



**IndianOil**



# Indian Oil Corporation

Investor Presentation

June 2011

इंडियनऑयल



1 Company Overview

2 Attractive Market

3 Dominant Market Leader: 'The Energy of India'

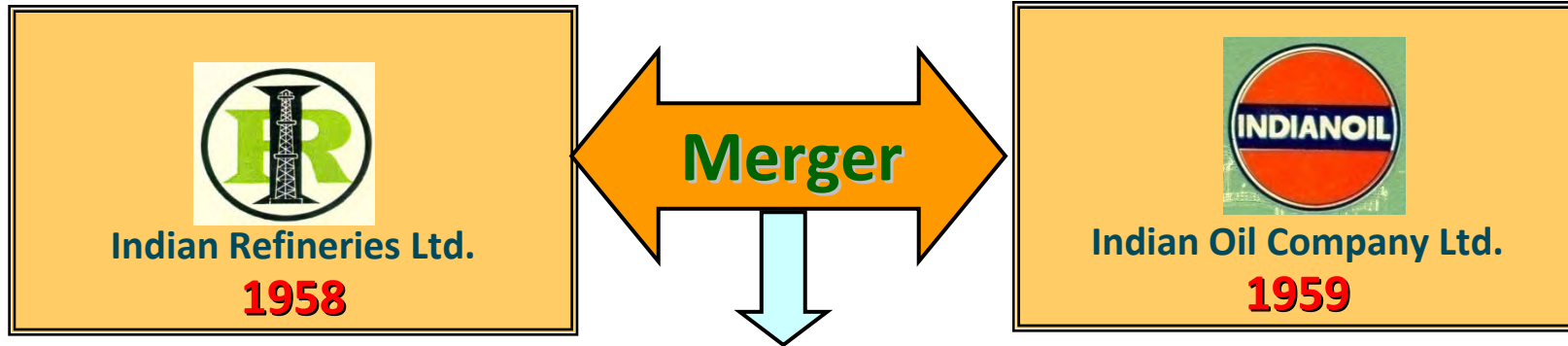
4 Well Defined Strategy

5 Strong Operating & Financial Performance

6 Conclusion



# Company Overview - Corporate History



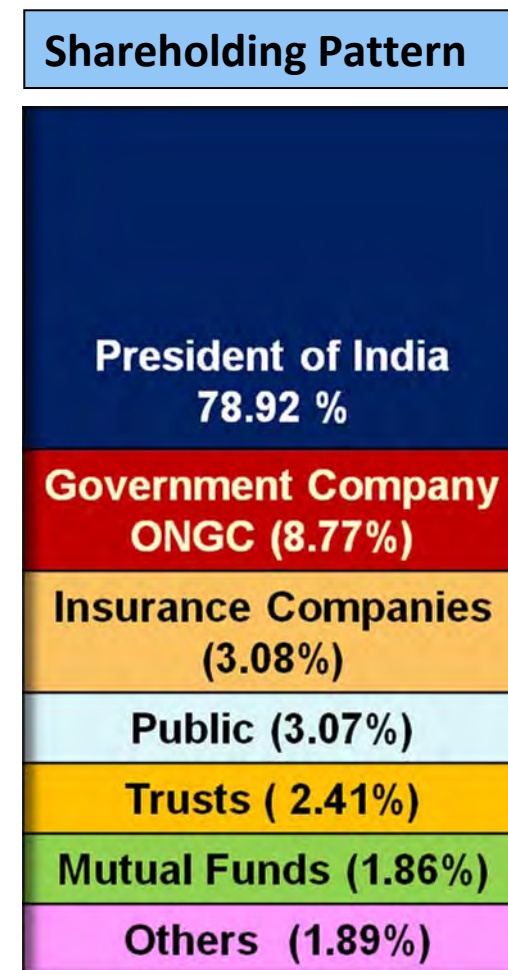
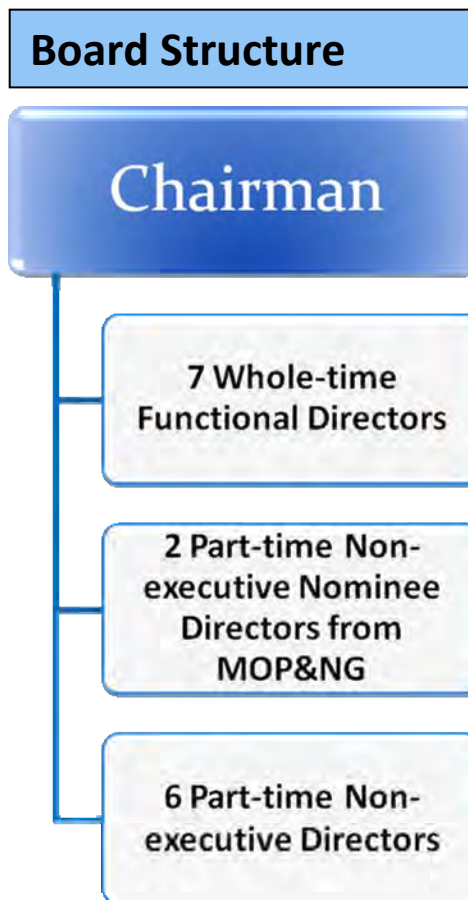
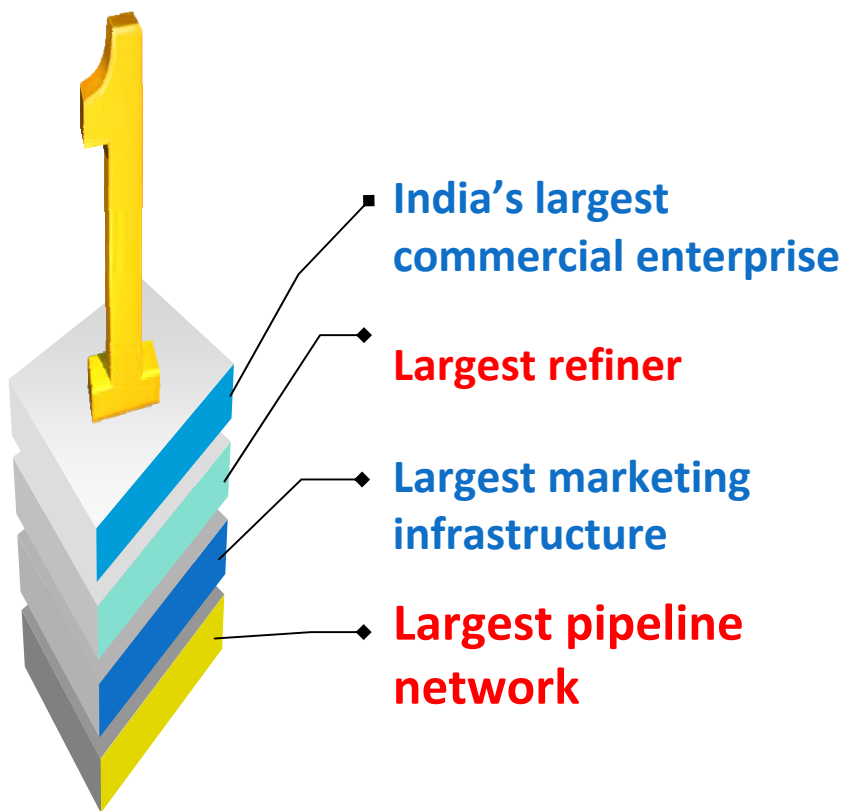
**1** Integrated Refining and Marketing company in PSU domain



# Company Overview – Brief Description



Highest-ranked (125) Indian Company in Fortune Global 500



#### Notes

1. Shareholding pattern as on 31<sup>st</sup> March'11





# Company Overview – Brief Description



## Business Description

### Core Business: R&M<sup>(1)</sup>

- Operates 10 refineries with a total production capacity of 65.7 MMT
- Operates a 10,899 km long product and crude pipeline network as well as maintains a marketing network with ~ 37,000 touchpoints

### Diversification

- Investing in wider petrochemical product slate
- Gas distribution – CGD, LNG at Doorstep etc
- E&P through equity interest in blocks across the world
- Power generation through renewable sources of energy

## Financial Summary

INR Bn unless specified	FY 10	FY 11
Revenue	2,711	3,287
EBITDA	189	163
EBITDA Margin (%)	6.9%	4.9%
ROA/ ROE (%)	33.9%/20.2%	15.6%/ 13.5%
Debt/ Equity (x)	0.88x	0.95x
Dividend Payout Ratio (%)	31.0%	31.0%

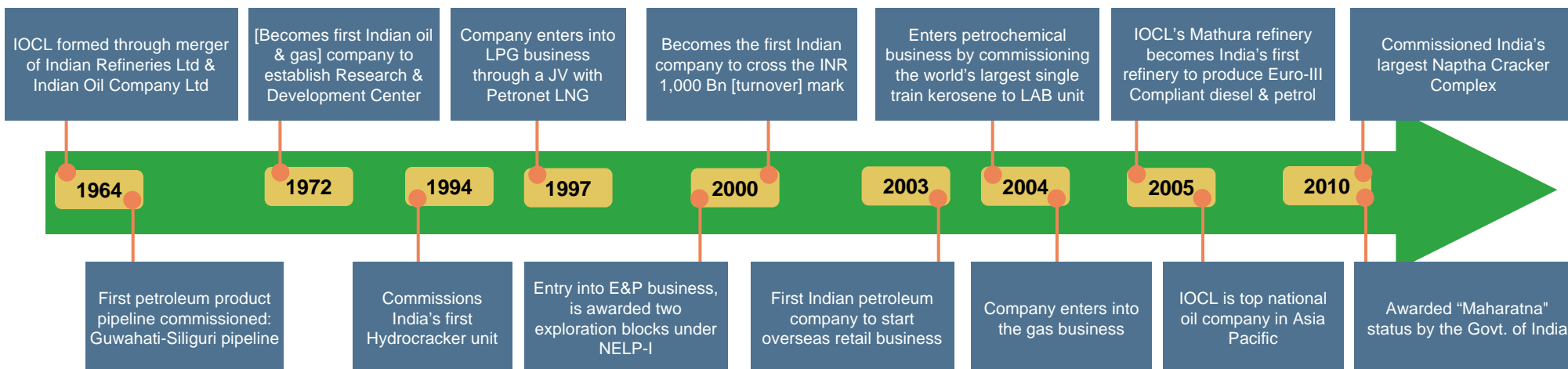
**Higher EBITDA in FY'10 due to higher inventory & exchange gains.**

### Notes

1. As on 31<sup>st</sup> Mrch'11, including refineries operated by IOCL's subsidiaries



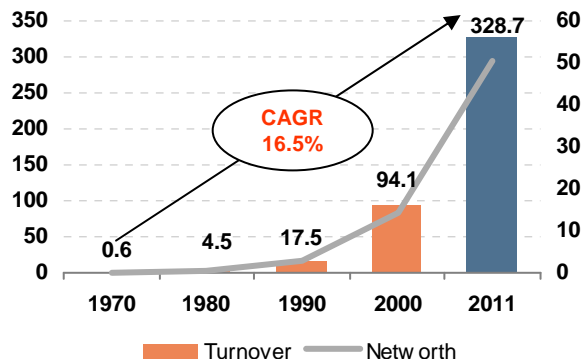
# Company Overview – Proven Track Record



## Track Record: Rapid Growth Consistently

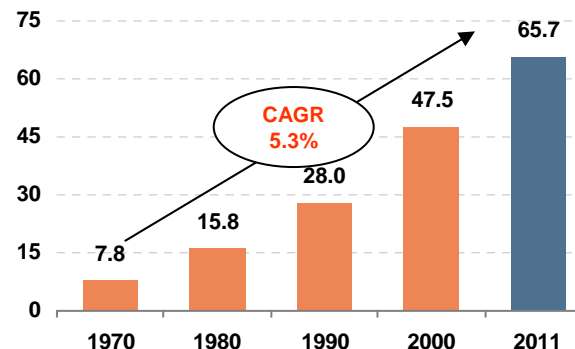
### Net Worth & Revenues

(INR Thousand Crore)



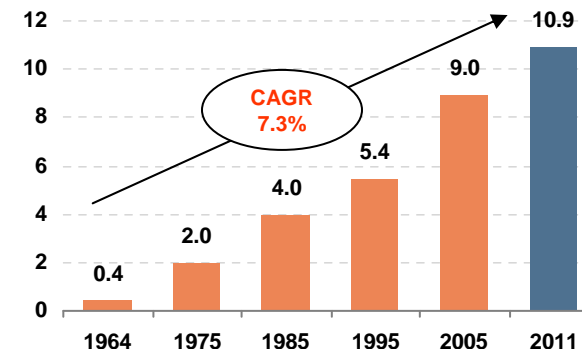
### Refining Capacity: 65.7 MMT

(MMT)



### Total Length of Pipeline Network: 10,899 Kms

Kms ('000)

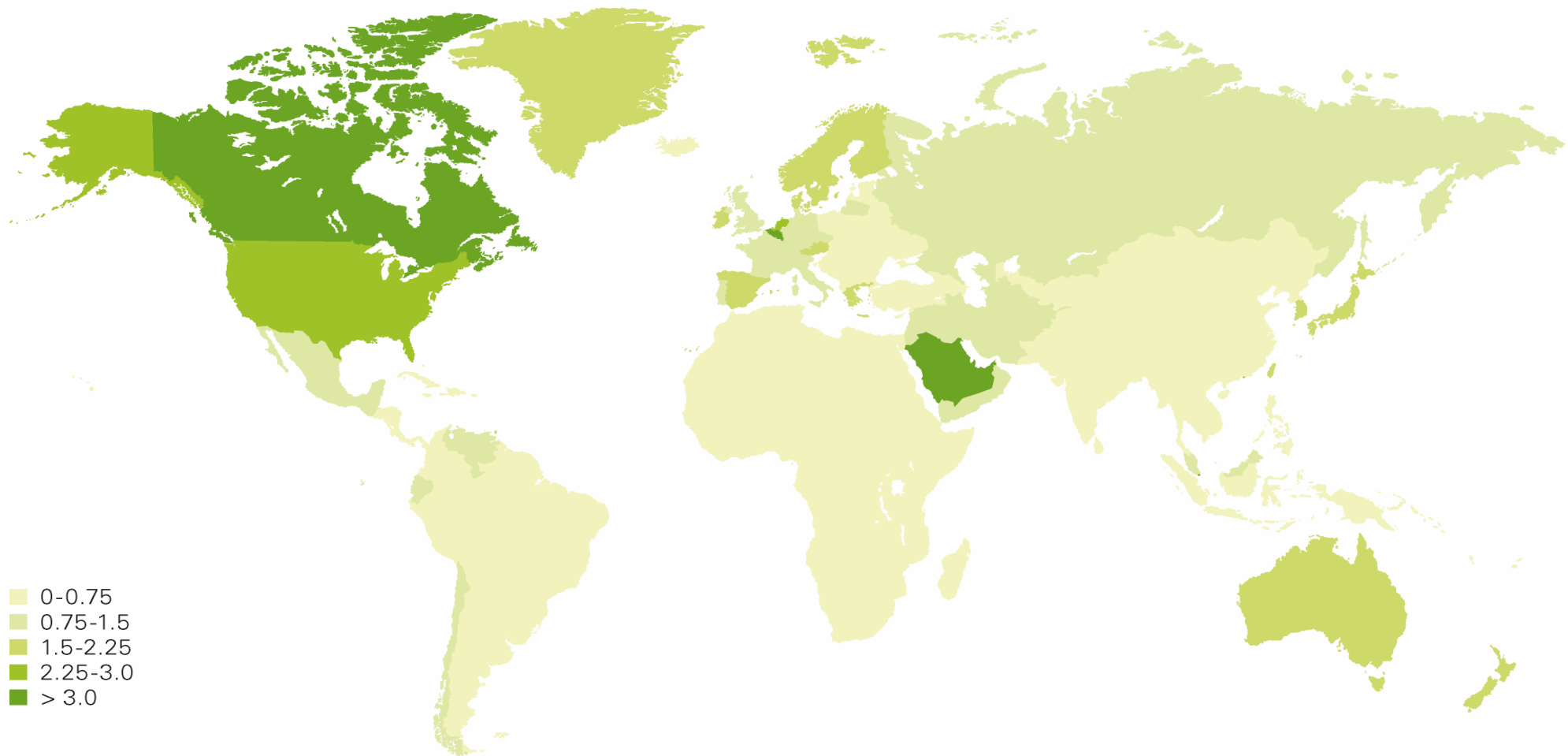


# Attractive Market: Large Potential in India



## Consumption per capita 2010

Tonnes



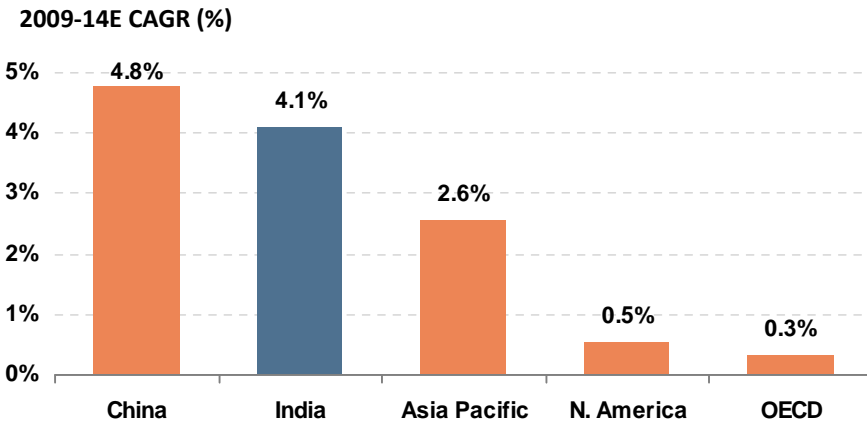
Source BP Statistical Review of World Energy June 2011,



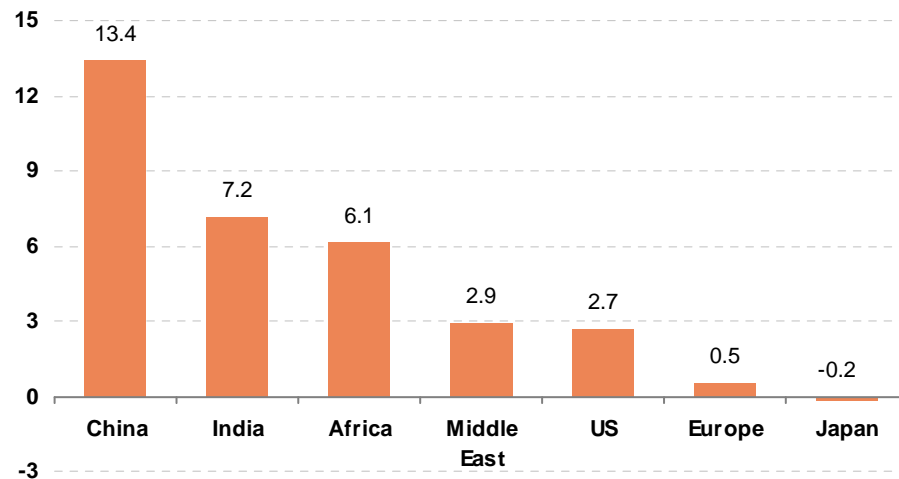
# Attractive Market: Large Potential in India



## India One of the Fastest Growth in Oil Consumption

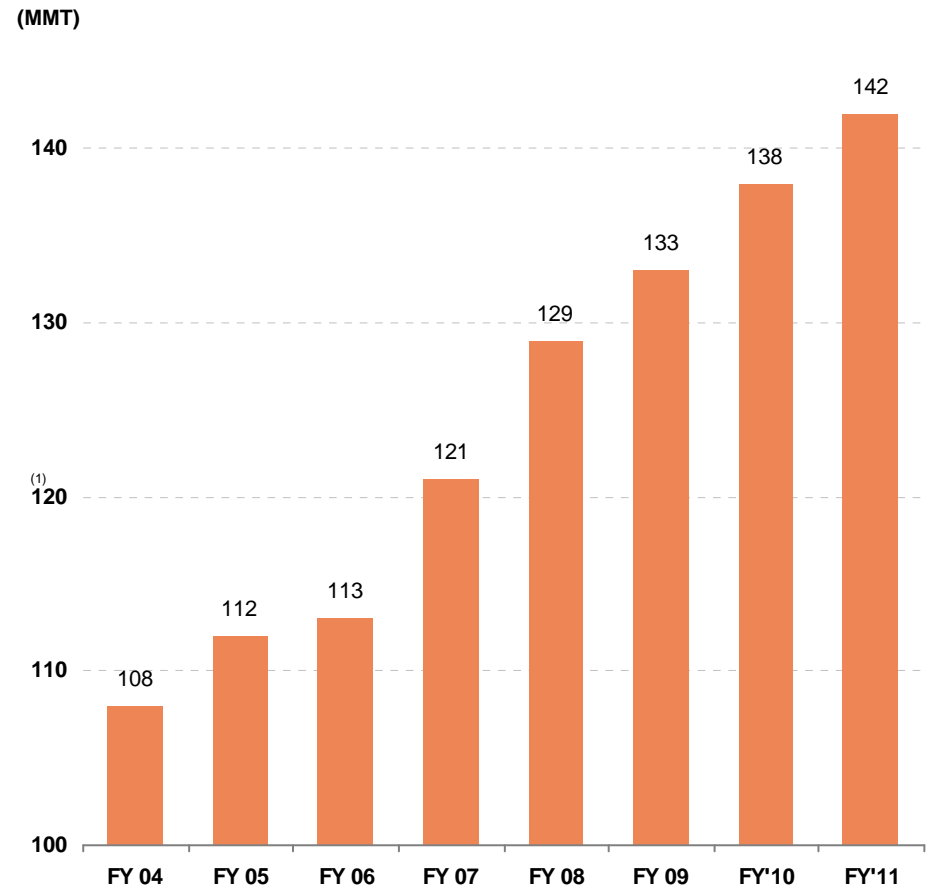


## .. Refinery Through Put .....% Change in 2010 over 2009



Source BP Statistical Review of World Energy June 2009, & 2011

## .. Leading to Large & Growing Petroleum Product Consumption in India <sup>(1)</sup>



Source Petroleum Planning and Analysis Cell, Ministry of Petroleum and Natural Gas, Govt. of India

Note:  
1. Figure for FY'11 is provisional







1

The Leader: #1 Refiner in India

2

'India's Energy Lifeline' – Dominant Pipeline Network

3

Unparalleled Market Reach

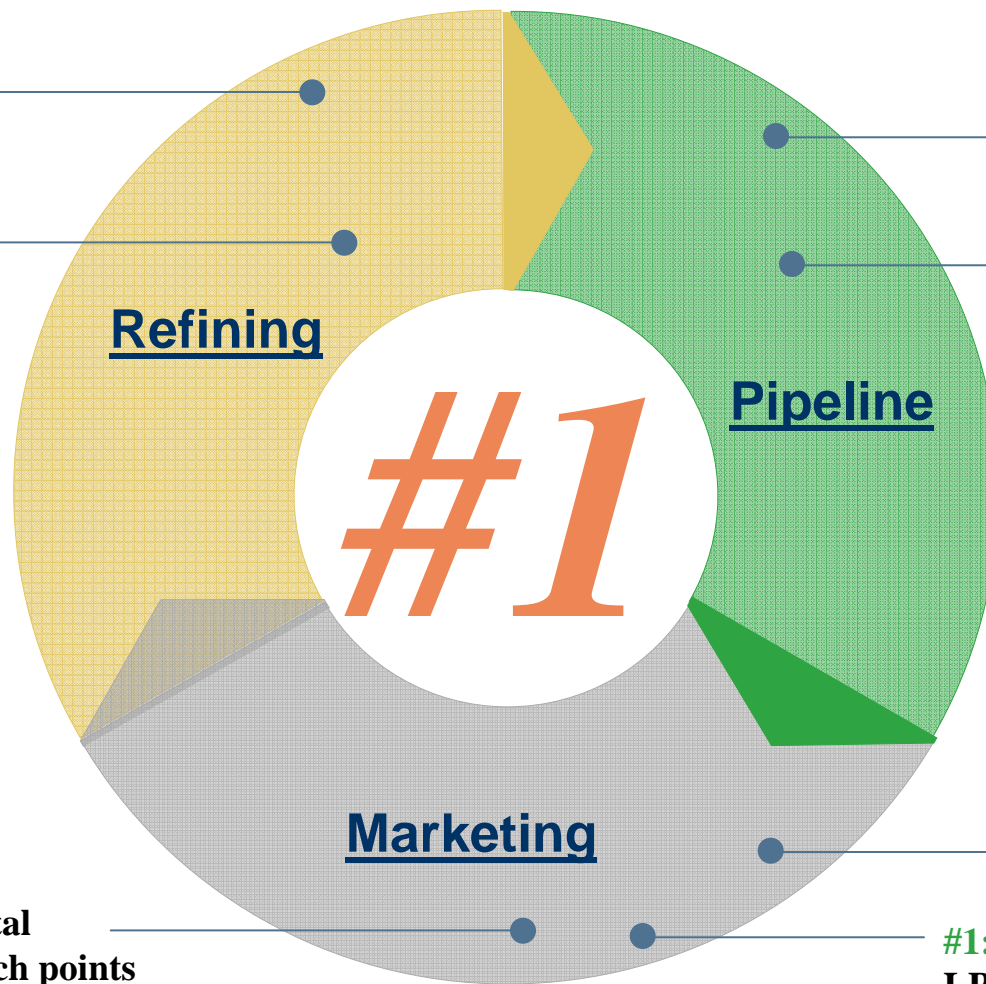


# Simply – The # 1 R&M Player in India



**#1: Largest refining capacity in India: about 35% market share**

**#1: Highest petroleum products market share: 46%**



**#1: 87% downstream market share in crude oil pipelines**

**#1: Largest provider of pipelines for petroleum products: about 49% downstream market share**

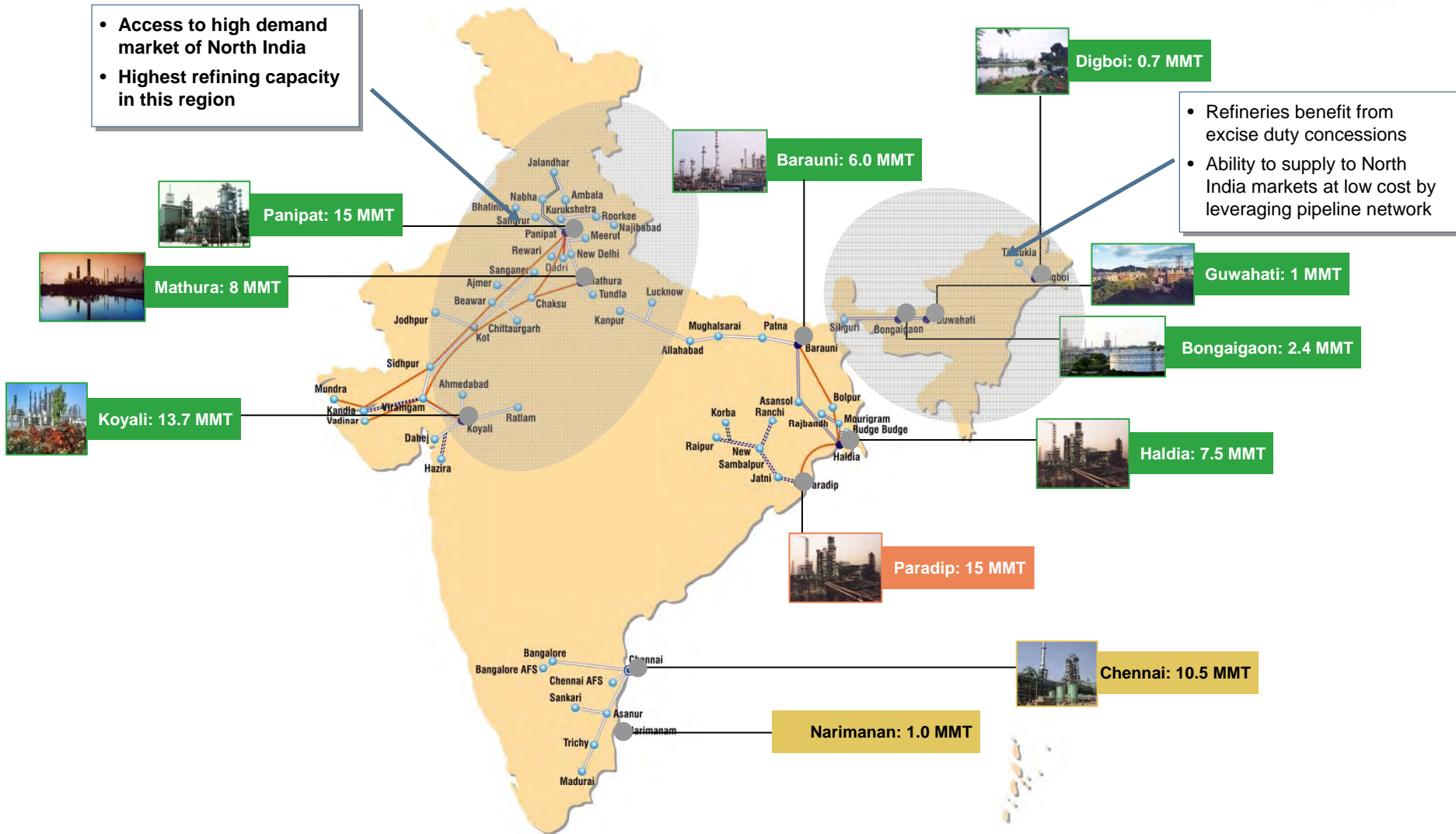
**#1: 89% market share of bulk consumer pumps**

**#1: 52% market share in LPG dealership**

**#1: 54% of total consumer touch points**



# 1 Refining Capacity: Strategically Located Close to Profitable Markets



**Installed capacity (IOC) :** 54.2  
**Refinery (under construction) :** 15.0  
**Subsidiaries :** 11.50

Refineries owned and operated by IOCL's subsidiary - CPCL  
 Operational refineries of IOCL  
 Under-construction refinery of IOCL



# 1 The Leader: #1 Refiner in India



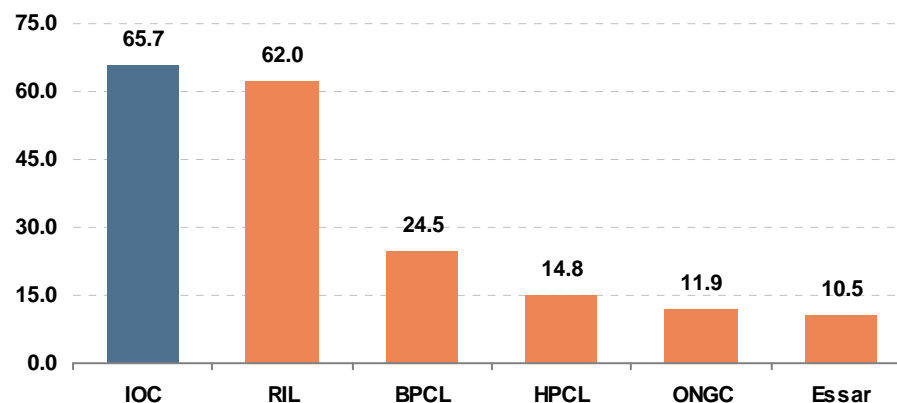
## Key Highlights

- Indian Oil Corporation operates **10 of India's 20 refineries**
- The Company accounts for about **35% of the total domestic refining capacity**
- **Technologically [advanced] refineries**
  - Flexibility to switch between various production processes and grades of crude oils
  - Each refinery is a cracking refinery with moderate conversion capacity
- All the refineries are Euro III / IV compliant (Bongaigaon Refinery expected to be compliant by Jul'11)
- **Diverse product basket:**
  - Refined petroleum products such as high speed diesel, jet fuel, SKO, light petroleum gas, gasoline, bitumen, heavy fuel oil & naphtha
  - Petrochemical products such as LAB, Px/PTA, polymers
  - Lubricants and greases

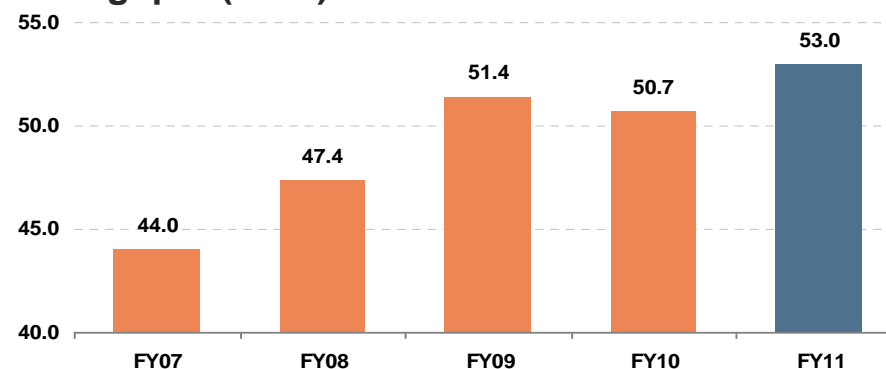


## Dominant Market Leader<sup>(1)</sup>

Refining Capacity (MMT)



## Throughput (MMT)



More than 100% capacity utilization for last 5 years

Notes  
1. As on 31<sup>st</sup> March 2011

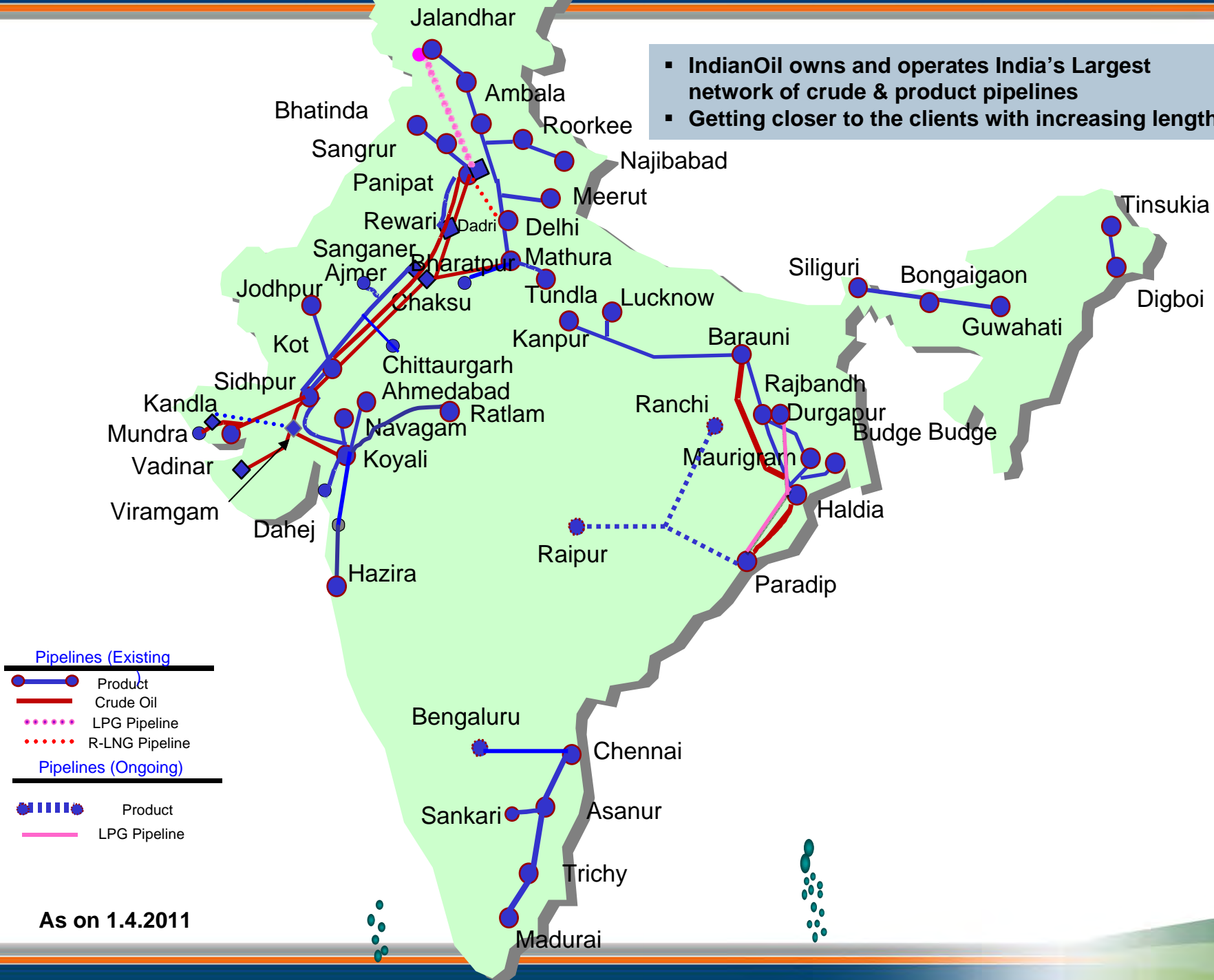




# Pipelines...India's Energy Life Line



- IndianOil owns and operates India's Largest network of crude & product pipelines
- Getting closer to the clients with increasing length



As on 1.4.2011

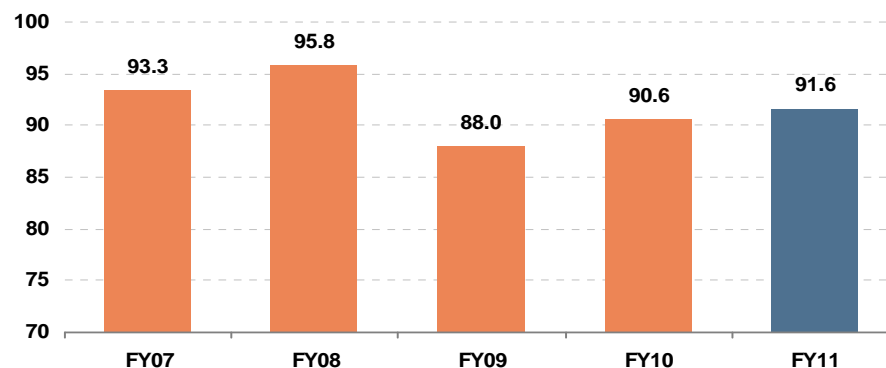
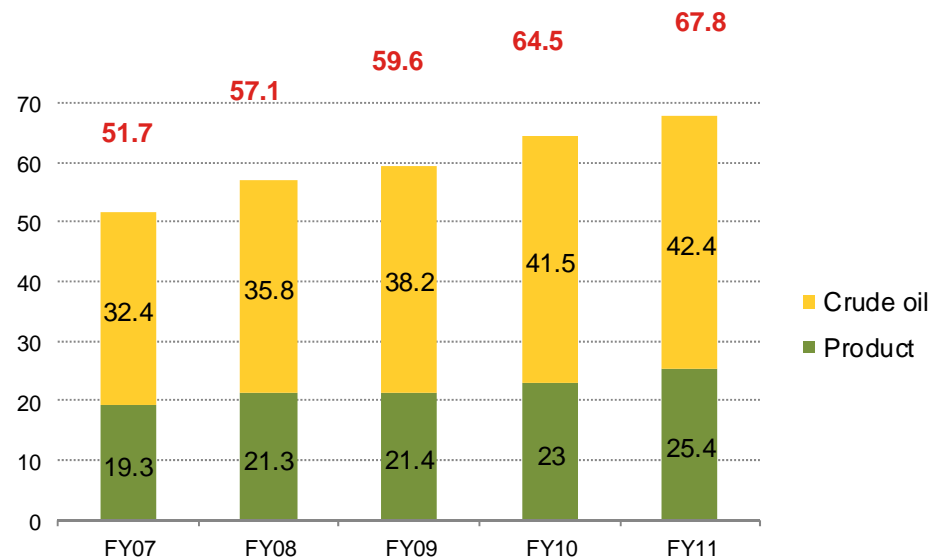


	Length (KM)	Capacity (MMTPA)
Crude Oil	4,366	40.40
Product	6,401	34.86
<b>TOTAL</b>	<b>10,767</b>	<b>75.26</b>
Gas	132	10*

\* MMSCMD

	Market Share (Downstream)
Crude Oil	87%
Product	49%

Throughput (Million tonne)





Marketing Touch Points ( about 37,000)

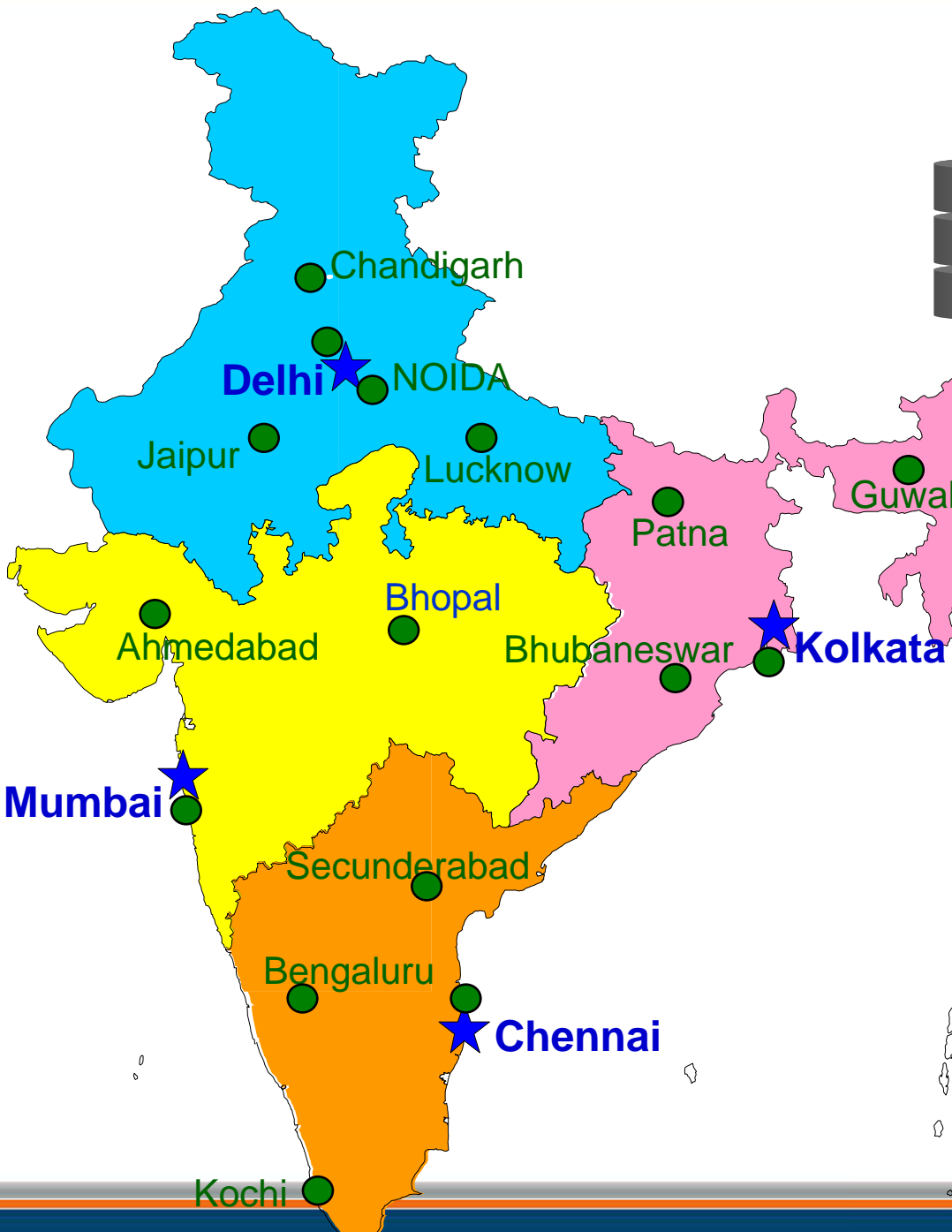


- LPG Bottling Plants (89)
- Bulk Consumer Pumps (7,780)
- Terminal/Depots (140)

- Aviation Fuel Stations (96)
- SKO/LDO Dealers (3,960)
- LPG Distributors (5,456)
- LPG Customers (61.8 million)

Retail Outlets (19,463 including 3,517 KSKs)

IOC has share of about 54% in Marketing Infrastructure

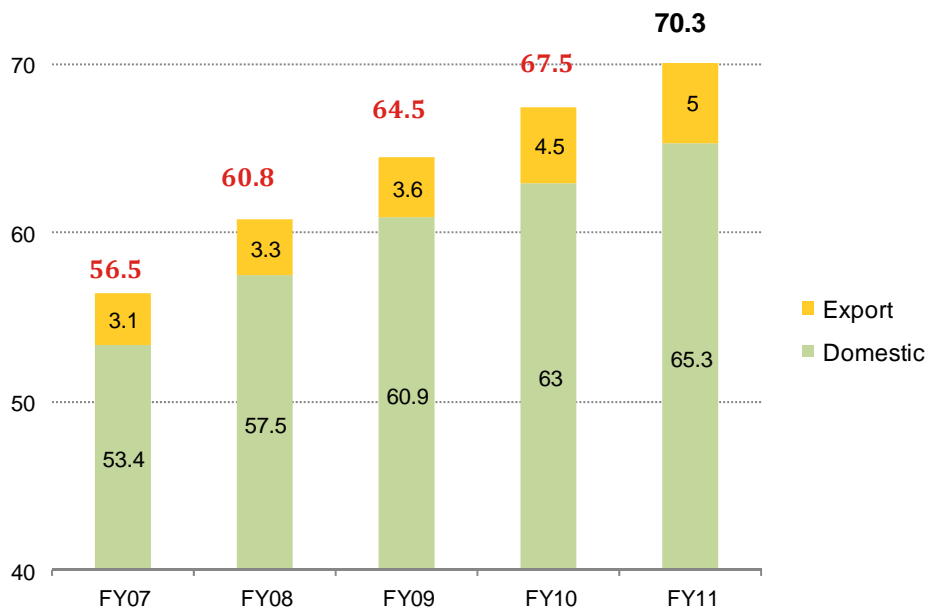


- ★ Regional Offices : 4
- State Offices : 16
- Divisional Offices
  - Retail : 66
  - Consumer : 34
- Indane Area Offices : 45

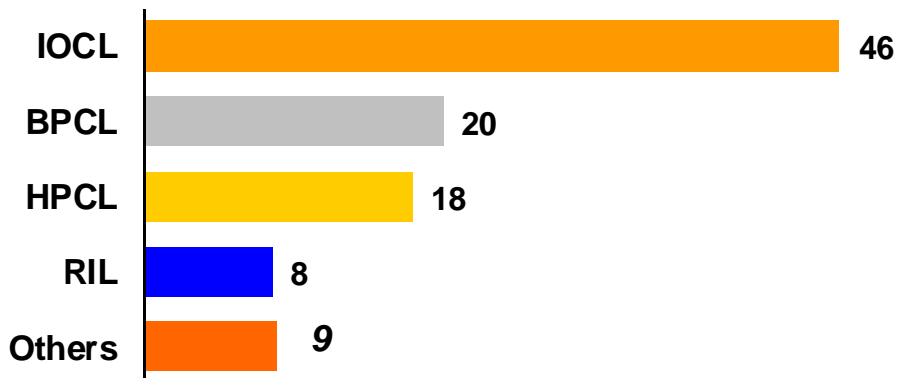
As on 1.4.2011



## Product Sales (MMT)

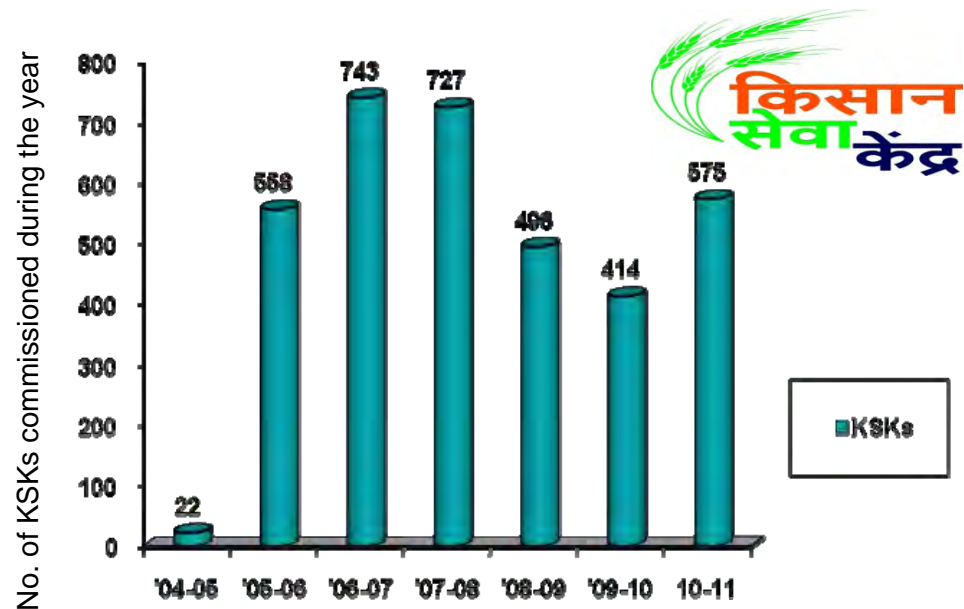


## Petroleum Products Market – % Share<sup>(1)</sup>

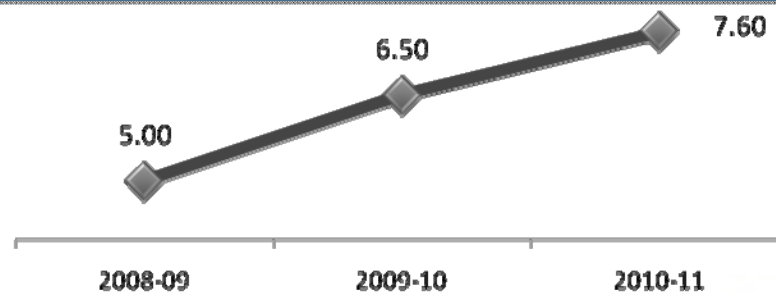


<sup>(1)</sup> Market share of other companies is provisional

## Rural Penetration : Contributing towards inclusive growth



## KSK Sales (MS & HSD) - % of total IOC's Sales (MS & HSD)





# IndianOil in Every Part in Every Heart



Only oil company operating in every part of India

North East

Along, Passighat, Ziro

Himalayas

Leh, Kargil, Lahaul Spiti

Islands

Andaman, Nicobar, Lakshadweep



Retail Outlet at Boat house



Kisan Seva Kendra outlets for extending rural reach



Modern XTRACare ROs



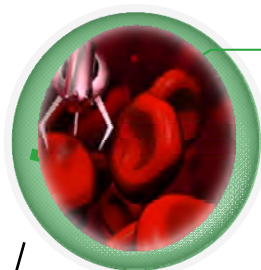


Established in 1972 , Currently 438 scientists & support staff

Lubricant  
Technology



Biotechnology,  
Nanotechnology,  
Alternative Energy



Refining  
Technology



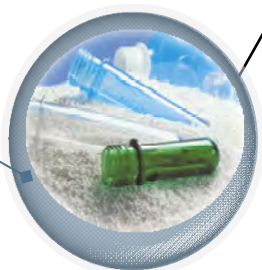
Fuel Additives



Hydrogen &  
Gasification



Polymers &  
Petrochemicals





# 5 Investing in the Future – R&D/ Innovation



## Focus of R&D

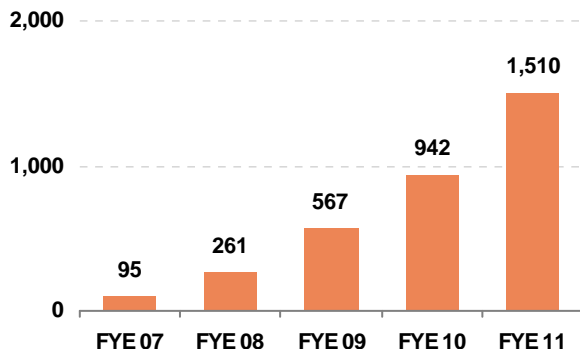
- The major thrust for R&D in next decade would be
  - Reducing the carbon footprint of IOCL's processes, products and technologies; endeavour to reduce Company's emissions by 20% to 25% from current levels
  - Licensing the Company's technologies on a larger scale
  - Application of nano-technology
  - Development of superior, high performance catalyst and lubricant additives
  - Improvement of overall efficiencies

## Advances in Products

- INDMAX:
  - Facilitates maximization of LPG and light distillates from refinery residue
  - Aims to install a 4 MMTPA unit as a part of the refinery/ petrochemicals complex at Paradip by 2012
- Marine Oils: One of only six oil companies globally to have indigenously developed "original equipment manufacturer-approved marine lubricants technology"
- Needle Coke:
  - One of three companies in the world that possess the technology to make high value needle coke for application in graphite electrodes for steel-making.
  - Technology has been commercialized in Bongaigaon and Guwahati Refineries

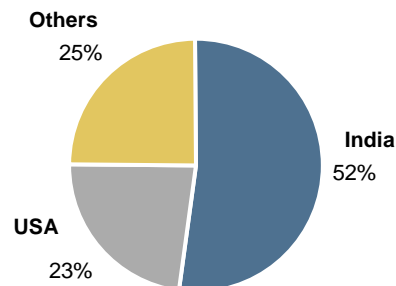
## Investment in R&D

(INR MM)

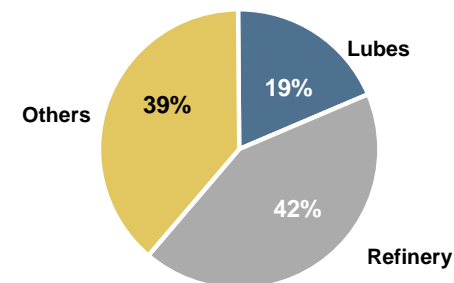


Budgeted Estimate For FY11

## Active Patents by Geography



## Active Patents by Division





**India's one of the major petrochemical player**



**Assets : Value addition to downstream business**

**LAB at Gujarat**  
(Rs. 1,191 crore)

- 120 TMTPA capacity plant commissioned in August 2004
- 24% capacity of the industry
- Sales : 124 TMT
- Market Share: >31%
- Export to 20 countries

**PX/PTA at Panipat**  
(Rs. 4,500 crore)

- 553 TMTPA PTA capacity plant commissioned in June 2006
- 14.3% capacity of the industry
- Market Share: about 15%
- Sales : 447 TMT

**Naphtha Cracker at Panipat**  
(Rs. 14,439 crore)

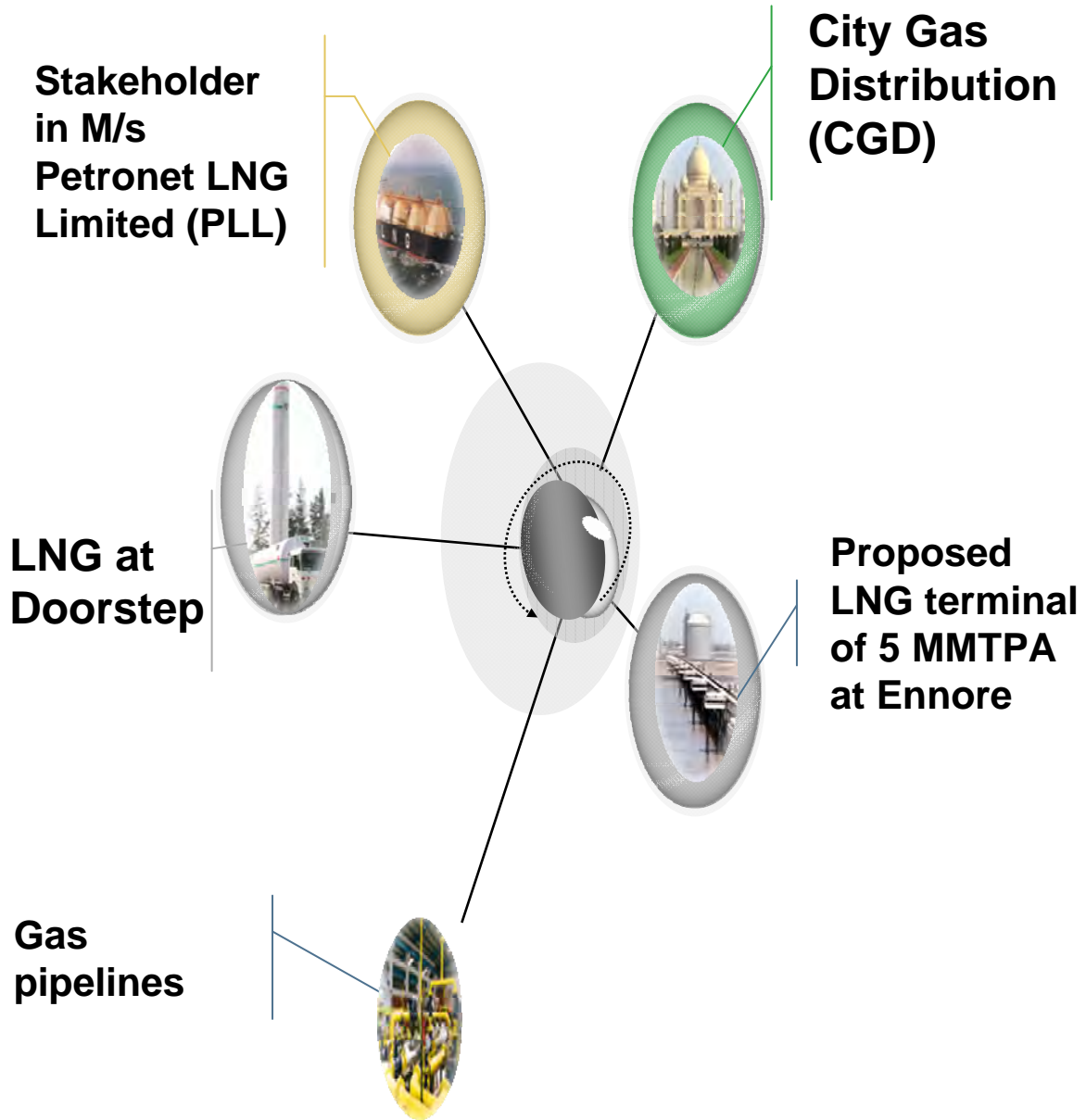
- 857 TMTPA Ethylene and 650 TMTPA Propylene capacity plants commissioned in 2010
- 15.6% capacity of the industry in polypropylene
- Polymer sales: 221 TMT- Export to 10 countries
- MEG/DEG sales: 146 TMT



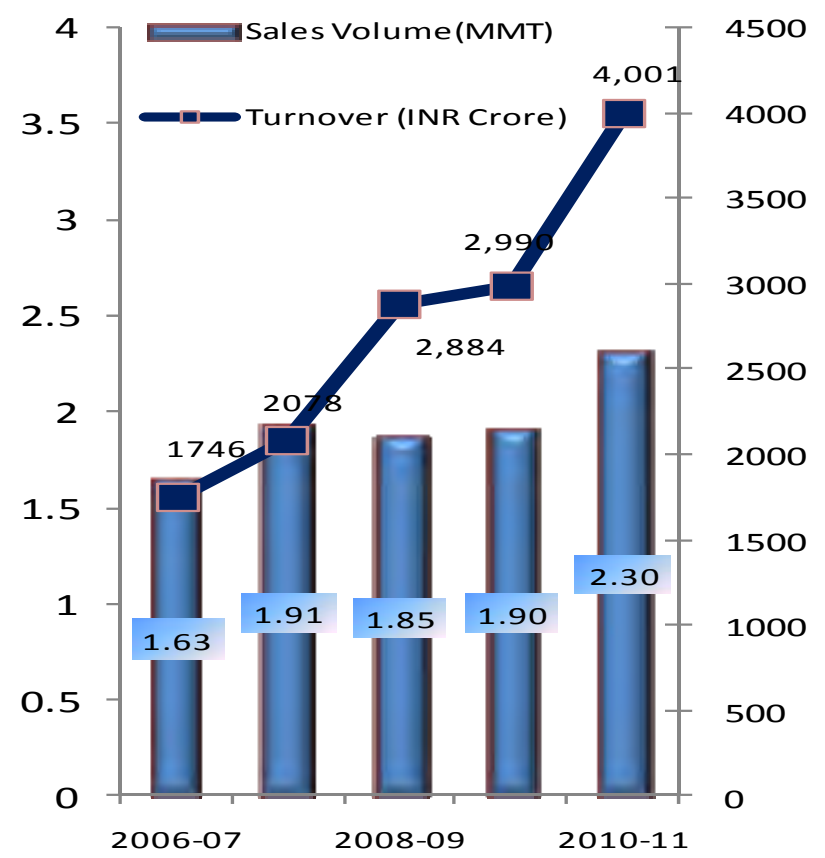
	2008-09	2009-10	2010-11
Sales Volume (TMT)	540	652	938
Turnover (INR Crore)	3,157	3,734	6,087



# Diversification to Gas Business



## Gas Sales and Turnover<sup>(1)</sup>



<sup>(1)</sup> Includes sales to IOC's refineries



**Domestic Blocks : 13**  
**NELP (11), CBM : (2)**



**Overseas Blocks :10**

Libya (3), Iran (1), Yemen (2), Nigeria (1),  
Gabon (1), Timor-Leste (1) & Venezuela (1)

## Discovered:

Domestic Blocks – 3

Overseas Blocks: 3 (Farsi (Iran), OML 142 (Nigeria),  
Carabobo Project 1 (Venezuela))

Awarded two S type blocks in Cambay basin  
with 100% participating interest and  
operatorship.

For domestic blocks participated mainly with OIL  
and ONGC

For overseas blocks participated mainly with OVL  
and OIL

Carabobo Project 1, Venezuela: PdVSA (60%),  
Repsol (11%), Petronas (11%), OVL (11%); OIL  
(3.5%), IOC (3.5%)

Total investment so far in E&P - INR 1,536\* crore







## WIND

### Wind Power Project

- Commissioned at Kachchh, Gujarat in January 2009
- Capacity : 21 MW (14 WEGs of 1.5 MW each)
- Considering further investment in wind power projects



## SOLAR

### 5 MW Solar Power Plant

- IOCL won bid to set up 5 MW Solar PV Power Plant at Barmer, Rajasthan under Jawaharlal Nehru National Solar Mission

### Empowering Rural India

- Over 30,000 solar lantern sold from Retail Outlets (ROs), LPG Distributors for lighting rural home / shops
- For poorer villagers, 3 Solar Charging Stations installed at pilot basis to centrally charge lanterns for renting to customers



## NUCLEAR

### Nuclear Power

- JV Company incorporated to put up Nuclear Power Plants in India
- Equity participation (26%) in Rawatbhata (RAPP 7/8, 700\*2 MWs) Rajasthan



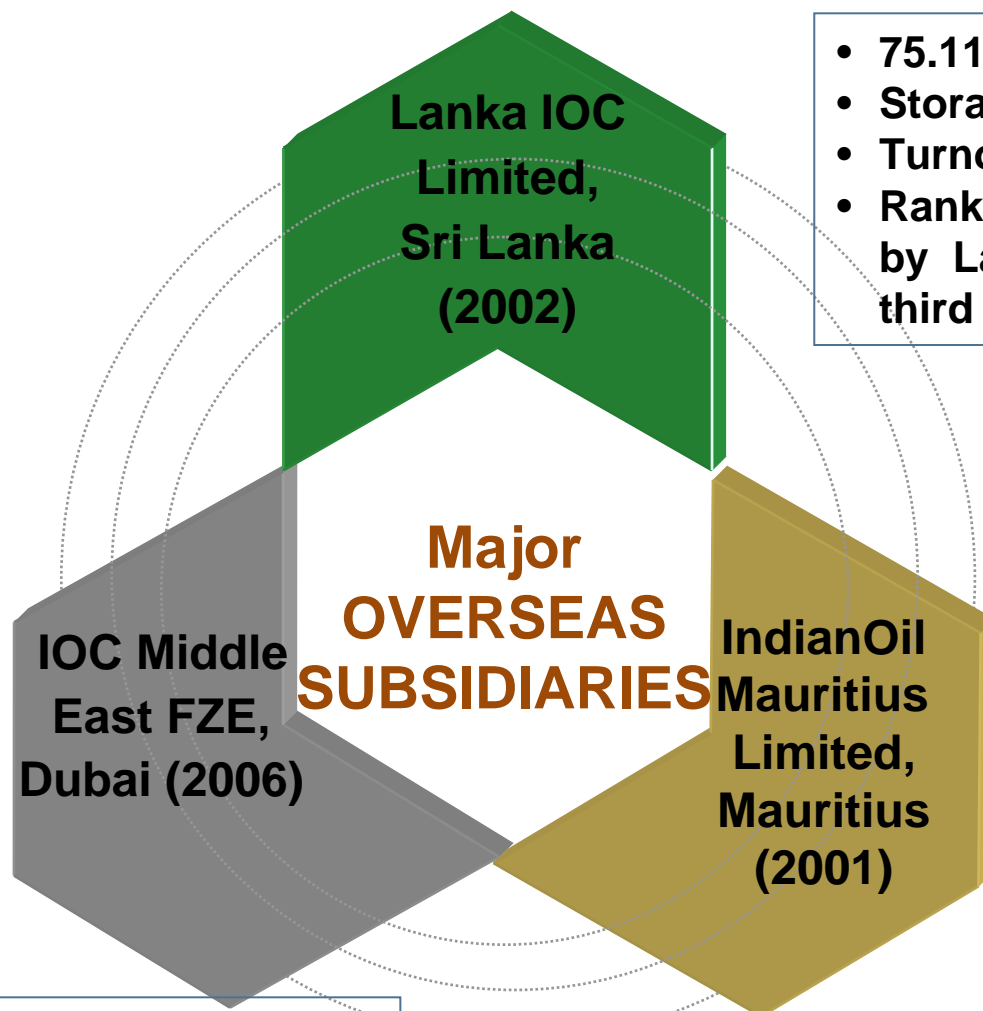
## BIOFUELS

### Energy Crop Plantation

- Captive plantation for Jatropha in India
  - Chhattisgarh, Jhabua, MP : 6070Ha
- UP: Plantation under MNREGS funded Public-Private-Panchayat Partnership (P4) model: 10 ha completed
- Proposed to extend plantation upto 50,000 ha.







- 75.11 % stake holding
- Storage, Terminaling and Retail trade
- Turnover (2010-11) INR 2090 crore
- Ranked No. 1 Company in Sri Lanka by Lanka Monthly Digest for the third consecutive year

- 100% stake holding
- Aviation, Retail, Storage, Quality Assurance
- Turnover (2010-11) INR 841 crore
- 3<sup>rd</sup> largest petroleum company in Mauritius

- 100% stake holding
- Sale of Lubricants in Middle East countries
- Turnover (2010-11) INR 77 crore



## Domestic Subsidiaries

**IndianOil CREDA Biofuels Limited (2009)**

- 74 % Stake holding
- Amount of Investment by IOC: INR 0.74 crore

**Chennai Petroleum Corporation Limited (2001\*)**

- 51.89% stake holding
- PAT (2010-11): INR 512 crore
- Amount of Investment by IOC: INR 509.33 crore
- Refining Capacity: 11.5 MMTPA

**IOT Infrastructure & Energy Services Ltd (50%, 1996)**

**Avi-Oil India Pvt. Ltd (25%, 1993)**

**Petronet LNG Ltd. (12.5%, 1998)**

**IndianOilPetronas Pvt. Ltd. (50%, 1998)**

## Major Joint Ventures

**Lubrizol India Pvt. Ltd.(50%, 2000)**

**Green Gas Ltd. (25%, 2005)**

**IndianOil Skytanking Ltd. (33.33%, 2006)**

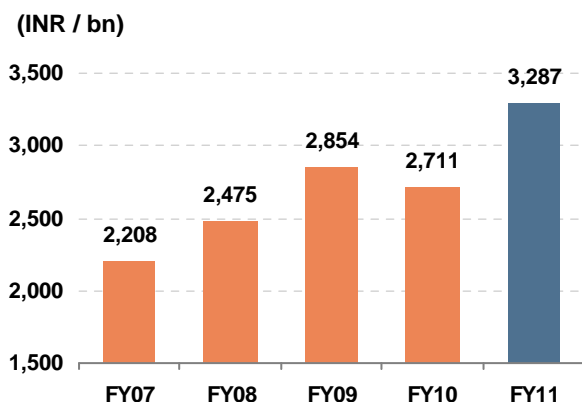
**Indo Cat (P) Ltd. (50%, 2006)**

\* Became subsidiary of IndianOil

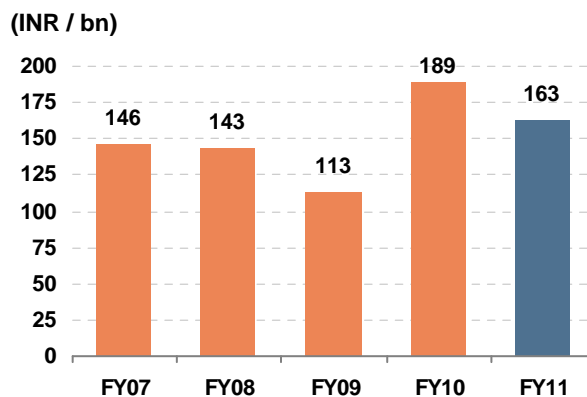




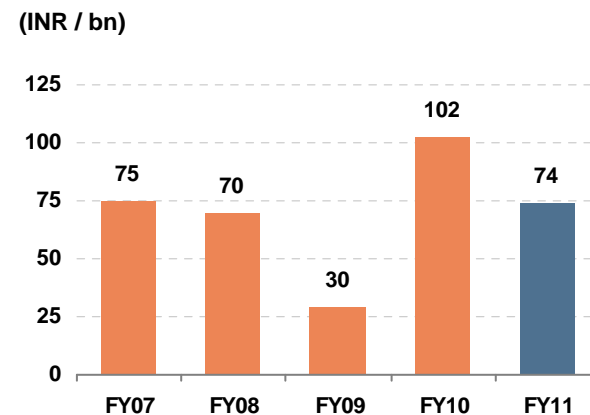
## TURNOVER



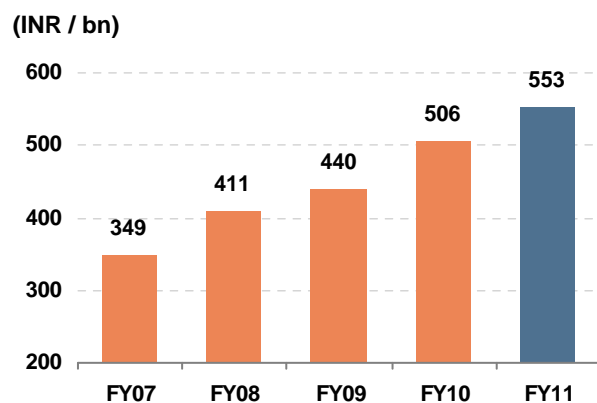
## EBITDA<sup>(1)</sup>



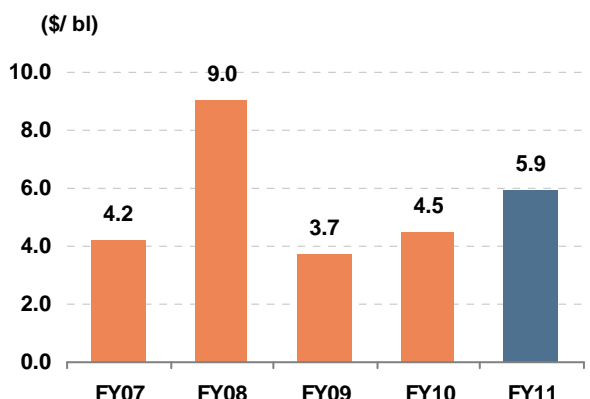
## NET PROFIT



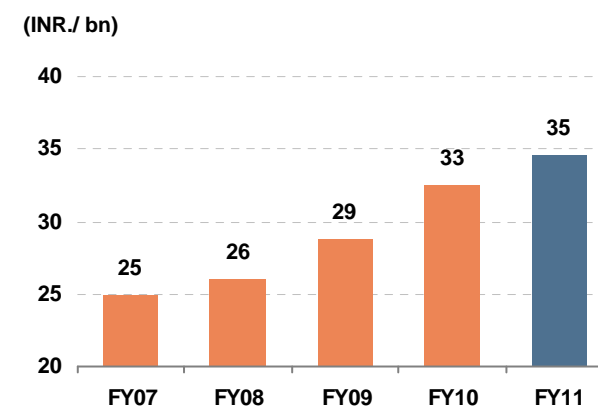
## NET WORTH



## GRMs<sup>(3)</sup>



## PIPELINES EBITDA<sup>(2)</sup>



(1) Including interest income

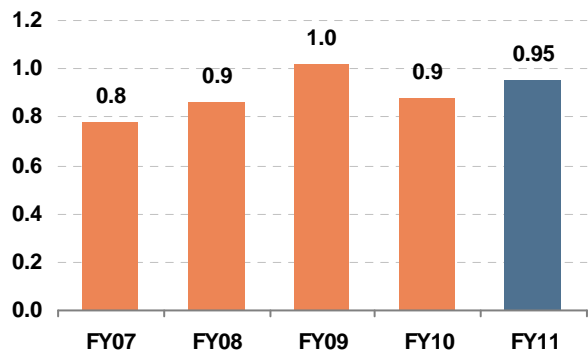
(2) Excluding interest income

(3) GRM's for FY'07 & FY'08 does not include Bongaigaon GRMs

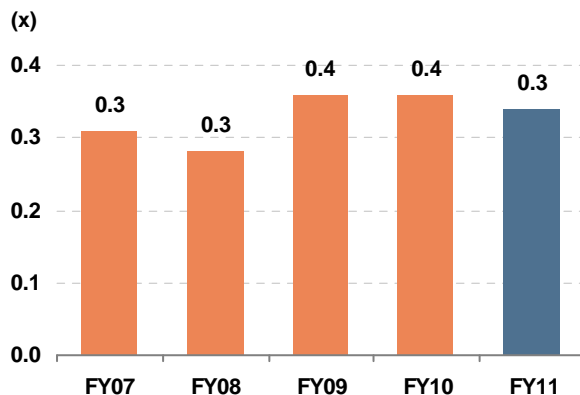




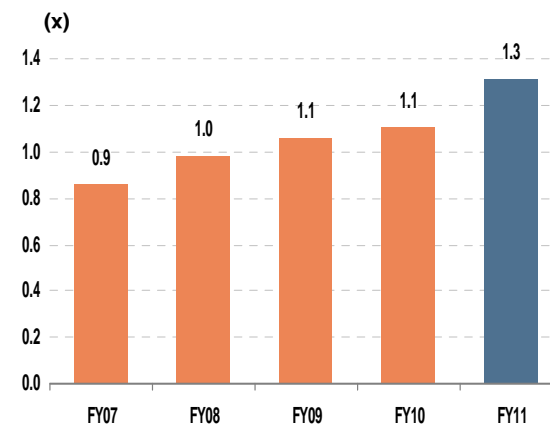
### Total Debt to Equity



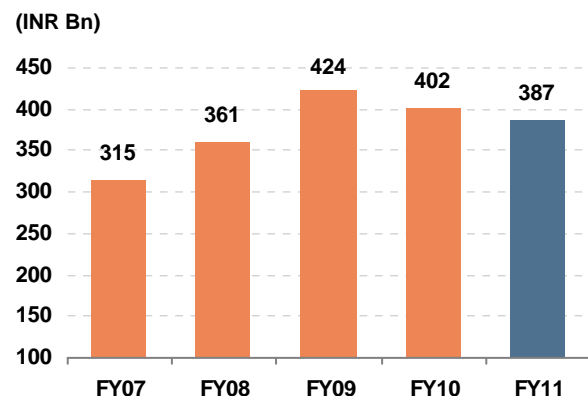
### Long Term Debt to Equity



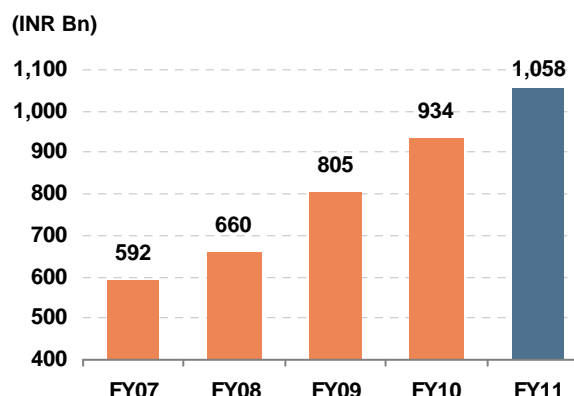
### Debt to Investments Ratio<sup>(1)</sup>



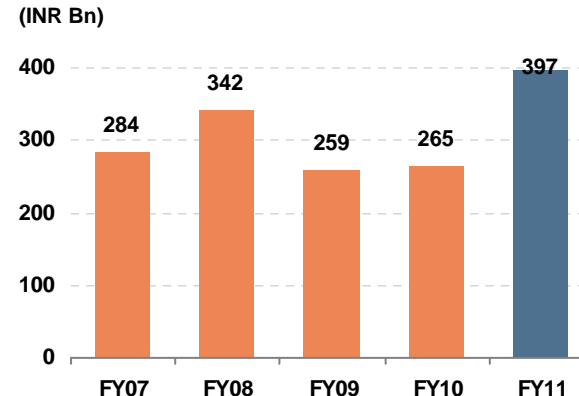
### Investments<sup>(1)</sup>



### Fixed Assets



### Contribution to Central Exchequer



**Note**

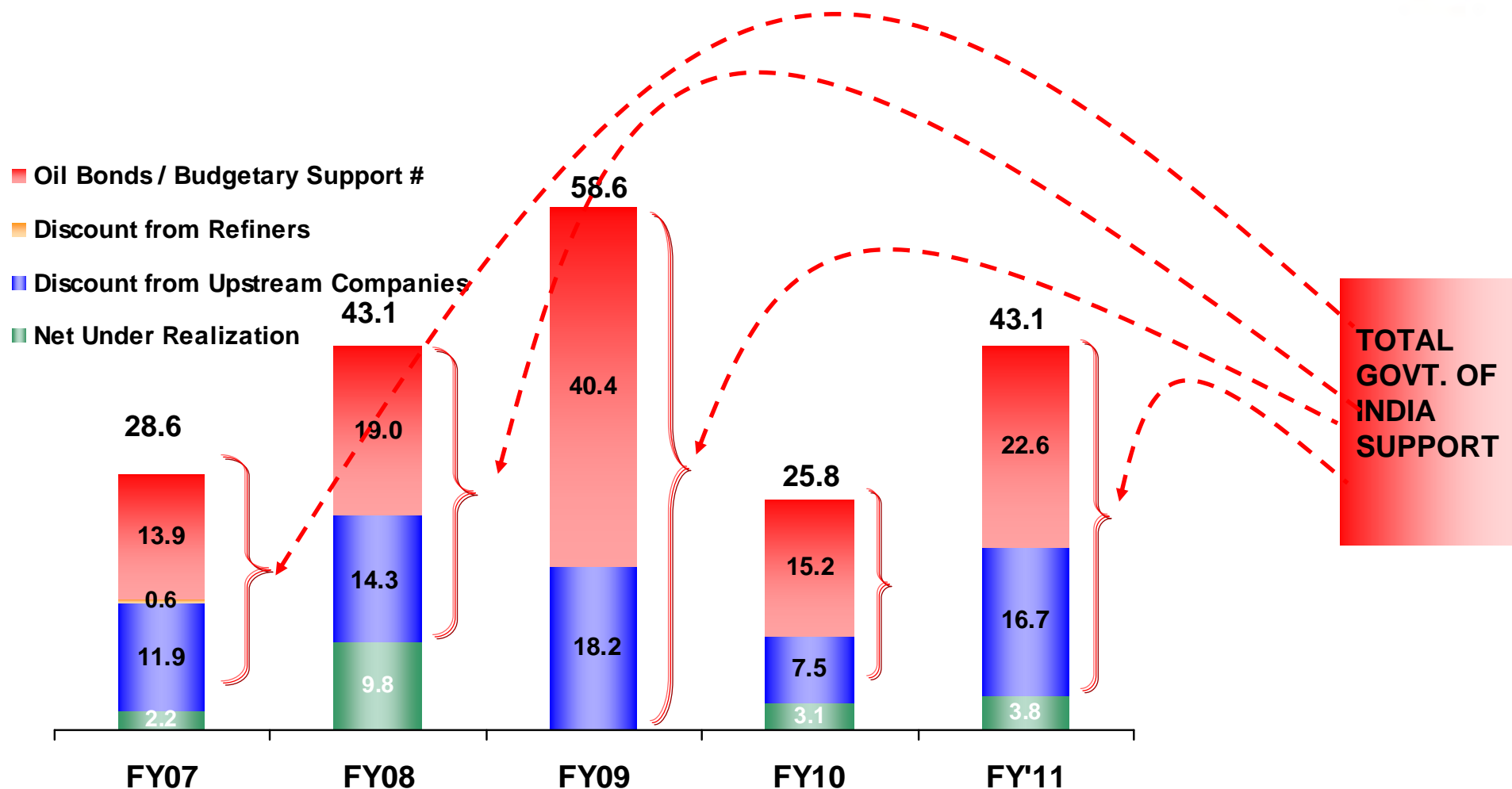
1. Investments include Market Value of shares held in ONGC Ltd., GAIL (India) Ltd., OIL India Ltd., shares held in Trust formed for merger of IBP Co. Ltd. and Bongaigaon Refinery & Petrochemicals Ltd and Special Oil Bonds



# Compensation of Under Realization



INR Thousand Crore



# Oil Bonds till FY09; Budgetary Support during FY'10 & FY'11

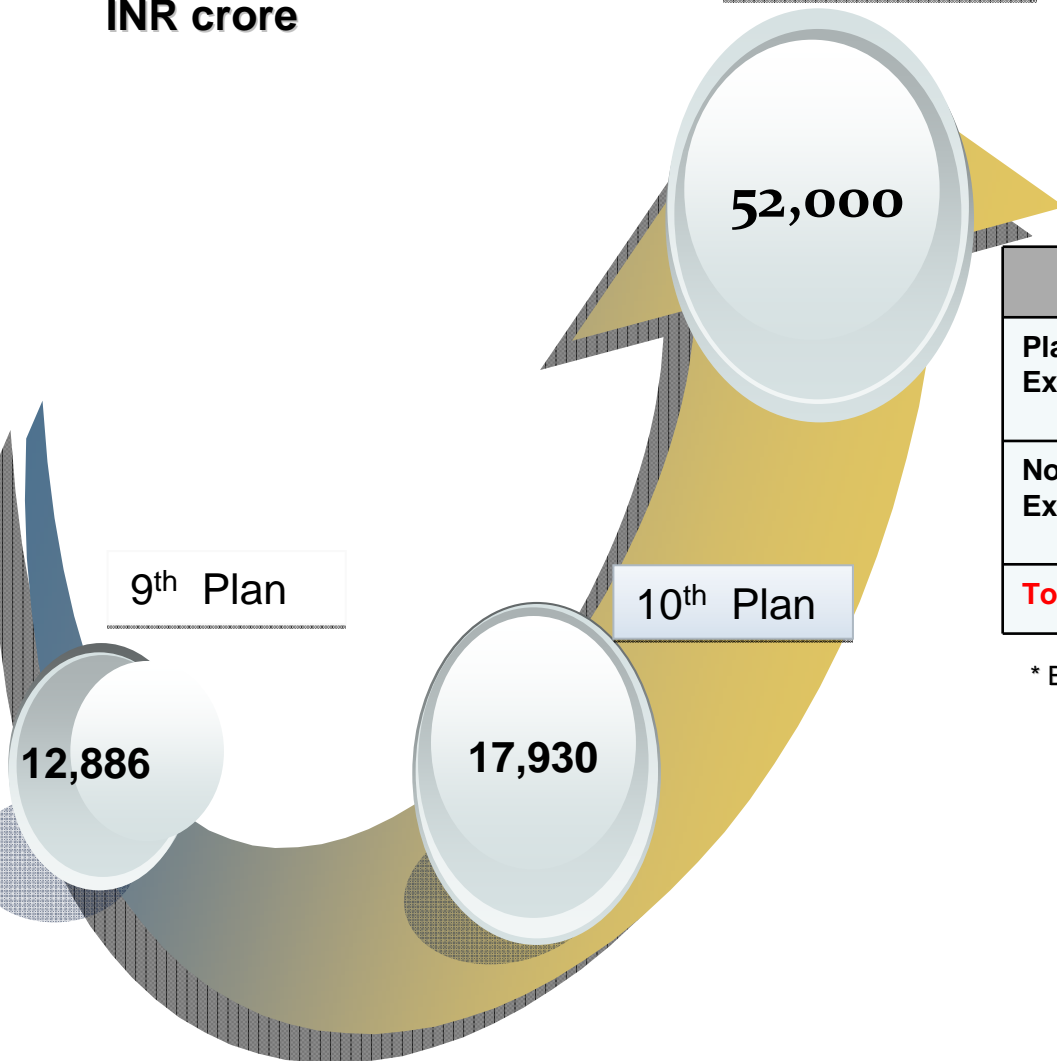


# Investments - Fuelling the growth



## Five Year Plan

INR crore



## Capital Expenditure

INR crore

	2007-08	2008-09	2009-10	2010-11	2011-12*
Plan Expenditure	5,142	10,353	12,256	9,831	14,500
Non Plan Expenditure	1,874	1,678	2,007	2,588	4,440
<b>Total</b>	<b>7,016</b>	<b>12,031</b>	<b>14,263</b>	<b>12,419</b>	<b>18,940</b>

\* Budgeted Estimate



# Major ongoing projects



Projects-Refinery	Anticipated Outlay (INR crore)	Objective	Anticipated Completion
Paradip Refinery	29,777	To meet domestic demand & export of surplus product	Nov'12
MS Quality Upgradation Project at Bongaigaon Refinery	294	To produce BS-III quality MS	July'11
DHDT at Bongaigaon Refinery	1,646	To produce BS-III quality HSD	June'11
Fluidized Catalytic Cracking Unit at Mathura Refinery	1,000	To increase processing capacity of unit from 1.3 to 1.5 MMTPA & maximize production of value added propylene	Jan'13
Butadiene Extraction Unit at Panipat	342	Designed to produce 138 MTPA of Butadiene to be used as feedstock for SBR project at Panipat	Feb'13
<b>Total (a):</b>	<b>33,059</b>		

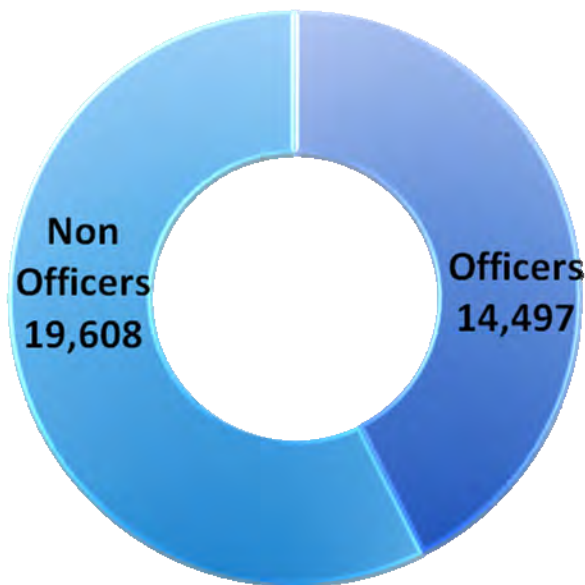
Projects-Pipelines	Anticipated Outlay (INR crore)	Anticipated Completion
Branch pipeline from KSPL, Viramgam to Kandla	349	Dec'11
Paradip-Sambalpur-Raipur-Ranchi pipeline	1,793	Sep'12
Debottlenecking of Salaya-Mathura crude pipeline	1,584	Dec'12
Integrated crude handling facilities at Paradip	1,493	Jun'12
Tanks and Blending facilities at Vadinar	267	Oct'11
Paradip-Haldia-Durgapur LPG pipeline	913	Dec'13
<b>Total (b) :</b>	<b>6,399</b>	
Other Projects (c)	5,600	
<b>TOTAL (a+b+c)</b>	<b>45,058</b>	







**34,105**



**IndianOilPeople..... towards excellence**

As on 31.3.2011



*IndianOil People..... towards excellence*

**Largest pool of skilled  
manpower in Downstream  
Business**

**Continuous focus on skill  
up gradation**

**Backed with 21 Training Centres and one  
Apex Learning Centre (IIPM)**



**Training & Manpower  
services**

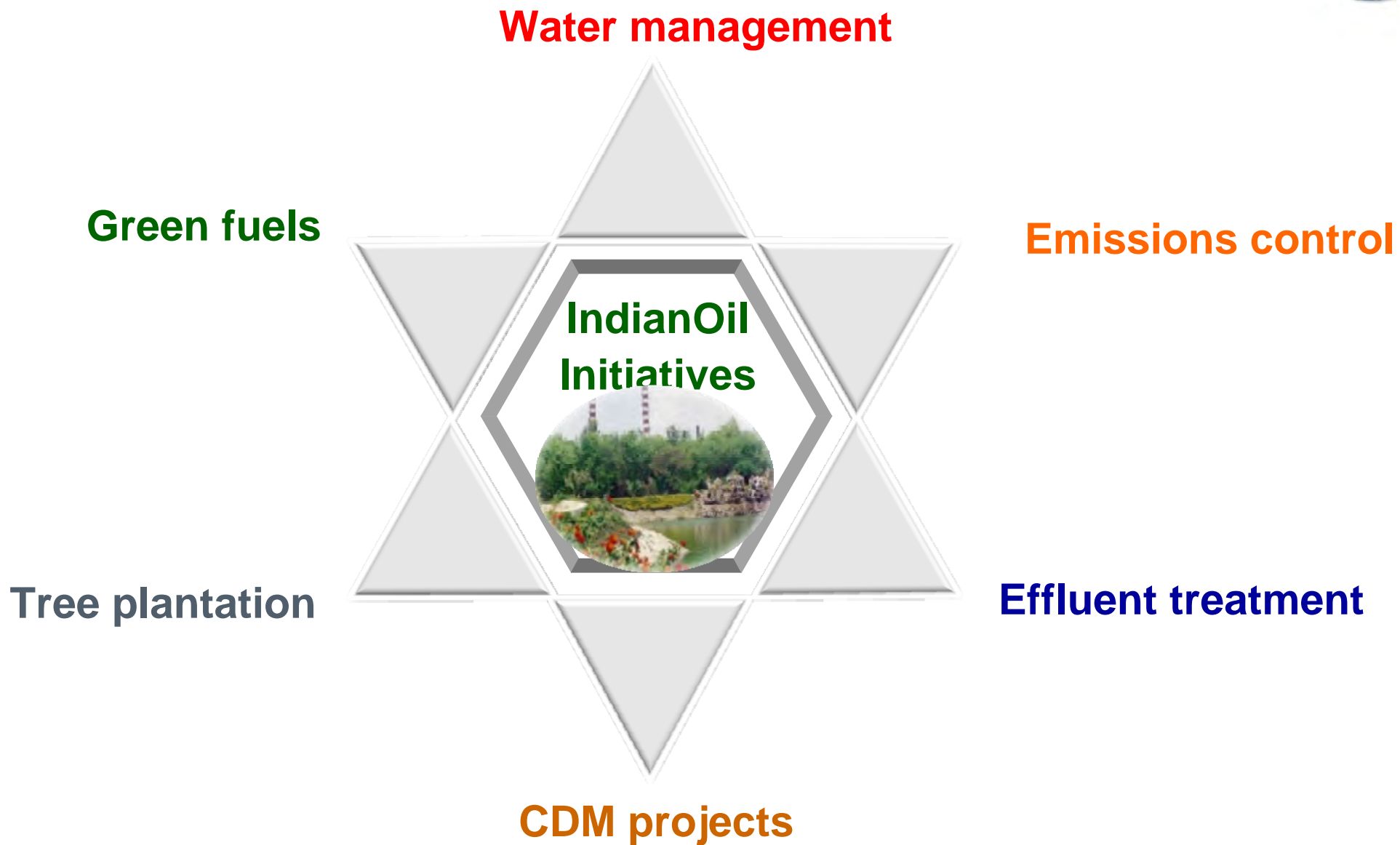
**KRA based online  
Performance Management  
System**





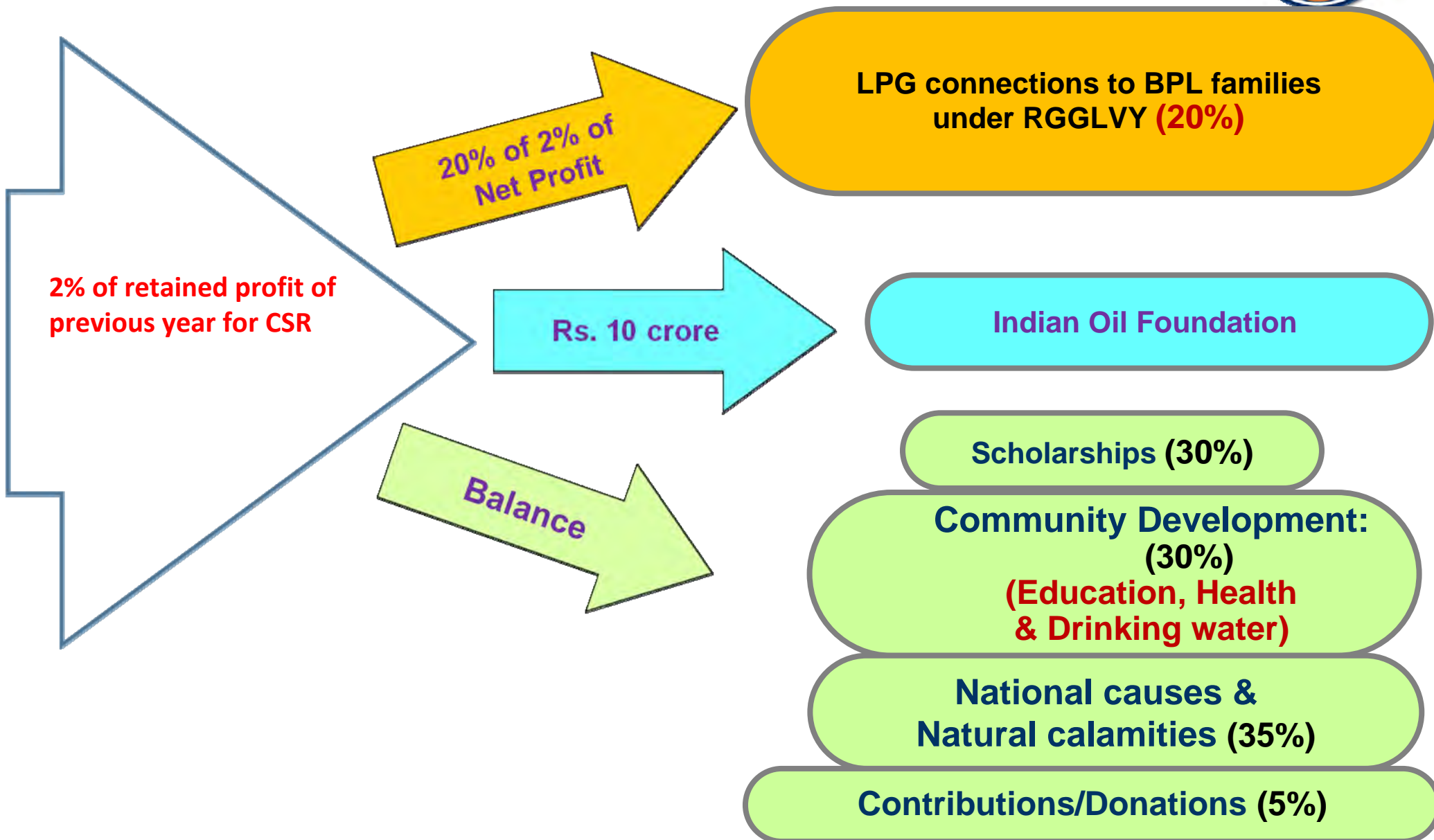






- Environment Management Systems at refineries, pipelines and major marketing installations certified under ISO-14001 standards
- Best procedures & practices of industry in place at all operating units to take care of Safety, Occupational Health & Environmental Issues
- Expected to generate 60,000 CERs per annum through various CDM projects planned in refineries
- Decline of ~22% is witnessed in effluent discharge (per TMT of crude oil) from refineries in 2010-11 compared to 2009-10.





- 1 Delivering on Key Success Factors
- 2 The # 1 R&M Player in India
- 3 Integrated Operations
- 4 Strong Performance



# 1 Conclusion – Delivering on Key Success Factors



Key Success Factors	Indian Oil Corporation Positioning
Feedstock	<ul style="list-style-type: none"> <li>• Long term contracts to build access to feedstock</li> <li>• INR 15 bn invested in E&amp;P blocks; Reserves identified in six blocks</li> </ul>
Integration	<ul style="list-style-type: none"> <li>• Increasing equity investment in E&amp;P to create integrated projects</li> <li>• Indian market leadership in refining and marketing</li> <li>• Capacity enhancement to produce diversify petrochem product slate</li> </ul>
Manufacturing Excellence and Scale	<ul style="list-style-type: none"> <li>• In-house state of the art R&amp;D facilities</li> <li>• Largest refining capacity in the country</li> <li>• Recently commissioned India's largest Naphtha Cracker Unit</li> </ul>
Access to Key Markets	<ul style="list-style-type: none"> <li>• Ideally positioned for growth in India</li> <li>• Access to key markets in Asia Pacific</li> </ul>
Logistics/ Distribution	<ul style="list-style-type: none"> <li>• Largest crude and product pipeline network in the country</li> <li>• Maximum number of customer touchpoints in the Indian petroleum industry</li> </ul>

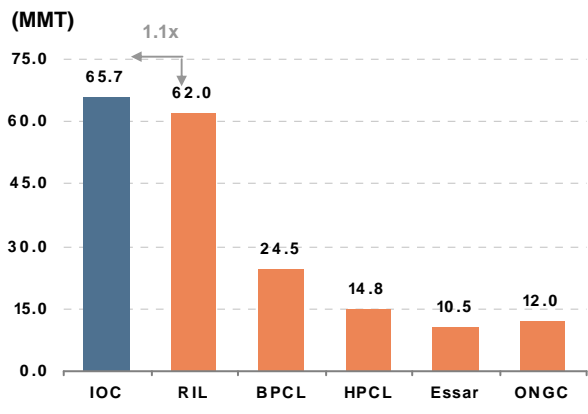




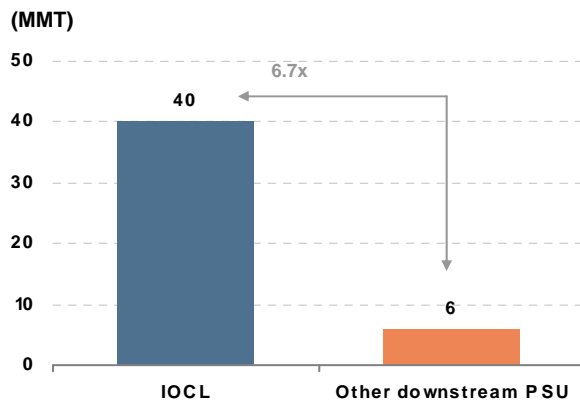
# 2 Conclusion – The # 1 R&M Player in India



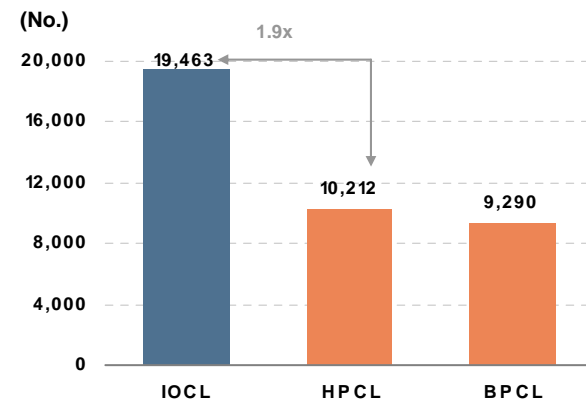
**Refining Capacity**



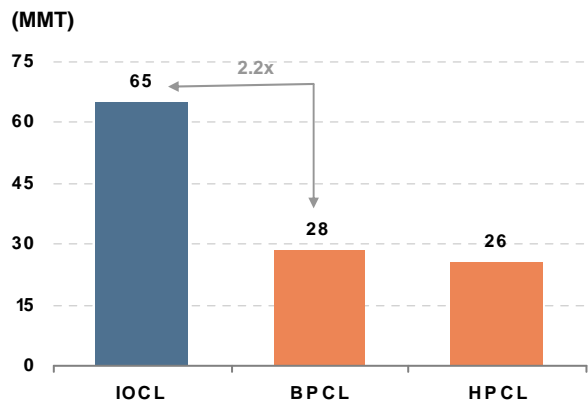
**Crude Pipelines**



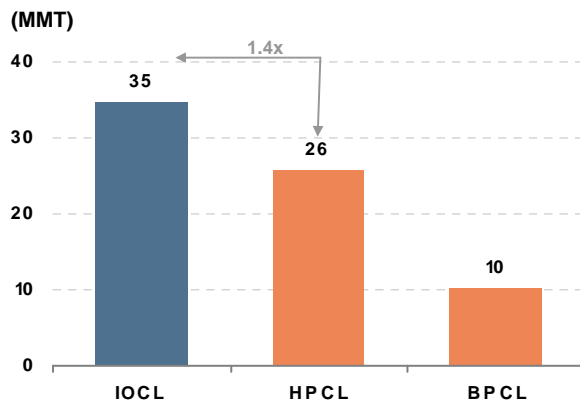
**Retail Outlets**



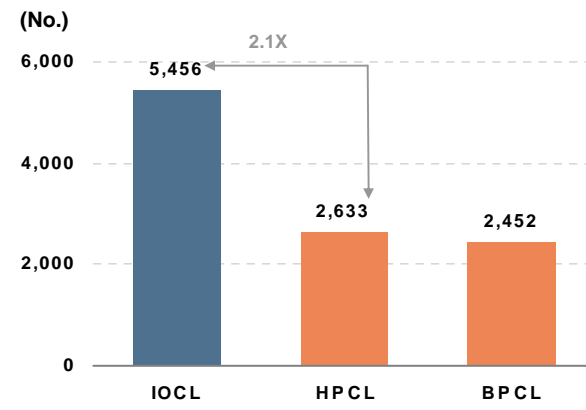
**Domestic Sale of Petroleum Products**



**Product Pipelines**



**LPG Distributors**



# 3 Conclusion – Integrated Operations



Petrochemicals



Gas



Refining



Wind



Pipelines



Nuclear



Marketing



Solar



# 4 Conclusion – Strong Performance



## Performance

### Growth Rates

#### 5yr CAGR Growth Rates

- Asset Base : 14.6%
- Turnover : 12.4%
- Net worth: 13.6%
- Refining capacity: 5.6%
- Pipelines capacity: 4.6%

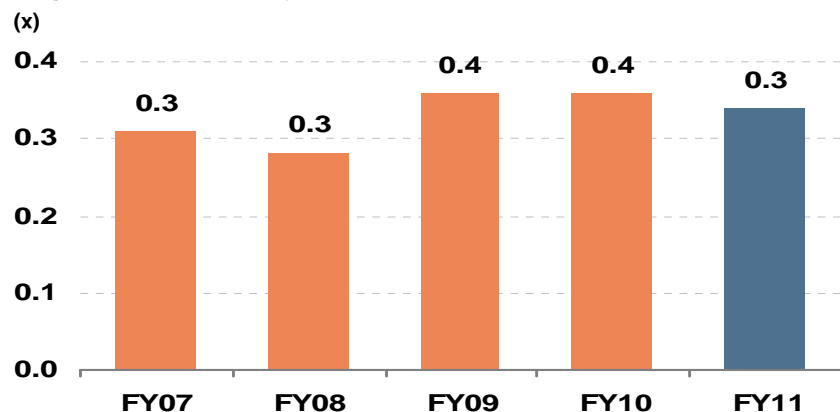
### Margins & Returns

#### Margins & Returns

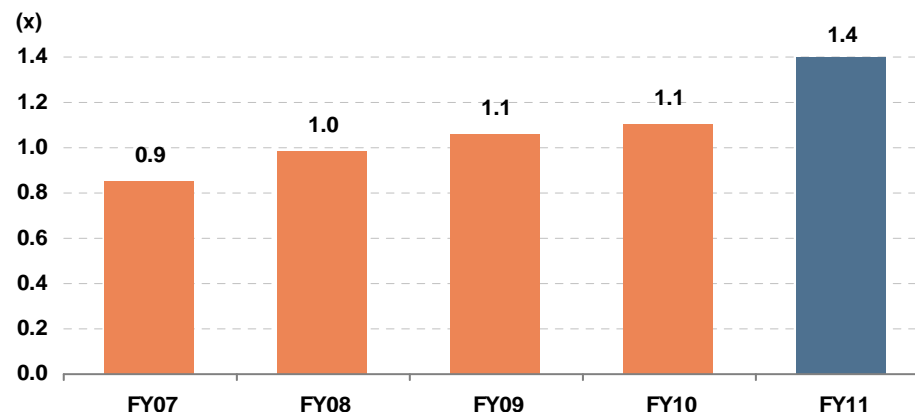
- FY11 EBITDA margin of 4.9%
- FY11 ROE: 13.5%
- FY11 ROA: 15.6%

### Capital Structure: Virtually Debt Free

#### Long Term Debt to Equity



#### Debt to Investments Ratio<sup>(1)</sup>



#### Notes

1. [Investments include Market Value of shares held in ONGC Ltd., GAIL (India) Ltd., OIL India Ltd., shares held in Trust formed for merger of IBP Co. Ltd. and Bongaigaon Refinery & Petrochemicals Ltd and Special Oil Bonds





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THANK YOU