13 May 2026

4QFY26 Result Update | Sector: Oil & Gas

HPCL

Estimate change	↓
TP change	↑
Rating change	↔

Bloomberg	HPCL IN
Equity Shares (m)	2128
M.Cap.(INRb)/(USDb)	910.1 / 9.9
52-Week Range (INR)	508 / 288
1, 6, 12 Rel. Per (%)	-7/-1/6
12M Avg Val (INR M)	2138

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	4,418	4,074	3,831
EBITDA	306	117	253
Adj. PAT	180	24	114
Adj. EPS (INR)	85	11	53
EPS Gr. (%)	168	-87	382
BV/Sh.(INR)	308	313	345
Ratios			
Net D:E	0.8	0.8	0.7
RoE (%)	30.9	3.6	16.2
RoCE (%)	16.7	3.7	11.6
Payout (%)	28.9	57.2	39.3
Valuations			
P/E (x)	4.3	33.0	6.8
P/BV (x)	1.2	1.2	1.1
EV/EBITDA (x)	4.2	11.3	5.1
Div. Yield (%)	6.7	1.7	5.7
FCF Yield (%)	33.4	1.6	12.6

Shareholding pattern (%)

As Of	Mar-26	Dec-25	Mar-25
Promoter	50.3	50.3	50.3
DII	18.8	18.3	19.7
FII	22.6	23.1	21.6
Others	8.3	8.3	8.5

FII includes depository receipts

CMP: INR390 TP: INR455 (+17%) Buy

Near-term earnings pressure persists

- HPCL's 4QFY26 EBITDA beat our est. by 121% at INR104.3b, due to a higher-than-estimated marketing margin (likely due to inventory gains). Reported GRM stood 9% below our estimate at USD14.5/bbl. Gross marketing margin (including inventory) stood at ~INR6.2/lit (est. INR1.9/lit). Refining throughput was in line at 6.4mmt. Marketing volumes also came in line at 13mmt. PAT also came in 113% above our estimate at INR49b.
- **Key things we liked about the result:** 1) HPCL posted a strong marketing performance, fueled by inventory gains, with a blended gross marketing margin of INR6.2/lit (vs est. INR1.9/lit). 2) Operational efficiency has increased, with Project Samriddhi 1.0 delivering INR16.9b in benefits (INR7.4b recurring), translating to ~USD0.54/bbl. 3) HPCL's standalone net debt as of 31st Mar'26 declined to INR475b (from INR632b as of 31st Mar'25). 4) Mega ongoing project commissioning plans are on track with the 3.55mmtpa residue upgradation facility to operate at 100% capacity in 2QFY27; HRRL CDU to operate at 100% capacity in 2QFY27; and the HRRL petchem complex slated for commissioning in FY28. 5) Progress at the Chhara terminal remains encouraging with ~90-95% breakwater completion (can operate for 11 months), which should improve utilization.
- **Key monitorables:** 1) Domestic LPG losses have worsened sharply recently to ~INR670/cylinder in May'26 (vs. ~INR170/cylinder in Apr'26 and ~INR80/cylinder in 4QFY26). 2) With gross auto-fuel marketing losses still in the range of INR15-25/lit, we see the possibility of an INR4-5/lit MS/HSD retail price hike. 3) With OMCs making huge marketing losses, we believe that some form of government compensation/support remains a possibility.
- **Key assumptions:** In FY27, we model a consol. EBITDA/PAT of INR117b/24b (down 62%/87% YoY), as we assume: 1) gross MS and HSD marketing margin loss of INR5/2.5 per lit in 1QFY27/2QFY27 (normalizing to INR4.5/lit in 2HFY27-FY28). 2) LPG under-recovery per cylinder of INR200/100 in 1QFY27/2QFY27. 3) GRM of USD14/12 per bbl in 1QFY27/2QFY27 (normalizing to USD7/bbl in 2HFY27-FY28).
- **Valuation and view:** HPCL currently trades at 1.1x FY27E P/B. We estimate the company to deliver RoE of 16.2% in FY28 and a 5.4% FY28E dividend yield. We have not assumed any significant benefit from the start-up of a bottom-upgradation unit and Project Samriddhi. **We reiterate our BUY rating on the stock with an SoTP-based TP of INR455.**

Beat led by stronger-than-estimated marketing performance

- HPCL's EBITDA beat our est. by 121% at INR104.3b, due to a higher-than-estimated marketing margin.
  - Reported GRM stood 9% below our estimate at USD14.5/bbl.
  - Gross marketing margin (including inventory) stood at ~INR6.2/lit (est. INR1.9/lit).
  - Refining throughput was in line at 6.4mmt. Marketing volumes also came in line at 13mmt.

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- LPG under-recovery stood at INR13.4b (vs. INR5b in 3Q).
- PAT came 113% above our estimate at INR49b.
- Other income, finance costs, and depreciation were above our estimates. Forex loss stood at INR14.5b.
- **As of Mar'26,** HPCL had a cumulative negative net buffer of INR128b due to the under-recovery on LPG cylinders (INR134.4b as of Dec'25).
- The MoP&NG, through letters dated 3rd/24th Oct'25, approved a compensation of INR79.2b to the company for under-recoveries on the sale of domestic LPG up to 31 Mar'25, and those expected up to 31 Mar'26. The amount would be released in 12 equal monthly installments, with accruals recognized on a monthly basis starting Nov'25. Accordingly, 5 equal monthly installments aggregating to INR33b have been recognized.
- HPCL's standalone net debt as of 31st Mar'26 stood lower at **INR475b** (vs. INR632b as of 31st Mar'25) — this is a **positive** development.
- HPCL generated cash flow from operations of **INR361b** in FY26 (FY25: INR142b).
- The Board recommended a final dividend of INR19.25/sh (face value INR10/sh; interim dividend declared earlier: INR5/sh).

Valuation and view

- **HPCL** remains our preferred pick among the three OMCs. We model a marketing margin of INR4.5/lit for both MS and HSD in 2HFY27-FY28. We view the following as key catalysts for the stock: 1) the ramp-up of its bottom-upgrade unit by the end of 1QFY27, and 2) the start of its Rajasthan refinery in 2QFY27.
- HPCL currently trades at 1.1x FY27E P/B. We estimate the company to deliver an RoE of 16.2% in FY28 and a 5.4% FY28E dividend yield. **We reiterate our BUY rating on the stock with an SoTP-based TP of INR455.**

Standalone - Quarterly Earnings Model (INR b)

Y/E March	FY25				FY26				FY25	FY26	FY26	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
Net Sales	**1,138**	**999**	**1,105**	**1,095**	**1,108**	**1,008**	**1,151**	**1,148**	**4,337**	**4,414**	**1,140**	**1%**
YoY Change (%)	1.6	4.4	-0.7	-4.4	-2.7	0.9	4.1	4.9	0.0	1.8	4.1	
EBITDA	**21**	**28**	**65**	**58**	**77**	**76**	**73**	**104**	**171**	**330**	**47**	**121%**
Margins (%)	1.8	2.8	5.8	5.3	6.9	7.6	6.3	9.1	3.9	7.5	4.1	
Depreciation	15	15	15	16	15	16	16	24	61	71	16.9	
Forex loss	0	0	5	0	1	7	2	14	4	25	0.0	
Interest	7	9	9	7	7	8	7	10	33	31	7.1	
Other Income	6	6	5	8	5	5	7	9	24	27	7.7	
PBT	**5**	**8**	**40**	**43**	**58**	**51**	**54**	**65**	**96**	**229**	**31**	**113%**
Tax rate (%)	24.5	24.4	24.6	22.1	25.0	25.2	24.8	25.2	23.5	25.0	25.2	
Adj PAT	**4**	**6**	**30**	**34**	**44**	**38**	**41**	**49**	**74**	**172**	**23**	**113%**
YoY Change (%)	-94.3	-87.7	471.4	18.0	1,128.5	506.9	34.7	46.1	-49.9	133.2	-31.3	
Key Assumptions												
Refining throughput (mmt)	5.8	6.3	6.5	6.7	6.7	6.6	6.4	6.4	25.3	26.0	6.3	2%
Reported GRM (USD/bbl)	5.0	3.1	6.0	8.5	3.1	8.9	8.9	14.5	5.7	8.8	16.0	-9%
Marketing sales volume incl exports (mmt)	12.6	11.6	12.9	12.7	13.0	12.1	13.3	13.0	49.8	51.5	13.1	-1%
Marketing GM incl inv (INR/liter)	3.0	4.2	5.7	4.6	7.0	5.8	5.4	6.2	4.4	6.1	1.9	233%

Our SoTP-based valuation

Particulars	Earning metric		Val metric	Multiple	Amount (INR m)
HPCL standalone	Dec'27E EBITDA	2,19,707	EV/EBITDA	5.5	12,03,993
(-) Standalone Dec'27E Net Debt					4,63,155
Standalone Market Cap					**7,40,837**
+ MRPL	25% disc. to CMP	40,552			40,552
+ HMEL	FY24 PAT	9,310	P/E	6.0	55,860
+ Chhara terminal	Book Value	12,232	P/B	0.5	6,116
+ HRRL	Equity invested till date		P/B	0.5	1,22,580
SoTP					**9,65,945**
(/) shares outstanding					**2,128**
TP (INR/share)					**455**

Key assumptions for HPCL

Particulars	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Exchange Rate (INR/USD)	74.3	74.5	80.4	82.8	84.6	88.3	91.0	94.0
Brent Crude (USD/bbl)	44.4	80.5	96.1	83.0	78.6	69.7	75.0	65.0
Market Sales (MMT)	36.6	39.1	43.5	46.8	49.8	51.5	53.6	55.8
YoY (%)	*(8)*	*7*	*11*	*8*	*6*	*3*	*4*	*4*
GRM (USD/bbl)	3.9	7.2	12.1	9.1	5.7	8.8	11.9	7.0
Singapore GRM (USD/bbl)	0.5	5.0	10.7	6.6	3.8	6.3	7.5	6.0
Prem/(disc) (USD/bbl)	*3*	*2*	*1*	*2*	*2*	*2*	*4.4*	*1.0*
Total Refinery throughput (MMT)	16.4	14.0	19.1	22.3	25.3	26.0	26.6	26.6
YoY (%)	*-4%*	*-15%*	*37%*	*17%*	*13%*	*3%*	*2%*	*0%*
Refining capacity utilization (%)	104%	88%	85%	91%	103%	106%	109%	109%
Blended marketing margin incld inventory (INR/lit)	6.3	4.3	(0.8)	5.5	4.4	6.1	2.3	5.2
Consolidated EPS	**50.1**	**34.3**	**-32.8**	**75.2**	**31.6**	**84.8**	**11.1**	**53.4**

CONFERENCE CALL

Key highlights from the management commentary

- Under Project Samriddhi, the company's EBITDA enhancement initiative, accruals during FY26 amounted to INR16.9b **(INR7.4b is recurring)**, translating to ~USD0.54/bbl.
- Operating expenditure per metric ton declined from 1,438 in FY25 to 1,344 in FY26.
- **Debt levels dropped significantly from INR633b at 31 Mar’25 to 476b at 31 Mar’26** on a standalone basis, driven by working capital reduction of ~8.5b and prudent borrowing management, bringing D:E down from 1.63x at 1HFY25 to 0.8x (below the revised guidance of ~1x).
- **HMEL:**
  - GRM for 4QFY26 was USD17/bbl.
  - EBITDA: INR68b in FY26 and INR33b in 4QFY26.
- **HRRL** targets COD shortly with an initial 60% capacity expected in Jun’26, while full ramp-up of the bottom-upgradation unit shall be done in one or two months, with full benefits to be visible from 2QFY27.
- **Chhara terminal:** ~90-95% of the breakwater construction has been completed, enabling the terminal to operate at full capacity for nearly 11 months annually.
- **Crude sourcing:**
  - HPCL used to have a mixed portfolio of term contracts and spot contracts. Due to the war situation, HPCL has more exposure to spot contracts.
  - Currently, HPCL is getting enough crude cargoes. However, the prices are elevated.

- Two months of crude are always contracted for.
- Russian crude was significantly used during the crisis, while some was sourced from Africa, the US, and Venezuela.
- **LPG sourcing:**
- HPCL has shifted from the Middle East term contracts to spot cargoes, irrespective of the source of origin
- **Inventory gains:** Amount not disclosed, but there were gains in 4Q.
- **LPG under-recovery:** INR52b under recovery in FY26; INR13.5b in 4Q
- **Petrol/diesel inventory:** 45-50 days inventory (Mumbai refinery inventory days: 30-35 days). LPG inventory days: 45-50 days.
- **LPG loss per cylinder stood at ~INR170/cyl in Apr'26, ~INR670 /cyl in May'26 (vs ~INR80/cyl in 4QFY26).**
- Depreciation was elevated during Q4 because of capitalization of the RUF unit and impairment of assets of ~INR4b.

Press release KTAs

- **Refining Performance:**
- Refineries achieved their highest-ever crude throughput of 26mmt in FY26 (+3% YoY from 25.27mmt in FY25). Distillate yield reached a record high of 76% during the year.
- ✓ Visakh/Mumbai Refinery recorded the highest-ever crude throughput of 16/10mmt in FY26, operating at 107%/105% of installed capacity.
- Refineries reported crude throughput of 6.43 MMT during Q4 FY26.
- ✓ Visakh/Mumbai Refinery processed 3.89/2.54mmt of crude during the quarter, operating at 105%/109% of installed capacity.
- **Capex:**
- Capital expenditure stood at INR46b in 4QFY26, taking cumulative FY26 capex to INR157b. Investments were directed toward strengthening refining and marketing infrastructure, including capacity expansion across subsidiaries and joint ventures, development of new business segments, and initiatives aimed at improving operational efficiencies.
- Guidance: FY27 capex to be slightly lower than FY26, subject to external opportunities.
- HPCL **Rajasthan Refinery Limited (HRRL)**
- Crude cut-in at the CDU-VDU unit commenced during the quarter, with 176tmt of crude processed as part of the trial run in Feb'26.
- PPA for 350MW signed between HRRL and Jaipur Vidyut Vitran Nigam Limited.
- Commissioning activities for the PFCC, DHDT, and MS Block units are currently underway.
- Crude oil (Mangla and AMPL grades) as well as LPG were received into tanks and bullets during the quarter.
- ✓ The HP Aviation refueling facility was commenced at Dinjan Airport, Assam, in 4Q, taking the total ASF count to 59.
- Network **Expansion and Outreach:**
- The company commissioned 526 new retail outlets during 4QFY26 (total 25,098 outlets), while adding 1 new LPG distributor during the quarter (total distributor base: 6,389).

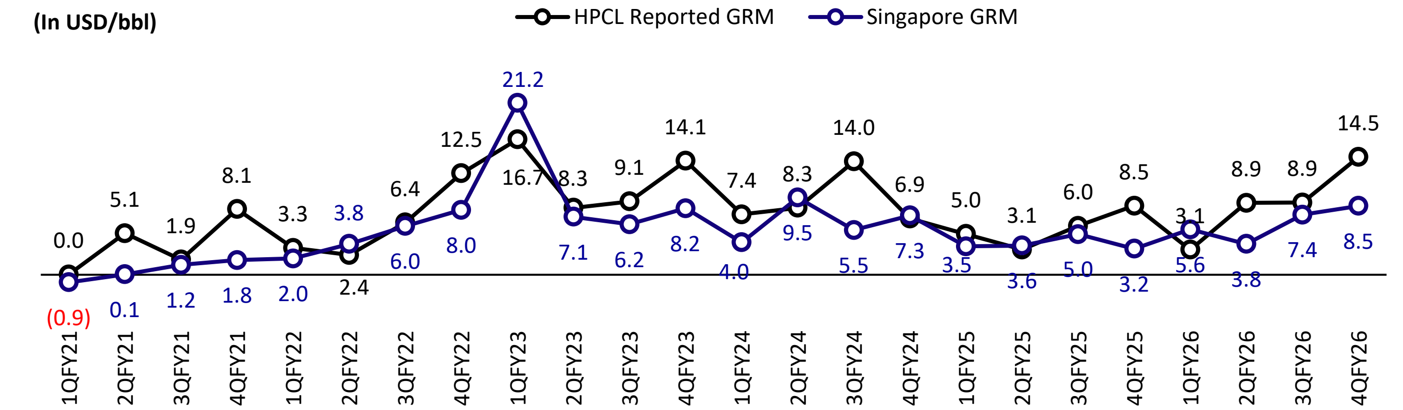
- Under the CGD network expansion program, 160 inch-km of steel pipeline and 130 km of MDPE pipeline were laid during 4QFY26, taking the cumulative pipeline network to 14,939 inch-km of steel pipeline and 7,706 km of MDPE pipeline.

- **Retail Energy Transition:**
  - The company added 75 new CNG outlets during 4QFY26 (total: 2,253 outlets).
  - 829 retail outlets were solarized during 4QFY26 (total: 23,824 outlets), with ~95% of the retail network now powered by renewable energy sources.
  - MoUs were signed with UltraTech Cement and Castrol to support used oil collection, recycling infrastructure, and adoption of re-refined base oil in lubricants, strengthening circular economy initiatives.
  - HP Aviation signed an MoU with Akasa Air at Wings India 2026 to collaborate on Sustainable Aviation Fuel.
  - HPCL signed a Green Hydrogen Purchase Agreement with OCIOR Green Fuels Pvt. Ltd under the SIGHT-2B scheme of the National Green Hydrogen Mission during India Energy Week 2026.
  - An agreement was signed with Indian Gas Exchange (IGX) for listing regasification capacity on the IGX platform.
  - The company partnered with Shell Energy India Pvt. Ltd for LNG marketing for heavy-duty vehicles and LNG sourcing and terminal swapping between Chhara and Hazira terminals.
  - The company onboarded 1 new CBG plant under the SATAT Scheme during 4QFY26 (total: 18).

- **Miscellaneous:**
  - HP Green R&D Centre has filed 779 patents, out of which 312 have been granted.
  - HPCL has signed a Sale Purchase Agreement (SPA) with Abu Dhabi Gas Liquefaction Company (a subsidiary of ADNOC Gas), for the procurement of LNG for a 10-year term.

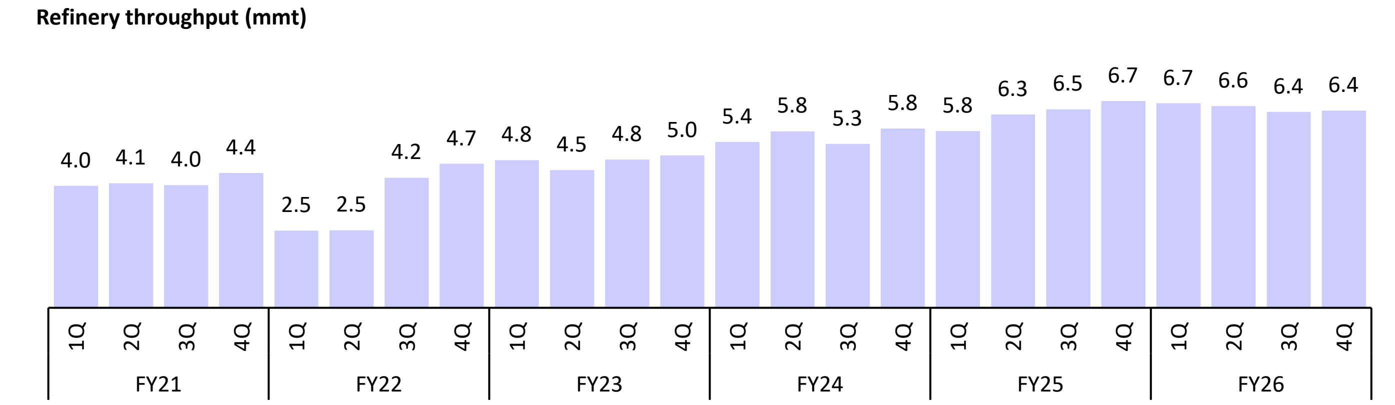
Story in charts – 4QFY26

Exhibit 1: Reported GRM stood at USD14.5/bbl, up ~71% YoY



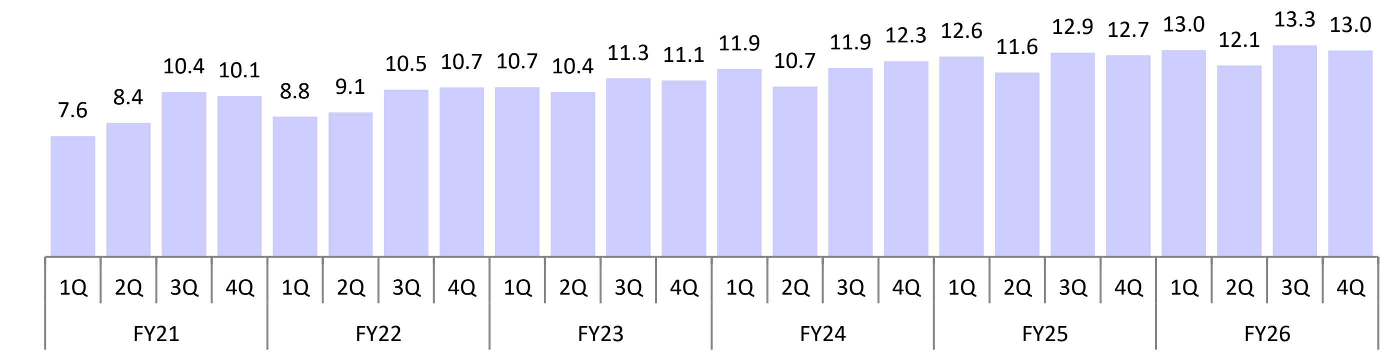
Source: Company, MOFSL

Exhibit 2: Throughput was 6.4mmt, down ~5% YoY



Source: Company, MOFSL

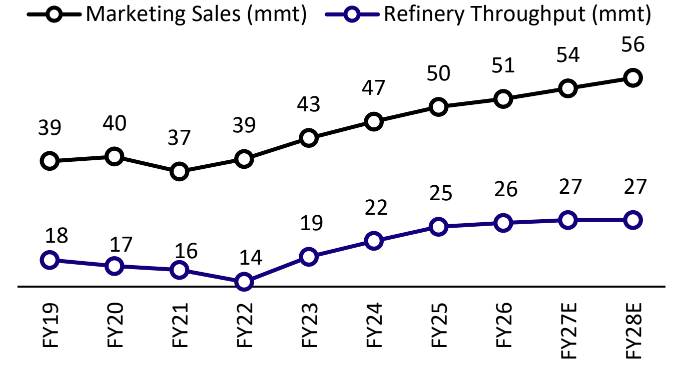
Exhibit 3: Marketing volumes grew ~2% YoY to 13mmt



Source: Company, MOFSL

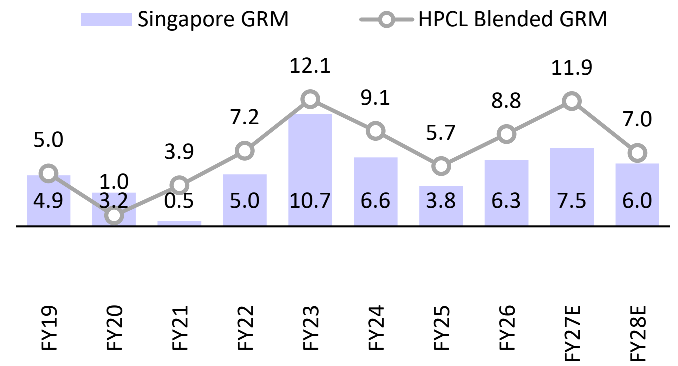
Story in charts

Exhibit 4: Refining throughput/marketing sales of HPCL



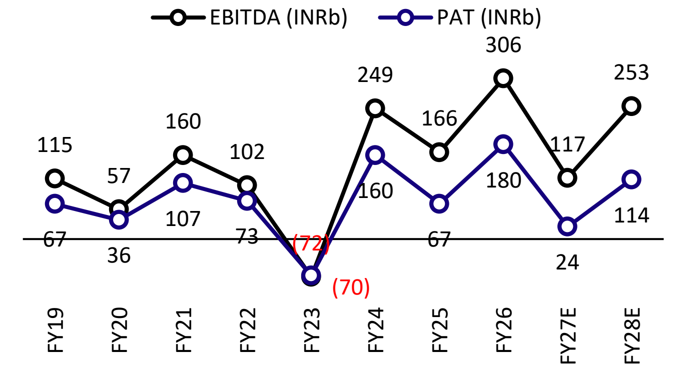
Source: Company, MOFSL

Exhibit 5: GRM trend of HPCL



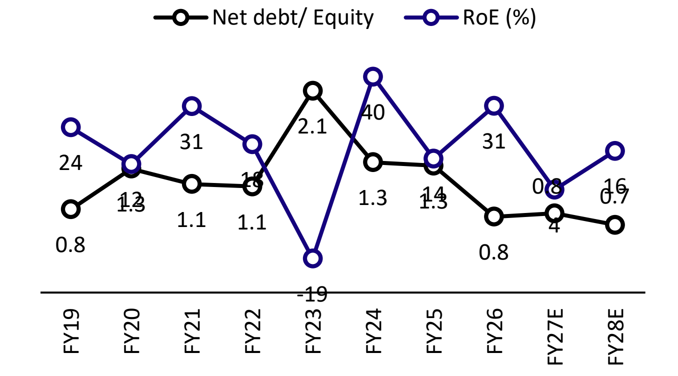
Source: Company, MOFSL

Exhibit 6: EBITDA vs. PAT (standalone)



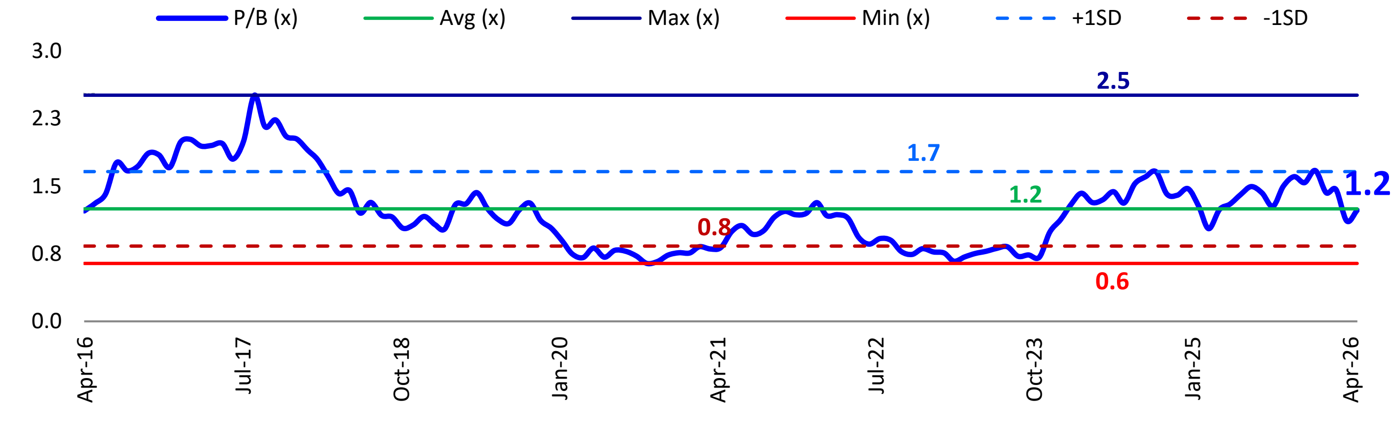
Source: Company, MOFSL

Exhibit 7: Standalone ratios



Source: Company, MOFSL

Exhibit 8: HPCL – One-year forward P/B trades at 1.2x (long-term P/B average at 1.2x)



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement						(INR b)
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Total Income from Operations	**4,407**	**4,339**	**4,341**	**4,418**	**4,074**	**3,831**
Change (%)	*26%*	*-2%*	*0%*	*2%*	*-8%*	*-6%*
EBITDA	**-72**	**249**	**166**	**306**	**117**	**253**
Margin (%)	-1.6	5.7	3.8	6.9	2.9	6.6
Depreciation	46	56	62	73	82	88
EBIT	**-118**	**193**	**104**	**233**	**35**	**166**
Interest Charges (incld forex)	22	26	34	34	30	30
Other Income	15	19	21	23	24	25
PBT bef. JVs/associates EO	**-125**	**187**	**91**	**221**	**28**	**160**
EO Items	0	0	0	0	0	0
JV and Associate Income	25	18	-1	15	4	-8
PBT after EO Exp.	**-100**	**205**	**90**	**236**	**32**	**152**
Tax Rate (%)	30.1	21.9	25.2	23.7	25.2	25.2
Reported PAT	**-70**	**160**	**67**	**180**	**24**	**114**
Change (%)	*PL*	*LP*	*-58%*	*168%*	*-87%*	*382%*
Margin (%)	-1.6	3.7	1.6	4.1	0.6	3.0

Consolidated - Balance Sheet						(INR b)
Y/E March	**FY23**	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**
Equity Share Capital	14	14	21	21	21	21
Total Reserves	308	455	490	634	644	713
Net Worth	**323**	**469**	**511**	**656**	**666**	**735**
Total Loans	671	628	664	509	540	513
Deferred Tax Liabilities	29	69	77	80	80	80
Capital Employed	**1,023**	**1,167**	**1,253**	**1,245**	**1,286**	**1,328**
Net Fixed Assets	**681**	**795**	**859**	**1,003**	**1,020**	**1,033**
Capital WIP	256	201	180	79	114	149
Total Investments	**189**	**295**	**270**	**280**	**280**	**280**
Curr. Assets, Loans&Adv.	**447**	**489**	**596**	**625**	**588**	**566**
Inventory	296	342	383	396	365	343
Account Receivables	68	93	118	74	68	64
Cash and Bank Balance	7	5	3	2	2	5
Cash	5	3	2	1	1	4
Bank Balance	2	2	1	0	0	0
Loans and Advances	11	13	53	91	91	91
Others	64	36	40	62	62	62
Curr. Liability & Prov.	**591**	**661**	**695**	**785**	**761**	**744**
Account Payables	229	273	298	312	288	271
Other Current Liabilities	334	353	360	434	434	434
Provisions	28	35	36	39	39	39
Net Current Assets	**-144**	**-172**	**-99**	**-161**	**-173**	**-178**
Appl. of Funds	**1,023**	**1,167**	**1,253**	**1,245**	**1,286**	**1,328**

Financials and valuations

Ratios

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)						
EPS	**-32.8**	**75.2**	**31.6**	**84.8**	**11.1**	**53.4**
Cash EPS	-11.4	101.5	60.6	119.3	49.6	94.6
BV/Share	151.6	220.5	240.3	308.0	312.8	345.2
DPS	0.0	21.0	10.5	24.5	6.3	21.0
Payout (%)	0.0	27.9	33.2	28.9	57.2	39.3
Valuation (x)						
P/E	-12.0	5.2	12.4	4.6	35.4	7.3
Cash P/E	-34.5	3.9	6.5	3.3	7.9	4.1
P/BV	2.6	1.8	1.6	1.3	1.3	1.1
EV/Sales	0.3	0.3	0.3	0.3	0.3	0.4
EV/EBITDA	-20.8	5.8	9.0	4.4	11.8	5.3
Dividend Yield (%)	0.0	5.4	2.7	6.3	1.6	5.4
FCF per share	-60.2	65.3	22.5	131.1	6.2	49.5
Return Ratios (%)						
RoE	-19.0	40.4	13.7	30.9	3.6	16.2
RoCE	-7.8	15.9	8.2	16.7	3.7	11.6
RoIC	-16.2	24.4	10.6	21.1	2.9	13.9
Working Capital Ratios						
Fixed Asset Turnover (x)	4.6	3.9	3.5	3.0	2.6	2.3
Asset Turnover (x)	4.3	3.7	3.5	3.5	3.2	2.9
Inventory (Days)	24	29	32	33	33	33
Debtor (Days)	6	8	10	6	6	6
Creditor (Days)	19	23	25	26	26	26
Leverage Ratio (x)						
Current Ratio	0.8	0.7	0.9	0.8	0.8	0.8
Interest Cover Ratio	-5.4	7.6	3.1	6.9	1.1	5.4
Net Debt/Equity	2.1	1.3	1.3	0.8	0.8	0.7

Consolidated - Cash Flow Statement **(INR b)**

Y/E March	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	-100	205	90	236	32	152
Depreciation	46	56	62	73	82	88
Interest expense	22	26	34	34	30	30
Interest income and dividend	-4	-4	-4	-3	0	0
Direct Taxes Paid	-2	-3	4	-40	-8	-38
MI and others	-10	-13	1	10	0	0
(Inc)/Dec in WC	13	-28	-44	50	12	9
CF from Operations	**-35**	**239**	**142**	**361**	**148**	**240**
(Inc)/Dec in FA	-93	-99	-94	-82	-135	-135
Free Cash Flow	**-128**	**139**	**48**	**279**	**13**	**105**
Others	12	4	-31	-59	0	0
CF from Investments	**-114**	**-130**	**-106**	**-114**	**-135**	**-135**
Inc/(Dec) in Debt	213	-100	26	-153	31	-27
Interest Paid	-32	-41	-44	-38	-30	-30
Dividend Paid	-20	-21	-23	-33	-13	-45
CF from Fin. Activity	**151**	**-111**	**-38**	**-247**	**-13**	**-102**
Inc/Dec of Cash	**3**	**-2**	**-1**	**0**	**0**	**3**
Opening Balance	2	5	3	2	1	1
Closing Balance	**5**	**3**	**2**	**1**	**1**	**4**

N O T E S

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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