



IndianOil



# Investor Presentation

August 2015

इंडियनऑयल

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# Indian Oil Corporation: The Future of India Energy



**Strong Support from the Government of India**

- Maharatna Company; GoI Control: 68.57%
- Government nominated Directors on IOC Board
- Contribution to exchequer of US\$15.7 bn in FY15

**Largest Refiner in the Country**

- 10 refineries with 65.7 MMTPA Capacity
- 31% of Domestic Refining Capacity

**Pan-India Pipeline Infrastructure**

- 11,000+ km pipelines for crude oil, products and natural gas with a total capacity of 80.5 MMTPA

**Leading Market Share Across Portfolio**

- 46.7% petroleum market share with over 42,900 touch points

**Integrated Operations Across the entire Energy Value Chain**

- 2nd largest domestic player in Petrochemicals
- E&P: 10 domestic and 7 overseas blocks

**Strong Focus on Innovation Through R&D and Alternate Energy Sources**

- Overall 384 patents as on 31.03.2015
- New focus on Alternate and Renewable Energy (Wind, Solar, Biofuels, Nuclear)

**Driven by a Management Team That has Delivered Results**

- Consistent growth and profitability
  - FY11-FY15 Revenue CAGR: 10.37%
  - Debt / Equity of 0.81x (as on March 31, 2015)



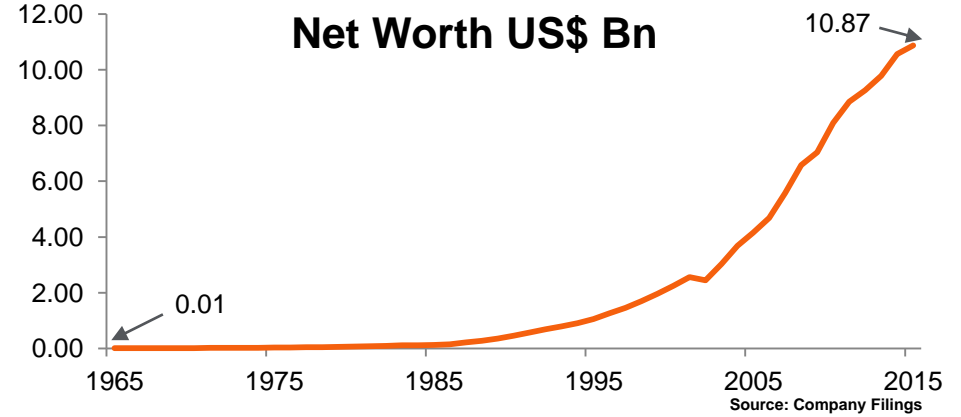
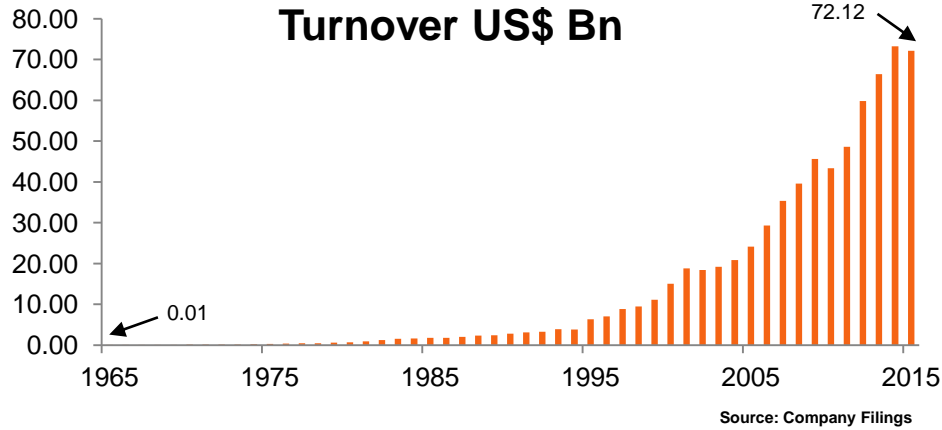
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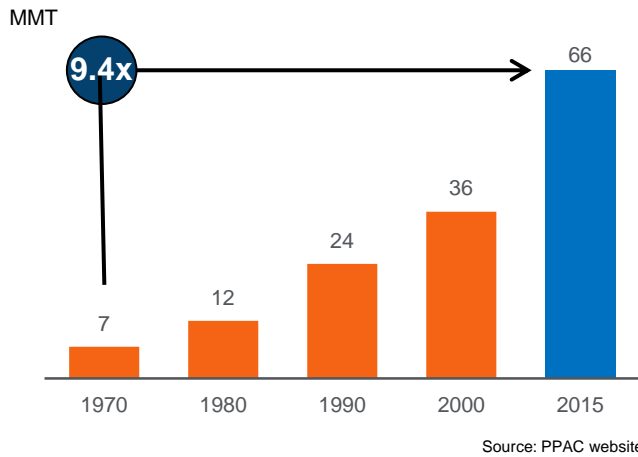
# Our Journey at a Glance



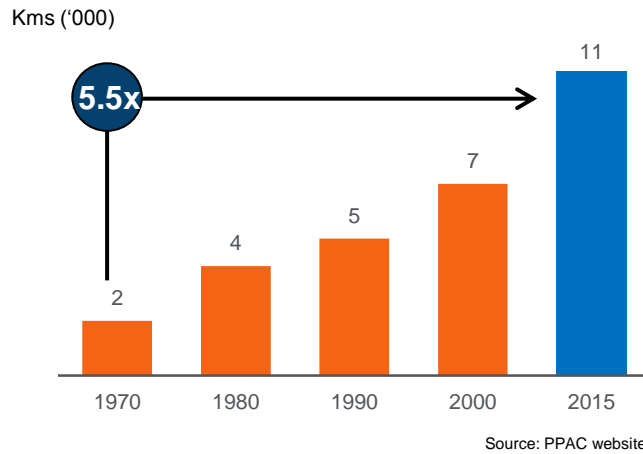
## From Humble Beginnings to a leading Indian Oil Company



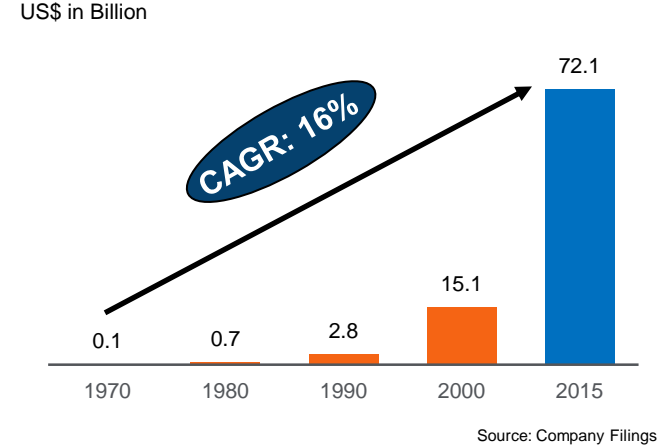
### Refining Capacity



### Total Pipeline Network



### Turnover



Note: IOC is ranked 43<sup>rd</sup> as per Platt Rankings 2014.  
 IOC is ranked 119 amongst Fortune Global 500 Companies in 2015.  
 US\$-INR:62.5050 (as on March 31,2015)

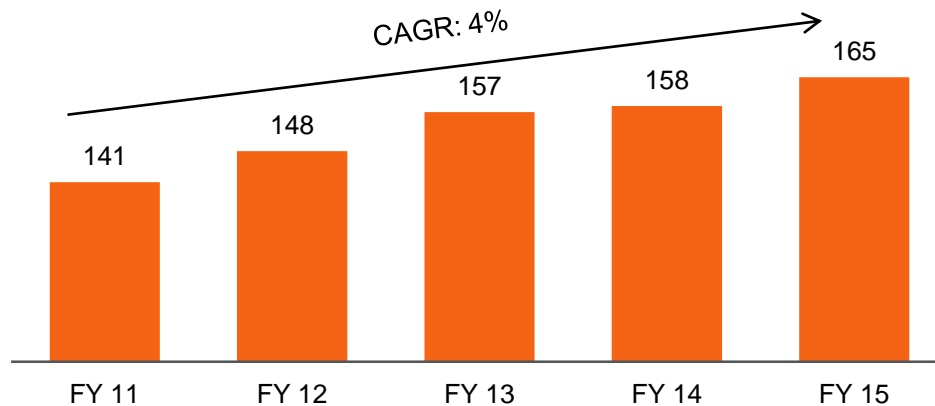
## India is Among the World's Fastest Growing Economies

GDP Growth	2013	2014	2015 P	2016 P
<b>India</b>	<b>6.9%</b>	<b>7.3%</b>	<b>7.5%</b>	<b>7.5%</b>
China	7.7%	7.4%	6.8%	6.3%
ASEAN-5	5.1%	4.6%	4.7%	5.1%
Brazil	2.7%	0.1%	(1.5%)	0.7%
Russia	1.3%	0.6%	(3.4%)	0.2%

Source: IMF World Economic Outlook, July 2015  
 ASEAN-5: Indonesia, Malaysia, Philippines, Thailand & Vietnam

## Oil Consumption Trends Have Been Rising Marginally...

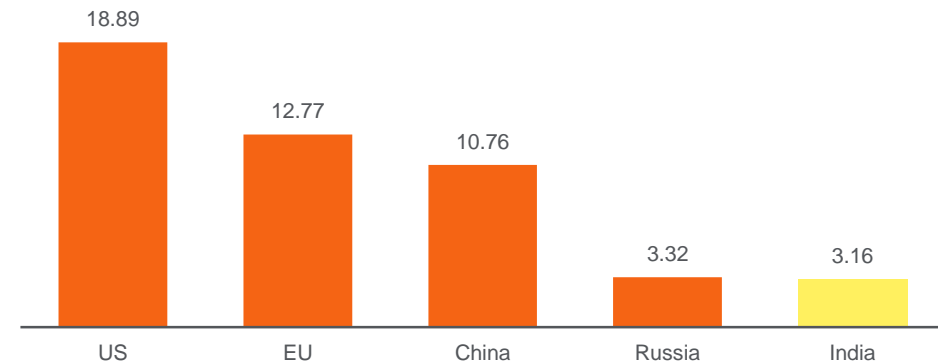
MMT



Source: Petroleum Planning and Analysis Cell, Ministry of Petroleum and Natural Gas, Govt. of India. Website viewed on August 13, 2015.

## However, Low per Capita Oil Consumption Represents an Underpenetrated Opportunity...

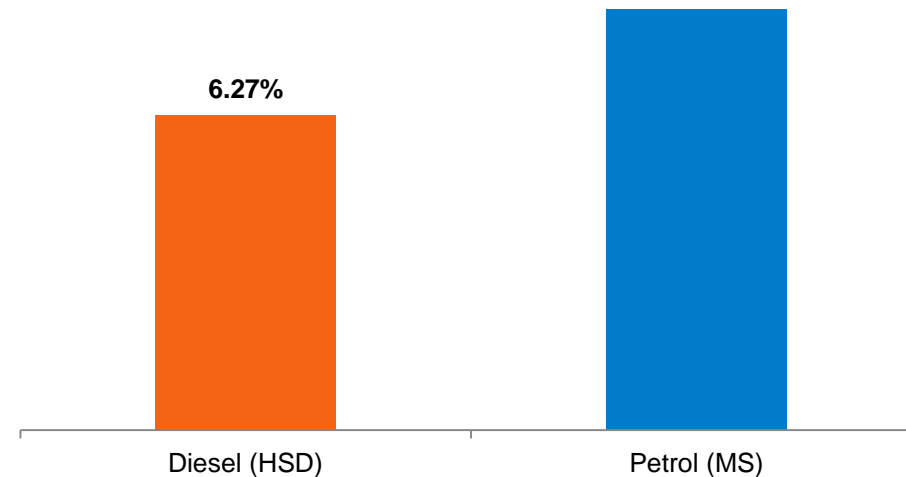
Consumption in million barrel per day



Source: CIA World Fact book (as on January 2013).

## ...With Strong Growth in Consumption Across Key Products

FY16 – FY22 E CAGR

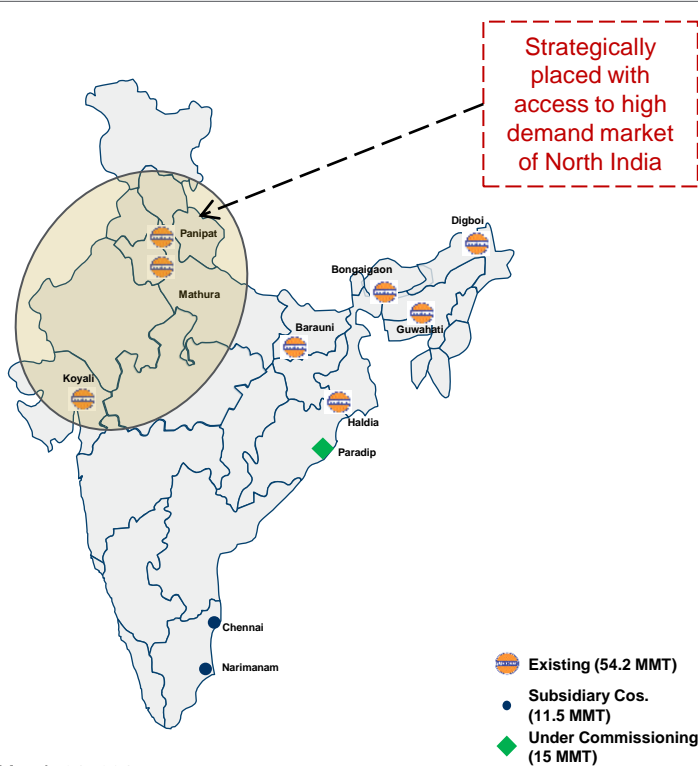


Note: HSD: High Speed Diesel and MS: Motor Spirit  
 Source: Petroleum Planning and Analysis Cell (<http://ppac.org.in/>). Website viewed on August 13, 2015.

# IOC - The Largest Refiner in India

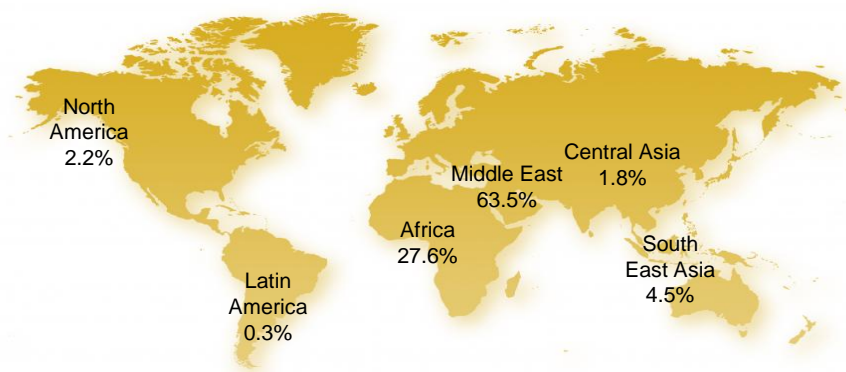


## Strategic Presence With Access to High Demand Markets



Note: Figures as of March 31, 2015.

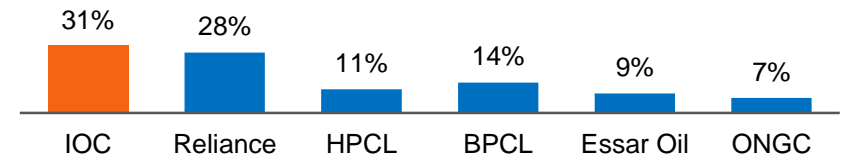
## Importing Crude from Across the Globe



Total crude oil import: 52.44 MMT (including 8.5 MMT for CPCL)  
Figures for FYE 2015

Source: Company Filing

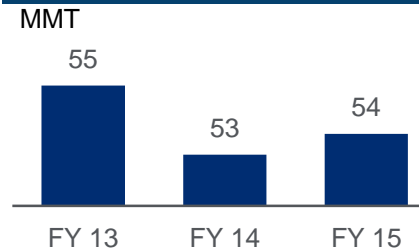
## Leader in Refining Market Share<sup>(1)</sup>



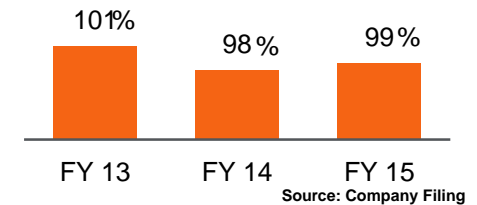
Note: Figures as of March 31, 2015.

Source: PPAC website

## Refinery Throughput

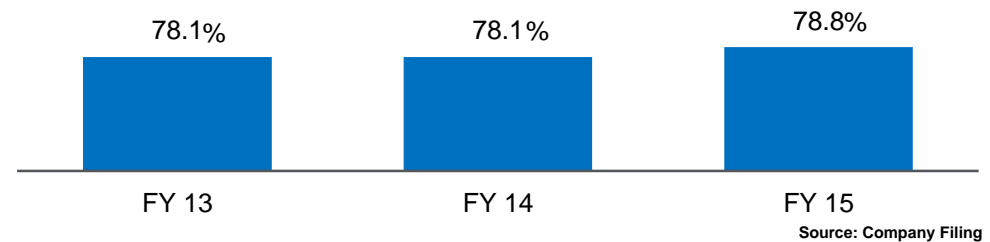


## Capacity Utilization



Source: Company Filing

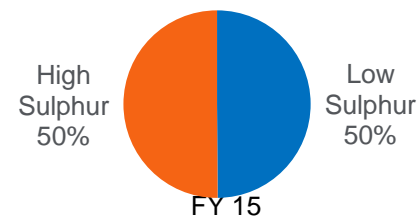
## Steady Distillate Yields



Source: Company Filing

## With Strong Focus on Quality

### Type of Crude Oil Used



- ✓ All refineries Euro III / IV Compliant
- ✓ Crude basket consists of around 174 grades

Note: All figures for the year ended March 31 of the respective years.

Source: Company Filing

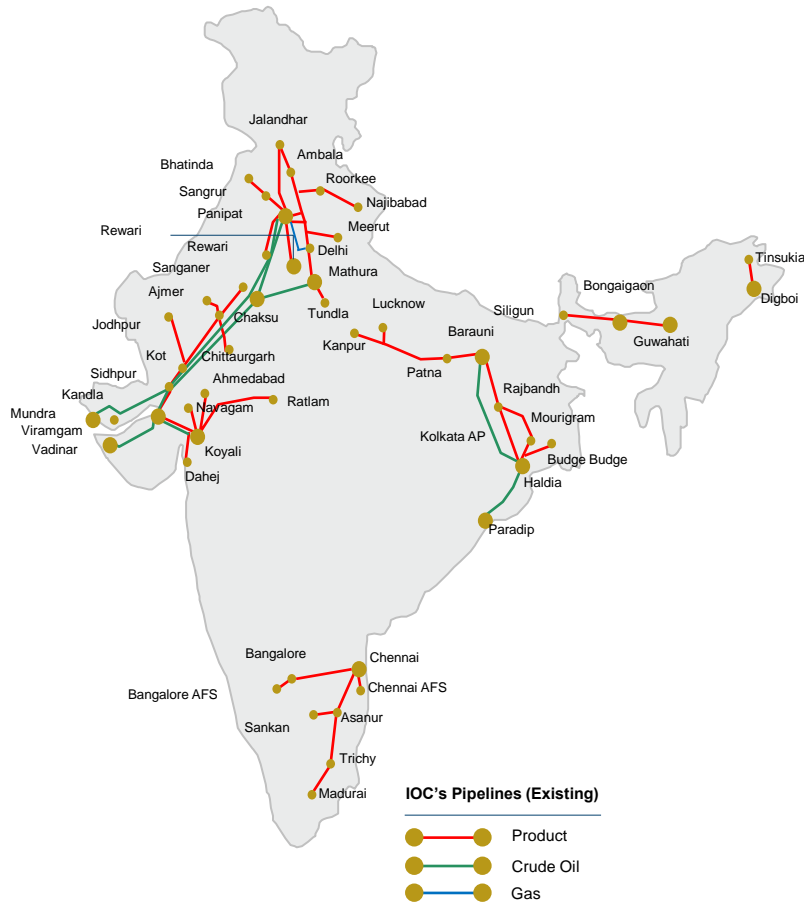
# Unparalleled Network of Cross Country Pipelines



## Leading Pipeline Network

	Length (KM)	Capacity
Crude Oil Pipelines	4,448	40.40 MMTPA
Product Pipelines	6,633	40.09 MMTPA
Gas Pipelines	142	9.5 MMSCMD <sup>(1)</sup>
<b>Total</b>	<b>11,223</b>	<b>--</b>

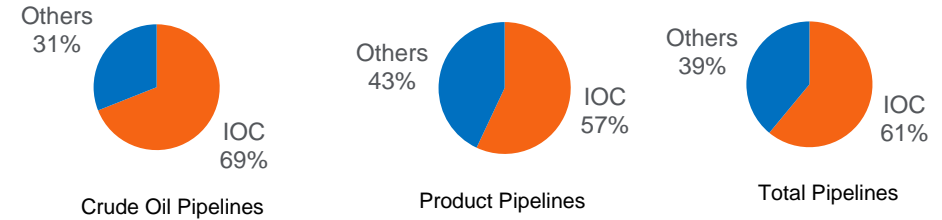
All figures for the year ended March 31, 2015.



Note: 1. MMSCMD – Million standard cubic feet per day

Source: Company Filing

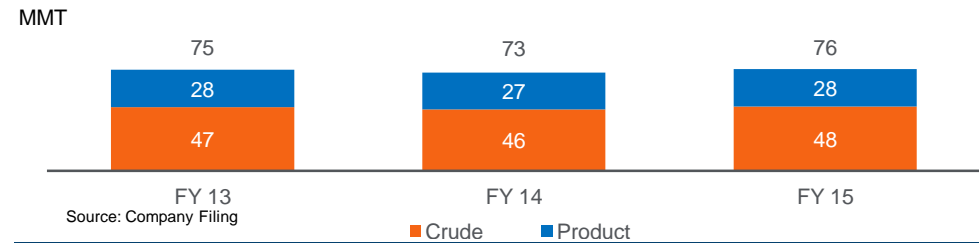
## Largest Pipeline Market Share - Downstream



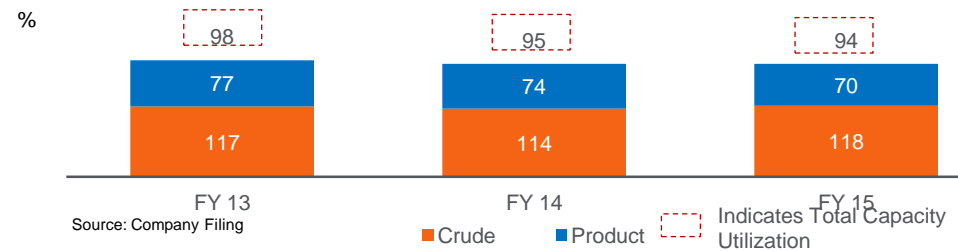
Source: PPAC Website

Note: Figures as of March 31, 2015.

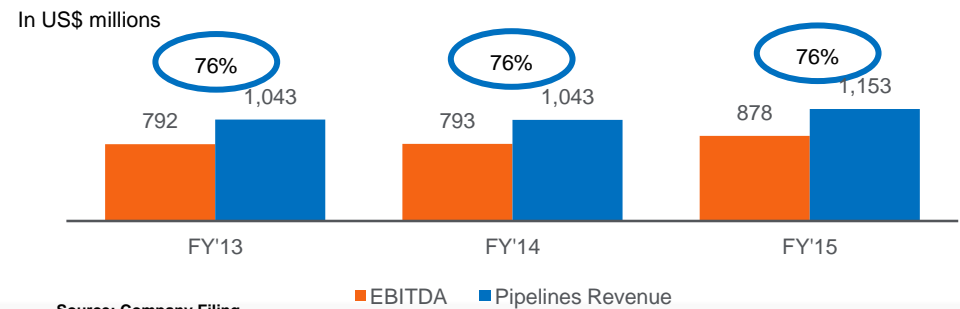
## Pipelines Throughput



## Complete Capacity Utilization



## Steady Revenue Stream and Healthy EBITDA Margins

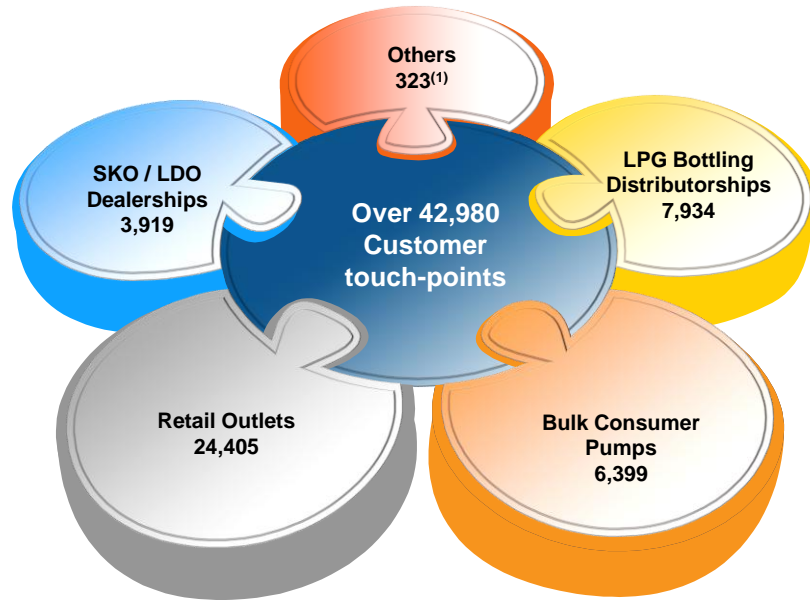


All figures for the year ended March 31 of the respective years.  
USD-INR:62.5050 (as on March 31, 2015)

# Marketing: Reach in Every Part of the Country



## Pan India Presence with Multiple Consumer Touch Points



All figures for the year ended March 31, 2015

Source: Company Filing

## Other Key Highlights

### Rural Thrust and Penetration

- ✓ 6,230 Kisan Sevak Kendras (KSK)
- ✓ 12.9% of total sales in 2014-15 through KSKs

### LPG

- ✓ Supply to over 88 million households

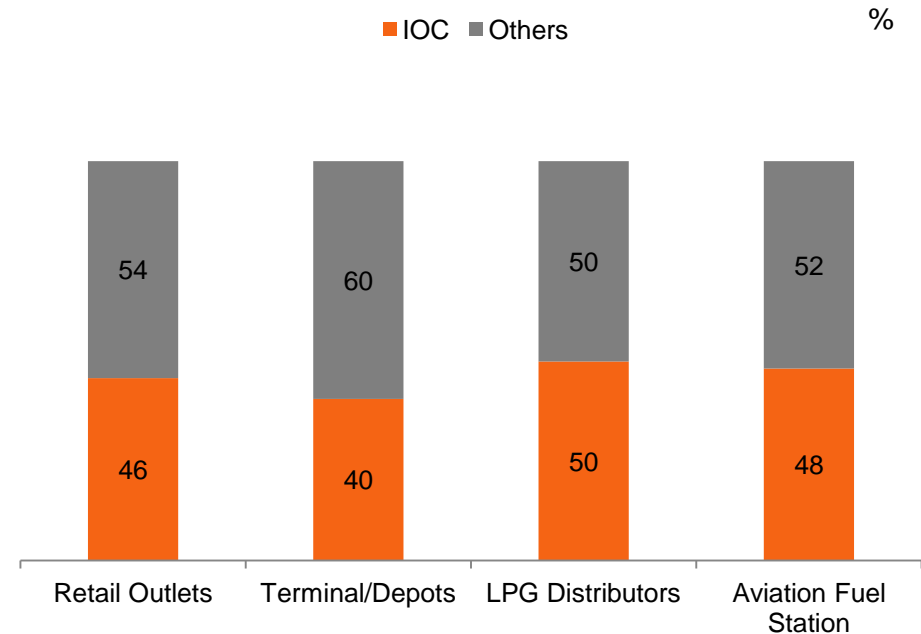
### Petroleum Product Market Share

- ✓ 46.7% share in domestic petroleum products

(Note: (1) Others includes Aviation Fuel Stations, Terminal ,Depots and LPG Bottling Plants.

Source: Company Filing

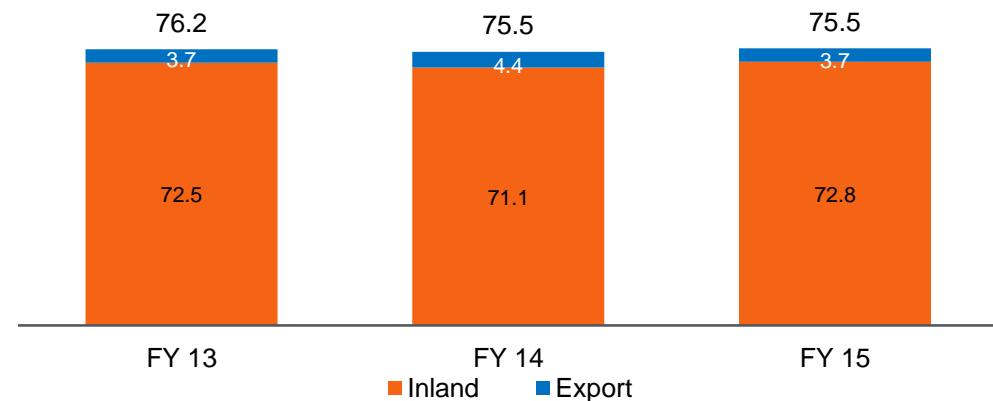
## Leader in Market Infrastructure



Source: Company Filing & PPAC Website

## Operating Highlights (Inland / Export Mix)

Sales (MMT)



All figures for the year ended March 31 of the respective years.

Source: Company Filing 8





## Diversified Products & Brands

### Branded Products



### Branded Services

Touchpoints



*Kisan Seva Kendra outlets for extending rural reach*

## Diversified Customer Base



*Retail Outlet at Boat house*

- The turnover growth is insulated from the cyclical demand fluctuations due to diversified customer base

# Moving Beyond the Traditional Value Chain



# Leading Producer of Petrochemical Products

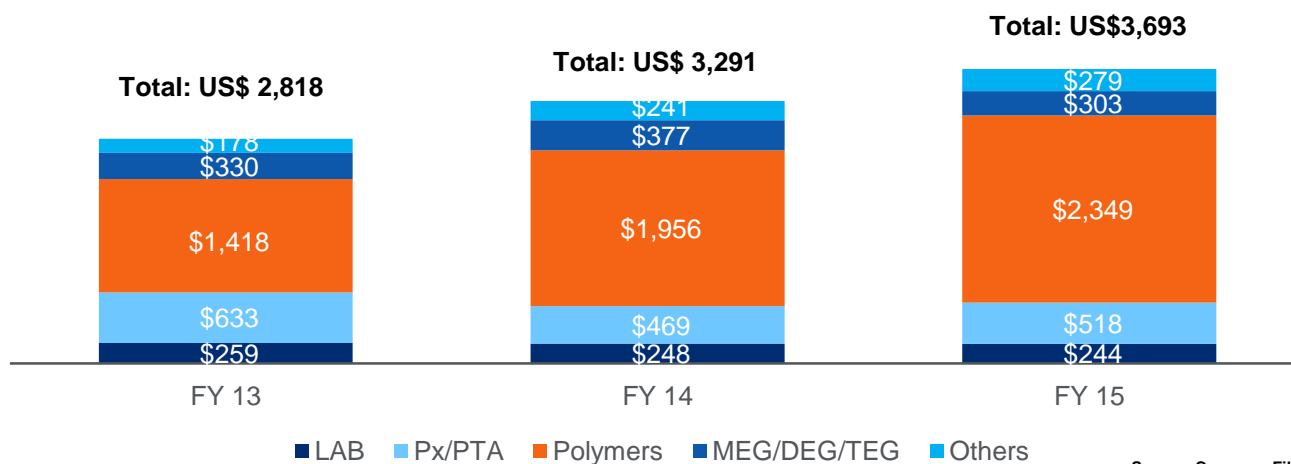


## Capacity

Project	Capacity (MT)	Capex (US\$mn)
Guajarat LAB	120,000	175
Styrene Butadiene Rubber Plant	120 KTA	150
Panipat Px / PTA	553,000	508
Panipat Naphtha Cracker	1,460,000	2337

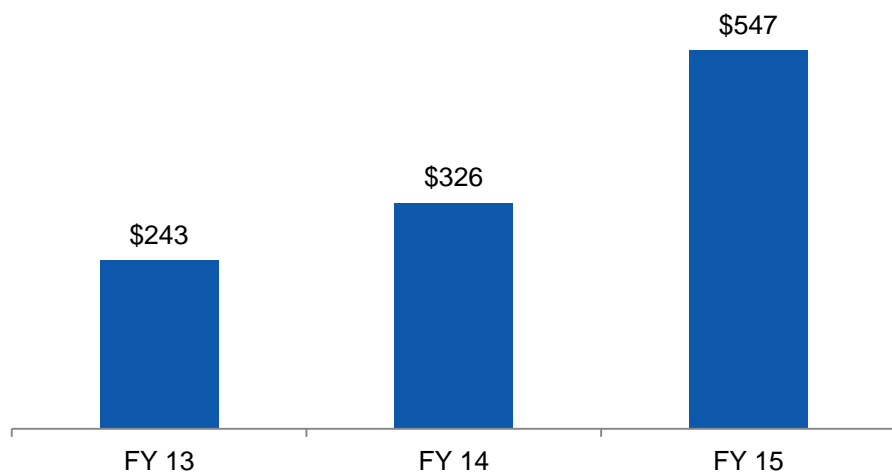
Source: Company Filing

## Sales Breakup (in US\$ millions)



Source: Company Filing

## EBITDA (in US\$ millions)



US\$-INR: 62.5050 (as on March 31, 2015)

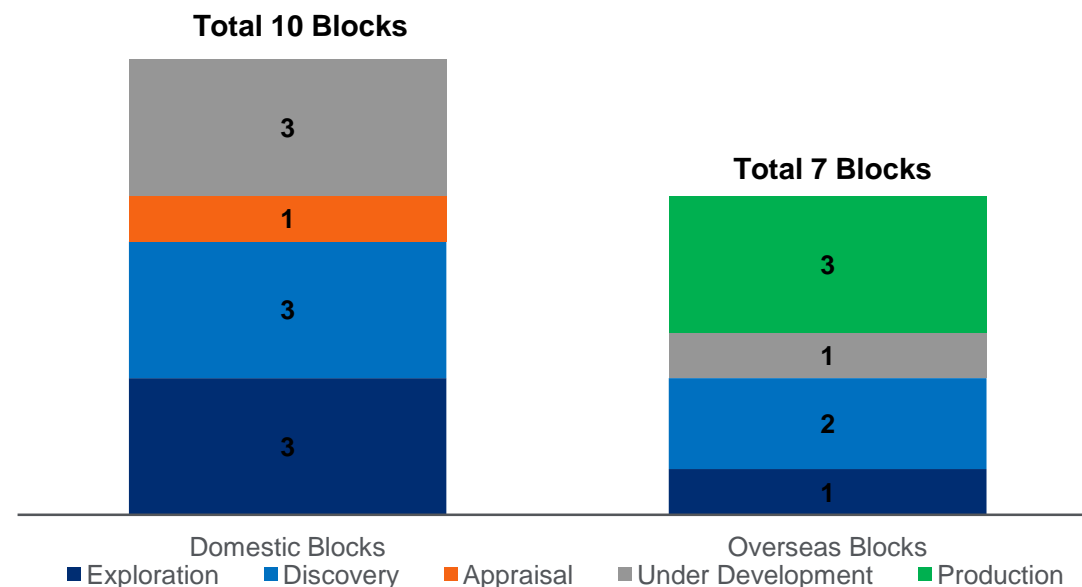
Source: Company Filing



## IOC: E&P Capabilities

- Stake in 17 exploration blocks
- 10 Domestic blocks
  - With ONGC / OIL / GAIL / GSPC / Petrogas / HPCL / HOEC / AWEL (20% -100% participating interest)
    - Including 2 Coal Bed Methane blocks with ONGC (20% participating interest)
- 7 International blocks
  - Libya (1), Yemen (1) , Nigeria (1), Gabon (1), Venezuela (1) , USA (1) & Canada (1)

## Status of Domestic and Overseas Blocks



All figures for the year ended March 31, 2015.

## Recent Developments on E&P

- State of the art Data Interpretation Centre “Anweshan”: For in-house seismic interpretation capabilities
- Acquired 10% stake in Project Carrizo, USA in October 2012 – Brought in IOC’s 1<sup>st</sup> E&P earnings
- Production in Project Carabobo, Venezuela started in December 2012
- Pacific North-West Canada – acquired in 2013



*A view of the drilling site at IOC Khambel 1*

All figures for the year ended March 31, 2015.

## Pacific NorthWest LNG, Canada

Acquired in 2013

Potential Reserves: 52.77  
Tcf

2P Reserves: 19 Tcf

1P Reserves: 4.5 Tcf

Initial IndianOil Investment:  
US\$ 1 billion

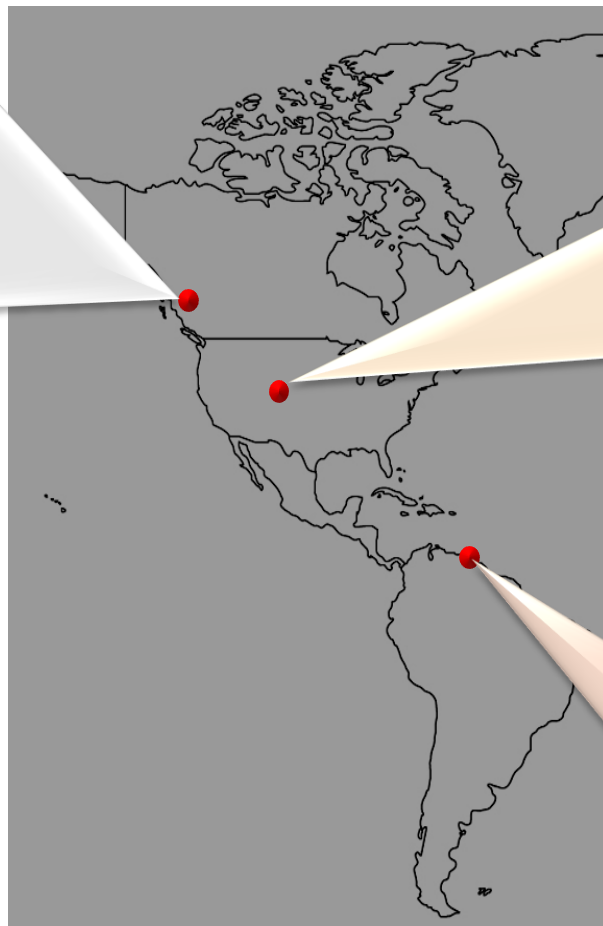
### **IndianOil Stake:**

Reserves 10% - 5.3 Tcf

LNG Terminal Offtake:

1.2 MMTPA – exports by  
2020

Cumulative Revenue:  
\$67.17million as on  
31.03.2015



## Niobrara Shale Asset, USA

Acquired in 2012

### **IndianOil Share:**

10% (19.4 MMboe) as on  
31.3.2015

Cumulative Production:  
398,000 boe as on  
31.03.2015

Cumulative Revenue:  
US\$ 20.18 million

## Carabobo Project-1, Venezuela

Acquired in 2010

### **IndianOil Share:**

3.5% (106 MMboe)

Cumulative Production:  
1,68,670 bbl as on  
31.3.2015

## Geographical Diversification

**IndianOil Mauritius Ltd. (IOML)**  
(100% Stake)

- Aviation, terminal & retail business
- 24,000 MT Storage Terminal
- Market Share : 25.2%



**Lanka IOC Plc.**  
(75.1% Stake)

- Storage, terminal & retail business
- 161 retail outlets
- Market Share: 19.4%



**IOC Middle East FZE**  
(100% Stake)

- Marketing of Lubes



## Diversification Across Sources

**Gas**



- Revenue CAGR over 33% during last 5 years.US\$ 1,425 mn (FY15)
- JV 's for City Gas Distribution
- 5 MMTPA LNG import, storage and re-gassification terminal planned at Ennore

**Wind Power**



- 21 MW plant at Kutch; Second plant of 48.3MW capacity in AP, South India (partly commissioned)

**Solar**



- 5MW solar plant in Rajasthan
- Off-grid solar plants currently at 3,106 Retail Outlets

Note: Other overseas subsidiaries include IOC Sweden AB, IOC (USA) Inc.and IndOil Global B.V. Netherland (facilitating overseas upstream operations)

All figures for the year ended March 31,2015

US\$-INR: 62.5050 (as on March 31,2015)

# Strong Focus on Research and Development



## Focus on Products & Technology

### INDMAX

- Technology developed to maximize light distillates from refinery residue

### Indane NANOCUT LPG

- Hi-therm LPG based metal cutting gas
- Improved efficiency and safety standards

### Diesel Hydro treating

- Commercialized 1.2 MMTPA grass-root DHDT facility in Bongaigaon

### Railroad Oils

- 1st in India to introduce multi-grade railroad oil to Indian Railways - significant fuel and oil savings

### Naphtha Isomerization

- Retrofitting of Bongaigaon refinery for producing Euro-III/IV motor spirit

### Marine Oils

- One of six companies to develop "OEM Approved Marine Technology Equipment"

### Fuel Efficient Engine Oils

- Commercialization of R&D developed fuel efficient engine oil for gasoline & diesel car

### Hot Rolling Oils

- Commercialization of R&D developed energy efficient hot rolling oil in association with RDCIS in steel plants

## Collaborations



Game-changing technology for Conversion of CO<sub>2</sub> to value added products

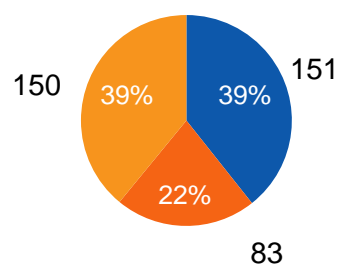


Conversion of Carbon dioxide to chemicals

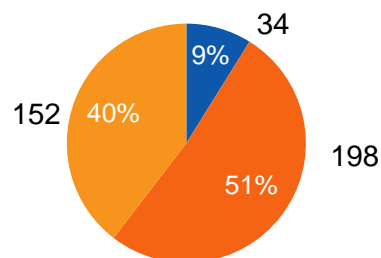
## Active Patents Portfolio

As on March 31, 2015

### By Geography



### By Division



■ India ■ USA ■ Others

■ Lubes ■ Refineries ■ Others

**Total Patents: 384**

## Investments in Research & Development

**Indalin:** Technology for conversion of naphtha to light olefins, LPG & aromatic rich gasoline; feasibility under study

**Delayed Coking:** Thermal cracking technology for conversion of long/short residue to distillates. Partnership with Engineers India Limited

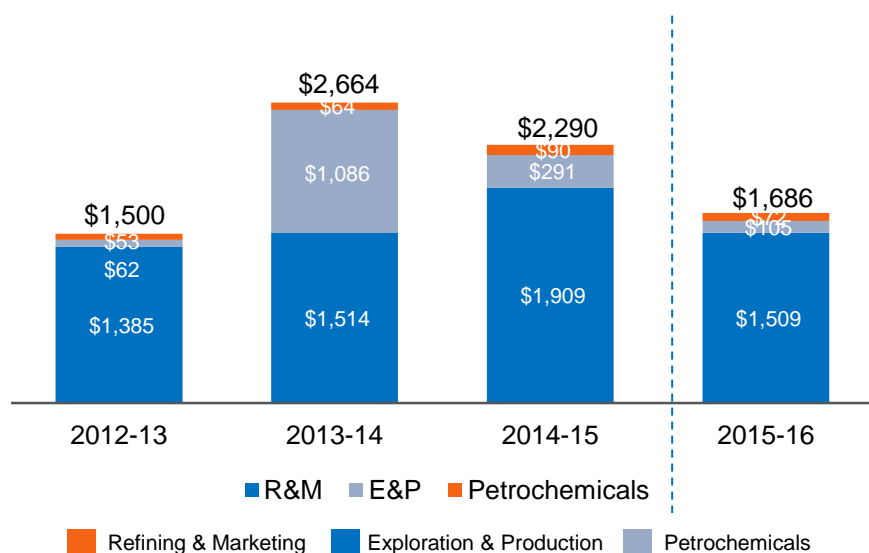
**Octamax:** Technology for dimerization of cracked C4 to high octane (RON) component for Euro IV/V gasoline

**FCC Catalyst Additives:** CO - Combustion promoter, Coke Reduction Additive, Residue Upgradation Additive for bottom Upgradation

**DHDS / DHDT Catalysts:** Demonstrated at CPCL for ULSD in 2009. Partnership with Sud-Chemie India Limited (SCIL)

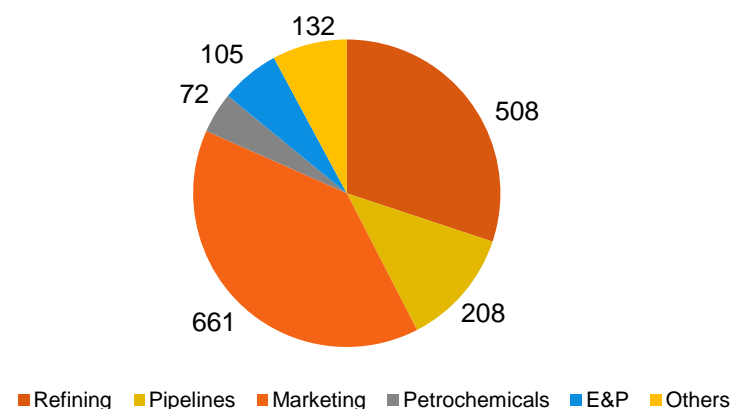
**Vegetable Oil co-processing in DHDT:** Successful technology demonstrated in 2013 including demetallation of vegetable oil

## 12th 5 year Plan Investments & Targets (in US\$ mm)<sup>(1)</sup>



## Planned Capital Expenditure Outlay<sup>(1)</sup> (2015-16)

(US\$ millions)



## Capex Requirements of Key Projects<sup>(1)</sup>

Project	Estimated Cost (US\$ mn)	Anticipated Completion
15 MMTPA Paradip Refinery Project	5,528	Oct-15
Paradip–Raipur–Ranchi Pipeline Project	287	Mar-16
Paradip–Haldia–Durgapur LPG Pipeline	146	Jun-16
Polypropylene unit at Paradip	504	Sep-17
Distillate Yield Improvement at Haldia	492	Sep-17
Ennore LNG Terminal	824	Q4-2018

## Paradip Refinery: Augmenting IOC's Capacity

- 15 MMPTA Capacity: Increases IOC's total capacity by 27.6% over current capacity
- One of the most modern refineries:
  - Largest refinery on the eastern coast
  - 100% HS including 40% Heavy
  - Nelson Complexity Factor – 12.2
  - Distillate Yield – 81%
  - Energy Index – 50 MBN
- Commissioning started, commercial commissioning progressively from October 2015





## Paradip Refinery: Augmenting IOC's Capacity

- 15 MMPTA Capacity: Increases IOC's total capacity by 27.6% over current capacity
- One of the most modern refineries:
  - Largest refinery on the eastern coast
  - 100% HS including 40% Heavy
    - Ability to process toughest crude
  - Nelson Complexity Factor – 12.2
    - Superior secondary processing
  - Distillate Yield – 81%
    - Even with high percentage of heavy crudes
  - Energy Index – 50 MBN
    - Among the best in the industry
- Commissioning started, commercial commissioning progressively from October 2015



## Management Team



**B. Ashok**  
*Chairman*  
Over 33 Year Experience

- Handled all aspect of marketing activities. Also headed the overseas business of IndianOil in South East Asia.
- Mechanical Engineer from College of Engineering, Madras and Management diploma from MDI, Gurgaon.



**Sanjiv Singh**  
*Director (Refineries)*  
30+ Year Experience

- Previously heading the upcoming Paradip refinery project of IndianOil. Also worked with centre for High technology and with Nigeria Petroleum National Company.

- Chemical engineer from IIT Roorkee



**Debasis Sen**  
*Director (Planning & Business Development)*  
35+ Year Experience

- Possesses rich experience of all aspects of petroleum product marketing including brand building, customer segmentation, niche marketing etc.
- Mechanical engineer from Jadavpur University. Advance course in Lubes & Fuels from IIP Dehradun.



**A K Sharma**  
*Director (Finance)*  
32+ Year Experience

- Handled various assignments in finance functions. Was at the forefront of treasury operations to raise funds for IOC. Credited for issuing the first ever foreign currency bonds of IndianOil in the international market.
- Chartered Accountant (CA) by profession. Also possesses law degree.



**Verghese Cherian**  
*Director (HR)*  
32+ Year Experience

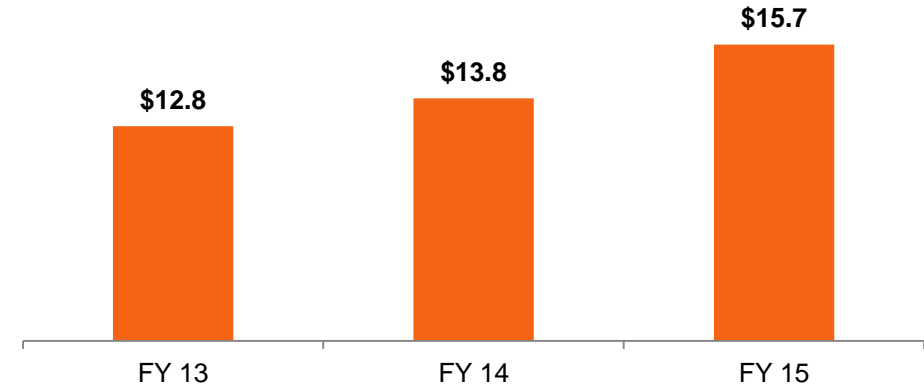
- Possesses a rich and comprehensive experience in human resource discipline in various positions at IndianOil. Also headed IIPM, an apex training centre of IndianOil
- Post graduate in Social Work (MSW).



**Anish Agarwal**  
*Director (Pipelines)*  
36+ Year Experience

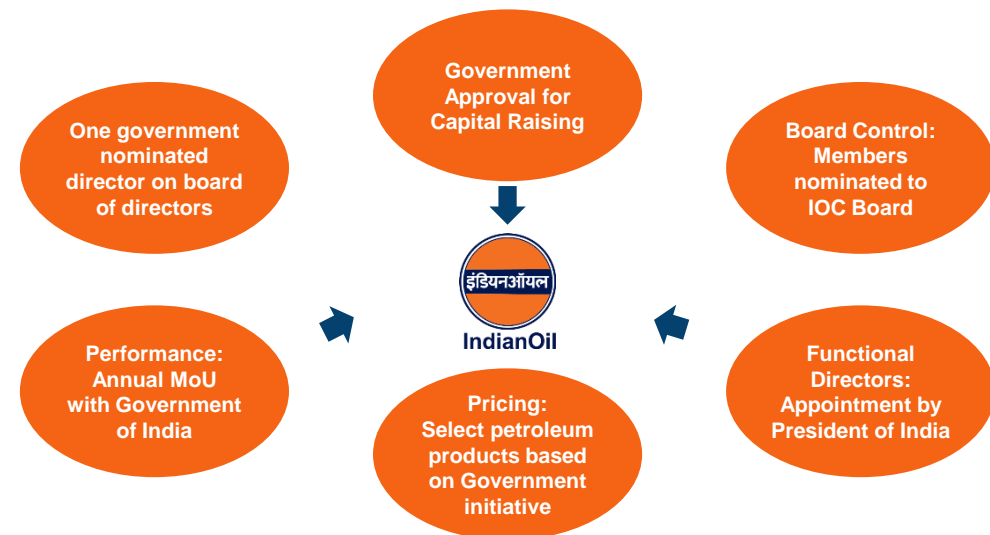
- Has held various important portfolios in Pipelines, and has worked in various disciplines like operations, maintenance, engineering services, projects, etc.
- Electronics engineer from Punjab Engineering college and Executive MBA from MDI, Gurgaon.

## Contribution to Exchequer (in US\$ billions)



Source: Company Filing

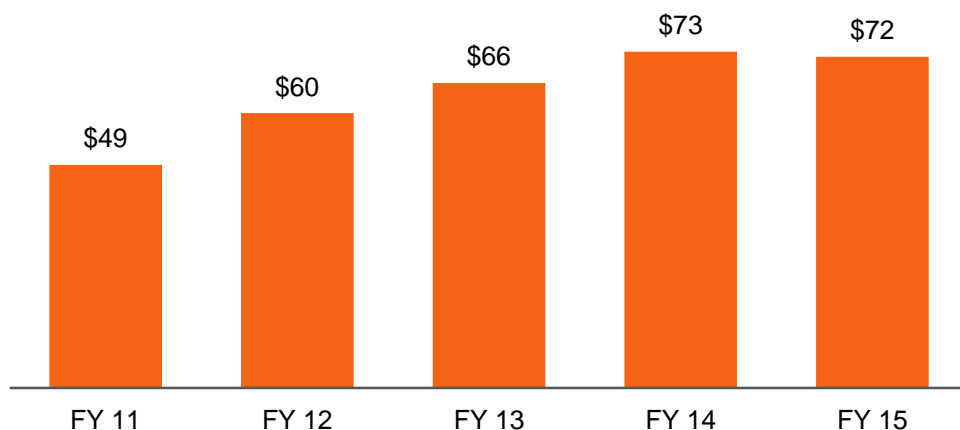
## Strong Support From the Government of India



# Our Differentiators: Strong Financials

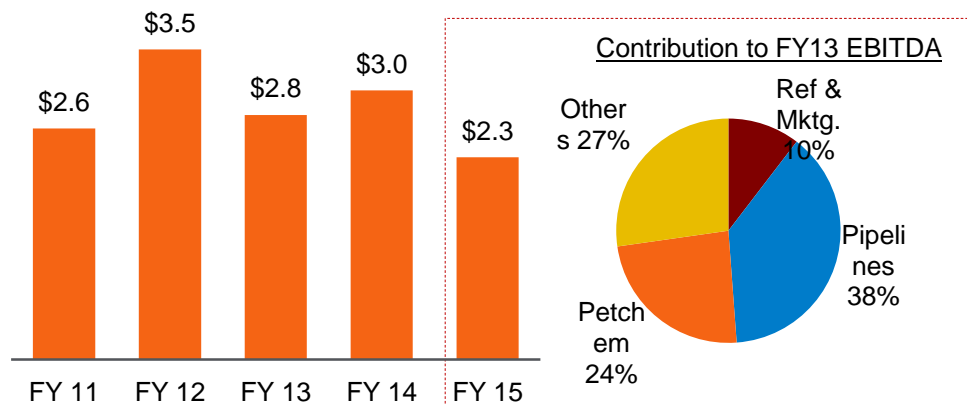


Turnover (in US\$ billions)

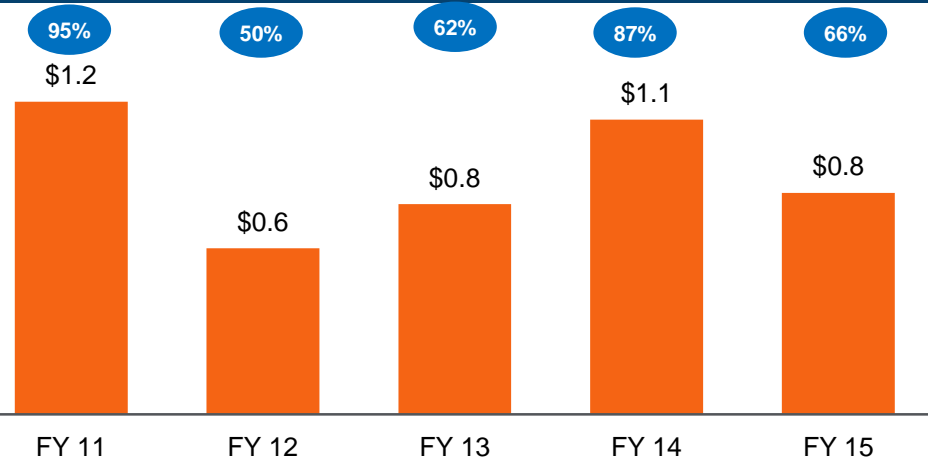


Reduction in turnover during FY15 is due to reduction in product prices

EBITDA (in US\$ billions)



Net Profit (in US\$ billions) and Dividends (%)

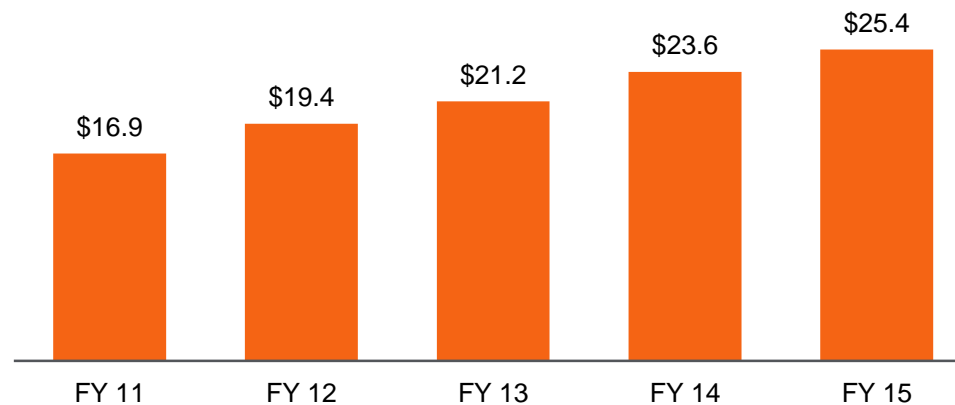


Net Profit reduced in FY12 due to entry tax on crude oil in Mathura Refinery  
 Net Profit reduced in FY15 due to exceptional inventory loss of about US\$ 2.5 bn

Exchange Rate 1USD= INR 62.5050

Dividend Paid (% face value)

Asset Base<sup>(1)</sup> (in US\$ billions)

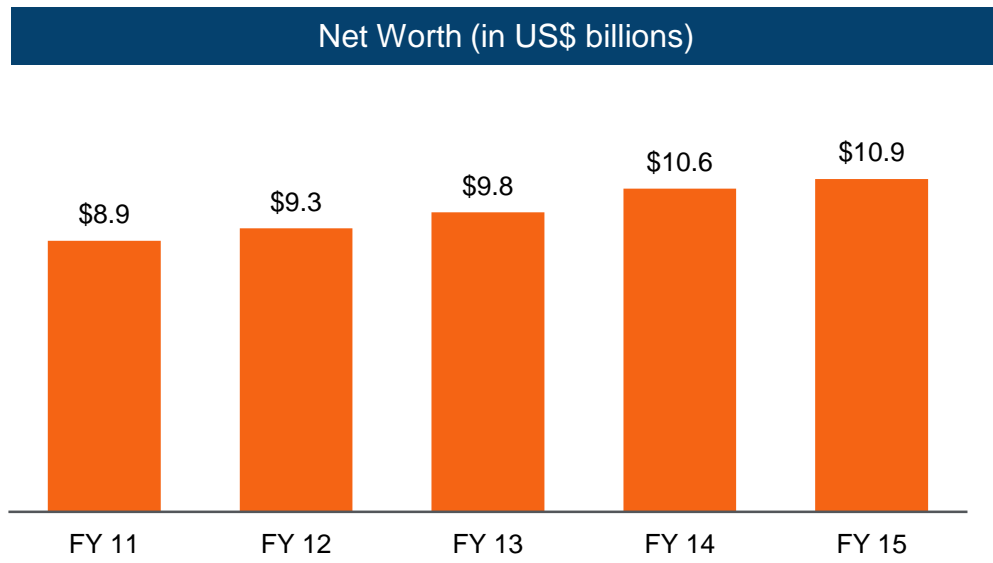


Note: (1) Comprises of Gross Fixed Assets and Capital WIP.

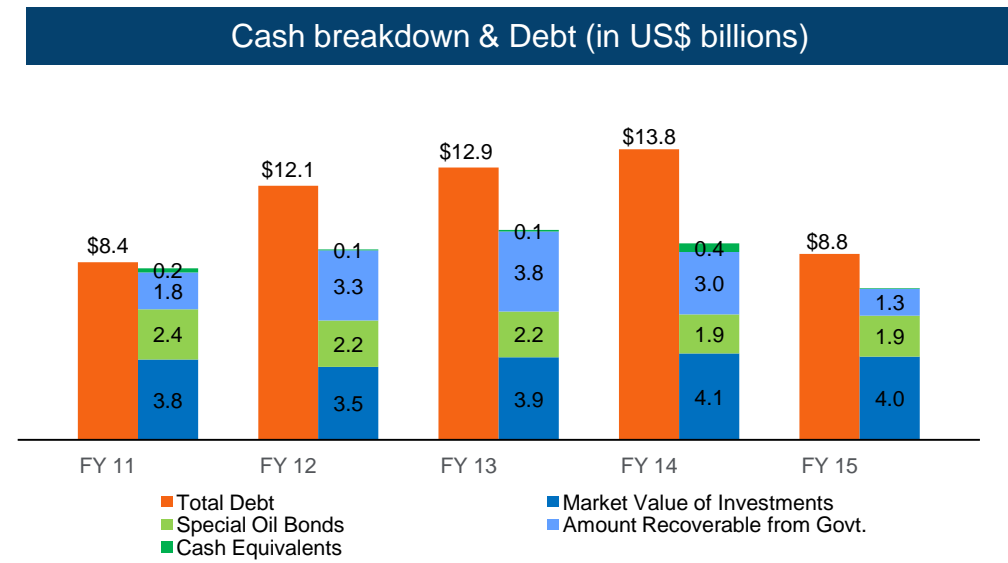
# Our Differentiators: Strong Financials



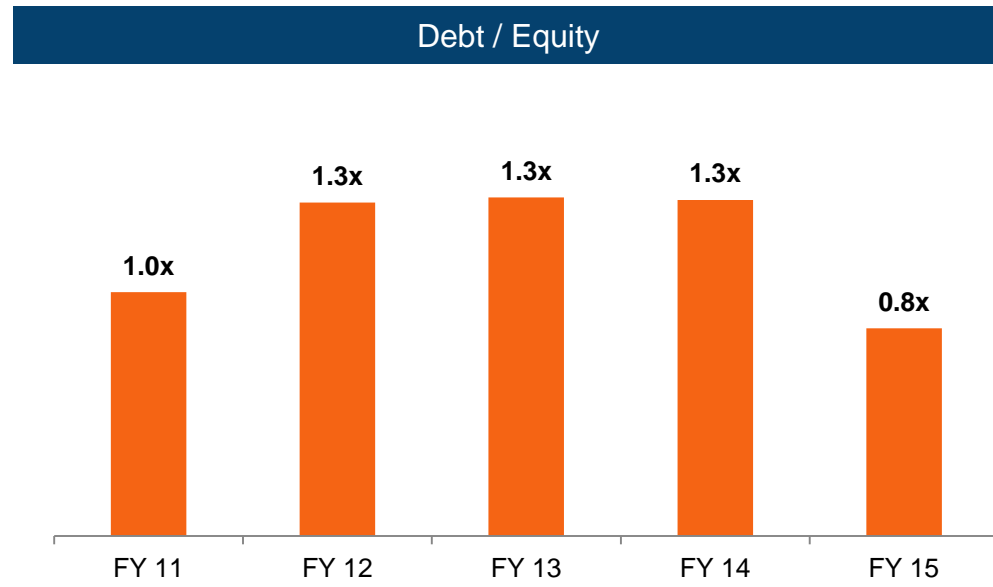
### Net Worth (in US\$ billions)



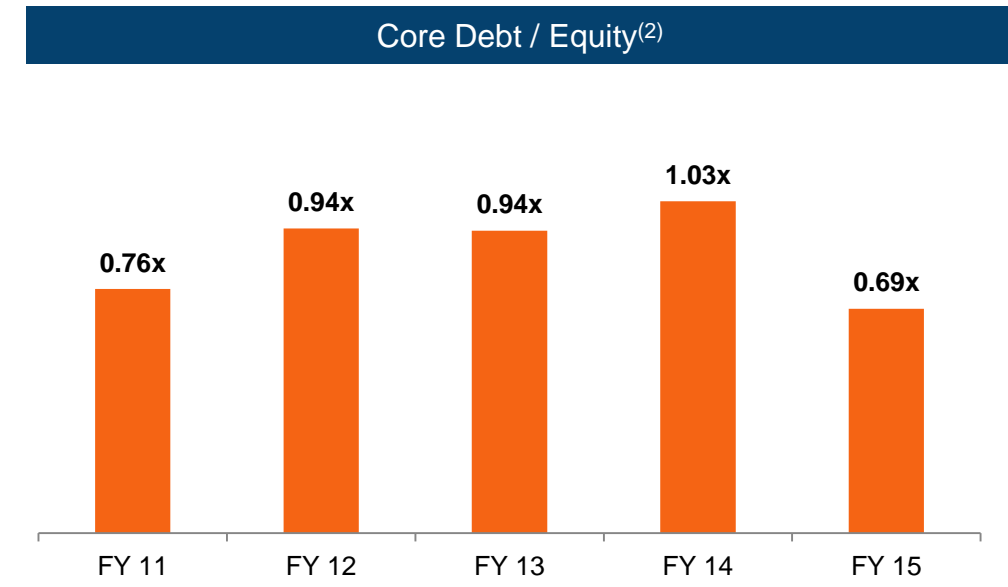
### Cash breakdown & Debt (in US\$ billions)



### Debt / Equity



### Core Debt / Equity<sup>(2)</sup>



US\$-INR: 62.5050 (as on March 31, 2015)

(1) Received from Government of India in lieu of compensation till the year FY 2009.  
 (2) Core Debt = Debt less cash receivable from Government

Deregulation of petrol prices	<b>Jun 2010</b>	<b>Fuel deregulation to eradicate subsidies and improve working capital situation</b>
Allowing OMCs to hike diesel price by Rs 0.5/ltr/month	<b>Jan 2013</b>	
Bulk diesel deregulation		
Cap on subsidized cylinder at 12/household/year	<b>Jan 2014</b>	
Full deregulation of diesel prices	<b>Oct 2014</b>	<b>OMCs have the flexibility to tweak retail prices of auto-fuels</b>
Pan-India implementation of Direct Benefit Transfer for LPG (PAHAAL)	<b>Apr 2015</b>	
<b>Subsidy sharing FY 16</b> Govt Cap LPG subsidy - Rs 18/kg Kerosene - Rs 12/ltr	<b>Aug 2015</b>	<b>Clarity on mechanism of subsidy sharing by Government and Upstream companies</b>
Balance to be born by Upstream companies		

# Under Realization & Compensation



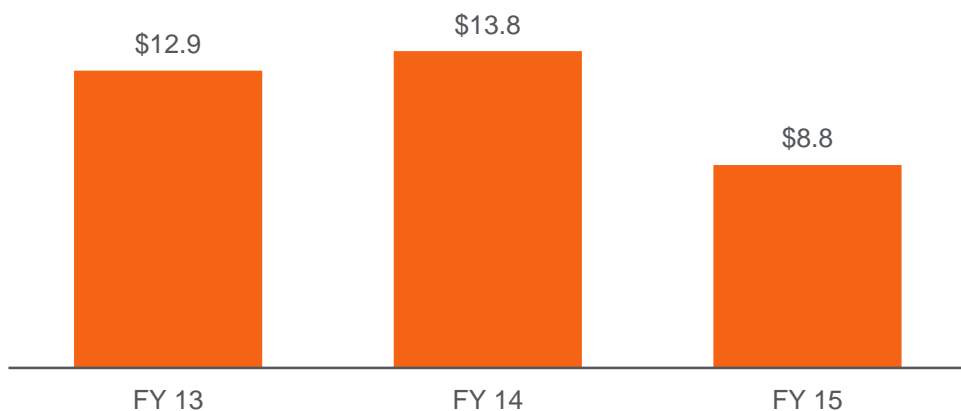
## Finalization of Under Recovery Sharing on Annual Basis

(in US\$ billions)

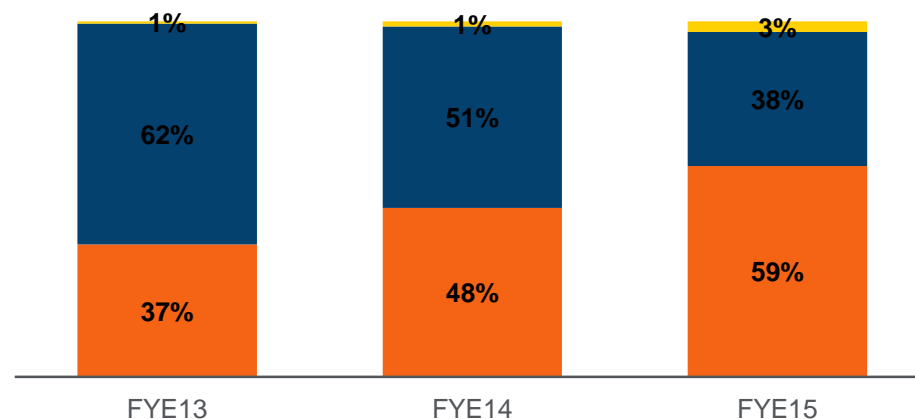
	FY 13	FY 14	FY 15
<b>Gross Under – realization</b>	<b>13.7</b>	<b>11.7</b>	<b>6.4</b>
Upstream Discount	5.1	5.5	3.8
Cash Compensation	8.5	5.9	2.4
Net Under - realization	0.1	0.3	0.2

## Reduction in Debt Level – a by-product of fall in prices

US\$ bn



## Burden of Under – Recovery Sharing



■ Upstream Discount ■ Cash Compensation ■ Net Under Realization

Note: 1. Petroleum Planning and Analysis Cell. Website viewed on August 13, 2013.  
US\$-INR: 62.5050 (as on March 31, 2015). HSD : High Speed Diesel ; LPG: Liquefied Petroleum Gas.



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- 4** • Integrated Operations Across the entire Energy Value Chain
- 5** • Strong Focus on Innovation Through R&D and Alternate Energy Sources
- 6** • Driven by a Management Team That has Delivered Results
- 7** • With Strong Support from the Government of India

# Key Risk Factors

- Fluctuations in commodity prices (eg. crude oil)

- Fluctuation in exchange rates (INR – US\$)

- Fluctuation in global petroleum product prices

- Change in operating & distillate yields and impact on gross refining margins

- Impact of Government subsidy and other policies

- Risk associated with expansion and diversification of business including joint ventures and new ventures e.g. Bio fuels / Nuclear / Solar

- Compliance with the listing agreement in respect of requisite number of Independent Directors