



Hindustan Petroleum Corporation Limited

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Mumbai
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Global Oil and Price Trends

2

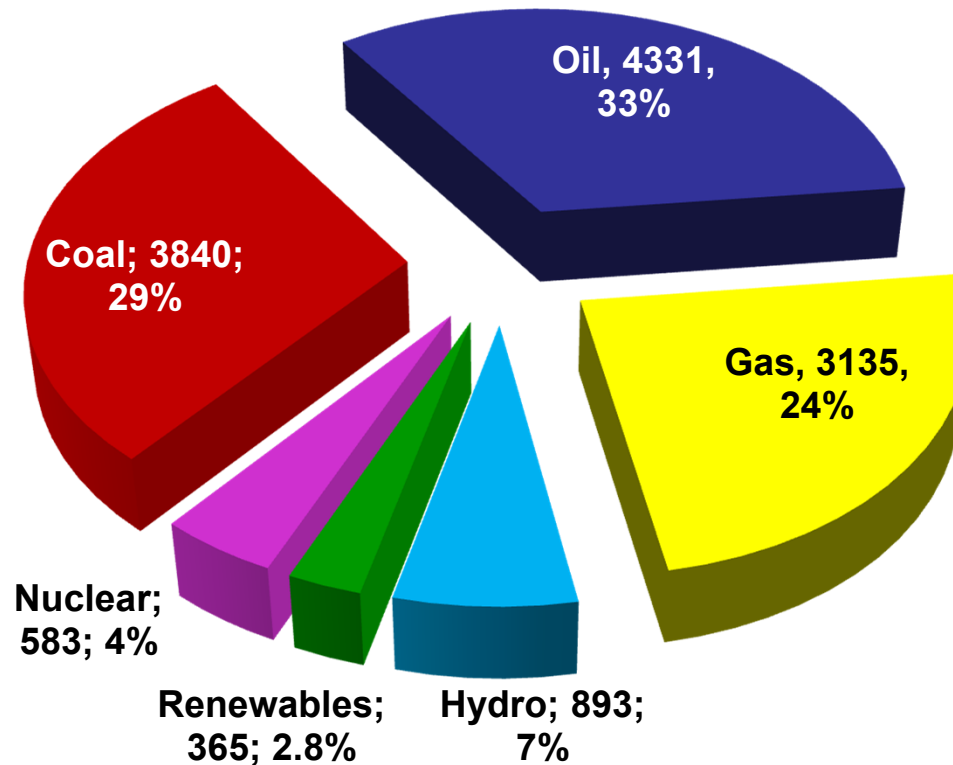
Indian Oil Industry & Challenges

3

HPCL & Future Plans

Global Energy Mix : 2015

Globally, energy consumption has grown at 2.3% p.a. during the last 15 years



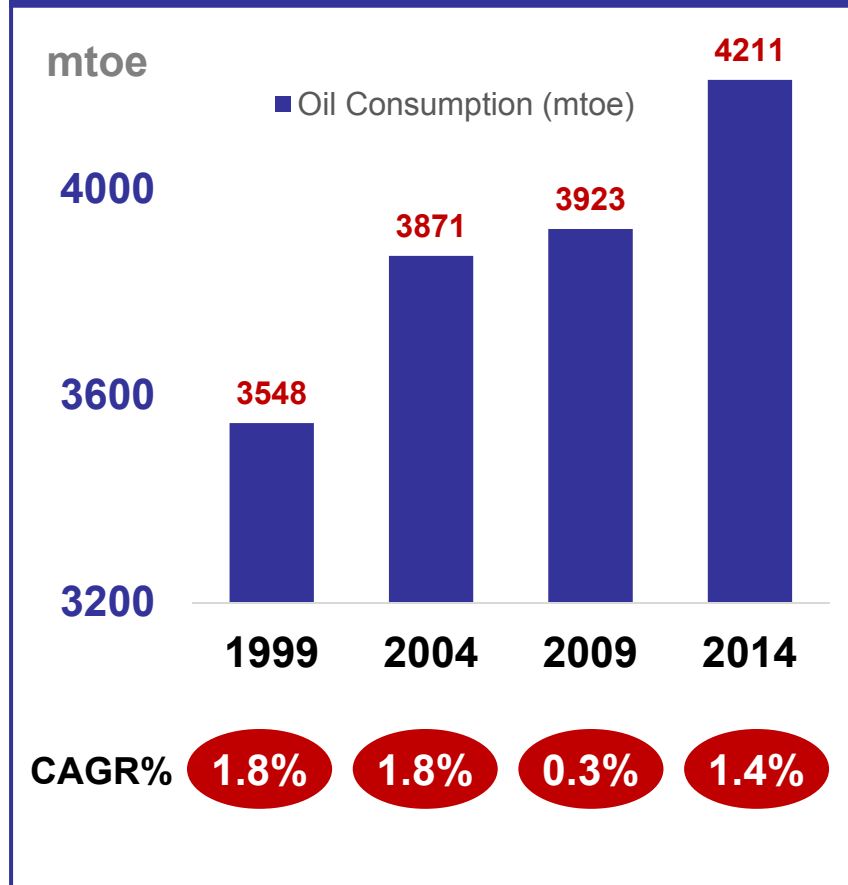
Oil is the world's leading fuel, contributing to ~ 33% of global energy consumption of 13,147 mtoe

Units in mtoe

Source : BP Statistical Review 2016

Oil with growth of 1.1% p.a. lost share in Primary Energy for 15 consecutive years till 2014

Global oil consumption (mtoe)

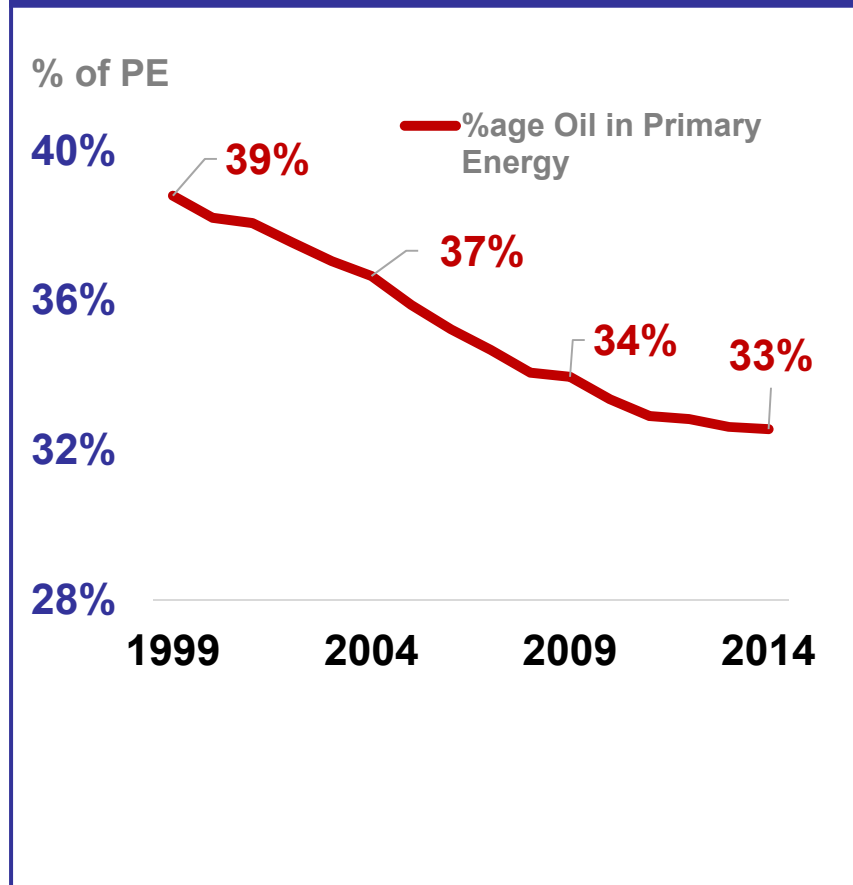


Global Oil

- 15 Year CAGR = 1.1%
- Consumption in 2014 = 4211 mtoe

Source : BP Statistical Review 2016

Share of Oil in Primary Energy (%)

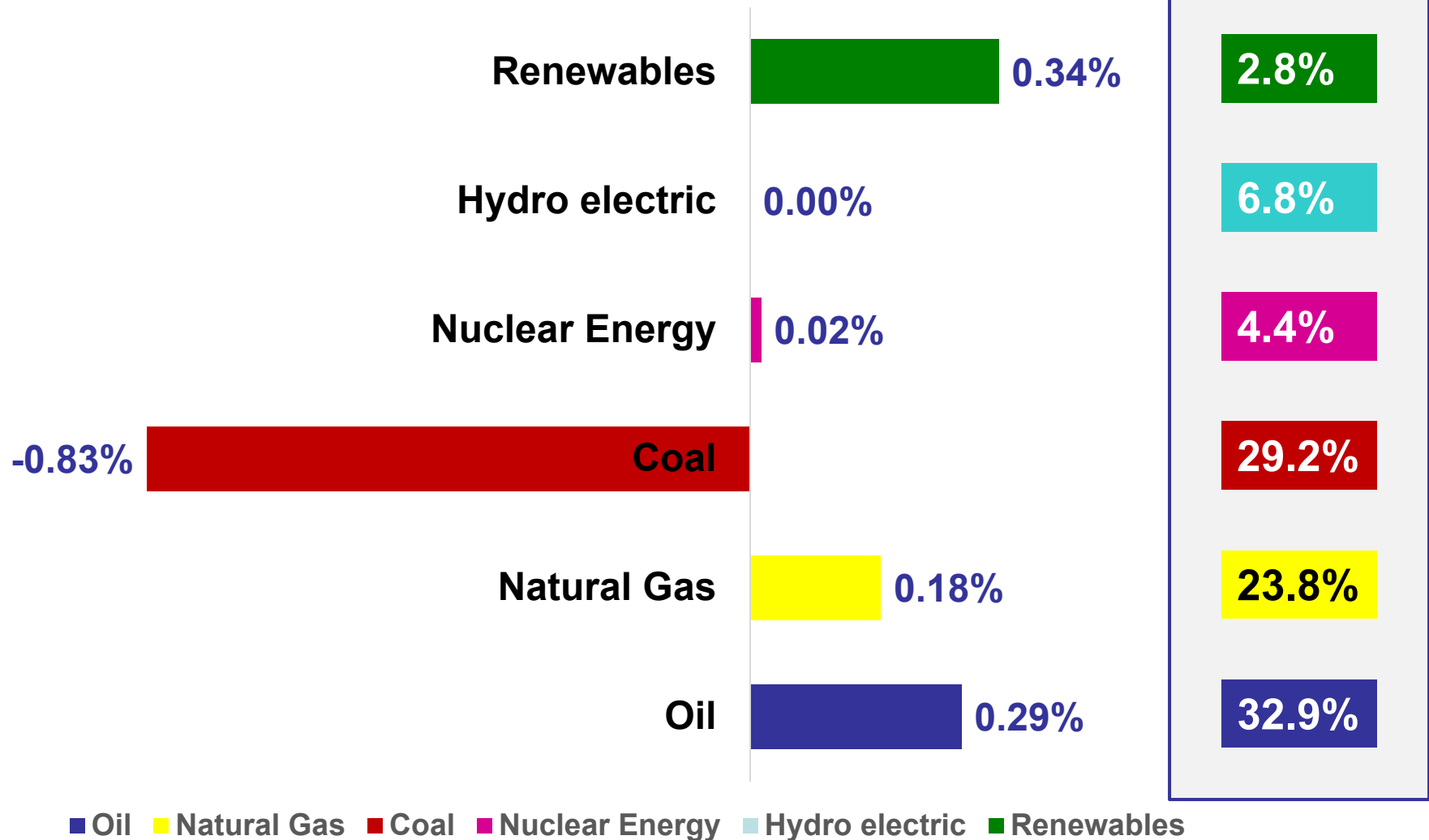


Changes in Share of Primary Energy

- Oil lost 6.2% of share in PE
- Coal gained 5% of share in PE

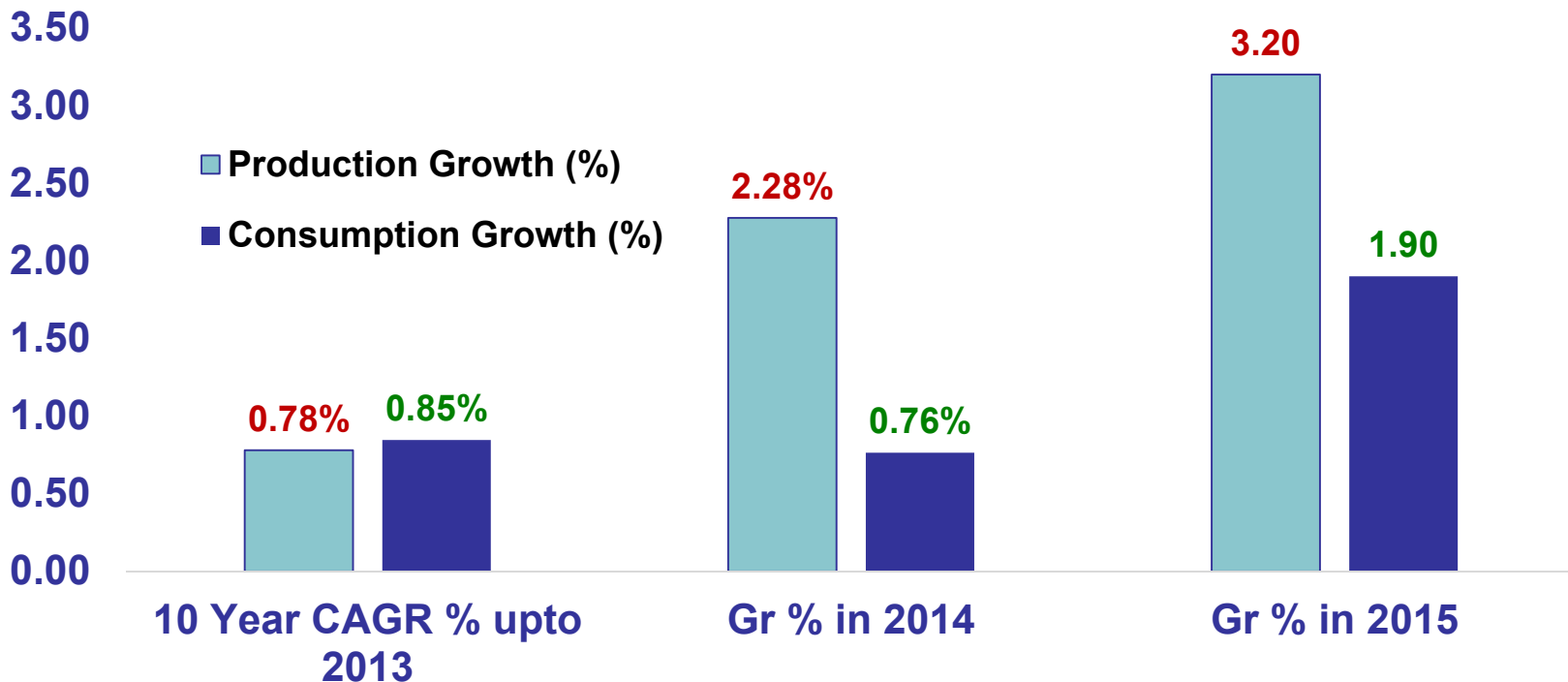
2015 : For the first time, after 15 consecutive years, Oil with growth of 1.9% p.a. gained share in Primary Energy

Gain in % of PE in 2015 over 2014



The Supply overhang witnessed in 2014 continued in 2015

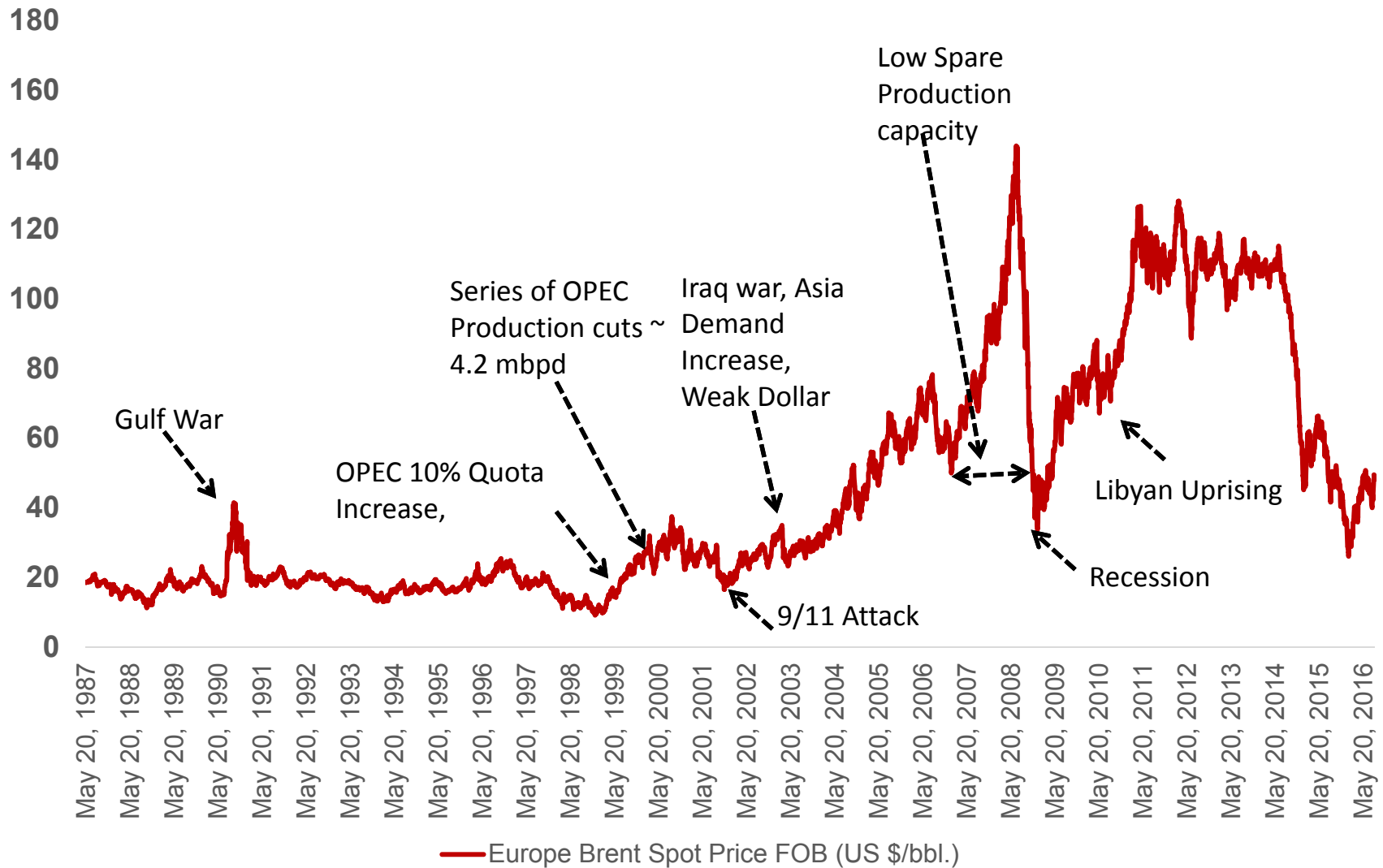
Global Oil Production & Consumption trend



Production growth lagged consumption growth till 2013, and started growing ahead of consumption growth from 2014 onwards

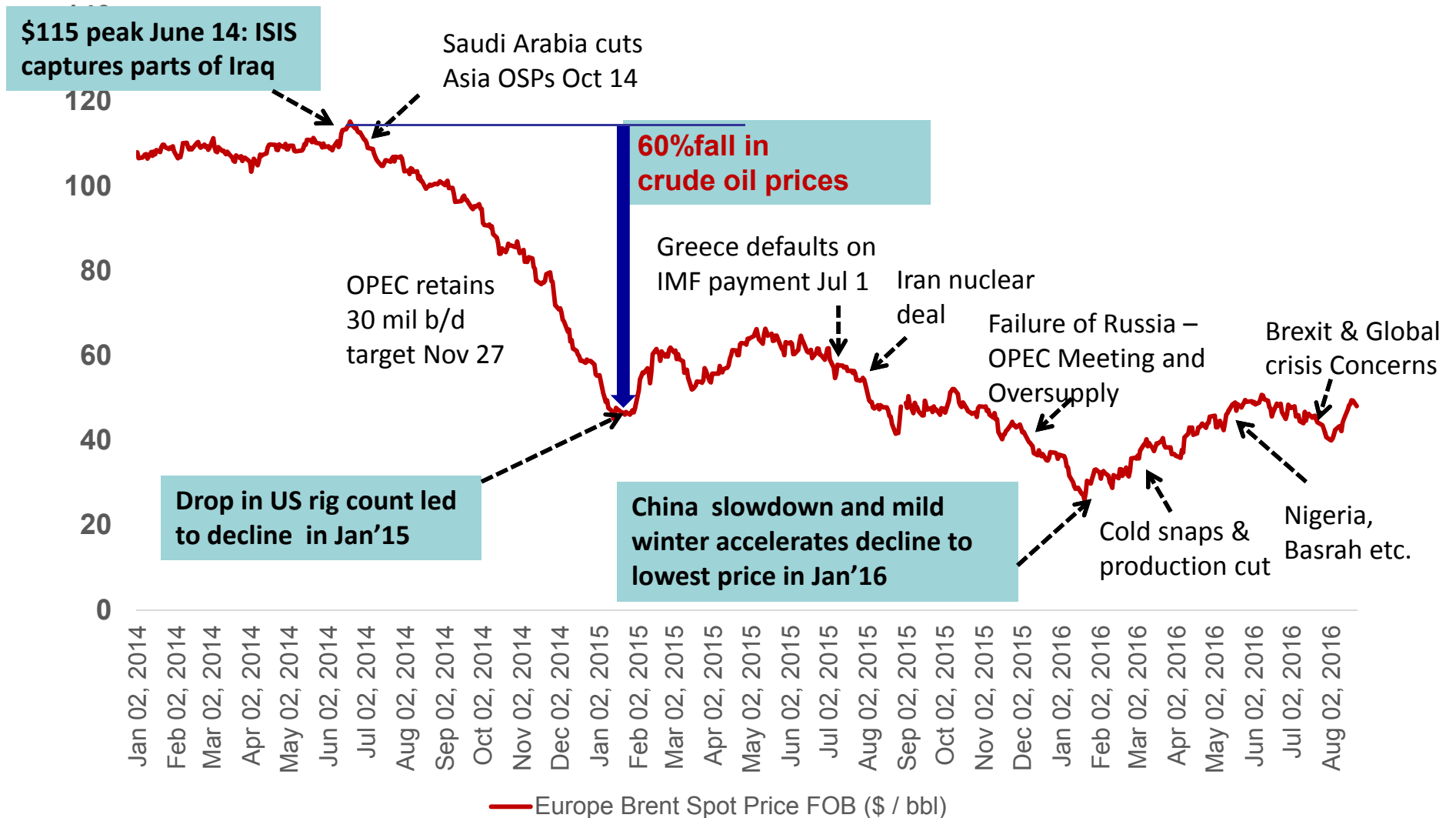
Crude Oil Price Trend & Events

Europe Brent Spot Price FOB (US \$/bbl.)



Crude Oil price tumbled to 12-year low

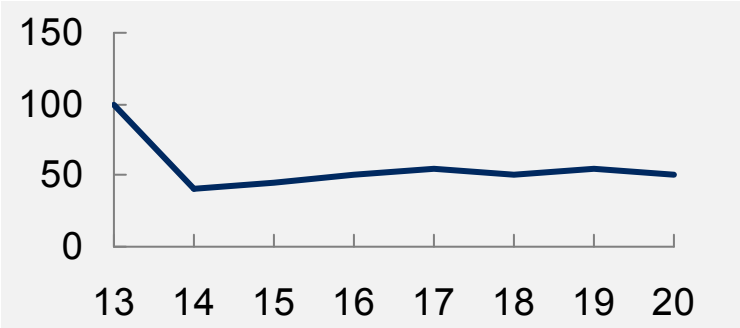
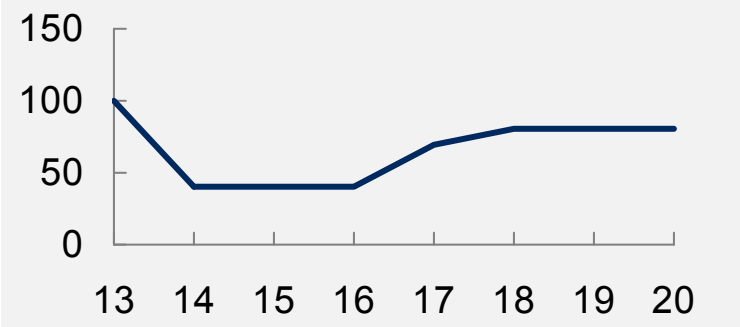
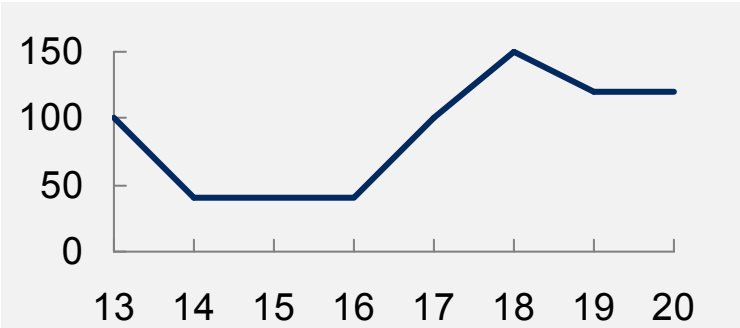
Europe Brent Spot Price FOB (\$ / bbl)



Why the crude price crashed

- **US production** rocketed by 4.8 mbpd between 2011 and 2015.
- **OPEC** continued to leave output targets unchanged rather increased its output to all time high levels
- **Weakening global oil demand growth** due to decline in China growth and slow recovery in Europe
- **Supply glut** and **Rising inventories** globally

Three scenarios projected for future crude prices

Scenario	Crude Oil Price outlook	Events																		
<div>1</div> <div>New era of low prices</div>	 <table><caption>Scenario 1: New era of low prices</caption><thead><tr><th>Year</th><th>Price (approx.)</th></tr></thead><tbody><tr><td>2013</td><td>100</td></tr><tr><td>2014</td><td>40</td></tr><tr><td>2015</td><td>45</td></tr><tr><td>2016</td><td>50</td></tr><tr><td>2017</td><td>55</td></tr><tr><td>2018</td><td>50</td></tr><tr><td>2019</td><td>55</td></tr><tr><td>2020</td><td>50</td></tr></tbody></table>	Year	Price (approx.)	2013	100	2014	40	2015	45	2016	50	2017	55	2018	50	2019	55	2020	50	<ul style="list-style-type: none">Low oil prices does not slow down oil productionLimited demand response
Year	Price (approx.)																			
2013	100																			
2014	40																			
2015	45																			
2016	50																			
2017	55																			
2018	50																			
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2020	50																			
<div>2</div> <div>Medium term Recovery</div>	 <table><caption>Scenario 2: Medium term Recovery</caption><thead><tr><th>Year</th><th>Price (approx.)</th></tr></thead><tbody><tr><td>2013</td><td>100</td></tr><tr><td>2014</td><td>40</td></tr><tr><td>2015</td><td>40</td></tr><tr><td>2016</td><td>40</td></tr><tr><td>2017</td><td>70</td></tr><tr><td>2018</td><td>80</td></tr><tr><td>2019</td><td>80</td></tr><tr><td>2020</td><td>80</td></tr></tbody></table>	Year	Price (approx.)	2013	100	2014	40	2015	40	2016	40	2017	70	2018	80	2019	80	2020	80	<ul style="list-style-type: none">Market has demand and supply response to low prices. Eg.<ul style="list-style-type: none">Demand goes upNorth American production reduces
Year	Price (approx.)																			
2013	100																			
2014	40																			
2015	40																			
2016	40																			
2017	70																			
2018	80																			
2019	80																			
2020	80																			
<div>3</div> <div>Long-term swings</div>	 <table><caption>Scenario 3: Long-term swings</caption><thead><tr><th>Year</th><th>Price (approx.)</th></tr></thead><tbody><tr><td>2013</td><td>100</td></tr><tr><td>2014</td><td>40</td></tr><tr><td>2015</td><td>40</td></tr><tr><td>2016</td><td>40</td></tr><tr><td>2017</td><td>100</td></tr><tr><td>2018</td><td>150</td></tr><tr><td>2019</td><td>120</td></tr><tr><td>2020</td><td>120</td></tr></tbody></table>	Year	Price (approx.)	2013	100	2014	40	2015	40	2016	40	2017	100	2018	150	2019	120	2020	120	<ul style="list-style-type: none">Sustained drop in oil price as production stays high.Will drive significant (offshore) project deferrals resulting in supply shortage which drives a sharp price spike
Year	Price (approx.)																			
2013	100																			
2014	40																			
2015	40																			
2016	40																			
2017	100																			
2018	150																			
2019	120																			
2020	120																			

SOURCE: McKinsey;

Current trend (Swing between 45-50 \$/bbl)

- **Pick up in US rig counts in July 2016** after continuous drop due to reduced shale gas activities
- **Record high production from Saudi Arabia** (10.67 mil bpd) and **OPEC** (33.11mil bpd) in July 2016
- **Recovery in Canadian oil production** after vast wild fire in Alberta.
- **Nigeria** still to recover from disruptions
- **Drop in crude oil production from China** to lowest rate since Oct 2011
- **Floating inventory globally**
- **Uncertain Global oil demand** due to decline in China growth and slow recovery in Europe
- Forthcoming **OPEC meeting** in Nov 2016

Source: Bloomberg, Platts, Team Analysis

Global oil outlook for 2030

Growth Projections

2014-30 CAGR %

- Global Energy Perspective : 0.8%
- BP : 1.1%
- IEA- WEO : 0.9%

Demand Influencers

Growth Drivers

- Population growth
- Increase in GDP per capita

Growth Dampeners

- Energy Improvement initiatives
- Fuel Mix change
- Disruptive Technologies

Global Oil demand is projected to grow at CAGR of 0.8% to 1.1% p.a. to reach ~ 107 to 112 mbpd by 2030



1

Global Oil and Price Trends

2

Indian Oil Industry & Challenges

3

HPCL & Future Plans

India is poised for robust growth

Rising affluence and urbanization

Massive potential in end-market growth

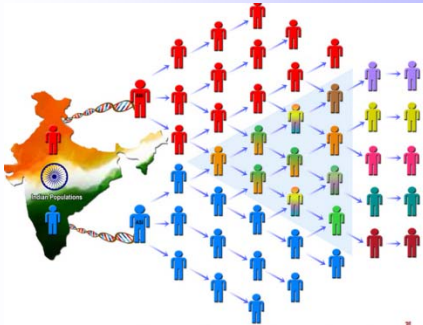
**Young, vibrant and upwardly mobile
working class**

A stable, pro-development government

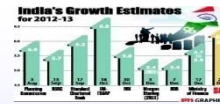
4 key macro-economic trends will drive energy demand and mix

1 Demographic change

- Steep growth in working-age group
- Dependency ratio in India will reduce from 60% to 45% during 2015-30



2 GDP Growth



- Rising Economic activities resulting in 6 to 8% GDP growth during 2015-30
- Increase in Transportation & freight activities

3 Increase in disposable income

- Increasing household income
- Disposable income to grow both in urban and rural sector



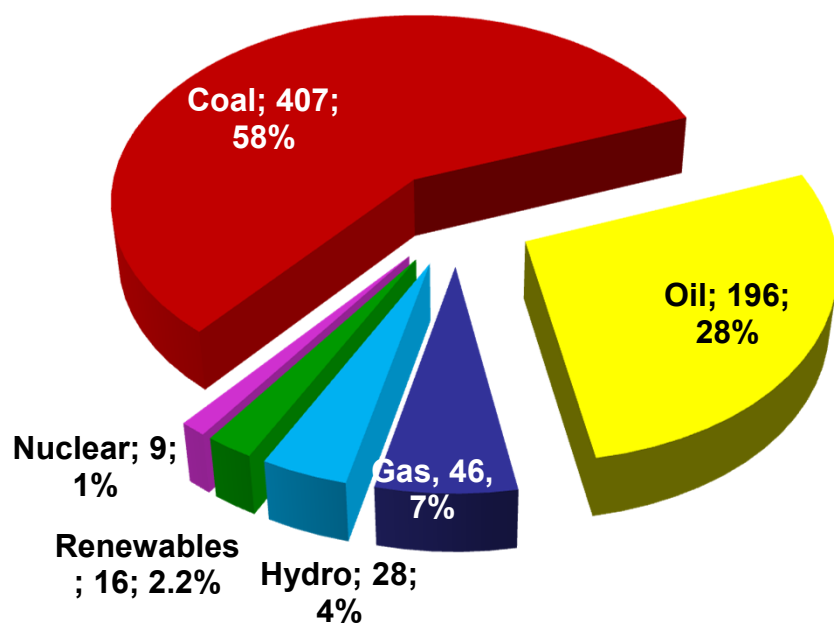
4 Change in energy mix



- Thrust towards clean fuels
- Technology advancements

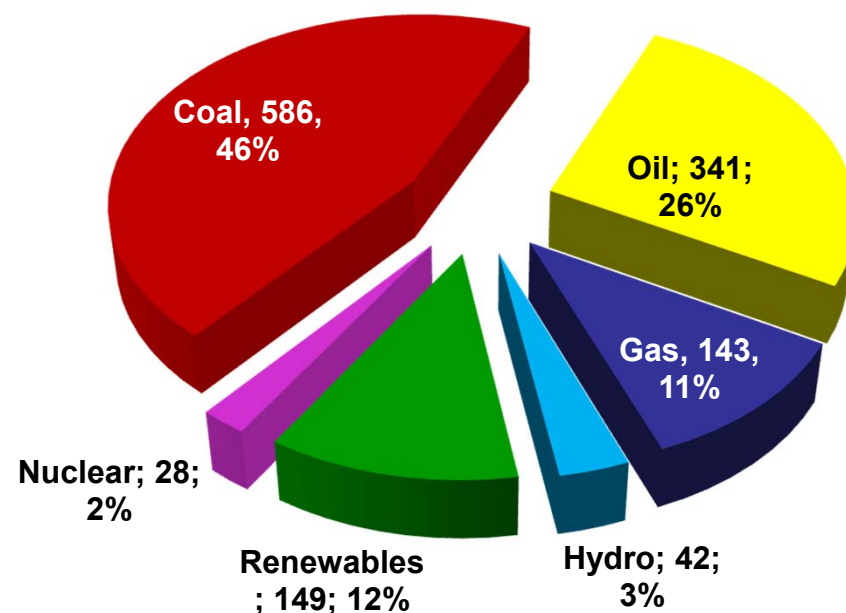
Primary energy : India projections

Energy mix: 2015



Total 700 Mtoe

Energy mix: 2030



Total 1,287 Mtoe

Energy consumption in India is projected to double, growing by over 4.6% per year with gas and renewables increasing their share

Oil Sector in India: Salient aspects

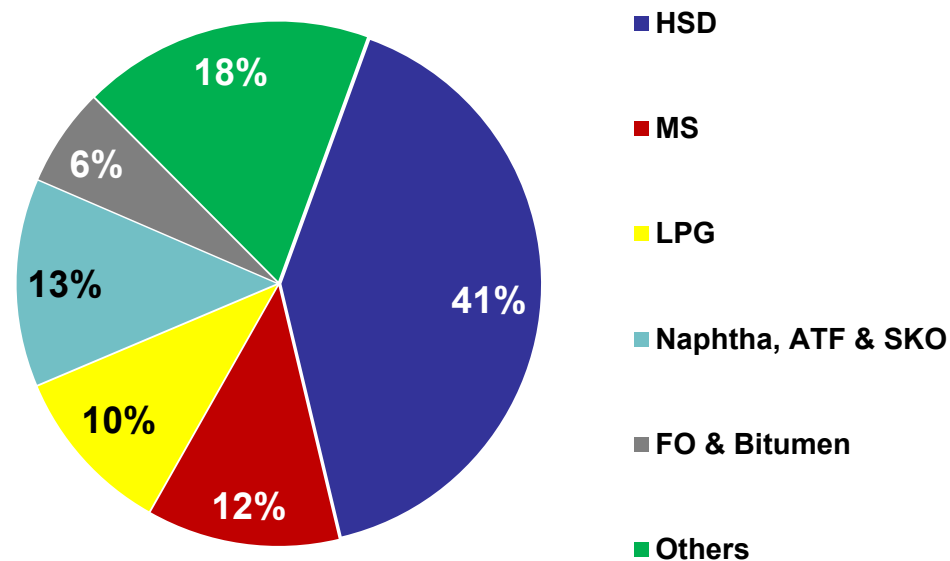
- India is the **third largest consumer of Oil** in the world behind US and China.
- India with **188 MMT** of crude oil import is the **third largest importer** of crude oil.
- India **produces 0.9%** of world oil and **consumes 4.5%** of world demand.
- The **consumption** of Oil in India **grew by 8.1%** compared to **world growth of 1.9%** in 2015.
- The **per-capita consumption** of India is **492 kgoe** compared to **world average of 1785 kgoe** in 2014

2015-16 : Consumption of Petroleum Products

Product wise volumes / 5 Y CAGR%

HSD = 75 MMT	4.5%
MS = 22 MMT	9.0%
LPG = 19 MMT	6.8%
Naphtha, ATF & SKO = 23 MMT	
FO & Bitumen = 11 MMT	
Others = 33 MMT	

2015-16 (Percentage)



Total Volume = 183 MMT, 5 year CAGR of 5.4%

Factors influencing the Indian Petroleum Industry

Economic Growth

- Auto sector growth
- Rural consumption
- Power sector growth
- Expansion of Highways
- Increasing working population
- Higher house hold income
- Growth of Tier II & Tier III cities

Regulatory forces

- Government thrust on clean energy
- Stricter environmental legislation - BS V / VI
- Pricing

Customer

- Evolving customer behavior and preferences

Competition

- Investments in refining capacities
- Re-entry of private players

Technology

- Indigenization and R&D
- Investments in bottom up-gradation
- Automation of Operations and Optimization

India : Oil demand Projections

➤ Current POL Consumption :

- Total POL consumption during 2015-16 = **183 MMT**

➤ POL Consumption Trend

- POL consumption growth :
 - During last 5 years = **5.4% CAGR**
 - During last 10 years = **4.9% CAGR**
 - During next 5 years = **5.6% CAGR (PPAC)**

➤ POL Demand projection as per IEA

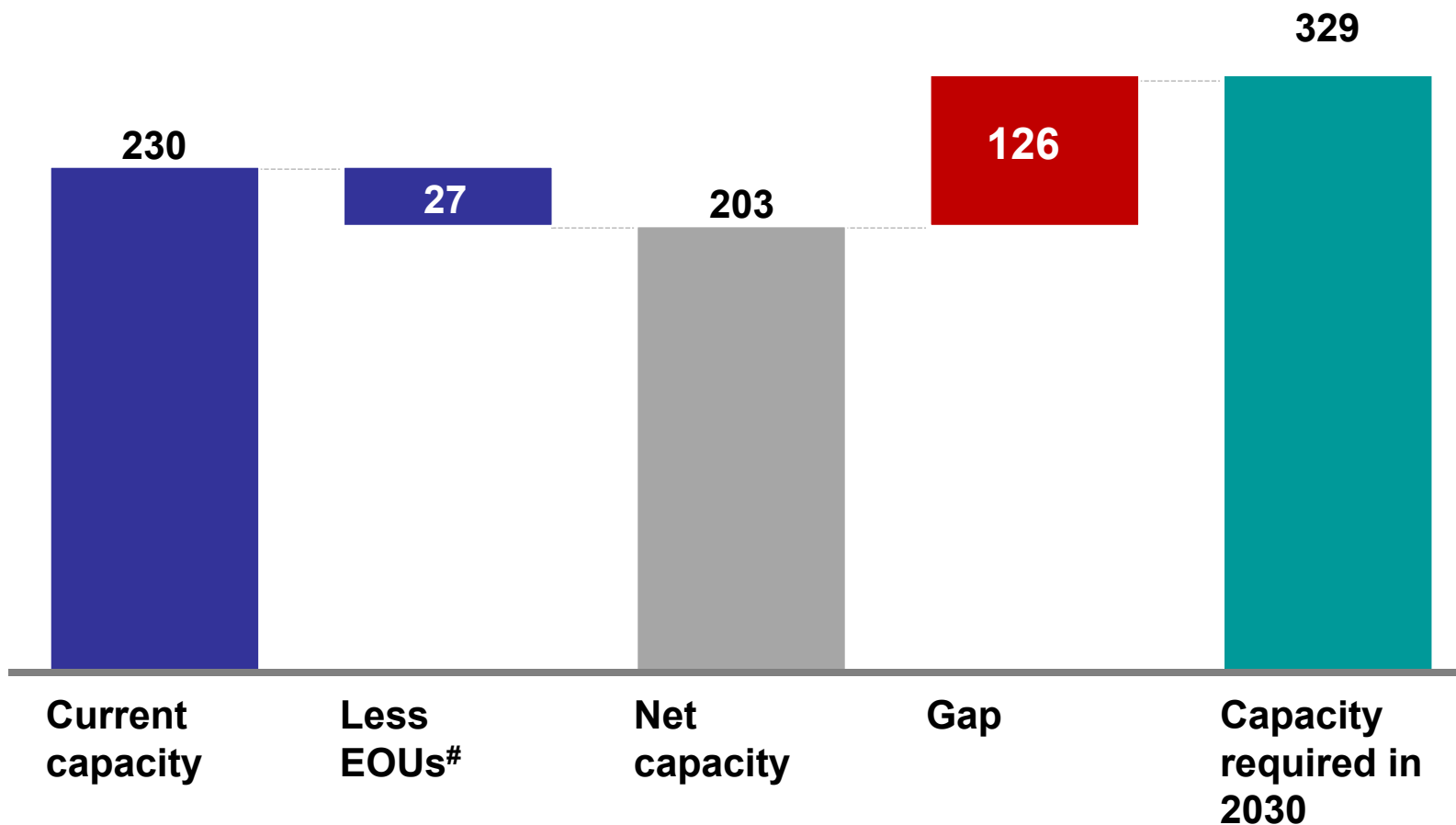
- Projected POL demand by 2030 = **329 MMT**
- Projected POL demand by 2040 = **458 MMT**

Source : PPAC and IEA India energy outlook 2015

India will need an additional refining capacity of 129 MMTPA to meet its demand in 2030

India refining capacity

MMTPA



#Export oriented Units



1

Global Oil and Price Trends

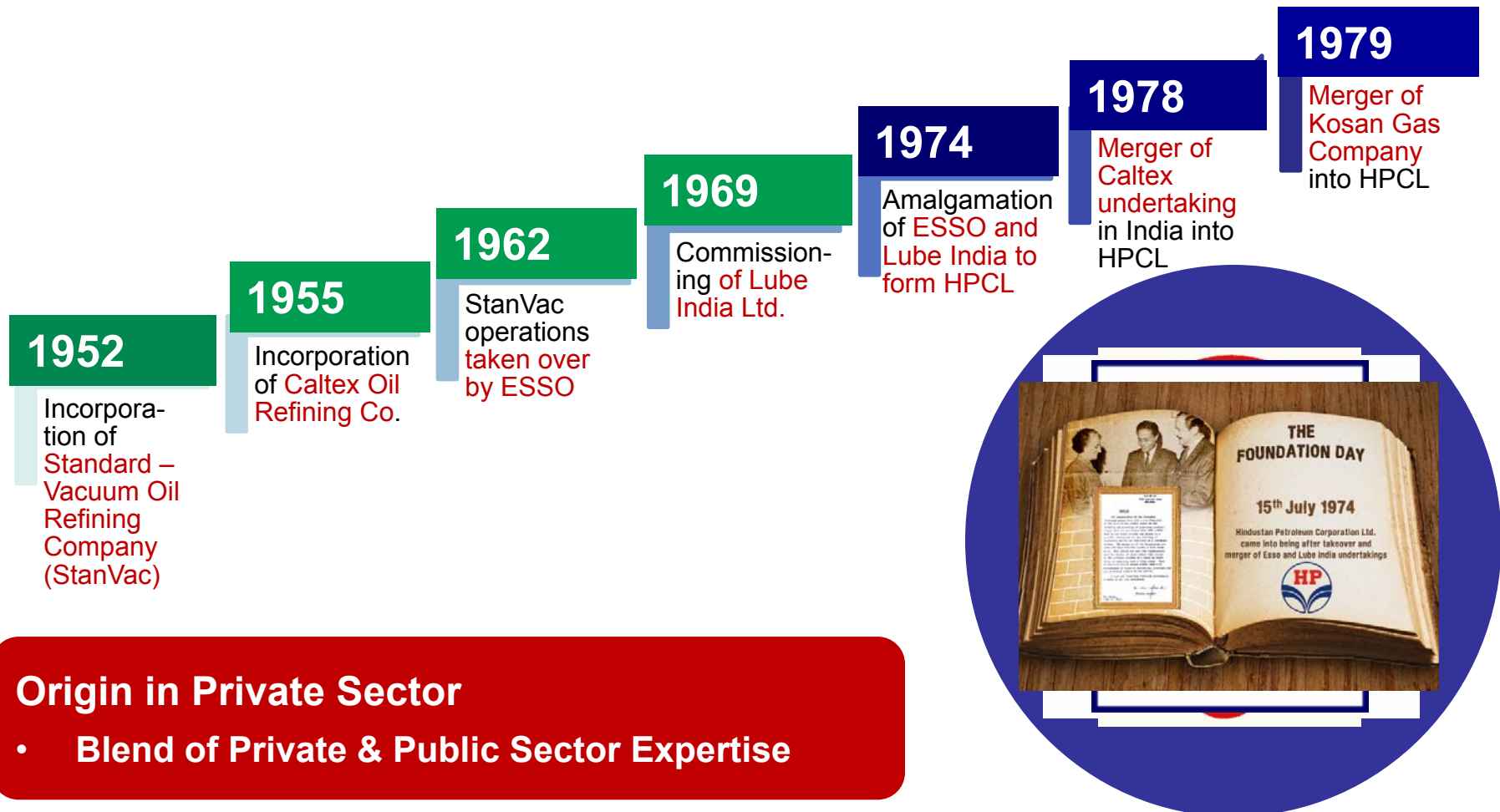
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Indian Oil Industry & Challenges

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HPCL & Future Plans

Origin of HPCL



Global Rankings



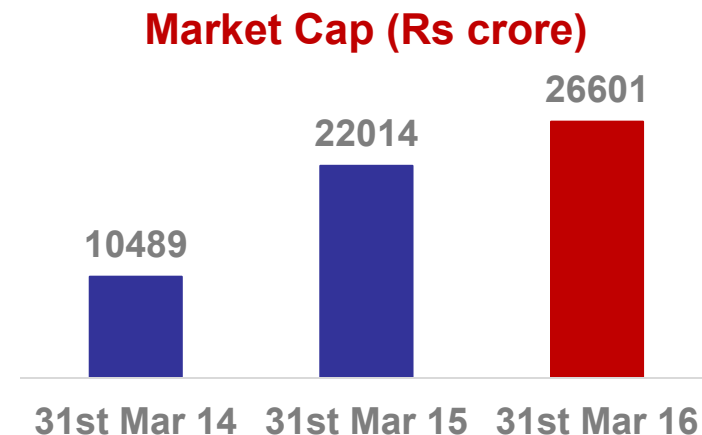
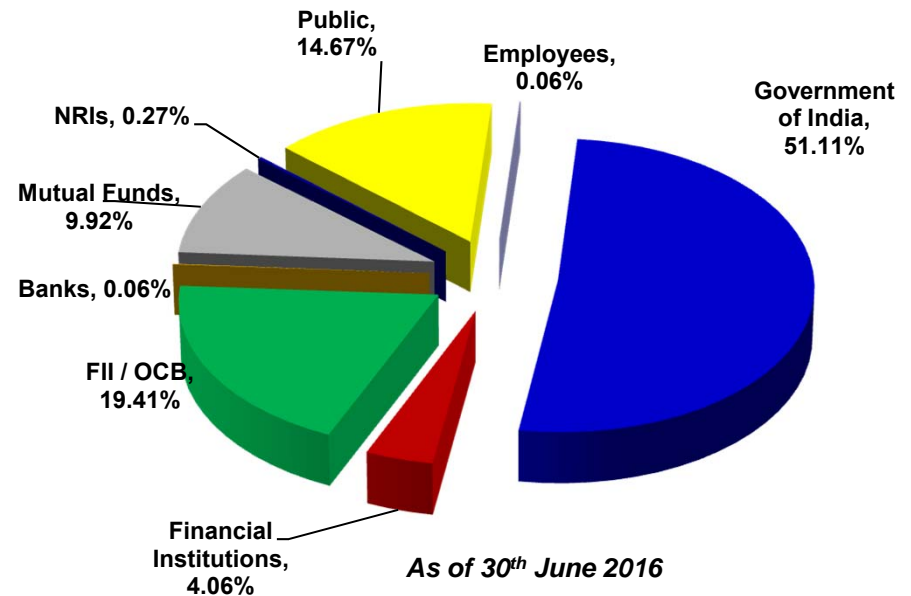
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133

HPCL Fast facts : 2015-16

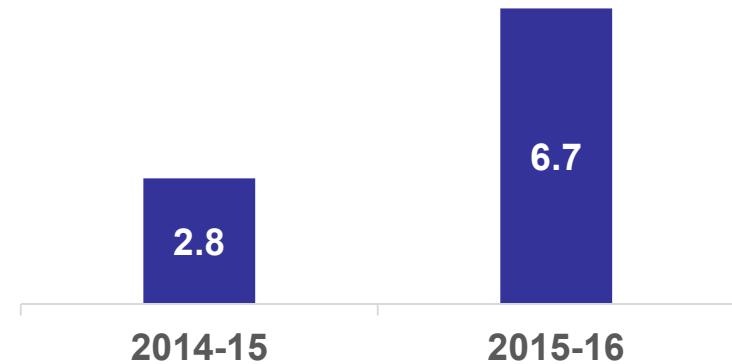
- **NOC - Govt. of India (GOI)** holding **51.11% equity**
- **Navratna PSU** Since January'1999
- India's **6th Largest** company by Turnover
- **Largest lube oil refinery** in India
- **Annual Gross sales** of **Rs 1,97,744 crore**
- **Net Profit** of **Rs 3,863 crore**
- **Market Capitalization** of **Rs. 26,601 crore**



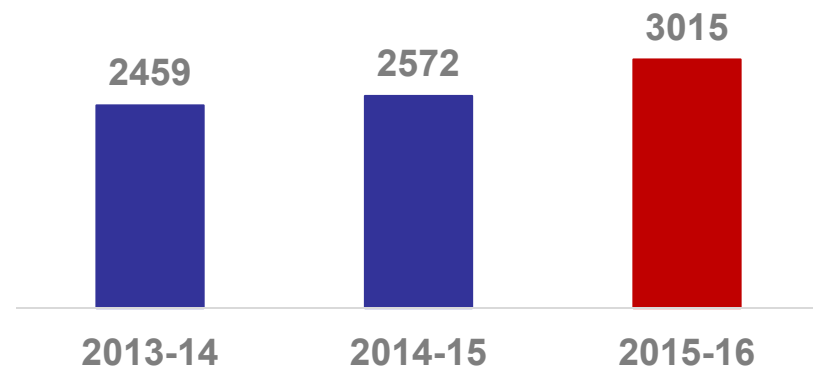
HPCL Fast facts : 2015-16

- **Highest combined GRM** of **\$ 6.68/ bbl.** among PSUs
- **21% market share** in Petroleum Sales (PSU Category)
- **Highest Market Sales Growth** among Oil Marketing Companies (PSU)
- **No.1 Company in total lubricant sales** in India
- **2nd Largest** LPG marketer in India
- **2nd Largest** Retail Outlet Network
- **2nd Largest** Product Pipeline Network

HPCL GRM in \$/bbl.

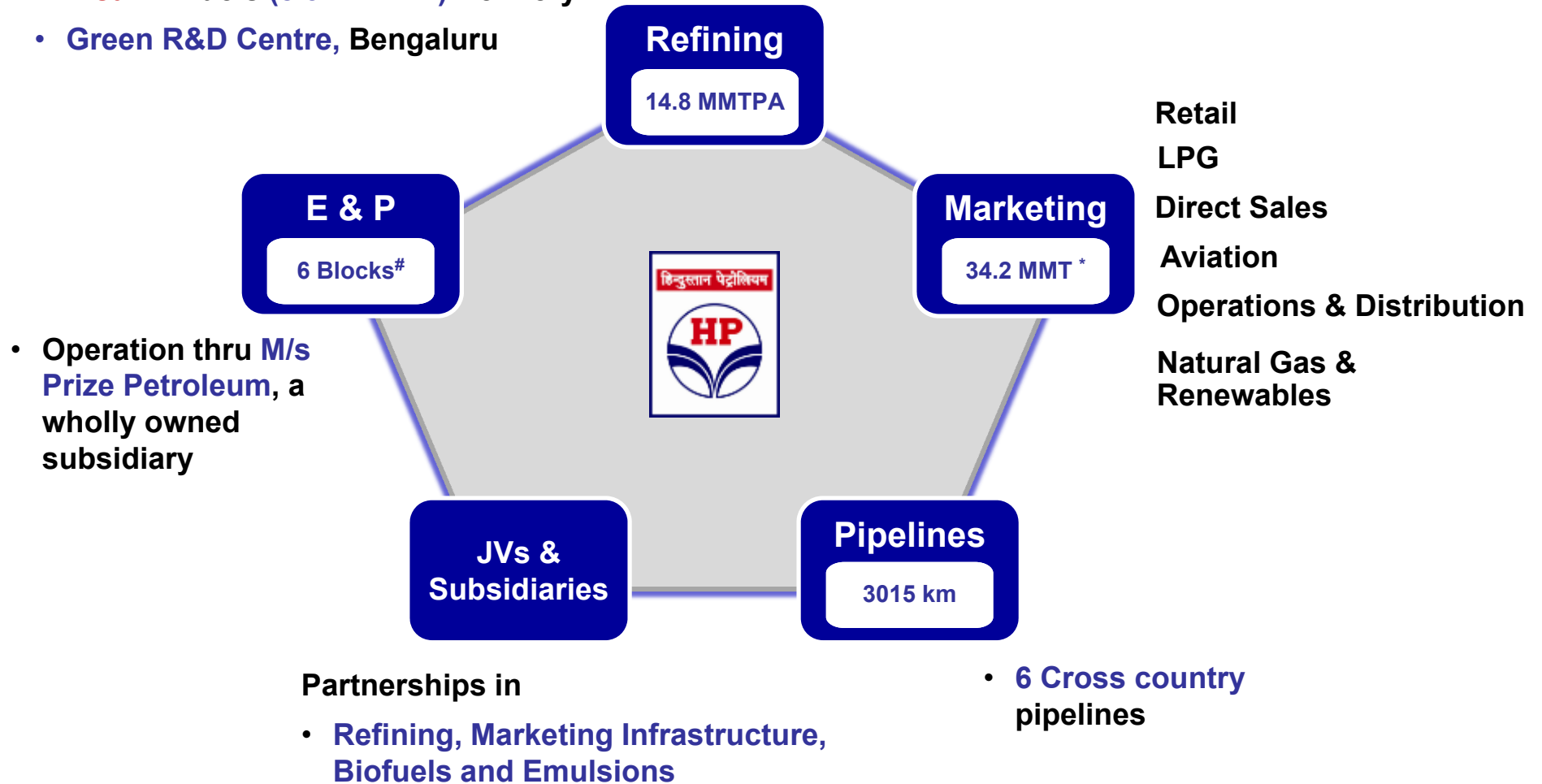


Pipeline Network (Km)



Business Portfolio

- **Mumbai:** Fuels (7.5 MMTPA) & Lubes (428 TMTPA) Refinery
- **Visakh:** Fuels (8.3 MMTPA) Refinery
- **Green R&D Centre, Bengaluru**



* Annual Sales in 2015-16

Current Active blocks

Performance : 2015-16

Market Sales : 34.2 MMT

Market Growth : 9.3% (Domestic) Vs PSU 7.7%

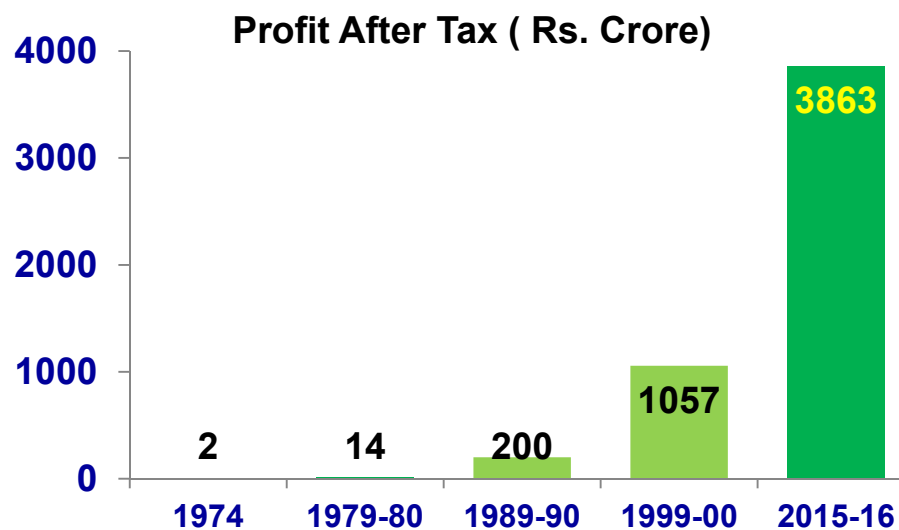
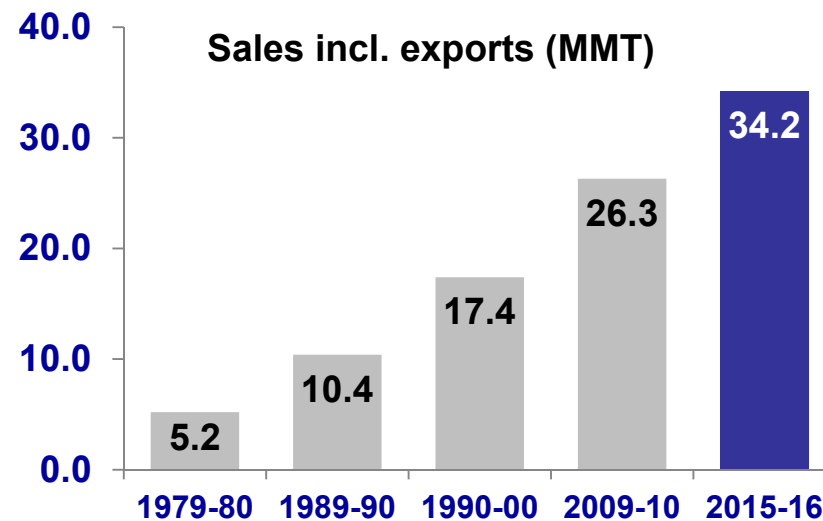
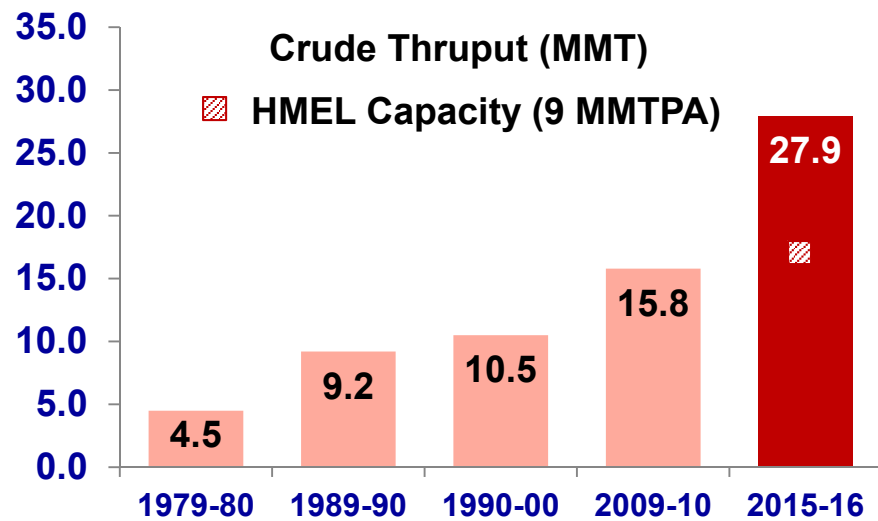
Refining Thruput : 17.2 MMT

Pipeline Thruput : 17.6 MMT

India's No.1 Lube Marketer : 536 TMT

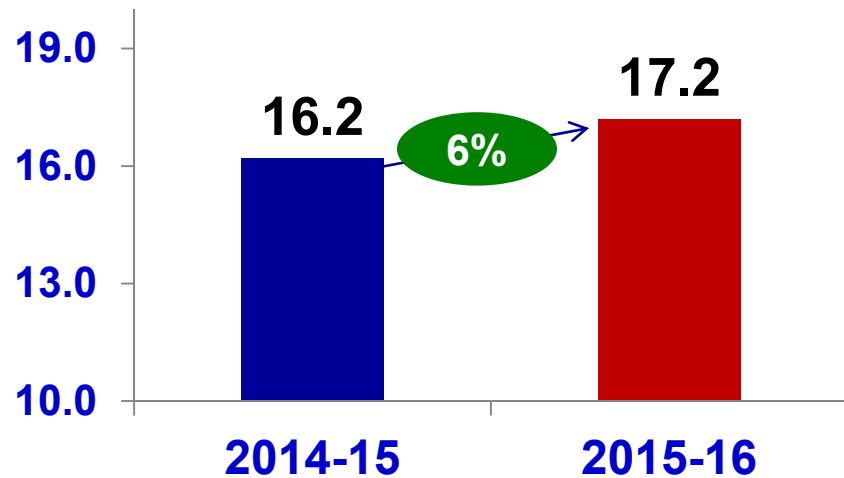
Highest ever PAT of Rs. 3,863 Crore during 2015-16

Performance over the years

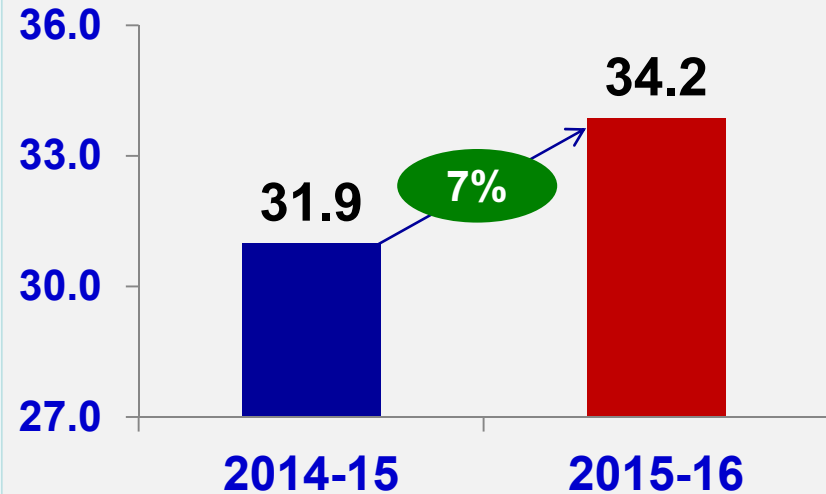


Snap shot of 2015-16 Performance

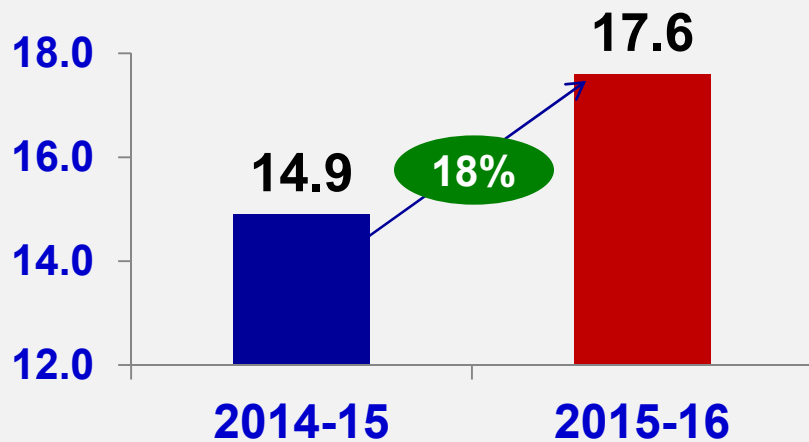
Crude Thruput (MMT)



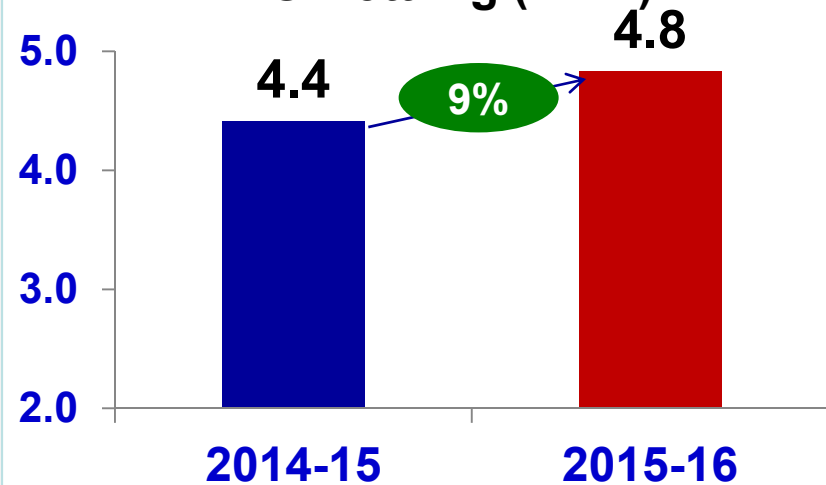
Marketing Sales (MMT)



Pipeline Thruput (MMT)

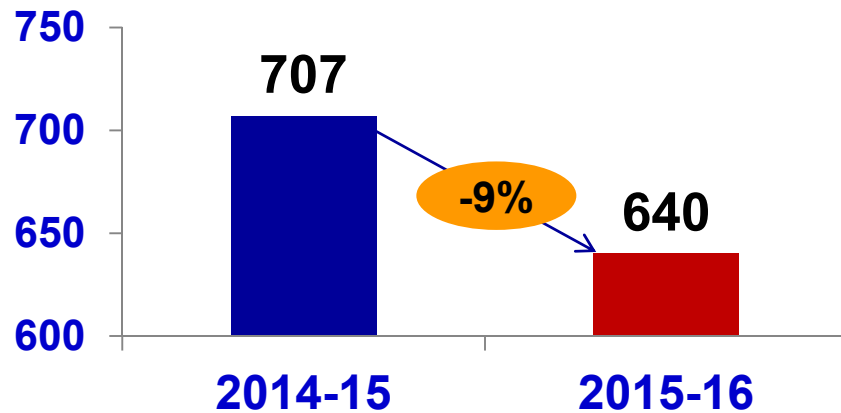


LPG Bottling (MMT)

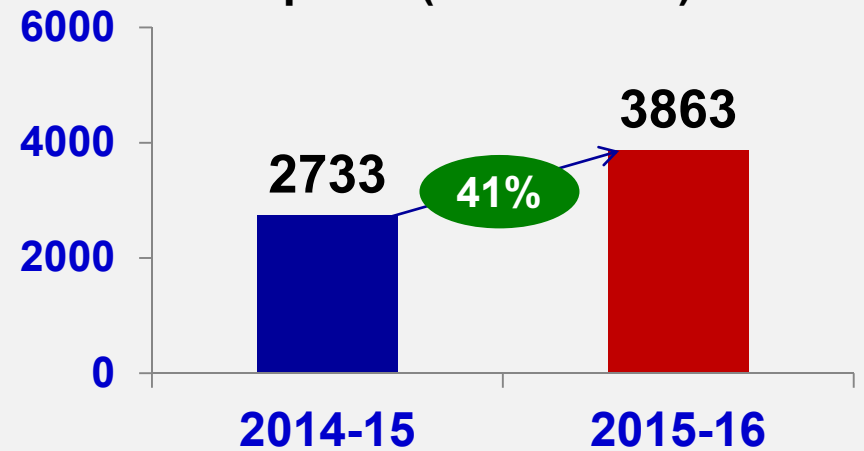


Snap shot of 2015-16 Performance

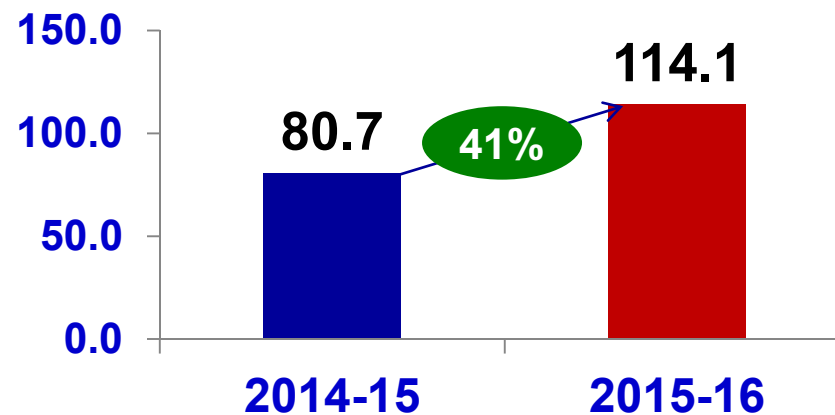
Interest Cost (Rs. Crores)



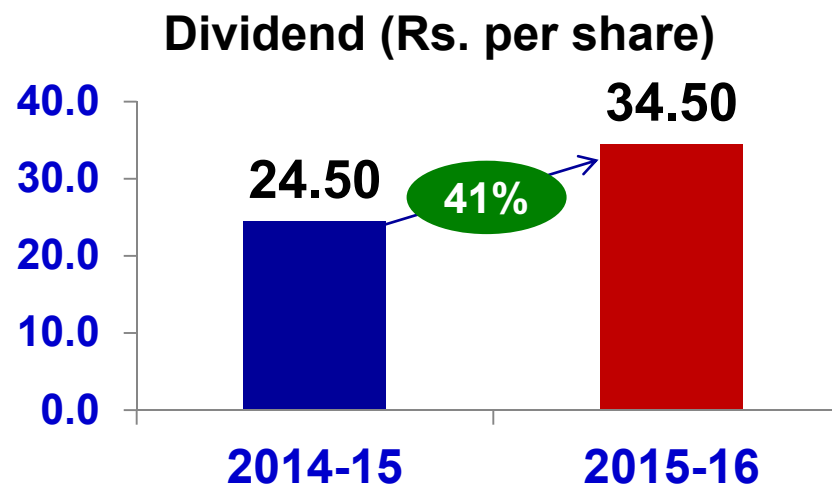
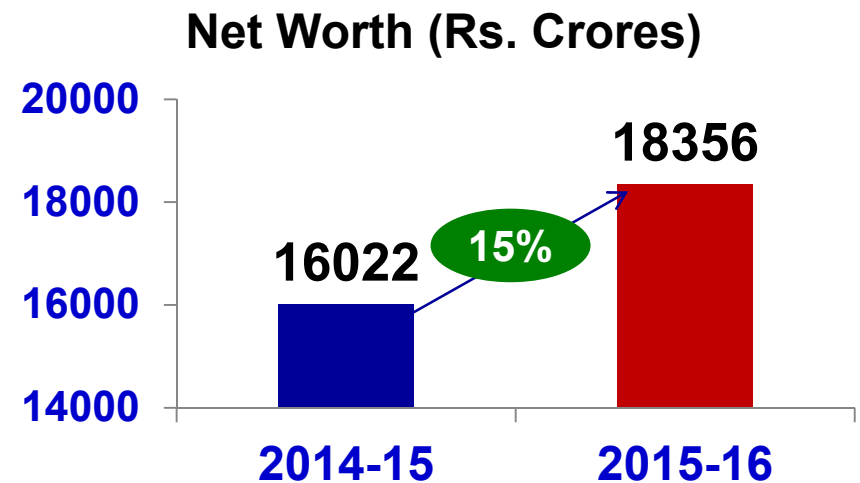
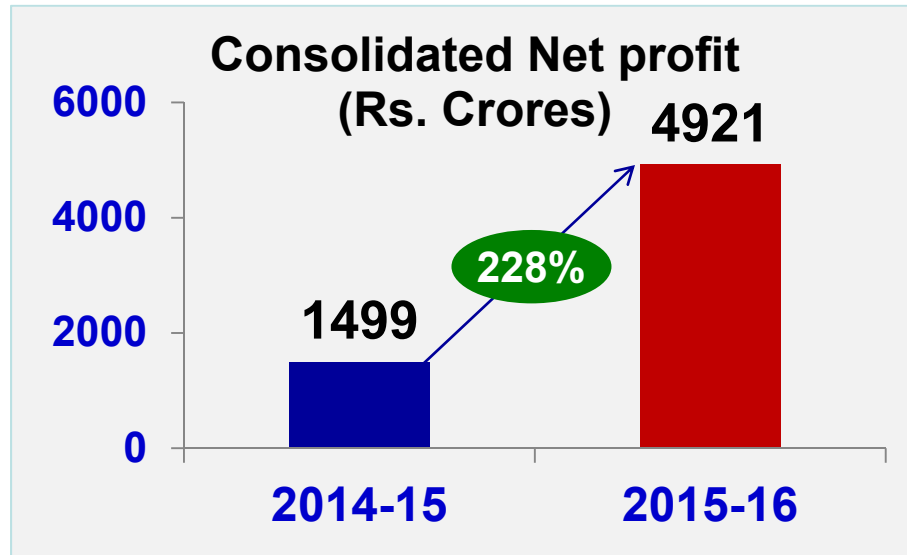
Net profit (Rs. Crores)



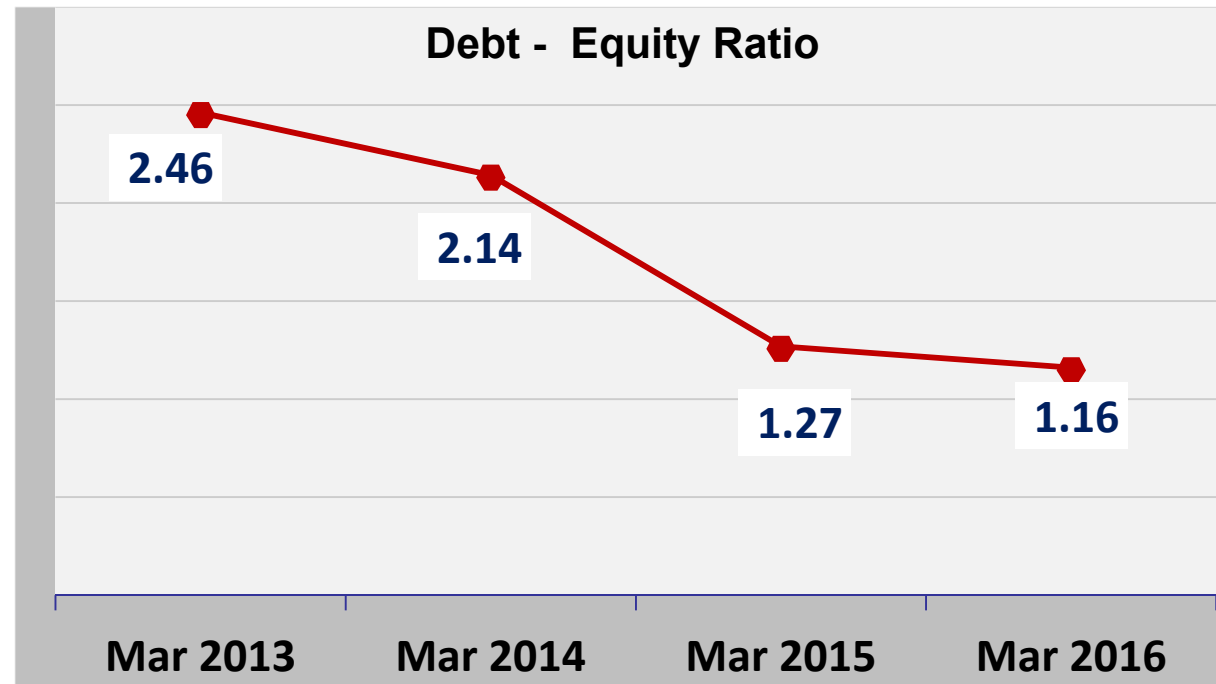
EPS (Rs. per share)



Snap shot of 2015-16 Performance



Debt - Equity Ratio



(Rs. crores)

Long Term Borrowing	10,278	15,789	18,136	17,448
Short Term Borrowing	23,511	16,377	2,200	3,889
Net Worth	13,726	15,012	16,022	18,356

Performance : Q1 2016-17

Market Sales : 8.89 MMT

Market Growth : 4.6% (Domestic)

Refining Thruput : 4.48 MMT

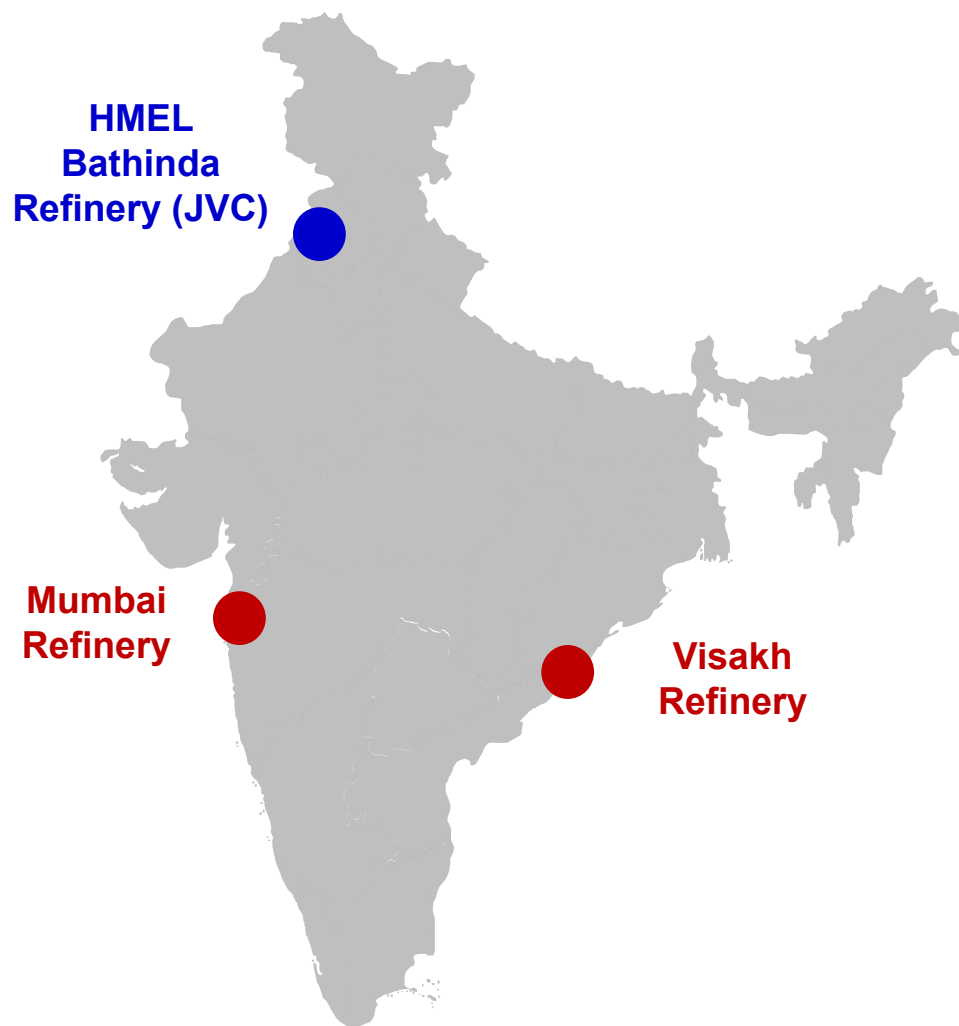
Refinery GRM 6.83 \$/bbl

India's No.1 Lube Marketer

Highest ever PAT of Rs. 2098 Crore during 2015-16

Refining

Refining Capacity



Refinery	Capacity (MMTPA)
Mumbai	7.5
Visakh	8.3
Total	15.8
Bathinda (JVC)	9.0
Total	24.8

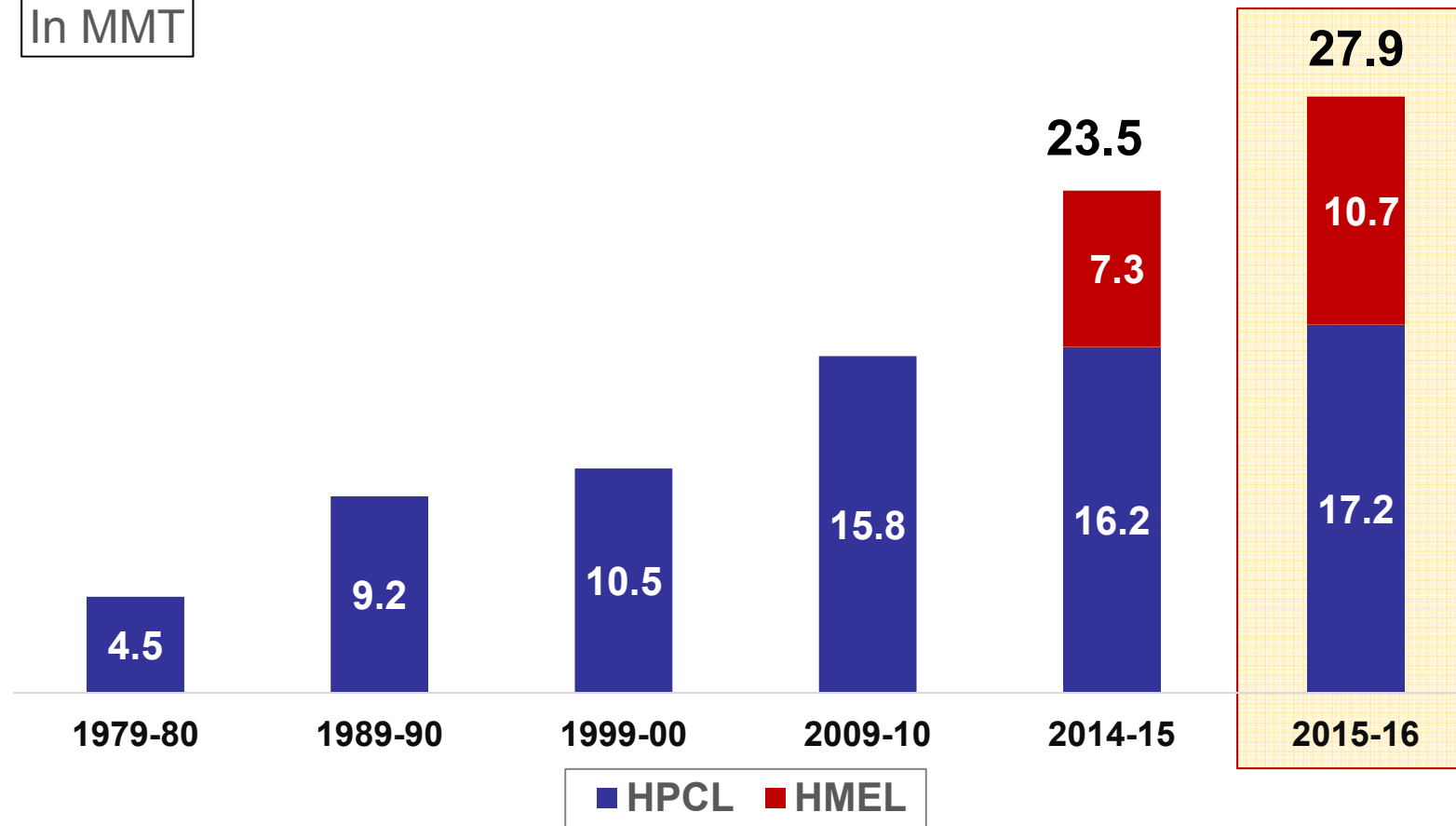
Lube Refinery (Mumbai) 428 TMTA

Stake in HMEI : 48.94% ; Stake in MRPL : 16.95%

Rights for Marketing of Petroleum Products from HMEI

Crude Throughput

In MMT



Average GRM for HPCL during 2015-16 is US \$ 6.68 per Barrel

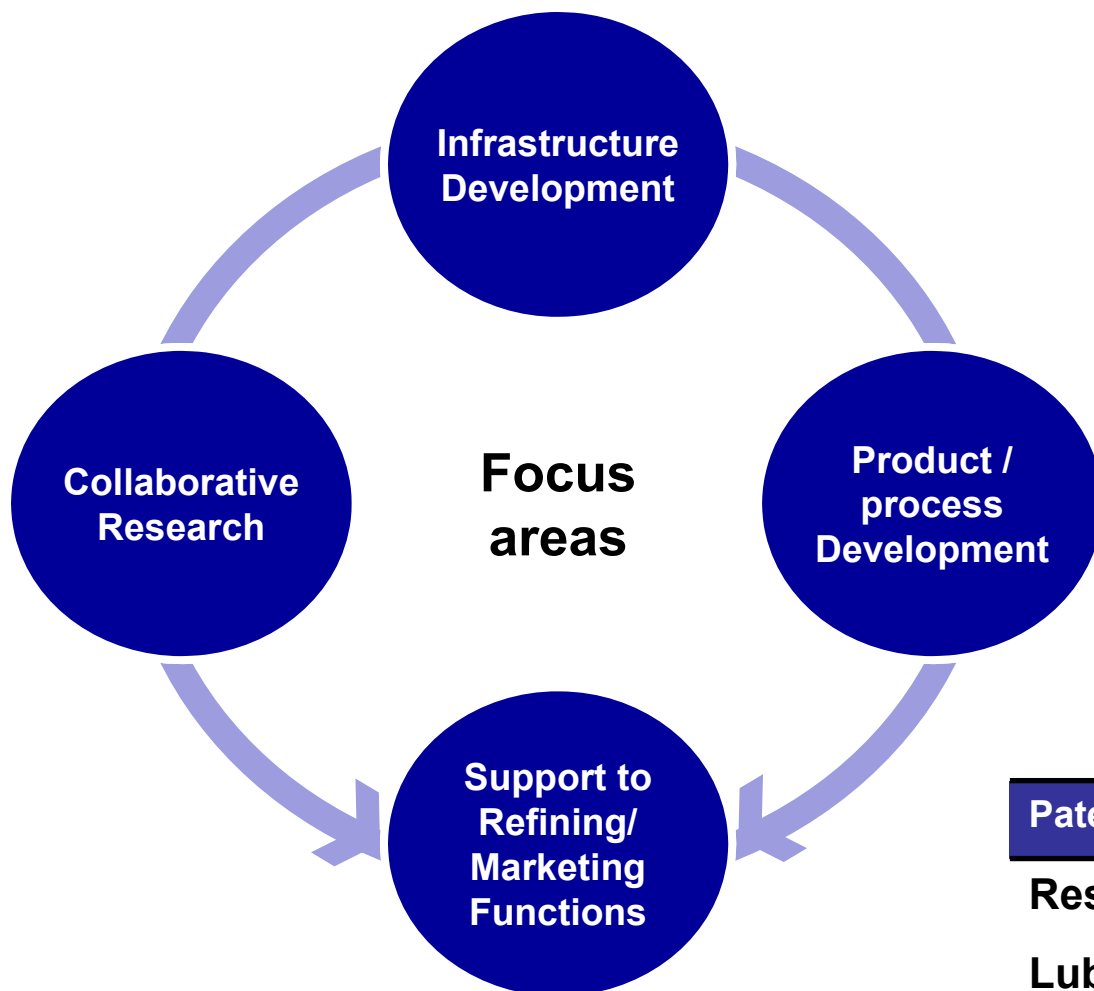
Green R&D centre : Bengaluru

- Land: 120 Acres
- Built up area: 3 lakh sq. ft.
- Phase 1 : Capex Rs. 395 crore



Research and Development

Green R&D Centres at Bengaluru & Vashi



R&D Thrust Areas

- Opportunity Crudes
- Residue Up-gradation
- New Process Developments
- Catalyst Development
- Alternative Energies

Patents	Applied	Obtained
Research Areas	36	-
Lubricants	6	2

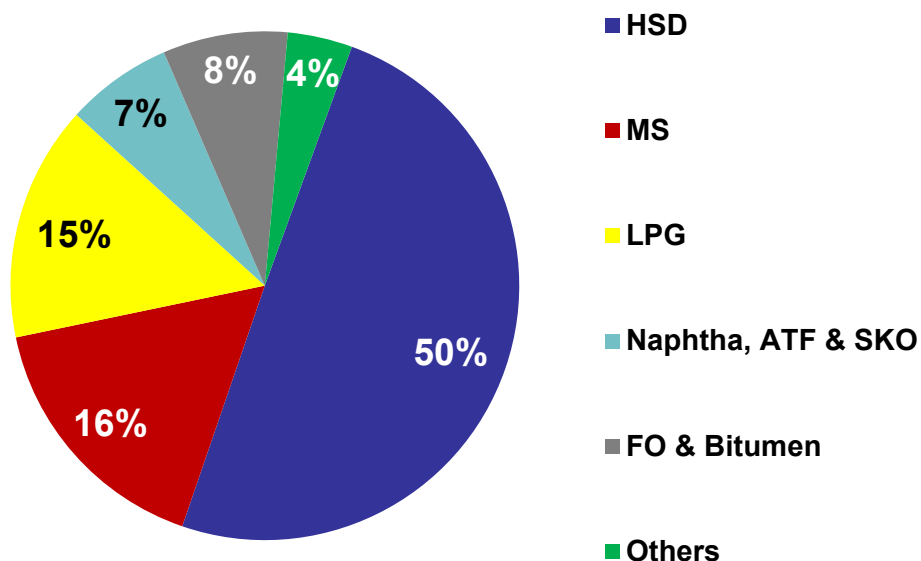
Marketing

2015-16 : Sale of Petroleum Products by HPCL

Product wise HPCL volumes

Products	MMT	5 Y CAGR %
HSD	17	6.5
MS	6	9.3
LPG	5	6.8
Naphtha, ATF & SKO	2	(1.1)
FO & Bitumen	3	(4.3)
Others	1	26.6

2015-16 (%)

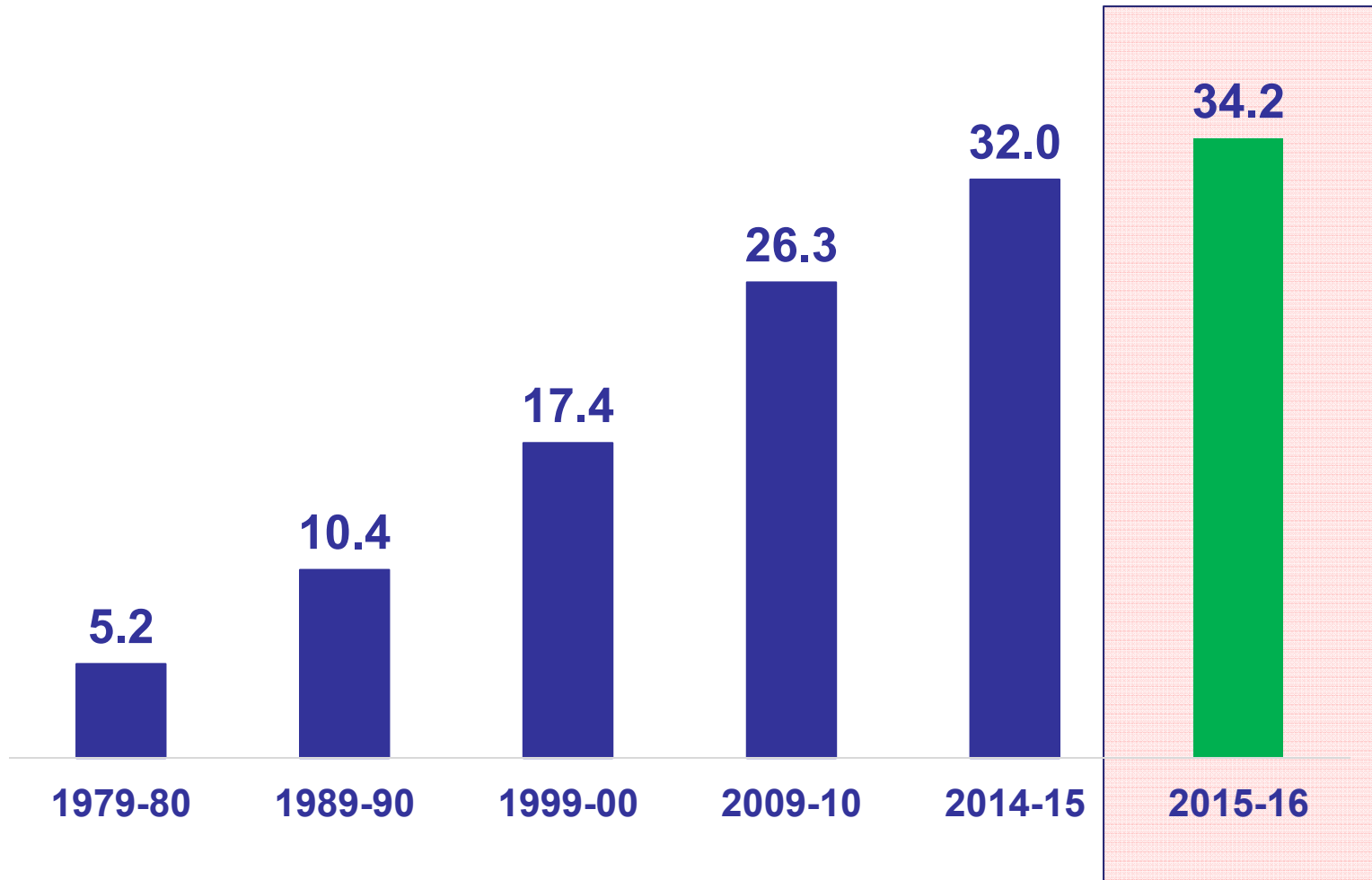


Total Volume = 34.2 MMT, 5 year CAGR = 5.7%

*Note: FY 2010-11 is base year for 5 Year CAGR

HPCL Market Sales

Market Sales in MMT



HPCL supply infrastructure

Terminals / TOPs



37

Depots



51

LPG Plants



46

ASFs



37

Lube Blending Plants

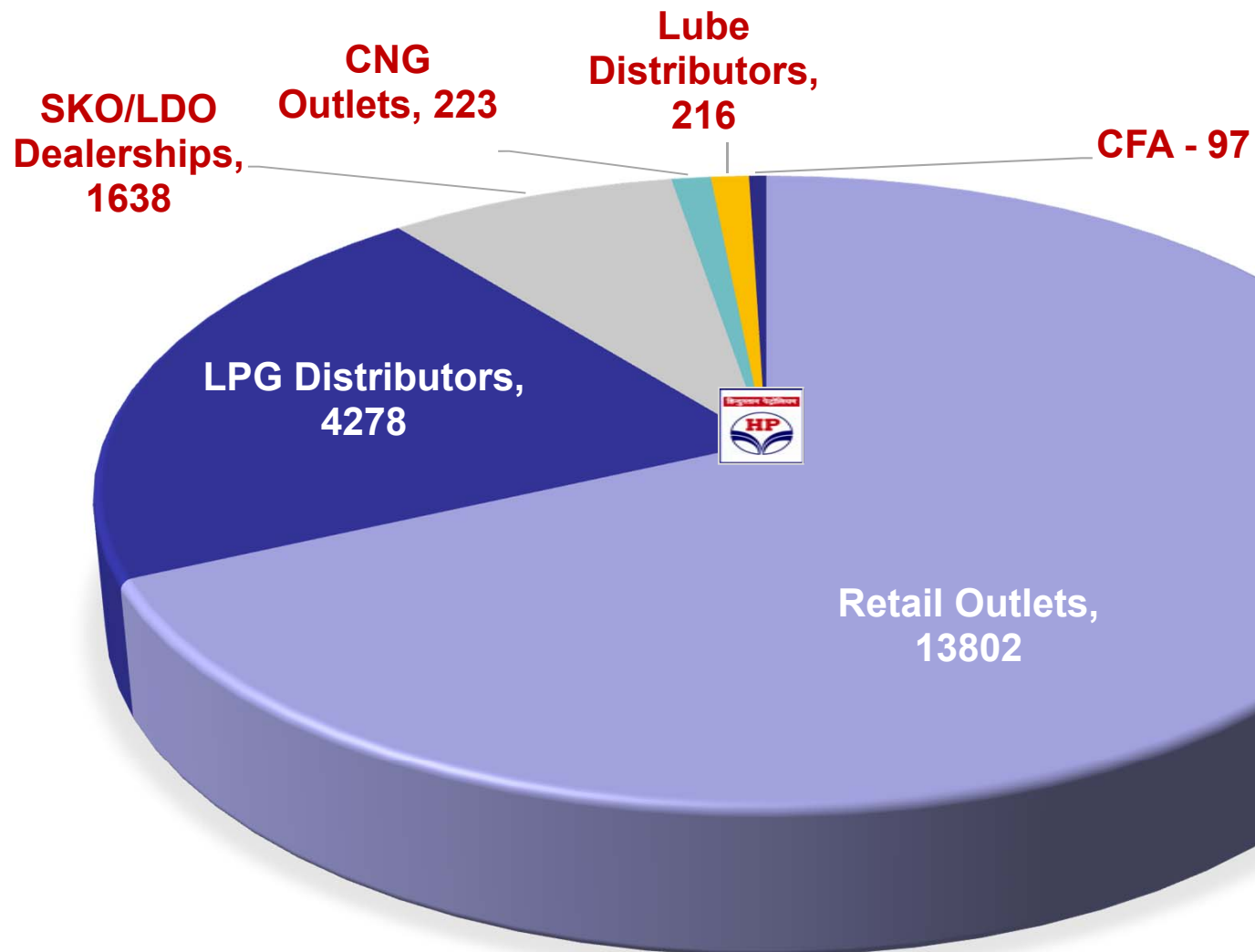


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Description	As of 31.3.2016
POL Tankage	3.1 MMT
LPG bottling capacity	4.1 MMTPA
Lube blending Plant capacity	250 TMTPA
QC Labs	46 Nos.

Strategically located State of Art Infrastructure with robust technology-enabled processes

Customer Touch Points



LPG customer base of 5.23 Crore Households

Marketing Highlights 2015-16

- **Recorded best ever physical performance**
 - **Market sales : 34.2 MMT**
 - **Domestic Growth : 9.3%**
 - **Market share gain : 0.31%**
 - **Sale of RLNG : 36 TMT**

Motor Fuels

- **Market share gain of 0.36%** (PSU category)
- Commissioned 590 new retail outlets

LPG

- Highest ever sales of 5.07 MMT
- **First Company to introduce** 450Kg SUMO cylinders for Forklift
- Online payment facility for LPG refill
- **Introduced new product** - Metal cutting gas under the brand name of HP Razor

Marketing Highlights 2015-16

Lubricants

- **No. 1 Lubricant Marketer** position for the third successive year
- **Market share gain of ~ 2.6%**
- **New products launched**
 - HP Milcy Turbo Ultra for diesel engines
 - HP Neo Synth 5W30 for passenger cars
 - HP Racer 4 Synth 10W30 for motorcycles
- Signed agreement with Snapdeal for online selling of HP lubes packs

B2B

- **Market share gain of 1.2%** (PSU category)
- Commenced supplies of Winter Grade Diesel to Indian Army
- Supplying Jet Fuel to all the eight scheduled domestic airlines of the country

Retail Sales



SKO 1638

CNG 223

ALPG 218

Focus on Customer Experience

Strong Customer Loyalty



Segmentation

Formats

e-fuel stations

**Network
Productivity**

Customer Centric **Formats**

“Retail Outlet Formats” designed to address needs of “**Target Customer Segments**” in a ‘Consistent’ manner.



Highway

NHAI Award to COMCO Shoolagiri
“**Best Amenities on Highways**”



Urban



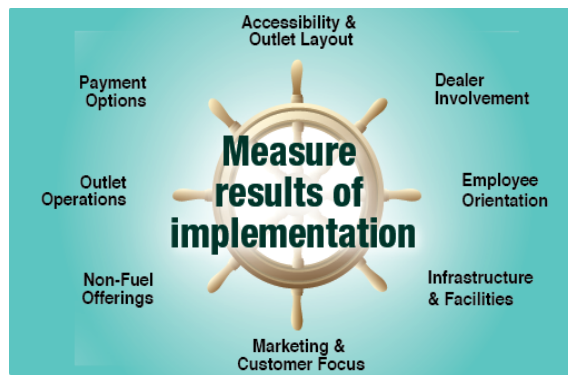
Rural

Retail : Improving **Network Productivity**

Network Planning (NP) Tool

Scientific approach through **Network Planning tool** for identifying

- Potential **new locations**
- **Sales potential** at existing outlets



Implementing Outlet Diagnostics and Monitoring Tool (ODMT) as a **structured approach** for achieving outlet specific growth.

Operations & Distribution

- **Throughput : 47.5 MMT**
- **Sustainable Development:**
 - **258 Kwp Solar PV power project** commissioned at Ennore Terminal, Tamil Nadu.
 - **Efficient energy and water management**



IT Initiatives in Supply Chain

- Terminal Automation System

- Online Inventory Management System

- Electromechanical Locking

- O&D Dashboard-Parichalan Darpan

- Online Budgeting Tool and Infrastructure Portal



- Online HSE Index System

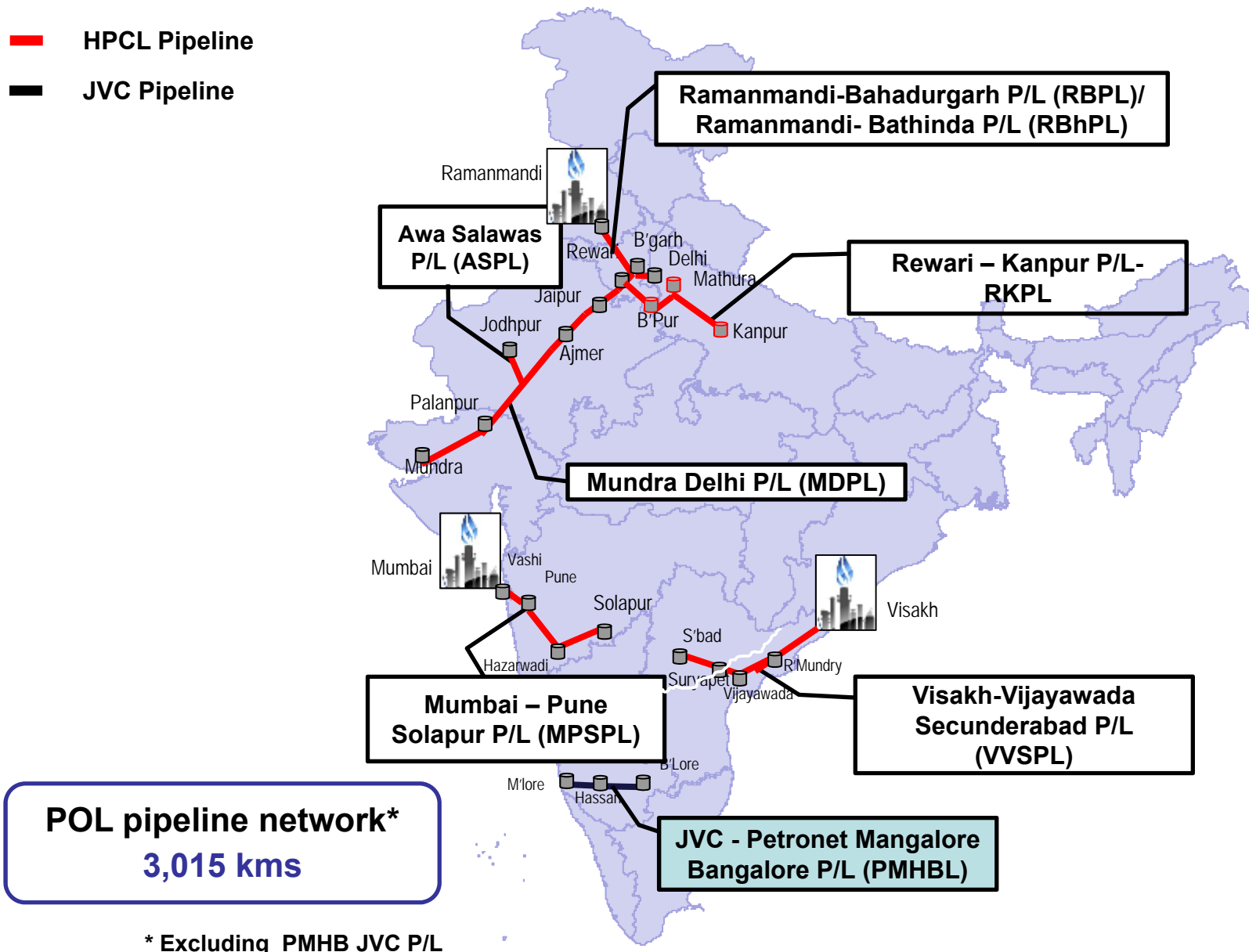
- Vehicle Tracking System

- Inspection Tool and Mock Drill Reporting

- Common Infrastructure Portal-Bandhan

- Online Work Permit System and Near Miss Portal

2nd largest product pipeline network



Natural Gas - Marketing

CNG Sales:

- Ahmedabad
 - 1 Mother station
 - 21 Daughter Booster Stations
 - Sales : 11 TMT

RLNG Sales:

Maiden entry into RLNG marketing during 2014-15



- 2015-16 RLNG Sales : 36 TMT

CGD Network :

- Consortium of HPCL and APGDC emerged as successful bidder in **East Godavari & West Godavari** districts in Andhra Pradesh

Projects Completed

New Projects Commissioned : 2015-16

Rewari – Kanpur Pipeline

- Length : 443 Km
- Capacity : 7.98 MMTPA
- TOPs : Bharatpur, Mathura
- Capex : Rs. 1,447 crore

Kanpur Terminal



Rewari pumping station



- Tankage : 227 TKL
- 2 x 8 Bay White oil TT Gantry
- State of Art Terminal

New Projects Commissioned : 2015-16

Solapur LPG Plant

- **120 TMTA LPG Bottling capacity**
- **3 x 500 MT Mounded Storage Vessels**
- **Two 24 Head Electronic Carousels**
- **8 bay TT Gantry**
- **Plant area ~43 acres**
- **Project Cost ~83 crore**
- **Commissioned during Feb'16**



Ongoing Projects

Projects under Implementation

LPG pipelines

- 356 km Mangalore – Hassan – Mysore – Bengaluru **LPG Pipeline** (3.1 MMTPA) .
- 168 km Uran –Chakan **LPG pipeline** (1.0 MMTPA).

POL Depots

- **Revamp** at **Jabalpur Depot** (Madhya Pradesh) and **Loni Terminal** (Maharashtra), **Nalagarh Depot** (Himachal Pradesh).

LPG Plants

- **New LPG Plants** at **Bhopal** (Madhya Pradesh) **Karimnagar** (Telangana) and at **Panagarh** (West Bengal).

Wind Farm Projects

Existing Capacity

- **Capacity in Operation : 50.5 MW.**
- **Wind Power Plants in Rajasthan (Jaisalmer, Akal) and Maharashtra (Dhule)**

Planned Addition

- **50.4 MW capacity in Jaisalmer (Tejuva).**
- **Project Cost : Rs. 370 Crore**



Projects Planned

Expansion of Refineries

Mumbai Refinery

- Expansion of capacity from 6.5 MMTPA to **9.5 MMTPA**
- Salient features:
 - Euro VI compliant Petrol & Diesel
 - Propylene Manufacturing facilities
 - Estimated Capex of Rs. 4,200 crore

Visakh Refinery

- Expansion of capacity from 8.3 MMTPA to **15 MMTPA**
- Salient features:
 - Residue up-gradation
 - Euro VI compliant Petrol & Diesel
 - Estimated Capex of Rs. 20,800 crore.

New POL Pipeline Projects

MDPL Phase II

- Extension from **Palanpur to Vadodara** with a new green field marketing terminal near Vadodara
- Approx. Cost : Rs.1900 Crore

VVSPL Phase II

- Capacity expansion from 5.38 MMTPA to 8 MMTPA for evacuation post **Visakh Refinery Expansion**
- Extension of VVSPL from **Vijayawada to Dharmapuri** in Tamilnadu **(628 Km)** with a new green field terminal at Dharmapuri
- Approx. Cost : Rs.3000 Crore

New Marketing Projects

LPG Plants

- **New LPG Plants** at **Haldia** (West Bengal) **Varanasi** (UP) and **Sagauli** (Bihar)

POL Depots

- **New POL Depot** at **Bilaspur** (Chhattisgarh), **Leh** (J&K) and **Revamp** at **Meerut** (UP)

Lube Blending Plants

- **Lube Blending Plants** at **Mumbai** (Maharashtra) & **Kasna** (UP)

Subsidiaries & JVs

Subsidiaries & JVs

Subsidiaries

Upstream



Alternate Fuels



Refining



Marketing



City Gas Distribution



Strategic Storage



Infrastructure



Natural Gas



Introduction of new technology and value growth through Partnerships

Exploration & Production

Prize Petroleum, a wholly owned subsidiary



Overseas Operations (Australia)

- 1 - Producing Field**
- 1 - Discovered Field**

Domestic Operations

- 1- Producing Field (Sanganpur)**
- 1- Discovered Field (Cambay)**
- 1- Service contract (Hirapur)**
- 1- Exploration Blocks (NELP IX)**

2015-16 Production : 62 TMT

HMEL Expansion

Project Details:

- Capacity enhancement from **9 MMTPA** to **11.3 MMTPA**
- Estimated Project cost ~ **Rs. 2425 Crore**

Additional HPCL Equity ~ **Rs. 490 Crore**

- Estimated Completion: **June 2017**



LNG Terminal at Chhara, Gujarat

- Being implemented thru JVC – HSEL. HPCL Equity : 50%
- 5 MMTPA LNG Regasification terminal at Chhara Port
- Capacity : 5 MMTPA
- Est. Cost: Rs. 5411 Crore;
HPCL Equity: Rs. 810 Crore
- Financial closure for the project has been completed
- Environmental clearance :
Public hearing completed



• **Estimated Completion: Oct 2019**

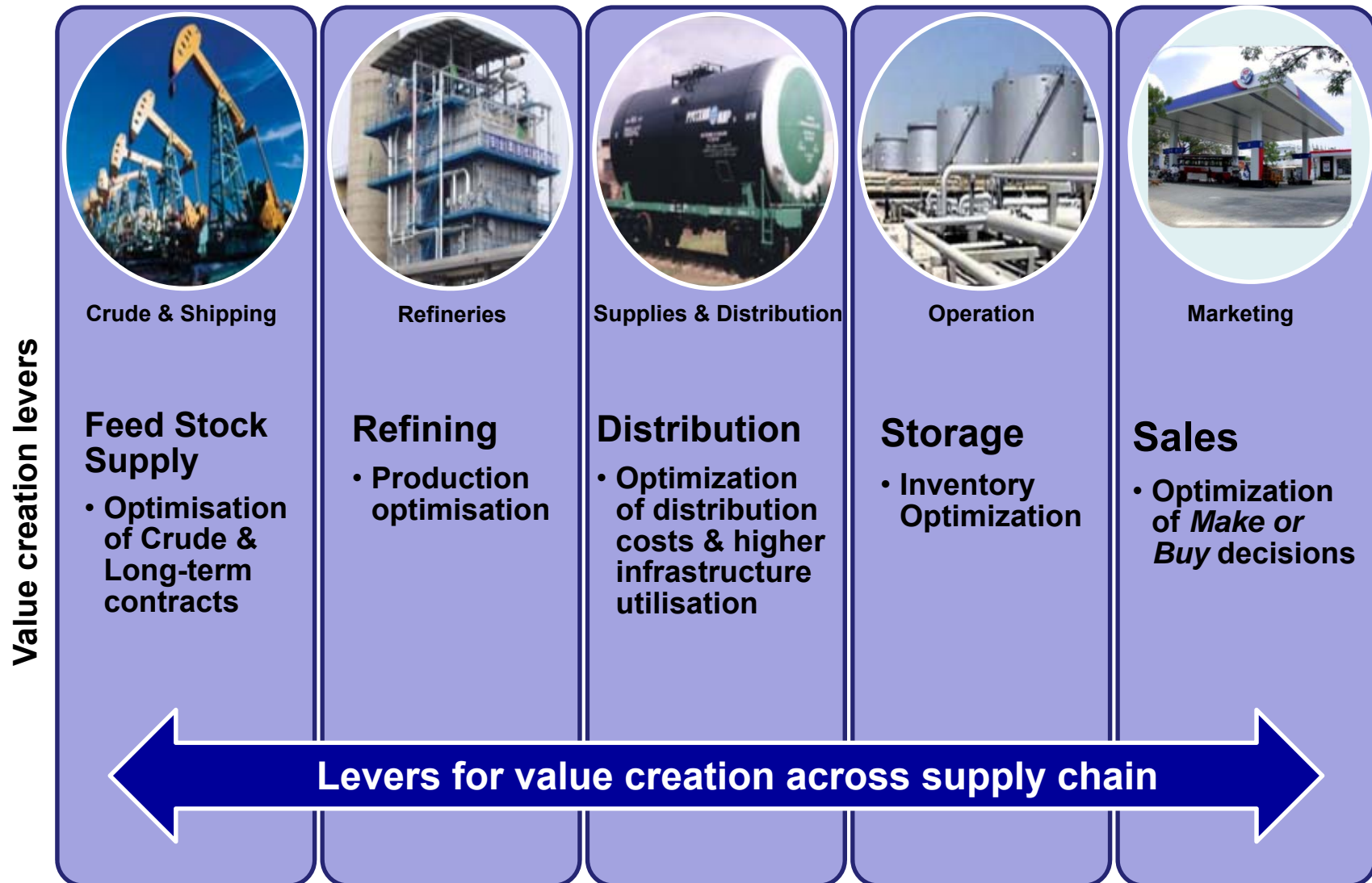
HPCL Capex

Planned CAPEX : 2016-21 (5 Years)

(Rs. Crores)

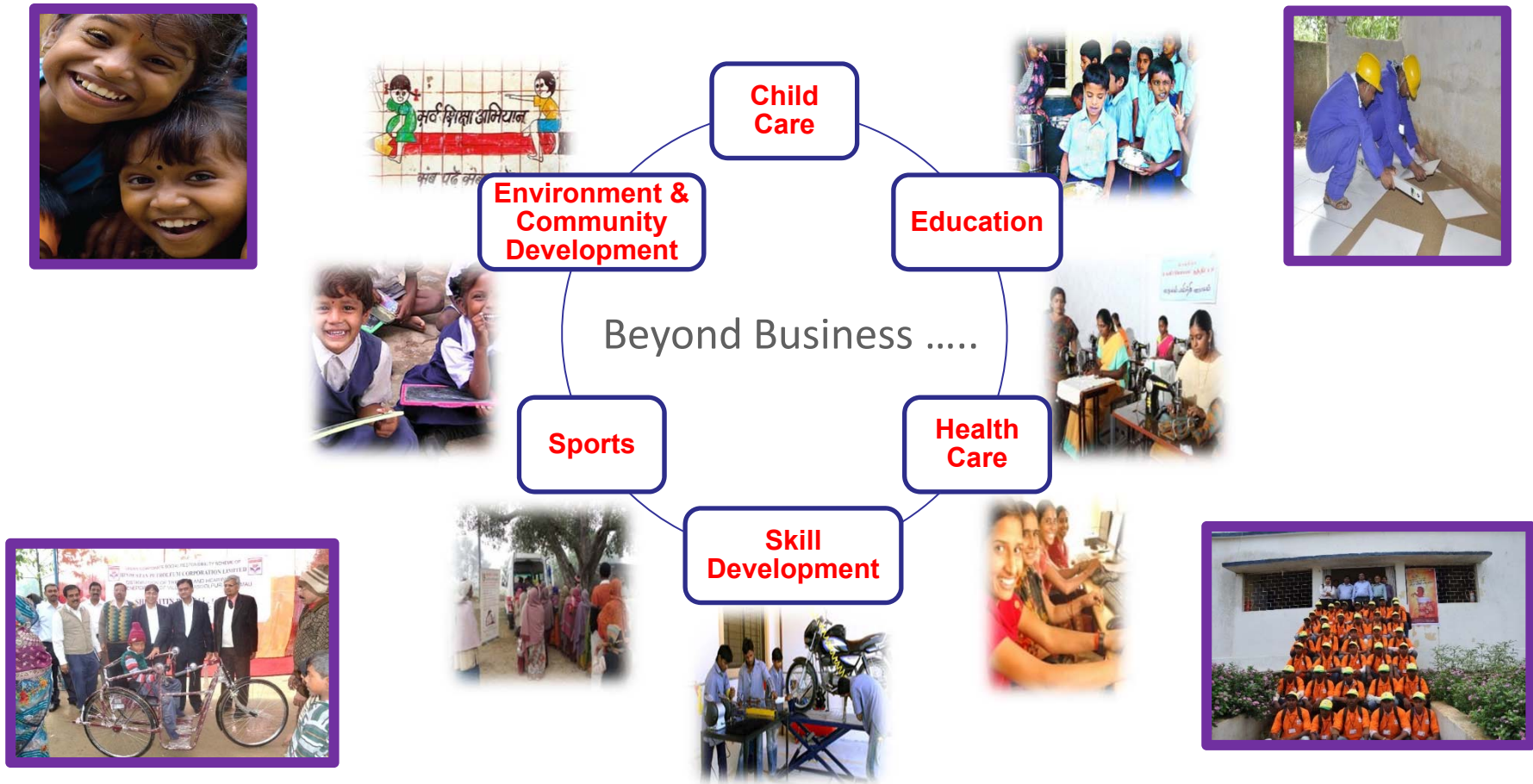
Capex Projection	2016–2021	2016-17
Refining	25,741	1,418
Marketing	26,160	4,563
Renewables	970	289
R & D	504	112
Joint Venture	2,440	480
Total	55,815	6,862

Integrated Margin Management



Corporate Social Responsibility

Touching over **1.1 Lakh** lives since inception





Thank you