इंडियनऑयल

IndianOil

Bankers' Meet

7th August 2014

IOCL – An Important Pillar in the Indian Economy

Indian Oil Corporation Limited – A prelude

#1

India’s largest crude oil refiner - 31% market share with 65.70 MMTPA capacity

India’s largest downstream pipeline network - 47% market share with length of over 11,000 km

India’s largest oil marketing company - 42% market share with over 41,500 touch points

India’s only downstream oil company to have a state of art R&D Centre

India’s top ranked Fortune Global 500 Company – 96th rank

India’s largest commercial enterprise - turnover of USD 76.36 billion

India’s largest integrated oil company - petroleum, petrochemical, gas, exploration & production, renewable energy, nuclear energy

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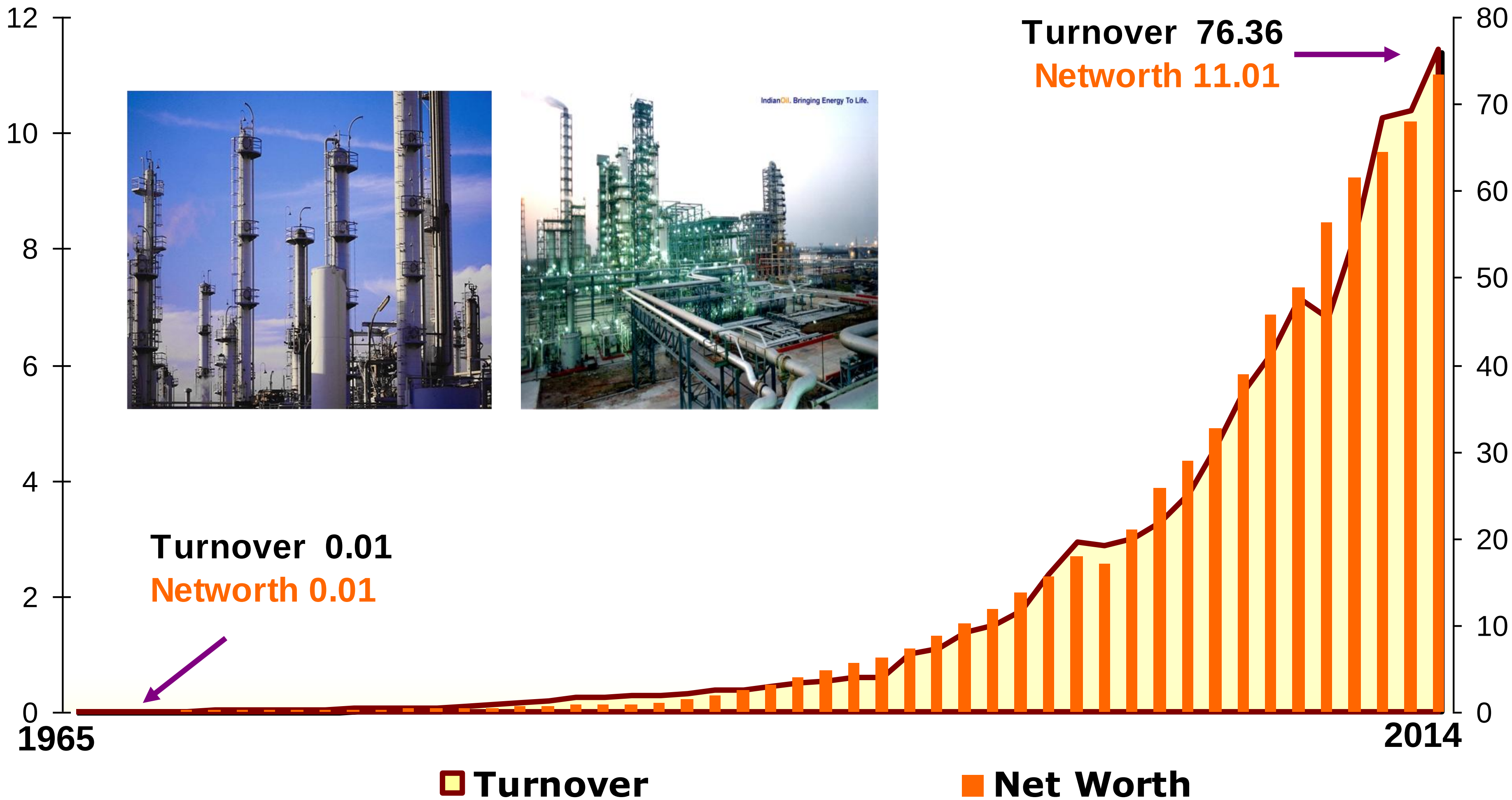
IOCL – An Important Pillar in the Indian Economy

- Flagship national oil company and downstream petroleum major
- "Maharatna" status – another jewel in the crown
- Contribution to Exchequer US$ 14.38 billion for FY 2013-14
- Major supplier to core sector
  - Supplier of fuel to Government organizations i.e. railways, army, air force & navy
  - Key sectors like fertilizer, power & aviation are largely supplied by IOCL
- Credit Profile
  - International:
    - Baa3 : by Moody's
    - BBB- : by Fitch
  - Domestic
    - Long Term: AAA; by CRISIL, ICRA, India Ratings & Research (Fitch), CARE
    - Short Term: A1+ by CRISIL & ICRA

Note: US$-INR: 59.92(as on 31st March 2014)

Saga of Growth

… From a humble beginning to an OIL GIANT



US$-INR: 59.92 (as on 31st March 2014)

IOCL – An Important Pillar in the Indian Economy

Indian Economy

Oil Industry in India

IOCL – An Overview

IOCL's Core Operations

Strategic Initiatives

Financial Performance

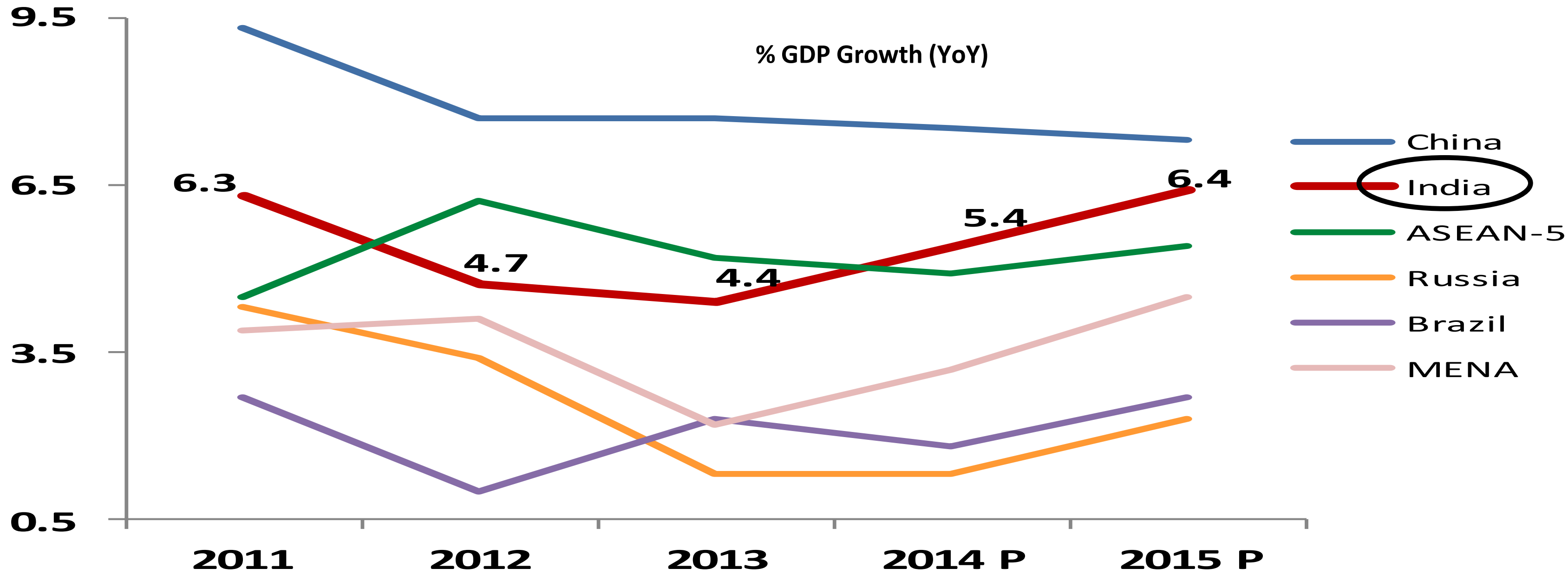
Ongoing Projects

Key Credit Considerations

Indian Economy

- World's third largest economy in Purchasing Power Parity (PPP)
- Global growth has slowed down and India is no exception. However………

Still One of the Fastest Growing Economies of the World



Source: IMF, World Economic Outlook , April 2014

Legends:

- *ASEAN-5: Indonesia, Malaysia, Philippines, Thailand and Vietnam*
- *MENA: Middle East & North Africa*
- *P denotes Projection*

Oil Industry in India – An Overview

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UPSTREAM (Exploration & Production)

- ***Indian Oil Corporation Ltd.*** [1]
- Oil & Natural Gas Corporation Ltd. (ONGC) [2]
- Oil India Ltd.
- Reliance, Cairn Energy, HOEC, Premier Oil etc

DOWNSTREAM (Refining, Marketing & Pipelines)

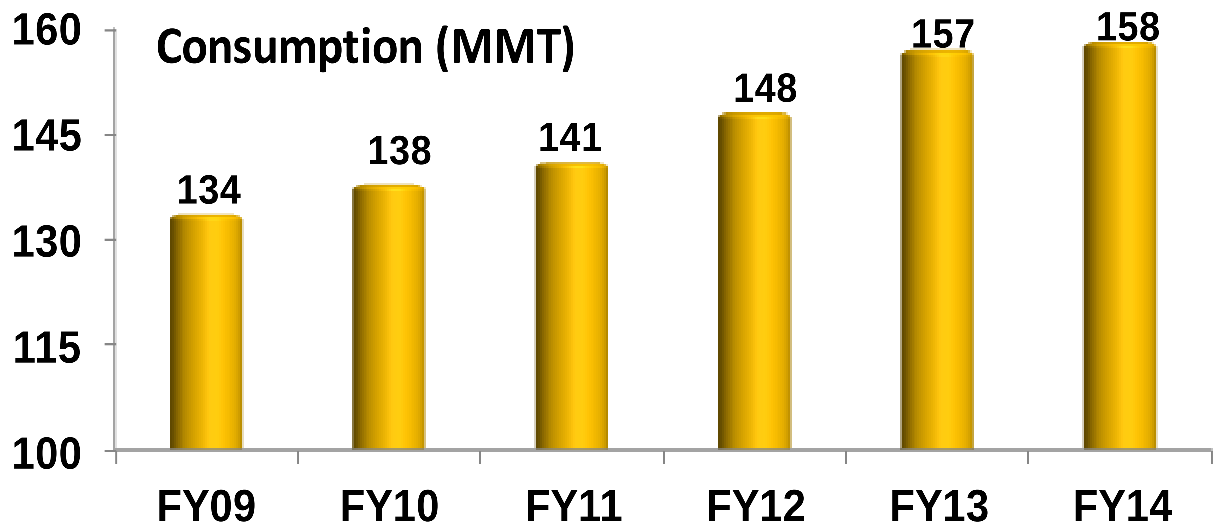
- ***Indian Oil Corporation Ltd.***
- Hindustan Petroleum Corporation Ltd. (HPCL)[3]
- Bharat Petroleum Corporation Ltd. (BPCL) [4]
- Mangalore Refinery & Petrochemicals Ltd (MRPL) [5]
- Reliance Industries Ltd. (RIL) / Essar Oil Ltd. / Shell

GAS (Transport & Distribution)

- ***IndianOil Corporation Ltd.***
- GAIL (India) Ltd.
- Reliance Industries Ltd. (RIL)
- Gujarat State Petroleum Corporation (GSPC)
- Indraprastha Gas Ltd (IGL)
- Mahanagar Gas Ltd (MGL)

1 – includes subsidiary Chennai Petroleum Corporation Ltd. (CPCL); 2 –includes subsidiary ONGC Videsh Ltd (OVL); 3 --- includes Bathinda Refinery (HPCL-Mittal Energy Limited) 4 – includes subsidiary Numaligarh Refinery Ltd & Bina Refinery (Bharat Oman Refineries Limited).; 5 – a subsidiary of ONGC Ltd.

Growing Oil Demand



Consumption of petroleum products grew at CAGR of 3.44% in last five years

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

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- IOCL – An Important Pillar in the Indian Economy
- Indian Economy
- Oil Industry in India
- **IOCL – An Overview**
- IOCL's Core Operations
- Strategic Initiatives
- Financial Performance
- Ongoing Projects
- Key Credit Considerations

A Government Company

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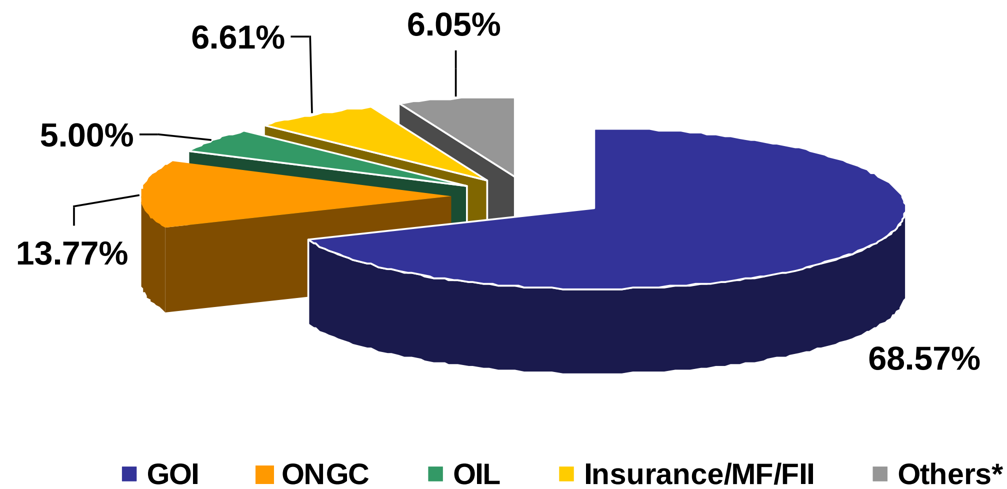
- One of the Government of India's "Maharatnas" i.e. valuable jewel
- Being a Government Company, IOCL is governed by provisions of Section 619 of Company's Act (India) – Statutory Auditors are appointed by the Comptroller and Auditor General of India
- Under the administrative control of Ministry of Petroleum and Natural Gas (MOP&NG), Govt. of India
- Positions for non-executive nominee Directors from MOP&NG



** Others include individuals, banks etc.*

Government has no intention to dilute its majority shareholding in IOCL due to its strategic importance to India's energy and socio-economic development

Shareholding pattern as on 31st March 14

Government Of India's Ownership & Support

Capital Raising: Government Approval

Performance: Annual MoU with Govt. for performance

Board Control: Members Nominated to IOC Board

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Equity Control: 87.34%*

Functional Directors: Appointment by President of India

Pricing: Select petroleum products based on Govt. initiative

Government Ownership and support in all spheres of the Company's operations

** Total equity ownership including equity stake directly held by the Government (68.57%) and that held indirectly through ONGC (13.77%) and OIL (5.00%).*

Operating Structure

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Downstream & Petrochemical Operations

Refining

Pipeline Transportation

Fuel Marketing

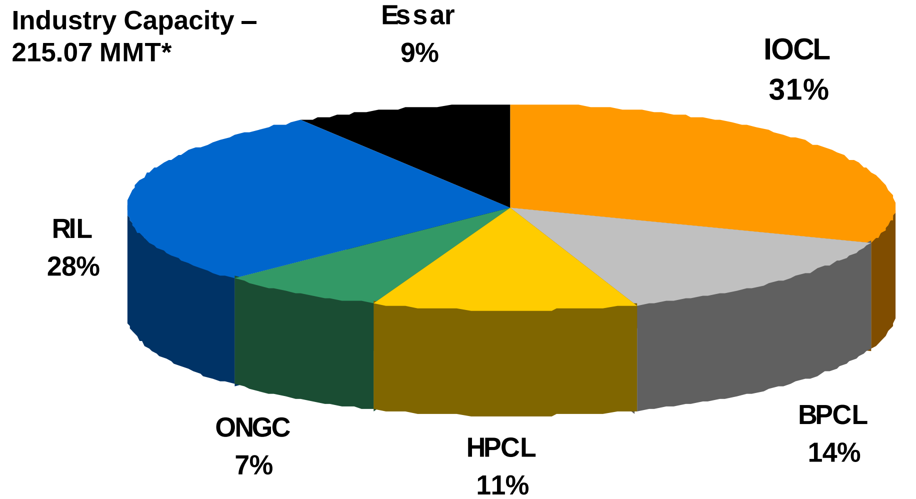
Research & Development

Petrochemicals

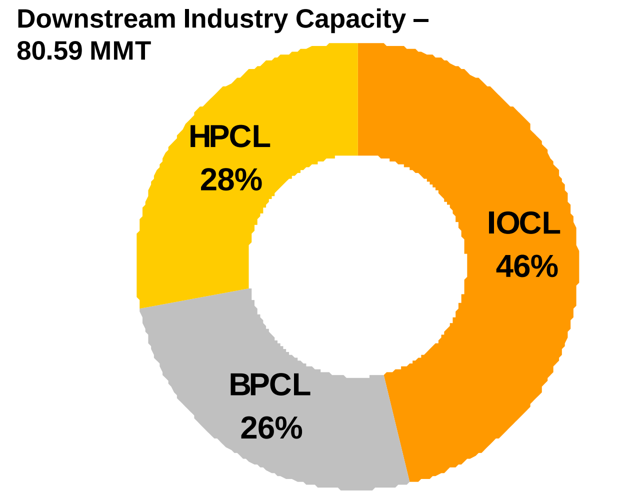
.... also diversified into E&P, Gas, Wind, Solar, Nuclear Power and Bio-fuels

IOCL's Dominance in Downstream Oil Sector

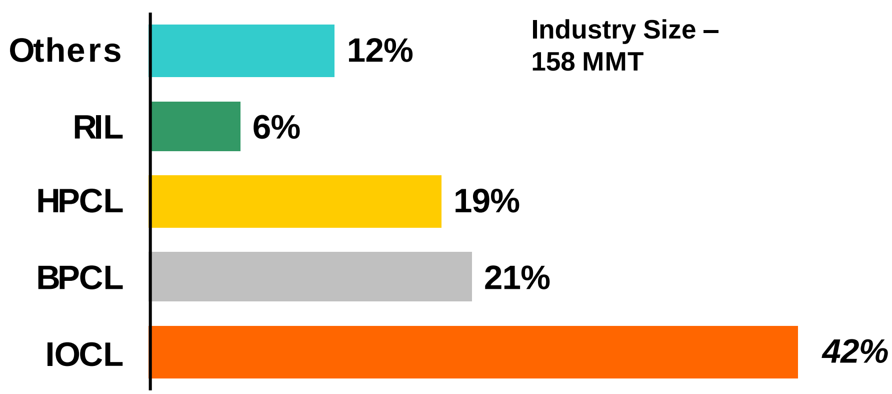
Refining Share



Products Pipelines Share



Petroleum Products Market Share**



Source: Petroleum Planning & Analysis Cell , IOCL; All figures for FYE 2014
Key: BPCL – Bharat Petroleum Corporation Limited Group; HPCL – Hindustan Petroleum Corporation Limited; ONGC – Oil and Natural Gas Corporation Limited; RIL – Reliance Industries Limited;
**Provisional*
*** Industry data of IOCL*

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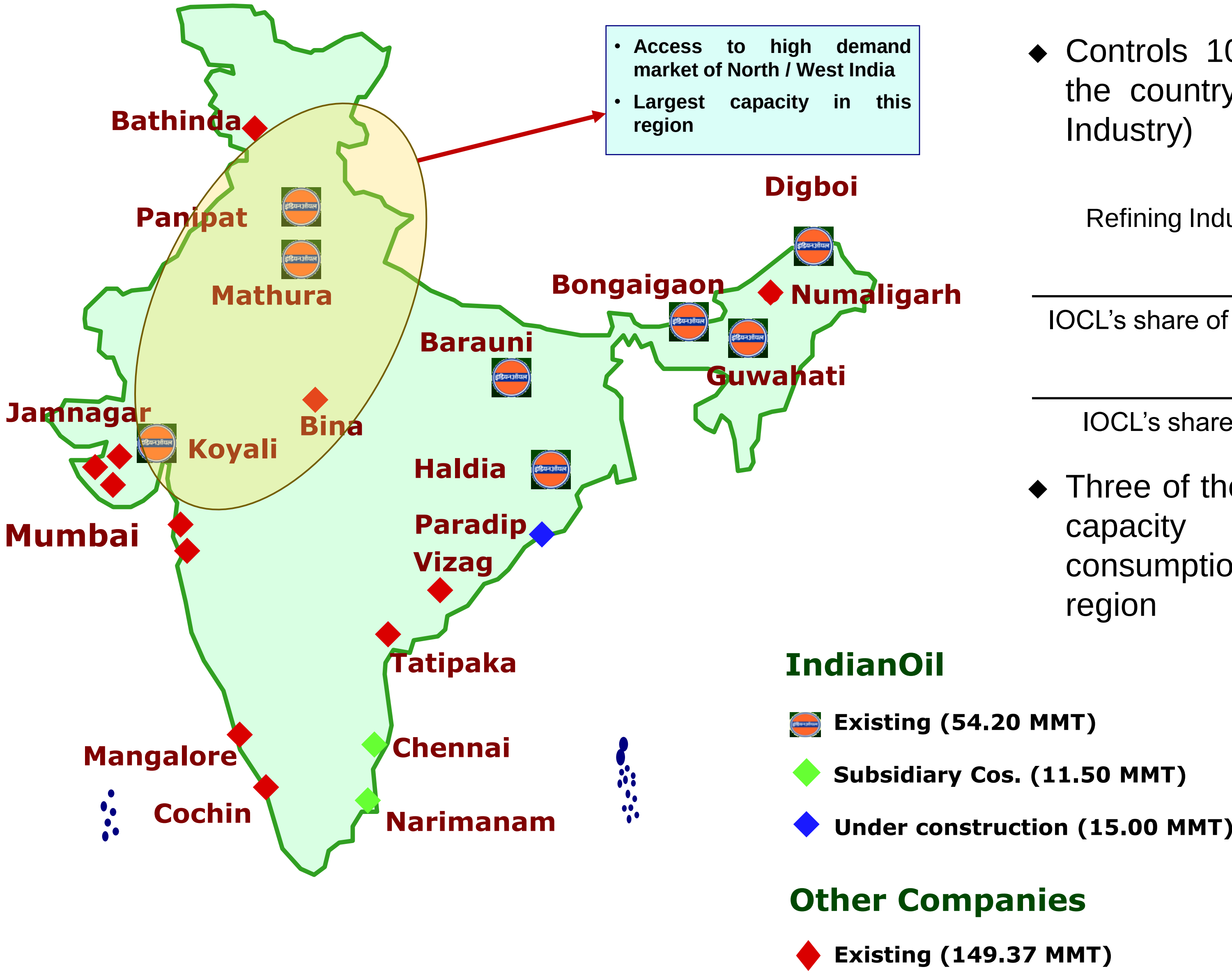
Refining – Portfolio



- Controls 10 refineries spread across the country (65.70 MMT – 31% of Industry)

Refining Industry Capacity	215.07 MMTPA
IOCL's share of Total Capacity	31%
IOCL's share among PSUs	49%

- Three of the Refineries with maximum capacity are located in high consumption North / West Indian region

Source: Petroleum Planning & Analysis Cell; All figures for FYE 2014

IOC Refineries – Nelson Complexity Index

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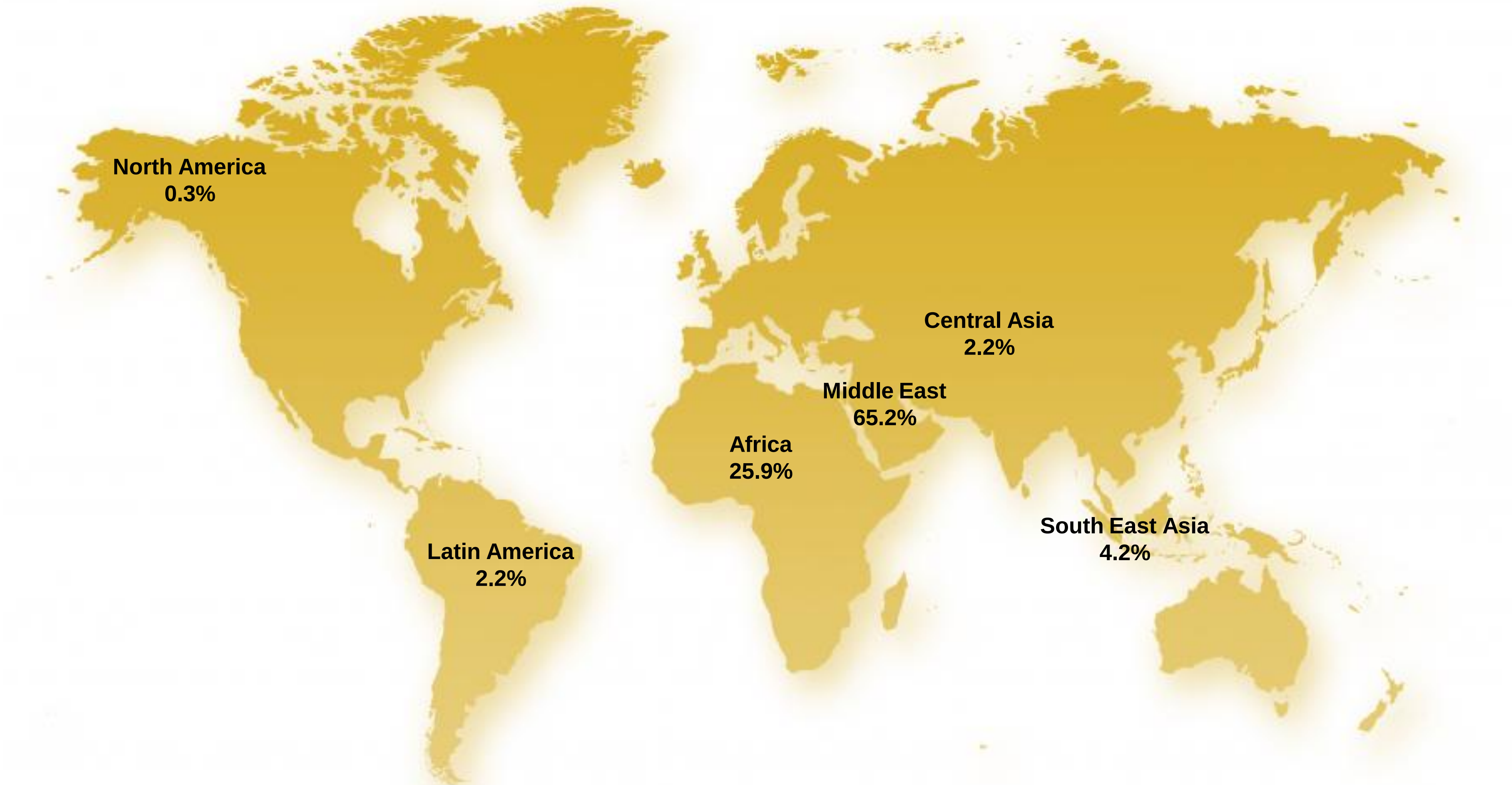
Refinery	Index
Digboi	11.0
Panipat	10.5
Haldia	10.4
Gujarat	10.0
Mathura	8.4
Bongaigaon	8.2
Barauni	7.8
Guwahati	6.7
Total	**9.6**
Paradip	**12.2**
CPCL	8.2

Figures as of 31st March 2014

Sourcing of Imported Crude Oil



Total crude oil import : 51.40 MMT (including 8.85 MMT for Chennai Petroleum Corporation Ltd.)

Figures for FYE 2014

Refinery Projects – Crossing Milestones

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Strengthening Downstream Integration

Fluidized Catalytic Cracking unit Revamp at Mathura

- Cost: US$167 million; Commissioned: January, 2014
- Unit capacity enhanced to 1.5 MMTPA from 1.3 MMTPA
- Improved profitability
- Maximized production of value-added Propylene

Styrene Butadiene Rubber Plant at Panipat

- Cost: US$ 149 million; Commissioned: November, 2013
- 120 TMTPA capacity
- 1st SBR plant in India
- 100% import substitution

Butadiene Extraction Unit at Panipat

- Cost: US$ 57 million; Commissioned: October, 2013
- 138 TMTPA capacity
- Feedstock for SBR

Butene-1 unit at Panipat

- Cost: US$ 32 million; Commissioned: March, 2014
- 20 TMTPA capacity
- Reduced import and forex expense

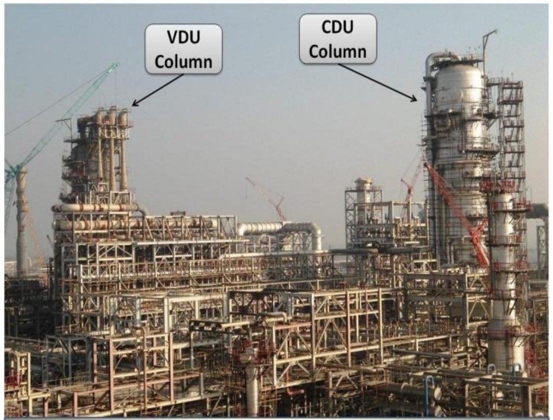
US$-INR: 59.92 (as on 31st March 2014)

Refinery Projects – The Way Forward

IndianOil

Paradip Refinery from Aspiration to Reality

- Cost US$ 5 billion
- Complexity Factor 12.2
- Crude mix: 100% HS; 40% Heavy
- Distillate yield 81%
- On the verge of completion



Atmospheric Vacuum Unit


Delayed Coker Unit

Value addition through process optimization

Coker at Haldia

- Estimate cost: US$ 513 million
- Capacity increase from 7.5 to 8.0 MMTPA
- Distillate Yield improvement from 67% to 71%
- High sulphur crude processing from 61% to 82%

Polypropylene at Paradip

- Estimated cost: US$ 526 million
- 700 TMTPA of Poly Propylene using Propylene from Indmax (in-house developed technology) at Paradip

US$-INR: 59.92 (as on 31st March 2014)

Wide Network of Cross Country Pipelines

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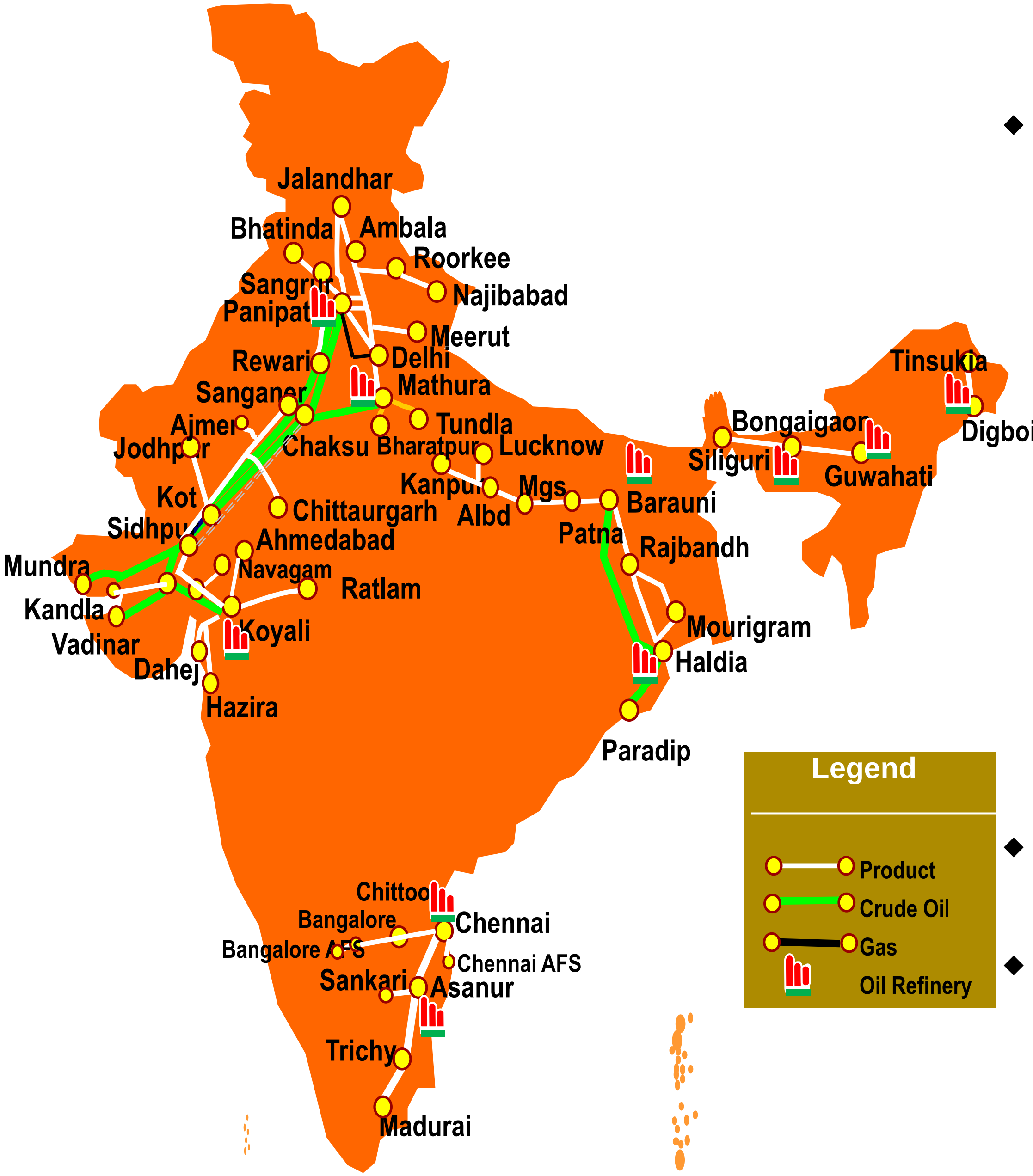


- Largest liquid pipeline network

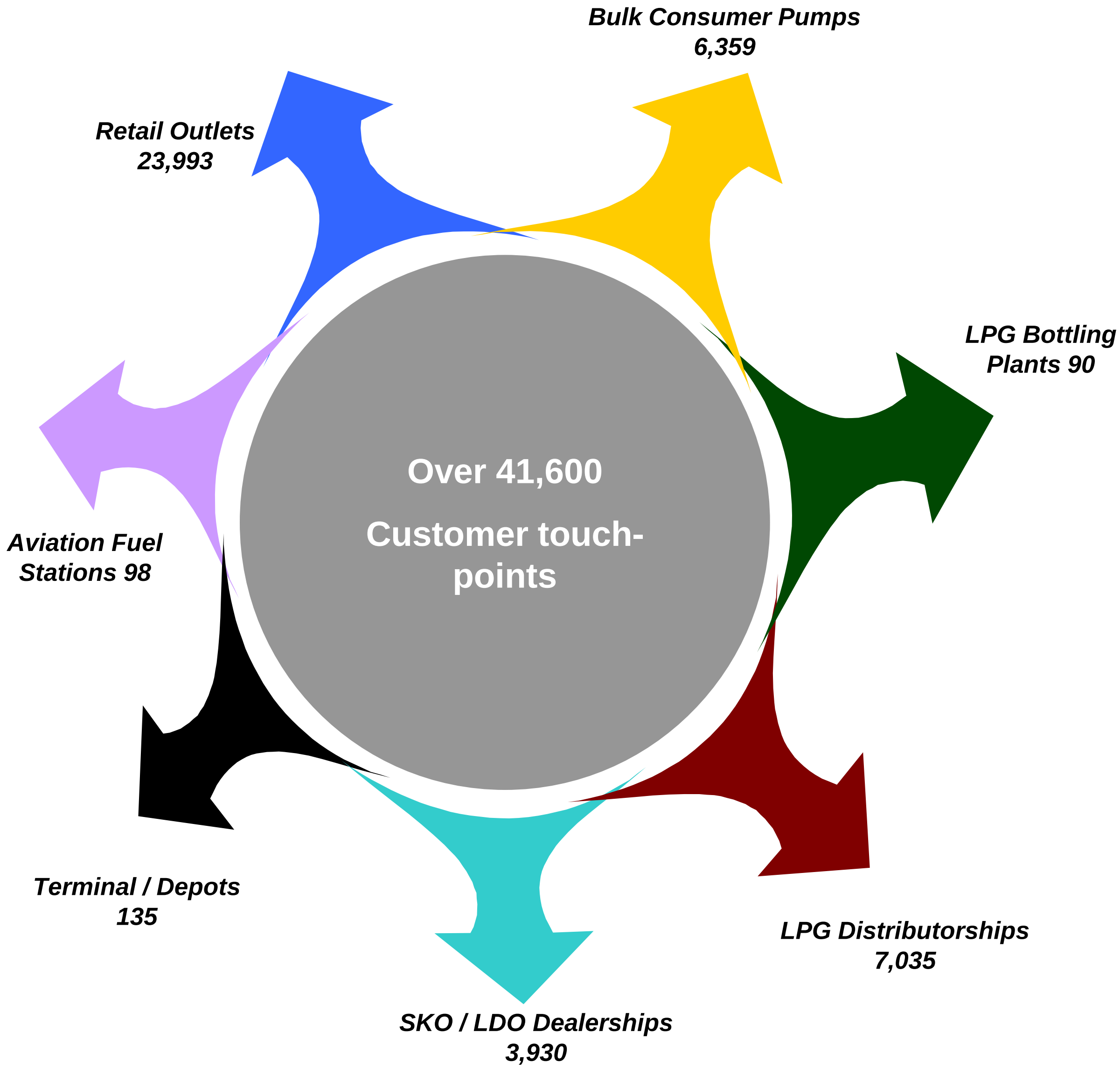
	Length (KM)	*Capacity (MMTPA)*	*Market Share Downstream (MMTPA)*
Crude Oil Pipelines	**4,448**	**40.40**	**73%**
Product Pipelines	**6,632**	**37.09**	**46%**
Total	**11,080**	**77.49**	**57%**

- 134 km of gas pipeline with a capacity of 9.5 MMSCMD
- Provides low cost of transportation

Figures as on FYE 2014

Figures of IOC Group including Gas

Marketing – Reach in Every Part of India



- Over 41,600 touch points (51.5% of industry)
- Cross country retail network comprising of 23,993 (45.9%) outlets
- Continued Rural thrust : 6,002 Kisan Seva Kendras
- LPG supply to over 81 million households with over 7,000 (50.6%) LPG distributorship
- Reaching the doors of bulk customers : Bulk Customer Pumps 6,359(86.0%)

Source: Industry Data of IOCL;
Figures in () indicate % share in industry; All figures as on 31st March 2014

Renowned Brands & Diversified Customer Base

Renowned Brands

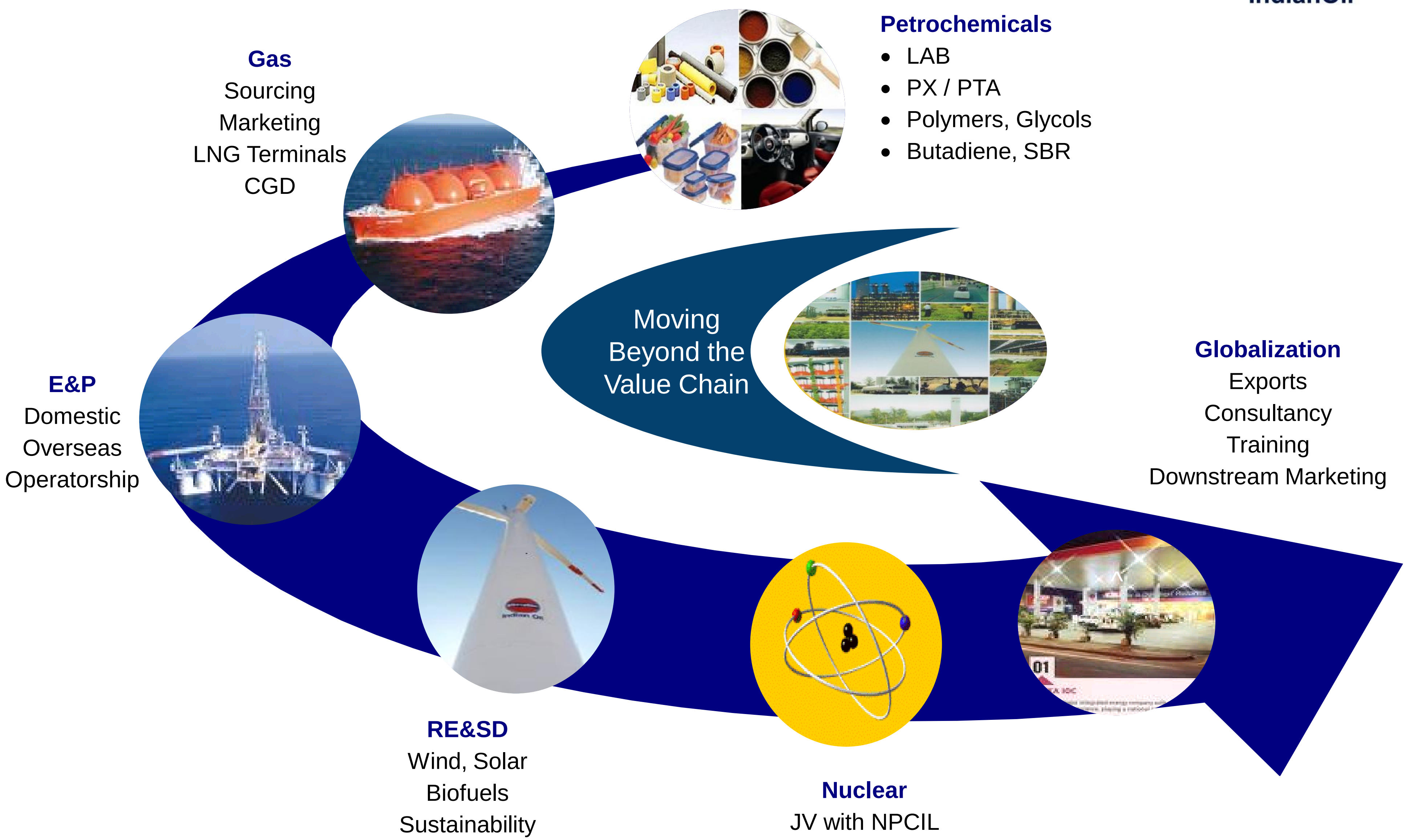
Kisan Seva Kendra outlets for extending rural reach

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

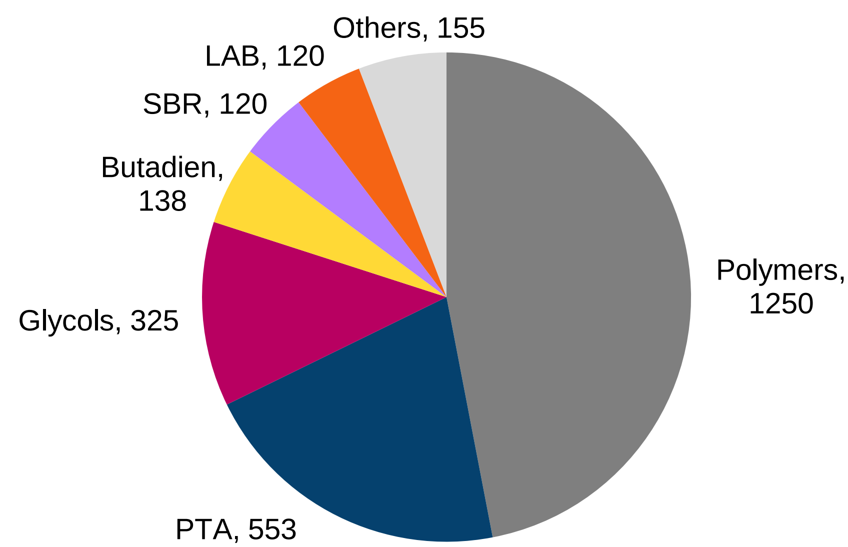


Petrochemical Capacity Growth

Total Capacity: 120 KTA

FY 2003-04

Total Capacity: 2661 KTA



FY 2013-14

	Capex (US$ million)
LAB, Gujarat	199
PX/PTA Panipat	761
Naphtha Cracker, Panipat	2340
SBR	29
Butadiene Extraction Unit	35
Butene-1	21
Total	**3385**

2nd largest petrochemicals player in the country

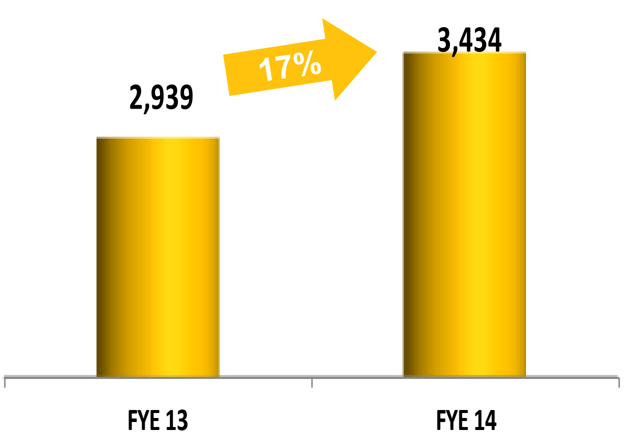
KTA – '000 tons per annum; US$-INR: 59.92 (as on 31st March 2014)

Forward Integration

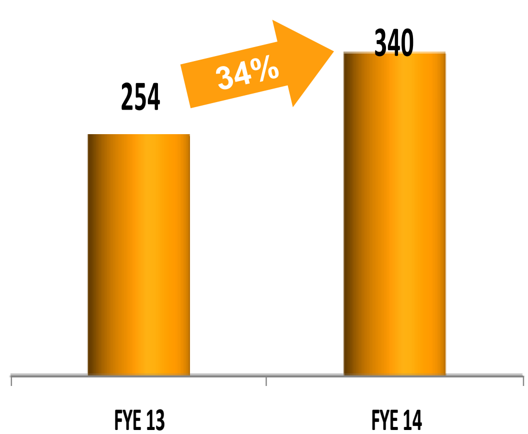
PROPEL 100% TRUST. 100% VALUE.

A Range of Petrochemicals from IndianOil

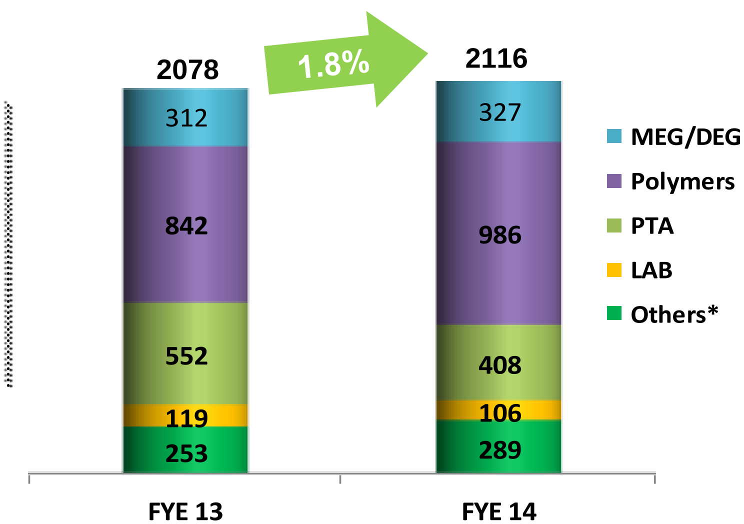
Turnover (US$ million)



EBITDA (US$ million)



Volume (TMT)



- **Market share & position in domestic market**
  - LAB: 31.2% (2nd position);
  - PTA: 10.9% (3rd position);
  - Polymers: 19.7% (2nd position);
  - MEG/DEG: 26.6% (2nd position);
  - Overall: 17.7% (2nd position)

Key: LAB: Linear Alkyl Benzene; PTA: Purified Terephthalic Acid; MEG: Monoethylene Glycol; DEG : Diethylene Glycol

** Includes Benzene, Toluene and Propylene*

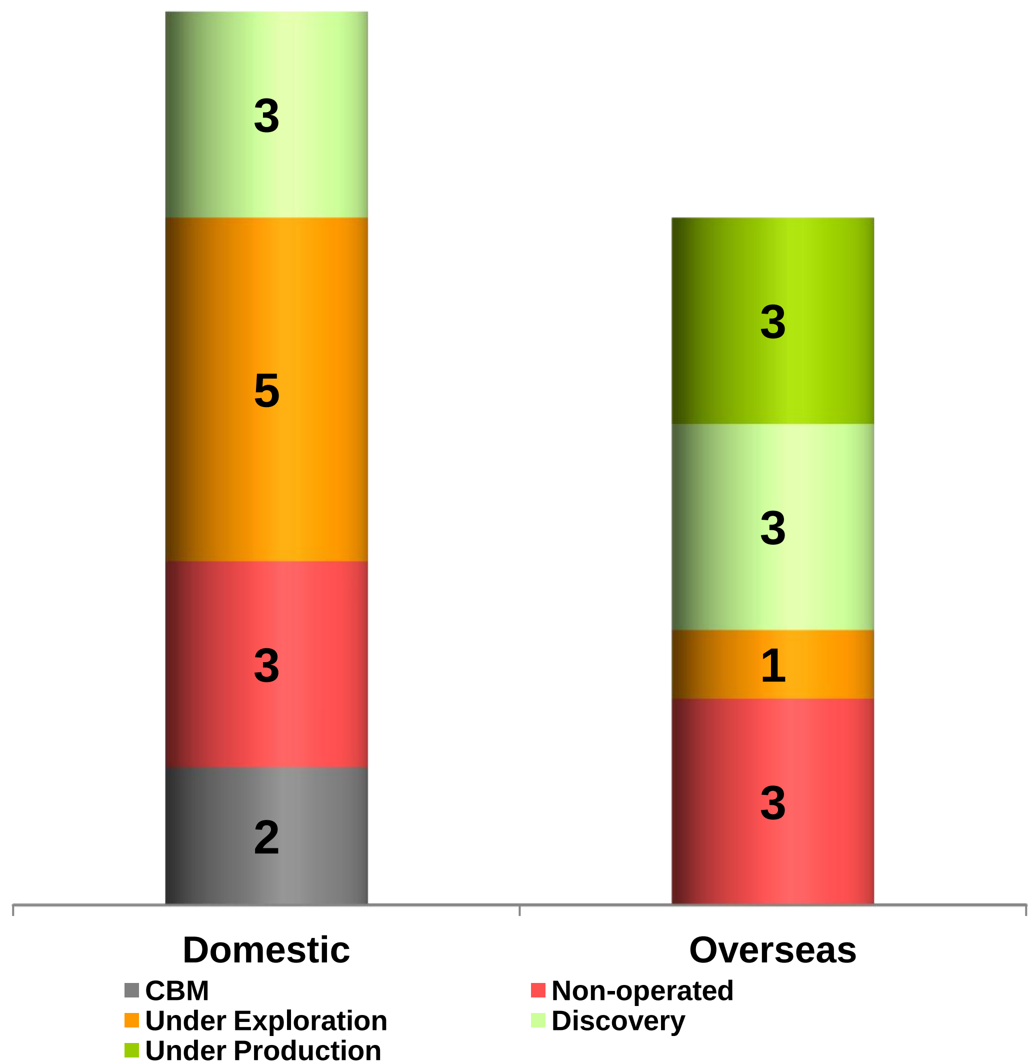
US$-INR: 59.92(as on 31st March 2014)

Backward Integration

E&P Capabilities

- Stake in 23 exploration blocks
- 13 Domestic blocks
  - With ONGC / OIL / GAIL / GSPC / Petrogas / HPCL / HOEC / AWEL (20-100% participating interest)
    - Including 2 Coal Bed Methane (CBM) blocks with ONGC (20% participating interest)
- 10 International blocks
  - Libya (3), Yemen (2) , Nigeria (1), Gabon (1), Venezuela (1), Canada (1) & USA (1)

Status of Blocks



Acquisition of LNG Assets in British Columbia, Canada

- Upstream Segment:
  - ❑ Lands (mineral and surface) - approximate area 1.16 million acres
- Downstream Segment
  - ❑ LNG liquefaction development of initial 2 trains x 6 MMTPA at Lelu Island, Prince Rupert
  - ❑ Minimum operational life of 40 years Provision of one more train of 6 MMTPA in future
- Reserves
  - ❑ Total Potential : 46.35 Tcfe
  - ❑ 2P Reserves : 8.35 Tcfe
- IOC Share
  - ❑ Reserve (10%): 4.6 Tcfe
  - ❑ LNG Terminal : 1.2 MMTPA off take from 2019
- IOC's expected Share of Capex including acquisition cost : about CAD 4 billion till 2018

Tcfe: Trillion Cubic Feet Equivalents
MMTPA: Million Metric Tonne Per Annum

Diversified Across Geographies and Energy Sources

Geographical Diversification

Indian Oil Mauritius Ltd.
(100% Stake)

- Aviation, terminal & retail business
- 24,000 MT Storage Terminal
- Market Share : 25.20%

Lanka IOC Plc.
(75.11% Stake)

- Storage, terminal & retail business
- 161 retail outlets
- Market Share : 19.40%

IOC Middle East FZE
(100% Stake)

- Marketing of Lubes & POL

Other overseas subsidiaries include IOC Sweden AB, IOC (USA) Inc. and Ind Oil Gloval B.V. Netherland (facilitating overseas upstream operations)

Diversification Across Sources

Gas
- 42.6% revenue growth, US$ 1,490 million
- JVs for City Gas Distribution
- 5 MMTPA LNG import, storage and re-gassification terminal planned

Nuclear
26% JV with Nuclear Power Corporation of India Limited to establish nuclear plant at Rawatbhatta; Investment of US$160 million

Wind
- 21MW plant at Kachchh;
- Second plant of 48.3MW capacity in AP, South India (42 MW operational)

Bio-fuels – plantation in wasteland
- Chhatisgarh Project: 30,000 hectare
- MP Project: 2.000 hectare
- UP Project: Limited Liability Partnership with Ruchi Soya Industries

Solar
- 5MW solar plant in Rajasthan
- 1266 off-grid solar plants at Retail Outlets

US$-INR: 59.92 (as on 31st March 2014)

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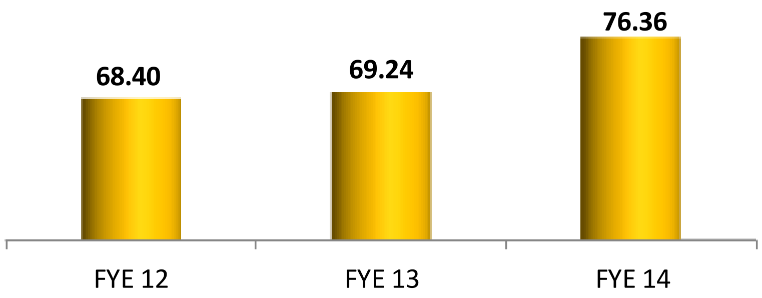
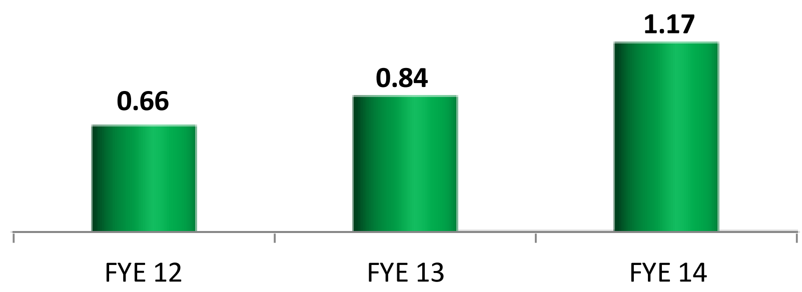
Strong Results - Annual

Turnover (US$ billion)

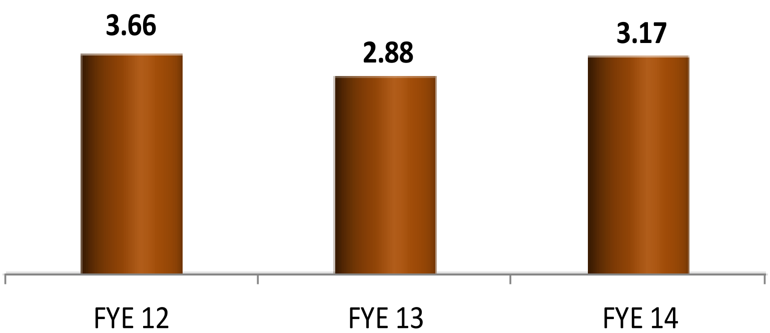
CAGR 5.66%



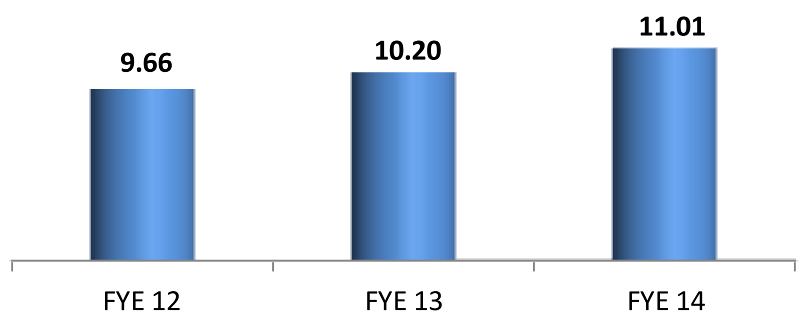
Net Profit (US$ billion)



EBITDA (US$ billion)



Net Worth (US$ billion)



Turnover grew at 5.66% CAGR over last 2 years - growth rate higher than that of Indian Economy

US$-INR: 59.92 (as on 31st March 2014)

Debt vis-à-vis Investments & Cash Receivable from Govt.

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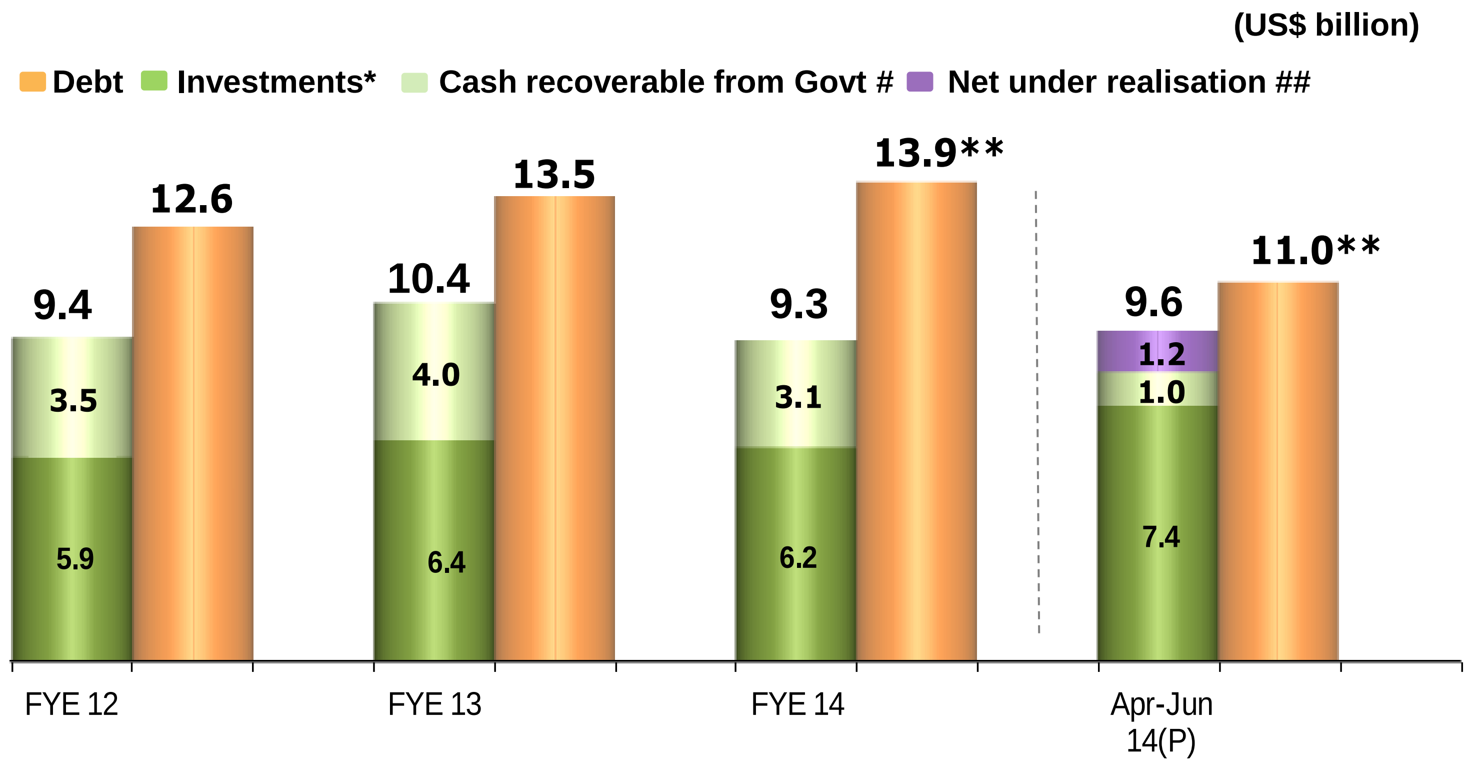


 # FYE 12 : Compensation of USD 3.5 billion received by August 12
FYE 13: Compensation of USD 4.0 billion received by August 13
FYE 14: Compensation of USD 2.1 billion received by July 14

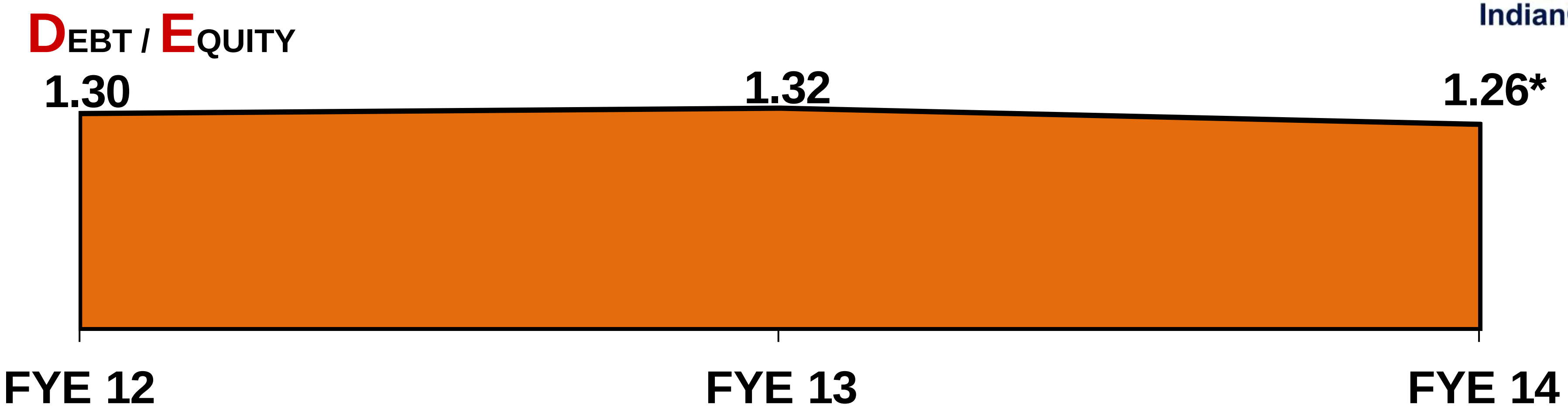
**Investments include Market Value of shares held in ONGC Ltd., GAIL (India) Ltd., OIL India Ltd., shares held in Trust and Special Oil Bonds*

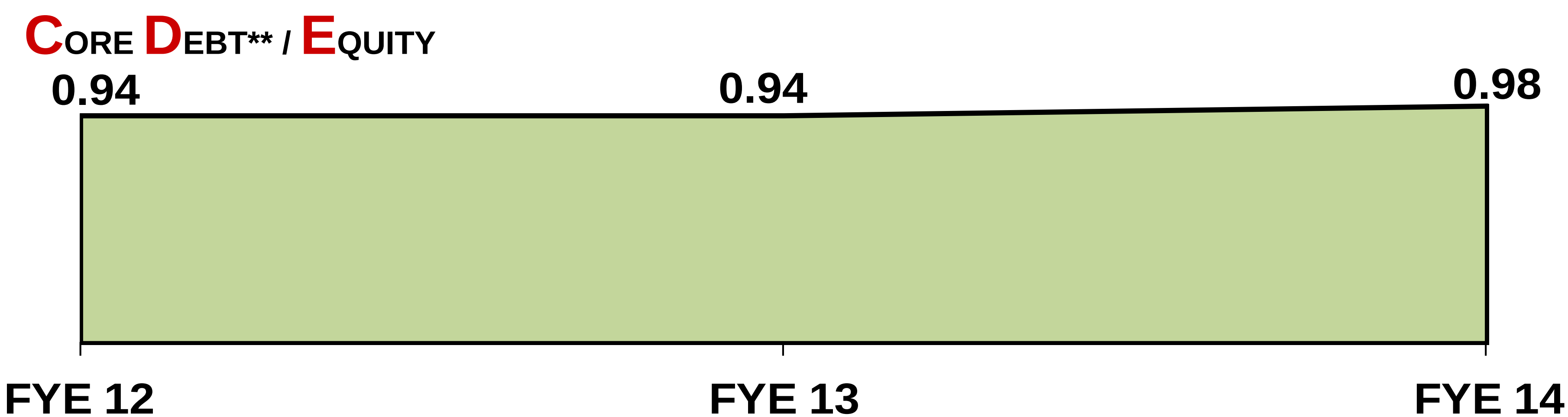
*** Excluding finance lease of US$ 0.5 billion*

Net under realisation (gross under realisation less upstream discount) for which subsidy is yet to be announced
(P) denotes provisional figure

Figures in Chart as on 31st March every year;
US$-INR: 59.92 (as on 31st March 2014)

Strong Financials with Conservative Capital Structure





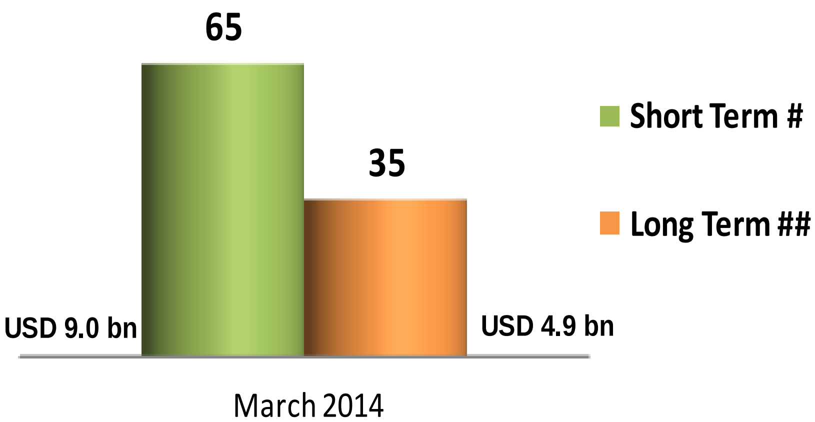
*Debt excluding finance lease (Debt /Equity including finance lease : 1.31)

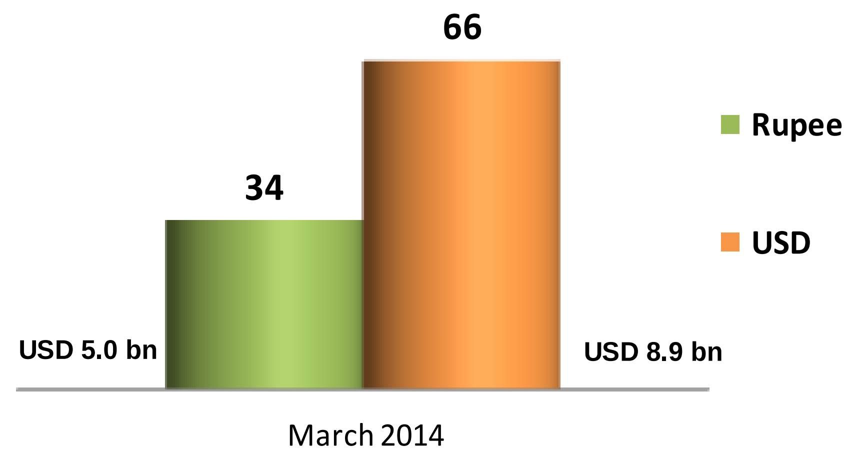
**Core Debt = Debt less Cash Receivable from Govt.

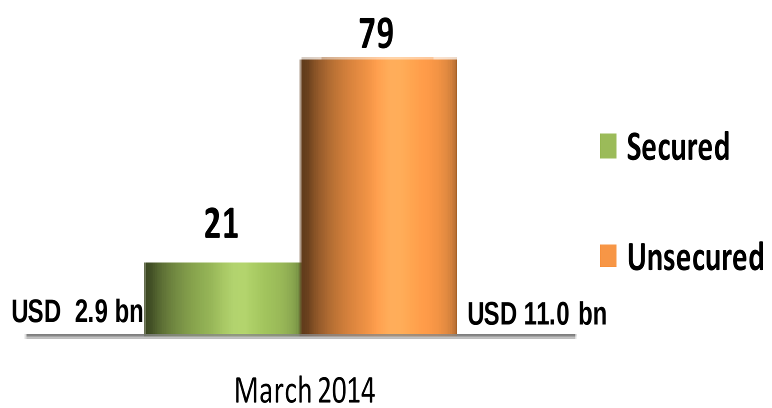
Borrowing Breakup

March 2014 Borrowing : USD 13.9 billion

%







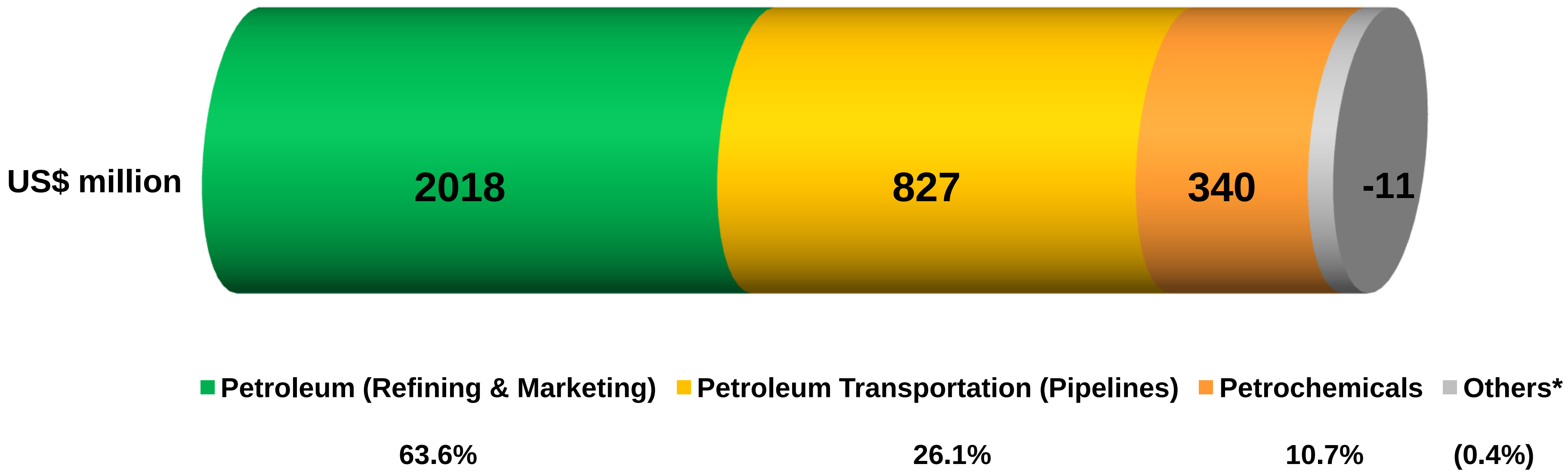
 # Short-Term borrowing refers to loans maturing within 1 year.

Long-Term borrowing refers to loans maturing beyond 1 year; weighted maturity profile of long-term loans is 4.99 years from FY 15-16 through FY 23-24

US$-INR: 59.92 (as on 31st March 2014)

EBITDA Breakup

FYE 2014 EBITDA : USD 3174 million

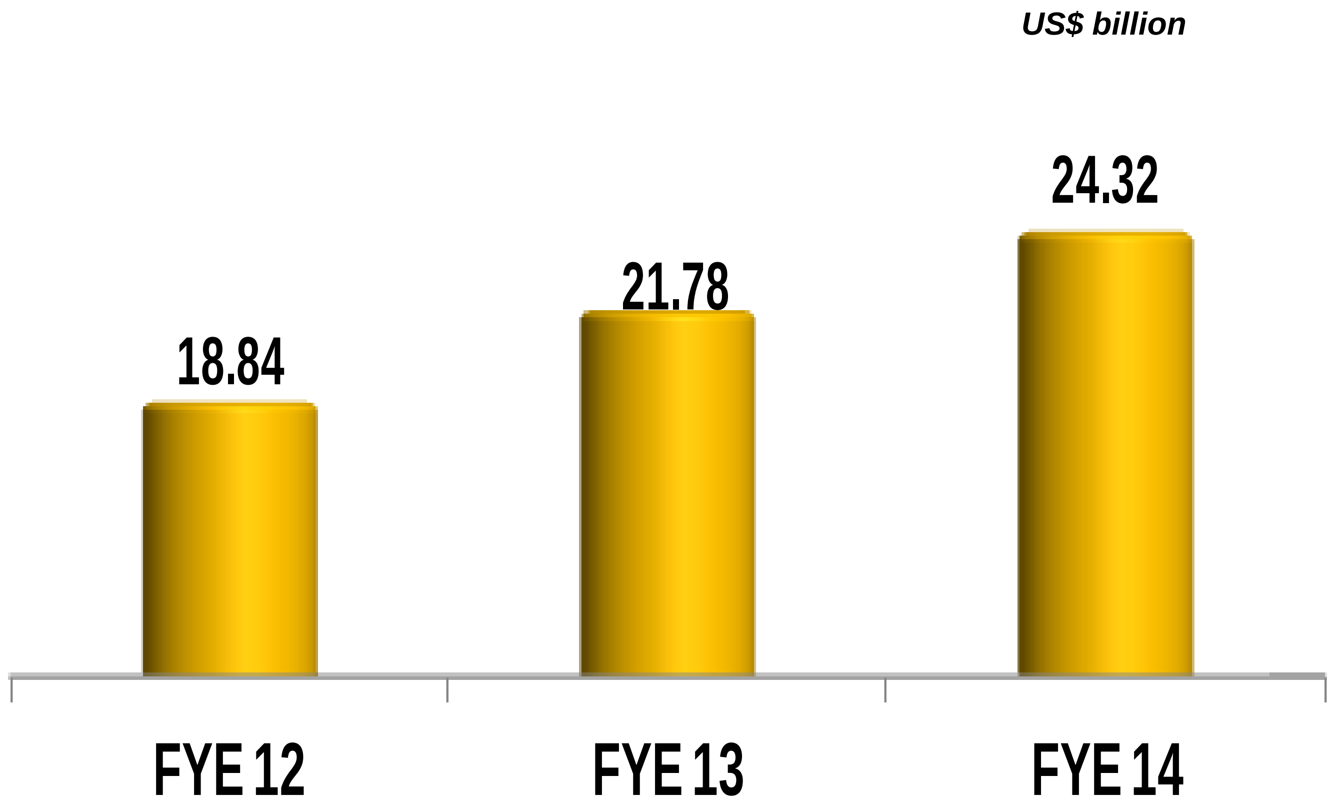


***Others:**

Gas: USD 25 million; Wind & Solar : USD 6 million; Explosives & Cryogenics : USD 3 million; E&P: USD (45) million

US$-INR: 59.92 (as on 31st March 2014)

Solid Infrastructure Base



Gross Fixed Assets including CWIP

US$-INR: 59.92 (as on 31st March 2014)

Under Realization & its Compensation : A Conceptual Framework

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- Indian Refining & Marketing sector stands deregulated w.e.f. 2002
- Products of far reaching impact on Indian growth story & masses
  - HSD: India is a dieselized economy : HSD accounts for 43% of petroleum products consumption
  - LPG (Domestic): used by masses for cooking
  - SKO (PDS): used mainly by poor population
- Govt intends to insulate Indian growth story and masses from volatility in international crude oil prices and controls prices of above mentioned three products
- Under realization: Difference between Desired Price (based on international price) and Controlled Price
- Sharing of Under realization by:
  - Govt. (in terms of cash Compensation)
  - National Oil Producing Companies (in terms of discount on crude oil prices)
  - Refining & Marketing Companies (balance)
- Share of Refining & Marketing Companies finalized by the Govt. on annual basis considering that these companies remain in sound financial condition
- Annual finalization of under recovery sharing results into occasional quarterly losses shown by Refining & Marketing Companies

HSD : High Speed Diesel, LPG: Liquefied Petroleum Gas , SKO (PDS): Superior Kerosene Oil (Public Distribution System)

Rationalization of under realization: Recent steps

- **HSD**
  - **Steps taken on 18th January 2013:** Dual pricing introduced
    - Market Determined Prices for Bulk Customers (e.g. Railway, Defense, State Transport etc)
    - Subsidized Prices for Retail Consumers (vehicle owners)
      - OMCs authorised to increase the retail price by about 40-50 paisa per litre per month
  - **Outcomes:**
    - Retail prices increased by Rs 9.84 per liter (excluding VAT) since 18th January 2013 till 1st Aug 2014

- **LPG (Domestic)**
  - **Step taken on 18th January 2013:** Cap of 9 cylinders in a financial year on supply of subsidised LPG cylinders for domestic use to each house hold / consumer (earlier in September 2012, Govt had announced cap of 6 cylinders). On 30th January 2014 cap increased to 12 cylinders with effect from FY 2014-15.
  - **Outcomes:**
    - Sale of Subsidised LPG reduced due to capping
      - Trend of Subsidised LPG sales volume:
        - 2012-13 : 6.38 MMT (89% of total LPG sales)
        - 2013-14 : 6.50 MMT (86% of total LPG sales)

- **MS: No under realization on MS**

HSD : High Speed Diesel ; LPG: Liquefied Petroleum Gas; MS: Motor Spirit

Sharing Pattern of Under realization

IndianOil

US$ billion

	FYE 12	FYE 13	FYE 14
Gross Under-realization	**12.6**	**14.3**	**12.2**
Upstream Discount	5.0 (40%)	5.3 (37%)	5.8 (48%)
Cash Compensation	7.6 (60%)	8.9 (62%)	6.2 (51%)
Net Under-realization	**0.0 (0%)**	**0.1 (1%)**	**0.2 (1%)**

Govt. Support

Finalization of under recovery sharing on annual basis

Under Realization: Difference between Desired Market Price and Controlled Price of sensitive products, i.e. Superior Kerosene Oil (Public Distribution System) , High Speed Diesel, and Liquefied Petroleum Gas (Domestic).

US$-INR: 59.92 (as on 31st March 2014)

IOCL – An Important Pillar in the Indian Economy

Indian Economy

Oil Industry in India

IOCL – An Overview

IOCL's Core Operations

Strategic Initiatives

Financial Performance

Ongoing Projects

Key Credit Considerations

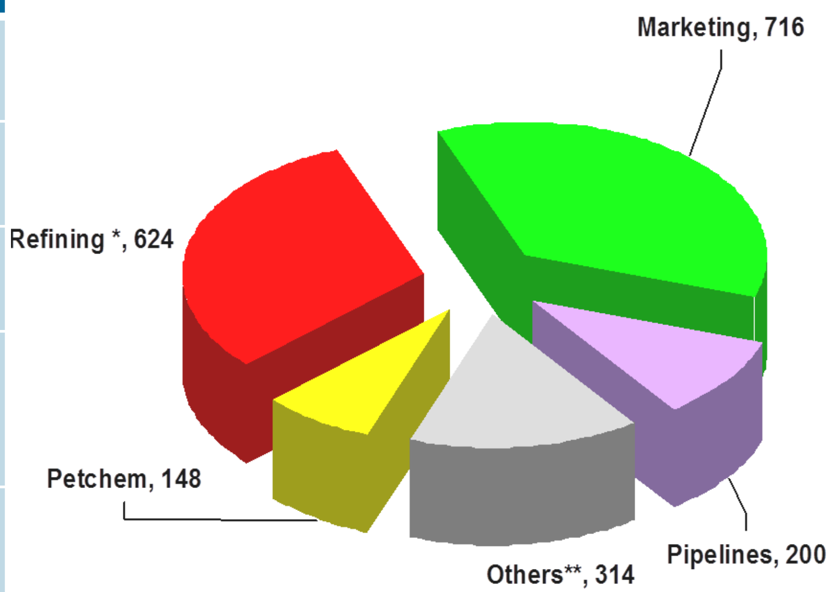
Major Ongoing Projects & Outlay

IndianOil

Major Planned Projects

Project	Estimated Cost (US$ mn)	Anticipated Completion
15 MMTPA Paradip Refinery Project	4969	December 2014 onwards
Paradip – Raipur – Ranchi Pipeline Project	299	August 2015
Debottlenecking of Salaya-Mathura Pipeline	264	August 2015
Augmentation of Paradip-Haldia-Barauni Pipeline	98	August 2015
Paradip Haldia Durgapur LPG Pipeline	152	December 2015
Distillate Yield Improvement (Coker) at Haldia	513	September 2017
Paradip Petrochemicals Phase-I, Polypropylene Project	526	September 2017

Plan Capex Outlay: 2013-14



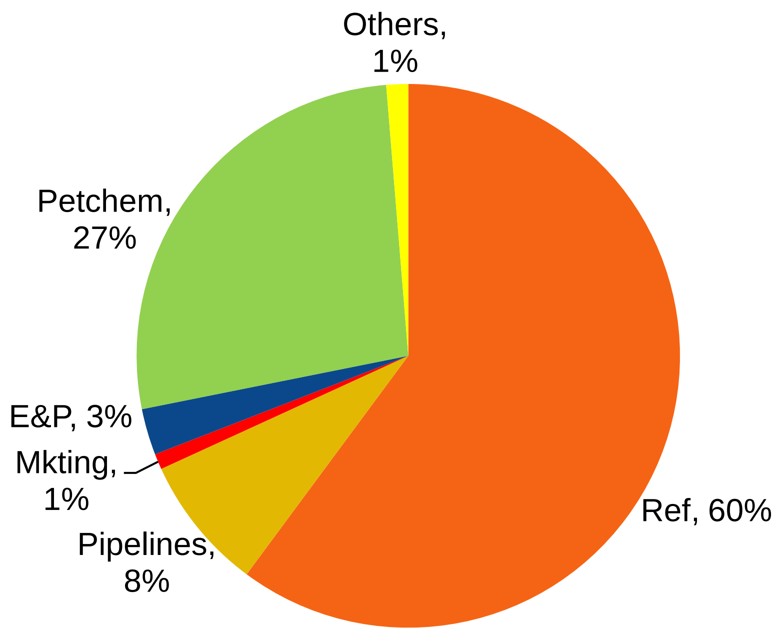
TOTAL CAPEX Outlay :
US$ 2002 Mn

** Includes refineries' capacity additions, yield & quality improvement*
*** Includes R&D and diversifications such as LNG and E&P etc.*

US$-INR: 59.92 (as on 31st March 2014)

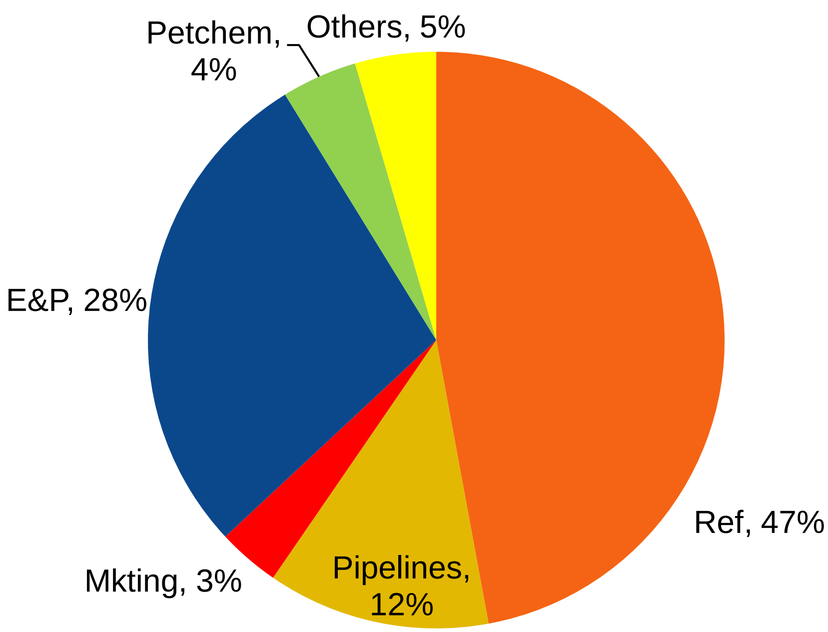
Investing In Future Growth

XI Plan Capex: 2007-08 to 2011-12



US$ 8,120 million

XII Plan Capex : 2012-13 to 2016-17[1]



US$ 9,379 million

[1] Capex for future periods subject to change

US$-INR: 59.92 (as on 31st March 2014)

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Key Credit Considerations

IndianOil

- India's Largest Commercial Enterprise
- Market Leader Across Various Industry Segments
- Strong Brand Equity and Product Diversity
- Integrated Operations and Diversity of Assets and Revenues
- International Outreach

With strong support from the Government of India

Q&A

Thank You