF	112.1	66.9	137.0	92.0
DPS	21.0	10.5	13.5	10.8
<b>Return Ratio(%)</b>				
RoCE	18.5	9.1	10.9	8.3
ROIC	10.6	5.3	7.1	5.6
RoE	40.4	13.7	21.0	16.0
<b>Balance Sheet</b>				
Net Debt : Equity (x)	1.3	1.3	1.0	0.9
Net Working Capital (Days)	14	17	11	11
<b>Valuation(x)</b>				
PER	5.3	12.5	7.2	8.3
P/B	1.8	1.7	1.4	1.2
P/CEPS	3.9	6.6	4.6	5.0
EV/EBITDA	5.9	9.1	7.2	8.2
EV/Sales	0.3	0.3	0.4	0.4
Dividend Yield (%)	5.3	2.6	3.4	2.7

Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY24	FY25	FY26E	FY27E
Crude (US\$/bbl)	86.0	78.9	75.0	75.0
GRM (US\$/bbl)	9.1	5.6	6.0	6.0
Refining throughput (mmtpa)	22.3	25.3	24.0	24.0
Gross Marketing Margins (Rs/ltr)	5.5	4.4	4.9	4.5
Marketing Sales (mmtpa)	46.4	49.8	52.1	52.4

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	22-Apr-25	Sell	322	395
2	08-Apr-25	Hold	322	353
3	25-Feb-25	Hold	319	319
4	24-Jan-25	Hold	373	353
5	08-Jan-25	Hold	391	386
6	09-Dec-24	Hold	392	399
7	26-Oct-24	Accumulate	412	372
8	07-Oct-24	Sell	362	394
9	30-Jul-24	Sell	340	396
10	07-Jul-24	Sell	280	332

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	330	356
2	Bharat Petroleum Corporation	Reduce	267	311
3	Bharti Airtel	Accumulate	1,916	1,720
4	Clean Science and Technology	Hold	1,224	1,167
5	Deepak Nitrite	Reduce	1,645	1,835
6	Fine Organic Industries	BUY	4,798	3,960
7	GAIL (India)	Accumulate	185	169
8	Gujarat Fluorochemicals	Reduce	3,328	3,671
9	Gujarat Gas	Hold	395	393
10	Gujarat State Petronet	Hold	288	288
11	Hindustan Petroleum Corporation	Sell	322	395
12	Indian Oil Corporation	Reduce	122	143
13	Indraprastha Gas	Sell	150	185
14	Jubilant Ingrevia	Hold	616	604
15	Laxmi Organic Industries	Reduce	160	169
16	Mahanagar Gas	Accumulate	1,393	1,316
17	Mangalore Refinery & Petrochemicals	Sell	109	129
18	Navin Fluorine International	Accumulate	4,454	3,880
19	NOCIL	Reduce	156	166
20	Oil & Natural Gas Corporation	BUY	264	220
21	Oil India	BUY	659	343
22	Petronet LNG	Reduce	248	278
23	Reliance Industries	Accumulate	1,482	1,300
24	SRF	Hold	2,780	2,721
25	Vinati Organics	Accumulate	1,620	1,459

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

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