

# Bharat Petroleum Corporation Ltd.

## Investor Presentation

November 2015



**Energising  
Business**

**Energising  
Society**

**Energising  
Environment**

Ek boond paani  
"Project BOOND"



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# 1. Corporate Overview

# Introduction

- India's 3rd largest company by turnover over INR 2,379 bn in FY15 and INR 983 bn in H1FY16
- India's 2nd largest Oil Marketing Company (OMC) with domestic sales volume of over 34.45 MMT in FY15 and 17.45 MMT in H1FY16
  - Domestic market share of 21% during H1FY16
- Majority Govt. of India shareholding of 54.93% and explicit Govt. support through under-recovery compensation mechanism
- # 242 ranking on Fortune 2014 global list; ranks 3<sup>rd</sup> among the only eight Indian companies on the list
- Well positioned to meet market demand across India through Strategically located Refineries and Marketing Infrastructure
- India's only OMC with a successful foray into upstream business <sup>(1)</sup>. BPCL through its subsidiary BPRL has Participating Interests in 17 blocks across 6 countries
  - Estimated recoverable reserves of about 50-70+ TCF till date in Rovuma basin (Mozambique)
  - Estimated resources of 200+ MMBOE<sup>(2)</sup> till date in Wahoo basin (Brazil)
- Ratings at par with the Sovereign
  - Baa3 (Outlook Positive) by Moody's / BBB- (Outlook Stable) by Fitch

(1) Also reflected in consistently improving market capitalization

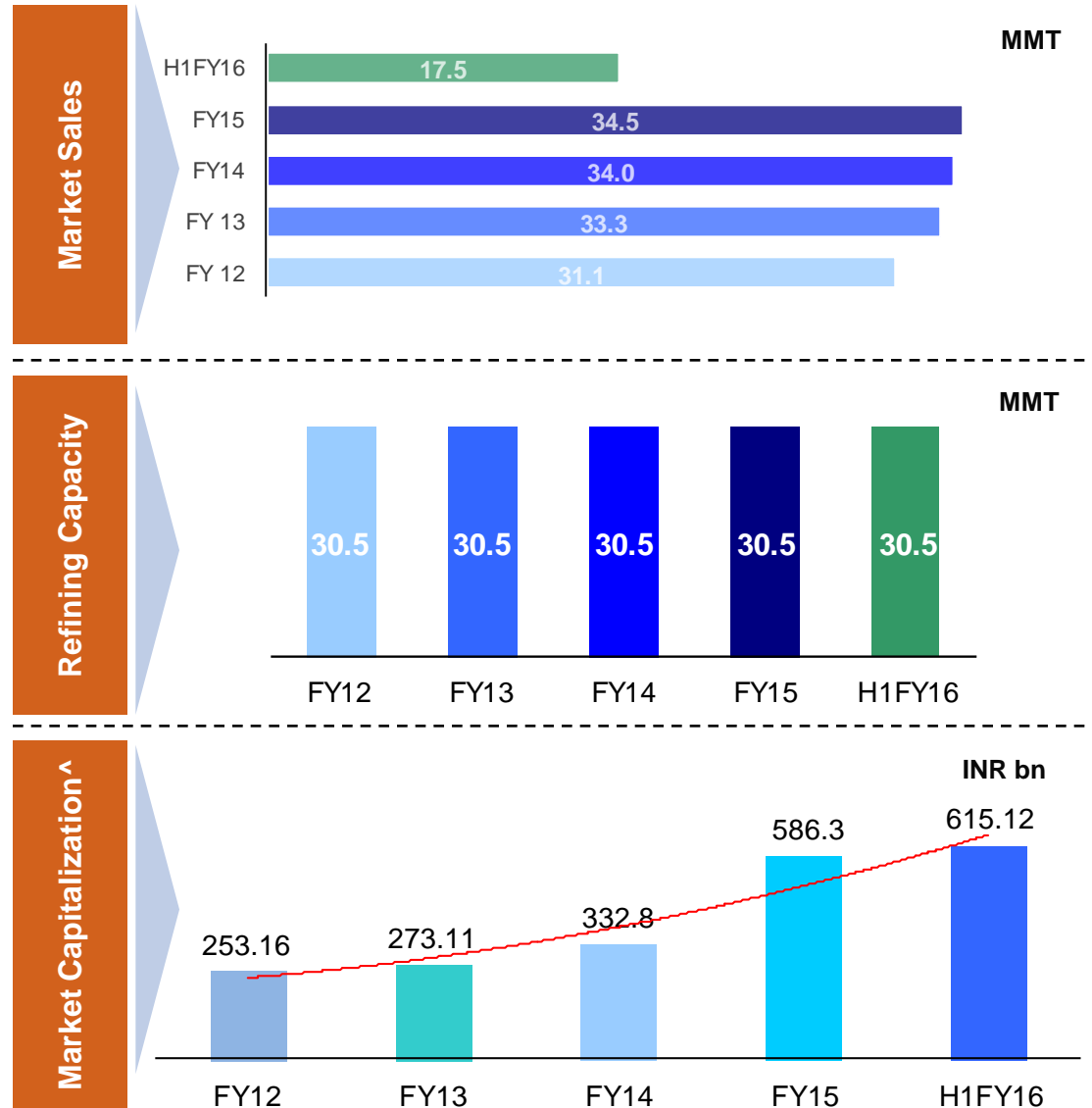
(2) Wood Mackenzie, Company reports

MMBOE - Million barrels of oil equivalent

^ Market capitalization figures as on period end

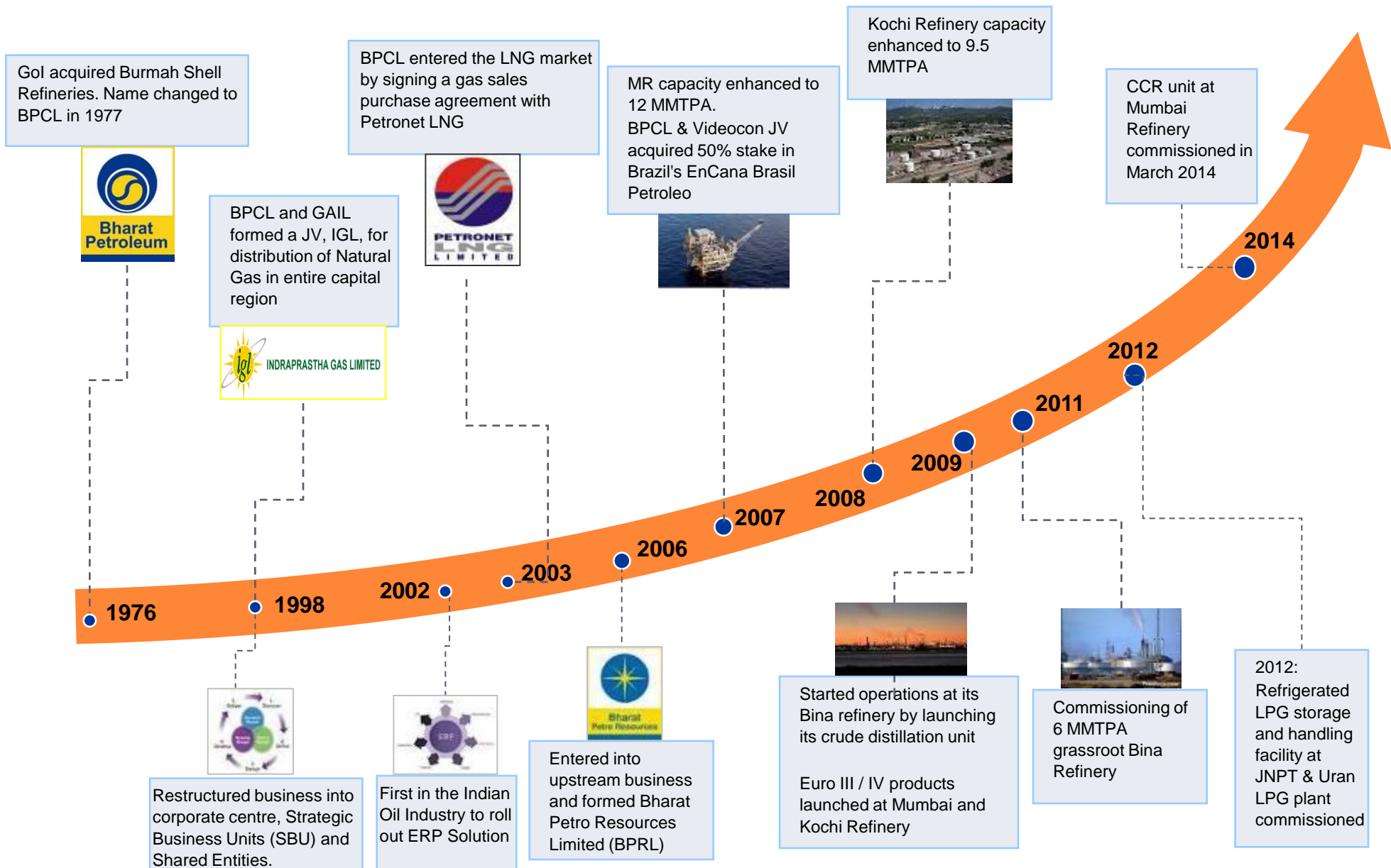
TCF- Trillion cubic feet of gas  
FY means Financial year ending 31st March

Source: National Stock Exchange

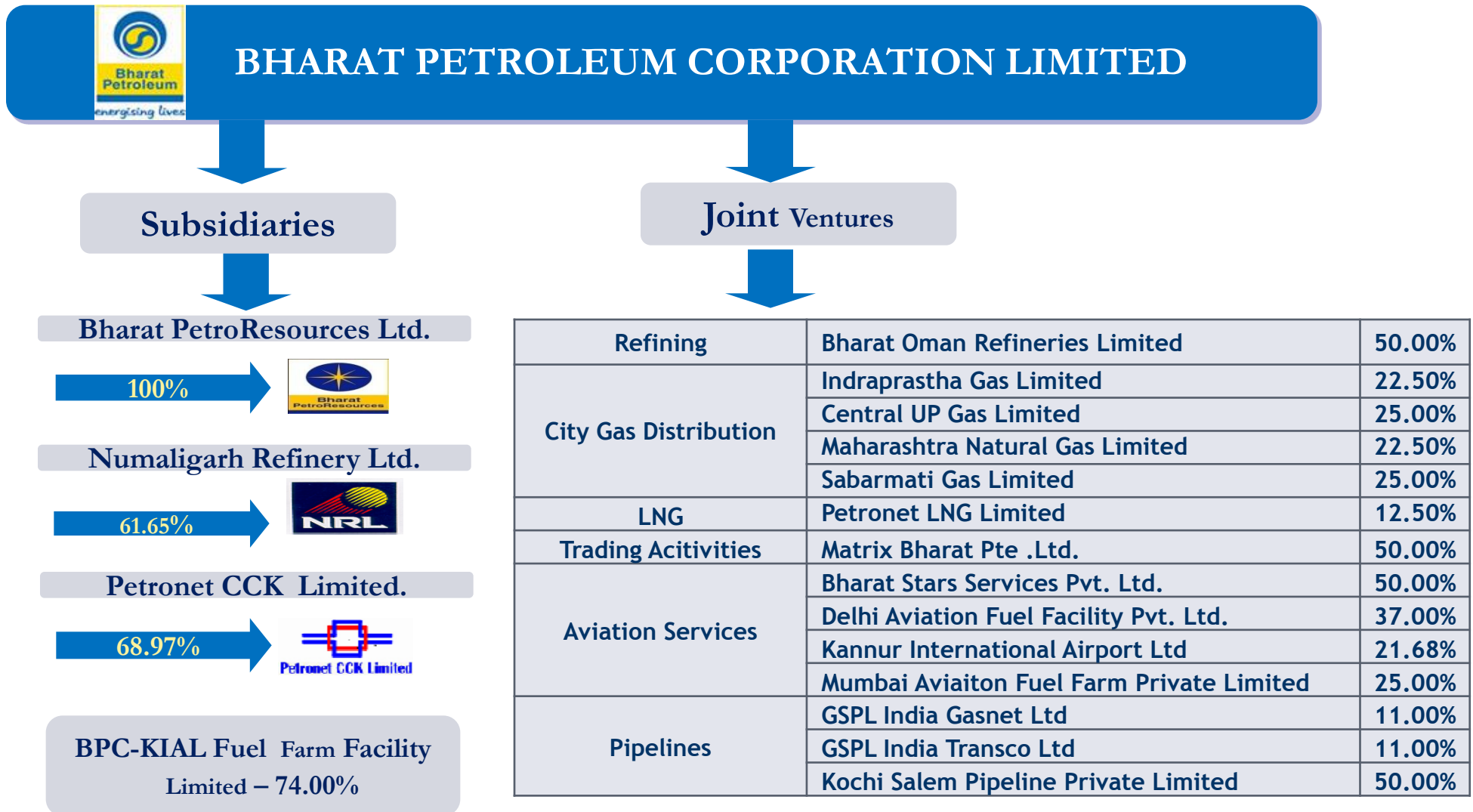


India's Leading Oil and Gas Company with presence across the Hydrocarbon Value Chain

# Important Milestones











# Major Subsidiaries/ JVs



# Key Business Verticals

## BHARAT PETROLEUM CORPORATION LIMITED

Refinery	Retail	Upstream	Gas	Industrial / Commercial	Lubricants	LPG	Aviation
 <ul style="list-style-type: none"> <li>Refining capacity of 30.5MMTPA</li> <li>13% of the country's refining capacity<sup>(1)</sup></li> </ul>	 <ul style="list-style-type: none"> <li>27.3% market share*</li> <li>13,019 retail outlets</li> <li>114 depots and 13 installations</li> </ul>	 <ul style="list-style-type: none"> <li>PI in 17 oil &amp; gas blocks</li> <li>7 blocks in India and 10 overseas</li> </ul>	 <ul style="list-style-type: none"> <li>Currently 54 major LNG customers</li> </ul>	 <ul style="list-style-type: none"> <li>Currently 7,000 customers</li> </ul>	 <ul style="list-style-type: none"> <li>21.7% market share*</li> <li>Currently 16,000 customers</li> <li>More than 1000+ grades of products</li> </ul>	 <ul style="list-style-type: none"> <li>25.7% market share*</li> <li>Currently 4,294 distributors</li> <li>50 LPG bottling plants</li> </ul>	 <ul style="list-style-type: none"> <li>21.1% market share* in ATF</li> <li>35 Aviation service stations</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>Global spread into pure play Exploration</li> </ul>	<ul style="list-style-type: none"> <li>Emerging Markets</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>Major OEM tie ups such as Tata Motors, Honda, Genuine Oil, TVS etc</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>Present at all the major gateways &amp; airports for into plane services</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>Only Indian OMC to have made significant discoveries</li> </ul>	<ul style="list-style-type: none"> <li>One JV in LNG and 4 city gas distribution JV's</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>Product customization</li> </ul>	<ul style="list-style-type: none"> <li>Current customer base of 47.9mn incl. retail and bulk</li> </ul>	<ul style="list-style-type: none"> <li>Only OMC to implement "Apron Fuel Management System"</li> </ul>

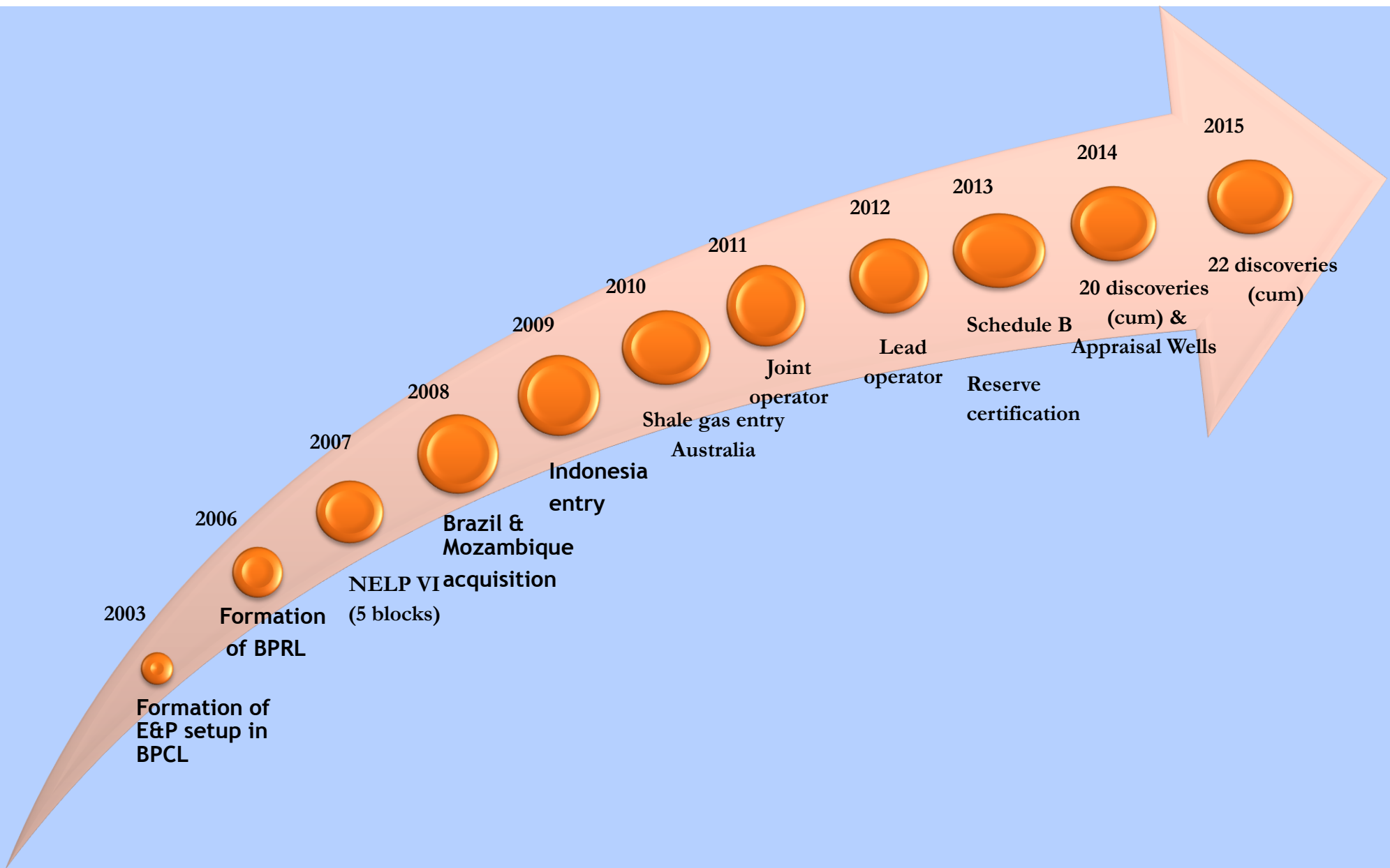
(1) Source : Ministry of Petroleum and Natural Gas

\* Market share includes sale by PSU as well as private oil marketing companies. All figures as of 30<sup>th</sup> September 2015

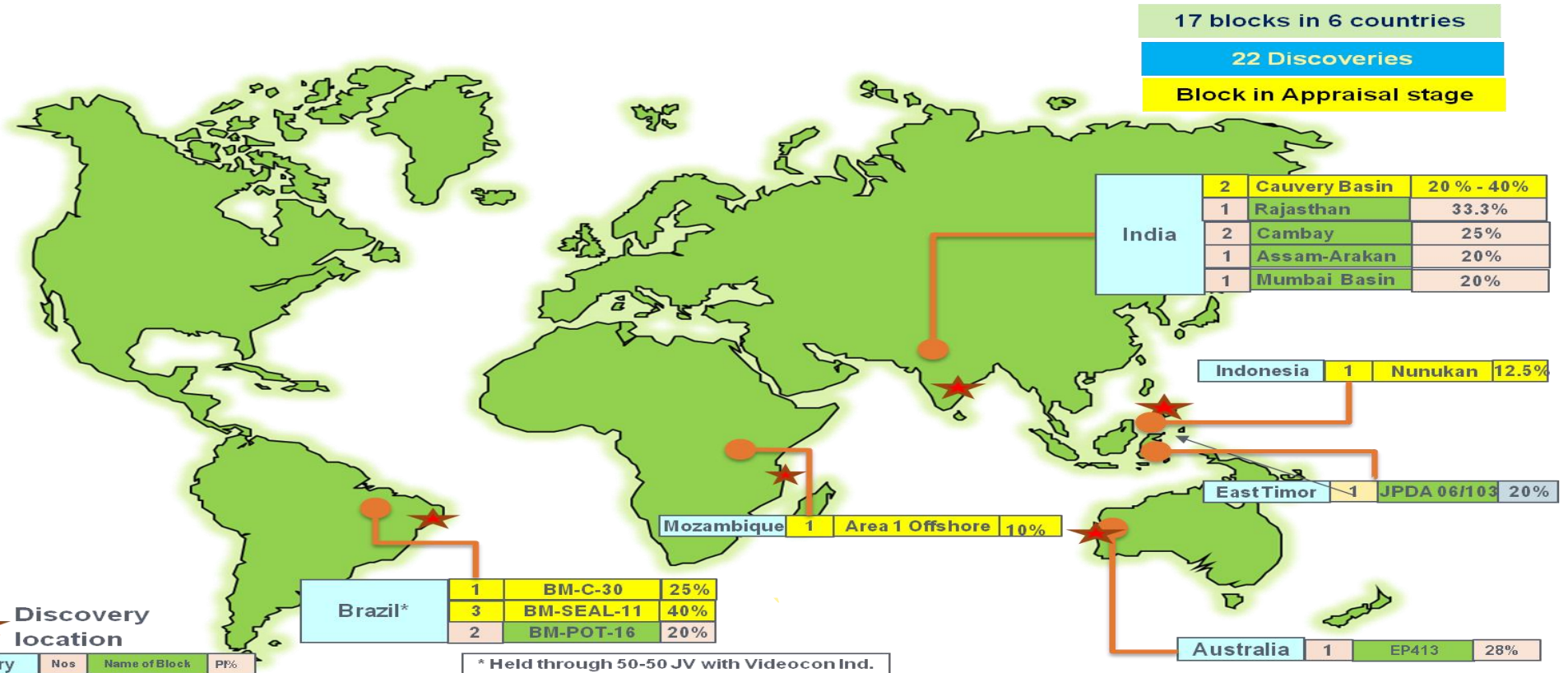


## 2. Business Overview

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



# Upstream Global Spread



## Mozambique

Fields	Recoverable resources
Prosperidade	75+ Tcf of Natural Gas
Golfinho Atum	
Tubarao	
Tubarao Tigre	
Orca	

## Brazil

Concession	Well	Net Pay
BM-C -30	Wahoo - 1	65m
BM-SEAL-11	Barra and Barra1	34+18 m & 12m
	Farfan and Farfan 1	40m & 44m
	Cumbe (multiple pay zone)	38 m

Successful discoveries in Upstream to help BPCL achieve higher level of Vertical Integration

# Global Upstream Footprint

## Within India

Exploration Block	Operator	BPRL Stake	Partners
<b>NELP - IV</b>			
CY-ONN-2002/2	ONGC	40.0%	
<b>NELP - VI</b>			
CY-ONN-2004/2	ONGC	20.0%	
<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

## Australia & East Timor

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

## Brazil

Exploration Block	Operator	BPRL Stake*	Partners
SEAL-M-349	Petrobras	20.0%	Videocon
SEAL-M-426	Petrobras	20.0%	Videocon
SEAL-M-497	Petrobras	20.0%	Videocon
C-M-30-101	Anadarko	12.5%	Videocon, BP and Maersk
POT-16-663	Petrobras	10.0%	Videocon, Petrogal, BP
POT-16-760	Petrobras	10.0%	Videocon, Petrogal, BP

\* BPCL's effective stake held through 50:50 JV with Videocon

## Mozambique

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

## Indonesia

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

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

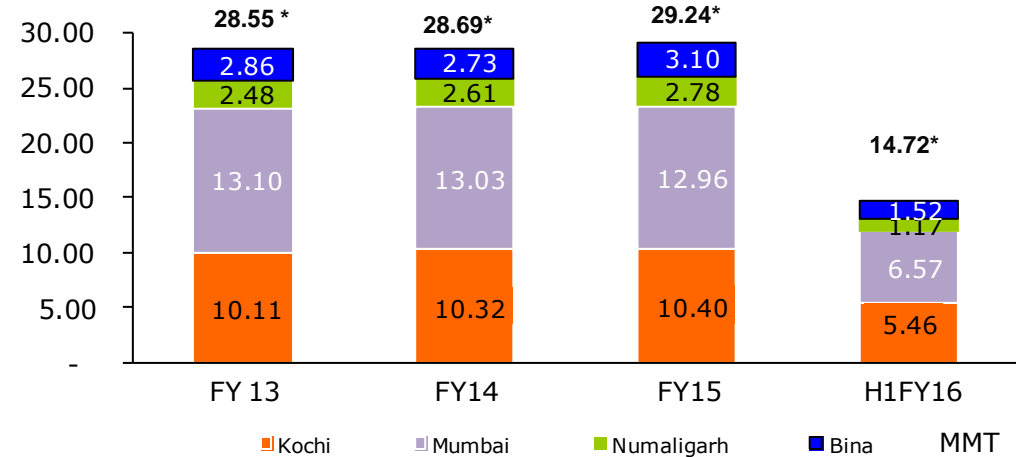
# Refining Coverage

## 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

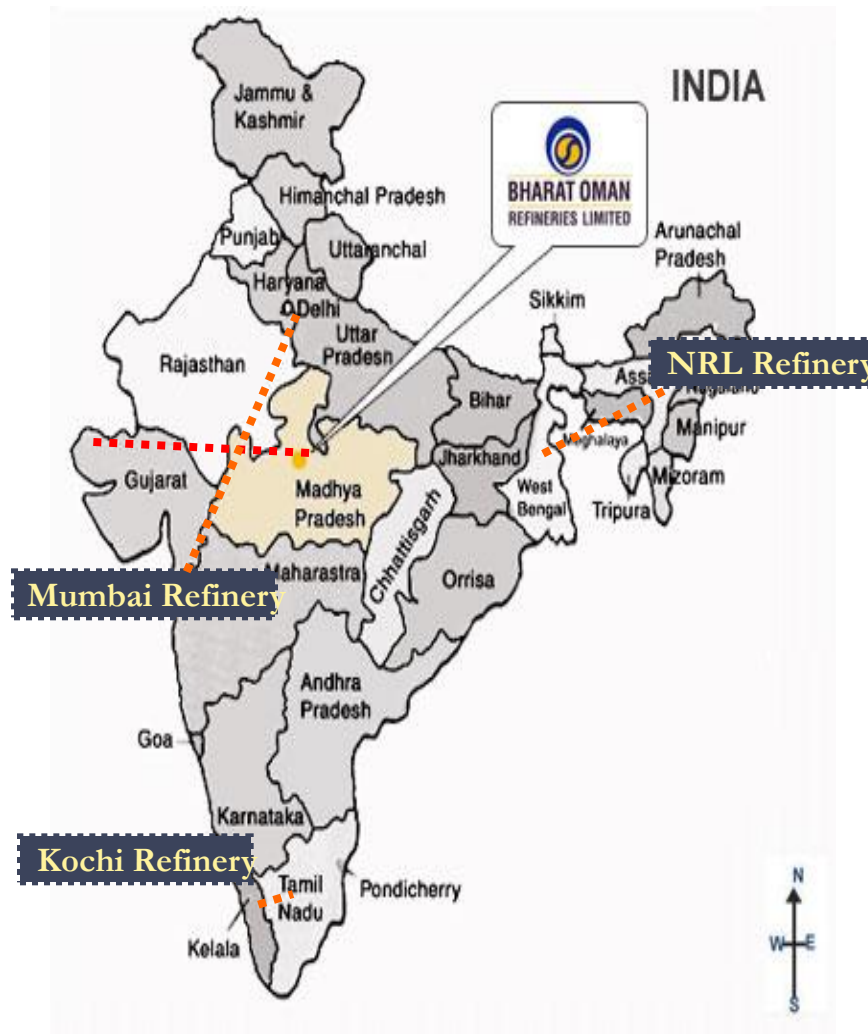
Refinery Utilization rates significantly above global peers

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 FY15
- Low cost capacity expansion from 6 MMTPA to 7.8 MMTPA
- GRM of 6.1 \$/bbl during FY15 and 12.8 \$/bbl during H1FY16

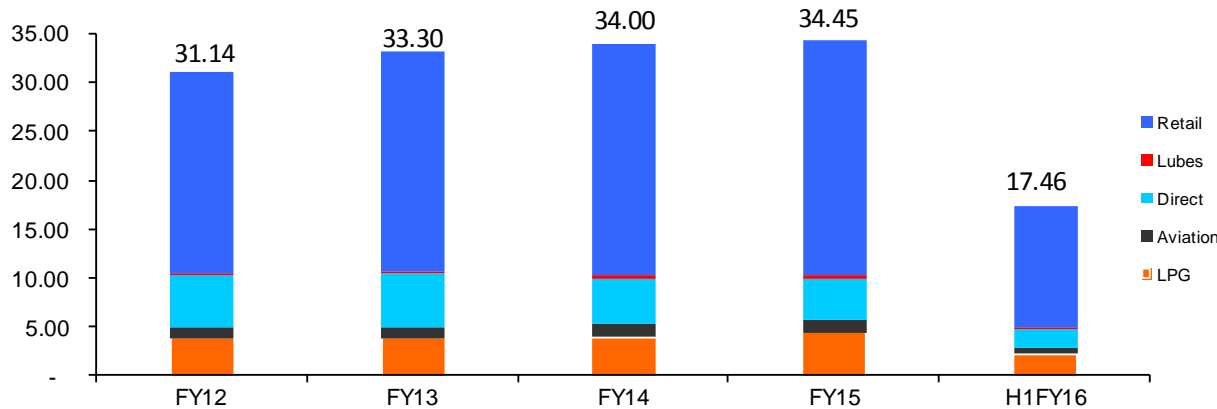
Pipelines : ■■■■■■■■



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

# Marketing Operations and Efficiencies

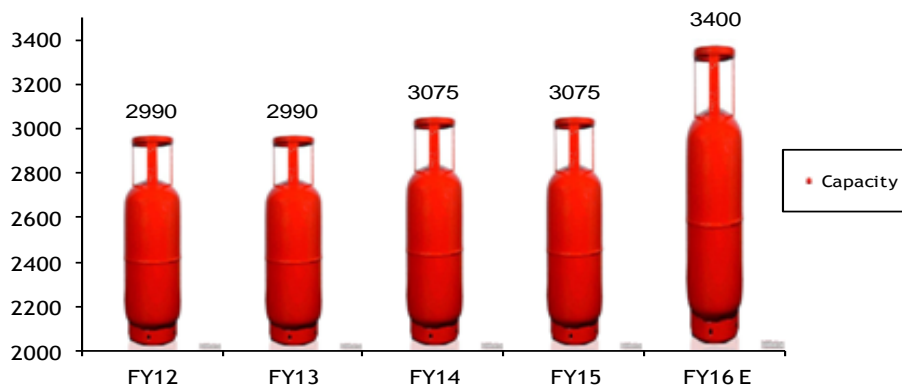
## SBU Market Sales (MMT)



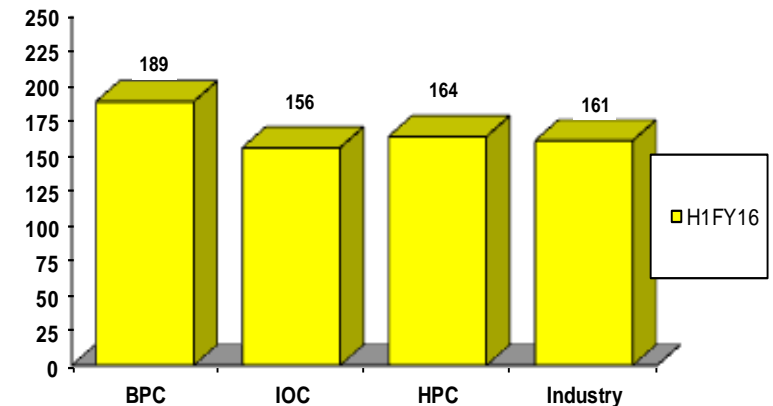
## Retail Market Share of MS & HSD \*

- MS > 27.70%
- HSD > 28.30%

## 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 Apr--Sept 2015

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

# Marketing Expertise and Industry Pioneer Status

## Retail Initiatives

- Launched the first branded fuel in India i.e. Speed
- Over 6300 Automated Outlets, Generating over 75% of total retail sales volume
- In & Out Stores : 158 convenience stores
- Tie up with Amazon for “Pick Up” store initiative
- Highway Strategy - “GHAR”. The new growth engine
  - Chain of strategically located One Stop Truck Shops (OSTS)
  - Dedicated fleet sales team



## Brand & Customer Loyalty Programme

- Pure for Sure (PFS)
  - Pioneer program guaranteeing fuel Quality and Quantity
- Loyalty programmes
  - Petrocard – India’s largest loyalty programme having 0.87 mn customers
  - Smartfleet card – 1.23 mn customers



## Landmark Initiatives

## Technology Initiatives

- Smart Drive Mobile application for retails consumers
- business: e-biz.com/ e banking (B2B)
  - 90% plus customers collections
  - Online indenting/tracking
- E business: e-bharatgas.com (B2B / B2C)
  - All India – All Customers (B2C)
  - Online refill booking/tracking (B2C)
  - Bulk customers direct order (B2B)



## Other Key Initiatives

- First to implement ERP (SAP) for increase in efficiency
- First in the industry to start computerization in 1960's
- Innovators in new business practices
  - Product-wise business structure adopted for greater focus
  - Off take agreement with subsidiaries and JV's

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 – Increasing refining capacity from 9.5 MMTPA to 15.5 MMTPA along with modernization of existing facilities to produce future quality fuels**
- **Mumbai Refinery – Replacement of CDU I & II and DHT Installation**
- **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**
- **Expansion of marketing infrastructure across all business areas**

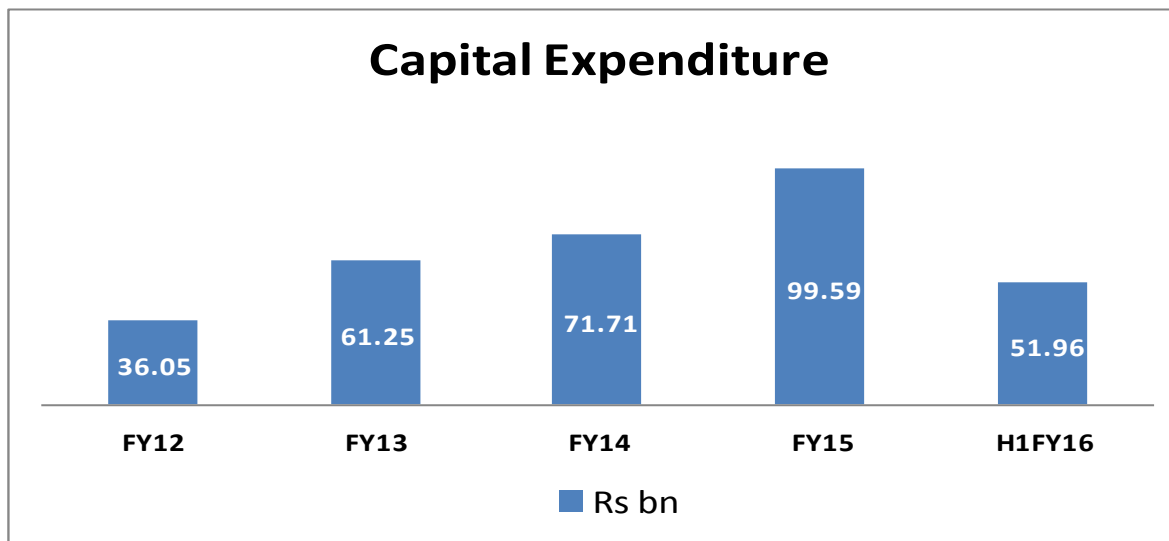
Significant Expansion in Downstream & Marketing network to drive future growth

# 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
- Expected Capital Expenditure of around Rs. 100,000 crore on Upcoming and Ongoing project by BPCL group over the period of FY 2016-17 to 2020-21

More expansions in Upstream, Downstream business & Marketing network

# Capex Strategy

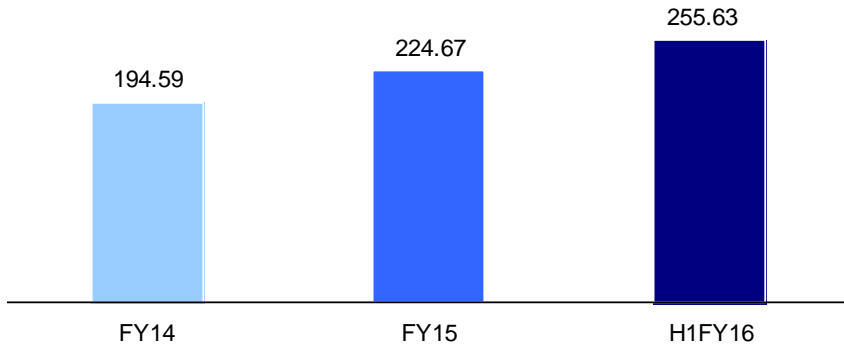


- Strategically expand its upstream activities through inorganic and organic growth opportunities
- Investment in refining and distribution capacity to bridge the gap between sales volumes and production
- Expand capacities and improve efficiencies at existing installation and refineries
- Create opportunities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

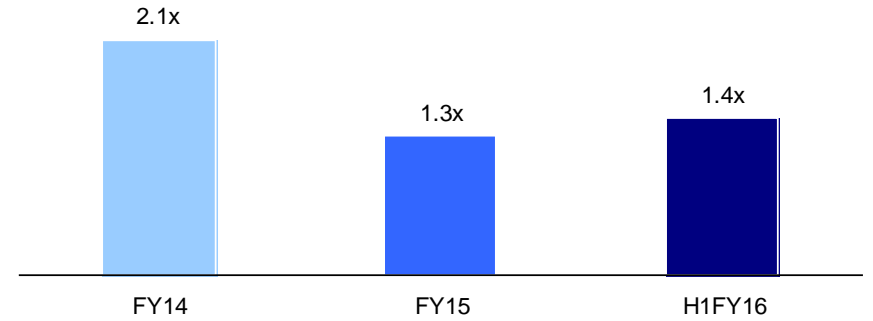
Significant Expansion in Upstream and Downstream business to drive future growth

# Improved Financial Performance

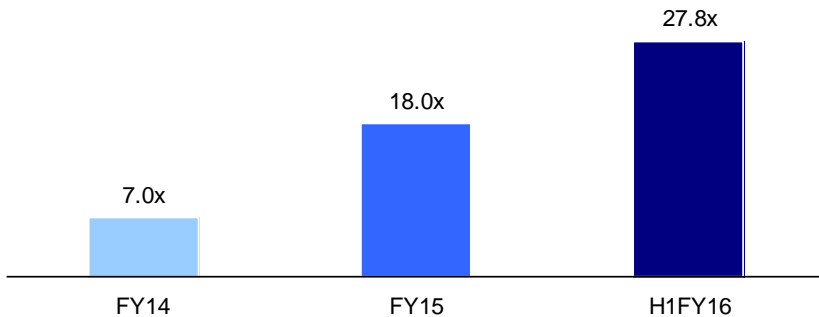
**Net Worth (INR bn)**



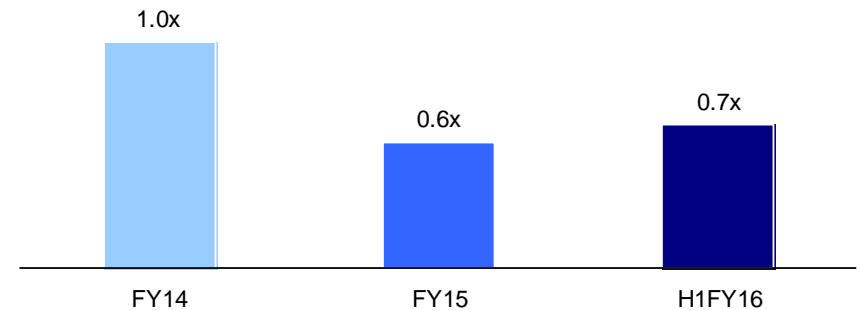
**Total Debt / EBITDA**



**EBITDA / Interest**

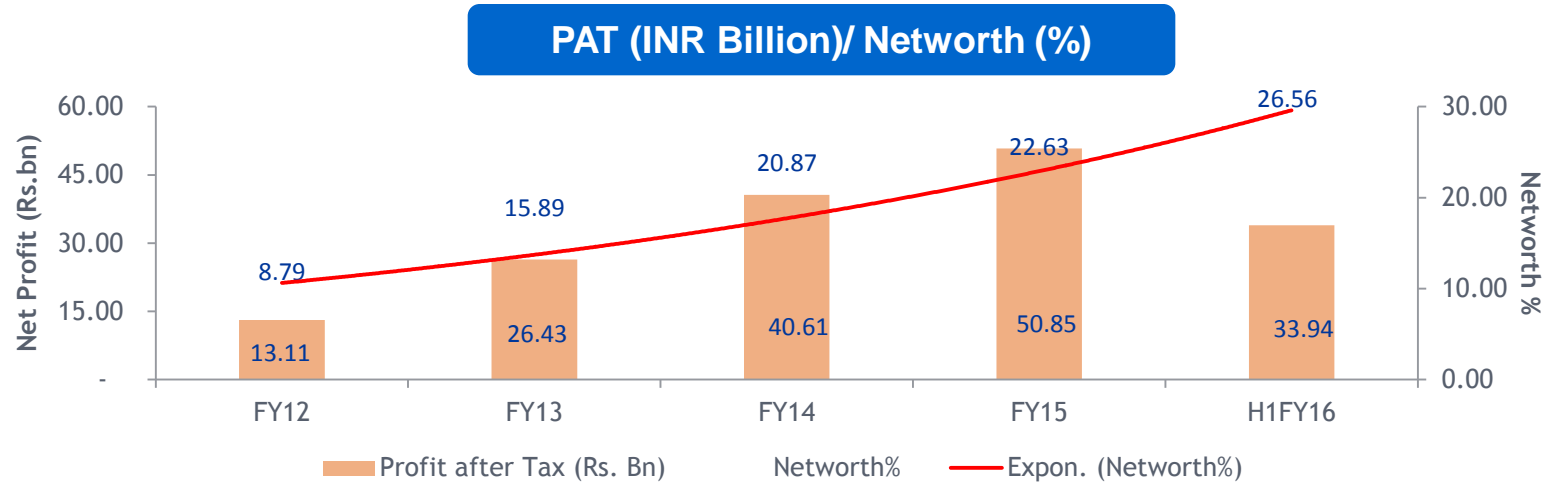


**Total Debt / Equity**

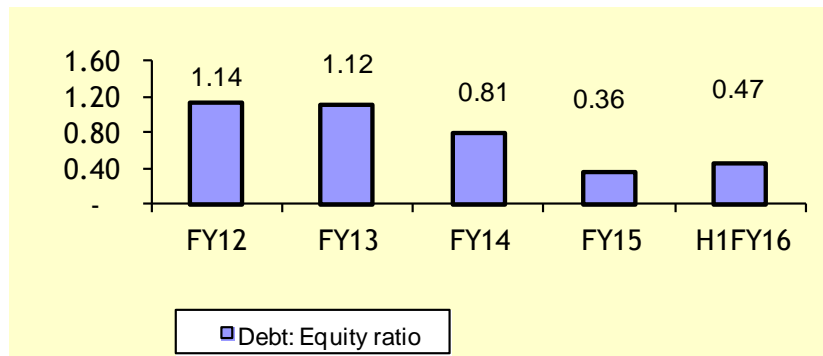


Stable Earnings and Sound Financial Leverage driving Credit Strength

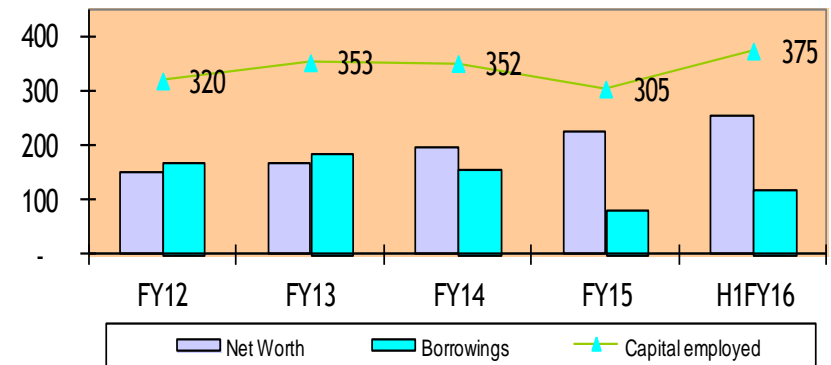
# Improved Financial Performance



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



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



(1) Adjusted for bonds outstanding as on period end

Stable Earnings and Sound Financial Leverage driving Credit Strength

# Highly Experienced Management Team



## **Mr. S Varadarajan, Chairman & Managing Director**

- Over 30 years of industry experience. He also holds the position of Chairman in Numaligarh Refinery Ltd., Bharat Oman Refineries Ltd. and Matrixx Bharat Pte Ltd. & position of Director in Bharat PetroResources Ltd (BPRL) and Petronet LNG Limited (PLNG).
- He has been responsible for the overall Treasury Management, Risk Management, Corporate Accounts, Taxation and Budgeting. In addition to finance, he has handled marketing as head of sales for the retail business in southern region and also led the corporate strategy team



## **Mr. P Balasubramanian, Director (Finance)**

- Over 30 years of industry experience. He also holds the position of Director in Bharat PetroResources Ltd (BPRL), Bharat Oman Refineries Ltd. (BORL) and of Chairman in Delhi Aviation Fuel Facilities Pvt. Ltd. and permanent invitee on the board of Numaligarh Refinery Ltd.
- He has been responsible for the entire Corporate Finance function including Corporate Treasury, Corporate Finance, Taxation, Investor Relations, Risk Management and overseeing the Corporate Governance structures.



## **Mr. K K Gupta, Director Marketing**

- Over 33 years of industry experience.
- He also holds a position of Chairman in Bharat Star Services Pvt. Ltd and Director on the Boards of Matrix Bharat Pte Ltd. and Sabarmati Gas Ltd. etc
- He has had the distinction of heading three major Business Units viz. Lubes, LPG and Retail



## **Mr. B K Datta, Director Refineries**

- Over 33 years of industry experience
- He is also a Director on the Boards of Bharat Oman Refineries Ltd. and Bharat PetroResources Ltd (BPRL).
- He has held multiple key positions across business verticals such as Refineries, Integrated Information Systems, Supply Chain Management.



## **Mr. S P Gathoo, Director Human Resources**

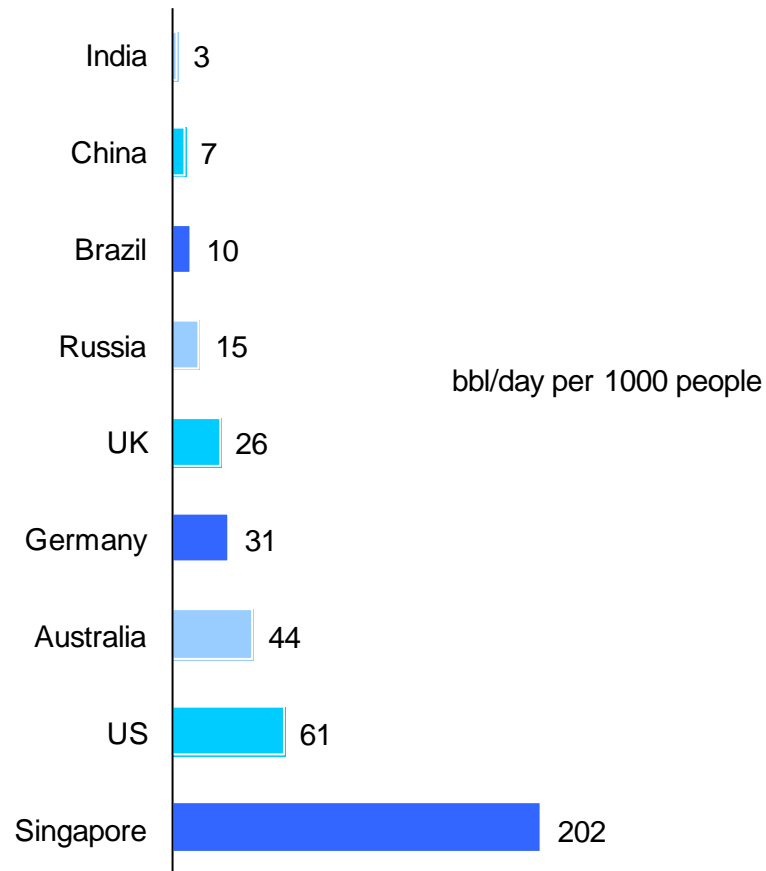
- Over 26 years of experience with BPCL and prior to that worked with BHEL and NTPC Limited
- He also holds the position of Chairman in Petronet India Ltd and Petronet CCK Ltd.
- He has had experience across business vertical such as Lubricants, Business & Information Technology and HR function

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

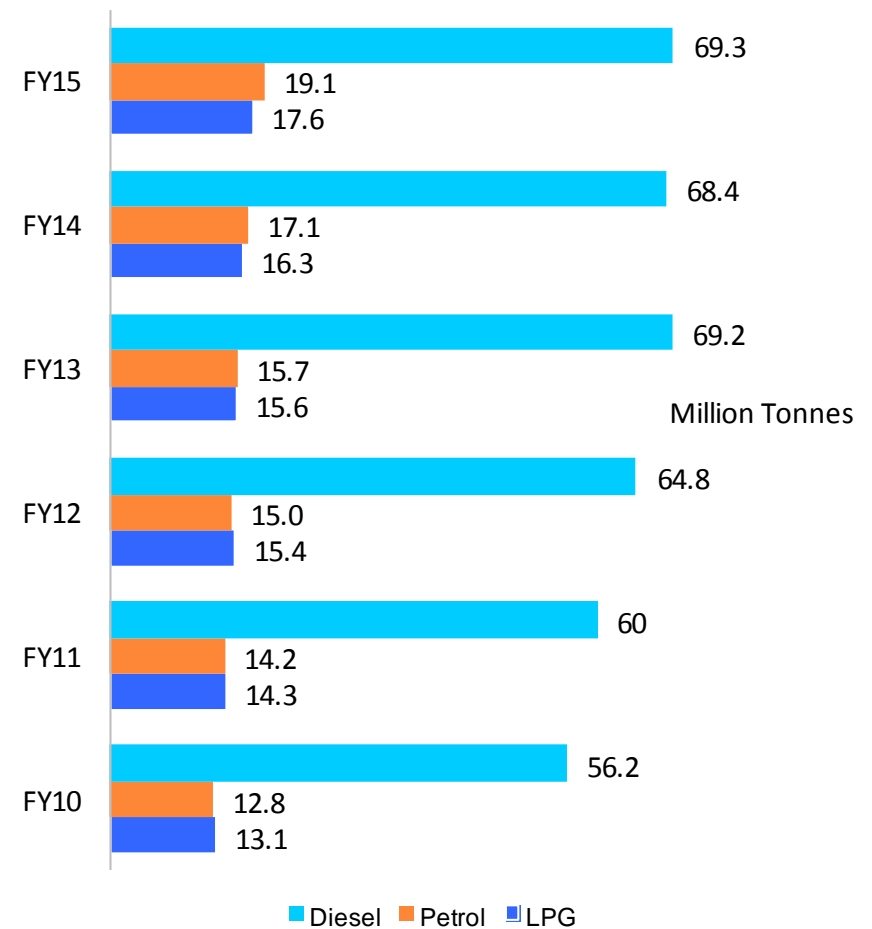
### 3. Industry Overview

# India - Oil and Gas Demand

## Per Capita Oil Consumption



## India Oil Demand



Source: CIA World Factbook, Central Statistics Office, Estimates 2012

Significant Potential for Domestic O&G Companies given the Low per-capita Oil Consumption and Growing demand.



# Indian Oil Industry

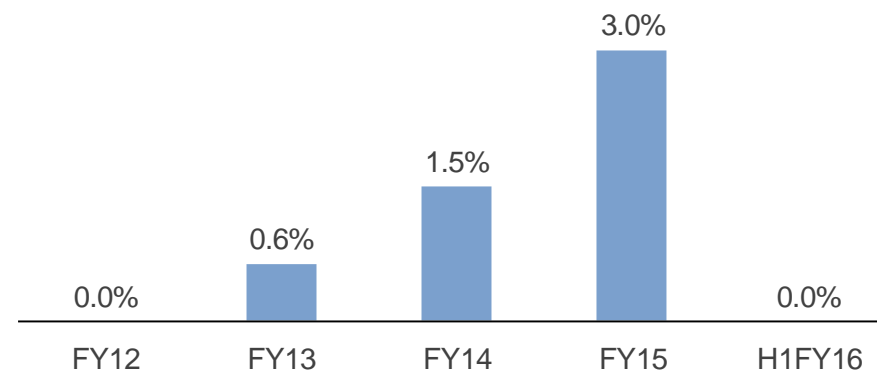
## Sharing of Under Recoveries

- Prices of retail sales of LPG and PDS Kerosene Oil are capped by the Government of India (GoI)
- Under-recoveries shared among GoI, the public sector OMCs and the public sector upstream companies (ONGC, OIL and GAIL)
- 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 - Penetration of almost 90% consumer base

## % Sharing of Under Recoveries by OMCs



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



**Thank You**