

# Bharat Petroleum Corporation Ltd.

## Investor Presentation

February 2019



**Energising  
Business**

**Energising  
Society**

**Energising  
Environment**

...ek boond paani  
"Project BOOND"



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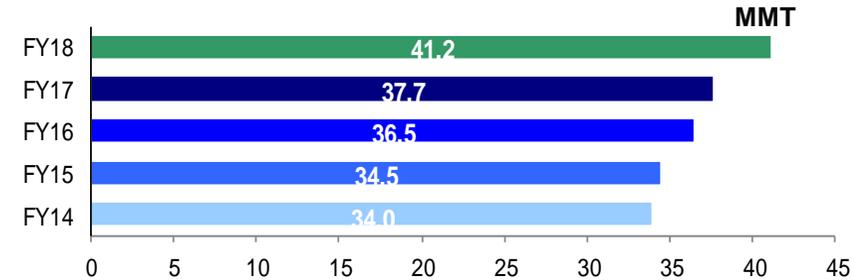
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# 1. Corporate Overview

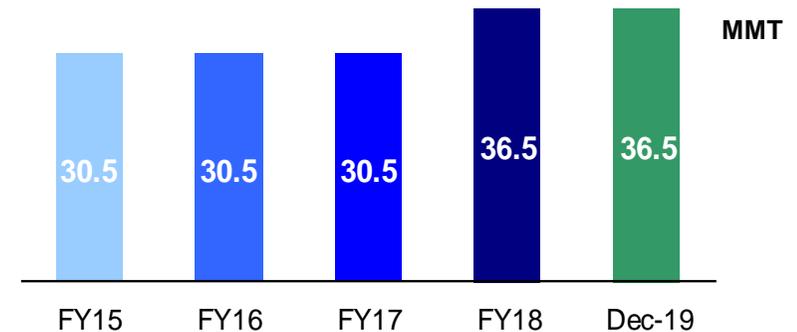
# Introduction

- India's 6th largest company by turnover over INR 2,772 bn in FY18 and INR 2,420 bn in FY17
- India's 2nd largest Oil Marketing Company (OMC) with domestic sales volume of over 41.21 MMT in FY18 and 37.68 MMT in FY17
  - Domestic market share of 21% during FY18
- Majority Govt. of India shareholding of 53.93% and explicit Govt. support through under-recovery compensation mechanism
- # 314 ranking on Fortune 2018 global list; ranks 6<sup>th</sup> among the only seven Indian companies on the list
- The Govt. of India conferred BPCL with "MAHARATNA" status in Sep 2017
- Well positioned to meet market demand across India through Strategically located Refineries and Marketing Infrastructure
- Successful foray into upstream business.
- Ratings at par with the Sovereign
  - Baa2 (Outlook Positive) by Moody's / BBB- (Outlook Stable) by Fitch

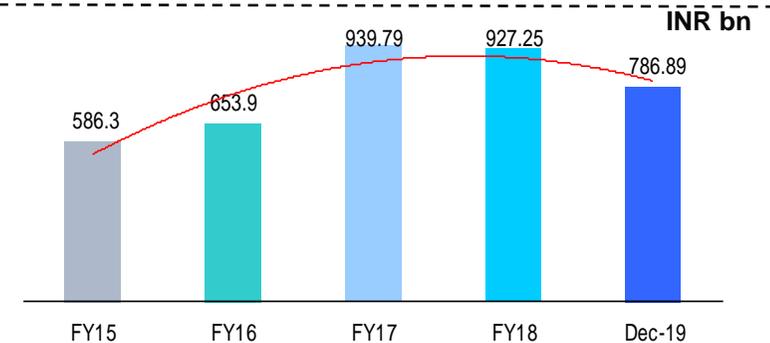
## Market Sales



## Refining Capacity



## Market Capitalization ^

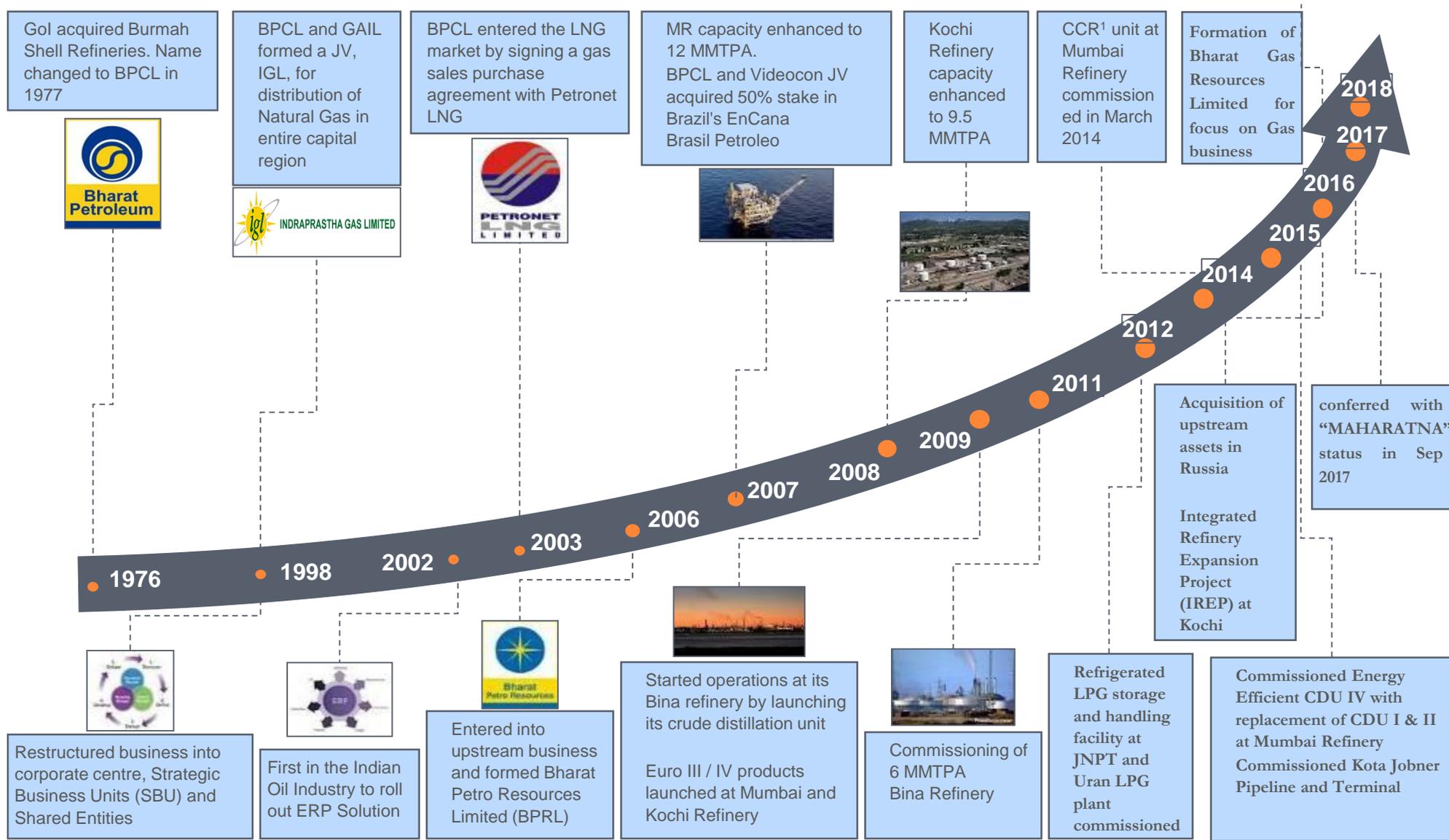


^ Market capitalization figures as on period end

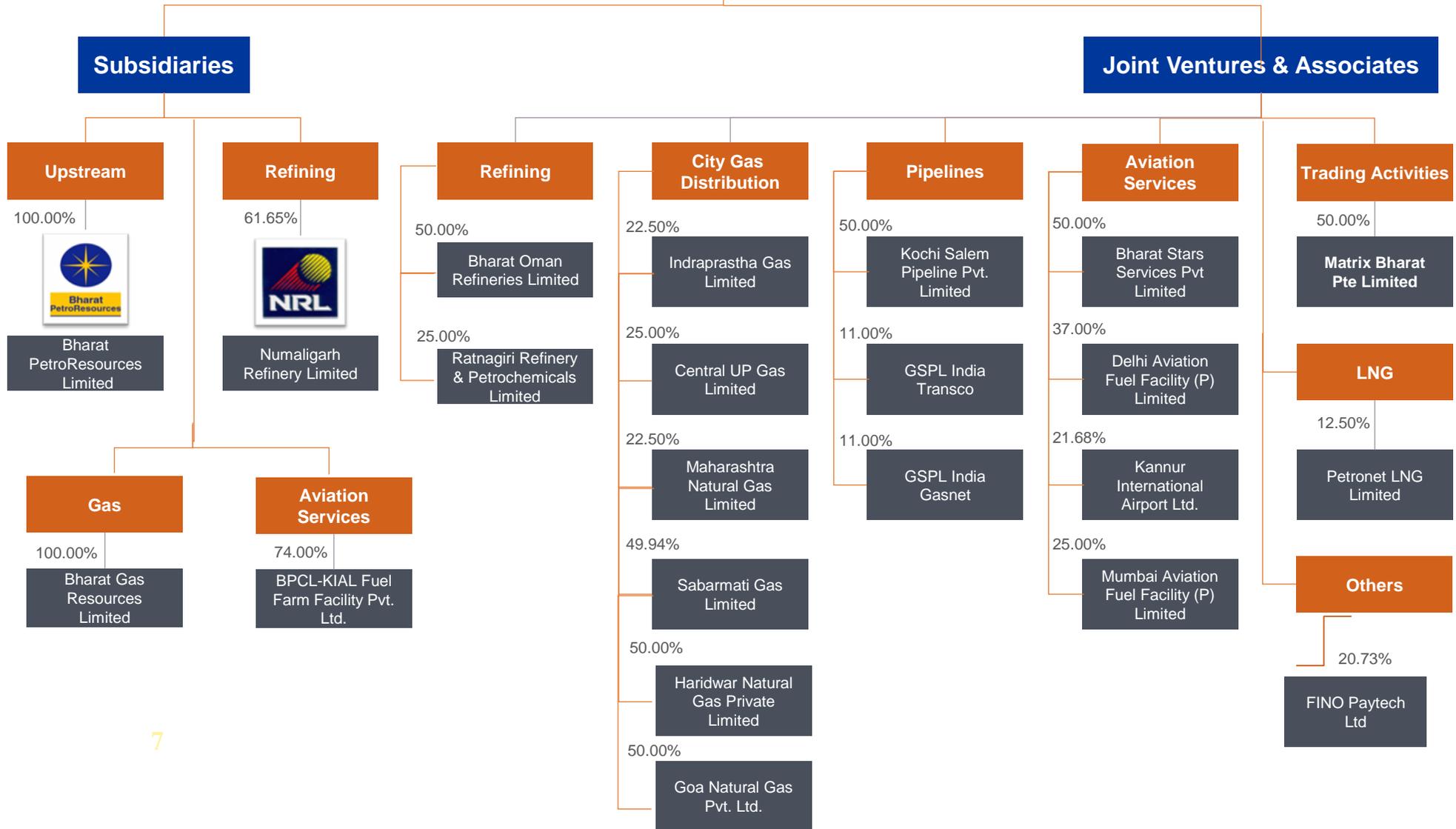
FY means Financial year ending 31st March

Source: National Stock Exchange

# Important Milestones



# Major Subsidiaries/ JVs



## 2. Business Overview

# Diversified Product Offering and Presence Across Value Chain

## BHARAT PETROLEUM CORPORATION LIMITED

Refinery	Retail	LPG	Industrial/ Commercial	Aviation	Lubricants	Gas
 <ul style="list-style-type: none"> <li>Refining capacity of 36.5 MMTPA</li> <li>15% of the country's refining capacity</li> </ul>	 <ul style="list-style-type: none"> <li>26% market share<sup>1</sup></li> <li>14,651 retail outlets</li> <li>115 depots and 13 installations</li> </ul>	 <ul style="list-style-type: none"> <li>26.5% market share<sup>1</sup></li> <li>Currently 5,642 distributors</li> <li>51 LPG bottling plants</li> </ul>	 <ul style="list-style-type: none"> <li>Currently 8,000+ customers</li> </ul>	 <ul style="list-style-type: none"> <li>24.8% market share<sup>1</sup> in ATF</li> <li>43 Aviation service stations</li> </ul>	 <ul style="list-style-type: none"> <li>14.7% market share<sup>1</sup></li> <li>Currently 16,000 customers</li> <li>More than 1000+ grades of products</li> </ul>	 <ul style="list-style-type: none"> <li>50+ major LNG customers</li> </ul>
<ul style="list-style-type: none"> <li>Strategically located refineries</li> </ul>	<ul style="list-style-type: none"> <li>Pan India presence across products</li> </ul>	<ul style="list-style-type: none"> <li>Various Innovative offerings with ventures in allied business</li> </ul>	<ul style="list-style-type: none"> <li>Reliable, innovative and caring supplier of I&amp;C products</li> </ul>	<ul style="list-style-type: none"> <li>Present at all the major gateways and airports for into plane services</li> </ul>	<ul style="list-style-type: none"> <li>Major OEM tie ups such as Tata Motors, Honda, Genuine Oil, TVS etc.</li> </ul>	<ul style="list-style-type: none"> <li>Emerging Markets</li> </ul>
<ul style="list-style-type: none"> <li>Four refineries in Mumbai, Kochi, Numaligarh and Bina</li> </ul>	<ul style="list-style-type: none"> <li>Pioneer in branded retail outlets, branded fuels ex: Speed</li> </ul>	<ul style="list-style-type: none"> <li>Current customer base of 68mn incl. retail and bulk</li> </ul>	<ul style="list-style-type: none"> <li>Pioneer in IT integration and Supply Chain Management</li> </ul>	<ul style="list-style-type: none"> <li>Only OMC to implement "Apron Fuel Management System"</li> </ul>	<ul style="list-style-type: none"> <li>Product customization</li> </ul>	<ul style="list-style-type: none"> <li>100% subsidiary BGRL for focus on Gas business</li> <li>City gas distribution networks in 10 cities + 11 new GAs</li> </ul>

1. Market share includes sale by PSU as well as private oil marketing companies. All figures as of 31st December 2018

2. Source : Ministry of Petroleum and Natural Gas.

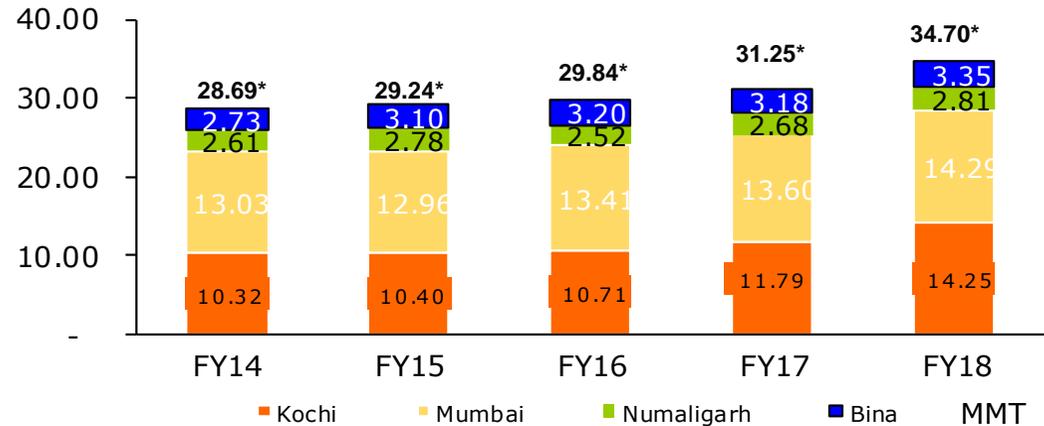
# Refining Coverage

## Installed Capacity

### Refining Capacity



## Refining Throughput



- Capacity Utilization consistently above global peers for KR and MR
- State of the art refinery at Bina - High Nelson Complexity Index of 9.1

\* Bina Refinery throughput is considered proportionately because it's a 50:50 JV

Four Strategically located refineries across India

Refinery Utilization rates significantly above global peers

935-km cross country pipeline to source crude to BORL

# Bina Refinery

- Bharat Oman Refineries Limited (BORL) - BPCL Interest 50% with 120,000 bpd (6 MMT) Refining capacity at BINA
- State of art technologies - High Nelson Complexity Index 9.1
- Associated Facilities - SPM, Crude Oil Terminal, 935-km cross country crude oil pipeline from Vadinar to Bina (VBPL)
- Graded improvement in operations with the Refinery operating at more than 100% of the design capacity during FY17
- Low cost capacity expansion from 6 MMTPA to 7.8 MMTPA
- GRM of \$2.1/bbl during Q3FY19 and \$11.7/bbl during FY18

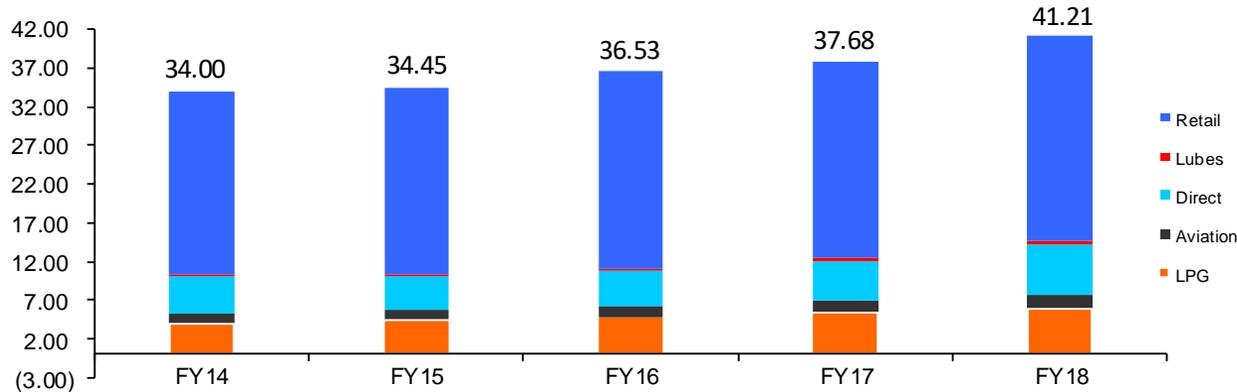
Pipelines : ■■■■■■■■



Bina refinery to consolidate refining portfolio required to support downstream retailing market in Northern India

# Marketing Operations and Efficiencies

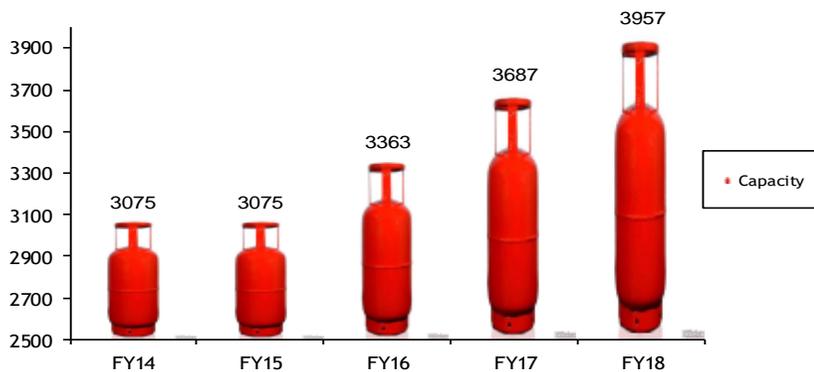
## SBU Market Sales (MMT)



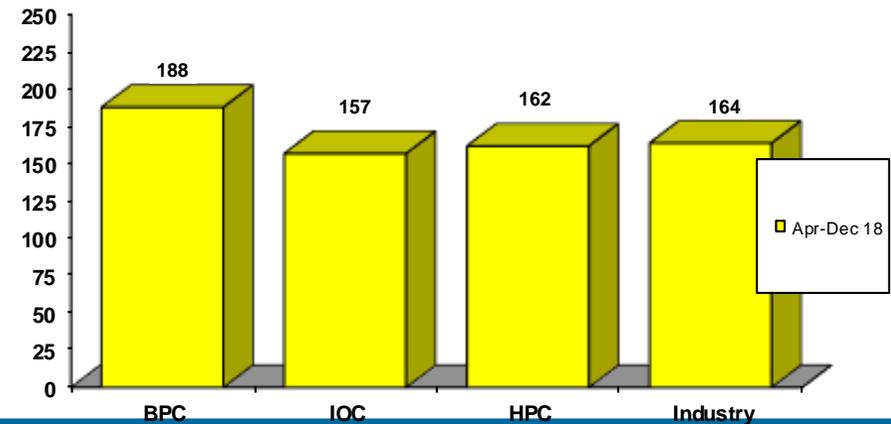
## Retail Market Share of MS & HSD \*

- MS > 26.32%
- HSD > 26.46%

## LPG Bottling Plant Capacity (TMTPA)



## Thru'put per Outlet BPC Vs. Industry (KL/month)

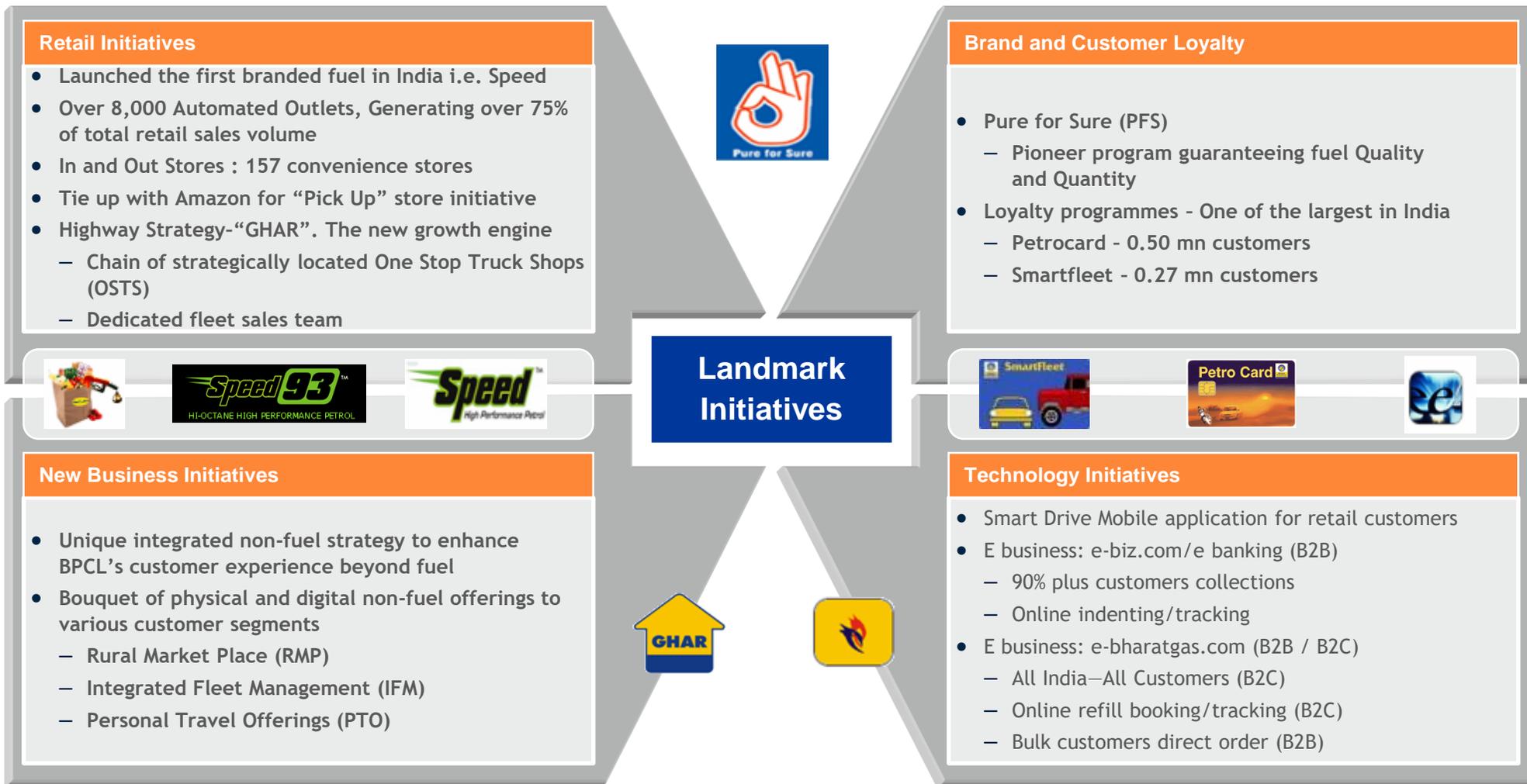


\* Market share includes sale by PSU as well as private oil marketing companies during H1FY19

Leading Player with a Diversified product portfolio and a well-established Marketing and Distribution network

# Efficient Marketing Operations and Infrastructure

Continuous innovation to extend customer focus and improve operational and financial efficiency.



# Ongoing projects – thriving to be self sufficient integrated source of fuel supply

- Kochi Refinery – MS Block Project for Euro VI grade gasoline
- Mumbai Refinery – Gasoline Hydro-treatment Unit
- Investments in Gas pipelines – GIGL & GITL pipelines in Joint Venture
- Kochi – Diversification into Niche Petrochemicals – Propylene Derivatives Petrochemical Project (PDDP)
- Retail : Network expansion with infrastructure growth and upgradation
- LPG import terminal at Haldia, West Bengal

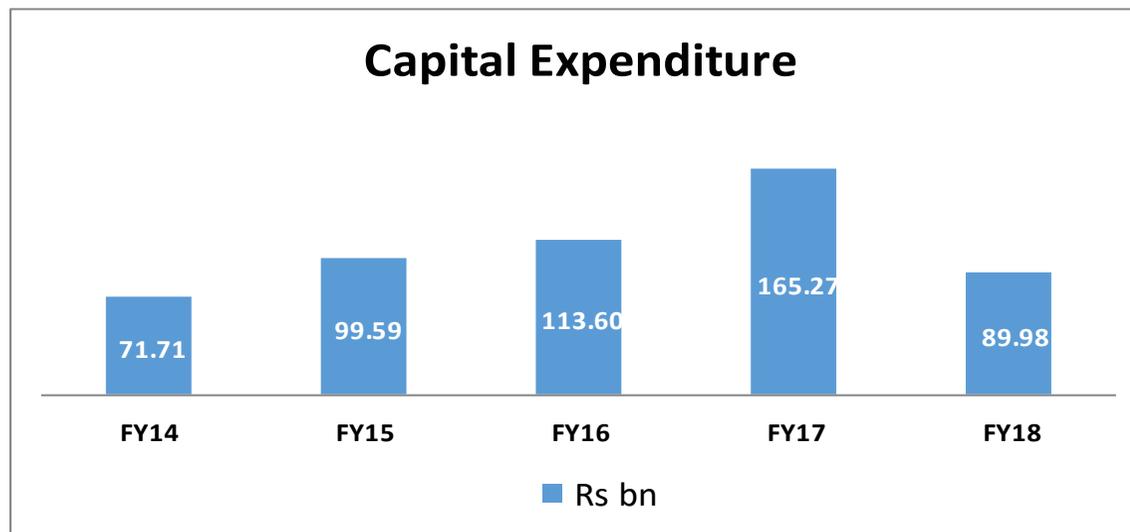
Significant Expansion in Downstream & Marketing network to drive future growth

# Upcoming projects

- Funding for upstream developments and new assets
- Refineries – Upgrade/ Expansion / De-bottlenecking
- **NRL Refinery –Capacity Expansion from 3 MMTPA to 9 MMTPA**
- Investments in Gas
- Expansion of marketing infrastructure across all business verticals
- Bio-refinery at Bargarh
- Polyol Project at Kochi
- New facilities at Rasayani near Mumbai

More expansions in Upstream, Downstream business & Marketing network

# Capex Strategy

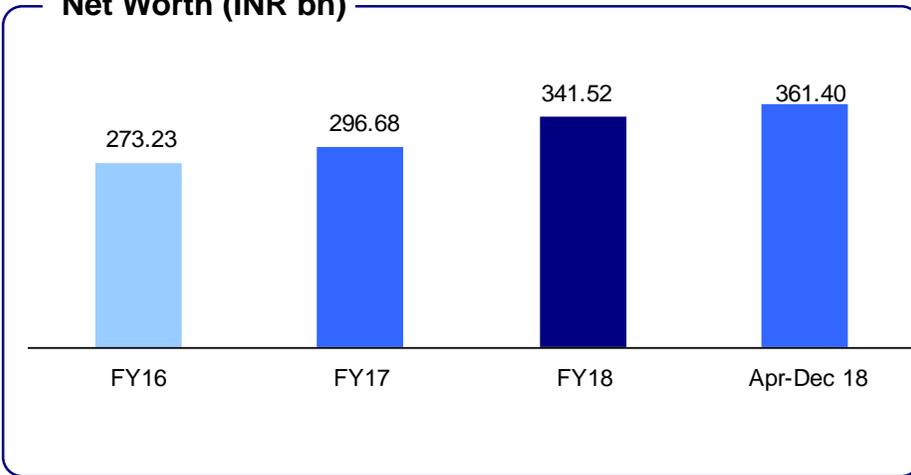


- Strategically expanding upstream activities through inorganic and organic growth opportunities
- Investment in refining and distribution capacity to bridge the gap between sales volumes and production
- Expand capacities and improve efficiencies at existing installation and refineries
- Create opportunities with the manufacture of niche petrochemicals
- Improve margin and value through facility upgrades

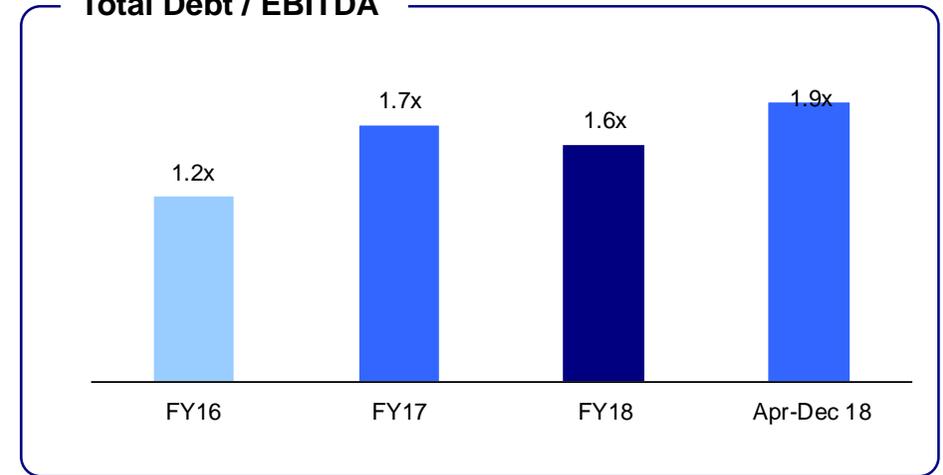
Significant Expansion in Upstream and Downstream business to drive future growth

# Improved Financial Performance

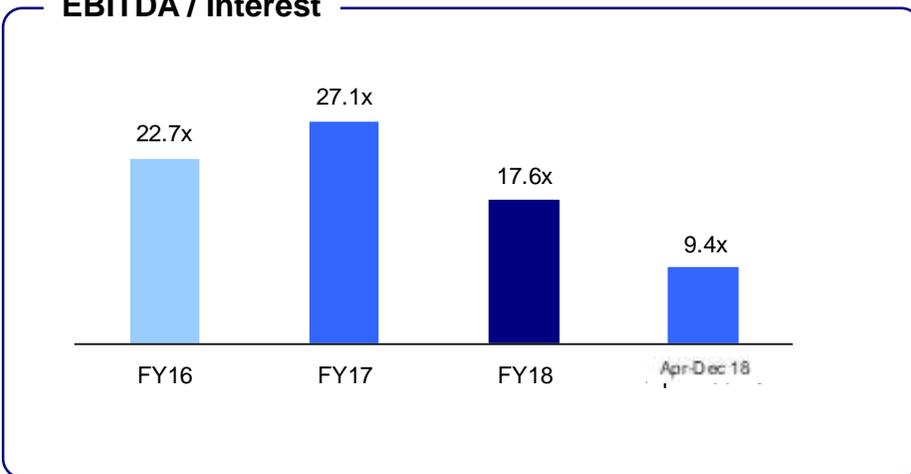
**Net Worth (INR bn)**



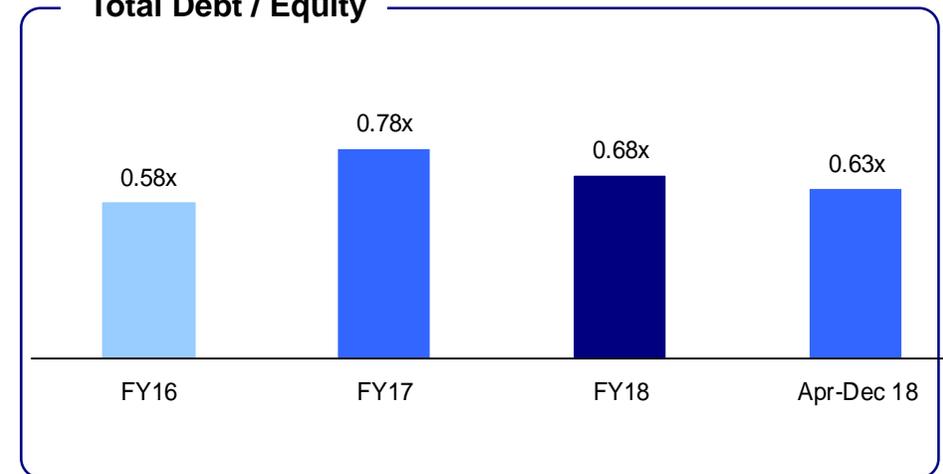
**Total Debt / EBITDA**



**EBITDA / Interest**

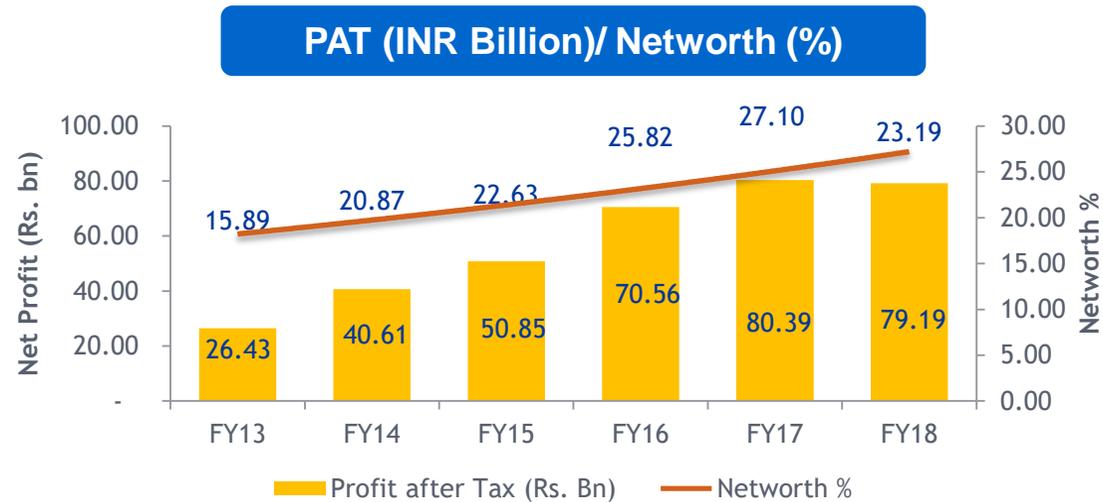


**Total Debt / Equity**

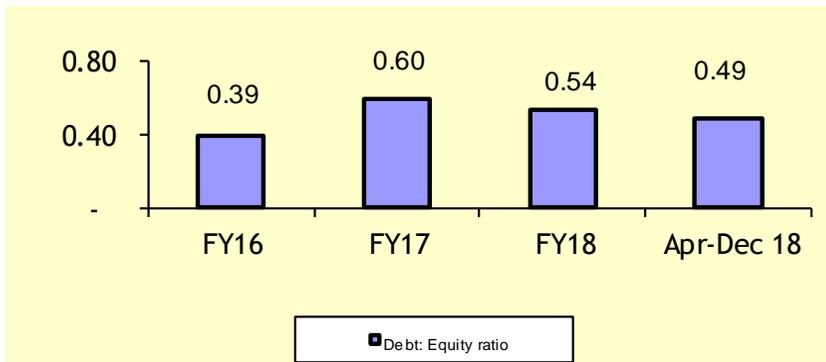


Stable Earnings and Sound Financial Leverage driving Credit Strength

# Improved Financial Performance

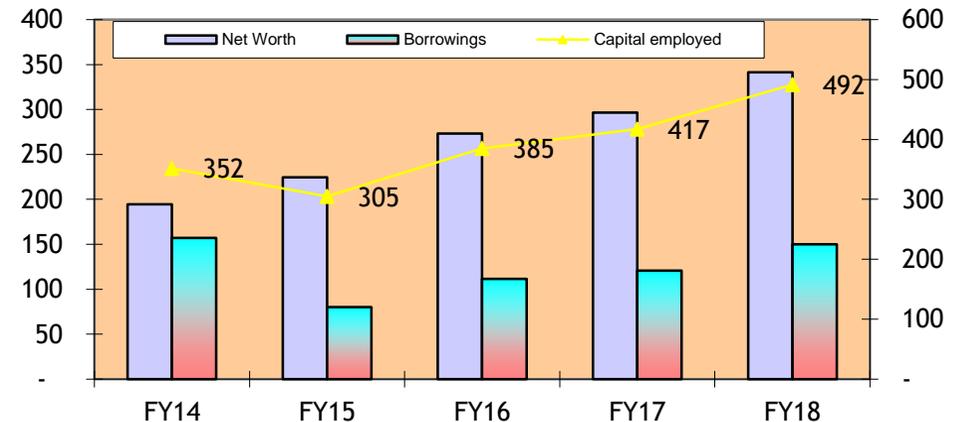


### Adjusted Debt-Equity Ratio <sup>(1)</sup>



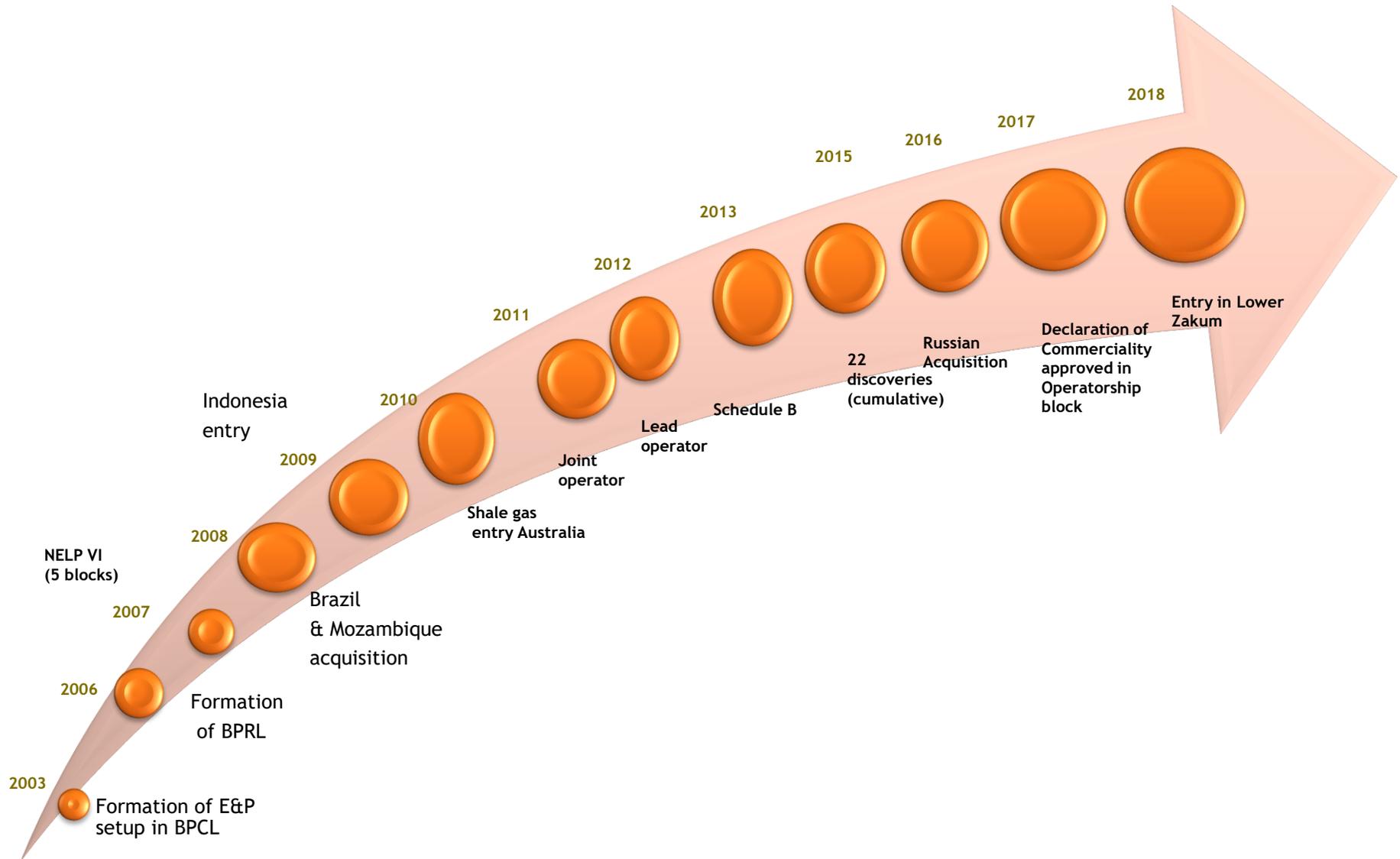
(1) Adjusted for bonds outstanding as on period end

### Adjusted Capital Employed (INR Billion) <sup>(1)</sup>



Stable Earnings and Sound Financial Leverage driving Credit Strength

# BPRL's Upstream Story over the years.....



# Upstream Global Spread

BPCL through its subsidiary BPRL has Participating Interests in 22 blocks across 6 countries and Equity Participation in Vankor and Taas in Russia

- Estimated recoverable reserves of about 75 TCF till date in Rovuma basin (Mozambique)
- Production 20 MMTPA by Vankor (currently at peak) and 1.2 MMTPA by Taas

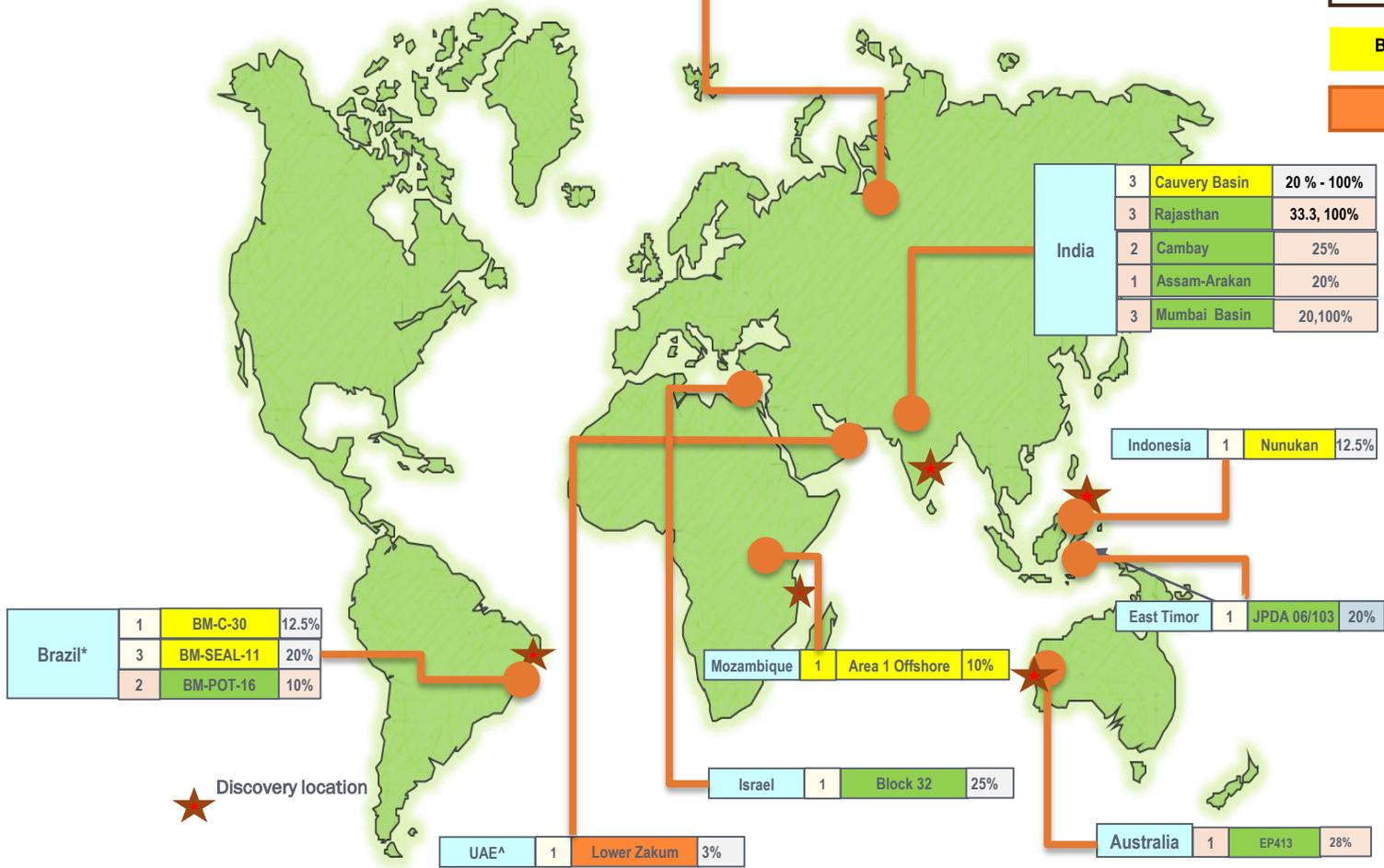
Country	Nos	Name of Block	PI%
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Russia#	2	TAAS	9.86%
	2	Vankorneft	7.88%

26 Exploration Discoveries

Block in Appraisal stage

Producing Blocks



★ Discovery location

\* Held through 50-50 JV with Videocon Ind.  
 # Held through SPVs with OIL & IOCL  
 ^ Held through SPV with ONGC Viesh and IOCL

# Global Upstream Footprint

Partnership with established Oil and Gas operators expected to generate optimal returns for BPCL.

## Within India

Exploration Block	Operator	BPCL Stake	Partners
<b>NELP—IV</b>			
CY/ONN/2002/2	ONGC	40.0%	ONGC
<b>NELP—VI</b>			
CY/ONN/2004/2	ONGC	20.0%	ONGC
<b>NELP—VII</b>			
RJ/ONN/2005/1	HOEC, BPRL	33.33%	IMC
<b>NELP—IX</b>			
CB/ONN/2010/11	GAIL, BPRL	25.0%	EIL, BIFL, MIEL
AA/ONN/2010/3	OIL	20.0%	ONGC
CB-ONN-2010/8	BPRL, GAIL	25.0%	EIL, BIFL, MIEL
MB-OSN-2010/2	OIL	20.0%	HPCL
<b>DSF 2016</b>			
5 Blocks	BPRL	100.0%	-
<b>OALP-I</b>	BPRL	100.0%	-

## Indonesia

Exploration Block	Operator	BPCL Stake	Partners
Nunukan PSC, Tarakan Basin	Pertamina	12.5%	Videocon Industries

## Brazil

Exploration Block	Operator	BPCL Stake <sup>1</sup>	Partners
BM-SEAL-11 (3 blocks)	Petrobras	20.0%	Videocon
BM-C-30 (1 block)	Anadarko	12.5%	Videocon, BP and Maersk
BM-POT-16 (2 blocks)	Petrobras	10.0%	Videocon, Petrogal, BP

## Mozambique

Exploration Block	Operator	BPCL Stake	Partners
Mozambique Rovuma Basin	Anadarko	10.0%	PTTEP, Mitsui and Co., ENH, OVL-OIL

## United Arab Emirates

Exploration Block	Operator	BPCL Stake <sup>4</sup>	Partners
Lower Zakum	ADNOC	3%	CNPC, INPEX, ENI, TOTAL, OVL, IOCL

## Australia and East Timor

Exploration Block	Operator	BPCL Stake	Partners
JPDA 06-103	Oilex	20.0%	GSPC, Videocon, Japan Energy, Pan Pacific Petroleum
EP-413	Norwest Energy	27.8%	ARC Energy

## Russia

Exploration Block	Operator	BPCL Stake	Partners
Vankor (2 Blocks)	Vankorneft	7.89% <sup>2</sup>	Rosneft, OIL, IOCL, OVL
Srednebotuobinskoe (2 Blocks)	TYNGD	9.87% <sup>3</sup>	Rosneft, BP, OIL, IOCL

## Israel

Exploration Block	Operator	BPCL Stake	Partners
Block 32	ONGC Videsh	25%	IOCL, OIL

1. BPCL's effective stake held through 50:50 JV with Videocon.
2. BPCL's effective stake held through its 33% stake in the JV with Oil India and Indian Oil for the 23.9% stake acquisition of JSC Vankorneft (Vankor)
3. BPCL's effective stake held through its 33% stake in the JV with Oil India and Indian Oil for the 29.9% stake acquisition of Tass-Yuryakh Neftegazodobycha (TYNGD)
4. BPCL's effective stake held through SPV with ONGC Videsh & IOCL

# Highly Experienced Management Team

The senior management team has in-depth knowledge and extensive experience in the Oil and Gas industry.

## Best in Class Management Team in Place



**Mr. D Rajkumar, Chairman & Managing Director**

- 32 years of experience, out of which almost 15 years of board experience as MD of BPCL's JV and subsidiary companies
- Has experience in marketing, to pipeline projects and across the integrated upstream and downstream oil sector



**Mr. N. Vijayagopal, Director Finance**

- He has vast experience of 31 years in financial management and is a member of the Institute of Chartered Accountants of India and a Bachelor of Law.
- He has experience in Treasury Management, Risk Management, Taxation and Budgeting, Fund Management etc.



**Mr. R Ramachandran, Director Refineries**

- Almost 34 years of industry experience
- Has previously held the post of MD, Bharat Oman Refineries and has experience across Refinery Operations, Product Planning, Technical Services, Project Conceptualization, and Project Financing



**Mr. K Padmakar, Director Human Resources**

- Over 33 years of experience with BPCL
- He has had experience across HR and ERP functions



**Mr. Arun Kumar Singh, Director Marketing**

- Over 33 years of industry experience in Oil Marketing
- Director on boards of Indraprastha Gas Ltd. and Bharat Gas Resources Ltd.
- He has headed functions like Pipelines, Supply Chain Optimization, Retail Business Unit, LPG Business Unit, Central Procurement etc.

## Numerous Awards & Recognition

**Awarded 'Maharatna' Status**

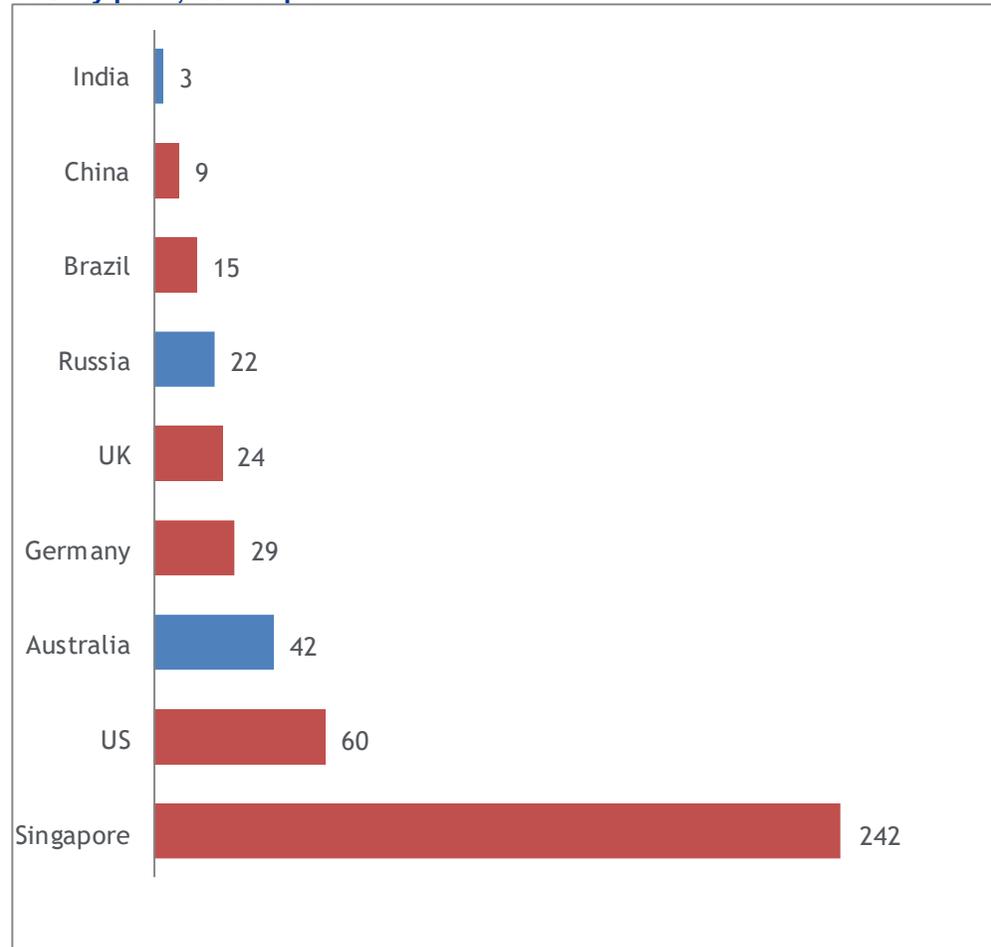


## 3. Industry Overview

# India – Attractive Industry Dynamics

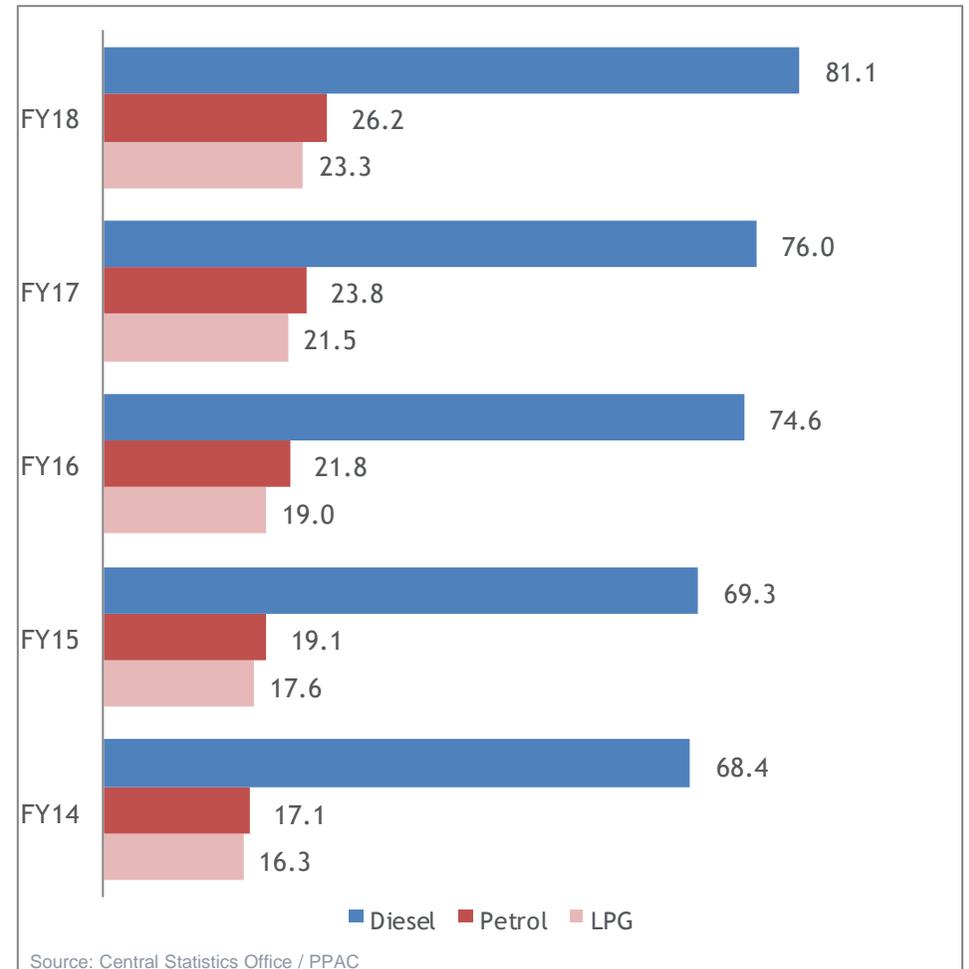
Significant potential for domestic O&G companies given low per-capita oil consumption and growing demand.

## Per Capita Oil Consumption bbl/day per 1,000 People



Source: Oil Consumption from BP Statistical Review 2016, Population from World Bank, Estimates 2015

## India Oil Demand Million Tonnes



Source: Central Statistics Office / PPAC

# Indian Oil Industry

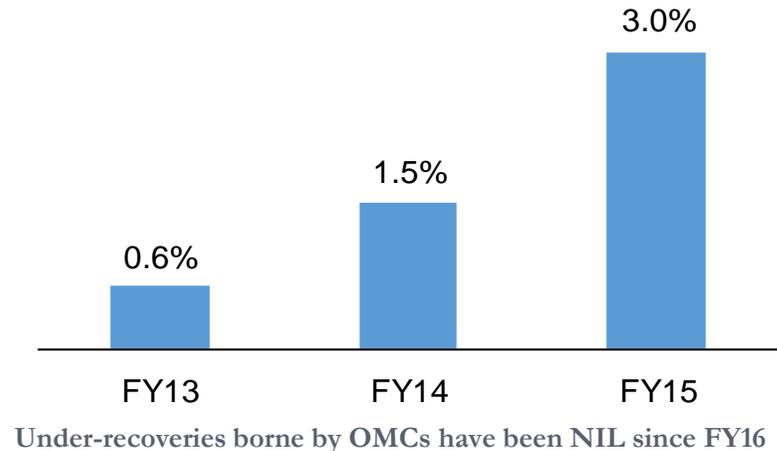
## Compensation of Under Recoveries

- Prices of retail sales of LPG and PDS Kerosene Oil are capped by the Government of India (GoI)
- Under-recoveries determined and compensated provisionally by the GoI on quarterly basis
- Govt. has consistently compensated OMCs including BPCL for under recoveries and ensured reasonable profitability

## Positive Policy actions

- Petrol Prices De-regulated completely
- Gasoil (Retail) – Deregulation announced effective 19<sup>th</sup> October 2014
- Gasoil – Bulk sales completely deregulated since January 2013
- Restricted supply/Targeted subsidies for cooking fuel products
- LPG DBTL scheme - Domestic LPG fully enrolled
- SKO PDS DBTK scheme – launched on pilot basis in 4 districts and now implemented in the state of Jharkhand

## % Sharing of Under Recoveries by OMCs



Strategic position in the Indian economy with way to deregulation of fuel sector in the country



**Thank You**