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October
2013

Refining & Marketing Industry



CARE Research expects global oil demand to reach 92.7 mnbpd till CY15 registering a CAGR of 1.1 per cent. The growth would be mainly driven by BRIC nations on account of favourable demographics, urbanisation and industrialization in these nations. However, CARE Research expects a downside risk to the oil demand given the widening uncertainties over global macroeconomic scenario.

Global oil demand – BRIC share to rise

Global refining industry- to be hit by surplus capacity and weak demand

CARE Research believes that in next three years, the refining capacity addition is likely to be about 3 mnbpd, which would outpace oil demand growth due to overall weak global economy. CARE Research believes the refining capacity utilisation to remain under pressure on the back of incremental up-coming refining capacity. Thus, refining industry is likely to witness subdued utilisation rates.

CARE Research expects Singapore GRM, which is a benchmark GRM for all Asian refiners, to remain weak owing to wide gap between demand and supply of petroleum products as well as narrowing of light-heavy crude differential. Margins are not expected to improve until there are some signs of improvement in economic conditions or delays in refinery capacity expansion.

Gross refining margins to remain under pressure

Indian Scenario- POL demand likely to increase marginally

CARE Research expects domestic petroleum production to grow at a CAGR of 2.4 per cent during the period FY14-16 and reach 232mmt in FY16 while domestic demand is expected to be about 160mmt in FY16.

Indian refining capacity is expected to reach 236 mmtpa by FY16 with commissioning of 21 mmtpa of green field capacity. Thus, with excess supply of petroleum products, India would continue to be net exporter in FY16.

India would continue to be net exporter

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- Hindustan Petroleum Corporation Limited
- Essar Oil Limited
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- Shareholding Pattern

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