



IndianOil

Bankers' Meet
Mumbai, 26th November 2008

Contents



- Oil Industry Overview
- IOC's continued dominance in Oil Sector
- Strides beyond borders
- Unique Areas of Strength
- Unparalleled Infrastructure
- Spreading the Wings
- Meeting future challenges – unabated growth
- Improving Trends Ahead

● Oil Industry Overview

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Oil Industry Overview: India

UPSTREAM
(Exploration & Production)

Oil & Natural Gas Corporation Ltd.

— ONGC Videsh Ltd.

Oil India Ltd.

Reliance, Cairn Energy, HOEC, Premier Oil

DOWNSTREAM
(Refining, Marketing & Pipelines)

Indian Oil Corporation Ltd.

— **Chennai Petroleum Corporation Ltd.** (Pure Refining)

— **Bongaigaon Refinery & Petrochemicals Ltd.**

Hindustan Petroleum Corporation Ltd.

Bharat Petroleum Corporation Ltd.

— **Numaligarh Refinery Ltd.**

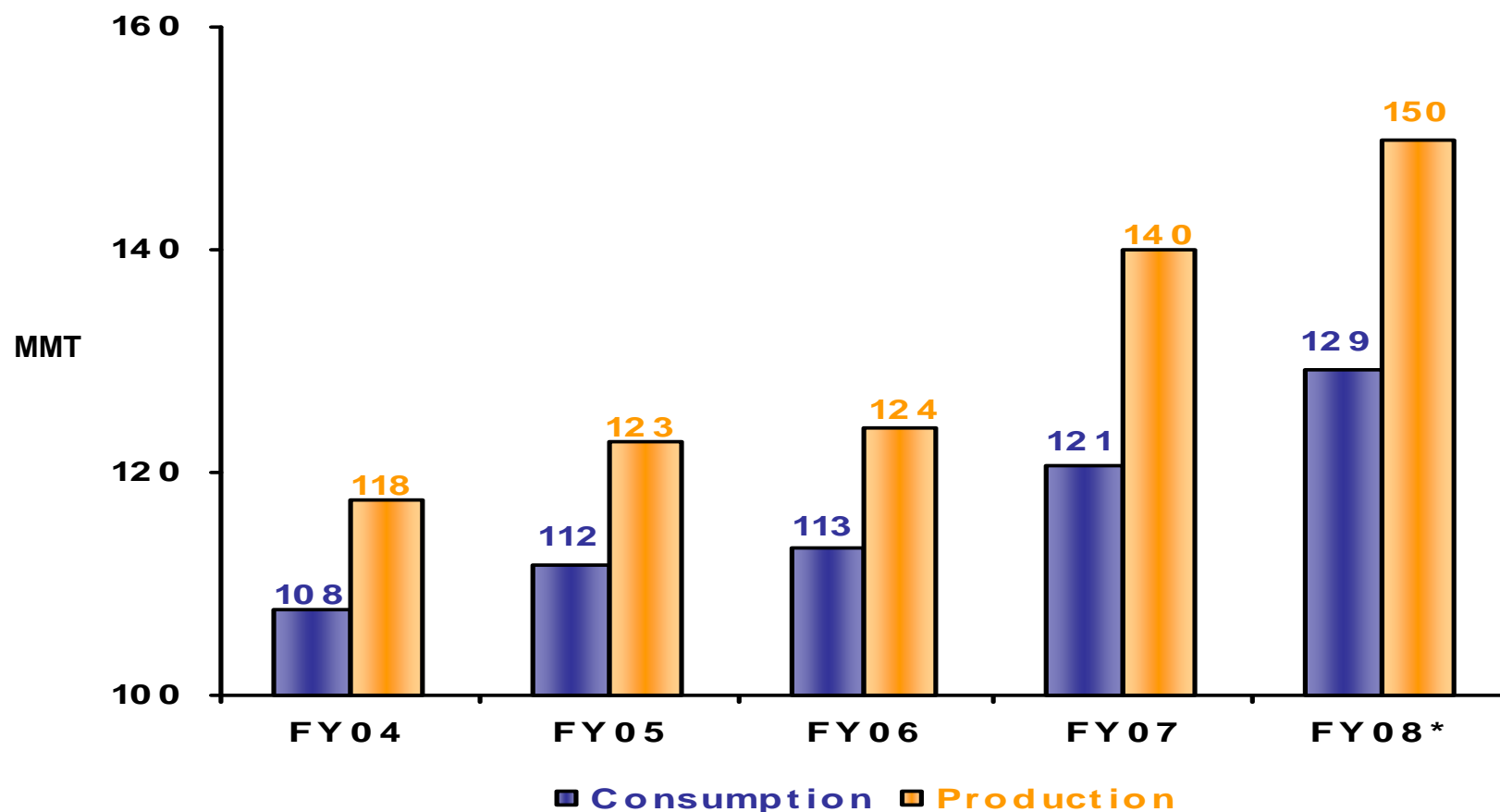
Mangalore Refinery & Petrochemicals Ltd.

Reliance Industries Ltd./Essar Oil Ltd./ Shell

(Gas Transport & Distribution)

— **GAIL (India) Ltd.**

Growth of Petroleum Products: India



Over the last 4 years, consumption and production grown at CAGRs of 4.65% and 6.24% respectively

Source: Consumption & Production from Petroleum Planning & Analysis Cell, Ministry of Petroleum & Natural Gas, Govt. of India

Oil Industry – Recent Developments

- **Continuation of under recovery sharing by**
 - **Upstream companies (capped to Rs.45000 crore per annum)**
 - **Subsidy from Government for SKO/LPG**
 - **Issue of Special Oil Bonds**
 - **To be borne by OMC's (capped at Rs.20000 crore)**
- **High powered committee under the chairmanship of Sri.B.K.Chaturvedi constituted to examine the financial position of oil companies, recommendations submitted to the Government for consideration.**
- **FDI in PSU refining sector allowed to 49% (against 26% limit)**

Government Of India's Initiatives For Downstream Companies



- As part of rationalisation of duty structure GOI reduced duties on
 - Import duty on crude oil – 'Nil' from 5%
 - Import duty on MS/HSD – 2.5% from 7.5%
 - Basic Excise Duty on MS/HSD – Rs.1 / Ltr on unbranded fuels
- Granting infrastructure status to Refining sector
- Relaxation of compulsory disinvestment of 26% equity within 5 years for trading and marketing of petroleum products for foreign firms investing through 100% FDI route
- Relaxing Single Borrower limit norms of banks for lending to Oil Marketing Companies
- Relaxing bank credit exposure norms specially for Paradip Refinery project

Special Oil Bonds and Special Market Operation



- Oil bonds are issued periodically to compensate for pricing controls

	2005-06	2006-07	2007-08	2008-09(HY)
Industry	11,500	24,121	35,290	22,000
IOC share	6,992	13,943	11,484	11,976

- The compensation in the form of oil bonds issued by the Government is dependent on the extent of under realization suffered by the OMC's on the sale of SKO (PDS), LPG (D), MS and HSD
- Timing of issuance of these bonds is determined by the Government
- Till 30th June 2008, IndianOil has liquidated Rs. 30,623 crore worth of oil bonds
- The bonds are eligible for investment by Insurance companies, Provident/Gratuity/Superannuation Funds. Recently issued bonds are eligible for Repo transactions with Reserve Bank of India (discretionary)

Key:

SKO(PDS) : Superior Kerosene Oil (Public Distribution System)

LPG(D) : Liquefied Petroleum Gas (Domestic)

MS – Motor Spirit

HSD – High Speed Diesel

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IOC's continued dominance in Oil Sector

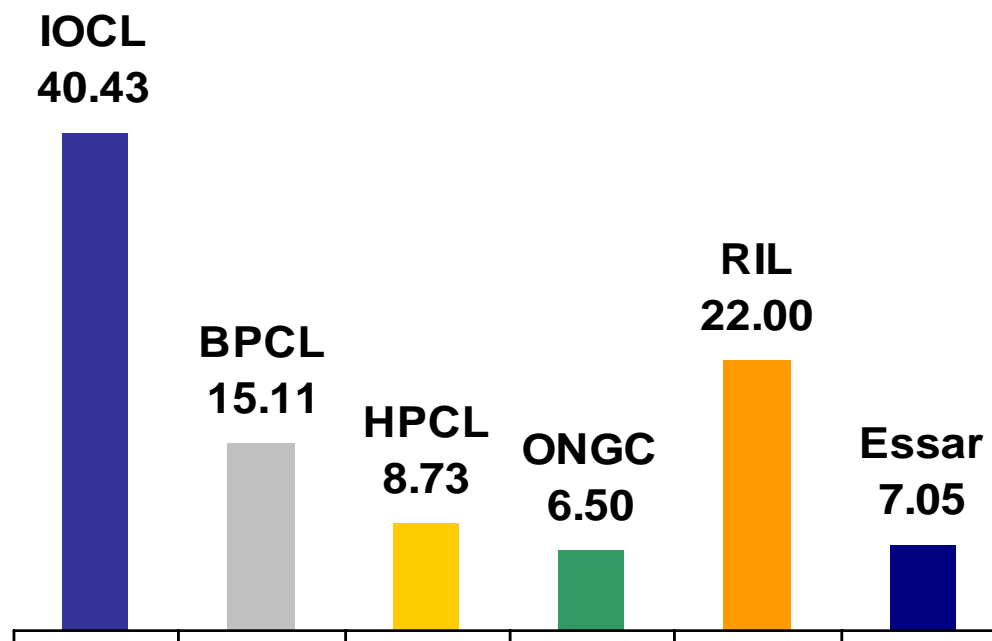
- Parameters of Performance
- Our Strength

Refining Share



**Industry Capacity
148.90 MMT**

Percentage Share



Key:

- IOC – Indian Oil Group
- BPCL – Bharat Petroleum Corporation Limited
- HPCL – Hindustan Petroleum Corporation Limited
- ONGC – Oil and Natural Gas Corporation Limited
- RIL – Reliance Industries Limited

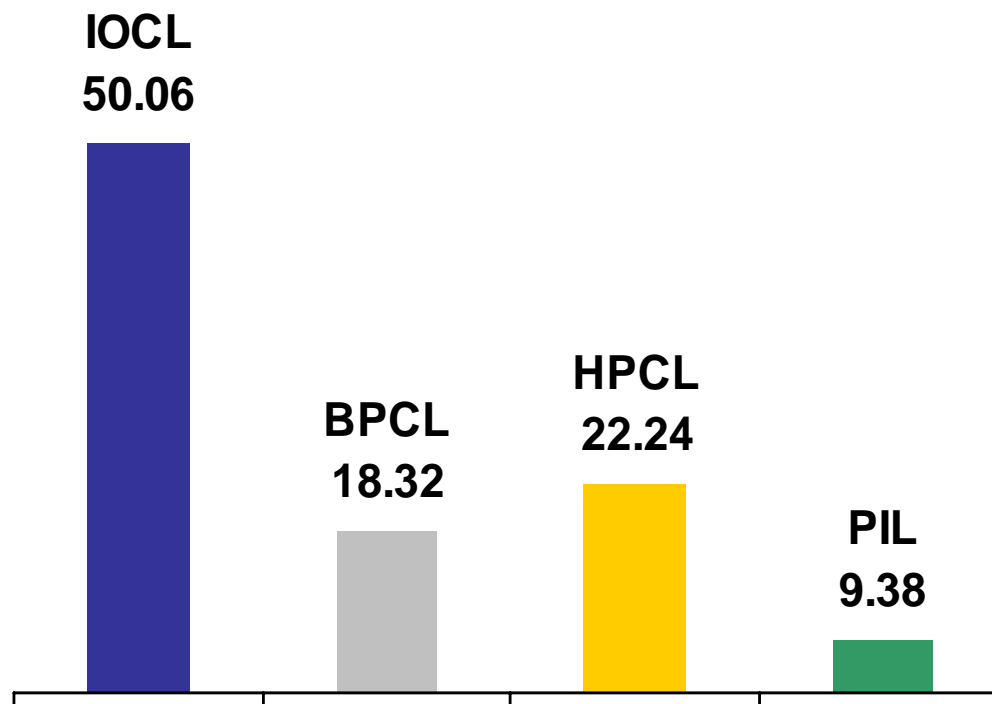
Note: All figures for FYE 08

Product Pipelines



**Industry Capacity
57.97 MMT**

Percentage Share



Key:

IOCL – Indian Oil Group

BPCL – Bharat Petroleum Corporation Limited

HPCL – Hindustan Petroleum Corporation Limited

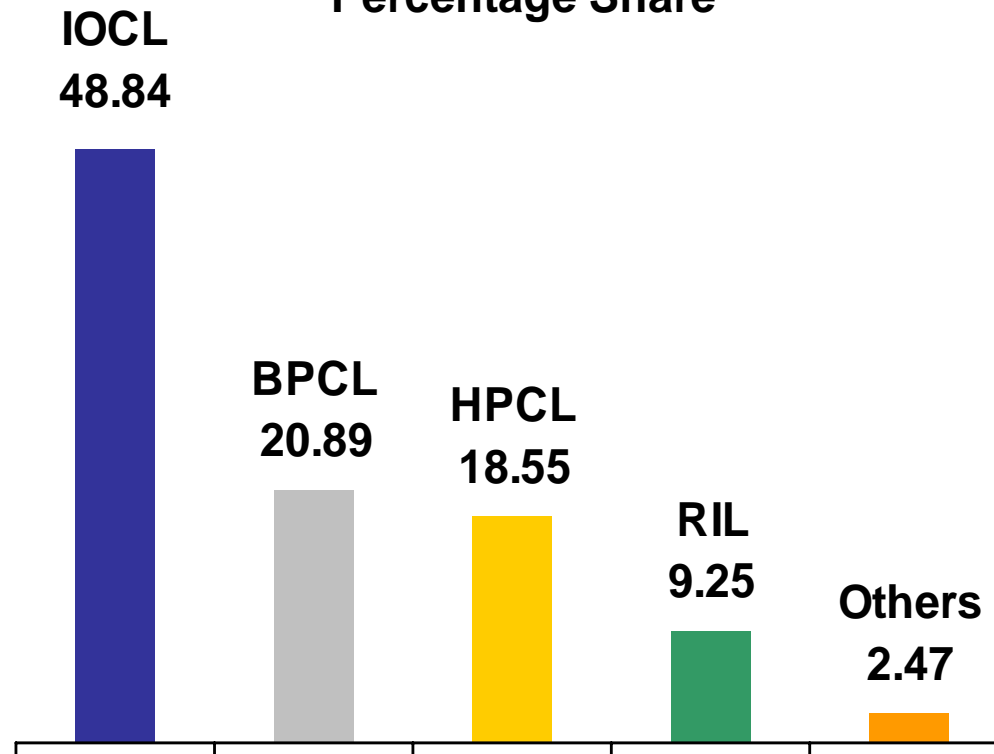
PIL – Petronet India Limited

Note: All figures for FYE 08

Industry Market Share

Market Size
118.827 MMT

Percentage Share



Key:

IOCL – Indian Oil Group

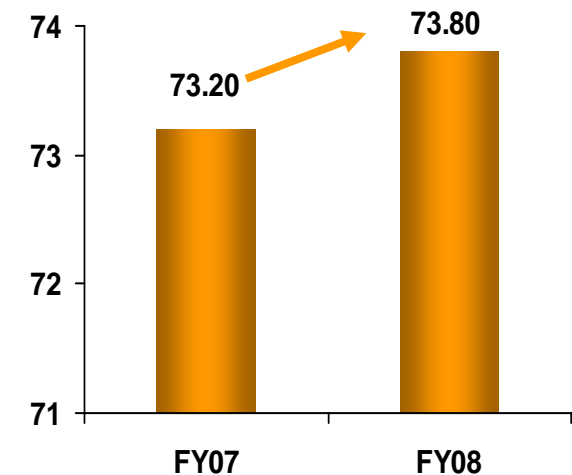
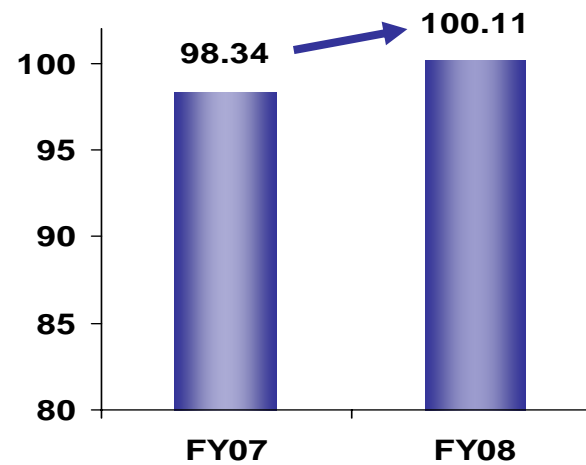
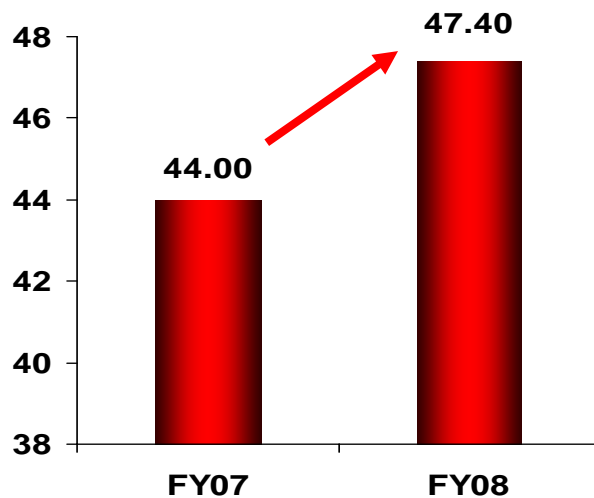
BPCL – Bharat Petroleum Corporation Limited

HPCL – Hindustan Petroleum Corporation Limited

RIL – Reliance Industries Limited

Note: All figures for FYE 08

Refining: Annual Operating Highlights



Refinery Throughput
(MMT)

Capacity Utilization
(%)

Distillate Yield
(%)

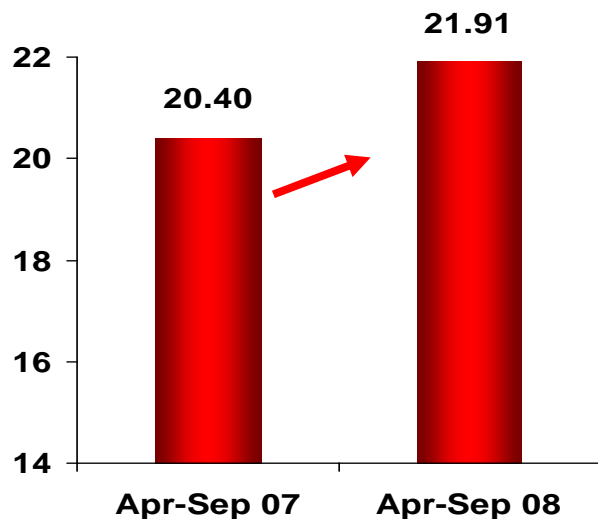
Strategic inland refinery locations with most effective supply and evacuation system through pipelines

All refineries meet product specification requirements in line with environmental regulations

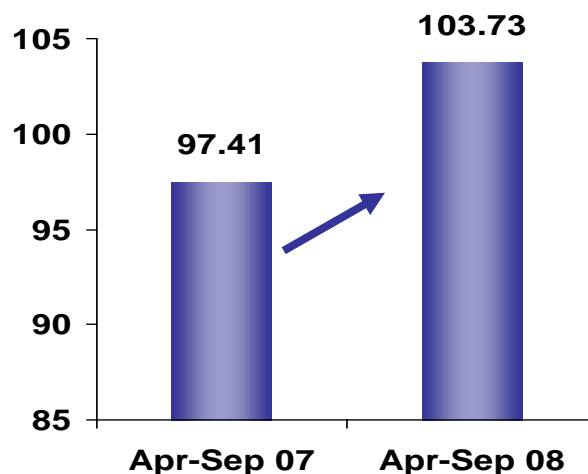
Refining: April - Sept 08 Highlights



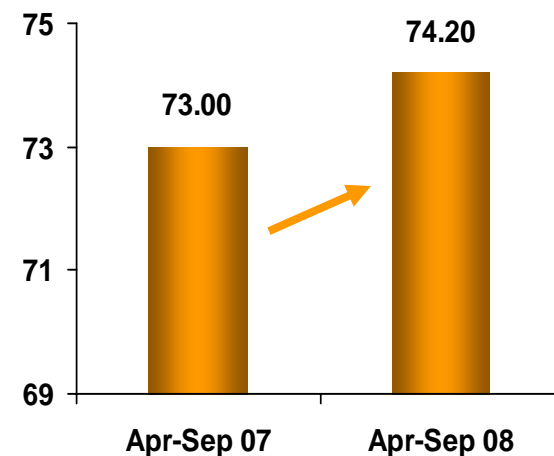
Surpassing Performance Continues



Refinery Throughput (MMT)



Capacity Utilization (%)



Distillate Yield (%)

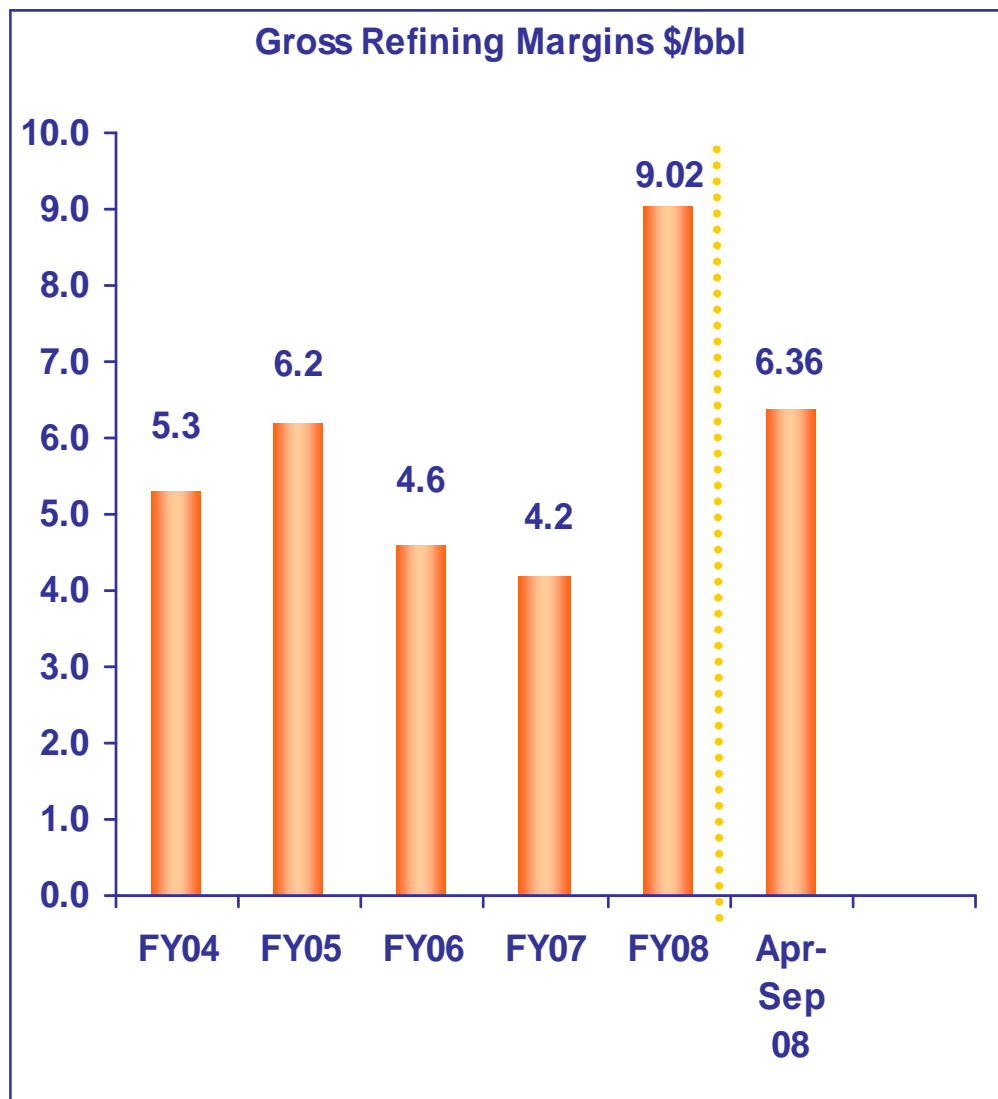
Refining Performance



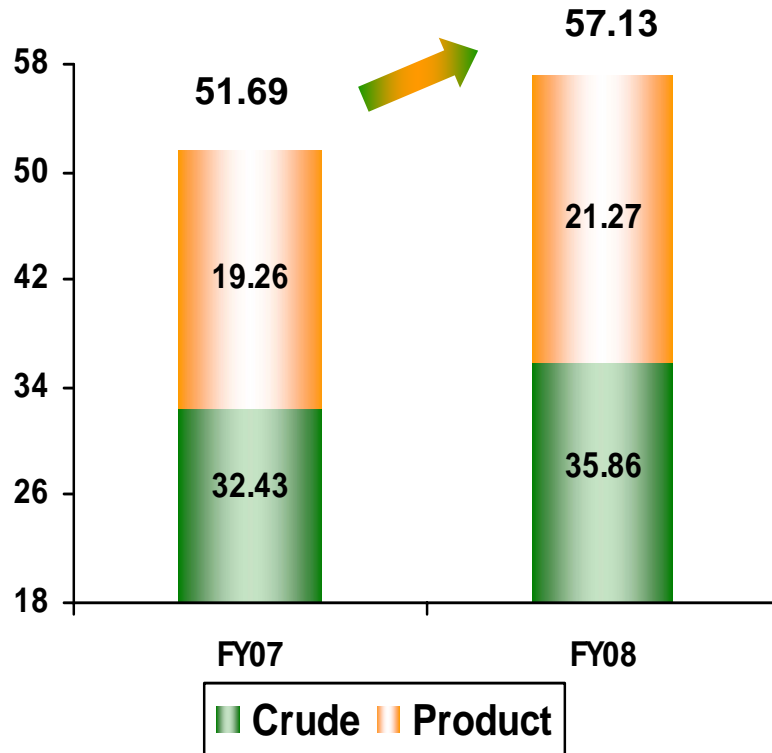
Key Facts

- Annual Capacity utilization - **100.11%** (first time in the last 8 years)
- Recorded highest ever GRM- **USD 9.02/bbl** (Lowest-ever energy factor- **67 MBN***)
- Highest ever sulphur crude processed-**48.8%** (43.7% in 06-07)
- Processed **9.4%** heavy crude oil (3% in 06-07)

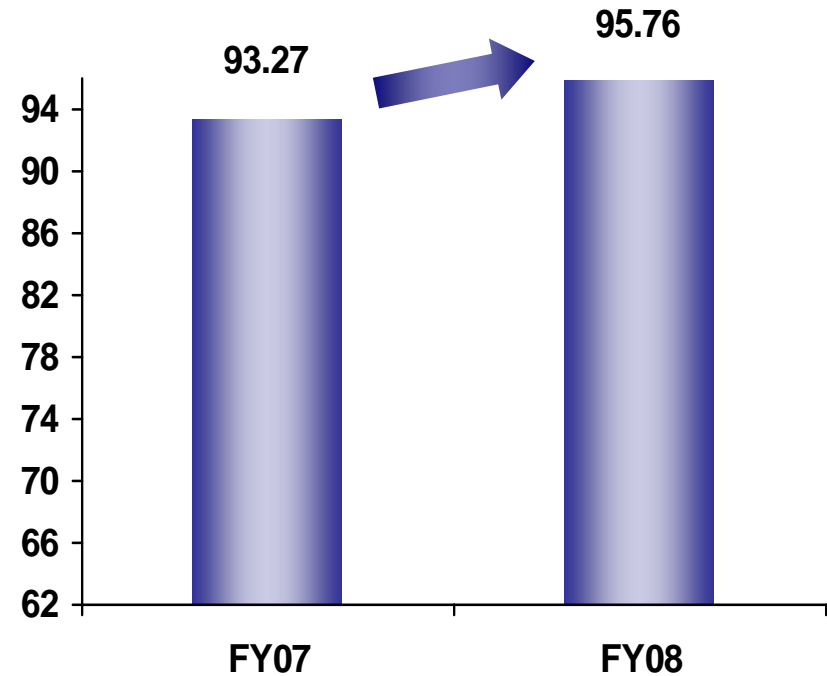
* Million British Thermal Units per Barrel-Energy Factor



Pipelines: Annual Operating Highlights



Pipelines Throughput (MMT)



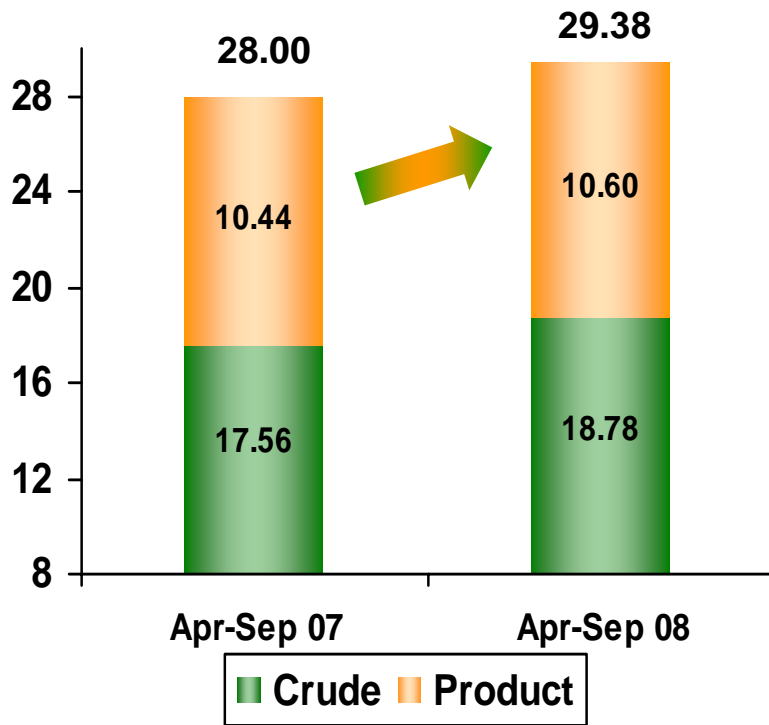
Capacity Utilization (%)

Highest ever throughput achieved by IndianOil's pipelines in FYE 2008

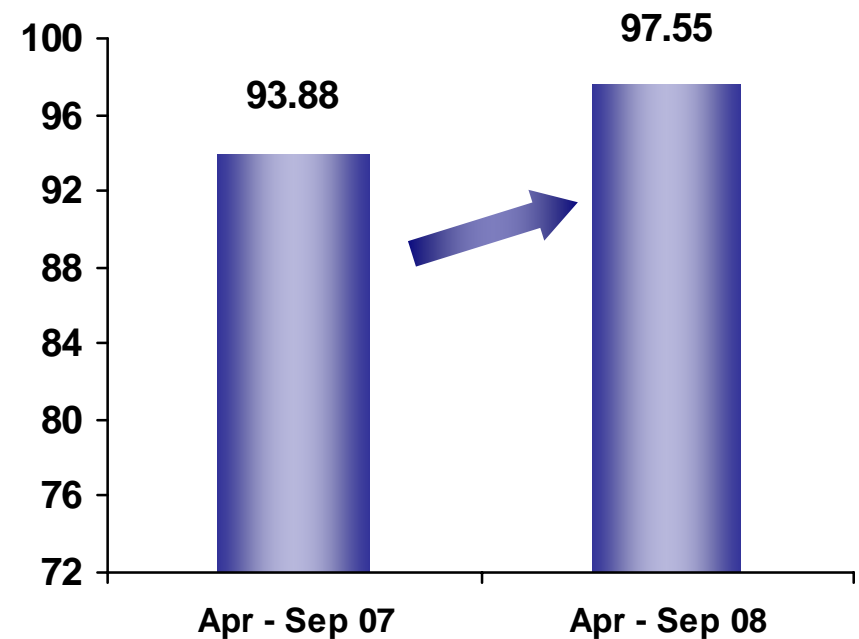
Pipelines: April - Sept 08 Highlights



Continuing forward

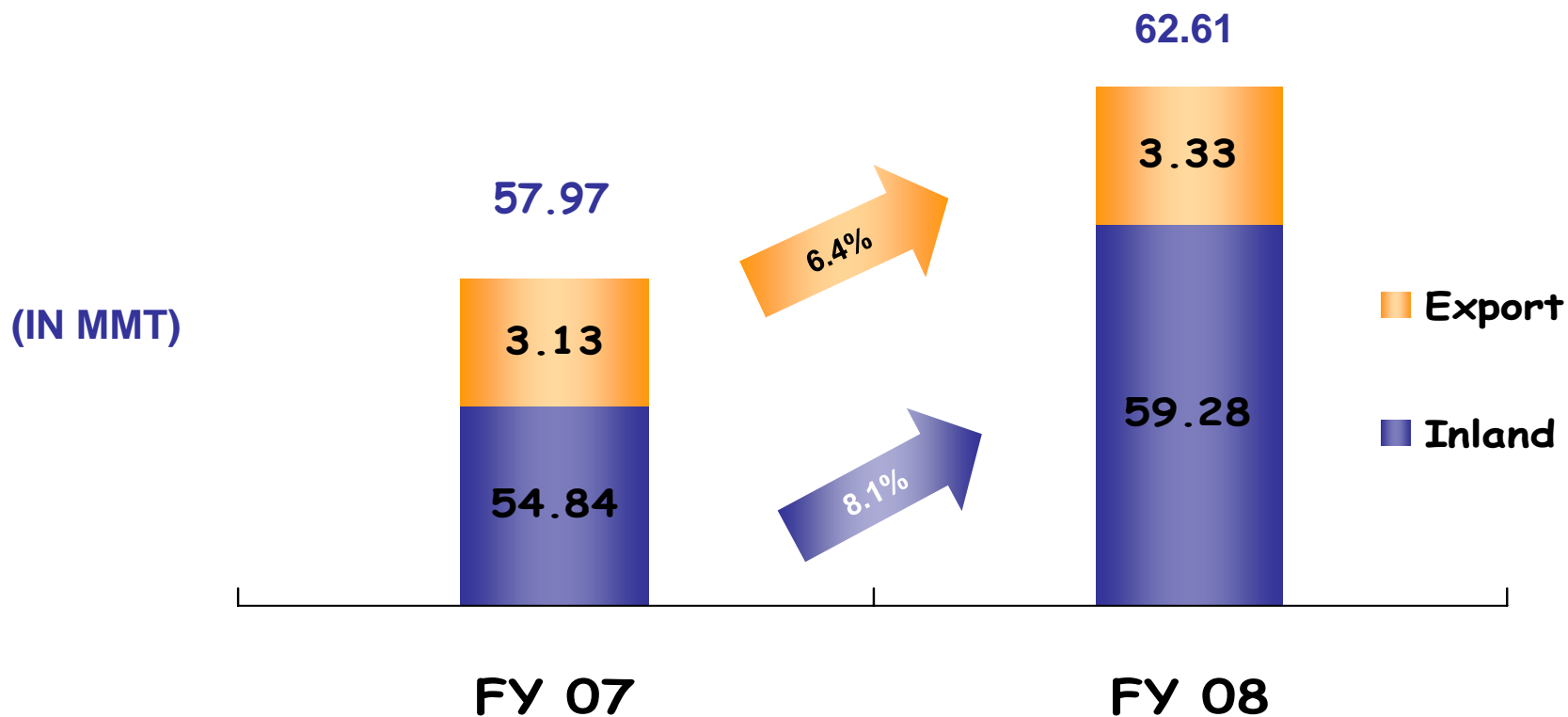


Pipelines Throughput (MMT)



Capacity Utilization (%)

Marketing: Annual Operating Highlights



Market Leader

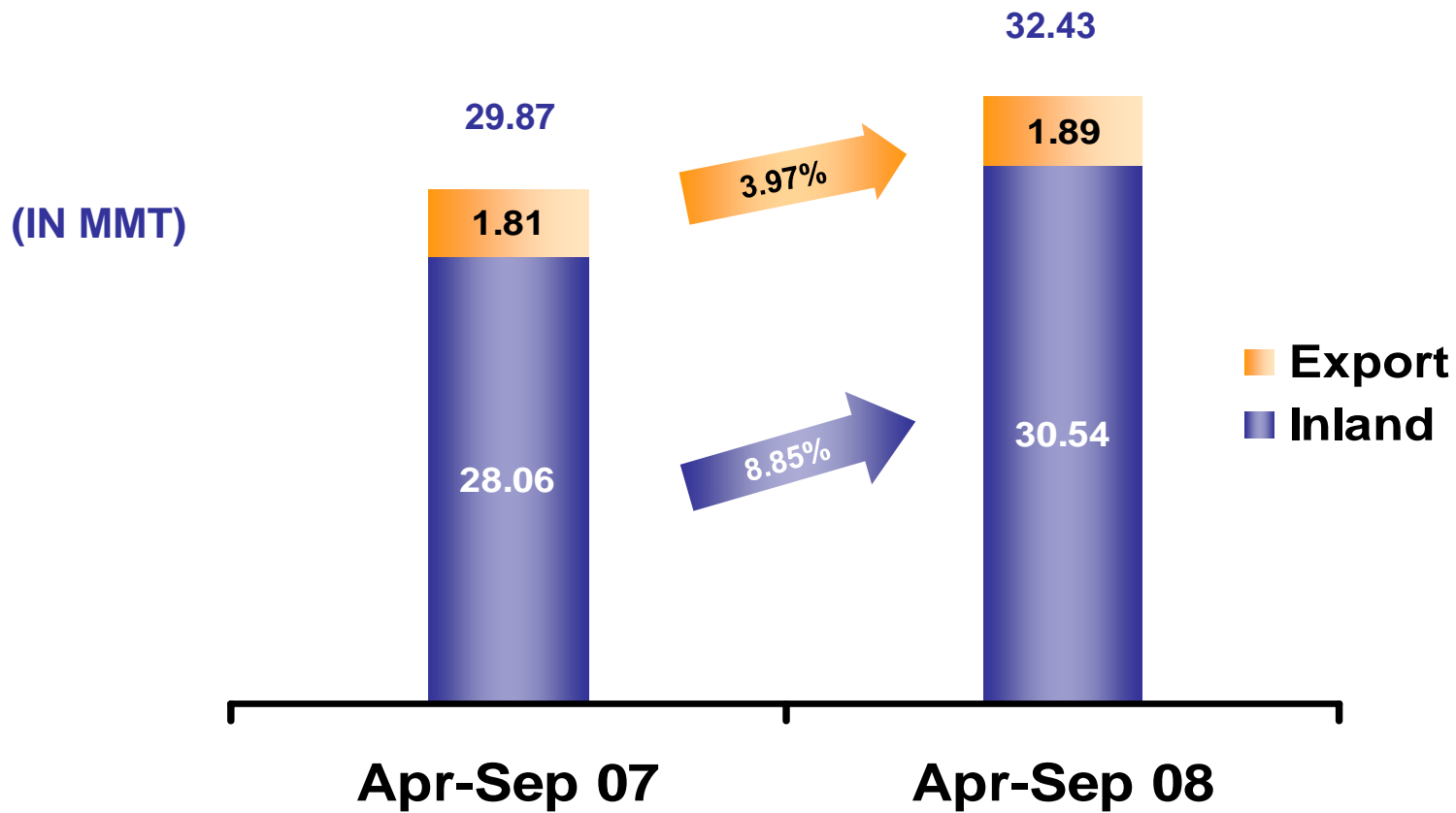
Dominant market share held by IndianOil Group: 47.02%

Figures of IOC Group including Gas

Marketing: April - Sep 08 Highlights



Continued improvement in performance



Figures of IOC Group including Gas

Parameters of Performance



- Share Prices

	End of Mar'07	End of Mar'08	End of Oct'08	% Movement over Mar'08
IOC (Rs./share)	399.60	445.60	338.45	(24.05)
RPL (Rs./share)	71.50	156.25	86.25	(44.80)
Sensex (points)	13072	15644	9788	(37.43)

- Financial

	2005-06	2006-07	2007-08	2008-09 (HY)
Turnover (Rs./Crore)	183,172	220,779	247,479	160,263
Profit After Tax (Rs./Crore)	4,915	7,499	6,963	(6,632)
Earning Per Share (Rs.)	42.08	62.90	58.39	(55.62)
Debt-Equity Ratio	0.90:1	0.78:1	0.86:1	1.75:1

IOC's continued dominance in Oil Sector

- Parameters of Performance
- Our Strength

Our Strength

Sustained growth in turnover from 57.97 MMT to 62.61 MMT

This is ensured by

- **Cross country retail network** comprising of **17574 outlets** (1196 outlets commissioned in 2008)
- **Varied range of products**
 - Maintained market leadership in branded fuels in 2008
 - XTRAMILE Diesel : 58% Share
 - XTRAPREMIUM Petrol : 45.5% Share
 - Over 800 varieties of lubricants
- Creating Unique Selling Points in all customer segments (consumer and retail) through **XtraCare Service Stations**
- Continued dominance of XtraPower Fleet card (13 Lakh cards issued)

Our Strength

◆ Diversified range of core sector customers

- Railways
- Power House
- Fertiliser Plants
- Defence
- Aviation
- Coal

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

Our Strength - Hidden Treasure

Strategic equity investments in ONGC and GAIL
A hidden reserve of Rs.15,963 crore (USD 3.40 Bn) on these equity investments

Particulars	No. of Shares (crore)	Holding (%)	Purchase Value (Rs/cr.)	Market Value* (Rs/cr.)
ONGC	16.45	7.69	1,780	17,033
GAIL**	2.04	2.41	123	833
Total			1,903	17,866

* As on Sep 30, 2008

** Consequent to bonus issue by GAIL in the ratio of 1:2 the holding has risen to 3.06 crore

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Strides Beyond Borders : Globalisation



● Sri Lanka

- Lanka IOC Ltd. began retailing operations in February 2003
- Largest private sector company in Sri Lanka, with 11.4% market share¹
- Sales grew by over 8% ¹
- Launched bunkering business
- 18 TMTA lube blending plant commissioned at Trincomalee; 8 new lube distributors commissioned

● Mauritius

- IndianOil Mauritius Ltd. incorporated in October 2001
- Overall sales rose by 19.5% ¹
- Market leader in aviation business with market share of 35% ¹
- Market share rose to 19.8% ¹

● Dubai

- Wholly-owned subsidiary IOC Middle East FZE, incorporated in April 2006, actively pursuing lubricant business in Middle East and Africa
- Servo distributors appointed for Oman, Qatar and Bahrain

¹ During FYE 2008

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Unique Area of Strength - Wide Network of Cross Country Pipelines



Key Facts



- 9,273 Kms of crude / product pipelines (capacity 59.65 MMT)
- Provides low cost crude transportation to all of the Company's refineries
- Recorded highest ever crude throughput of 35.85 MMT during FY 2008

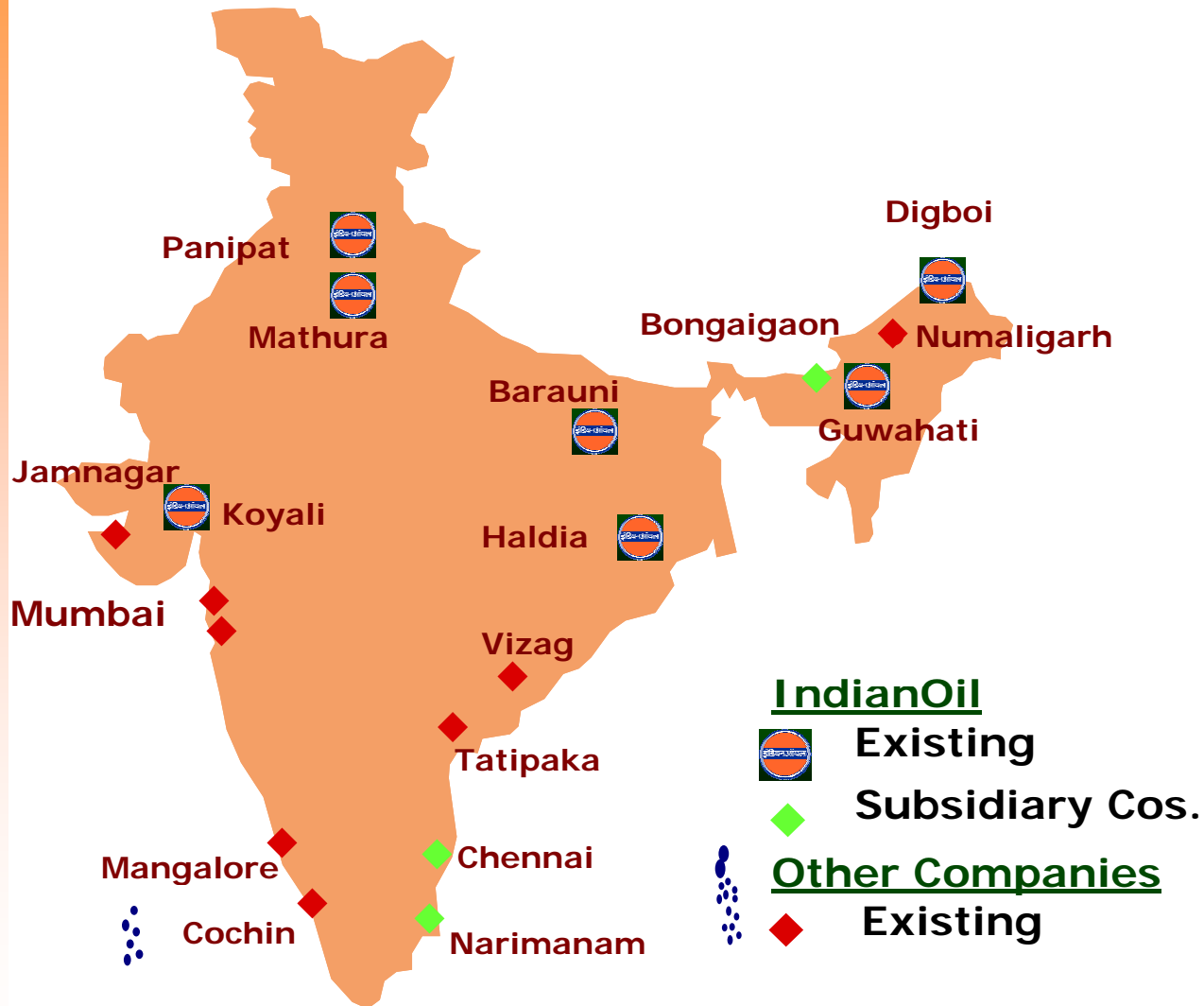
As of March 31, 2008

Unique Area of Strength - State of Art Research and Development Center



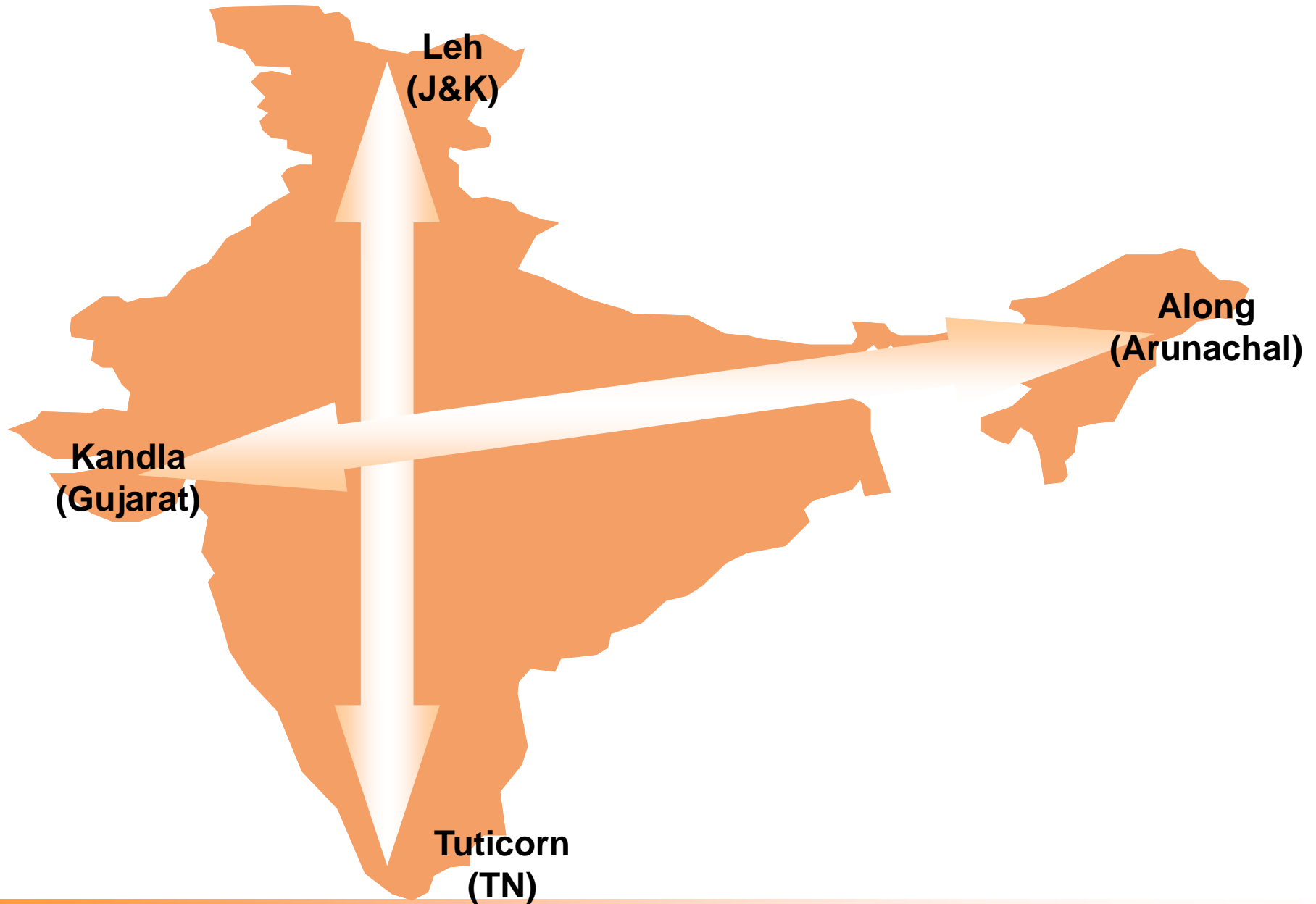
- A premier R&D Institute in India, comprising of 411 persons headed by a full-time Director, with a focus on petrochemicals, residue gasification, coal-to-liquid, gas-to-liquid, alternative fuels, lubricants, nano-technology etc.
- Commercialization of in-house technology :
 - So far 200 patents registered (12 in FY 08) out of which 50 are international patents
 - Till now 2486 lubricant formulations developed (186 in FY 08)
 - IOC is amongst the select group of global licensors of Needle Coke technology- recently licensed to Numaligarh Refinery Ltd.
- The first Indian company to develop intelligent and caliper 'pigs' for gauging the health of cross-country pipelines and putting them for commercial trials in association with Bhabha Atomic and Research Centre
- Commissioned India's first Hydrogen-CNG dispensing station

Unique Area of Strength - Only company to have presence in high consumption North Area



Two of the Refineries are located in high consumption North Area consisting of Uttar Pradesh, Punjab, Haryana, Rajasthan, Himachal Pradesh, Uttarakhand, Jammu & Kashmir.

Unique Area of Strength - Presence across Length and Breadth of the Country



Accreditation



- India's largest commercial enterprise with leading market shares in downstream segment of Oil business
- Highest ranked Indian company in the Fortune 'Global 500' listing (moved up 19 places to 116th position in 2008)
- 18th largest petroleum company in the world – *Fortune Global 500*
- Awards/recognitions:
 - India's 'No. 1 Corporate' in annual listing of Business Standard (BS 1000)
 - India's leading company in Economic Times (ET 500) listing
 - Rated amongst top ten in Business India (BI Super 100) and amongst India's top valuable companies in BT 500 listing
 - Frost & Sullivan award for Industry Innovation & Advancement in Indian Bio-fuel industry
 - Emerged as 'the Most Trusted Fuel Pump Brand' in a survey conducted by Readers Digest and AC Nielsen

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Unparalleled Infrastructure

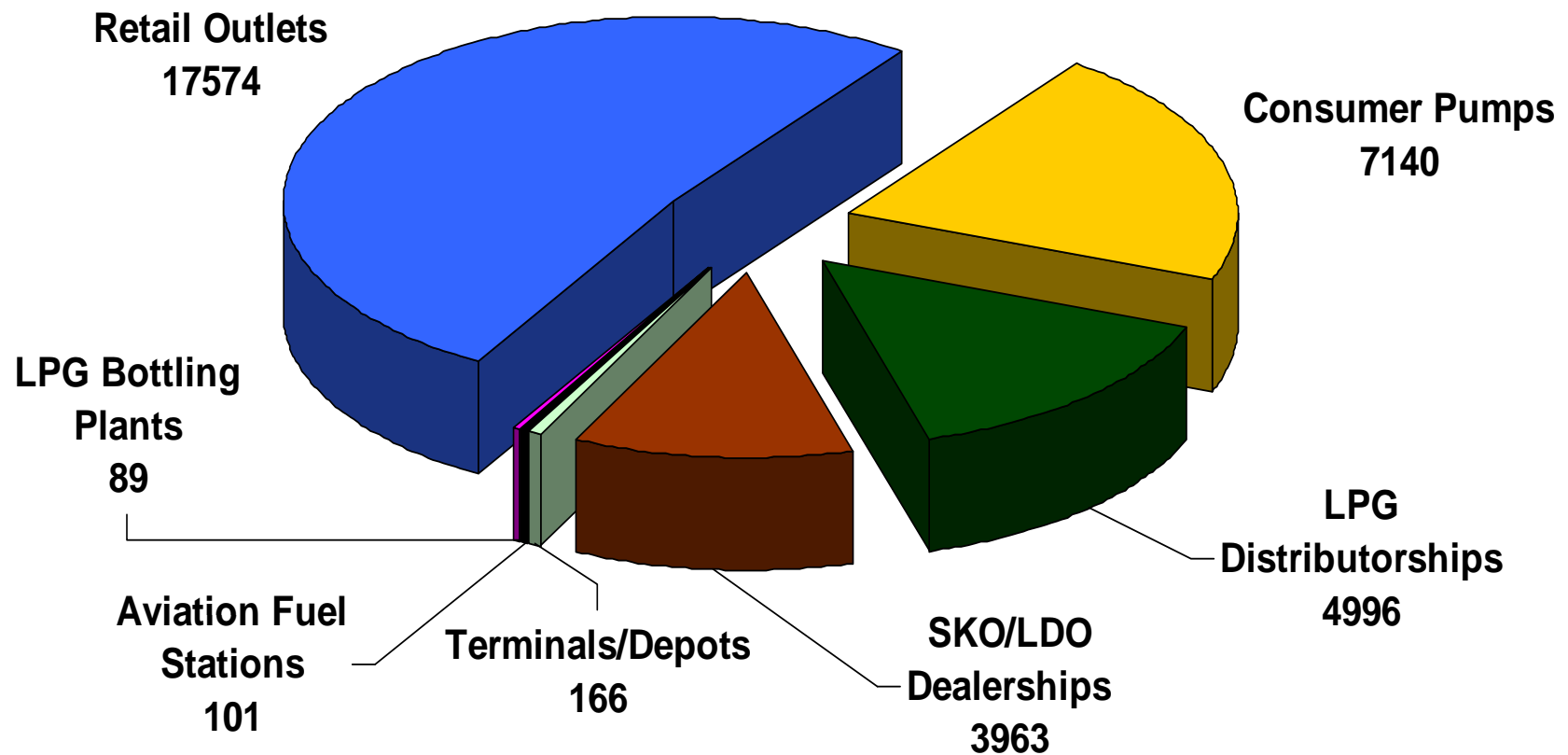


- **Controls 10 Refineries spread across the country (60.20 MMT – 40% of Industry)**
- **9273 Kms of pipeline network (68.44% of Industry)**
- **State of the art Research and Development Centre**

Unparalleled Infrastructure



- 34029 marketing touch points (55.5% of industry)



As of March 31, 2008

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Spreading the Wings



Forward Integration into Petrochemicals

- **Petrochemical plants at Gujarat, Panipat and Bongaigaon**
 - **Emerged as the most preferred Linear Alkyl Benzene (LAB) supplier in the domestic market. Second biggest supplier to Unilever**
 - **Global presence - network spreading to Ten countries**
 - **Paraxylene (produced from Panipat) exported for the first time to Indonesia, Thailand and Malaysia**
 - **New major project - Naphtha Cracker and downstream Polymer complex under construction at Panipat ; expected completion 2009 (Rs.14,439 crore- USD 3.07 Bn)**

Spreading the Wings



Backward Integration into E&P

Domestic Exploration Blocks

- NELP-I, II III & VI

- 9 blocks with ONGC/OIL/GAIL/GSPC/Petrogas/ HPCL (15-30% participating interest)

- Coal Bed Methane

- 2 blocks with ONGC (20% participating interest)

- Farm-in

- 2 blocks with HOEC / Premier Oil; 35 – 43% participating interest

- Successful gas discovery in Assam-Arunachal block and Mahanadi offshore.

International Exploration Blocks

- Nigeria, Yemen, Gabon, Libya and Iran (Farsi-established gas field)

Strides towards bio-fuel – MOU signed with Govt of Chattisgarh for JV

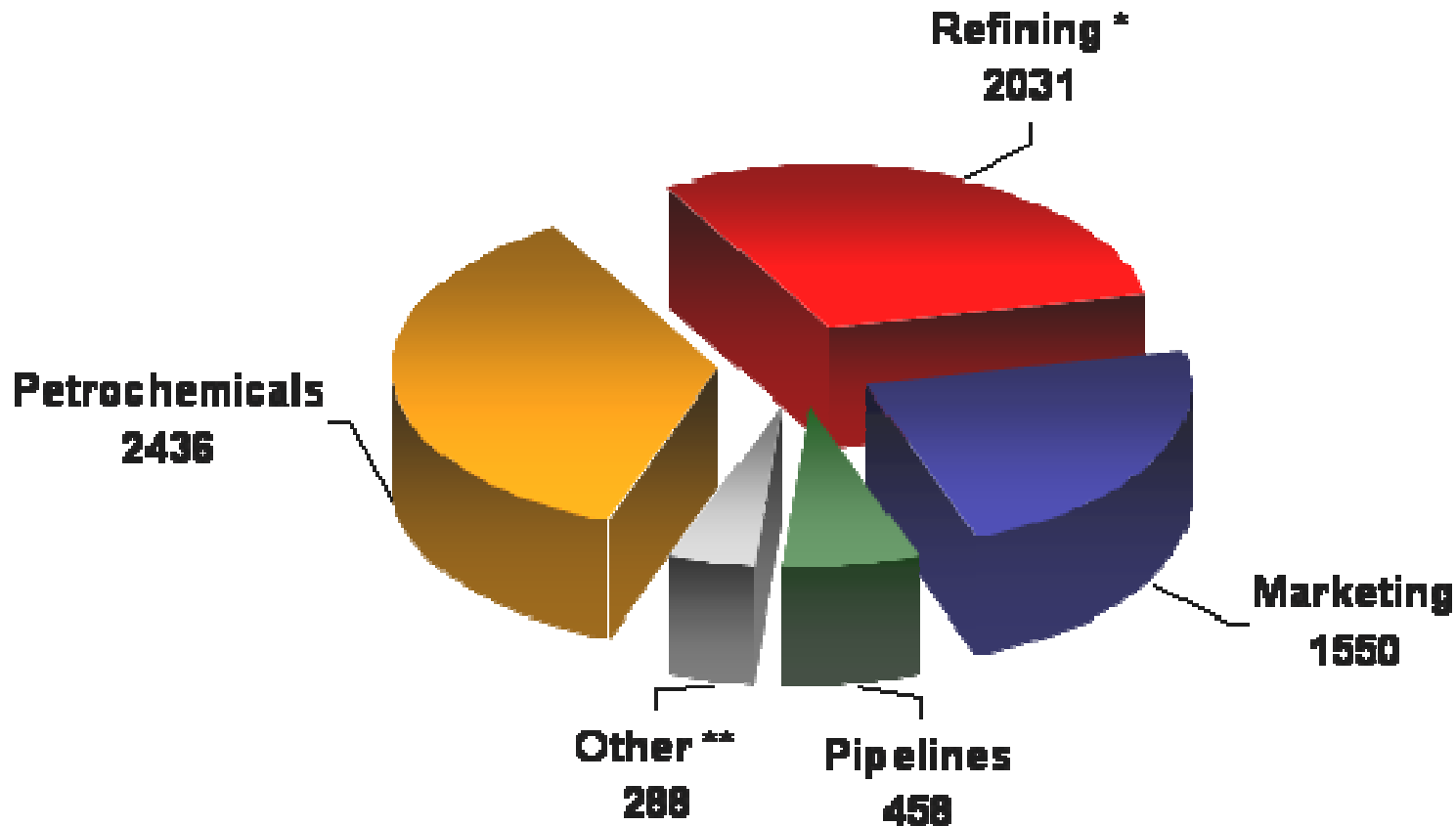
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Capital Expenditure 2007-08

Rs / crore



TOTAL CAPEX :
Rs. 6,763 Crore (USD 1.69 Bn)

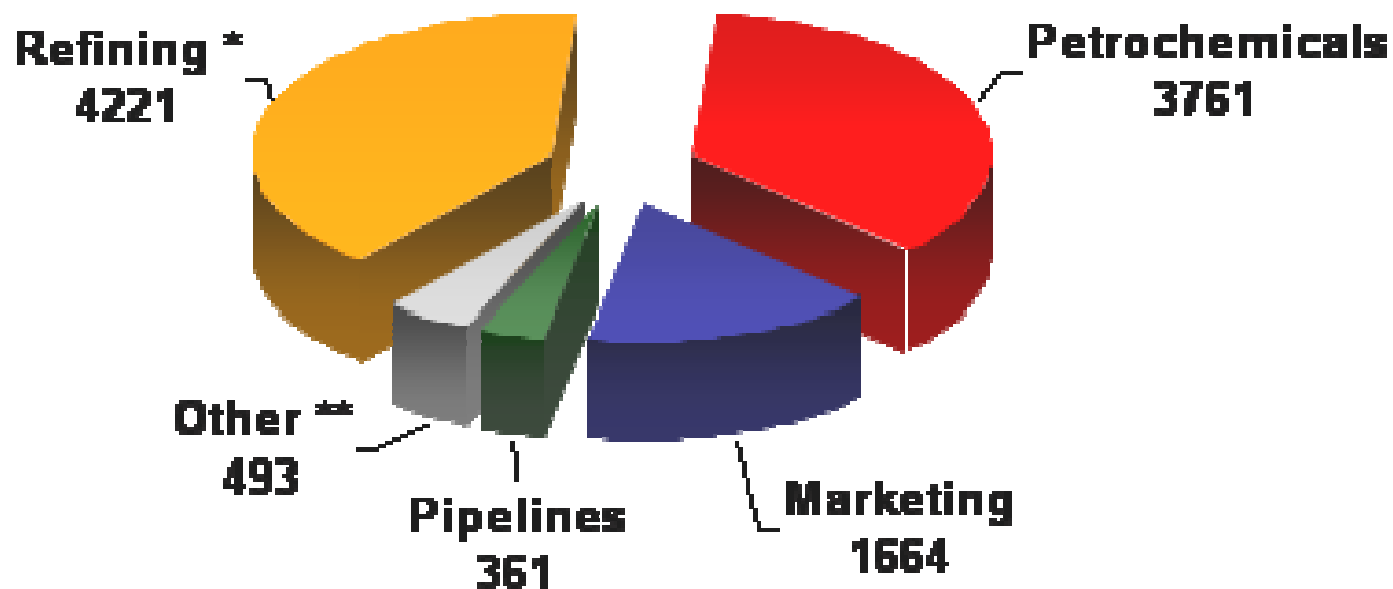
* Includes refineries' capacity additions, yield and quality improvement

** Other includes R&D and other divisions, diversifications such as LNG and E&P initiatives

Capital Outlay 2008-09



Rs / crore



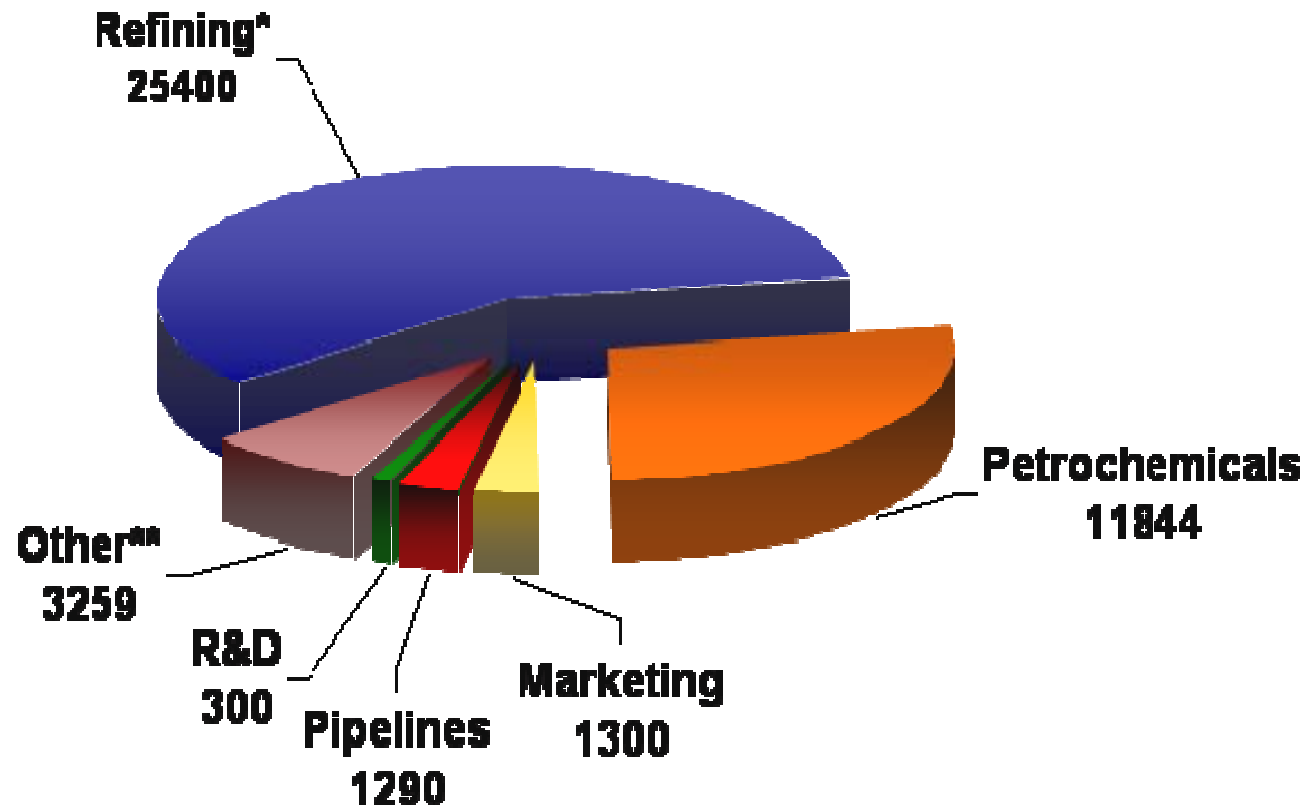
TOTAL CAPEX OUTLAY:
Rs. 10,500 Crore (USD 2.24 Bn)

* Includes refineries' capacity additions, yield and quality improvement

** Other includes R&D and other divisions, diversifications such as LNG and E&P initiatives

Capital Outlay (Estimated) XI Plan - April 2007 to March 2012

Rs / crore



**TOTAL CAPEX OUTLAY:
Rs. 43,393 Crore (USD 9.24 Bn)**

* Includes refineries' capacity addition, yield and quality improvement

** Other includes other divisions, diversifications such as LNG and E&P initiatives

Capital Expenditure - Major Projects Planned



IndianOil

	Project	Approved/ Estimated Cost (Rs. crore)	Anticipated Completion
1	Paradip Refinery *	25,646*	End 2011-12
2	Naphtha Cracker, Panipat	14,439	November 2009
3	Residue upgradation, Gujarat	5,693	/8/** January 2010
4	Once-through Hydrocracker & capacity augmentation, Haldia	2,869	December 2009
5	Panipat Refinery expansion: from 12 to 15 MMTPA	1,008	December 2009
6	MS quality upgradation at Panipat	1,131	December 2009
7	Augmentation of Mundra-Panipat crude oil pipeline from 6 to 9 MMTPA	205	December 2008
8	Paradip-Haldia crude oil pipeline	1,420	December 2008
9	Dadri-Panipat R-LNG line	298	March 2009
10	Chennai-Bangalore product pipeline	232	July 2009
11	Koyali-Ratlam product pipeline	225	December 2008
12	Panipat-Jalandhar LPG pipeline	187	November 2008
	Total	53,353 **	

* Approved in principle;

** Equivalent to USD 11.36 Billion

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Improving Trends Ahead



Brighter future with loss contributors vanishing

- Under-realization may become a thing of past with steep fall in crude oil prices
 - **Indian basket of crude oil prices from a peak of US\$ 142.04 per barrel on 3rd Jul'08 has come down to US\$ 43.82 per barrel on 21st Nov'08**
- With the sanction of oil bonds by the Government (Rs.32,595 crore or US\$ 6.8 Bn), the borrowings to fall sharply leading to significant reduction in interest cost – IndianOil received oil bonds of Rs.11,975.51 crore (US\$ 2.5 Bn) on 10th Nov'08

INDIANOIL – An Integral Part of Indian Economy

IndianOil, a major supplier to core sector

- **Supplier of fuel (more than 80% of requirement) to Government organizations i.e. army, railways, state road transports, air force & navy**
- **Key sectors fertilizer, power & aviation are largely dependent upon IndianOil**

Bottom Line

- ***Value , strength & importance of IndianOil in Indian economy can not be undermined despite global economic turbulence.***



IndianOil

Thank You