[I] Analysts Concall: HPCL spends INR 72 bln of INR-130-bln capex for FY25

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By Ayushman Mishra

MUMBAI - Hindustan Petroleum Corp. Ltd. has already spent INR 71.87 billion of the planned capital expenditure of INR 130 billion in the current financial year, the company's management said in a post-earnings analysts' call. The company invested INR 37.7 billion in Jul-Sept towards strengthening the refining and marketing infrastructure.

The liquefied natural gas segment has seen an under-recovery of INR 20.57 billion in the September quarter and has been added as a negative buffer in the company's balance sheet, the management said in a post-earnings analysts' call. The demand in the latest quarter was muted on account of rains in August and September and as a result, INR 20 billion was added as inventory, the management said.

So far, the refinery-cum-petrochemical project in Barmer, Rajasthan, received INR 505.7 billion for capital expenditure which pushed the the company's debt to INR 321.77 billion in the September quarter. The company allocated INR 18 billion to INR 20 billion as capex for the city gas distribution segment every year, the management said in a post-earnings analysts' call.

The company also recorded an inventory loss of INR 14 bln in the September quarter, of which INR 6.5 billion was in the refining segment and INR 7.5 billion in the marketing segment.

The company has a 40% market share in the lubricant segment, the management said in a post-earnings analysts' call. The management said they are waiting for the finance ministry's approval for the de-merger of HP Lubricants from the parent company.

The company's gross refining margin in the latest quarter was $3.12 per barrel compared with $13.33 per barrel in the same period a year ago, and is in line with the trend of international benchmarks and product cracks, the management said. "We are already seeing an uptick as regards the GRMs are concerned," the management said, adding that the Singapore operations gross refining margins that had gone down to $3.2 per barrel now were at $4.7 per barrel.

The company had a throughput of 6.53 million metric tonnes in the latest quarter, up 6.5% on year. The company invested INR 37.71 billion in designing and marketing infrastructure, which includes investment in joint ventures and subsidiary companies, the management said. The company had received subsidies of INR 10 million from the government and had purchased around 3.8 million metric tonnes of products in the September quarter, the management said. The company had an under recovery in liquefied petroleum gas of INR

20 billion in the latest quarter due to high prices, the management said.

"I don't buy Russian crude just because it is Russian crude. I buy it because it makes value in my system," the management said when asked about the effect of changing geopolitical dynamics in Russia on the company's imports from Russia. The company's crude imports from Russia or any other nation are not dependent on the geopolitical situation and are analysed on a case-to-case basis, the management said.

The company plans to reach 2.5 million metric tonnes production capacity in the next two years from the Chhara terminal and will be signing long-term liquefied natural gas contracts to get there, the management said in a post-earnings analysts' call. The operations at the 5 million metric tonne capacity Chhara terminal are yet to start.

The company has a market share of 13% in the diesel segment and a 20% market share in the internet-of-things space, the management said, and added that it intends to increase its market share. The company plans to increase its penetration in bitumen and high speed diesel as well as the speciality products, the management said.

On Friday, shares of Hindustan Petroleum closed at INR 372.40 on the National Stock Exchange, down 8%. End

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