Investors and Analysts Meet

"Enhancing Stakeholder Value"

28th May 2018
Mumbai

Delivering Happiness

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Origin of HPCL

1952 — Incorp. of Standard – Vacuum Oil Refining Company (StanVac)

1955 — Incorp. of Caltex Oil Refinery India Ltd.

1962 — StanVac operations taken over by ESSO

1969 — Commissi-oning of Lube India Ltd.

1974 — Amalgamation of ESSO and Lube India to form HPCL

1978 — Merger of Caltex undertaking in India into HPCL

1979 — Merger of Kosan Gas Company into HPCL

Origin in Private Sector
Blend of Private & Public Sector Expertise

Global Rankings & Ratings

Rankings

GLOBALLY RENOWNED FORTUNE 500 COMPANY

 # 384

PLATTS TOP 250

 # 48

Ratings

Upgraded from Baa3 during 2017-18

Fitch Ratings

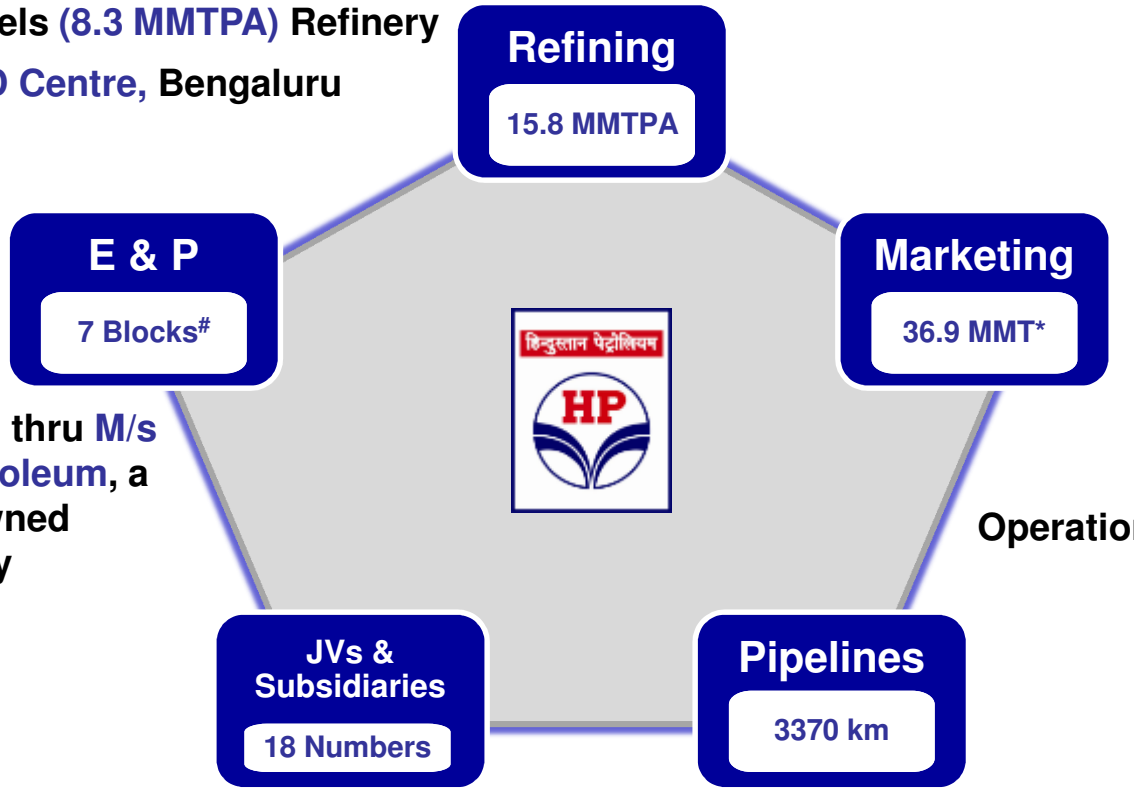
BBB- (Stable)

Moody's INVESTORS SERVICE

Baa2 (Stable)

Business Portfolio

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



- Operating thru M/s Prize Petroleum, a wholly owned subsidiary

Retail
LPG
Direct Sales
Lubes
Aviation
Natural Gas
Renewables
Operations & Distribution

Partnerships in

- Refining, Petrochemicals, Marketing Infrastructure, Emulsions and Natural Gas

- 9 Cross country product pipelines[$]

* in 2017-18 including export
[#] Active blocks as of Mar'18
[$] (Liquid & LPG)

HPCL supply infrastructure

Terminals / TOPs

41

Depots*

68

LPG Plants

48

ASFs

41

Description	As of 31.03.2018
POL Tankage	**3.9 MMT**
LPG bottling capacity	**4.7 MMTPA**
Lube blending capacity	**305 TMTPA**
QC Labs	**45 Nos.**

Lube Blending Plants

6

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

TOP = Tap off Point, POL = Petroleum Oil & Lubes

* Including Lube Depots

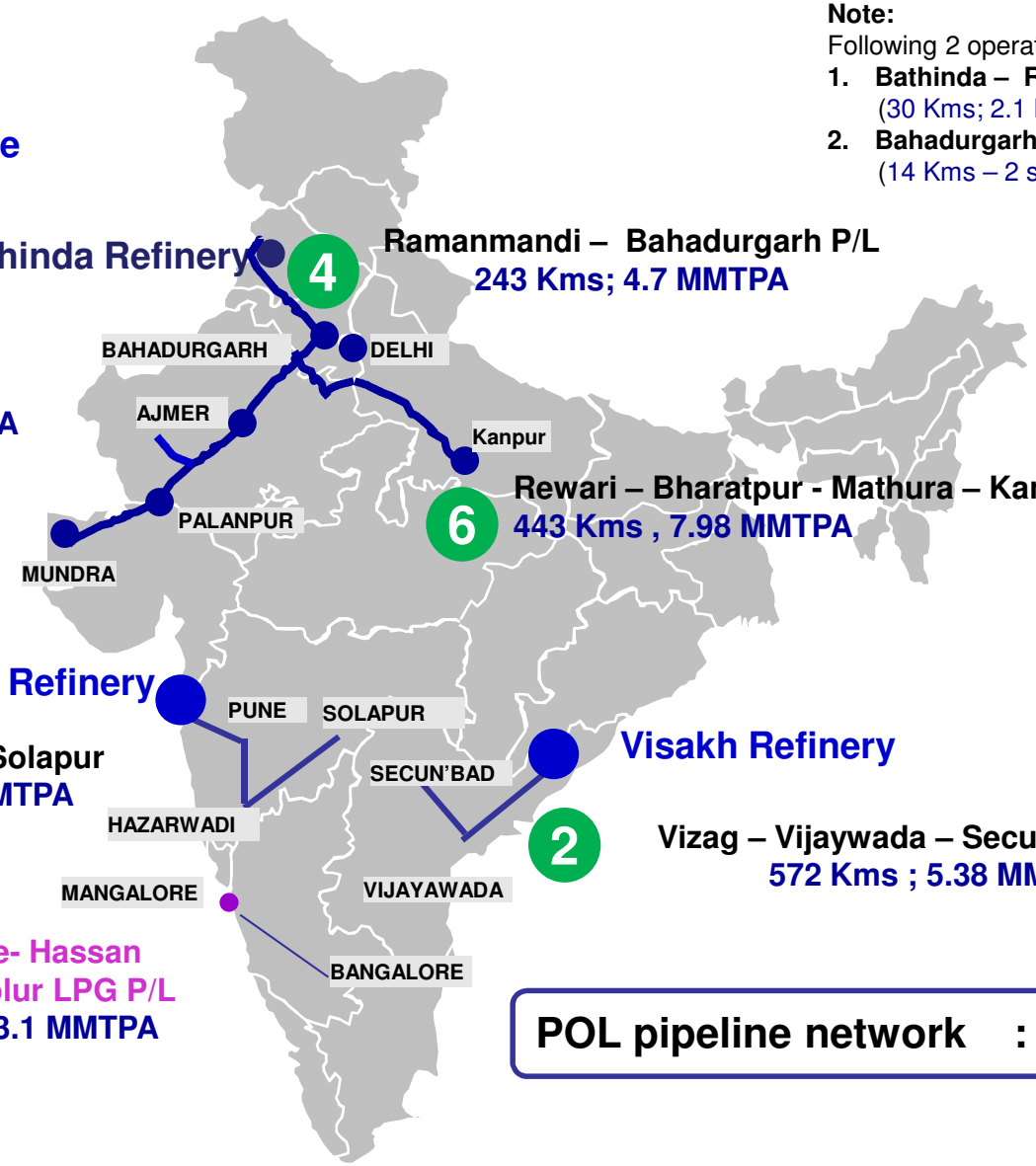
POL Pipelines network of HPCL

LPG Pipeline

Liquid POL Pipeline

Note:
Following 2 operational P/ls are not shown in map

1. **Bathinda – Ramanmandi P/L**
   (30 Kms; 2.1 MMTPA)
2. **Bahadurgarh - Tikrikalan P/L**
   (14 Kms – 2 spurs; 0.75 MMTPA)



4 Ramanmandi – Bahadurgarh P/L
243 Kms; 4.7 MMTPA

5 Awa – Salawas, Raj
93 Kms; 2.34 MMTPA

3 Mundra – Delhi P/L
1054 Kms; 5.0 MMTPA

6 Rewari – Bharatpur - Mathura – Kanpur
443 Kms , 7.98 MMTPA

1 Mumbai – Pune – Solapur
508 Kms ; 4.3 MMTPA

Visakh Refinery

2 Vizag – Vijaywada – Secundrabad P/L
572 Kms ; 5.38 MMTPA

7 Mangalore- Hassan Mysore– Solur LPG P/L
397 Kms ; 3.1 MMTPA

POL pipeline network : 3,370 kms*

* Excluding MHB JVC P/L

2017-18 Performance

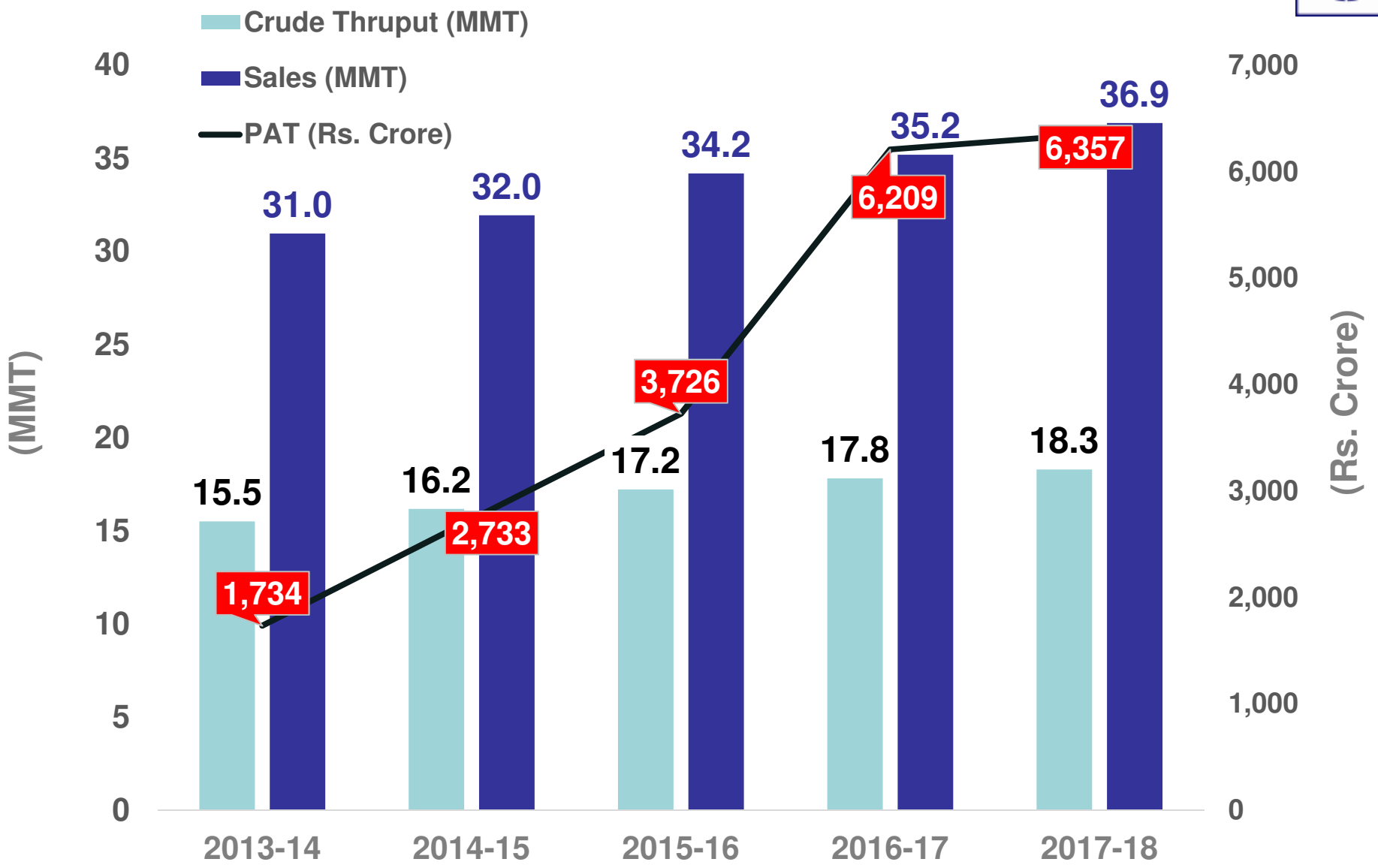
- Highest ever Market Sales : 36.9 MMT
- Sales Growth : 4.7%
- Highest ever Refining Thruput : 18.3 MMT
- Highest ever Pipeline Thruput : 20.4 MMT
- India's No.1 Lube Marketer : 603 TMT

Highest Ever Profit after Tax of Rs. 6,357 crore

2017-18 : Key Performance Highlights

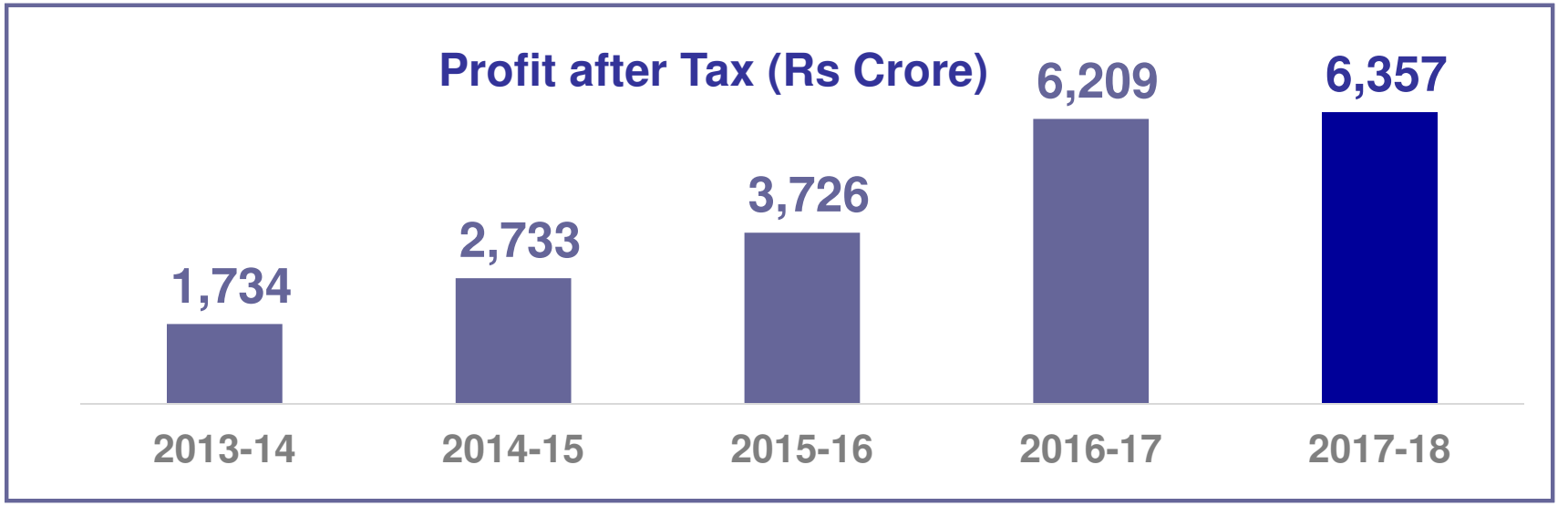
- Increase in PAT for the **fifth consecutive year**
- Domestic Sales Growth: **4.4%**
- Highest ever Production:
  - **MS - 3.34 MMT; HSD - 7.30 MMT**
  - **Lube Oil Base Stock - 439 TMT**
- Highest ever combined GRM : **US$ 7.40/bbl**
- Lowest ever specific energy consumption by refineries : **EII of 105**
- One of India's largest LPG plant at Panagarh (WB) **commissioned**

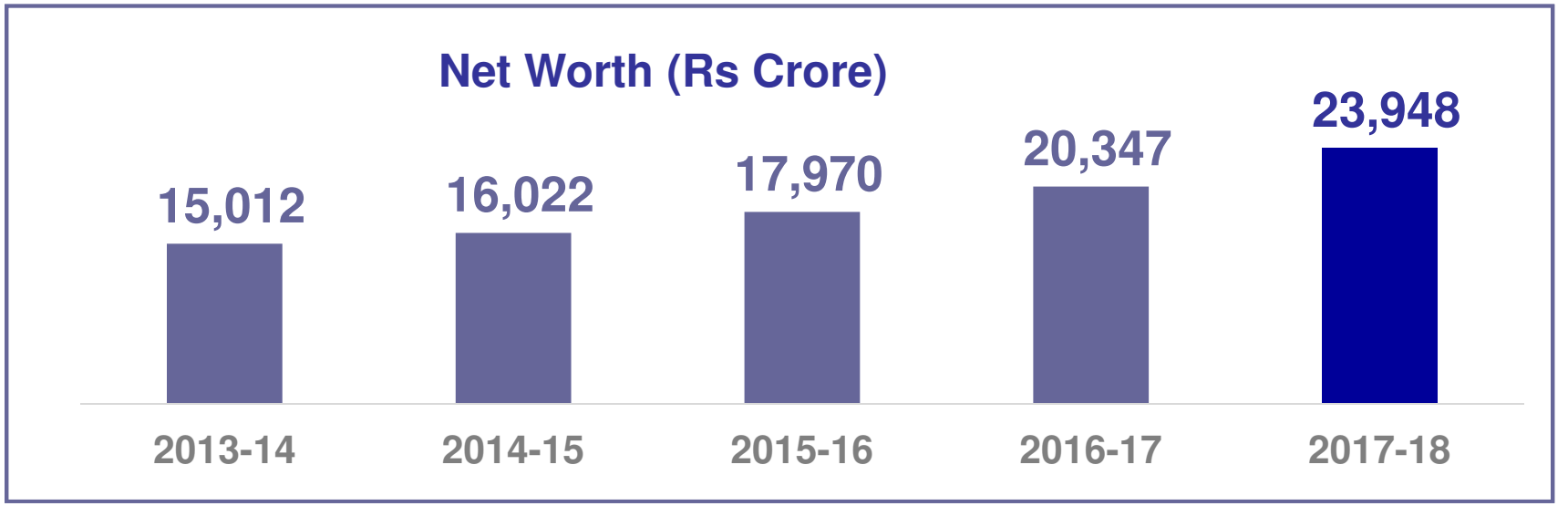
Performance over the years



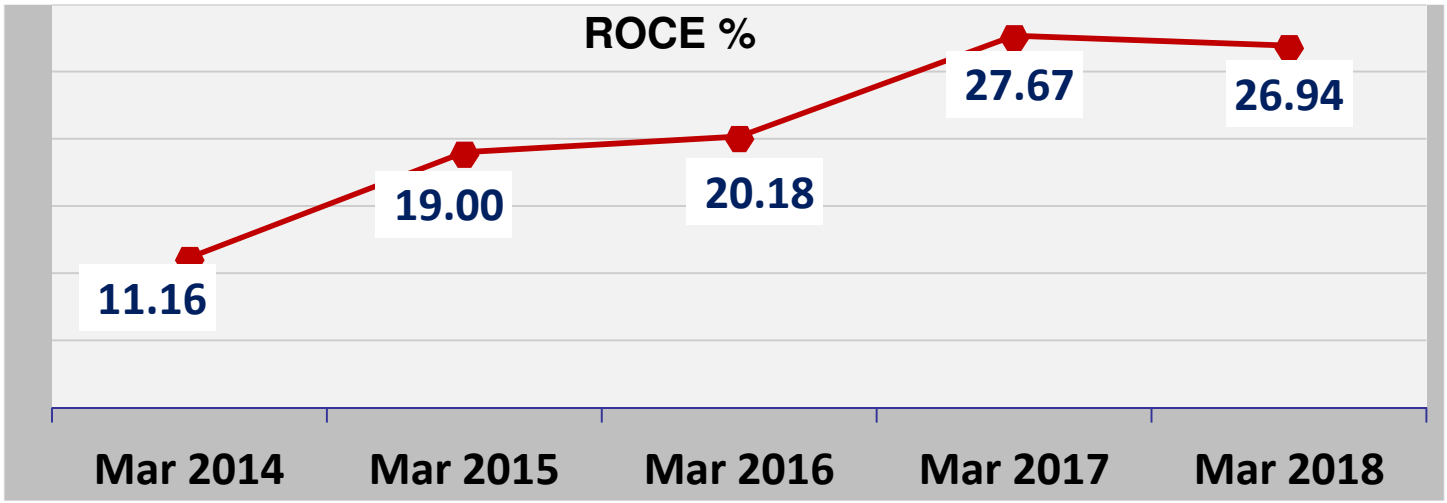
(**Note:** PAT from 2015-16 as per IND AS)

Financial Performance trend





Return on Capital Employed %

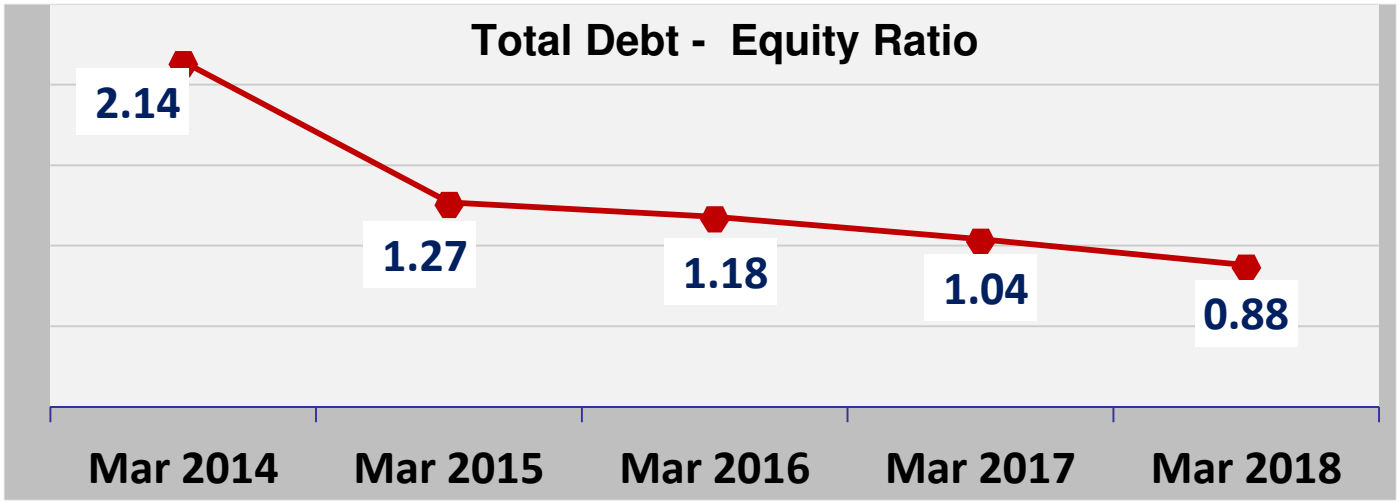


ROCE %	11.16	19.00	20.18	27.67	26.94
ROE %	11.55	17.06	20.74	30.51	26.55
Interest Coverage (Times)	2.96	6.88	9.96	17.84	17.24
EBDITA to Turnover %	2.64	3.15	4.59	5.66	5.15

All Financial parameters reflecting inherent strength & growth potential.

(**Note:** Figures from 2015-16 as per IND AS)

Total Debt - Equity Ratio



(Rs. crore)

Short term	16,377	2,200	3,887	10,891	10,762
Long term	15,789	18,135	17,280	10,357	10,229
Total Borrowings	32,166	20,335	21,167	21,250	20,991
Net Worth	15,012	16,022	17,970	20,347	23,948

(**Note:** Figures from 2015-16 as per IND AS)

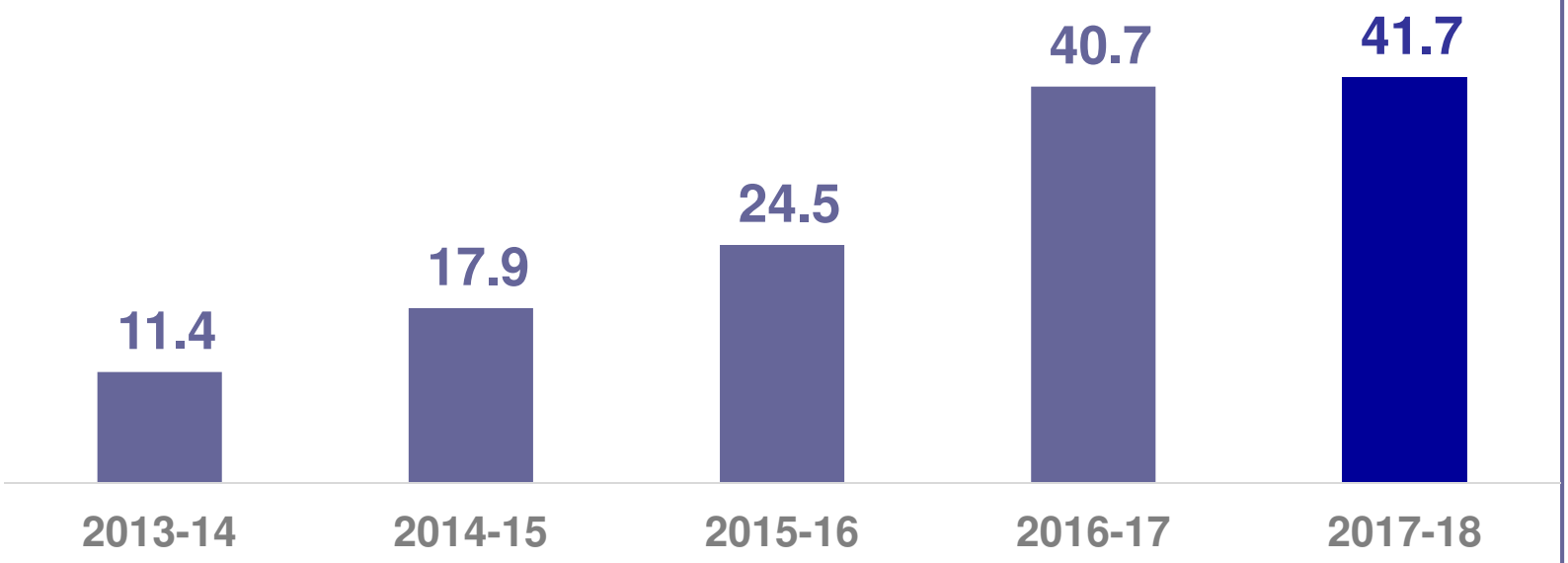
Return to Share holders

2016-17	Total Dividend	Rs. 30/Share
May 2017	Bonus Issue (Recom.)	1:2
Feb 2018	1st Interim Dividend	Rs. 14.5/Share
May 2018	Final Dividend*	Rs 2.50/Share

*** Subject to approval of final dividend in AGM.**

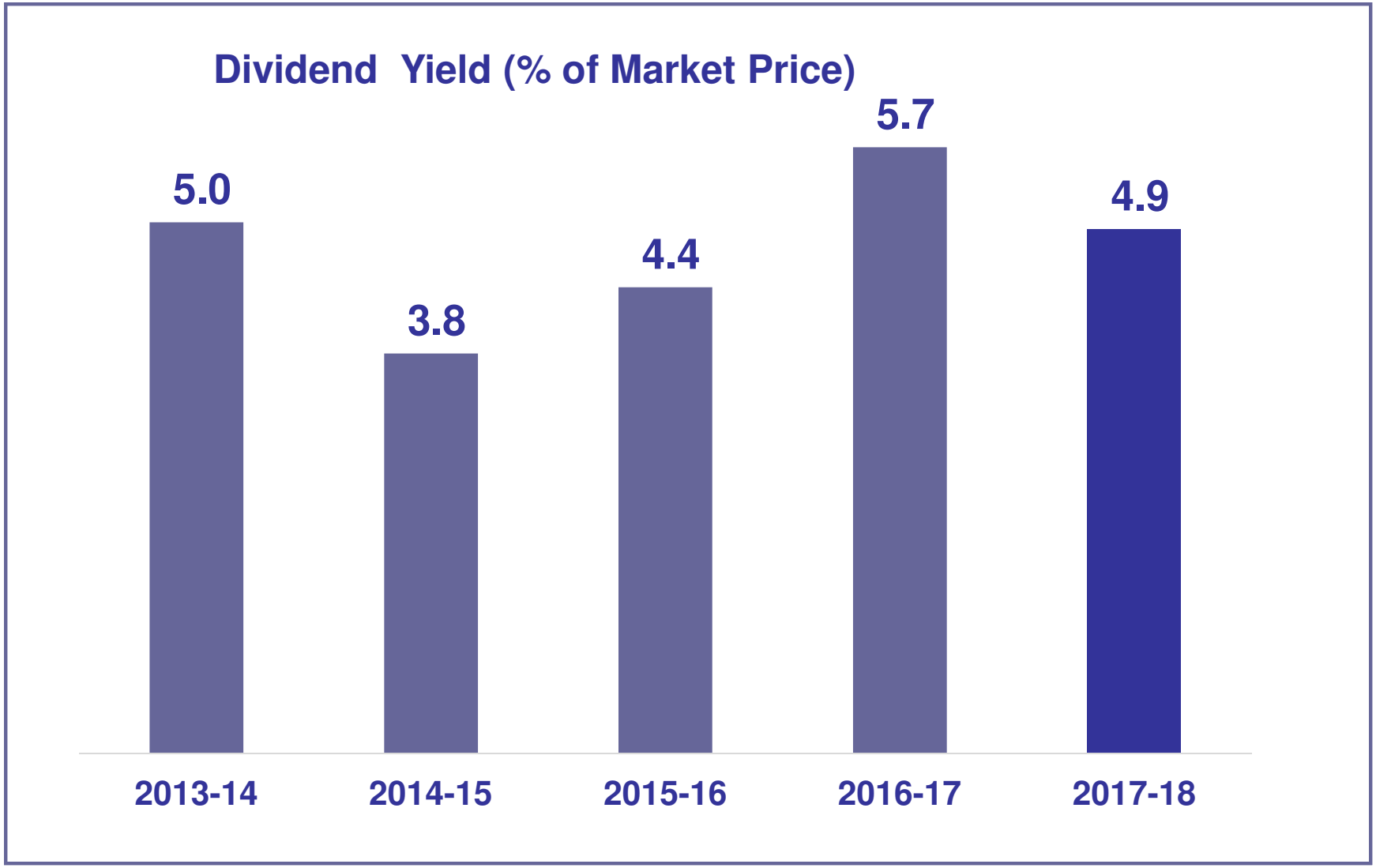
Financial Performance trend

Earnings per share (Rs/Share)



(Equivalent EPS taken for the year 2013-14 to 2016-17 basis No of Equity shares as on 31.03.2018)

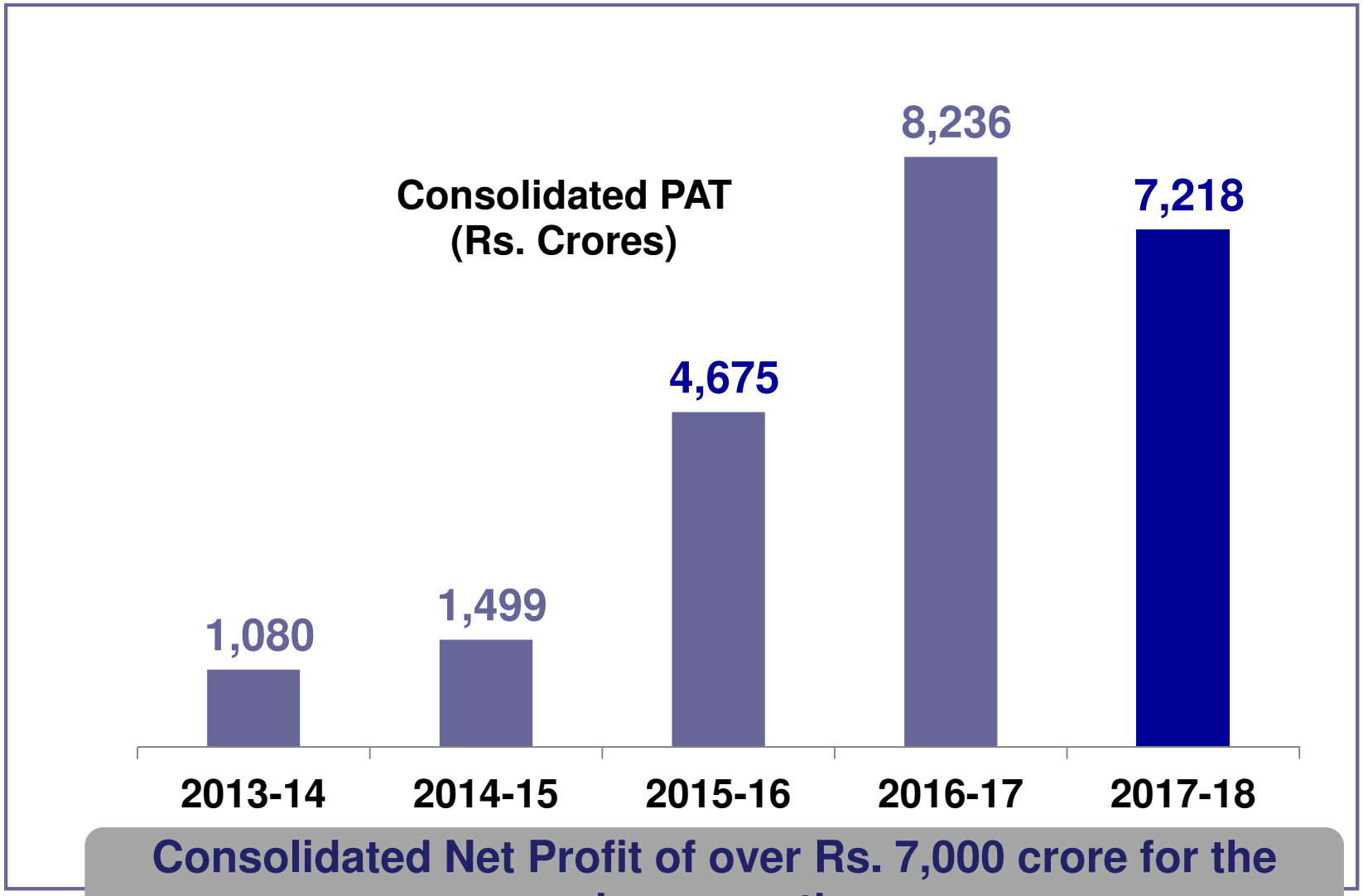
Dividend Yield



* Subject to approval of final dividend in AGM.

* Dividend yield of BSE Sensex is 1.56%

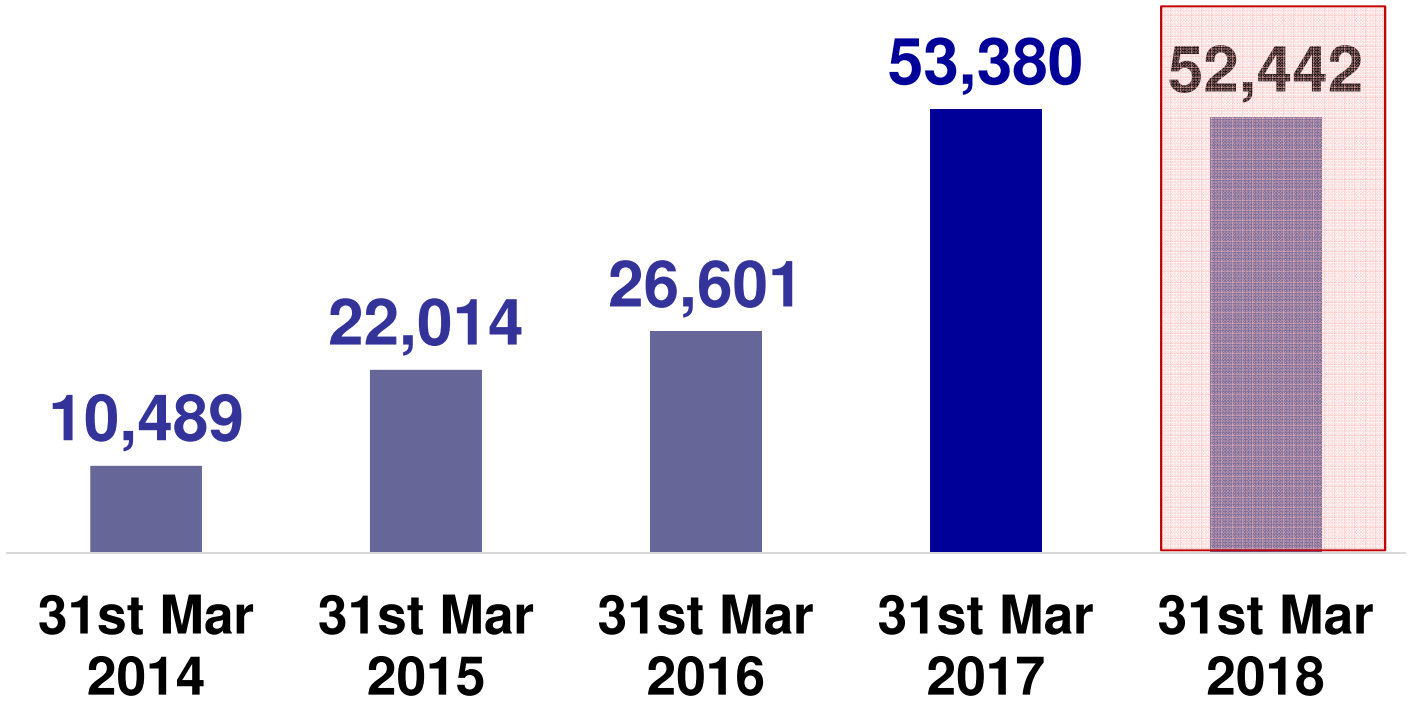
Consolidated Net Profit



Consolidated Net Profit of over Rs. 7,000 crore for the second consecutive year

Market Capitalisation

HPCL Market Cap at BSE (Rs crore)



Five fold increase in Market capitalization during last 4 years

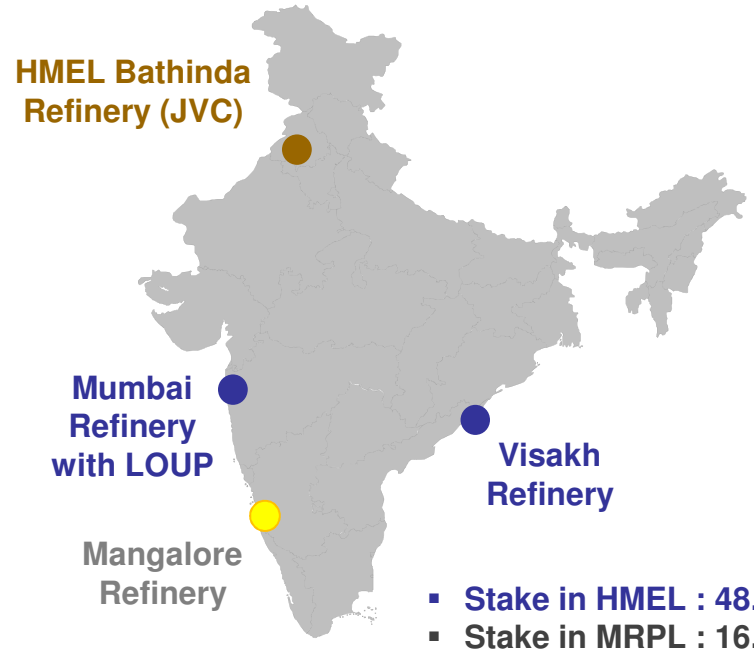
What drives the performance….

HPCL is uniquely positioned to leverage the opportunity

- **Highest Market Sales Growth** among Industry in the last decade
- Major **brown and green field** expansion plans for refineries
- **No.1 Company in total lubricant sales** and owning **India's Largest lube oil refinery**
- **2nd Largest Product cross country Pipeline Network** ~ 3370 km
- **Wide spread** Primary & Secondary distribution Network
- **Strong financials** and proven track record of increasing value & net worth
- **Major Planned investments** in POL distribution and Natural Gas projects
- **Foray into** Petrochemicals
- **Dedicated, competent and young workforce**

Refining

Refineries in West Coast, East Coast & North



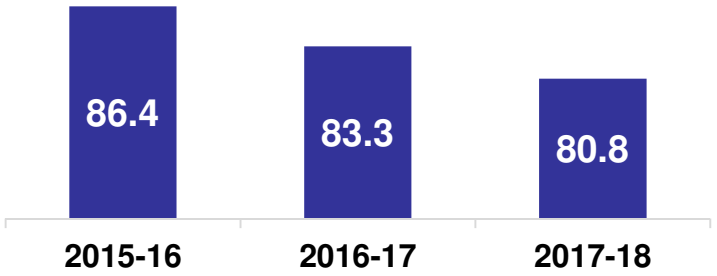
- Stake in HMEL : 48.99%
- Stake in MRPL : 16.96%

Crude Oil

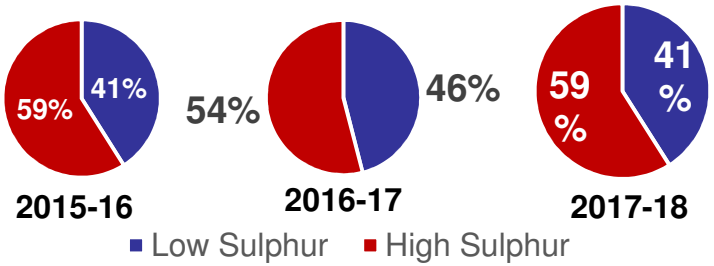
- 75% of processing is from imported crudes
- Crude oil basket of 109 grades from 15 countries
- Import of ~14 MMT of Crude oil during 2017-18

Refinery Throughput (MMT)

Specific Energy Consumption (MBN)



Type of Crude oil



Key features of Refineries

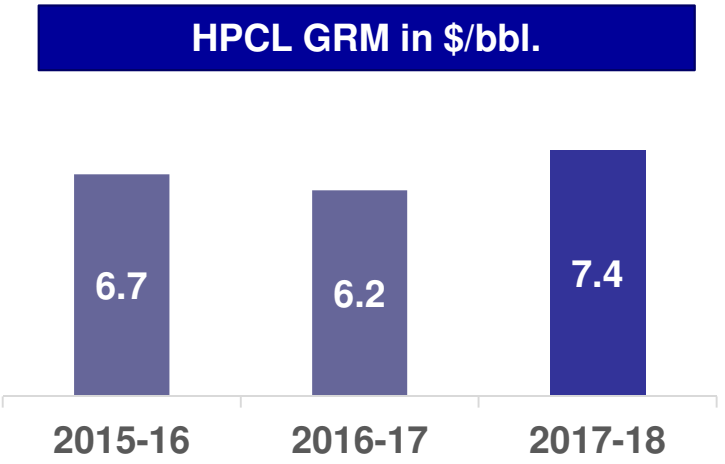
- **Coastal Refineries** – on East & West coasts
- **BS IV Production** facilities for MS & HSD
- **Largest Lube Refinery** accounting for ~ 40% of India's total Lube production
- **2nd highest Bitumen Production** in the country
- **SPM** at Visakh Refinery for discharging VLCCs
- **Crude Cavern Storage** at Visakh increasing Flexibility in Crude oil Procurement
- **Product evacuation** thru cross country pipelines (~83%)

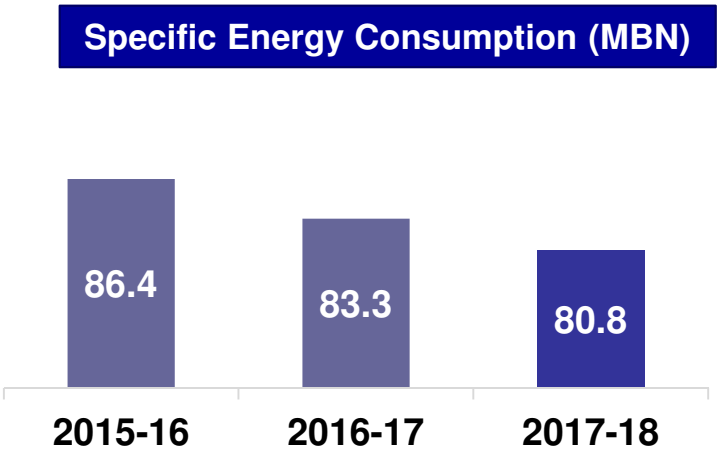
Mumbai Refinery

Visakh Refinery

Profit improvement initiatives

- Bottom of the barrel **Upgradation**
- **Maximising value added products** like Bitumen & Lubes
- **Energy Efficiency** Improvement
- **Reliability** Improvement
- Switch over to **Natural gas** / **Open access power purchase** to reduce operating expenditure
- **Crude Mix optimization** based on price differential
- Online **Chemical cleaning** of furnaces
- **Maximising 'Net Corporate Realization'**
- **Continuous Benchmarking** to improve performance



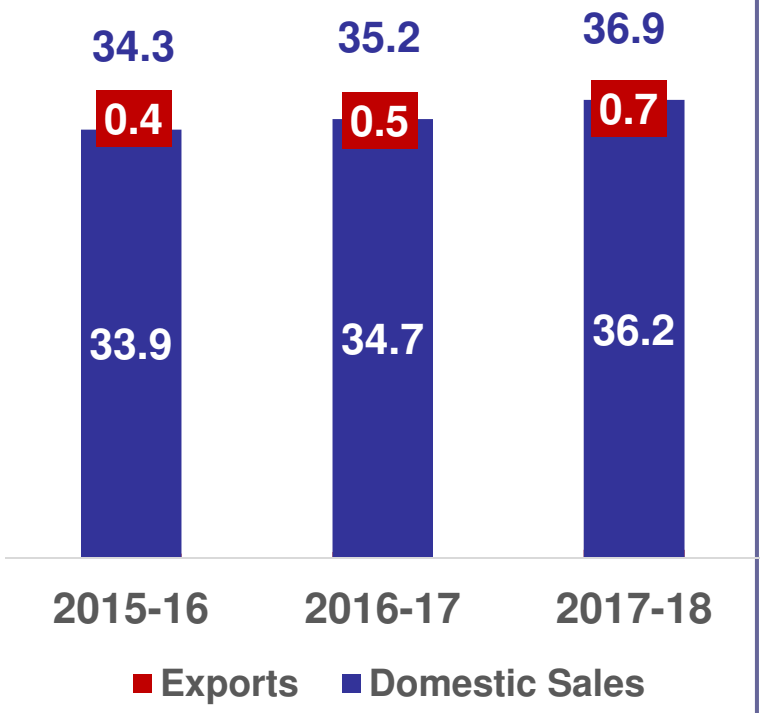


Marketing : Touching lives Everyday

Customer touch points

- Retail outlets = 15,062
- LPG Distributors = 4,849
- SKO / LDO Dealerships = 1,638
- CNG facilities at Retail outlets = 239
- Lube Distributors = 266
- CFAs = 116
- LPG Customer base = 6.9 crore

Market Sales



Market Share : 20.92% (PSU);
18.52 % (PSU + Pvt)

CAGR of 5.0% compared to Industry growth of 4.4% during last decade

Data as of 31.3.2018

Focussed Customer Engagement

Retail (Transport Fuel)

Urban segment

- Upwardly mobile
- Gen Next
- Walk-ins
- Humlog
- Dependants
- Driver Saheb

Highway segment

- Humrahi
- Fleet owners
- Highway Raja

Rural segment

- Khush-haal Kisaan

Aviation Fuel

- Air India
- Jet Airways
- Indigo
- Spice jet
- Vistara
- Britsh Airways
- Turkish
- Than\i
- Fedex
- Air China

LPG

- Domestic
- Commercial
- Industrial

Lubricants

JOHN DEERE, BAJAJ, ROYAL ENFIELD, INDIAN NAVY, BOSCH, Empowering India · Coal India · Nurturing Nature · Enabling Life, EICHER, JCB, SKF

Industrial & Consumer

INDIAN RAILWAYS, APSRTC, ADITYA BIRLA UltraTech, asianpaints, JSW

Key initiatives

Fuel Retailing

- Modernization of ~1000 Retail outlets
- Customer awareness program - HP Hai Jahan Bharosa Hai Wahan
- Launch of Power 99 in 7 cities
- EV charging station in Nagpur
- Launch of home delivery of Petrol/Diesel

LPG

- First owned rail wagon rake for transportation of LPG
- Agreement with Haldia LPG Import Terminal for next 20 years
- Commencement of Sales of Composite cylinders - ओJAS
- Aadhar enabled e-KYC for customers

Lubricant Sales

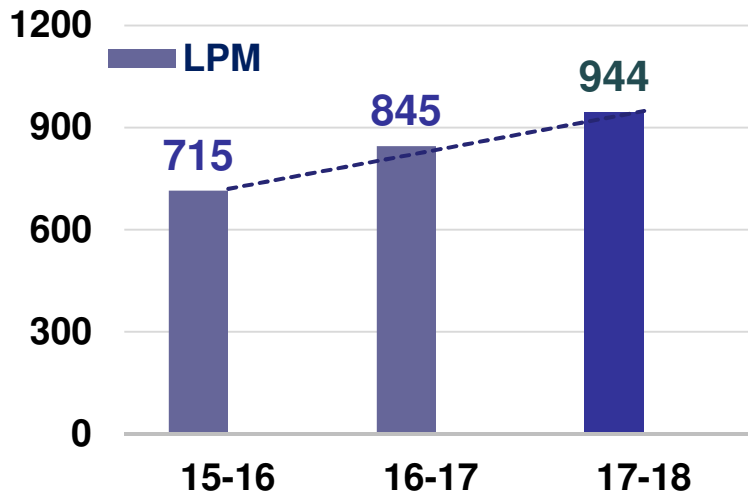
- Market campaign BANDHAN launched for retailers and mechanics
- Commenced online sales of lubricants at Amazon
- Launched sales of Lubes in Myanmar
- Wholly owned subsidiary HPCL Middle East FZCO formed in UAE

B2B Sales

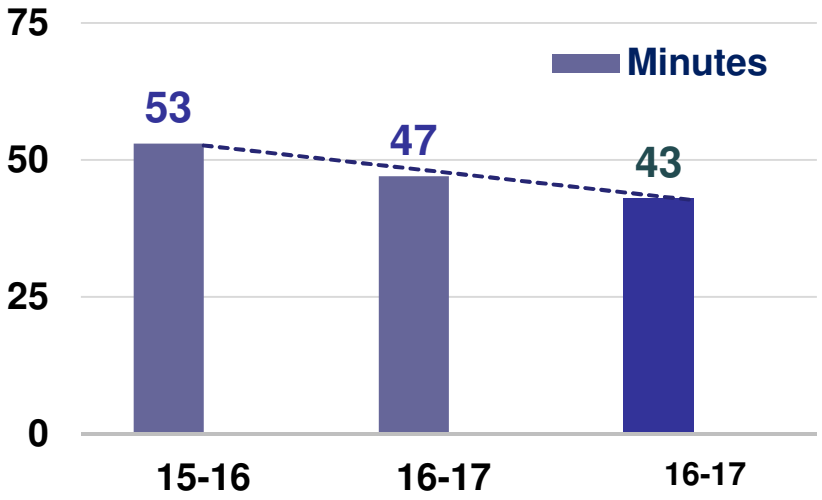
- Four (4) Aggregators commissioned for sales of FO/MTO to MSME
- Institutionalization of Customer Relationship Management System
- Pilot of E-ADR facility to Airlines at Visakh and Kolkata
- Online blending facility for Biodiesel set up at Vatva RCD in Gujarat

Productivity enhancement at POL Locations

Bay Filling Rate



TT Cycle Time

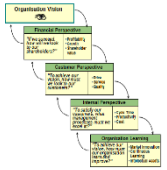


SMART terminal initiative conceptualized and implementation initiated to improve productivity , Safety & efficiency through Automation

Talent Management

1. **Samavesh** – Structured Induction process to Learn, Grow and Lead

2. **PACE** - Performance Appreciation and Capability Enhancement



3. **Capability Building** – Behavioural / Functional and Technical training

4. **Project Akshay , Periscope** - Building Strong Leadership Pipeline

5. **Recognition** – Rewarding Values for driving Performance

CSR : Touching lives Every Way

Child Care

Environment & Community Development

Education

Beyond Business .....

Sports

Health Care

Skill Development

Touching over 2.5 Lakh lives since inception

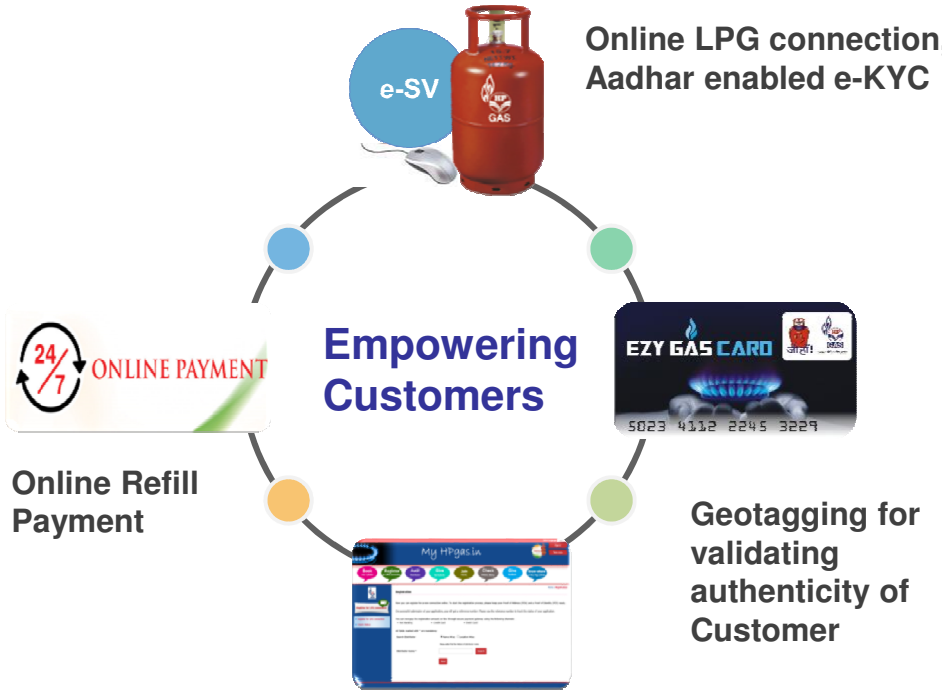
Leveraging Technology for empowering Customers

Retail

- **Automation at 7,900 outlets**
- **Automation planned at 100% outlet network by Dec'18**
- **Vehicle identification System scaled up**
- **Cashless payment enablement** (with at least 3 digital modes) **> 96%**
- **DT Plus Terminals across the entire network**

- **Right grade, Right quantity**
- **e-Receipts to customers**

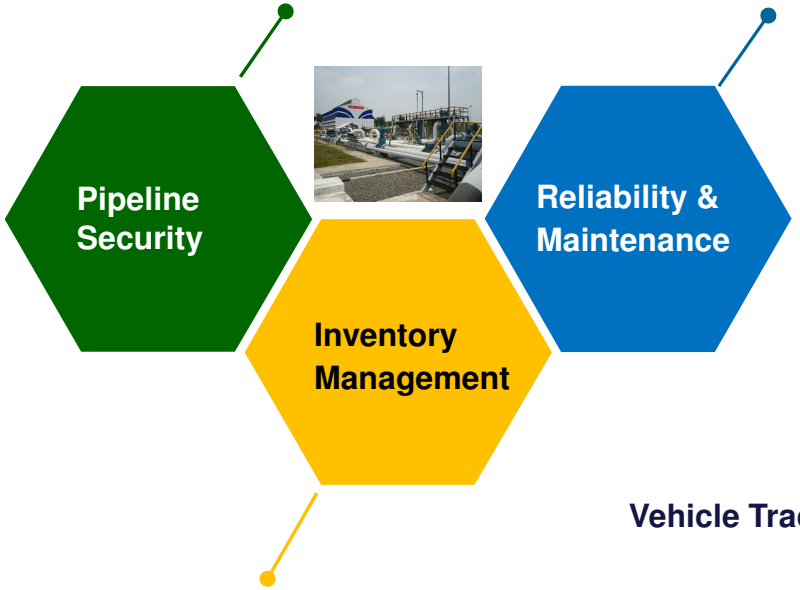
LPG



Leveraging Technology for Supply Chain Management

Pipelines

- Pipeline Intrusion Detection System (PIDS)
- Pipeline Integrity Management Software (PIMS)



- Batch Scheduling by Software

SMART TERMINAL

Operations & Distribution

Vehicle Tracking System

Online Inventory Monitoring

O&D Dashboard

Terminal Automation System

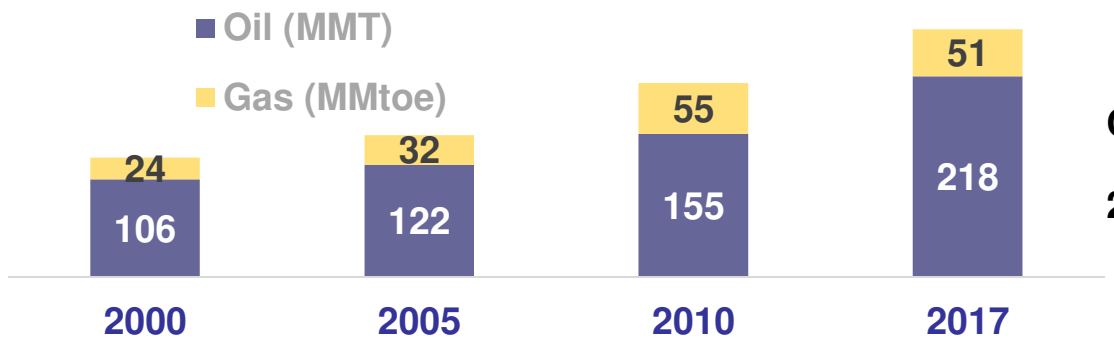
E-reverse auction for transportation tenders

Online work permit system

Creating Value,
Enhancing Transparency ,
Ensuring Safety & Quality

Oil & Gas : Demand Projections for India

India Oil & Gas Consumption



CAGR %	Oil	Gas
2000- 2017	4.3%	4.6%

Demand Projections upto 2025 by various agencies

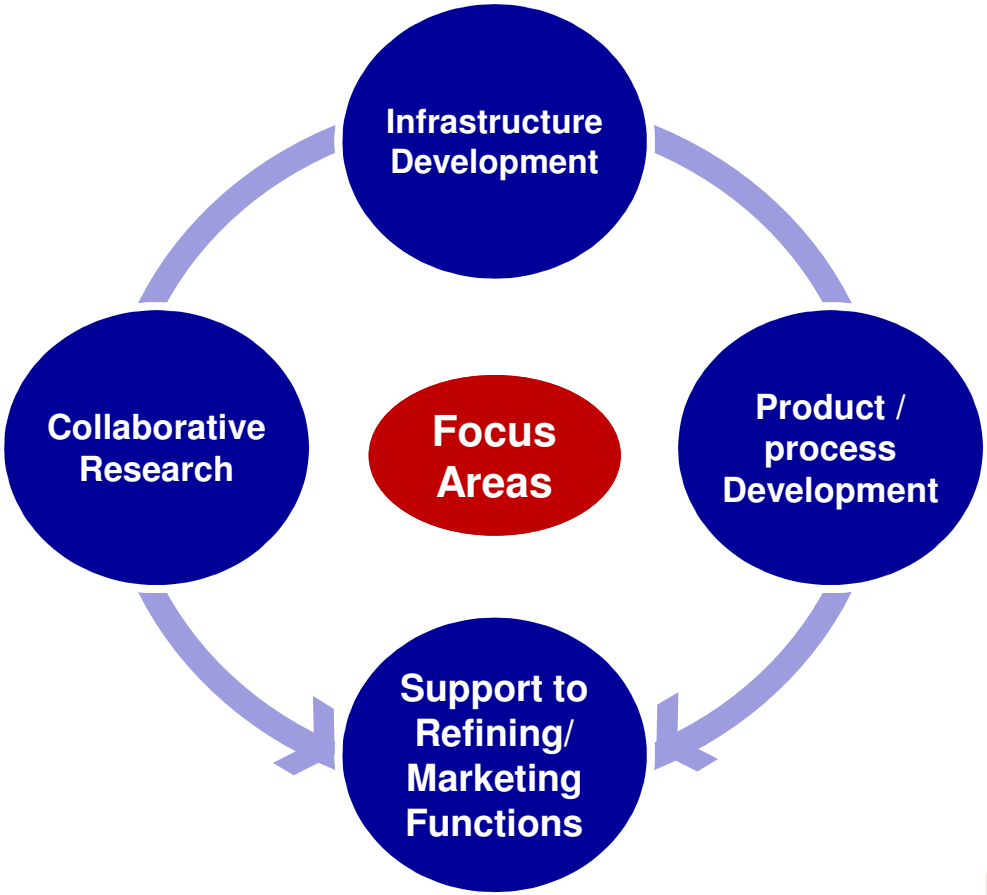
Description	Annual Growth
Domestic oil demand	>4%
Natural Gas	>5%
Petrochemicals	Above GDP growth rate

- Huge demand potential for Oil & Gas products
- India to be the center of global oil demand growth

Demand : BP Statistical Review 2017 , PPAC (including internal consumption in Refineries)

Research and Development

- Green R&D Centre at Bengaluru
- R&D Centre at Vashi



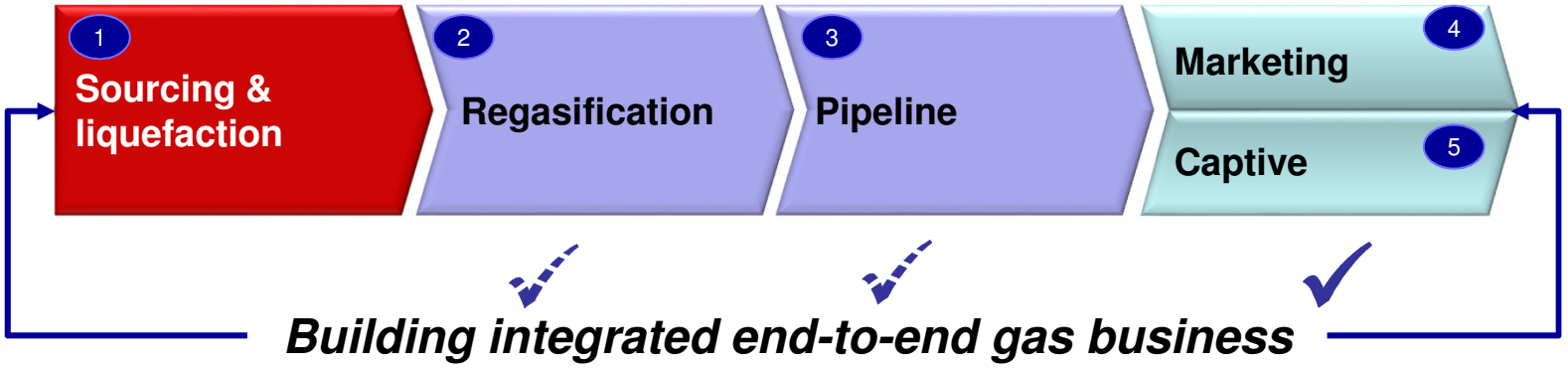
R&D Thrust Areas

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

	Applied	Obtained
Patents	85	6

14 Projects Demonstrated and are ready for Licensing

Natural Gas : End to End participation



Regasification

- **5 MMTPA LNG Regasification** Terminal at Chhara port, Gujarat

Pipeline Infrastructure

- **GSPL India Transco Ltd (GITL)**
  - Mallavaram – Bhopal - Vijaipur - Bhilwara **(~ 1,881 kms)**
- **GSPL India Gasnet Ltd (GIGL)**
  - Mehsana – Bhatinda - Jammu – Srinagar **(~ 2361 kms)**

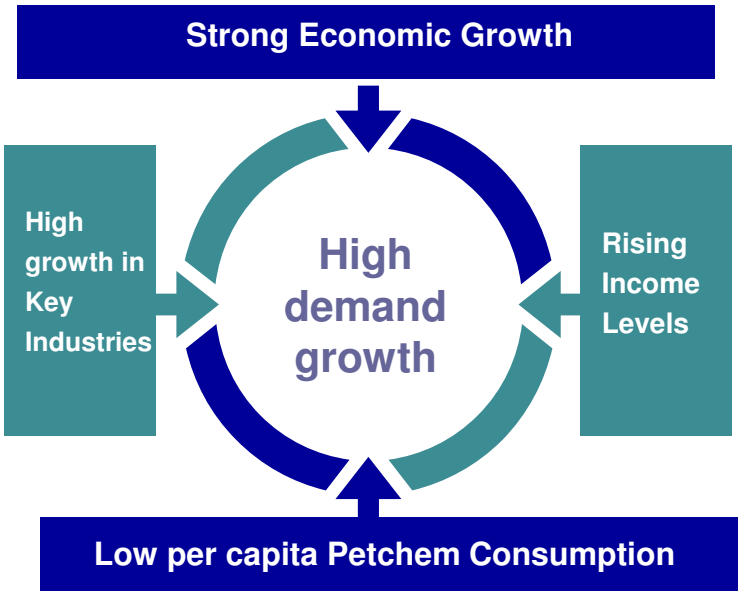
Consortium of HPCL and Oil India Ltd authorized by PNGRB for setting up CGD Networks in Ambala & Kurukshetra and Kolahpur GAs

GA : Geographical Area

Leveraging opportunity in Petrochemicals

Petrochemicals

- **Increasing Import dependence** by India due to Lack of investments



HPCL Plans in Petrochemicals

- **Build Petrochemical complexes**
  - **9 MMTPA Refining-cum-Petrochemical complex at Rajasthan**
  - **1 MMTPA Petrochemical complex at Kakinada, Andhra Pradesh**
  - **1.25 MMTPA Petrochemical complex at HMEL**
- **Petrochemicals Marketing group formed** at corporate level
- **Developing 'Go to Market'** strategy & roadmap for downstream Petrochemicals
- **Leverage strength and reach of B2B marketing**

Project commissioned in 2017-18

Marketing

- **250 TMTPA LPG plant** at Panagarh (WB)
- **New depot at Nalagarh** in Himachal Pradesh
- Oil storage facilities with **storage capacity of 8600 KL at Leh** for Indian Army
- **Six (6) new Aviation Service Facilities** (ASF) at Srinagar, Tirupati, Patna, Vidyanagar, Jalgaon & Mundra
- **Capacity augmentation** of Unnao (UP) and Purnea (Bihar) LPG Plants (60 TMTPA each)
- Grid connected **Solar PV plant of 750 kWp** capacity at Bahadurgarh terminal (Haryana)
- **Ramanmandi Bathinda pipeline capacity expansion** from 1.13 MMTPA to 2.1 MMTPA
- **Augmentation of facilities** at Jabalpur , Loni, Akola, Manmad, Viskah, Chennai, Sagar, Gwalior & Bahadurgarh POL locations

Refining

- **Tail Gas Treating Unit** (TGTU) at MR
- **Revamp of Solvent Extraction Unit** (SEU)-II Furnace at MR
- **Slop Processing** at Fluid Catalytic Cracking Unit (FCCU)-II at VR
- **High Pressure Recovery Turbine** (HPRT) commissioned in DHT at VR

JVC

- **Expansion of HMEL Refinery** (Bathinda) from 9 MMTPA to 11.25 MMTPA
- **CGD projects in East Godavari and West Godavari Districts** in Andhra Pradesh through JV company Godavari Gas Pvt Ltd

Highest Ever Capital Expenditure of Rs. 7,210 crore during 2017-18

Panagarh LPG Plant

Amongst India's Largest LPG Plants

- **250 TMTPA** LPG Bottling capacity
- **3 x 500 MT** Mounded Storage Vessels
- **72 Head** Flex-speed automatic Electronic Carousel
- **8 bay** TT Gantry
- Plant area **~75 acres**
- Project Cost **~190.45 crore**
- **Commissioned during Mar'18**

- Production rate of **4200 cylinder per hour** on a single carousel
- Catering to demand of over **12 lakh LPG consumers**

Infrastructure & Capacity Expansion Plans

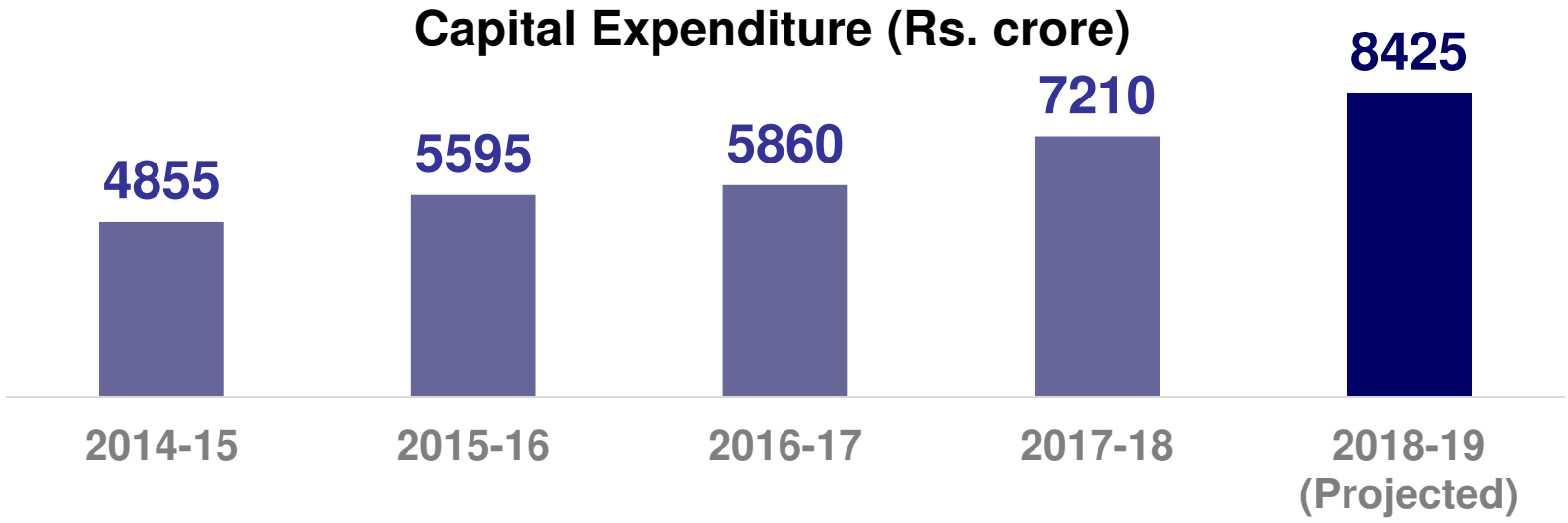
Major Projects

- **Visakh Refinery Modernization** project
- **Mumbai Refinery Expansion** Project
- **Mundra Delhi Pipeline Phase II** Expansion to 7.8 MMTPA
- **Visakh Vijayawada Secunderabad Pipeline Phase (VVSPL) II** Expansion to 8 MMTPA
- **Ramanmandi-Bahadurgarh Pipeline Phase II** expansion to 7.1 MMTPA
- **Uran Chakan LPG** Pipeline (164 Km)
- **Palanpur-Vadodara** Pipeline (234 km)
- **Vijayawada Dharmapuri** Pipeline (697 Km)
- **7 New LPG Plants** and LPG infrastructure augmentation
- **POL infrastructure** Augmentation

JVC Projects

- **9 MMTPA HPCL Rajasthan Refinery Limited** at Barmer in Rajasthan
- **Petrochemical Complex** at Kakinada in Andhra Pradesh
- **60 MMTPA Ratnagiri Refinery and Petrochemicals Ltd** at Rajapur in Maharashtra
- **5 MMTPA LNG Regasification Terminal** at Chhara port in Gujarat
- **3 Natural Gas Pipelines** through GIGL and GITL
- **Fuel Farm Facilities** at Mumbai Airport
- **CGD Projects** in Ambala-Kurukshetra districts and Kolhapur (Maharashtra)
- **1.25 MMTPA Petrochemical Complex** at HMEL, Bathinda

Capex & Investment Plan



(Rs. crore)

Capex Projection	2018–2023 (Estimated)	2018-19 (Proj.)
Refining	31,400	3,891
Marketing	29,400	4,047
Renewables and R&D	1,300	88
Joint Venture	33,900	399
Total	**96,000**	**8,425**

Awards and Accolades during 2017-18

FIPI Awards

SCOPE Meritorious Awards

In the list of 'Top 100 Global Energy Leaders' by Thomson Reuters

ABP Brand excellence award

Joint Ventures and Subsidiaries

Refining

HMEL

ONGC MRPL

HRRL

RRPCL REDEFINING REFINING

LPG Storage

SA LPG

Upstream

Prize PETROLEUM

Marketing

HINCOL HINDUSTAN COLAS LTD.

HPCL Middle East FZCO

Infrastructure

Petronet MHB Limited

MAFFFL Mumbai Aviation Fuel Farm Facility Pvt Ltd

Alternate Fuels

HBL HPCL BIOFUELS LTD

City Gas Distribution

BGL Bhagyanagar Gas Ltd.

Aavantika Gas Ltd.

GGPL

Natural Gas

HSEPL HPCL SHAPOORJI ENERGY PVT LTD

GITL

GIP

Growth through Partnerships

Functional Directors

Shri M K Surana, Chairman & Managing Director

- He is a Mechanical Engineer with a Masters degree in Financial Management and has wide exposure in the Petroleum Industry spanning over 3 decades. He handled a wide range of responsibilities including leadership positions in Refineries, Corporate, Information Systems, and Upstream business of HPCL. He was CEO of Prize Petroleum, upstream arm of HPCL before assuming responsibilities as C&MD of HPCL.
- He also holds the directorship on the boards of HPCL Mittal Energy Ltd, SA LPG Co. Pvt. Ltd., HPCL Rajasthan Refinery Limited and Prize Petroleum corporation Ltd.

Shri Pushp Kumar Joshi, Director - Human Resources

- He is a Bachelor of law from Andhra University and Post Graduate in Personnel Management & Industrial Relations from XLRI, Jamshedpur with over 3 decades of industry experience. He has held various key positions in HR and Industrial Relations functions in Marketing and Refineries divisions of HPCL. He was responsible for spearheading HR practices with strong business focus and contemporary approaches at HPCL for leadership development, productivity enhancement , leveraging IT platform etc
- He also holds the directorship on the boards of Prize Petroleum corporation Ltd, HPCL Biofuels Ltd, Hindustan Colas Pvt Ltd (HINCOL), HPCL Shapoorji Energy Pvt Ltd and HPCL Rajasthan Refinery Limited

Shri J Ramaswamy, Director - Finance

- He is a member of the Institute of Chartered Accountants of India (ICAI), and brings with him rich experience of over 3 decades in the field of Corporate Finance, Marketing Finance, SBU Commercial, Internal Audit, Vigilance, System & Procedures, and Refinery Finance. He is credited with effective treasury management.
- He also holds the directorship on the Boards of Prize Petroleum corporation Ltd, HPCL Rajasthan Refinery Limited, SA LPG Co. Pvt. Ltd, HPCL Mittal Energy Ltd, HPCL Shapoorji Energy Pvt Ltd ,HPCL Mittal Pipelines Ltd, HPCL Biofuels Ltd and HINCOL.

Shri S Jeyakrishnan, Director - Marketing

- He is an alumni of Madras University with over 36 years of experience. Prior to Director-Marketing, he was the Executive Director–Retail. His tenure across various Marketing SBUs saw HPCL become India's largest Lubricant marketer, augment infrastructure and pioneer several customer centric initiatives which established HPCL as the preferred brand.
- He also holds the directorship on the Board of Hindustan Colas Pvt Ltd.

Shri Vinod Shenoy, Director - Refineries

- He is a Bachelor in Chemical Engineering from IIT Bombay and brings with him rich experience of over 3 decades in the Refinery and Corporate Departments of HPCL with wide exposure to the Petroleum Industry.
- He also holds the directorship on the Boards of HPCL Mittal Energy Ltd, HPCL Rajasthan Refinery Limited ,Mangalore Refinery and Petrochemicals Limited, Ratnagiri Refinery and Petrochemicals Ltd and Prize Petroleum corporation Ltd.

Thank you