



ऑयल इंडिया लिमिटेड  
**Oil India Limited**

# Oil India Limited

Investor Presentation – July 2017



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**Oil India Limited**



## **Company Overview**

# Oil India Ltd.: An Introduction

## Rich Heritage

- Over 5 decades of presence in oil & gas sector
- Owns and operates a fully-automated cross country crude oil pipeline



## Strong Parentage with Govt. of India

- Govt ownership of 66.13%
- Awarded 'Navratna' status in 2010



## Integrated & fully serviced Oil & Gas Co.

- Presence across Oil & Gas Value Chain
- Integrated infrastructure and In-house expertise

## Domestic and Global Presence

- Domestic: 39 blocks: 24,149 sq. km
- International: 15 blocks: 77,972 sq. km



## Strong Reserve Base

- Reserve Replacement Ratio (Dom) consistently over 100%
- 2P reserves (Dom): Oil - 78.85 MMT, Gas - 123.65 BCM
- 2P reserves (Overseas): Oil – 40.15 MMT, Gas – 7.83 BCM

## Experienced Management Team

- Senior management team with strong in-house technical expertise in Company's core business

## Consistent Growth and Robust Balance Sheet

- FY17 Revenue: Rs.11,191 crore, PAT: Rs.1,549 crore
- Total Equity: Rs.29,090 crore



# Strong Parentage and Experienced Management Team

## Strong Parentage of Govt. of India

### 2nd Largest Public Sector E&P company

- Became a Public Sector Undertaking in 1981
- Govt owns 66.13%
  - CPSEs (IOCL, BPCL & HPCL) and LIC own 19.67%
- 2 Government nominees on the Board

### Awarded 'Navratna' Status in 2010

- Status accords complete autonomy in Company's domestic operations
- Enhanced authority for M&A or equity investments
  - **Domestic:** Up to INR 10 bn or 15% of net worth
  - **International:** Up to INR 30 bn or 25% of net worth

## Awards

- Platts Top 250 Global Energy Co. Rankings' 2016
- Annual Greentech Environment Award, 2015
- Annual Greentech Safety Award, 2016
- Governance Now PSU Award, 2016
- India Today award for best Co. in CSR & Sustainability

## Board of Directors

### Best In-Class Management Team



**Utpal Bora**  
**Chairman & MD**  
> 33 yrs experience

- Experience in diverse fields of exploration management of onshore and offshore fields



**R S Borah**  
**Director (Finance)**  
> 31 yrs experience

- Experience in diverse fields of financial management, audit and strategic planning



**Biswajit Roy**  
**Director (HR&BD)**  
> 33 yrs experience

- Experience in diverse functions including Mktg., Operations, Business Dev., HR



**P K Sharma**  
**Director (Ops.)**  
> 34 yrs experience

- Experience in the E&P industry in India and abroad



**Dr. P. Chandrasekaran**  
**Director (E&D)**  
> 33 yrs experience

- Experience in diverse fields of exploration management & E&P business development process

## Government Nominee Directors



**S. Sudhir**  
**Jt. Sec. (IC),**  
**MoP&NG**

- IFS 1993
- Consul General of India in Sydney prior to joining MoP&NG



**Amar Nath**  
**Jt. Sec. (Expl.),**  
**MoP&NG**

- IAS 1994
- Secretary, Department of Health, Govt. of NCT Delhi prior to joining MoP&NG



# High Standards of Corporate Governance

## ■ Present Composition of Board

- 5 Functional Directors (including C&MD) and 2 Government Nominee Director.

## ■ Processes

- Meetings generally held at Company's Registered/ Corporate Office.
- Meetings convened with appropriate advance notice. However, to address specific urgent requirements, meetings are called at a shorter notice.
- Detailed agenda, management reports and other explanatory statements circulated in advance for facilitating meaningful, informed and focused decisions.
- Agenda papers prepared by concerned officials, sponsored by Functional Directors and approved by CMD.
- Board/ Committee members have full access to all information and are free to recommend inclusion of any matter in agenda for discussion
- Each Committee has the authority to engage outside experts, advisers and counsels to the extent it considers appropriate to assist the Committee in its work

## ■ Committees

- Audit & Ethics
- Business Development
- CSR and SD
- Remuneration
- Human Resource Management
- Risk management
- Stakeholders' Relationship
- HSE



# Current Shareholding Pattern



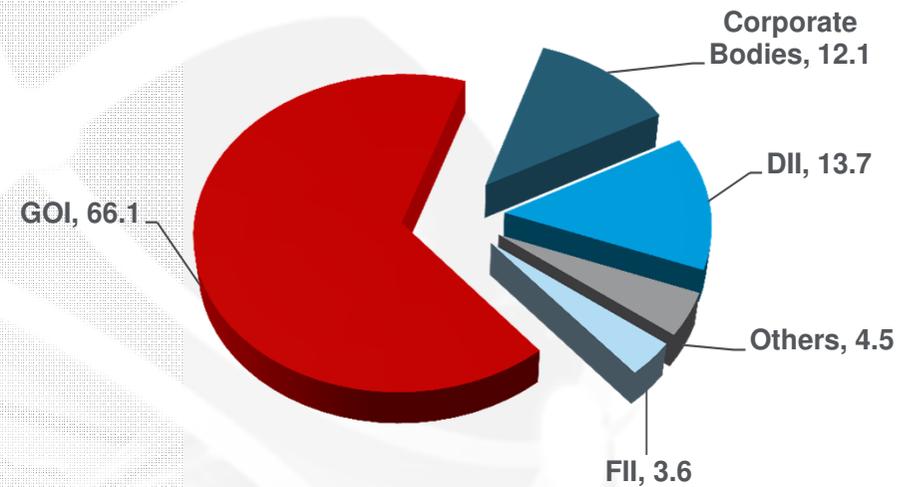
Listed on BSE & NSE

Number of shares\*  
75.66 crore

Dividend FY17  
Rs.14.25 /Share

Share price (52 Week High / Low)  
Rs.311 / Rs.254

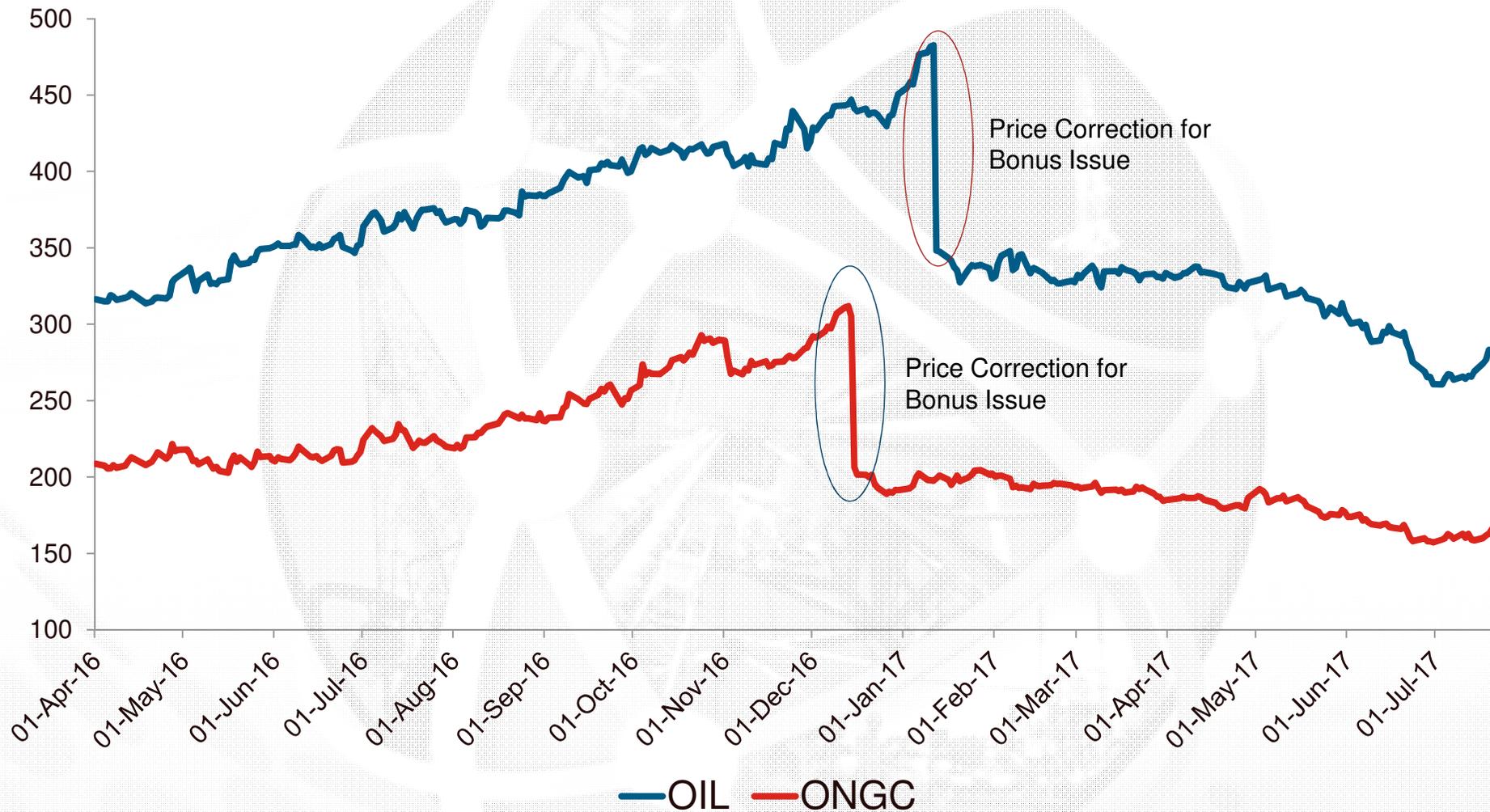
Market Cap \*\*  
Rs.21,366 crore



Key shareholders	% Shareholding
Government of India	66.13
Life Insurance Corporation of India	8.47
Indian Oil Corporation Ltd.	4.71
Bharat Petroleum Corporation Ltd.	2.36
Hindustan Petroleum Corporation Ltd.	2.36
ICICI Prudential Life Insurance Co. Ltd.	2.10
LIC of India P & GS Fund	1.77

\*Post Buy back \*\* as of 21.7.2017

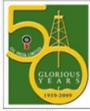
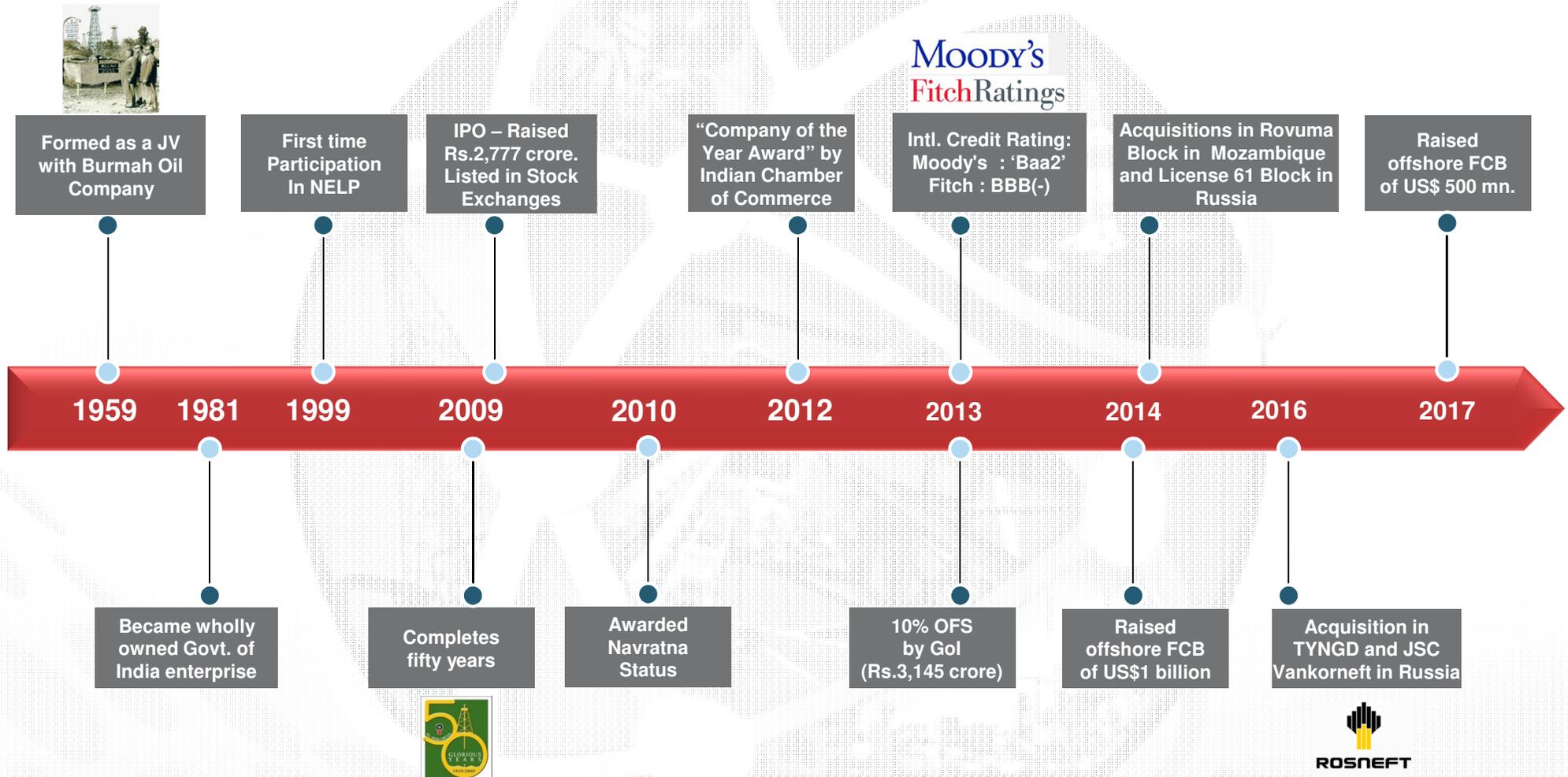
# Share Price Movement – Peer Comparison



Share performance of OIL in line with peers



# Oil India: Milestones and Track Record



**Over 50 Years of Experience in the Oil & Gas Sector**

## Key Performance Highlights

Acquisition of stakes in Russian Assets by consortium of OIL, IOC and BPRL:  
- 23.90% in CJSC Vankorneft ; 29.90% in TYNGD (Taas – Yuryakh)

Arrested sustained fall in crude oil production over last 4 years

Highest ever Natural Gas Production of 2.94 BCM, increase of 3.5% over previous year

Highest ever drilling meterage of 187,000 meter

Highest ever Capex of Rs.4,336 crore

Settlement of Royalty dispute on crude subsidy with GOI intervention

Issued Bonus Shares in 1:3 ratio

Buy-back of 4.49 crore shares at Rs.1,527 crore

NIL subsidy in FY 17, Crude oil price realization improved by US\$ 2.05/ bbl

Reaffirmation of International credit ratings by Moody's and Fitch at 'Baa2' and 'BBB-'

Received "NIL" C&AG Comments on Accounts for FY17 for 15th Consecutive Year





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Strategic strengths



## Integrated and Diversified Oil & Gas Player

Exploration	Production	Transportation	Downstream	Non Conventional Energy
<ul style="list-style-type: none"> <li>▪ <b>Domestic:</b> 39 E&amp;P blocks</li> <li>▪ <b>International:</b> Presence in Russia, US, Venezuela, Mozambique, Gabon, Libya, Bangladesh, Nigeria, Yemen and Myanmar</li> <li>▪ <b>Discoveries:</b> 10 discoveries during FY17</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Crude oil</b> <ul style="list-style-type: none"> <li>▪ 41 installations</li> <li>▪ 1,602 km pipelines</li> </ul> </li> <li>▪ <b>Natural gas</b> <ul style="list-style-type: none"> <li>▪ 29 installations</li> <li>▪ 730 km pipelines</li> </ul> </li> <li>▪ Advanced Recovery techniques to maximize production</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Crude Oil</b> <ul style="list-style-type: none"> <li>▪ 1,157 km pipeline; Over 6 MMT capacity</li> </ul> </li> <li>▪ <b>Multi-product</b> <ul style="list-style-type: none"> <li>▪ 660 km, 1.70 MMT capacity pipeline</li> </ul> </li> <li>▪ <b>Overseas</b> <ul style="list-style-type: none"> <li>▪ 10% stake in 741 km pipeline (Sudan)</li> </ul> </li> <li>▪ <b>Natural Gas</b> <ul style="list-style-type: none"> <li>▪ 23% stake in 192km DNPL in North-east</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Refining and marketing</b> <ul style="list-style-type: none"> <li>▪ 26% equity stake in NRL</li> <li>▪ 5% equity stake in IOCL</li> </ul> </li> <li>▪ <b>Petrochemicals</b> <ul style="list-style-type: none"> <li>▪ 10% equity stake in BCPL</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Wind Energy</b> <ul style="list-style-type: none"> <li>▪ Capacity 136.3 MW</li> <li>▪ 38 MW under implementation</li> </ul> </li> <li>▪ <b>Solar Power</b> <ul style="list-style-type: none"> <li>▪ Capacity 14 MW</li> </ul> </li> <li>▪ <b>Shale Oil / Gas</b> <ul style="list-style-type: none"> <li>▪ 20% stake in Niobrara Liquid Shale asset, USA</li> </ul> </li> </ul>

Fully serviced E&P Company with selective diversification in non-conventional energy



# Strong In-House Capabilities

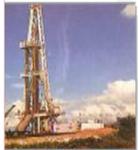
## Infrastructure to Support E&P Activities



One 2D and two 3D Seismic crew



10 Logging Units



24 Work-over Rigs



19 Drilling Rigs

## Production and Storage Facilities



70 Production Installations



5,000 km O&G Pipelines



~150k KL Crude Storage

## Vertically Integrated E&P Operations



In-house Expertise and Integration across Oil & Gas Infrastructure



Use of advanced techniques to maintain production from ageing fields

Deploys a wide array of IOR and EOR to achieve maximum recovery of oil reserves

Introduced hydro-frac operations to produce tight sands

Introduced radial drilling technology to improve productivity

Introduction of ESPs to improve artificial lifting from wells

Gravel pack completion for efficient production of unconsolidated sand reservoirs



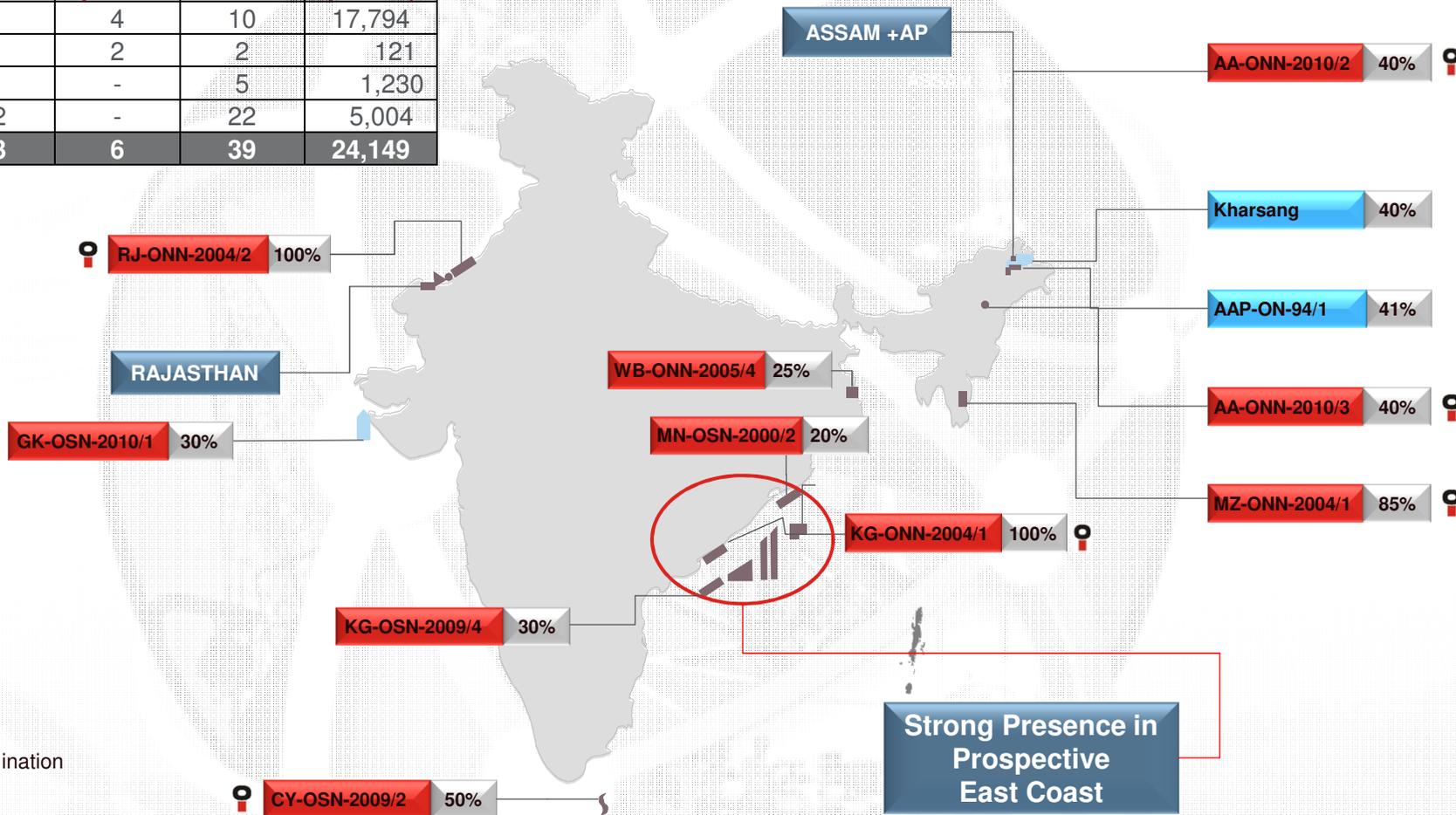
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Assets overview



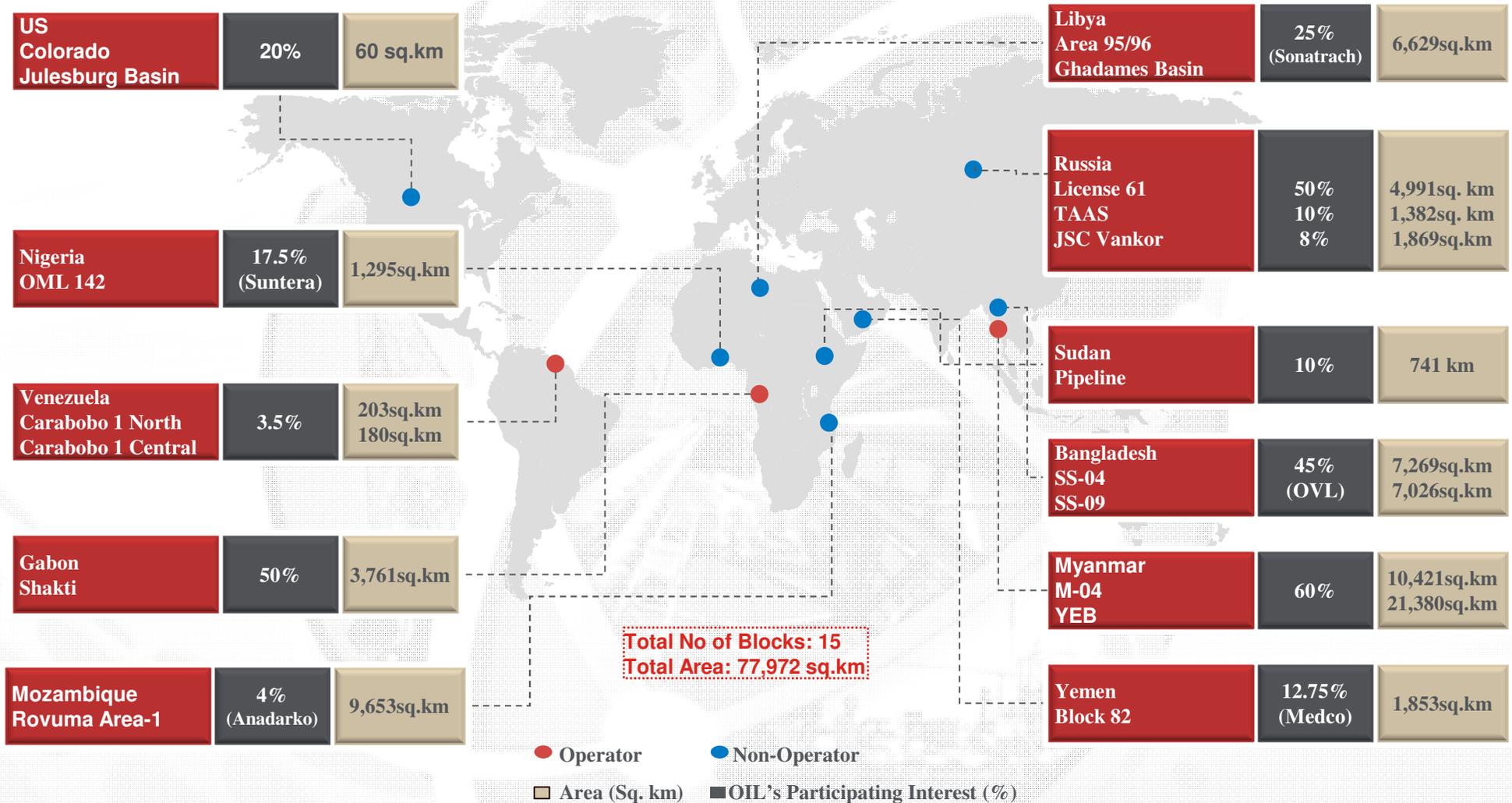
# Domestic Assets

Blocks	Operated	Non Operated	Total	Area (SQKM)
NELP	6	4	10	17,794
Pre-NELPJV	-	2	2	121
PEL (Nom)	5	-	5	1,230
PML (Nom)	22	-	22	5,004
<b>Total</b>	<b>33</b>	<b>6</b>	<b>39</b>	<b>24,149</b>



**Significant Presence in Regions with Demonstrated Commercial Production and Known Accumulation of Hydrocarbons**

# International Assets



**Strong International Footprint with Balanced Presence in Exploration Acreages & Producing Properties**

## Major Overseas Projects

### Project Carabobo, Venezuela

- Two blocks in Orinoco Heavy Oil Belt
- ~ 30 billion barrels of Oil in place from Project Carabobo
- Production started from Dec 2012
- Cumulative Production of Extra Heavy Oil since inception:~19 Mn. Bbl
- Current total production over 27000 BOPD

### Area 1 Rovuma, Mozambique

- OIL & OVL acquired 10% stake in Jan. 2014
- Acquisition Cost for OIL - US\$ 1,007 mn.
- 45-75 tcf recoverable resources
- Resource size supports 50 MMTPA of LNG
- FID expected by 1st Half of 2018

### Vankorneft, Russia

- Acquired 23.9% stake in Oct 2016 jointly with IOCL & BPRL
- Acquisition Cost: US\$ 2.02 Billion
  - OIL's share 33.5%
- OIL's share of 2P reserves:
  - 152.78 Mn Bbl of oil & 0.25 TCF of gas
- Current production ~ 355,000 bopd
- First dividend of USD 27.47 Mn (~INR 176 crore) received for CY 2016

### Taas Yuryakh, Russia

- Acquired 29.9% stake in Oct 2016 jointly with IOCL & BPRL
- Acquisition Cost: US\$ 1.121 Billion
  - OIL's share 33.5%
- OIL's share of 2P reserves:
  - 100.37 Mn Bbl of oil & 0.24 TCF of gas
- Current production ~ 22,000 bopd
- Production expected to reach 60,000 bopd by 2018-19.



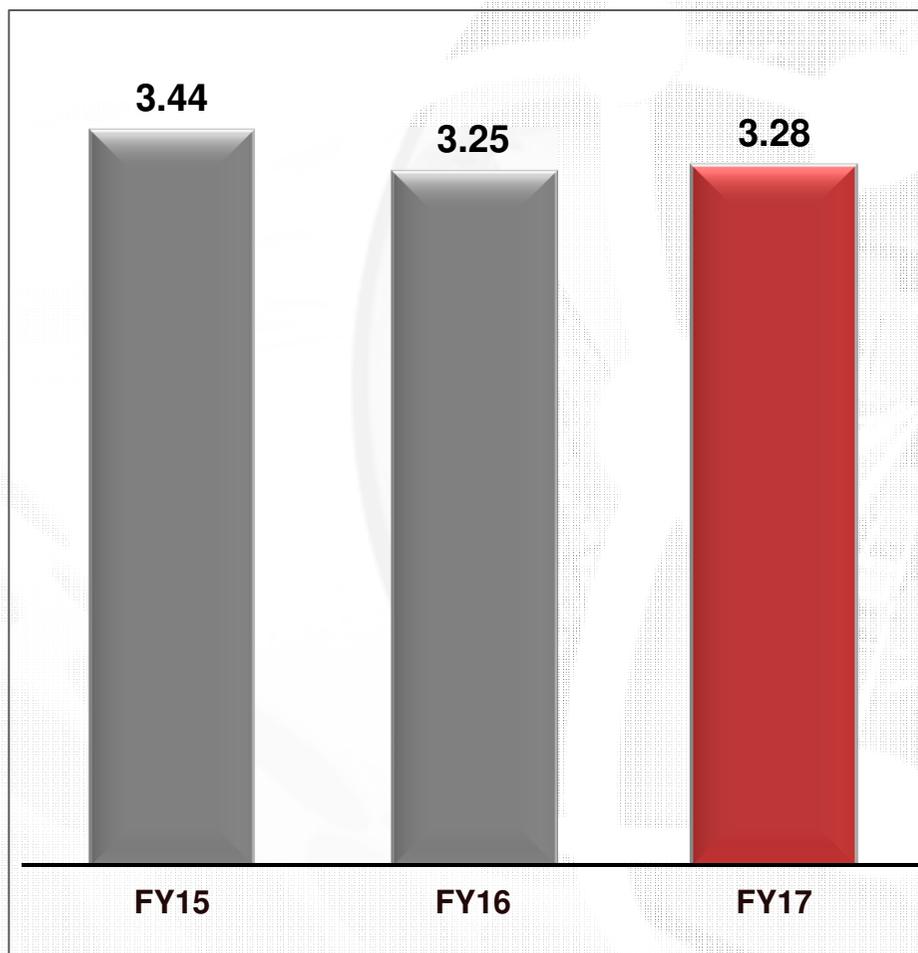
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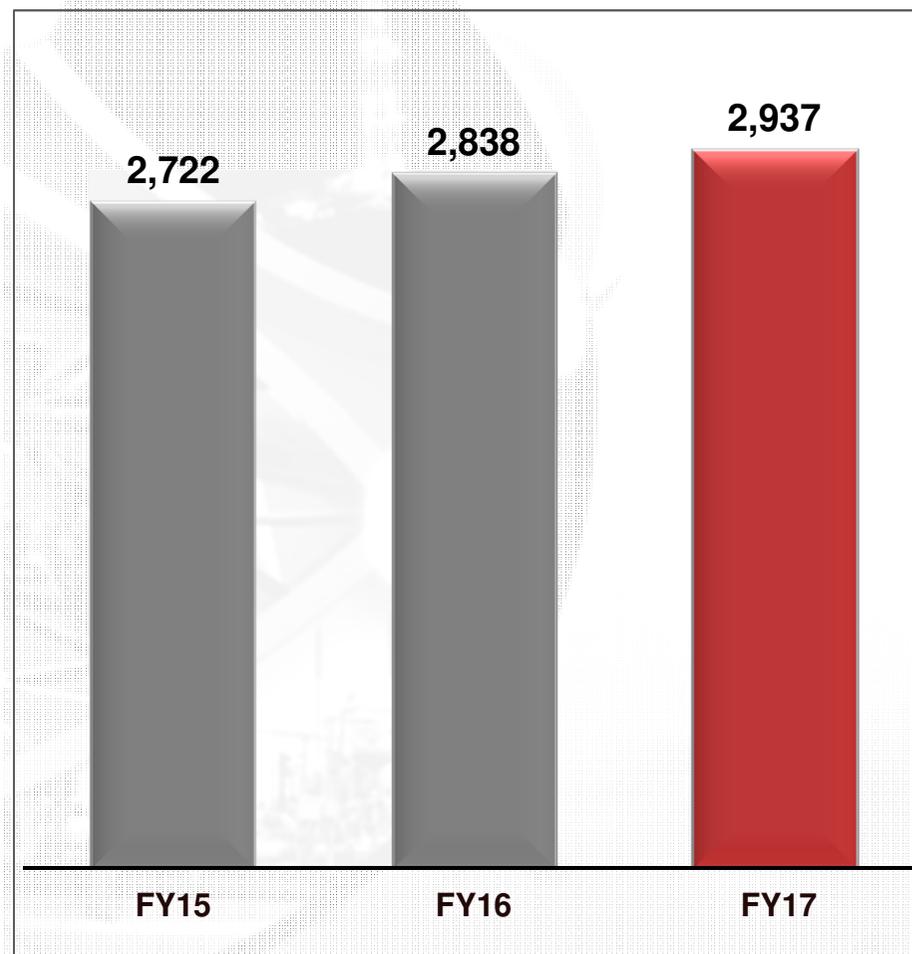
Operating and Financial Highlights

# Strong Operating Performance

## Crude Oil Production (MMT)



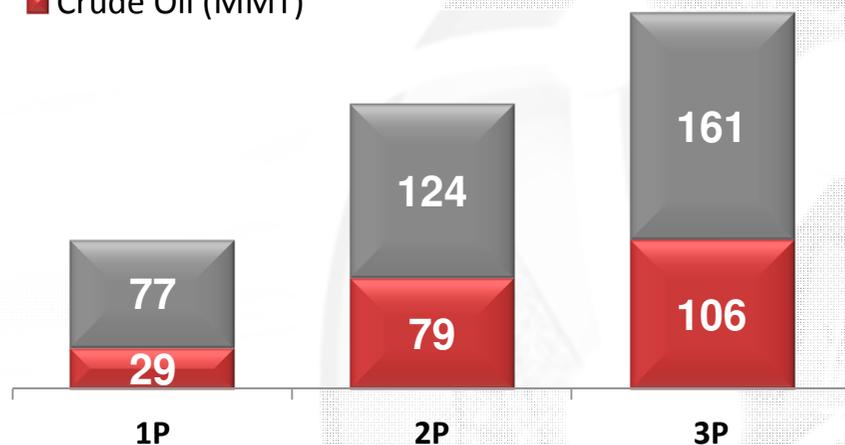
## Natural Gas Production (mmscm)



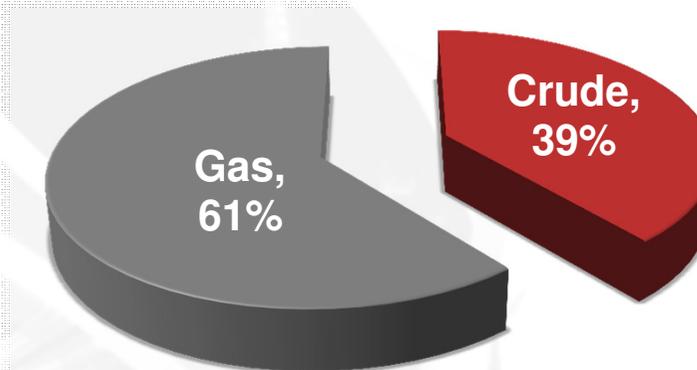
# Large and Diversified Domestic Reserve Base

## Balance Recoverable Reserves

- Natural Gas (MMTOE)
- Crude Oil (MMT)



## Reserves Split by Type (2P)



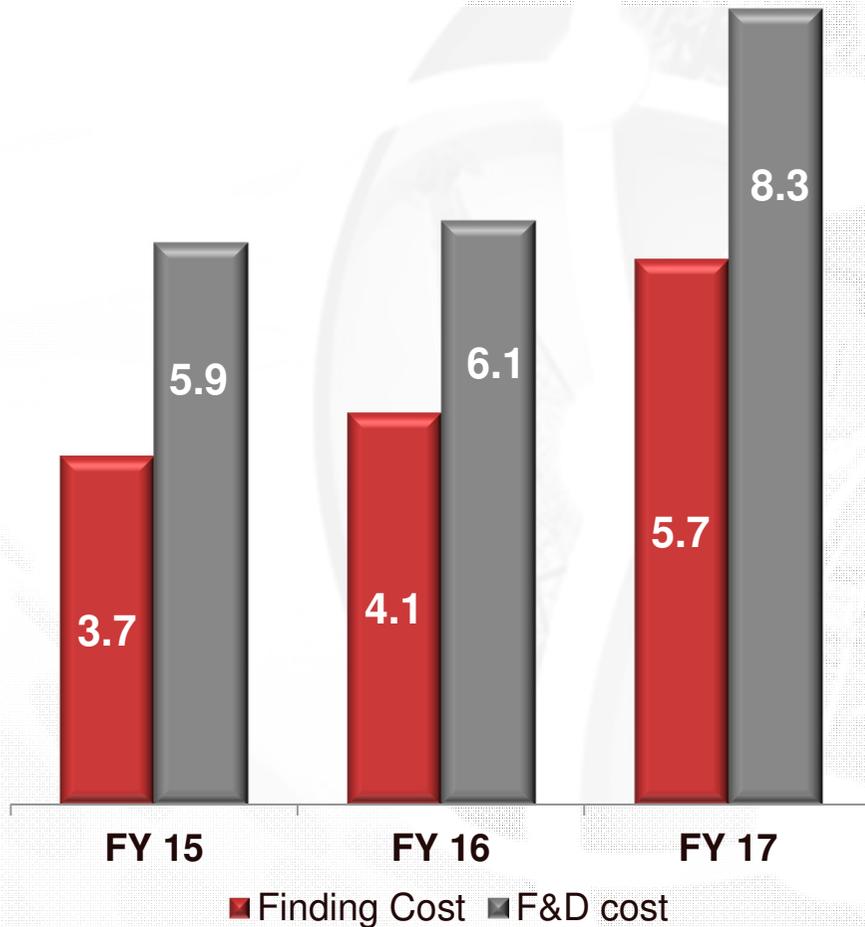
## Consistent Reserve Replacement Ratio Over One



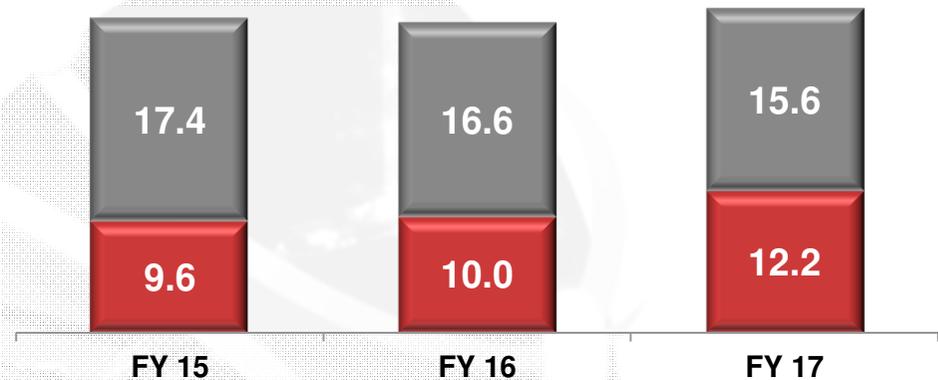
33 Years current production of O+OEG

# Attractive Cost Structure

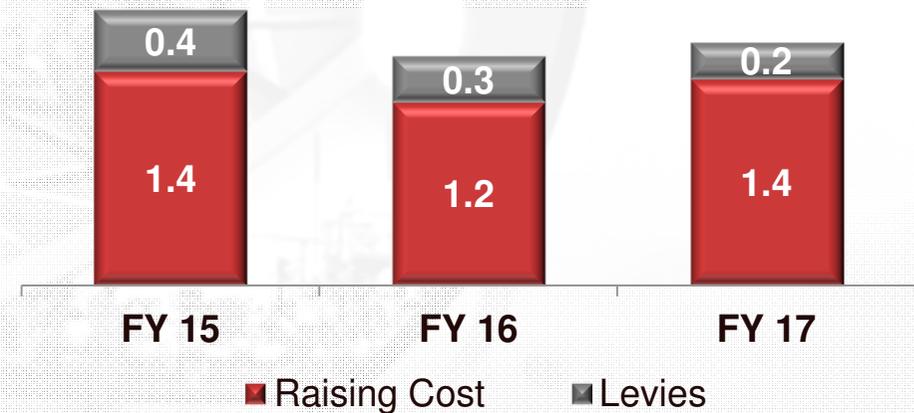
## Finding & Development Cost (USD/BOE)



## Crude Oil Production Cost (USD / bbl)



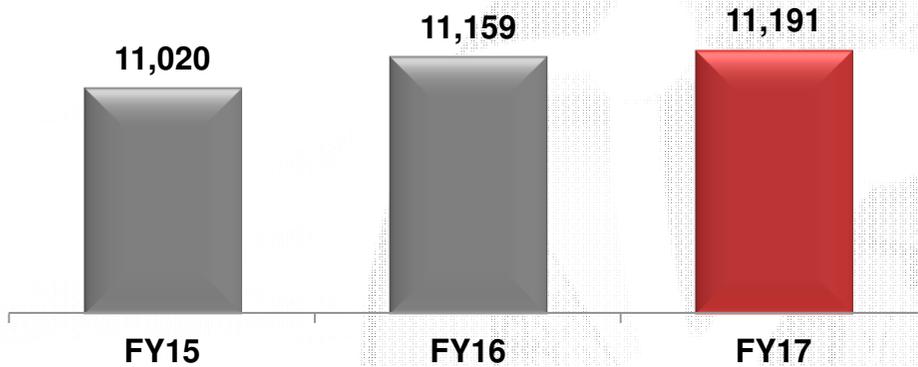
## Natural Gas Production Cost (USD/ MMBTU)



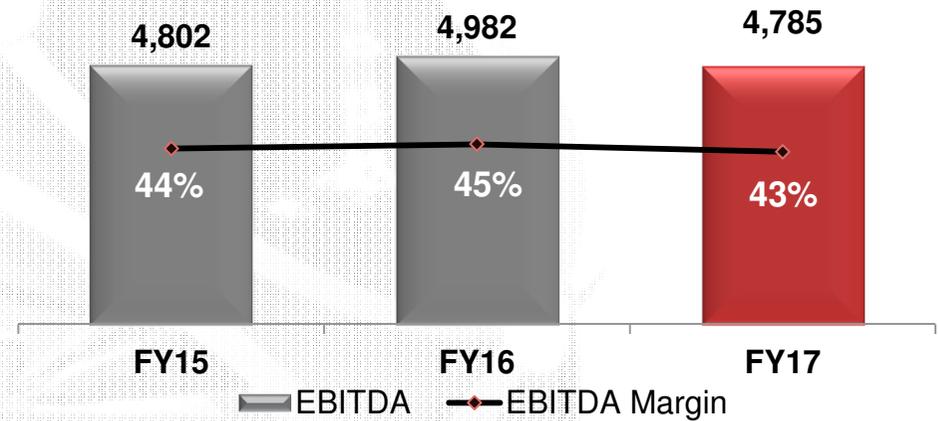
**OIL has the Advantage of Low Finding and Development Costs**

# Track Record of Delivering Strong Financial Performance

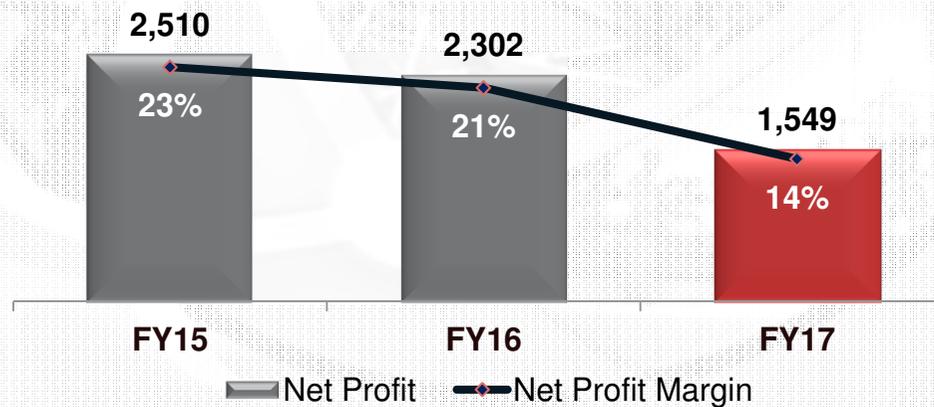
## Revenue (Rs. Crore)



## EBITDA (Rs. Crore) and EBITDA Margins (%)

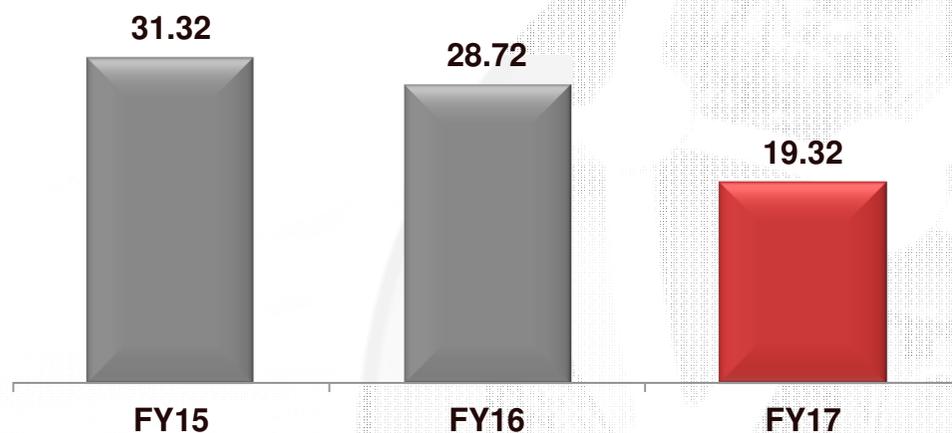


## PAT (Rs. Crore) and PAT (%)

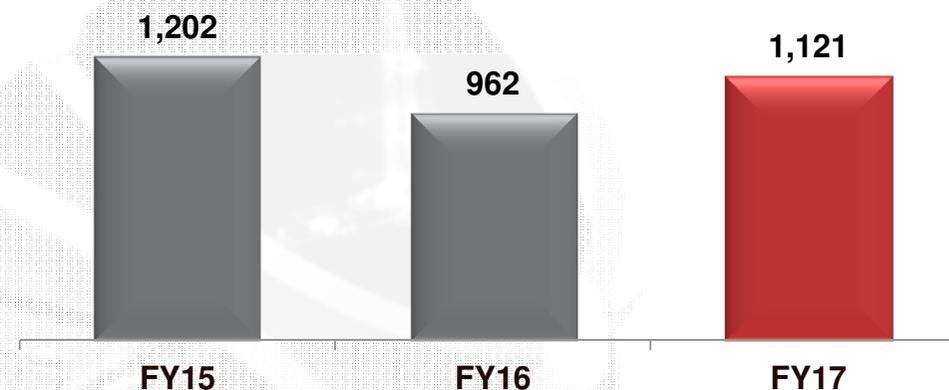


# EPS & Dividend

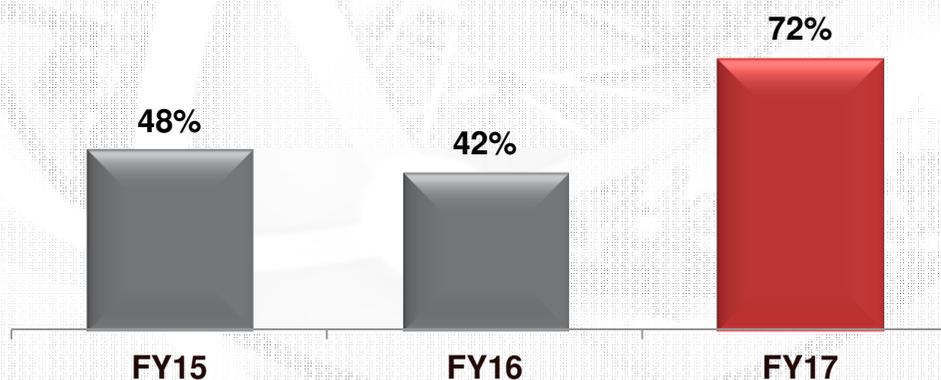
## Earning Per Share (Rs.)



## Dividend Payment



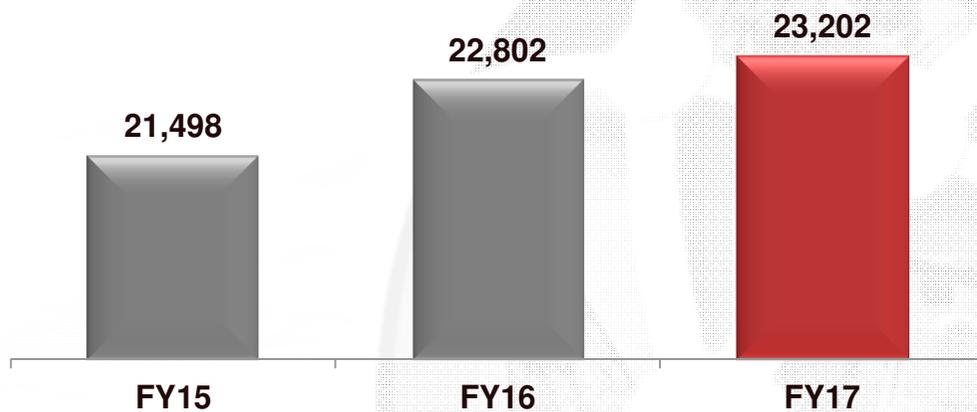
## Dividend Payout Ratio (% of PAT)



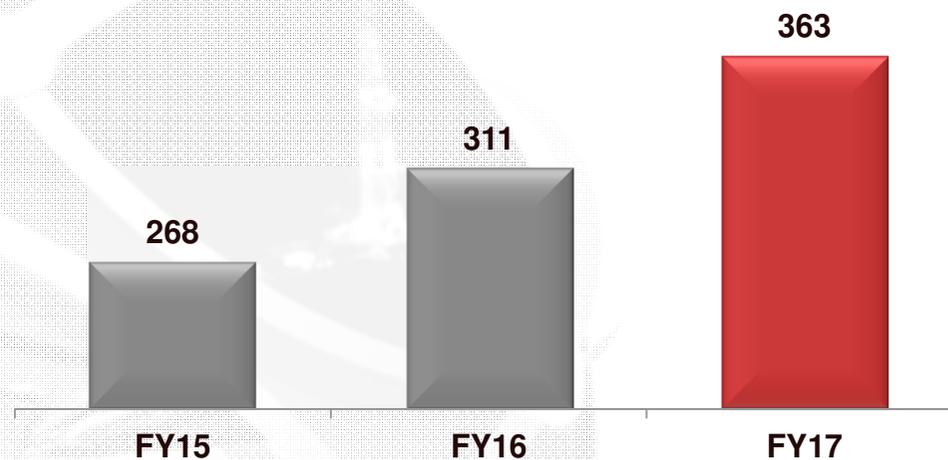
For FY17 Interim Dividend - Rs. 9.50/share, Final Dividend - Rs. 4.75/ share (recommended by Board)

# Strong Balance Sheet

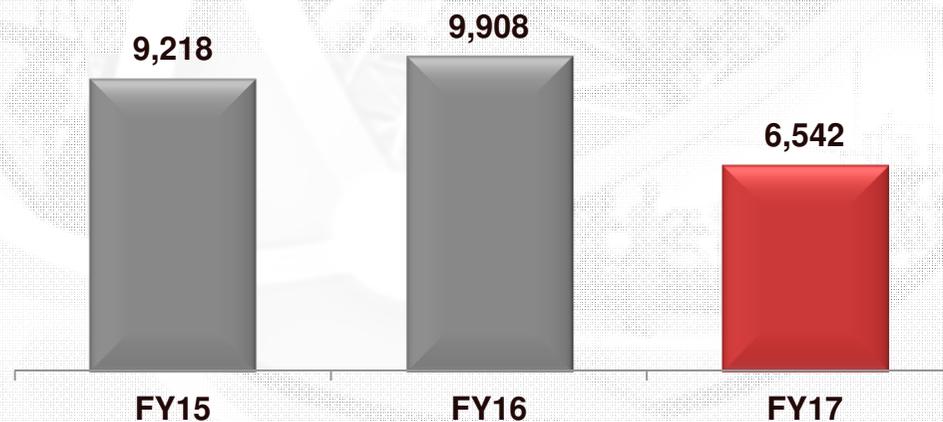
## Net Worth (Rs. Crore)



## Book Value per Share (Rs.)

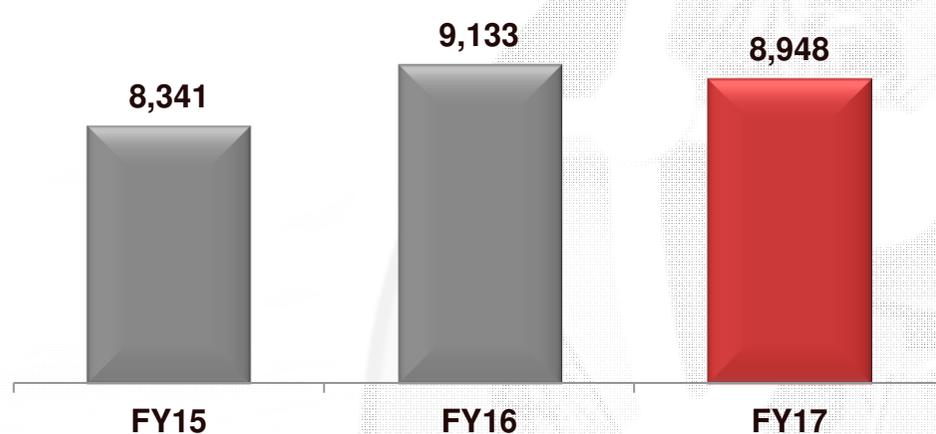


## Cash and bank balance (Rs. Crore)

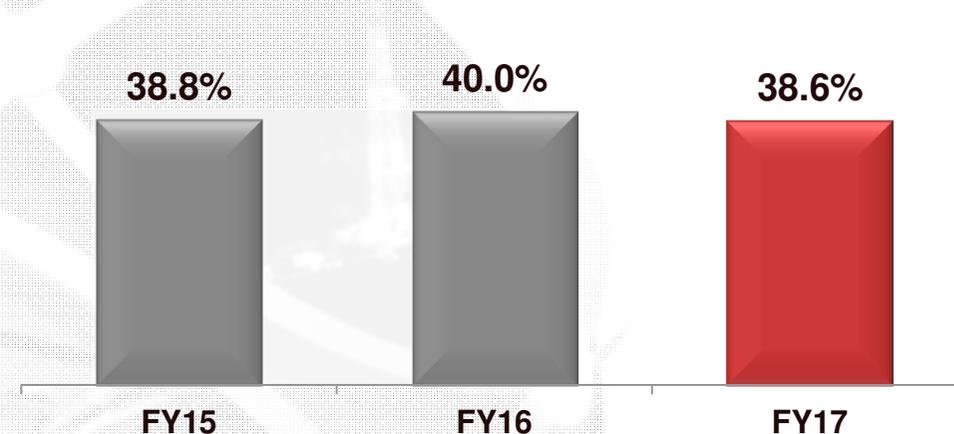


## And Low Leverage

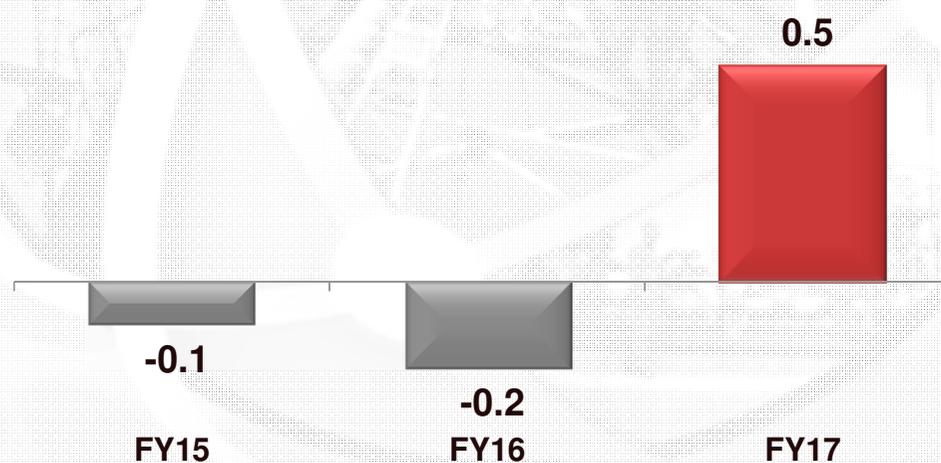
### Total Debt (Rs. Crore)



### Total Debt / Equity (%)

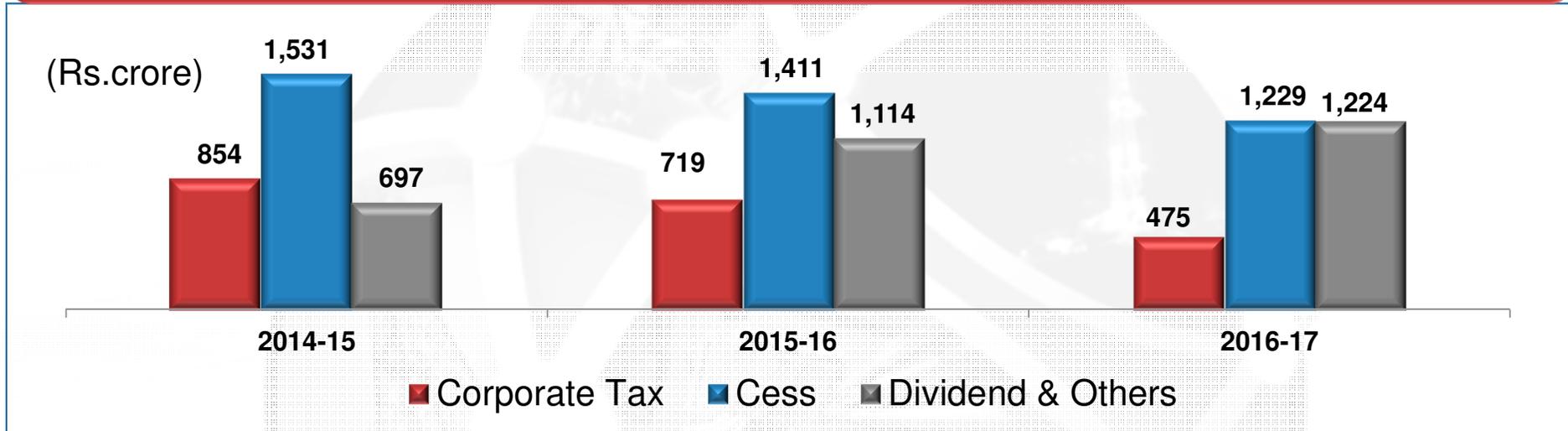


### Net Debt/ EBITDA (x)

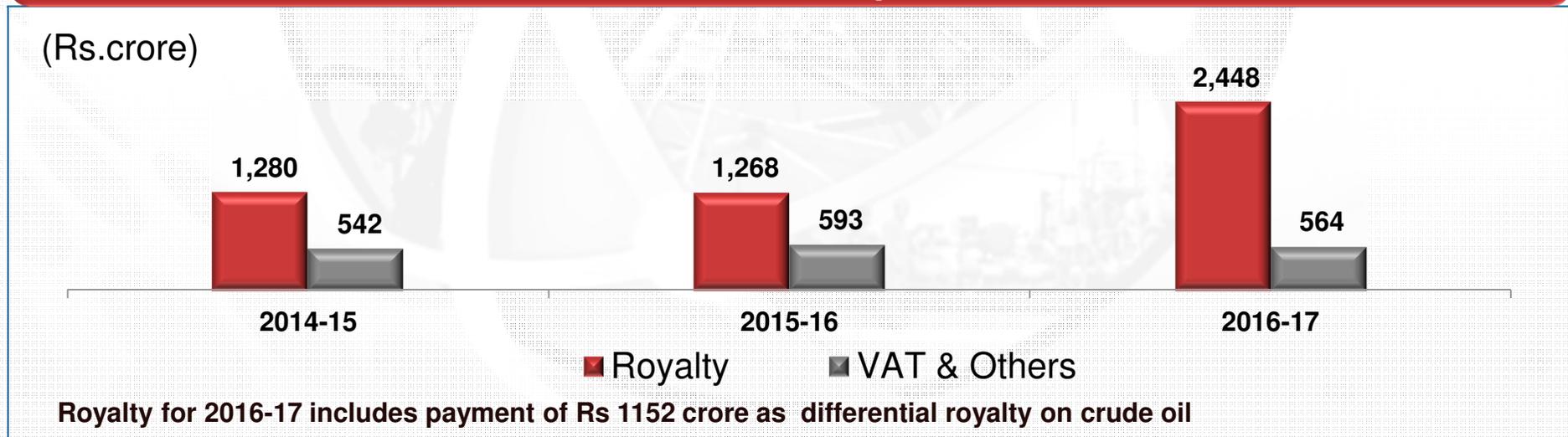


# Contribution to Exchequer

## Central Exchequer



## State Exchequer

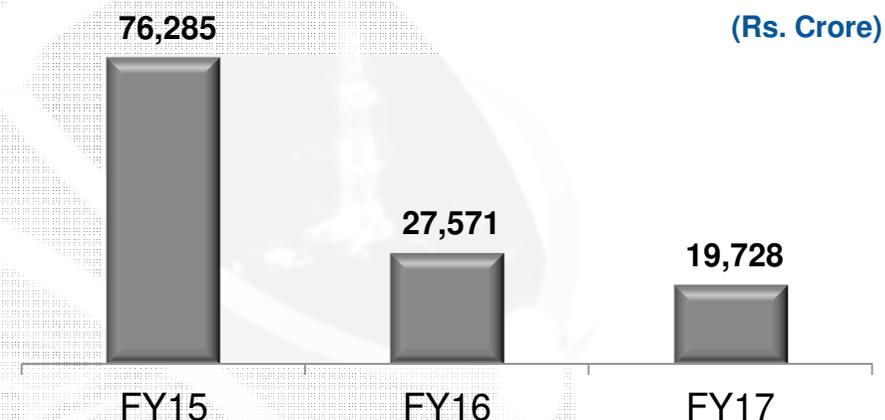


# Government Policy and Outlook on Subsidy

## Outlook on Subsidy

- ✓ Petrol Prices De-regulated in June 2010
- ✓ Diesel Prices De-regulated in October 2014
- ✓ Direct Benefit Transfer Scheme for LPG implemented effective Jan 1, 2015. subsidies on Domestic LPG fully compensated by Govt.
- ✓ >10 mn users surrendered LPG subsidy under “Give it Up”, a voluntary initiative
- ✓ RSP of Domestic subsidised LPG increased by Rs.30/ cylinder since July 2016.
- ✓ Govt. absorbing subsidy on PDS Kerosene upto Rs.12/ litre
- ✓ RSP of PDS Kerosene increased by ~ Rs.5/ Litre since July 2016.
- ✓ Direct Benefit Transfer Scheme for PDS Kerosene under implementation.

## Total Petroleum Subsidy



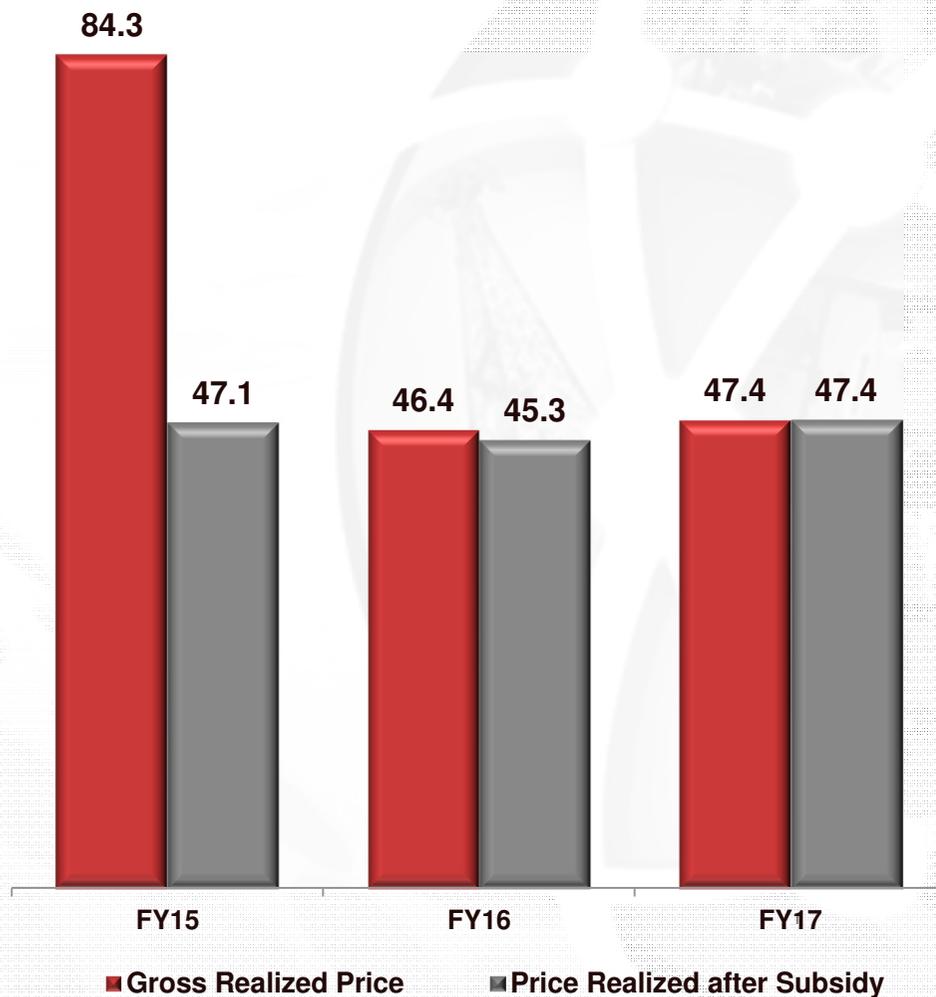
## Subsidy Sharing by Upstream Companies

	(Rs. Crore)		
	2013-14	2014-15	2015-16
ONGC	56,384	36,300	1,096
OIL	8,737	5,523	155
GAIL	1,900	1,000	-
<b>Total</b>	<b>67,021</b>	<b>42,822</b>	<b>1,251</b>

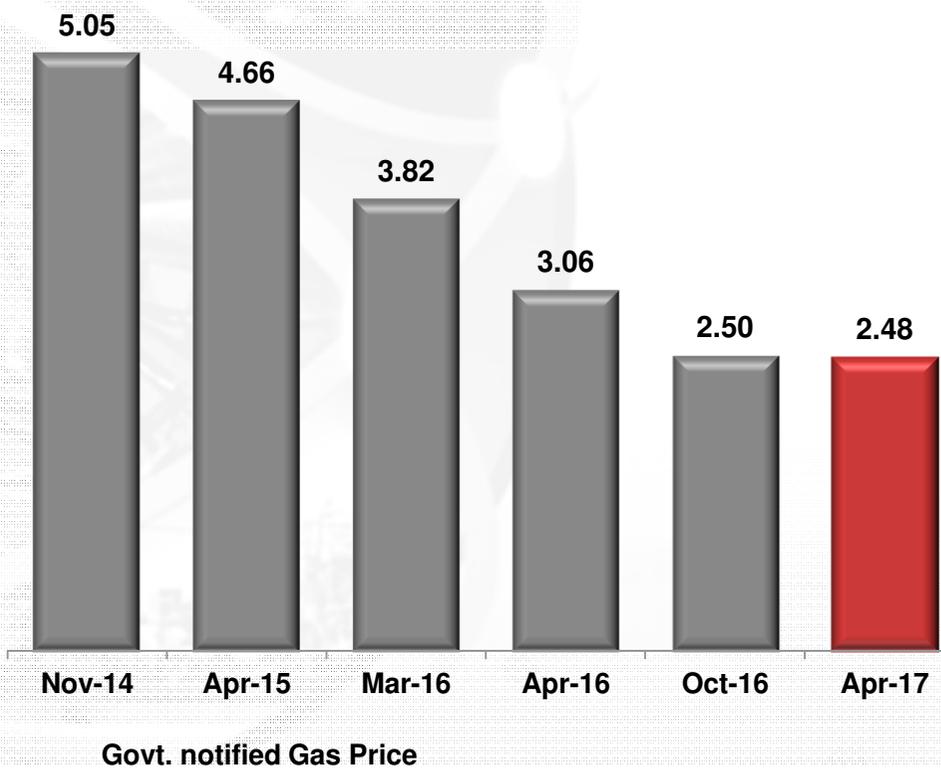
**Subsidy burden declines sharply with fall in crude oil prices and policy decisions. NIL subsidy absorption since Q3 FY16. Increase in oil prices to improve price realization**

# Realized Price for Crude Oil & Natural Gas

## Crude Oil (US\$/ bbl)



## Natural Gas (US\$/ MMBTU)





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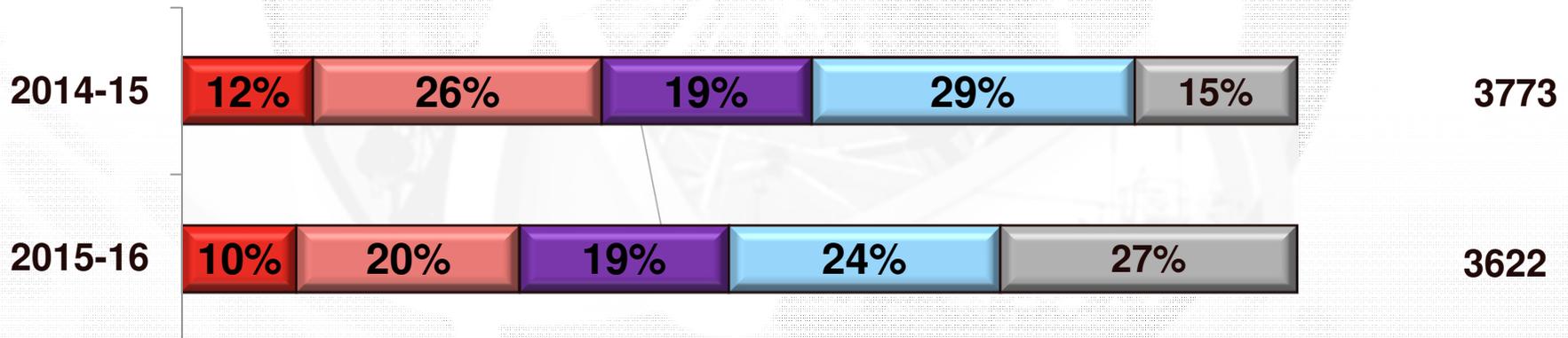
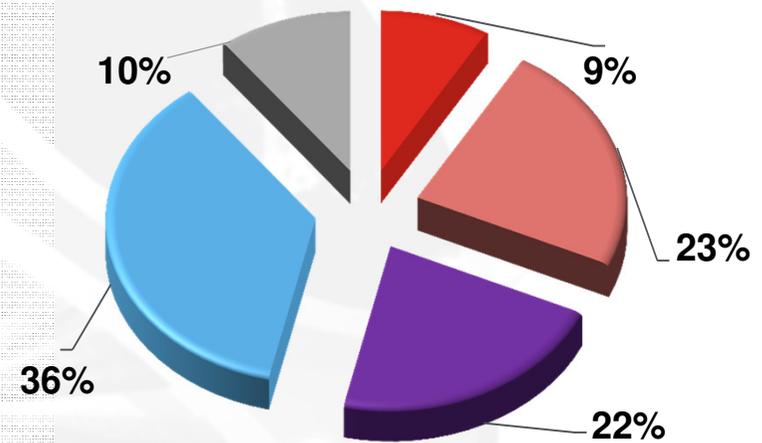
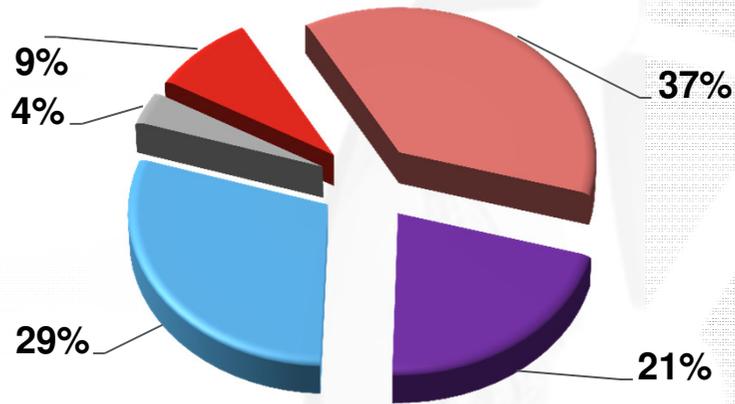
Growth Strategy



# Capex Plans

2016-17 (Actual) : Rs.4,336 crore

2017-18 (Plan) : Rs.4,290 crore



■ Survey 
 ■ Exploratory Drilling 
 ■ Development Drilling 
 ■ Capital Equipment 
 ■ Overseas Projects

# Production Guidance for FY'18

	2017-18 (Target)
Crude oil	3.33 MMT
Natural gas	3,020 mmscm



### Ningru PML:

- The PML, part of Assam & Assam-Arakan basin.
- The PML was awaiting re-grant from 2003 due to absence of forest clearance.
  - Forest clearance recently obtained.
- PML includes Kumchai oil field which has an estimated Oil-in-place (OIP) reserve of ~ 15 MMKL and Gas-in-place (GIP) is of ~ 4055 MMSCM.
- Current production : Crude oil : 25 KLPD, Natural Gas : 35000 SCM.
- Capacity to produce about 500 KLPD of oil and 0.2 MMSCMD of gas.
- To provide considerable upside in production of oil and natural gas.

### Extended Reach Drilling

- **Extended Reach Drilling planned in Baghjan field to produce oil and gas from the portion falling below Dibru Saikhowa National Park (DSNP)**
- **Plan to drill seven ERD wells to extract oil from depth of about 3900-4000 meters**
- **Expected production growth about 0.2 MMTPA**

### Dirok Block:

- **OIL's share in the Block - ~44%**
- **1st phase of production of ~ 0.20 MMSCMD expected to start from August 2017.**
- **Production ramp up to 0.50 MMSCMD by 2018.**
- **Pipeline and other facilities are in place for production.**
- **Expected to produce condensate also.**

**Domestic growth focus continues in main producing areas of Assam & AP**

# Long Term Growth Strategy

**OIL has aspiration to be an international E&P player with operations at scale in at least two geographical clusters outside India, significantly higher production, reserves and cash flows while being known globally for its capabilities to extract value from mature assets.**



**15 MMTOE production translating to 6-7% growth p.a. with R/P of 15, 2.5x production, 4x revenues and 5x net profits relative to 2015**



**50% of production outside NE and international presence at scale in 1-2 clusters (1.5-2 MMTOE each)**



**Among top 10 mature asset operator globally; known for extracting value from mature assets**



**Selective, profitable diversification in the energy value chain to monetize E&P assets and participate in India's push for renewables**



**Most preferred E&P company in India to attract and retain exceptional talent, while continuing to be exceptionally well regarded in the community**

# Strategies to Achieve 2030 Aspirations

**Reimagine Main Producing Area development to maximise potential**

**Step up exploration and development activities in select Indian basins**

**Build international presence at scale in one or two geographic clusters**

**Pursue selective, profitable diversification in the energy value chain**

**Achieve top 10 status in global mature asset exploitation**

**Restructure organisation & people processes to deliver the perspective plan**

## Positive Policy Environment

- Maximising domestic Oil & Gas production a strategic priority for Govt. Aim to reduce import dependence by 10% by 2022.
- Hydrocarbon Exploration Licencing Policy implemented in place of NELP
- National Data Repository to facilitate Open Acreage Offer
  - NSP being undertaken for 2D API in un-appraised areas. OIL mandated for NE.
- “Hydrocarbon Vision 2030 for Northeast India” gives strategic importance to the development of Northeast India - the main operating area for OIL.
- Action areas envisaged under the NE Vision for upstream sector:
  - Increase in production from mature fields
  - Enhancing exploration activities
  - Offering premium on gas production
  - Re-allotment of relinquished blocks on nomination to NOCs
  - Concept of Zero phase of exploration and increase in exploration time to 8+4 years
  - Expansion of Refining capacity and Pipeline network
- Monetisation of marginal fields
- Unconventional Exploration Policy for PSUs



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Summing Up



## Conclusion



**2nd Largest Public Sector E&P Company**

**...With Strong Credit Metrics**

- Steady and sustained growth
- Sound financial health
- Strong operating track record
- More than 5 decades of E&P expertise
- Spreading wings: NE – Pan India – Global
- Large prospective E&P acreage
- Pioneer in Pipeline Transportation
- Entry into discovered and producing assets
- Diversifying into new areas but core focus remains in E&P



*Thank You*

