

April 27, 2023

HPCL-Mittal Pipelines Limited: Ratings Withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-Convertible Debentures	205.0	205.0	[ICRA]AA+(Stable); Withdrawn
Total	205.0	205.0	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the rating assigned to the NCD of **HPCL-Mittal Pipelines Limited**, at the request of the company, and in accordance with ICRA's policy on withdrawal. The ratings are being withdrawn upon complete redemption of the rated instruments.

The Key Rating Drivers, Liquidity Position and Rating Sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for downstream Oil Companies Impact of parent or Group support on an Issuer's Credit Rating ICRA Policy on Withdrawal of Credit Ratings
Parent/Group support	Parent: Hindustan Petroleum Corporation Limited The ratings take in to account the parentage of HPCL as the parent has provided significant equity support in the past, strategic importance of HMEL to the parent given the take-or-pay offtake agreement for liquid products and absence of HPCL refinery capacity in petroleum product-deficit northern India. HPCL has also provided a Letter of Comfort for some of the term loans of HMEL and SSA for the petrochemical project.
Consolidation/Standalone	The ratings are based on consolidated financials of HMEL along with its wholly-owned subsidiary HPCL-Mittal Pipelines Limited in view of significant synergies in their businesses. The consolidation also includes a 20% participatory stake in an E&P block RJONN-2005/2 in Rajasthan

About the company

HPCL-Mittal Pipelines Ltd (HMPL) is a wholly-owned subsidiary of HPCL-Mittal Energy Limited (HMEL), a joint venture between Hindustan Petroleum Corporation Limited (HPCL) and Mittal Energy Investment Pte Limited (MEIL), Singapore — part of the L. N. Mittal Group of Companies. HMEL has a refinery complex with 11.3 million metric tonne per annum (MMTPA) capacity at www.icra.in Page | 4 Bathinda (Punjab). To meet the crude receipt and storage requirements as well as to transport the crude oil, HMPL set up a crude oil terminal (COT) and single buoy mooring (SBM) at Mundra Port, Gujarat and a 1,017 km cross-country pipeline for transportation of crude oil from Mundra to Bathinda.

HPCL-Mittal Energy Limited (HMEL) incorporated as Guru Gobind Singh Refinery Limited (GGSRL) in 2000, is a joint venture between HPCL and Mittal Energy Investment Pte Ltd (MEIL, Singapore - a L. N. Mittal group company). Both the JV partners hold a stake of 48.99% in the company each while the remaining 2.02% is held by financial institutions (IFCI – 0.96%, SBI – 0.65% and HDFC Life – 0.4%). In February 2012, HMEL commissioned a greenfield refinery complex with 9 MMTPA capacity at

Bathinda (Punjab) along with captive power plant of 165 MW. The refinery is configured to process a wide range of crudes and produce BS VI auto fuels. In June 2017, HMEL completed expansion of its refining capacity from 9 MMTPA to 11.3 MMTPA. The company is also in the midst of setting up a 1.2 MMTPA petrochemical plant at its Bathinda facility.

Key financial indicators (audited)

	FY2021	FY2022
Operating Income (Rs. crore)	26,554.1	59,105.2
PAT (Rs. crore)	403.6	1,257.6
OPBDIT/OI (%)	8.9%	10.9%
PAT/OI (%)	1.5%	2.1%
Total Outside Liabilities/Tangible Net Worth (times)	3.9	4.6
Total Debt/OPBDIT (times)	13.8	5.3
Interest Coverage (times)	2.6	6.5

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2024)				Chronology of rating history for the past 3 years			
	Type	Amount rated (Rs. crore)	Amount outstanding (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021	
				27-Apr-2023	Jul 29, 2022	Jul 30, 2021	Aug 24, 2020	
1	NCD	Long-term	205.00	0	[ICRA]AA+ (Stable); Withdrawn	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)

Complexity level of the rated instrument

Instrument	Complexity Indicator
NCD	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE803N07019	Bond Programme	October 4, 2012	4%	October 5, 2022	200.00	[ICRA]AA+ (Stable); Withdrawn
INE803N07043	Bond Programme	August 21, 2012	4%	August 21, 2022	5.00	[ICRA]AA+ (Stable); Withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis:

Company Name	LTHL Ownership	Consolidation Approach
HPCL-Mittal Pipelines Limited	100.0%	Full Consolidation
RJ-ONN-2005/2 E&P block in Rajasthan	20.0%	Equity method

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