

May 23, 2024

## HPCL-Mittal Energy Limited: Rating withdrawn for Rs. 1000-crore NCD programme

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based – Term loan	14,785.00	14,785.00	[ICRA]AA+ (Stable); outstanding
NCD 1	1,000.00	1,000.00	[ICRA]AA+ (Stable); outstanding
NCD 2	1,000.00	0.00	[ICRA]AA+ (Stable); withdrawn
<b>Total</b>	<b>16,785.00</b>	<b>15,785.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

ICRA has withdrawn the [ICRA]AA+ (Stable) rating assigned to HPCL-Mittal Energy Limited Rs. 1000.00-crore non-convertible debenture (NCD) programme as no amount is outstanding against the same. This is in accordance with ICRA's policy on the withdrawal of credit ratings. The key rating drivers, liquidity position, rating sensitivities have not been captured as the rated instrument is being withdrawn. The previous detailed rating rationale is available at the following link: [Click here](#)

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Policy on Withdrawal of Credit Ratings</a> <a href="#">Rating Methodology for Refining and Marketing</a>
Parent/Group support	<b>Parent: Hindustan Petroleum Corporation Limited</b> The ratings take into account the parentage of HPCL as the parent has provided significant equity support in the past. HMEL is of strategic importance to the parent, given the take-or-pay offtake agreement for liquid products and the absence of an HPCL refinery in petroleum product-deficit northern India.
Consolidation/Standalone	The ratings are based on the consolidated financials of HMEL.

### About the company

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 48.99% stake each in the company, 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 commercially commissioned a greenfield refinery complex with a 9-MMTPA capacity at Bathinda (Punjab) along with a captive power plant of 165 MW. The refinery is configured to process a wide range of crude, including heavy crude, and achieved EURO III/EURO IV specifications for auto fuels. In June 2017, HMEL completed the expansion of its refining capacity to 11.3 MMTPA from 9 MMTPA. The company has recently commissioned a 1.2-MMTPA ethylene cracker at its Bathinda facility.

To meet the crude receipt and storage facilities as well as to transport the crude for the company, its wholly-owned subsidiary - HPCL-Mittal Pipelines Ltd (HMPL) - set up a crude oil terminal (COT) and single point mooring (SPM) at Mundra port, Gujarat, and a cross-country pipeline to transport crude oil from Mundra to Bathinda.

### Key financial indicators (audited)

HMEL Consolidated	FY2022	FY2023
Operating income	59,105.2	78,040.4
PAT	1,257.6	4,898.6
OPBDIT/OI	10.9%	13.4%
PAT/OI	2.1%	6.3%
Total outside liabilities/Tangible net worth (times)	4.6	3.7
Total debt/OPBDIT (times)	5.3	3.7
Interest coverage (times)	6.5	3.7

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years				
		Amount rated (Rs. crore)	Amount outstanding as on Sep 30, 2023 (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022
				May 23, 2024	DEC 15, 2023	Jul 28, 2023	Jul 29, 2022	Jul 30, 2021
1 Term loans	Long term	14,785.0	12,407.0	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
2 Long term - Non-convertible debentures	Long term	1,000.0	-	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
3 Long term - Non-convertible debentures	Long term	1,000.0	-	[ICRA]AA+ (Stable); withdrawn	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)
4 Long term - Non-convertible debentures	Long term	-	-	-	-	[ICRA]AA+ (Stable); withdrawn	[ICRA]AA+ (Stable)	-
5 Long term - Non-convertible debentures	Long term	-	-	-	-	-	[ICRA]AA+ (Stable); withdrawn	[ICRA]AA+ (Stable)
6 Commercial paper programme	Short term	-	-	-	-	-	-	-

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term loan	Simple
Long-term – NCD	Very 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 are 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
-	<b>Term loans</b>	FY2018-FY2021	7-7.3%	FY2024-FY2028	14,785.0	[ICRA]AA+(Stable)
<b>INE137K07042</b>	<b>Bond programme</b>	February 28, 2020	9.18%	February 28, 2030	1,000.0	[ICRA]AA+(Stable)
<b>INE137K07059</b>	<b>Bond programme</b>	September 3, 2020	7.15%	March, 2024	1,000.0	[ICRA]AA+(Stable); withdrawn

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

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

Source: HMEL

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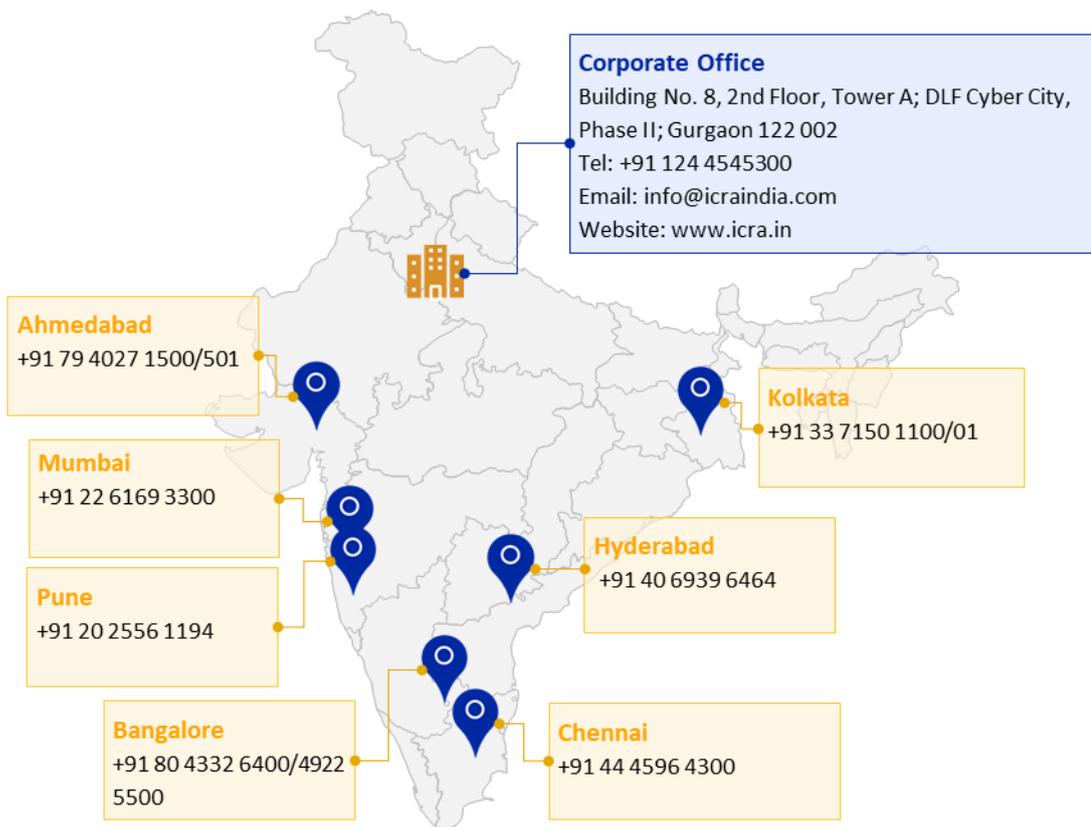
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