

CREDIT OPINION

27 November 2017

Update

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RATINGS

Hindustan Petroleum Corporation Ltd.

Domicile	India
Long Term Rating	Baa2
Type	LT Issuer Rating - Fgn
	Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Hindustan Petroleum Corporation Ltd.

Update following ratings upgrade to Baa2

Summary

[Hindustan Petroleum Corporation Limited's](#) (HPCL) Baa2 issuer rating is primarily driven by its standalone credit profile as captured in its ba1 Baseline Credit Assessment (BCA). The BCA reflects (1) HPCL's strong position as India's third largest stated owned refiner of crude oil and third-largest distributor of petroleum products; (2) the company's exposure to cyclical refining margins, fuel subsidies and high working capital swings that result in volatility in its credit metrics; and (3) low capacity for further deterioration in the company's credit metrics, which have weakened because of high dividend payments and increase capital spending in the last 12 months.

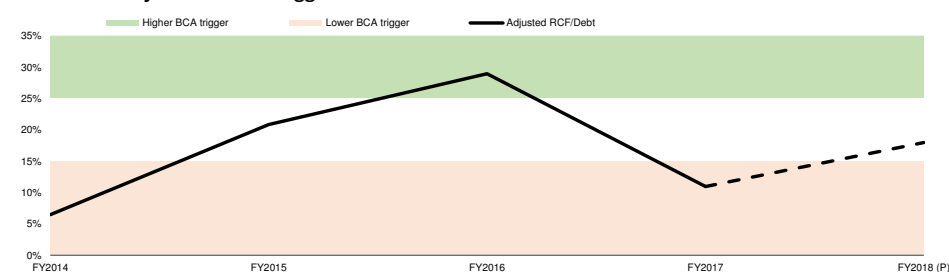
The rating also incorporates our expectation of a high likelihood of extraordinary support from the [Government of India](#) (Baa2 stable), which results in two notches of uplift.

Our support assessment reflects HPCL's vital role in India's oil and gas sector. It is the third largest state-owned refining and marketing company in India, accounting for 10.6% of domestic refining capacity, along with the marketing and distribution of 18.1% of petroleum products consumed in the country. The support assessment also reflects significant control of HPCL's business strategy by the government through its ability to appoint all the directors on the company's board and its majority 51.1% ownership. Further, HPCL, along with the oil and gas sector, is one of the largest contributors to the government's revenue receipts.

Our support assessment for HPCL will remain unchanged even if [Oil and Natural Gas Corporation Ltd.](#) (ONGC, Baa1 stable) acquires the government's 51.1% stake in the company as we expect the government to continue to have significant control over HPCL's strategy and operations.

Exhibit 1

HPCL's credit metrics have weakened, with limited capacity under its ba1 BCA, but is expected to improve in fiscal 2018 as earnings improve and dividends decline
HPCL's RCF/ adjusted debt vs triggers for its BCA



Source: Moody's Financial Metrics

Credit strengths

- » One of the three state owned refining and marketing companies in India, with considerable downstream integration
- » Reduction in fuel subsidies due to the low oil price environment and selling price reforms
- » Well-positioned to benefit from the increasing consumption of petroleum products in India
- » Strong support from the Indian government

Credit challenges

- » Lower profitability margins as compared to the other state owned refiners
- » Weakened financial profile, with high dividend payments and capital spending
- » Exposure to cyclical refining margins

Rating outlook

The outlook on HPCL's rating is stable, which reflects the stable outlook on the rating of the Indian government, and our expectation that HPCL's credit metrics will improve to a level that is more appropriate for its ratings in fiscal 2018.

Factors that could lead to an upgrade

An upgrade of HPCL's issuer rating to Baa1 will require both an upgrade of the Indian government's rating to Baa1 and improvement in HPCL's BCA to baa3.

HPCL's BCA could improve to baa3 if the company's credit metrics improve because of reduction in borrowings through free cash flow generation. Credit metrics indicative of an improvement in HPCL's BCA include retained cash flow (RCF)/adjusted debt exceeding 25% on a sustained and fully consolidated basis.

Factors that could lead to a downgrade

HPCL's issuer rating may face downward pressure if (1) the sovereign rating is downgraded; (2) the government makes changes to the subsidy framework that are more negative for HPCL; (3) the company's BCA deteriorates to ba3 ; or (4) the government direct or indirect ownership (through ONGC) of HPCL is reduced below 51%, or government control is reduced by some other means, which would require a reassessment of the level of support incorporated into its ratings.

We would lower HPCL's BCA to ba2 if its credit metrics deteriorate as a result of (1) substantial loss of market share for petroleum product distribution; (2) low marketing margins due to higher competition from non-government players; (3) weaker overall refining margins for company due to HMEL not able to maintain high levels of capacity utilization; (4) large debt funded capex plan.

Credit metrics indicative of a lower BCA include RCF/adjusted debt below 15% on a fully consolidated basis.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key indicators

Exhibit 2

Hindustan Petroleum Corporation Ltd.	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
Crude Distillation Capacity (mbbls/day)	478	478	478	478	478
EBIT / Total Throughput Barrels (\$/bbl)	3.2	9.3	11	6.9	10
EBIT / Avg. Book Capitalization	5%	17%	24%	15%	20%
EBIT / Interest Expense	1.8x	6.0x	6.7x	6.0x	8.1x
Debt / EBITDA	8.5x	3.5x	2.4x	3.2x	2.7x
RCF / Debt	6%	20%	29%	11%	18%
Debt / Book Capitalization	91%	86%	76%	68%	67%

Note: [1] Figures based on full consolidation of HMEL. [2] EBITDA is calculated after excluding inventory valuation gains/losses. [3] All other ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Source: Moody's Investors Service estimates

Profile

HPCL, headquartered in Mumbai is one of the leading downstream companies in India, specializing in oil refining, marketing, distribution, and the retailing of petroleum products. It is listed on the Indian stock exchanges and is 51.11% owned by the Government of India (Baa2 stable).

Through its 3 refineries (including the Bhatinda refinery), which have a combined capacity of 498 thousand barrels (bbl)/day, HPCL has a share of around 10.1% of domestic refining capacity. It also has extensive pipeline infrastructure along with significant distribution network for marketing of petroleum products.

For the financial year ended 31 March 2017 (fiscal 2017), HPCL generated revenues of INR2.14 trillion (on a proportionate consolidated basis) with an adjusted EBITDA of INR131.5 billion (based on full consolidation of HMEL and excluding inventory valuation gains of INR47.7 billion incurred in fiscal 2017).

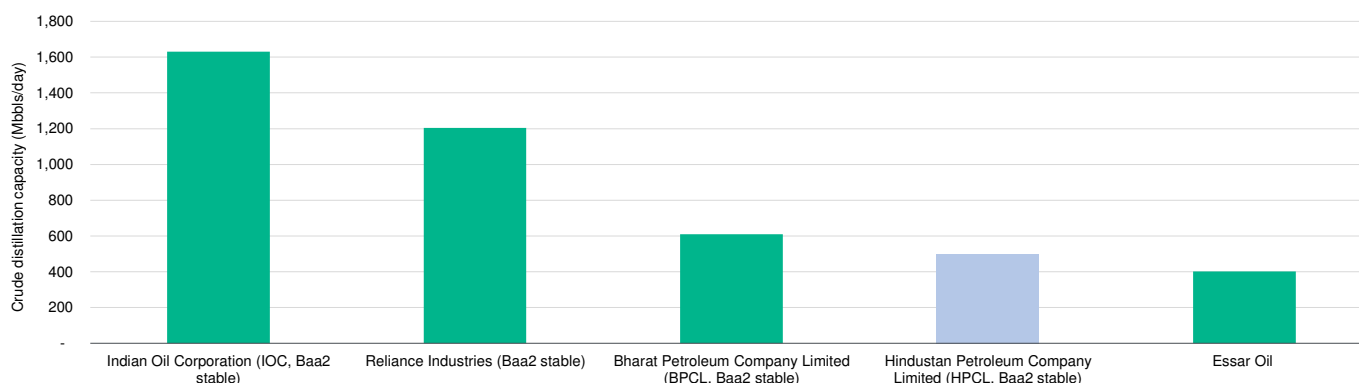
Detailed credit considerations

One of the three state-owned refining and marketing companies in India, with considerable downstream integration

HPCL is the third largest state-owned refining and marketing company in India with a share of 10.1% of the domestic refining capacity. It has a refinery each in Mumbai with a capacity of 7.5 million metric tons per annum (mmtpa) and Visakhapatnam with a capacity of 8.3 mmtpa. HPCL, through HPCL-Mittal Energy Ltd (HMEL, Ba1 stable), also owns a third refinery in Bhatinda, Punjab with a capacity of 9 mmtpa. HPCL and Mittal Energy Ltd each owns at 48.99% stake in HMEL. In addition, HPCL has a take-or-pay agreement with HMEL under which HPCL undertakes to evacuate nearly the entire production of HMEL at market prices. HPCL also owns 16.96% equity stake in Mangalore Refinery & Petrochemicals Ltd (MRPL). MRPL is operated by ONGC.

Exhibit 3

HPCL is India's third-largest state-owned refiner of crude oil in terms of refining capacity



Note: IOC's capacity includes the capacity of CPCL refineries and HPCL's capacity includes the full capacity of its Bhatinda refinery.

Source: Petroleum Planning & Analysis Cell (PPAC)

HPCL through HMEI owns 10% of the total crude oil transportation pipeline network in the country (in terms of length). HPCL also owns 20.7% of the country's total petroleum product (inclusive of LPG pipelines) pipeline network (in terms of length).

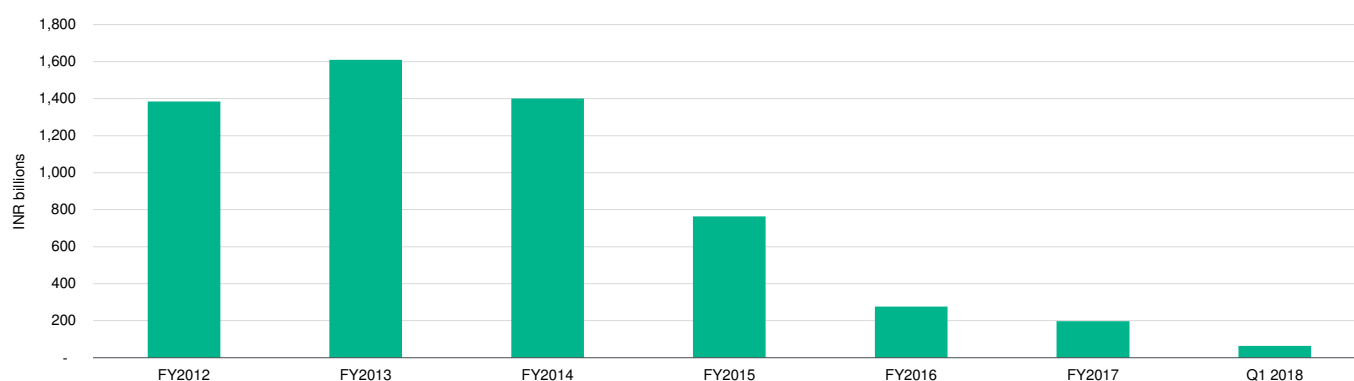
HPCL also has a considerable share of marketing networks in terms of retail outlets, LPG distribution etc., HPCL has a market share of about 18.1% in marketing of petroleum products in India (based on total consumption in India in fiscal 2017).

Reduction in fuel subsidies due to the low oil price environment and selling price reforms

The deregulation of diesel prices, coupled with a sustained low oil price environment, has led to a structural decline in total fuel subsidies in India. The total fuel subsidy for fiscal 2017 declined to INR197.3 billion from INR275.7 billion in fiscal 2016. Total subsidies for the quarter ended 30 June 2017 amounted to INR63.2 billion. We expect fuel subsidies in India to remain low, in line with our view of oil prices remaining within the range of \$40 - \$60 per barrel (\$/bbl) over the next 12-18 months at least.

Exhibit 4

Total government subsidies in India have been declining since 2013



Note: FY2012 refers to fiscal year ending 31 March 2012 and so on. 1HFY2017 refers to six months ended 30 September 2016.

Source: Petroleum Planning and Analysis Cell (PPAC)

Moreover, the government recently announced an increase in the selling prices of cooking gas (liquefied petroleum gas [LPG]), which now allows state-owned refiners such as HPCL to increase prices by INR4 per cylinder per month. These permitted increases are targeted toward eliminating subsidies on LPG and are credit positive.

In addition to reducing subsidies on LPG, the government is also encouraging consumers to shift from superior kerosene oil (SKO) to cleaner fuels such as LPG. SKO and LPG are the only petroleum products whose prices are currently regulated by the government.

As consumers transition to LPG from SKO, SKO consumption and the associated subsidy burden for the state-owned refiners and the government will decline such that overall fuel subsidies will decline further.

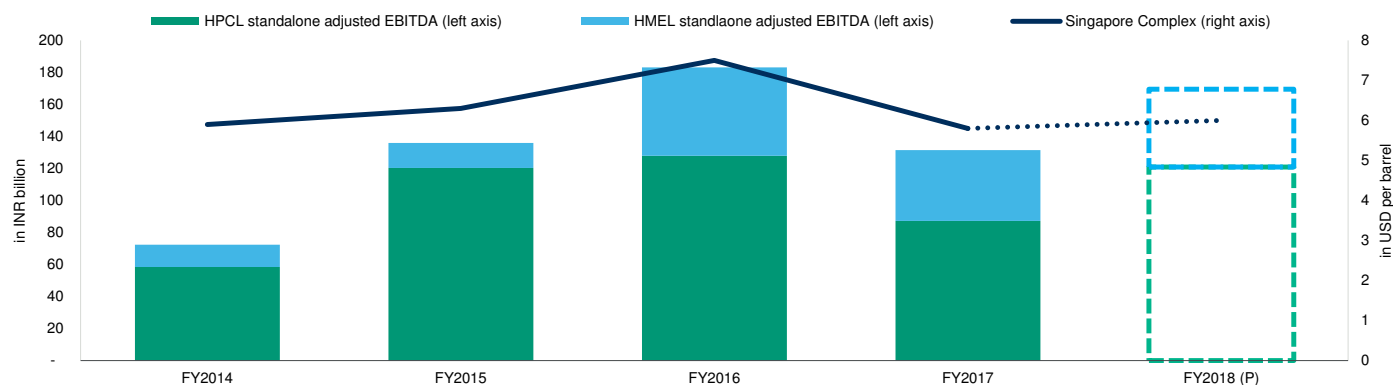
The government has been making a near full reimbursement of fuel subsidies to HPCL and other state owned oil marketing companies since fiscal 2011, in line with our expectations. We expect the government to provide full reimbursements such that the oil marketing companies do not have to shoulder any fuel subsidy burden. However, in the absence of a transparent and predictable framework for fuel subsidy sharing, the risk of an adverse move by the government in the scenario of a spike in crude oil prices cannot be completely ruled out.

Exposure to industry cyclicality

HPCL has experienced volatility in its gross refining margins (GRM). The company's GRM amounted \$6.20/bbl and \$6.68/bbl in fiscal 2017 and 2016 respectively (average GRM for Mumbai and Vizag refineries only), compared to \$2.84/bbl in fiscal 2015. The GRMs for fiscal 2015-2017 were calculated after taking into account inventory valuation gains and losses. As such, HPCL reported inventory valuation gains of INR35.7 billion in fiscal 2017 against an inventory loss of INR26.9 billion in fiscal 2016.

For the quarter ended 30 June 2017, HPCL recorded GRM of \$5.86/bbl, compared to \$6.83/bbl for the quarter ended 30 June 2016 (average GRM for Mumbai and Vizag refineries only).

Exhibit 5

HPCL's EBITDA has been trending largely in line with the Singapore complex

Note: Figures based on full consolidation of HNEL, EBITDA is after excluding inventory valuation gains/(losses)

Source: Moody's Financial Metrics, Moody's Investors Service estimates, Petroleum Planning and Analysis Cell (PPAC)

We expect the Asian refining and marketing industry to remain stable over the next 12-18 months. We do not expect a material improvement in demand and supply dynamics during this period such that demand growth will match or marginally exceed total supply additions. We expect the regional GRM to remain healthy at \$6/bbl over the next 12-18 months, in line with the long-term average levels.

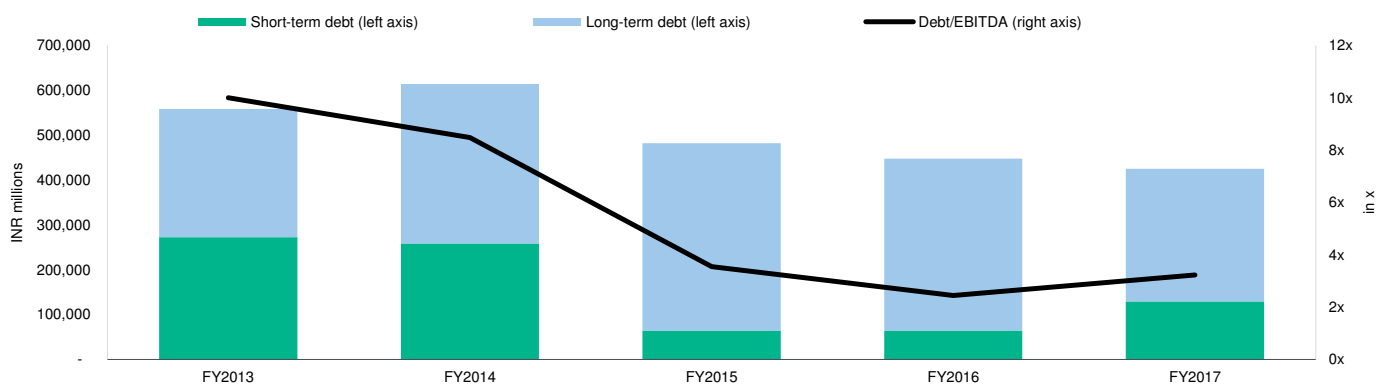
Weakened financial profile, with high dividend payments and capital spending

The de-regulation of diesel prices and a sustained low crude oil price environment has led to a structural decline in the total subsidy burden in India. Low crude oil prices have also reduced the working capital requirements for oil marketing companies. This has led to a significant reduction in the funding requirements of HPCL.

HPCL accounts for HNEL on a proportionate consolidated basis, however Moody's views HNEL as integral part of HPCL's business profile and hence fully consolidates the company into HPCL's credit profile. While HPCL exhibits a low level of financial leverage on a standalone basis, its consolidated metrics are relatively weaker because of HNEL's high levels of borrowings.

On a fully consolidated basis, short term debt as a proportion of total debt has declined to 30% in fiscal 2017 compared to peak levels of 42% in fiscal 2014 and 49% in fiscal 2013, while the gross (consolidated) debt has reduced to INR425.1 billion from the highest historical level of INR613.9 billion in fiscal 2014. However, consolidated EBITDA for fiscal 2017 has declined to INR131.5 billion from INR183 billion in fiscal 2016 on the back of lower GRM. As such, HPCL's adjusted debt/EBITDA increased to 3.2x in fiscal 2017 from 2.4x in fiscal 2016, although the company's gross consolidated debt has declined by 5% year-on-year.

Exhibit 6

HPCL's borrowings along with its proportion of short term debt has declined since fiscal 2014

Note: Debt numbers based on full consolidation of HNEL, short-term debt does not include the current portion of long-term debt, long-term debt includes the current portion of long-term debt

Source: Moody's Investors Service estimates

For fiscal 2017, HPCL, on a standalone basis (excluding the impact of inventory valuation gains and losses) reported EBITDA of INR87.3 billion compared to INR127.9 billion in the previous year. In effect, the standalone adjusted leverage stood at 2.6x as of 31 March 2017.

At the same time, HREL also reported a decline in EBITDA due to weaker gross refining margins in the region. As such, its adjusted EBITDA for fiscal 2017 – excluding the effects of inventory gains and losses – declined to INR44.2 billion from INR55.2 billion in the previous year. The company's leverage has also increased to adjusted debt/EBITDA of 4.4x in fiscal 2017 from 3.9x the year before.

On the back of weaker GRM and higher dividend payments in fiscal 2017, HPCL's adjusted RCF/debt (on a fully consolidated basis) has declined to 11% for fiscal 2017 from 29% in the previous year.

We expect dividend payments to decline modestly in fiscal 2018 but remain higher than in fiscal 2016. We also expect the government to allow HPCL to reduce dividends beyond fiscal 2018 to conserve its credit profile and allow it to fund large parts of its capital spending from internal cash flows.

Between 2016 and 2021, HPCL plans to incur capital expenditure of about INR558 billion across major identified projects. Some of the major plans include the expansion of the existing Vizag refinery from 8.3 mmtpa to 15 mmtpa at a total cost of INR209 billion and the Mumbai refinery from the present 6.5 mmtpa to 9.5 mmtpa at a total cost of INR42 billion.

It also plans to inject further equity of INR4.9 billion into HREL to fund the proposed expansion at the Bhatinda refinery from 9 mmtpa to 11.25 mmtpa. Apart from expansions at existing refineries, HPCL also plans to invest across different projects ranging from building an LNG terminal in Gujarat, revamping of depots and terminals, developing its pipeline infrastructure and an in-house research and development centre.

Most of these investments will be funded by internally generated cash flows. Shortfalls, if any could be met out of external borrowings. We expect that the credit metrics would stay within our rating tolerance levels across the capex cycle with adjusted RCF/debt staying in the range of 16-18% in the next 12-18 months.

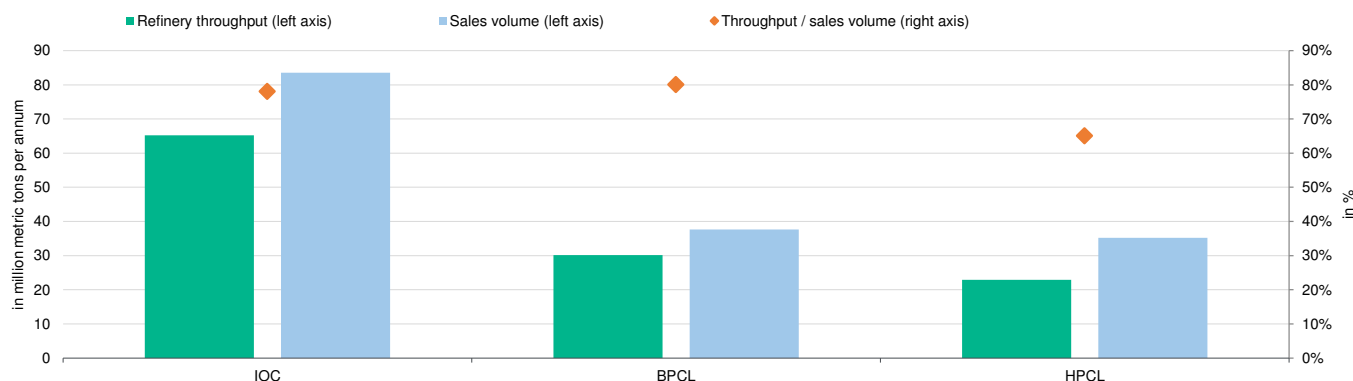
Lower profitability margins as compared to the other state owned refiners

HPCL has a significant marketing presence with a market share of about 18.1% in petroleum product distribution in India. However, a significant proportion of sale volumes come from external sources on which it earns only a marketing margin. Hence, HPCL has lower EBITDA margins as compared other state-owned refiners which have a significantly higher level of sale volumes coming in from in-house production, on which they earn both refining and marketing margins.

For fiscal 2017, HPCL's throughput (including proportionate share from Bhatinda refinery) was 22.9 mmt as against a total sales volume of 35.2 mmt, implying that only 65% of sales volume came from internal production while the rest were sourced externally. In comparison, the level of internal integration is much higher for other state-owned refiners, which report refinery throughput to sales ratios of above 80%.

Exhibit 7

Refinery throughput/sales ratio for HPCL vs other Indian state-owned refiners for fiscal 2017



Note: [1] BPCL's throughput includes proportionate share from Bina refinery. [2] HPCL's throughput includes proportionate share from Bhatinda refinery

Source: PPAC, Company Filings

For fiscal 2017, HPCL recorded a refinery utilization rate of 113% (based on total throughput vs. total capacity). Hence, there is limited scope for the company to improve the ratio of throughput/sales unless the company expands the capacity of its existing refineries. As such, we expect HPCL's EBITDA margin to continue to lag that of the other state owned refiners.

Strong support from the Indian government

HPCL's Baa2 issuer rating incorporates our expectation of high likelihood of extraordinary support from the Indian government under our joint default analysis for government-related issuers, which results in a two-notch uplift to its rating. Our assessment of support is based on:

- » the government's ability to provide support
 - the government's ability to provide support is based on its Baa2 rating.
- » the government's willingness to provide support
 - *The government's ownership and control:* The government owns 51.11% of HPCL's equity and has the ability to appoint all the directors on its board. The government also regulates the prices of cooking fuels in India, which are distributed by HPCL. All of the major strategic decisions by the company also have to be approved by the Ministry of Petroleum and Natural Gas in the Indian government.
 - *Economic importance:* HPCL plays a critical role in the energy sector of the country. It is the third-largest state-owned refining company in India, with 10.6% of the installed refining capacity, and the third-largest distributor of petroleum products, with a 18.1% market share. HPCL also owns and operates about 10% of the crude oil pipeline network and 20.7% of total petroleum product pipeline network in India (in terms of length).
 - *Importance to government finances:* The oil and gas sector contributed about 23.5% of the Indian government's revenue receipts in fiscal 2017. HPCL accounted for about 1.9% of the total contribution by the sector in fiscal 2017 (15.7% in fiscal 2016). Including contributions to the state governments, the company contributed INR101.2 billion to the exchequer in fiscal 2017 (INR656.7 billion in fiscal 2016).
 - *Reputational risk:* Given the extent of government control over HPCL and their links, any default by HPCL will have reputational implications for the government and will cause disruption in the capital markets in India, where the government and government-owned companies are the largest borrowers.
- » past track record of providing support
 - the government has been deregulating the prices of petroleum products to reduce the impact of fuel subsidies on oil marketing companies in India. From virtually controlling prices of all petroleum products prior to 2008, the government now only controls prices of two products that account for less than 15% of total consumption of petroleum products in India. The government is working toward deregulation of all prices over the next two to three years.
 - in addition to reduction in subsidies, the government has also increased the frequency of reimbursement of subsidies to the oil companies, thereby reducing their working capital requirements.
 - further, in times of extreme stress, as was the case in fiscal 2008, when fuel subsidies reached a record high of INR2.45 trillion, the government provided special bonds to the oil companies, which could be used by them to get funding from the Reserve Bank of India. This move was effectively providing guarantee to their borrowings.
 - the government has not differentiated between the three state-owned refining companies in providing these support measures and therefore all the three oil marketing companies have the same support level.

Exhibit 8

HPCL's sensitivity to changes in its BCA, sovereign support and ratings

	BCA	Support	Sovereign Rating	Rating Range (JDA)	Ratings Assigned / Likely Change
Current	ba1	High	Baa2	Baa3-Baa2	Baa2
Lower BCA	ba2	High	Baa2	Baa3-Baa2	No Change
Higher BCA	baa3	High	Baa2	Baa2	No Change
Lower Support	ba1	Strong	Baa2	Baa3	Downgrade to Baa3
Higher Support	ba1	Very High	Baa2	Baa2	No Change
Downgrade of Sovereign Rating	ba1	High	Baa3	Baa3	Downgrade to Baa3
Upgrade of Sovereign Rating	ba1	High	Baa1	Baa3-Baa2	No change

Source: Moody's Investors Service

Possible acquisition by ONGC will not affect our support assessment

Our support assessment for HPCL will remain unchanged even if ONGC acquires the government's 51.1% stake. HPCL will continue to be of strategic importance to the government and will be ONGC's largest subsidiary. The company will remain strategically important to the government given its large-scale refining and marketing operations. HPCL will continue to be a state-owned entity and the government retains its ability to appoint all board directors. We expect support, if needed, to be routed through its parent, ONGC. The government owns 69% of ONGC.

Also, post acquisition, any default by HPCL will cause a default on ONGC under the terms of the latter's bonds given it will be deemed a material subsidiary. Therefore, HPCL's rating will continue to benefit from government support post acquisition and will also be supported by a financially stronger parent.

Further, HPCL's ratings will remain constrained by the rating of the government given its linkages with the domestic economy.

In summary, we will not differentiate between HPCL and other oil marketing companies - IOC and BPCL- in terms of expected support from the government because of the proposed transaction.

Liquidity Analysis

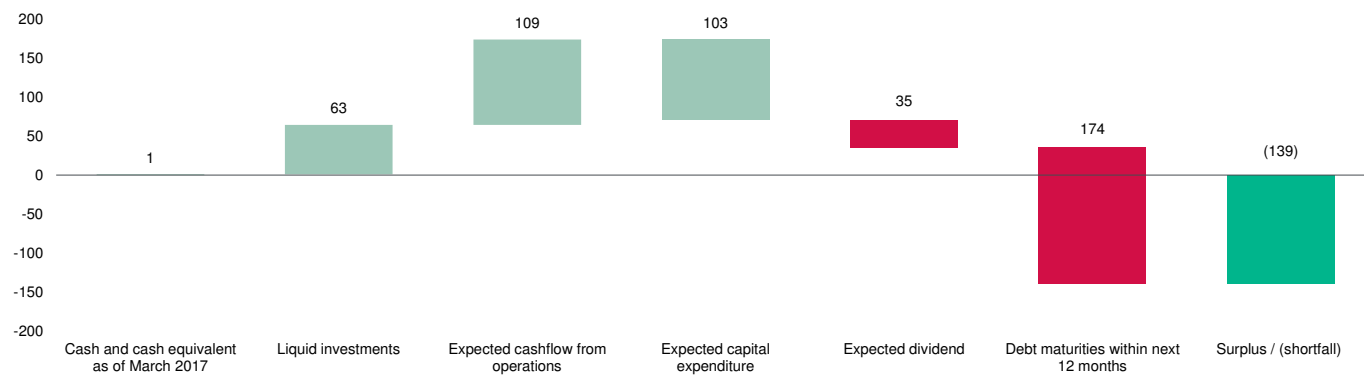
As of 31 March 2017, HPCL (based on full consolidation of HMEL) has about INR174 billion of debt maturing over the next twelve months (including INR45 billion of current portion of long term debt). In comparison, it had cash and cash equivalents of INR64 billion (including current investments of INR63 billion primarily consisting of oil bonds and mutual funds).

At the same time, we expect capex needs to be funded largely from of internal cash accruals. Shortfalls, if any, would be met out of external borrowings.

Consequently, HPCL's liquidity position is contingent on its ability to refinance its short term borrowings. Given the company's strong access to the domestic capital markets, we remain comfortable that it will indeed be able to roll-over its near term debt obligations.

Exhibit 9

HPCL has significant short-term debt maturing over the next 12 months, implying a weak liquidity position



Source: Moody's Financial Metrics, Moody's Investors Service estimates

Rating Methodology and Scorecard Factors

HPCL maps to Baa3 on our Refining and Marketing Industry rating methodology as against its assigned BCA of ba1. The one notch differential between the grid output and the actual assigned BCA mainly reflects the ad-hoc nature of subsidies in India, a factor which is not captured by the methodology. At the same time, a high amount of continuous ongoing capex also acts as a constraint to the rating.

Exhibit 10

Rating Factors

Hindustan Petroleum Corporation Ltd.

Energy, Oil & Gas - Refining & Marketing Industry Grid [1][2]

	Current FY 03/31/2017	
Factor 1 : Scale (25%)	Measure	Score
a) Crude Distillation Capacity (mbbls/day)	498	Ba
b) Number of Large-Scale Refineries	Baa	Baa
Factor 2 : Business Profile (20%)		
a) Business Profile	Ba	Ba
Factor 3 : Profitability and Efficiency (15%)		
a) EBIT / Total Throughput Barrels (\$/Bbl)	\$7.0	Baa
b) EBIT / Average Capitalization	15.0%	A
Factor 4 : Financial Policy (20%)		
a) Financial Policy	Baa	Baa
Factor 5 : Leverage and Coverage (20%)		
a) EBIT / Interest Expense	6.0x	Baa
b) Debt / EBITDA	3.2x	Ba
c) RCF / Debt	11.0%	Ba
d) Debt / Capitalization	68.0%	B
Rating:		
a) Indicated Rating from Grid		Baa3
b) Actual Rating Assigned		Baa2
Government-Related Issuer	Factor	
a) Baseline Credit Assessment	ba1	
b) Government Local Currency Rating	Baa2	
c) Default Dependence	Very High	
d) Support	High	
e) Final Rating Outcome	Baa2	

Moody's 12-18 Month Forward View
As of 11/23/2017 [3]

Measure	Score
498	Ba
Baa	Baa
Ba	Ba
\$10	A
20%	A
Baa	Baa
8.1x	Baa
2.7x	Baa
18%	Ba
67%	B
	Baa3
	Baa2

Note: [1] Financial metrics are based on full consolidation of HMEL. [2] Data as of 31 March 2017; [3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures
Source: Moody's Financial Metrics™, Moody's Investors Service estimates

Exhibit 11

Peer comparison table

	Hindustan Petroleum Corporat			Indian Oil Corporation Ltd			Bharat Petroleum Corporation			GS Caltex Corporation		
	Baa2 Stable			Baa2 Stable			Baa2 Stable			Baa2 Positive		
(in US millions)	FYE Mar-15	FYE Mar-16	FYE Mar-17	FYE Mar-15	FYE Mar-16	FYE Mar-17	FYE Mar-15	FYE Mar-16	FYE Mar-17	FYE Dec-15	FYE Dec-16	LTM Mar-17
EBITDA	\$2,225	\$2,799	\$1,961	\$5,033	\$5,581	\$3,437	\$2,405	\$2,559	\$1,953	\$1,647	\$2,396	\$2,795
Distil. Capacity (MB/day)	478	478	498	1,319	1,319	1,319	552	552	613	785	785	N/A
EBIT/Throughput Bbls	9.3	11.0	6.9	8.8	9.7	4.3	8.7	10.0	7.1	4.2	6.8	N/A
EBIT/Avg Book Capital	17.1%	24.4%	15.1%	15.9%	20.2%	9.7%	20.9%	26.2%	16.5%	8.1%	14.1%	17.3%
EBIT / Int. Exp.	6.0x	6.7x	6.0x	7.4x	15.6x	7.4x	10.5x	21.8x	11.3x	4.5x	10.0x	12.8x
Debt / EBITDA	3.5x	2.4x	3.2x	2.2x	1.6x	2.8x	1.8x	1.5x	2.9x	3.3x	1.9x	1.6x
RCF / Debt	20.9%	29.0%	11.0%	34.0%	44.3%	13.6%	35.9%	42.2%	8.4%	20.7%	28.5%	36.8%
Total Debt/Capital	85.7%	76.1%	67.9%	47.4%	37.9%	36.8%	50.9%	42.9%	51.0%	40.2%	34.4%	33.6%

Note: Data for HPCL is based on full consolidation of HMEL.

Source: Moody's Financial Metrics™. All figures & ratios calculated using Moody's estimates & standard adjustments. FYE = Financial Year-End. LTM = Last Twelve Months.

Exhibit 12

Moody's-adjusted debt breakdown

(in US Millions)	FYE Mar-13	FYE Mar-14	FYE Mar-15	FYE Mar-16	FYE Mar-17
HPCL Standalone - As Reported Debt	6,216.8	5,385.9	3,249.4	3,196.4	3,272.5
Pensions	100.2	102.5	1.1	7.1	65.8
Operating Leases	98.7	103.9	148.7	250.2	154.8
Non-Standard Adjustments	10.1	13.3	25.3	20.6	60.1
HPCL Standalone - Moody's-Adjusted Debt	6,425.9	5,605.5	3,424.6	3,474.4	3,553.2
HPCL-Mittal Energy Limited - As Reported Debt	3,841.2	4,659.7	4,266.5	3,269.1	2,980.3
Pensions	0.1	0.4	0.4	0.8	1.0
Operating Leases	9.4	12.8	12.8	12.0	11.9
HPCL-Mittal Energy Limited - Moody's-Adjusted Debt	3,850.7	4,672.9	4,279.7	3,281.8	2,993.2
HPCL + HMEL - As Reported Debt	10,058.0	10,045.6	7,516.0	6,465.5	6,252.8
Pensions	100.3	102.8	1.5	7.9	66.8
Operating Leases	108.1	116.7	161.5	262.2	166.7
Non-Standard Adjustments	10.1	13.3	25.3	20.6	60.1
HPCL + HMEL - Moody's-Adjusted Debt	10,276.5	10,278.4	7,704.3	6,756.2	6,546.4

All figures are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™

Exhibit 13

Moody's-adjusted EBITDA breakdown

(in US Millions)	FYE Mar-13	FYE Mar-14	FYE Mar-15	FYE Mar-16	FYE Mar-17
HPCL Standalone - As Reported EBITDA	860.5	901.3	1,069.4	1,363.2	1,786.3
Pensions	-7.3	-8.8	-13.9	0.3	55.5
Operating Leases	32.9	34.3	50.8	84.5	50.0
Unusual	-241.2	43.4	-63.0	95.4	-57.7
Non-Standard Adjustments	-0.1	-0.1	-0.1	411.8	-532.2
HPCL Standalone - Moody's-Adjusted EBITDA	644.8	970.2	1,043.2	1,955.1	1,301.8
HPCL-Mittal Energy Limited - As Reported EBITDA	19.9	-11.3	-151.8	711.0	949.9
Pensions	-0.2	0.4	-0.2	0.0	0.1
Operating Leases	3.1	4.2	4.4	4.0	3.8
Unusual	124.1	237.4	4.5	-13.5	-116.1
Non-Standard Adjustments	0.0	0.0	399.7	142.5	-179.0
HPCL-Mittal Energy Limited - Moody's-Adjusted EBITDA	147.0	230.8	256.5	844.1	658.8
HPCL + HMEL - As Reported EBITDA	880.4	890.0	917.5	2,074.2	2,736.2
Pensions	-7.5	-8.3	-14.1	0.3	55.6
Operating Leases	36.0	38.5	55.1	88.5	53.8
Unusual	-117.0	280.8	-58.5	81.9	-173.8
Non-Standard Adjustments	-0.1	-0.1	399.6	554.3	-711.2
HPCL + HMEL - Moody's-Adjusted EBITDA	791.9	1,201.0	1,299.7	2,799.3	1,960.6

All figures are calculated using Moody's estimates and standard adjustments.

Source: Moody's Financial Metrics™

Ratings

Exhibit 14

Category	Moody's Rating
HINDUSTAN PETROLEUM CORPORATION LTD.	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2

Source: Moody's Investors Service

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