

HOLD
TP: Rs 438 | ▲ 12%

**HINDUSTAN
PETROLEUM CORP**

| Oil & Gas

| 13 May 2026

Performance above expectations on better refining margins

- Revenue grew by 4.9%YoY and EBITDA by 58.9%YoY; GRM came at USD14.5 vs USD5.1 in Q4FY25
- Positive on volume growth, given the strong demand. However, environment is challenging on crude supply and elevated prices.
- Maintain HOLD. Considering the challenging outlook on refining margin due to elevated crude prices – reduce TP to Rs438 from Rs 464

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Result better than expectations: Hindustan Petroleum Corporation (HPCL) reported revenue at Rs1,144bn (+4.9%YoY, -0.2% QoQ); 3% above our estimates. EBITDA came in at Rs92bn (+58.9%YoY, +31.6%QoQ) and was 41% above our estimates. This was due to better-than-expected GRM performance on the back of demand.

Refining performance: GRM came at USD14.5/bbl vs USD5.1/bbl in Q4FY25, due to higher product cracks. Crude brent price for Q4FY26 averaged USD76/bbl, up by USD1/bbl YoY. It was USD62/bbl in Q3FY26. Cracks improved YoY: Petrol cracks stood at USD18.0/bbl vs USD9.4 in Q3FY25. HSD (Diesel) cracks at USD27.8 vs USD14.7 in Q4FY25.

Marketing business: Domestic sales volumes were 12.4mnt (+2.6%YoY, -2.0%QoQ), while exports volumes at 0.6mnt (-3.4%YoY, -13.6%QoQ). FY26 volumes grew 2.6%YoY to 48.5mnt.

Capex: HPCL incurred Rs83bn of capex in FY26 vs Rs96bn in FY25. This was focused on strengthening the refining and marketing infrastructure. Capex for FY27E has been guided lower, given the uncertainty on the supply from Middle East.

Outlook on growth: The demand for products remains strong. HPCL has been managing the reduced supply of crude from Middle East by diversifying sources. Refinery upgradation project at Visakhapatnam refinery got commissioned in Jan, which will likely result in an incremental GRM of USD2.5/bbl. In terms of cost, Venezuela crude oil should result in a low-cost input opportunity, given its heavy, sour nature and thus, available at a discount to Brent.

Cut TP: maintain HOLD: We are positive on the business growth that is being driven by a strong demand for petroleum products. However, the environment is challenging on crude supply, elevated prices and marketing margins. We maintain HOLD. Considering a challenging outlook on refining margin, we reduce TP to Rs438 from Rs 464 earlier; based on 6.0xEV/EBITDA on Mar'28E EBITDA.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	HPCL IN/Rs 390
Market cap	US\$ 8.8bn
Free float	45%
3M ADV	US\$ 35.9mn
52wk high/low	Rs 508/Rs 316
Promoter/FPI/DII	55%/17%/20%

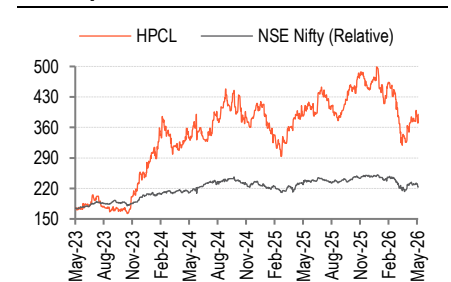
Source: NSE | Price as of 13 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	4,396,335	4,321,433	4,530,913
EBITDA (Rs mn)	306,327	222,888	228,712
Adj. net profit (Rs mn)	180,469	126,005	120,205
Adj. EPS (Rs)	84.8	59.2	56.5
Adj. ROAE (%)	30.9	17.9	15.1
Adj. P/E (x)	4.6	6.6	6.9
EV/EBITDA (x)	4.5	5.7	5.2
Adj. EPS growth (%)	167.9	(30.2)	(4.6)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

(Rs mn)	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YOY (%)	FY26	FY25	YOY (%)
Revenue	1,144,079	1,146,235	(0.2)	1,090,748	4.9	4,396,335	4,320,087	1.8
EBITDA	92,108	69,977	31.6	57,953	58.9	306,327	165,693	84.9
EBITDA margin (%)	8.05	6.10	195bps	5.31	274bps	6.97	3.84	313bps
Depreciation	24,568	16,742	46.7	16,232	51.4	73,475	61,541	19.4
Interest	10,204	7,340	39.0	7,569	34.8	33,958	33,655	0.9
Other income	6,200	6,065	2.2	5,739	8.0	22,561	20,697	9.0
PBT	63,535	51,960	22.3	39,891	59.3	221,455	91,195	142.8
Tax	15,784	13,056	20.9	9,225	71.1	55,912	22,642	146.9
Reported PAT	60,653	40,114	51.2	34,154	77.6	180,469	67,357	167.9
Adj. PATM (%)	5.30	3.50	180bps	3.13	217bps	4.10	1.56	255bps
EPS (Rs)	28.50	18.85	51.2	16.05	77.6	84.81	31.66	167.9

Source: Company

Fig 2 – Q4FY26 Actual v/s Estimates Standalone

Particulars	Q4 Actual	Estimates	VAR(%)
Revenue (Rs mn)	1,143,186	1,107,898	3.2
EBITDA (Rs mn)	84,510	59,786	41.4
EBITDA margin (%)	7.4	5.4	200bps
PAT (Rs mn)	49,015	33,506	46.3
EPS (Rs)	23.0	15.7	46.3

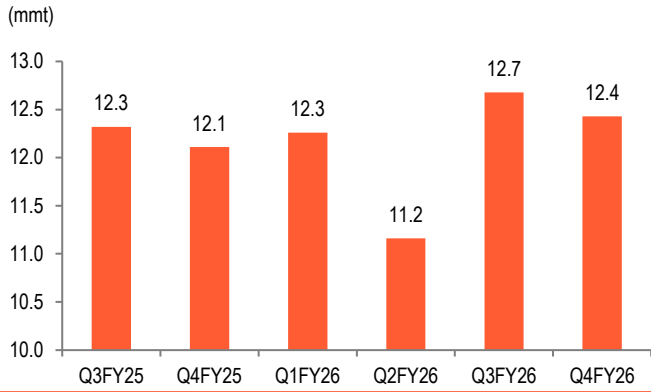
Source: Bloomberg, Company

Fig 3 – Business performance

Particulars	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YOY (%)	FY26	FY25	YOY (%)
Domestic sales (mnt)	12.4	12.7	(2.0)	12.1	2.6	48.5	47.3	2.6
Export sales (mnt)	0.6	0.7	(13.6)	0.6	(3.4)	2.9	2.5	15.4
Crude throughput (mnt)	6.4	6.4	0.8	6.7	(4.6)	26.0	25.3	3.0
Pipelines throughput (mnt)	6.5	6.2	3.8	6.6	(2.0)	25.5	26.9	(5.1)
Average gross refining margin (USD/bbl)	14.5	8.8	64.3	5.1	183.0	8.8	5.7	53.1

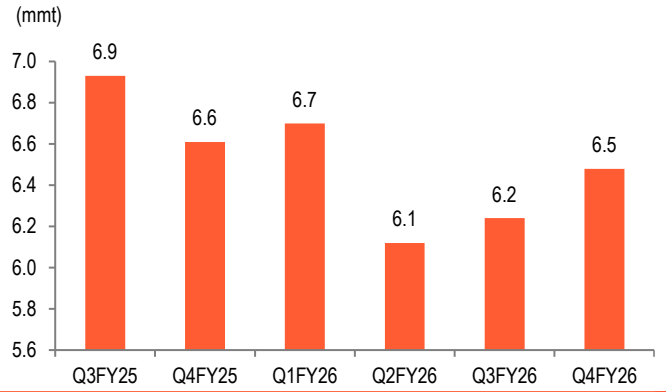
Source: Company

Fig 4 – Domestic sales



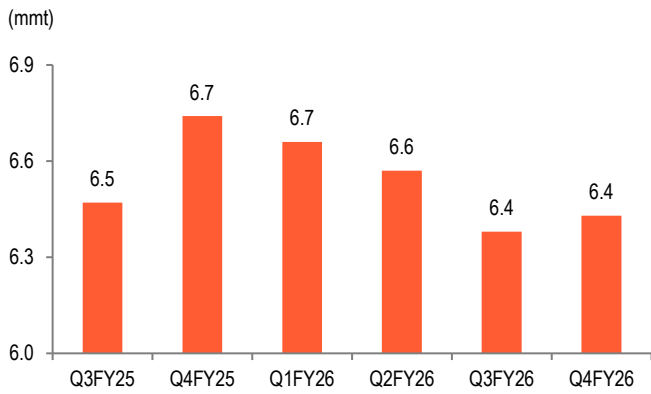
Source: , Company

Fig 5 – Crude throughput



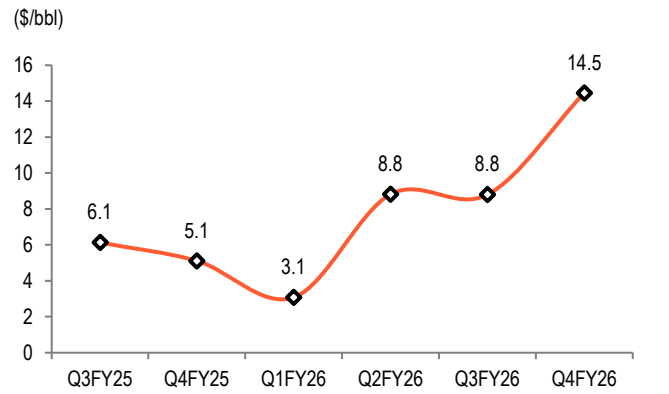
Source: , Company

Fig 6 – Pipeline throughput



Source: Company

Fig 7 – Average gross refining margin



Source: Company

Other Highlights

- **Refining performance:** Refinery margin performance was strong due to higher product cracks. GRM came at USD14.5/bbl vs USD5.1/bbl in Q3FY25. This is due to a strong demand resulting in improved product cracks supported by limited crude supply. Cracks improved YoY; MS petrol cracks stood at USD18.0/bbl vs USD9.4 in Q4FY25. HSD (Diesel) cracks are at USD27.8 vs USD14.6 in Q4FY25.
 - Mumbai refinery operated at 105% utilisation and Visakh refinery operated at 107% utilisation in FY26.
- **Marketing business:** Domestic volumes growth was good at 2.6%YoY; but fell 0.2%QoQ. Volume growth in FY26 was 2.6%YoY. We expect volume performance to be maintained, given the continued economic activity, demand for petroleum products is likely to remain strong.
- **Network:** HPCL opened 526 outlets in Q4, taking the total to 25,098. 75 CNG outlets opened in Q4, totaling 2,253 outlets.
- **Net debt:** Net debt stood at Rs507bn on Mar.26 vs Net debt of Rs662bn on Mar'25. The decrease is due to the reduced working capital requirement and lower interest cost. Net D/E stood at 0.7 vs 1.3x on Mar. 25. Leverage came lower than the management's guidance of 1.0x earlier.
- **Barmer refinery:** 9.0mnt greenfield refinery processed 176TMT of crude during the trial run in Feb 2026. Management expects the commissioning cycle to commence in a couple of weeks. The company expects ramp up to start from Q2FY27, aiming for an initial utilisation rate of 60%.

Valuation Methodology

We are positive on volume growth that is being driven by a strong demand for petroleum products and improved product cracks. However, the environment is challenging owing to crude supply, elevated prices and marketing margins.

We revise our estimates downwards to account for FY26 performance and a challenging environment

- We estimate GRM of USD7.5 vs USD8.5 earlier for FY27E and USD7.5 vs the earlier USD8.0 for FY28E. We also introduce FY29E GRM of USD8.0//bbl.
- USD/INR assumption revised to Rs95 vs Rs91 for FY27E; FY28E and FY29E.

Fig 8 – Revision in estimates

(Rs mn)	Actual		New		Old			Change (%)		
	FY26A	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	4,396,335	4,321,433	4,530,913	4,917,888	4,216,363	4,420,324	-	2.5	2.5	-
EBITDA	306,327	222,888	228,712	249,660	251,914	241,393	-	(11.5)	(5.3)	-
EBITDA % margin	7.0	5.2	5.0	5.1	6.0	5.5	-	(82bps)	(41bps)	-
PAT	180,469	125,923	121,836	142,687	128,779	122,002	-	(2.2)	(0.1)	-
EPS (Rs)	84.8	59.2	57.2	67.0	60.5	57.3	-	(2.2)	(0.1)	-

Source: Company, BOBCAPS Research

Fig 9 – Key assumptions

	FY25	FY26	FY27E	FY28E	FY29E
Refinery Utilisation (%)					
Mumbai	109.0	105.0	108.0	106.0	106.0
Vizag	90.0	107.0	108.0	108.0	108.0
GRM (USD/bbl)	5.7	8.8	7.5	7.5	8.0
Marketing margin (Rs/KL)					
Petrol	2,500	2,800	2,250	2,300	2,500
Diesel	2,500	2,800	2,500	2,500	2,600
Growth in key products (%)					
Petrol	3.0	3.2	3.5	4.0	4.0
Diesel	2.5	2.3	2.5	2.5	2.5
USD-INR rate	87.0	89.0	95.0	95.0	95.0
Brent (US\$/bbl)	80.0	60.0	80.0	80.0	80.0

Source: Company, BOBCAPS Research

EV/EBITDA-based valuation rationale

Considering the challenging outlook on refining margin due to the elevated crude prices – we maintain HOLD but reduce TP to Rs438 from Rs 464, based on 6.0xEV/EBITDA on Mar.28 EBITDA. The revision in TP considers the subdued outlook, reduction in multiple from 6.5x to 6.0x and benefit of lower net debt.

Fig 10 – Valuation summary

Particular	Mar.28E EBITDA (Rs mn)	Multiple (x)	EV (Rs mn)	Value (Rs/share)
HPCL (Standalone)	228,712	6.0	1,372,272	645
Valuation of Investments				
MRPL				22
Oil India				10
Investments - Total				31
Net debt			507,279	238
Target price			864,992	438

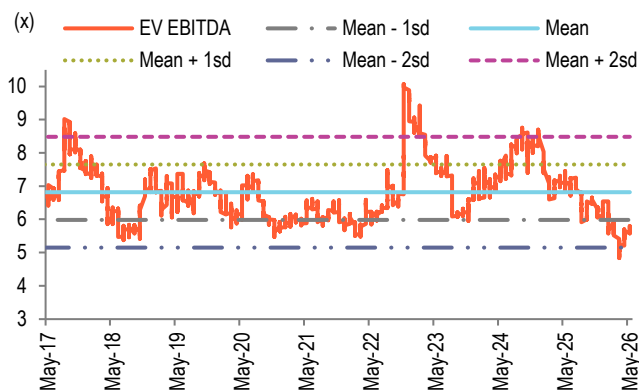
Source: Company, BOBCAPS Research

Key Risks

Key downside risk to our estimates:

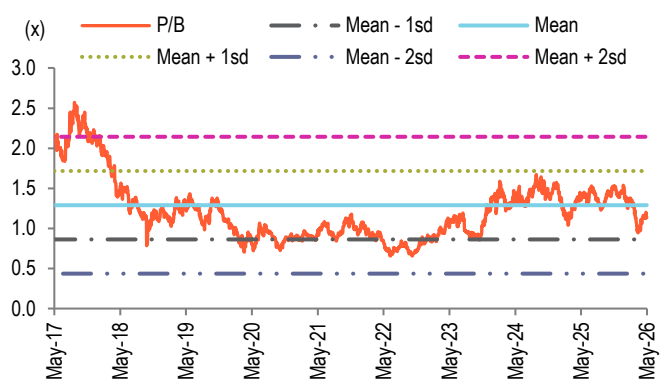
- **Refining business:** Refining performance has been strong in the recent months, owing to a high demand leading to strong product cracks. Any moderation in the demand or a significant rise in crude prices can impact GRM and thus, the operational performance. Further, any upside to crude oil due to geopolitical risk can raise the cost of crude for the company.

Fig 11 – EV/EBITDA 1YF



Source: Bloomberg

Fig 12 – P/B 1YF



Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	4,320,087	4,396,335	4,321,433	4,530,913	4,917,888
EBITDA	165,512	306,327	222,888	228,712	249,660
Depreciation	(61,541)	(73,475)	(75,524)	(91,587)	(93,306)
EBIT	124,850	255,413	171,053	161,999	181,477
Net interest inc./(exp.)	(33,655)	(33,958)	(23,209)	(22,522)	(16,999)
Other inc./(exp.)	20,879	22,561	23,689	24,874	25,122
Exceptional items	0	0	0	0	0
EBT	91,195	221,455	147,843	139,477	164,478
Income taxes	(22,642)	(55,912)	(37,212)	(35,106)	(41,399)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(1,196)	14,926	15,374	15,835	15,993
Reported net profit	67,357	180,469	126,005	120,205	139,072
Adjustments	0	0	0	0	0
Adjusted net profit	67,357	180,469	126,005	120,205	139,072

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	298,008	311,944	305,145	319,937	347,262
Other current liabilities	312,873	378,850	378,850	378,850	378,850
Provisions	34,115	36,757	36,757	36,757	36,757
Debt funds	664,289	508,989	421,989	384,989	339,989
Other liabilities	126,719	138,292	138,292	138,292	138,292
Equity capital	21,282	21,282	21,282	21,282	21,282
Reserves & surplus	490,161	634,279	728,236	816,670	913,597
Shareholders' fund	511,443	655,561	749,518	837,952	934,879
Total liab. and equities	1,947,446	2,030,392	2,030,551	2,096,777	2,176,028
Cash and cash eq.	2,538	1,709	5,627	16,171	22,591
Accounts receivables	117,807	74,038	72,424	75,935	82,420
Inventories	383,253	395,588	386,966	405,725	440,377
Other current assets	39,741	62,305	62,305	62,305	62,305
Investments	237,939	249,053	249,053	249,053	249,053
Net fixed assets	847,674	989,814	996,290	1,029,703	1,061,397
CWIP	179,352	78,941	78,941	78,941	78,941
Intangible assets	11,069	12,807	12,807	12,807	12,807
Deferred tax assets, net	0	0	0	0	0
Other assets	332,304	383,131	383,131	383,131	383,131
Total assets	1,947,446	2,030,392	2,030,551	2,096,777	2,176,028

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	92,476	329,433	212,801	211,002	219,571
Capital expenditures	(104,601)	(116,635)	(82,000)	(125,000)	(125,000)
Change in investments	24,939	(9,658)	0	0	0
Other investing cash flows	5,831	(1,279)	0	0	0
Cash flow from investing	(73,830)	(127,572)	(82,000)	(125,000)	(125,000)
Equities issued/Others	7,093	0	0	0	0
Debt raised/repaid	36,158	(155,300)	(87,000)	(37,000)	(45,000)
Interest expenses	(33,655)	(33,958)	(23,209)	(22,522)	(16,999)
Dividends paid	(22,342)	(51,600)	(32,048)	(31,771)	(42,146)
Other financing cash flows	(8,095)	38,168	15,374	15,835	15,993
Cash flow from financing	(20,842)	(202,690)	(126,884)	(75,458)	(88,152)
Chg in cash & cash eq.	(2,196)	(829)	3,918	10,544	6,420
Closing cash & cash eq.	2,538	1,709	5,627	16,171	22,591

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	31.7	84.8	59.2	56.5	65.3
Adjusted EPS	31.7	84.8	59.2	56.5	65.3
Dividend per share	10.5	24.3	15.1	14.9	19.8
Book value per share	240.4	308.1	352.2	393.7	439.3

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.3	0.3	0.3	0.3	0.2
EV/EBITDA	8.6	4.5	5.7	5.2	4.6
Adjusted P/E	12.3	4.6	6.6	6.9	6.0
P/BV	1.6	1.3	1.1	1.0	0.9

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	75.2	74.8	74.8	74.8	74.8
Interest burden (PBT/EBIT)	73.0	86.7	86.4	86.1	90.6
EBIT margin (EBIT/Revenue)	2.9	5.8	4.0	3.6	3.7
Asset turnover (Rev./Avg TA)	2.3	2.2	2.1	2.2	2.3
Leverage (Avg TA/Avg Equity)	0.0	0.0	0.0	0.0	0.0
Adjusted ROAE	13.7	30.9	17.9	15.1	15.7

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	0.0	1.8	(1.7)	4.8	8.5
EBITDA	(33.6)	85.1	(27.2)	2.6	9.2
Adjusted EPS	(72.0)	167.9	(30.2)	(4.6)	15.7
Profitability & Return ratios (%)					
EBITDA margin	3.8	7.0	5.2	5.0	5.1
EBIT margin	2.9	5.8	4.0	3.6	3.7
Adjusted profit margin	1.6	4.1	2.9	2.7	2.8
Adjusted ROAE	13.7	30.9	17.9	15.1	15.7
ROCE	9.9	19.6	13.1	12.1	13.1
Working capital days (days)					
Receivables	10	6	6	6	6
Inventory	32	33	33	33	33
Payables	26	28	27	27	27
Ratios (x)					
Gross asset turnover	4.2	4.1	4.0	4.1	4.3
Current ratio	0.6	0.6	0.6	0.7	0.7
Net interest coverage ratio	3.7	7.5	7.4	7.2	10.7
Adjusted debt/equity	1.2	0.7	0.5	0.4	0.3

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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BUY – Expected return >+15%

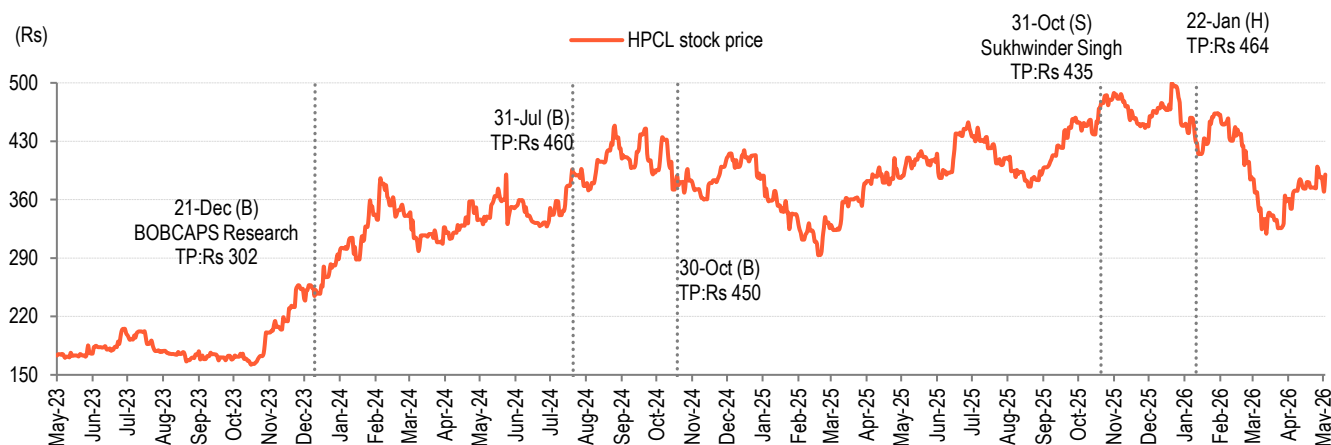
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): HINDUSTAN PETROLEUM CORP (HPCL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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