

# Bharat Petroleum Corporation Ltd.

## Investor Presentation

November 2017



**Energising  
Business**

**Energising  
Society**

**Energising  
Environment**

... ek boond paani  
"Project BOOND"



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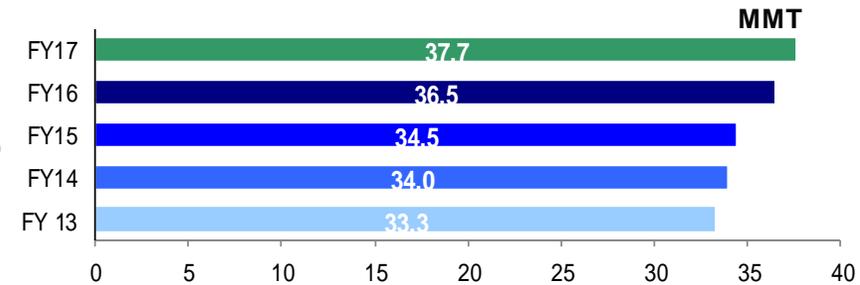
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# 1. Corporate Overview

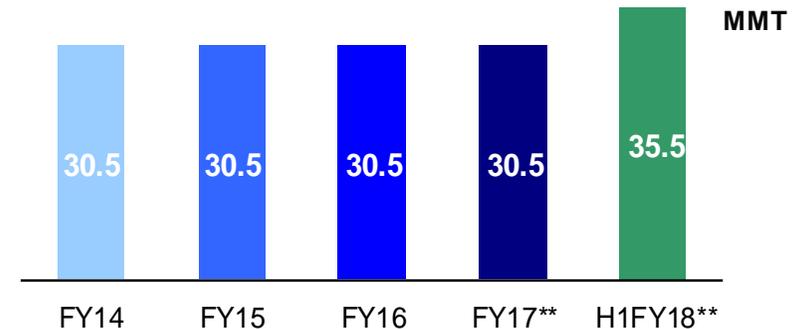
# Introduction

- India's 6th largest company by turnover over INR 2,420 bn in FY17 and INR 2,179 bn in FY16
- India's 2nd largest Oil Marketing Company (OMC) with domestic sales volume of over 37.68 MMT in FY17 and 36.53 MMT in FY16
  - Domestic market share of 20% during FY17
- Majority Govt. of India shareholding of 54.93% and explicit Govt. support through under-recovery compensation mechanism
- # 360 ranking on Fortune 2017 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
  - Baa3 (Outlook Positive) by Moody's / BBB- (Outlook Stable) by Fitch

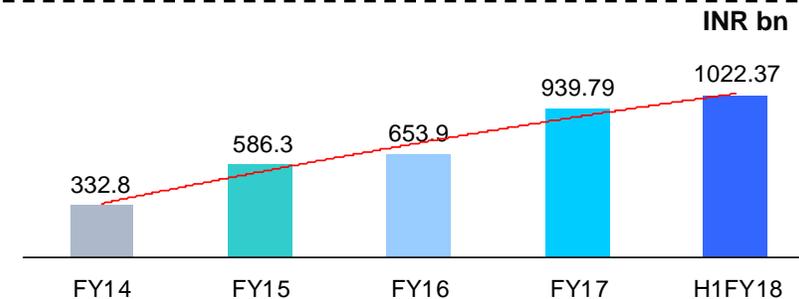
## Market Sales



## Refining Capacity



## Market Capitalization^



^ Market capitalization figures as on period end

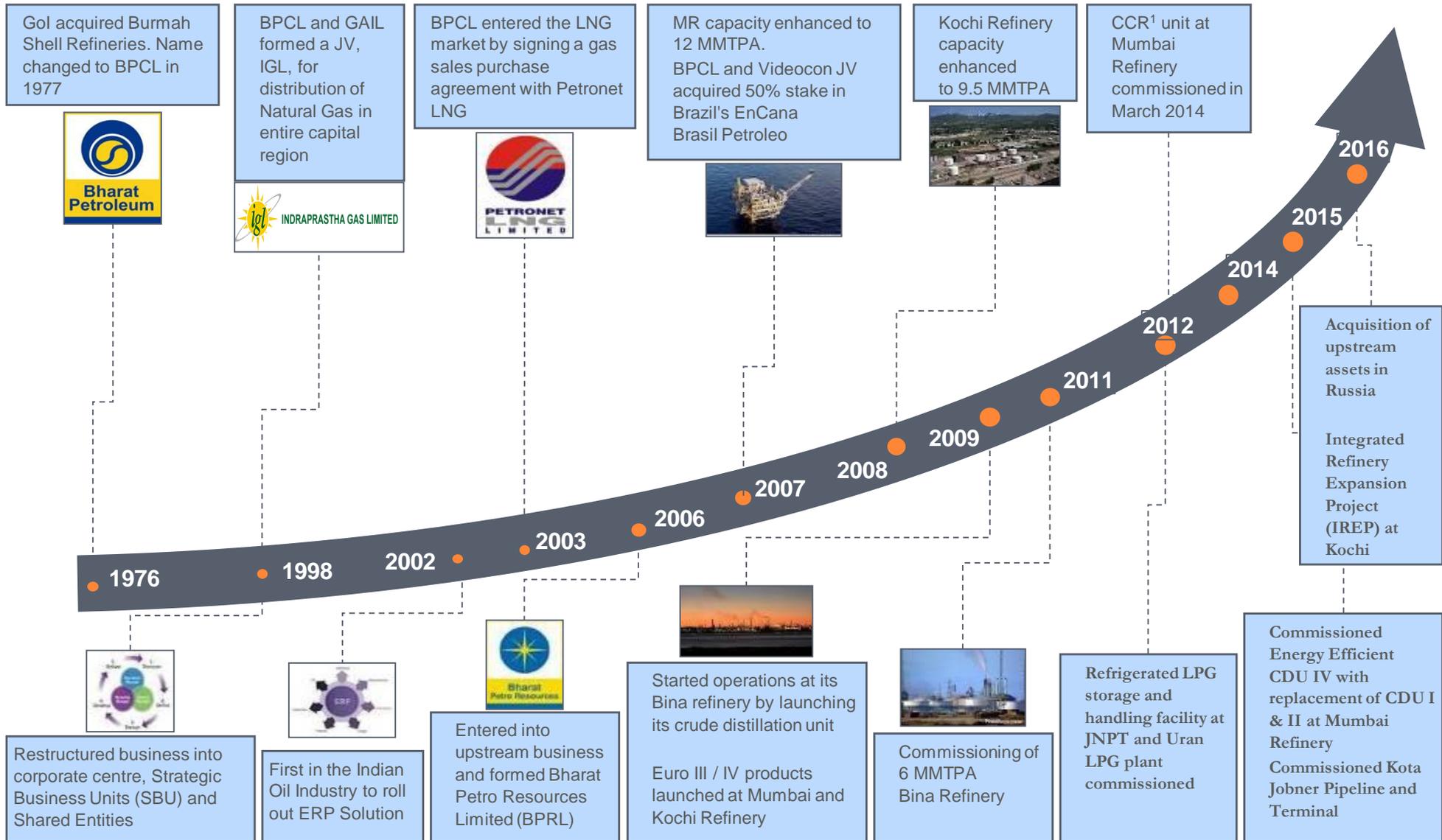
FY means Financial year ending 31st March

\*\* includes additional capacity of IREP; all units are fully commissioned and are under stabilization

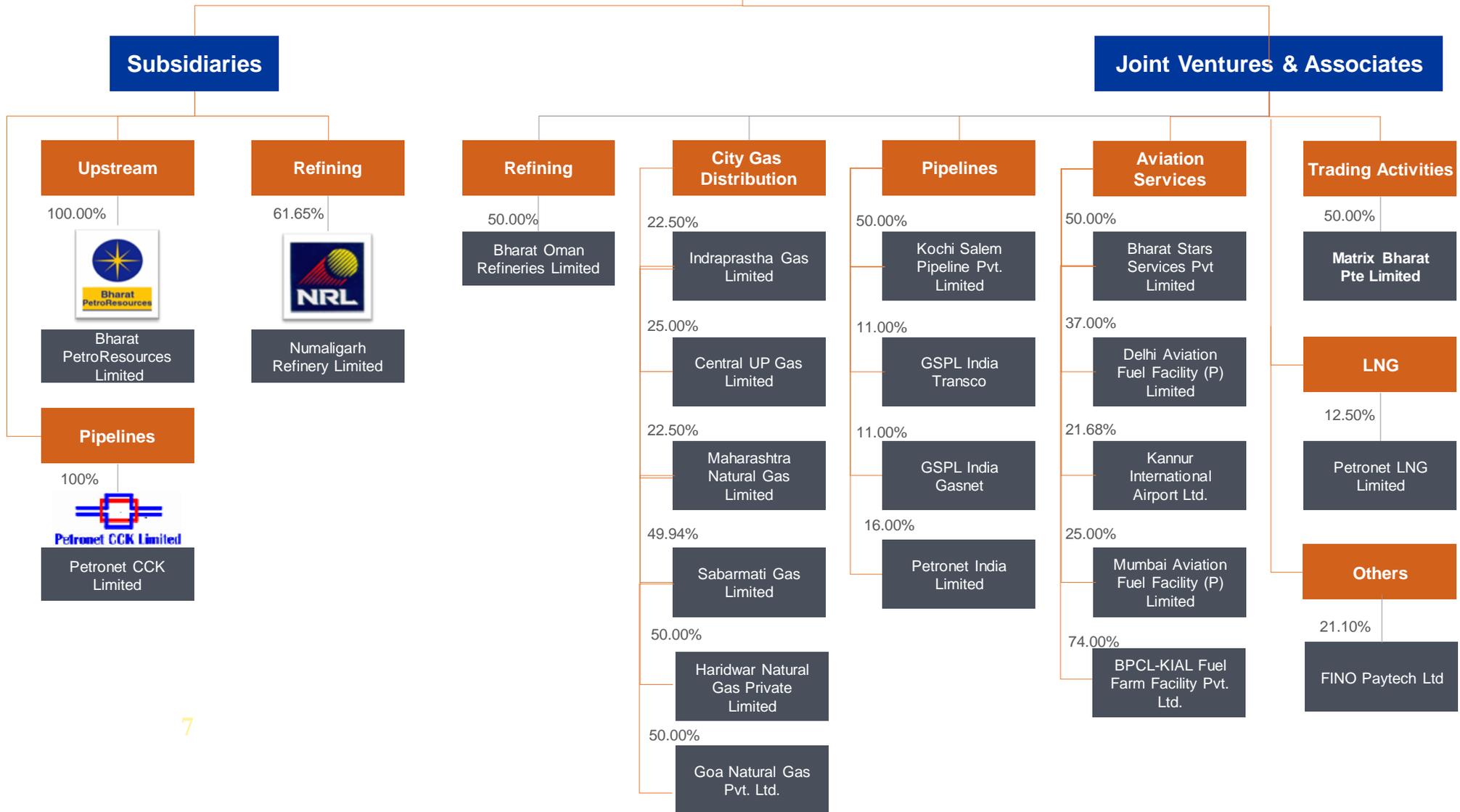
Source: National Stock Exchange

India's Leading Oil and Gas Company with presence across the Hydrocarbon Value Chain

# 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 35.5 MMTPA<sup>1</sup></li> <li>15% of the country's refining capacity<sup>3</sup></li> </ul>	 <ul style="list-style-type: none"> <li>26.9% market share<sup>2</sup></li> <li>14,095 retail outlets</li> <li>115 depots and 13 installations</li> </ul>	 <ul style="list-style-type: none"> <li>26.2% market share<sup>2</sup></li> <li>Currently 4,767 distributors</li> <li>51 LPG bottling plants</li> </ul>	 <ul style="list-style-type: none"> <li>Currently 7,000 customers</li> </ul>	 <ul style="list-style-type: none"> <li>23.5% market share<sup>2</sup> in ATF</li> <li>43 Aviation service stations</li> </ul>	 <ul style="list-style-type: none"> <li>20.7% market share<sup>2</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 59mn 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>1 JV in LNG; 2 gas pipeline JVs</li> <li>City gas distribution networks in 10 cities</li> </ul>

1. Includes capacity from IREP units which are fully commissioned and are currently under stabilisation.  
 2. Market share includes sale by PSU as well as private oil marketing companies. All figures as of 30<sup>th</sup> September 2017  
 3. Source : Ministry of Petroleum and Natural Gas.

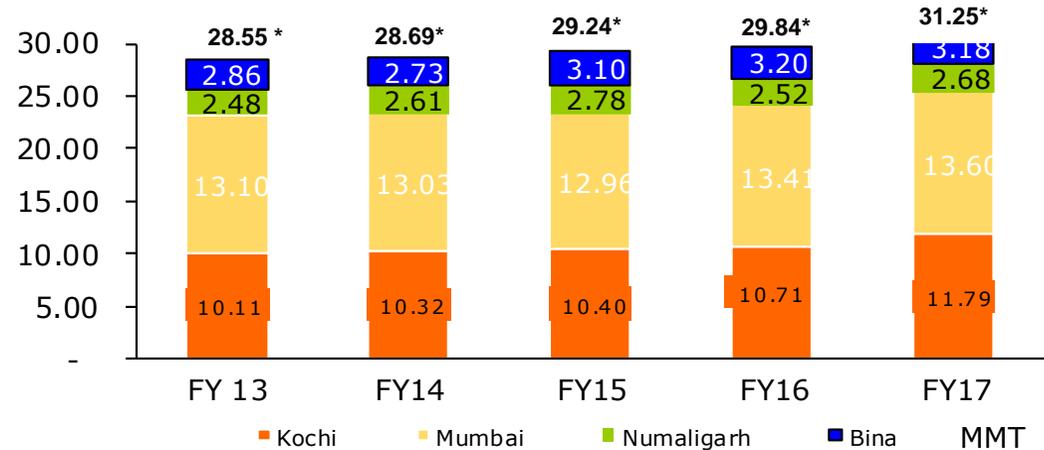
# Refining Coverage

## 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

\*\* includes additional capacity after IREP - the units are commissioned and are under stabilization

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 \$11.8/bbl during FY17 and \$10.60/bbl during H1FY18

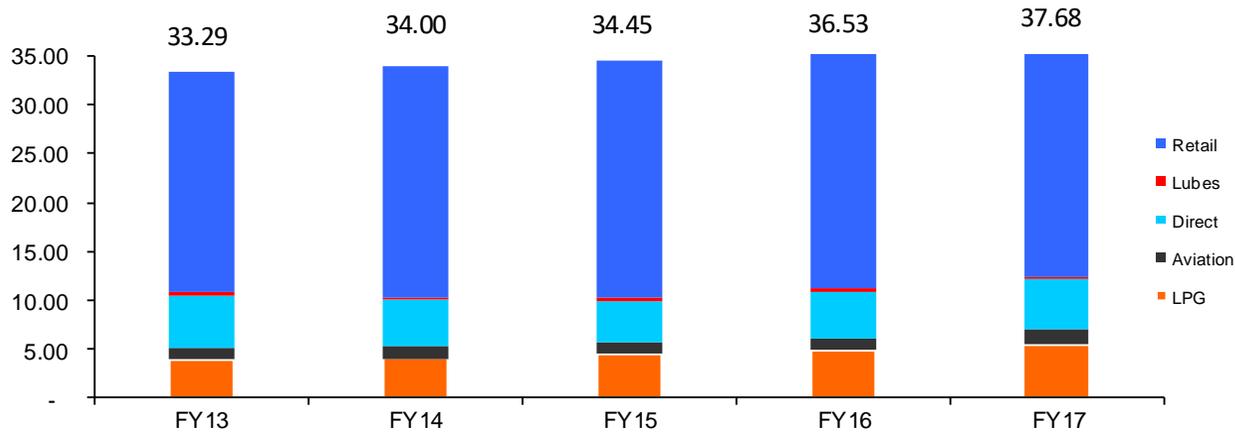
Pipelines : .....



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

# Marketing Operations and Efficiencies

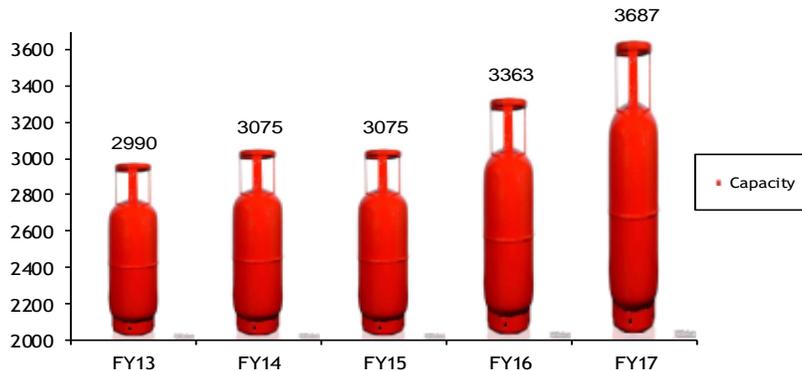
## SBU Market Sales (MMT)



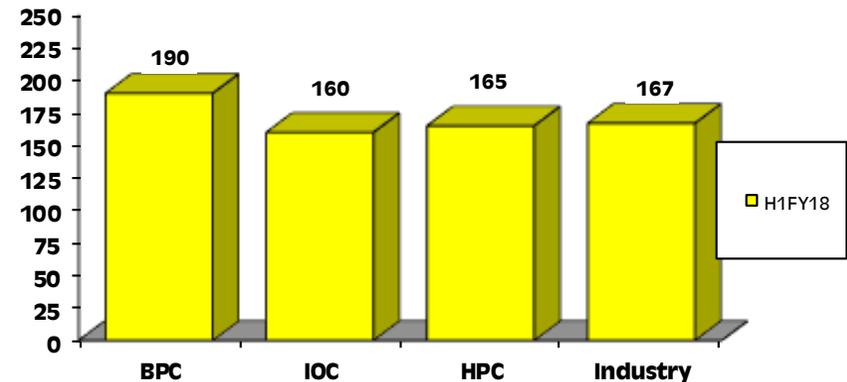
## Retail Market Share of MS & HSD \*

- MS > 26.89%
- HSD > 26.60%

## LPG Bottling Plant Capacity (TMTPA)



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



\* Market share includes sale by PSU as well as private oil marketing companies during H1FY18

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

- **Integrated Refinery Expansion Project (IREP) at Kochi – Increased refining capacity from 9.5 MMTPA to 15.5 MMTPA along with modernization of existing facilities to produce future quality fuels – Fully Commissioned – stabilization in process**
- **Mumbai Refinery – Gasoline Hydro-treatment Unit**
- **Bina Refinery – Creeping Capacity Expansion from 6 MMTPA to 7.8 MMTPA**
- **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**

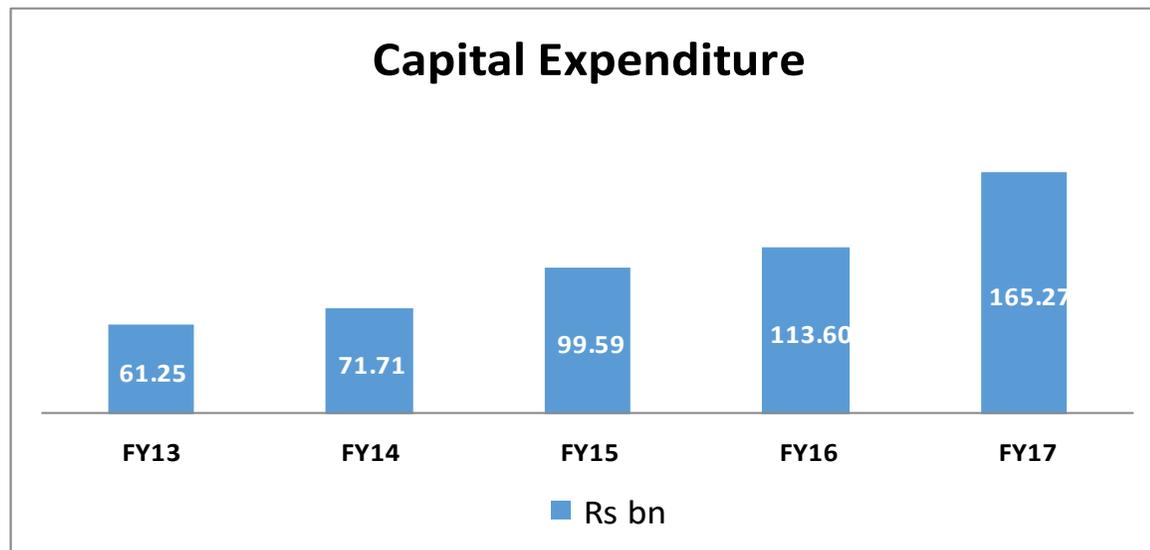
Significant Expansion in Downstream & Marketing network to drive future growth

# Upcoming projects

- Funding for upstream developments and new assets
- Refineries – Upgrade/ Expansion / De-bottlenecking
- Investments in Gas
- Expansion of marketing infrastructure across all business verticals

More expansions in Upstream, Downstream business & Marketing network

# Capex Strategy

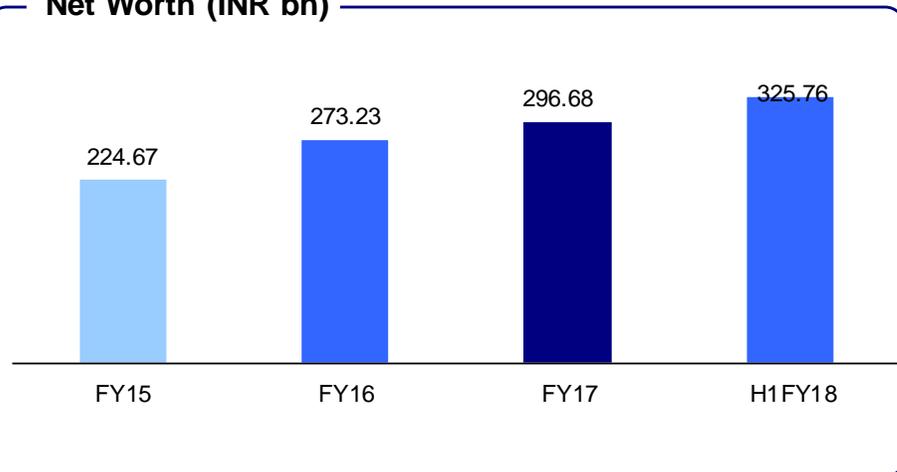


- Strategically expanding upstream activities through inorganic and organic growth opportunities
- Investment in refining and distribution capacity to bridge the gap between sales volumes and production
- Expand capacities and improve efficiencies at existing installation and refineries
- Create opportunities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

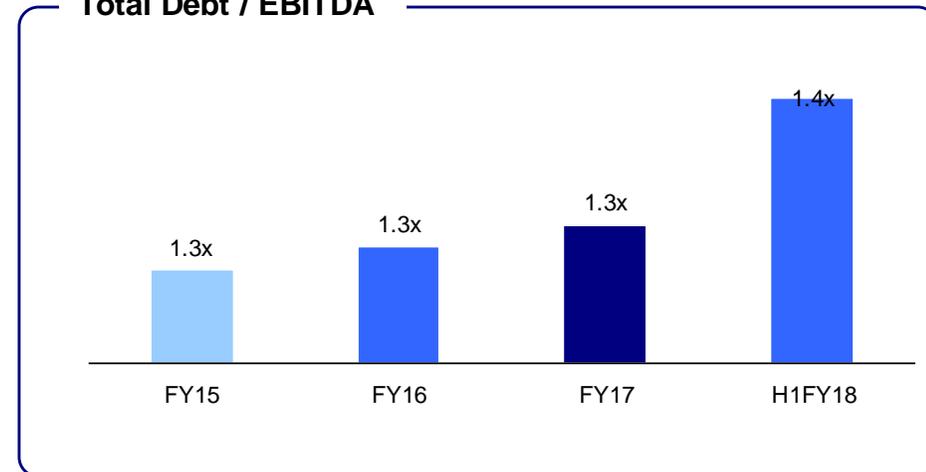
Significant Expansion in Upstream and Downstream business to drive future growth

# Improved Financial Performance

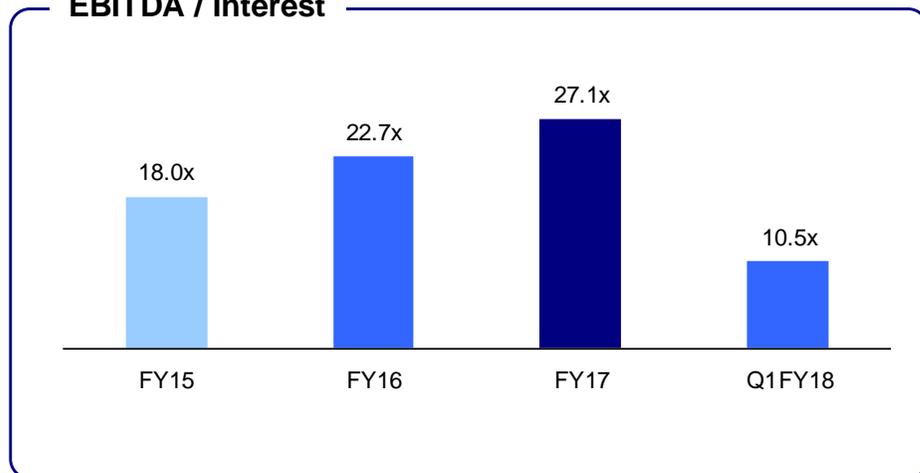
Net Worth (INR bn)



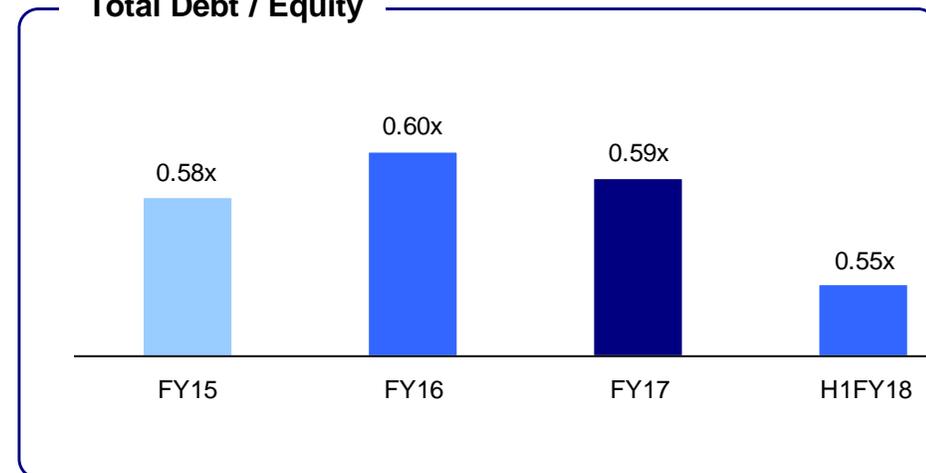
Total Debt / EBITDA



EBITDA / Interest



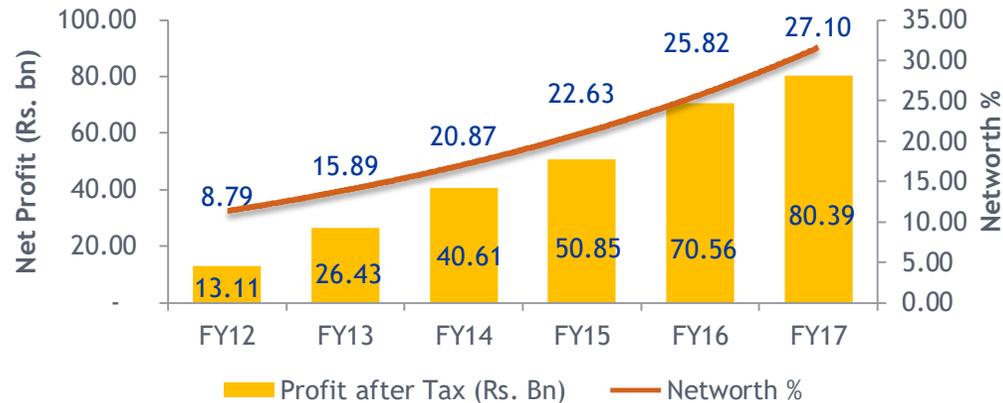
Total Debt / Equity



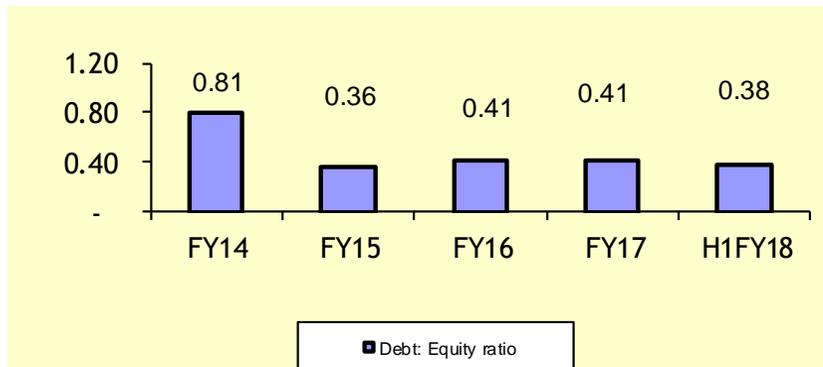
Stable Earnings and Sound Financial Leverage driving Credit Strength

# Improved Financial Performance

## PAT (INR Billion)/ Networth (%)

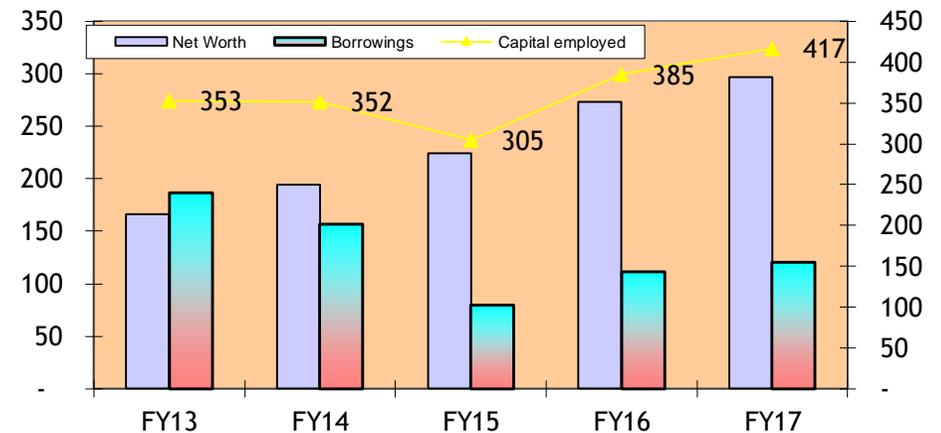


## Adjusted Debt-Equity Ratio <sup>(1)</sup>



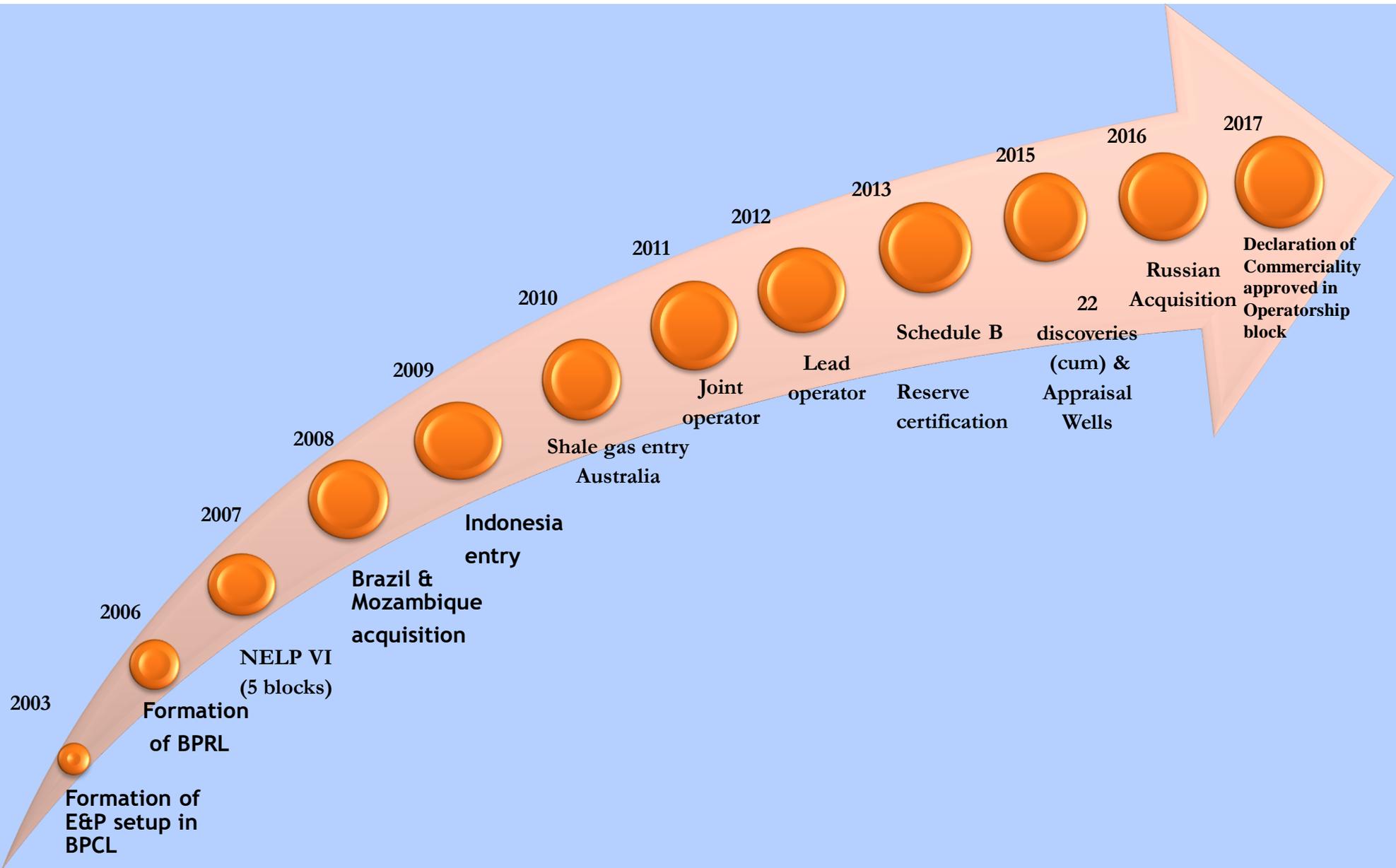
(1) Adjusted for bonds outstanding as on period end

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



Stable Earnings and Sound Financial Leverage driving Credit Strength

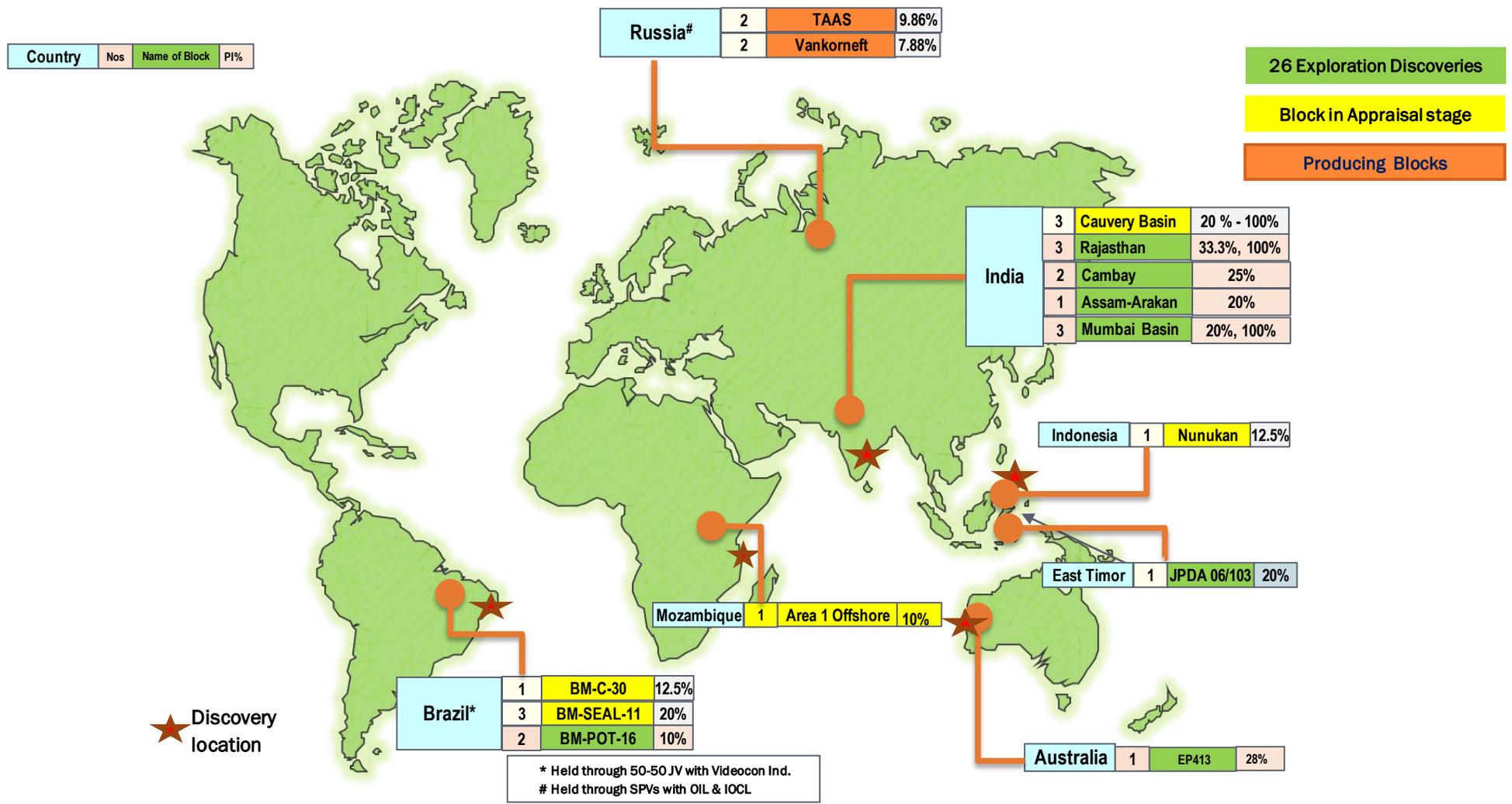
# BPRL's Upstream Story over the years.....



# 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



# 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%	-

## 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

## 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

## 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

## Indonesia

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

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)

# BPRL – Successful acquisition of TYNGD and Vankor assets in Russia in 2016

- BPRL along with an Indian Consortium, acquired:
  - Participatory shares representing 29.9% of the charter capital of TYNGD
  - 23.9% equity stake in Vankorneft
- BPRL formed BISPL, a wholly owned subsidiary company in Singapore for enabling the above mentioned acquisition
- BISPL, with the above mentioned partners, through joint ventures formed two special purpose vehicles (SPVs) which holds the acquired stakes in the two Russian Assets
  - Taas India Pte. Ltd.
  - Vankor India Pte. Ltd.
- BISPL holds 33% stakes in each of the two SPVs

## TYNGD – Srednebotuobinskoe Field (2 Licenses)

- BPRL effective interest: 9.87%
- 2015 Oil Production: c.22 mbbbl/d gross to the field; c.2.2 mbbbl/d net to BPRL
  - Gross production expected to increase to 100 mbbbl/d (c.9.9 mbbbl/d net to BPRL) in the next 2-3 years

## Vankorneft – Vankor Fields (2 Licenses)

- BPRL effective interest: 7.89%
- 2015 Oil Production: c.440 mbbbl/d gross to the field; c.34.7 mbbbl/d net to BPRL

# Highly Experienced Management Team



## **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. S. Ramesh, Director Marketing**

- Almost 36 years of industry experience.
- He also holds a position of Director on the Boards of our JV, Bharat Star Services Pvt. Ltd and Bharat Stars Services (Delhi) Pvt. Ltd.
- He has had the distinction of heading three major Business Units viz. Lubes, LPG and Retail apart from spearheading Brand, PR & New Initiatives in the Company



## **Mr. R. Ramachandran, Director Refineries**

- Almost 34 years of industry experience
- He also holds the position of Director on the Board of Bharat Oman Refineries Ltd. and permanent invitee on the Board of Numaligarh Refinery Ltd.
- Prior to his current position, he held the post of Managing Director, Bharat Oman Refineries Ltd. Has varied experience in Refinery Operations, Product Planning, Technical Services, Project Conceptualization, Project Financing and setting up of grass root Refinery and Revamps.



## **Mr. K. Sivakumar, Director Finance**

- He has over 30 years of Industry experience. He also holds the position of Director in other group companies i.e. Bharat PetroResources Ltd and Bharat Oman Refineries Limited.
- He has worked in various facets of Finance, Internal Audit, ERP and overseen the Governance, Risk and Control aspects in the Corporation.

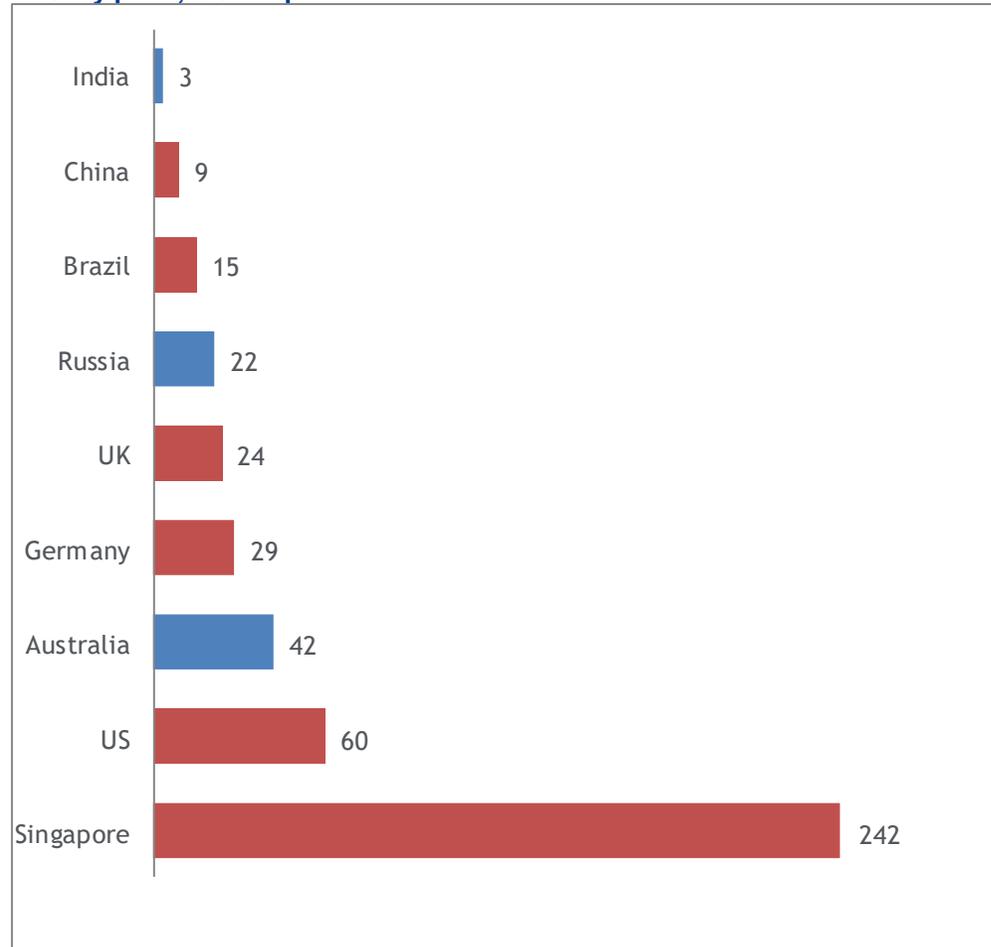
The Senior Management team has in-depth Knowledge and Extensive Experience in the Oil and Gas industry

### 3. Industry Overview

# India – Attractive Industry Dynamics

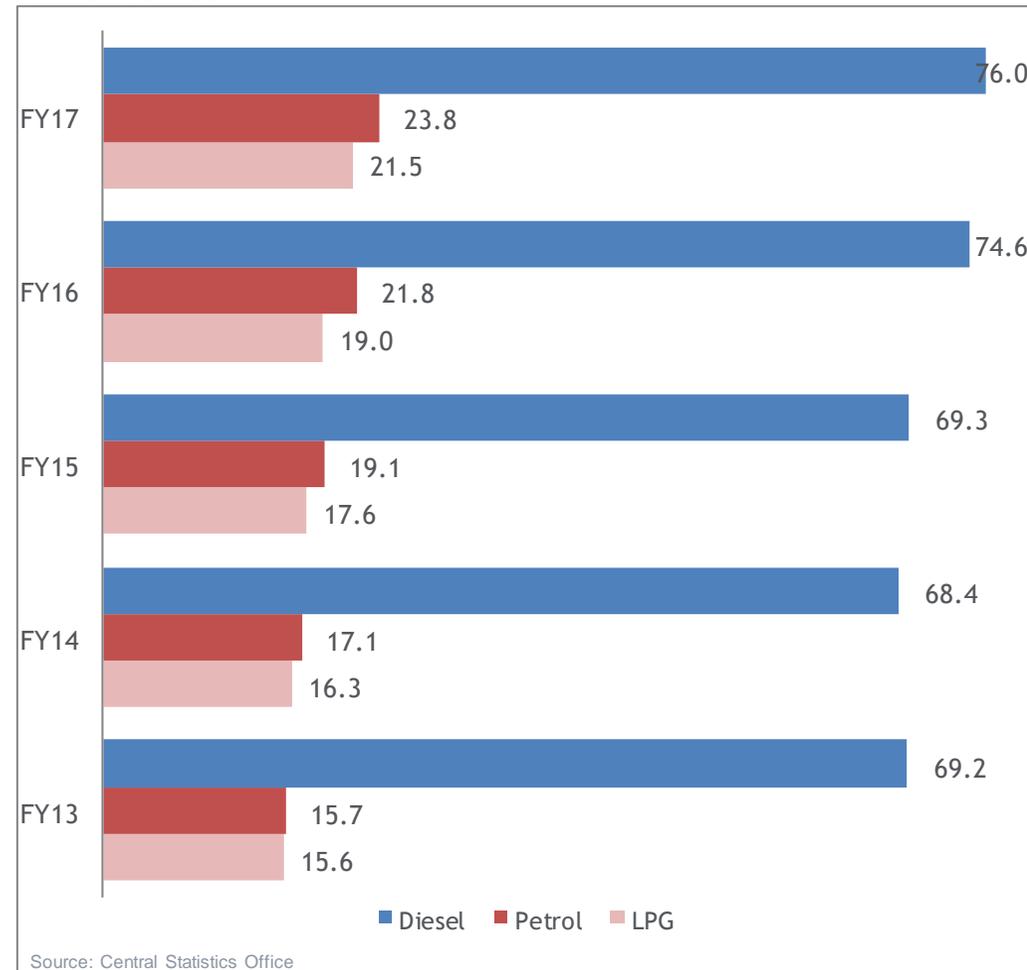
Significant potential for domestic O&G companies given low per-capita oil consumption and growing demand.

## 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

# Indian Oil Industry

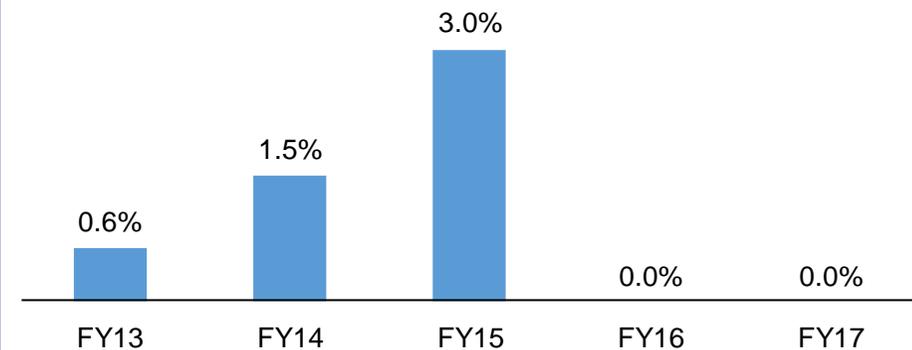
## Compensation of Under Recoveries

- Prices of retail sales of LPG and PDS Kerosene Oil are capped by the Government of India (Gol)
- Under-recoveries determined and compensated provisionally by the Gol 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**