"Indian Oil Corporation Limited
Q1 FY27 Earnings Conference Call"
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INDIANOIL MANAGEMENT
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- **MR. NITIN KUMAR – EXECUTIVE DIRECTOR (CORPORATE FINANCE AND TREASURY)**
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MODERATOR: **MR. VARATHARAJAN SIVASANKARAN -- ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Indian Oil Corporation Limited Q1 FY '27 Earnings Conference Call, hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Varatharajan from Antique Stock Broking Limited. Thank you, and over to you, sir.

Varatharajan S.: Thank you, Avirath. Good afternoon, ladies and gentlemen. It's my pleasure to welcome all the participants to the first quarter FY '27 Results Call of Indian Oil Corporation. We have with us Mr. Anuj Jain, Director, Finance; Mr. Nitin Kumar, ED, Corporate Finance and Treasury; Mr. Pramod Jain, CGM, Treasury. Without much ado, I would like to hand over the floor to Mr. Anuj Jain for his opening remarks.

Anuj Jain: Thank you, Mr. Varatharajan. Dear Investors and Analysts, a very good afternoon to all of you. I take this opportunity to welcome all of you to the Conference Call organised by us, post announcement of the 1st Quarterly results of FY 2026-27.

I thank each one of you for joining the call. I trust you have had an opportunity to review the results we have posted on our website, exchanges and the updates that have been shared with you. In today's call, we would like to walk you through our performance for the quarter gone by, provide some insights on the broader macroeconomic context, and also share with you the strategic initiatives we are pursuing to strengthen our position as India's largest energy company.

Before I move to the operational and financial highlights, let me briefly touch upon the evolving geopolitical developments and their implications for the global energy markets.

Since the last call, the global energy landscape has continued to evolve at a rapid pace. While the announcement of a 60-day truce between the United States and Iran in mid-June shown signs of moderation in concerns over supply disruptions, the overall environment remained marked by geopolitical uncertainty, evolving sanctions, and the reconfiguration of global trade and energy flows. Recent renewed military escalations in the middle east have once again brought the security of critical maritime energy corridors, particularly the Strait of Hormuz and Red Sea into sharp focus, reminding us that volatility remains an inherent feature of the global energy ecosystem.

Energy security now depends not only on resource availability, but also on resilient supply chains, diversified sourcing, and operational agility in a complex global environment. I am pleased to inform that IndianOil has once again demonstrated these strengths by ensuring uninterrupted energy supplies across the country with reliability and resilience.

IndianOil continues importing secure / reliable / economically competitive crude oil grades from diverse countries while managing challenges of high market volatility, logistics challenges in terms of ships/ insurance/ freight cost among other things. Amidst disruption, we diversified our sourcing by increasing imports from other geographies like Russia, Venezuela / Brazil & even from African countries, thereby ensuring continuity of crude oil imports to maintain our planned refinery operations. The spot imports for the quarter stands at about 84% against 51% in the last year.

As regards our operational performance for Q1 FY 2026-27, we reported a Net Loss of ₹ 2,661 Crore, compared with a Profit after Tax of ₹11,378 crore in the preceding quarter (Q4 FY 2025-26) and Profit after Tax of ₹5,689 Crore in the corresponding quarter of FY 2025-26.

The reported loss needs to be viewed in the context of heightened geopolitical tensions and ongoing conflicts, which led to significant volatility in international crude and product prices and exerted considerable pressure on marketing margins on retail fuels, materially impacting the quarter's profitability.

Revenue from operations during this quarter stood at Rs. 2,75,972 crore against Rs. 2,32,855 Crore in the immediately preceding quarter of this year. The sequential increase in revenue was mainly driven by higher product prices. The revenues for the corresponding quarter of FY26 was Rs. 2,18,608 crore.

While the global environment remains uncertain, with geopolitical developments continuing to pose challenges for global energy markets, our commitment remains steadfast. We remain fully committed to safeguarding the nation's energy security and ensuring uninterrupted energy supplies across the country, while navigating these challenges with operational resilience and supply chain agility.

At the same time, our focus extends firmly beyond the immediate environment. We continue to maintain a strong emphasis on long-term strategic growth initiatives, aimed at strengthening our core businesses, expanding our capabilities across the energy value chain and supporting India's growing energy requirements.

Friends, now the operational and financial highlights will be briefed by Mr. Nitin Kumar, Executive Director, Corporate Finance and Treasury. Over to you, Nitin.

Nitin Kumar: Dear investors and analysts, a very good afternoon. Kindly note that today's discussion may include forward-looking statements, which are based on currently available information, assumptions, and expectations, and are subject to uncertainties that could cause actual results, performance, or achievements to differ materially from those expressed or implied.

Participants are advised to refer to the Company's latest filings with regulatory authorities for a more detailed discussion on the risks and uncertainties.

Before turning to our numbers, let me briefly touch upon the macro backdrop against which this quarter played out.

The US Federal Reserve has held its benchmark rate in the 3.50–3.75% range through the quarter, with elevated inflation readings keeping the door open to further tightening rather than cuts. On the domestic front, the RBI's Monetary Policy Committee has similarly kept the repo rate unchanged at 5.25%, maintaining a neutral stance, even as it flagged upside risks to inflation from elevated crude prices and global geopolitical tensions. Taken together, these signal a continued higher-yield environment for the foreseeable near term.

Coming to the forex market, the Rupee remained volatile during Q1 FY'27, depreciating to a quarterly low of about 96.83 per USD in mid-May on US-Iran escalation and the Strait of Hormuz closure, before recovering to around 94.67, aided by RBI's measures and US-Iran ceasefire announcements. Rupee is currently trading in the range of 95-96 per USD and continues to remain under pressure driven by global geopolitical developments.

As per PPAC report, MS and HSD consumption grew a healthy 7% and 5% sequentially over the previous quarter, reaffirming the resilience of India's mobility and industrial demand even amid calibrated pricing adjustments in response to volatile global markets. ATF volumes, however, contracted by around 5%, reflecting suspended international routes following recent airspace closures and softer air travel on the back of higher fares. LPG volumes declined by roughly 20%, largely a structural outcome of tighter regulatory norms on commercial supplies and the Government's demand-optimisation measures.

The monsoon, after a weak start, has since picked up momentum, though distribution across regions remains uneven. The progress of the monsoon will remain an important variable for rural demand, agricultural output, and consequently for fuel consumption patterns in the agri and mobility segments.

The average price of Crude – Indian Basket during this quarter increased to \$ 100.74/bbl from to \$ 83.01 /bbl the immediately preceding Quarter i.e. Q4 FY 26 (increase of ~21%) due to ongoing US-Iran conflict leading to supply disruptions.

Now let me briefly touch upon the quarterly performance highlights

While we responsibly absorbed a portion of international crude spikes to shield the domestic market from inflationary pressures, our overall volume footprint remains solid, uniquely positioning us for rapid margin recovery as global energy dynamics normalize and our optimized product mix takes full effect.

Talking about the numbers, Now let me briefly touch upon the major verticals:

Refineries

During the quarter, Refineries achieved crude throughput of 19.2 MMT with a capacity utilisation of 109.4% in comparison to throughput of 19.7 MMT and capacity utilization of 113.9% during the preceding quarter. For Q1 2025-26, the throughput was at 18.7 MMT with capacity utilisation of 106.7%.

Our Refineries have achieved lowest-ever quarterly Fuel & Loss of 8.04% post BS-VI scenario.

Pipeline

During the quarter, Pipeline has achieved highest ever quarterly throughput of 28.5 MMT with capacity utilization of 79.9% vis-à-vis 27.7 MMT during the preceding quarter with capacity utilization of 78.3%.

During the corresponding quarter of FY’26, the capacity utilization was about 73.5% with throughput of 26.3 MMT.

Marketing

The total sales volume during the quarter was 26.211 MMT as compared to 27.343 MMT during Q4 FY'26, and 26.328 MMT in Q1 of FY 2025-26.

During the quarter, 320 retail outlets were commissioned, taking the total number to 43138.

Recently Indian Oil has launched Indane XTRALITE NOW, a 10 kg composite LPG cylinder offering with express four-hour home delivery. Simultaneously, the popular 5 kg Indane 'Chhotu' cylinder will also now be available on express home delivery along with the 10 Kg XTRALITE NOW cylinder.

Indane XTRALITE NOW offers customers a smarter LPG experience through express delivery, minimal documentation, seamless digital booking, and enhanced convenience. Launched initially in Pune, Gurugram, Indore and Coimbatore, the offering will subsequently be expanded to other cities in a phased manner.

Petrochemicals:

The sale of petrochemical products, including exports during this quarter was 0.768 MMT, compared to sale of 0.901 MMT in the preceding quarter.

Gas

During the quarter, we registered gas sales of 1,873 TMT which includes CGD sales of 67 TMT as compared to total gas sales of 1,814 TMT (includes CGD sales of 54 TMT) during the preceding quarter.

Renewable Energy

Our wholly owned green subsidiary company Terra Clean Limited has received connectivity approvals for 2.65 GW capacity on Central Transmission Utility (CTU) and State Transmission Utility (STU).

Project activities are in progress for setting up 100 MW wind power project in the state of Gujarat. Additionally, UPNEDA (Uttar Pradesh New and Renewable Energy Development Agency) has allotted 423 acres of land in the state of UP for development of Solar Power Plant of around 100 MW.

Terra Clean Ltd. is aggressively exploring Commercial & Industrial (C&I) customers across India for providing reliable green power through long term Power Purchase Agreements under the Group Captive Open Access mode.

IndianOil is working to strengthen its position at the forefront of India's biofuels and energy-transition agenda, aligning with the nation's twin objectives of energy security and decarbonisation. Across Hydrogen & Green Hydrogen, Ethanol, Biodiesel, Compressed Biogas and Sustainable Aviation Fuel, the Corporation continues to scale commercial capacity and deepen its partner ecosystem.

Capex

During April to June 2026, the Company incurred a total capex of Rs. 6,461 crore, encompassing investments across all verticals. The budgeted capex target for the FY 26-27 is Rs. 32,700 Crore. These investments are aligned with our long-term strategic roadmap and national energy priorities.

The major refining and petrochemical expansion projects across Panipat, Barauni, Gujarat, and Paradip are at advanced stages of execution and are targeted for completion during 2026-27. Phase-wise commissioning of process units, utilities, and offsite facilities are being undertaken in a structured manner to enable progressive capacity build-up and integration

So far as Panipat Refinery expansion is concerned it is expected to be completed by Dec'26. Barauni by Dec'26 and Gujarat by Nov'26.

Borrowings

With respect to the Borrowing levels, the borrowings as on 30th June 2026 was at Rs. 1,41,453 crore level compared to Rs. 1,10,668 Crore as on 31st March 2026. The increase in the borrowings was mainly on account of higher working capital requirement.

As of 30th June 2026, the Company's gross debt-to-equity ratio stood at 0.71, reflecting a comfortable leverage profile. After adjusting for financial investments, the net debt-to-equity ratio further strengthens to 0.51, positioning us well to pursue growth opportunities, absorb market volatility, and maintain financial strength across cycles.

With these words, I take a pause here and request Director of Finance for his further remarks.

Anuj Jain: Thank you, Nitin. I would like to extend my sincere appreciation to our investors and all stakeholders for their continued confidence and support. As India's energy landscape evolves, we remain committed to playing a pivotal role in meeting the country's rising energy demand while simultaneously advancing the nation's energy transition objectives. We will continue to pursue growth with discipline, resilience and a long-term perspective, creating sustainable value for all our stakeholders.

With that, I will end my briefing here. We would now be happy to take your questions. Thank you.

Moderator: Thank you very much. The first question is from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen: Congratulations for a resilient performance what has been a very challenging quarter. My first question is actually a slightly broader one from a capex standpoint. The presentation shared earlier by the company very clearly shows that most downstream investments will actually be completed in calendar year '26. So just wanted your view on how you are looking at capital allocation for maybe the next 2 to 3 years. Will renewables be almost taking up the entire amount of focus?

Are there any downstream, brownfield or greenfield projects that you're still looking at? Just your perspective on how the capital allocation for IOCL would look, sir, from a 2 to 3-year perspective, will be very useful? That's my first question.

Anuj Jain: Yes. Thank you. As you have known that we normally do a capex between INR30,000 crores to INR40,000 crores in a year. And our major expansions are getting over in this year itself. But if you see from next year onwards, we still have many petchem projects where our capex will continue to be spent.

As you are aware, we plan to enhance our petchem intensity from 6.5% to 15%. Estimated capex on the same would be around INR100,000 crores over the next 5 to 6 years. All these projects are in the various stages of approval. Various projects are under discussion, whether it's renewables, whether it is petchem, biofuels or also shipping, we are trying to acquire a few ships. So all these put together, our capex should be between INR30,000 crores to INR40,000 crores in the next 2, 3 years also.

Probal Sen: Got it, sir. That's pretty useful. The second question was more about the GRM that you have mentioned, which is net of SAED. If the SAED or export tax was not there, just as a hypothetical, what would the normalized GRM have looked like if we can quantify the SAED impact on a per-barrel basis?

Anuj Jain: See, you know our reported GRM is $15.59 per barrel.

Probal Sen: Right.

Anuj Jain: And see, GRMs depend upon many factors, but to be very specific, if you add SAED, it would be around $36 per barrel for Indian Oil Corporation.

Probal Sen: That would have been the gross number if we were to include SAED.

Anuj Jain: Yes. $36.

Probal Sen: Got it, sir. One last question, if I may, sir. How much has LPG loss per cylinder reduced in the current quarter? And what was it per cylinder for us in Q1?

Anuj Jain: I will give you the month-wise data. In the month of June, after the price revision, my under-recovery per cylinder was in the range of INR665 per cylinder. Which, in the month of July, the figures may vary it was around INR475 per cylinder. August, it came down because the Saudi CP came down significantly. You know that the Saudi CP came down from 796 to 592. And now Saudi CP has again gone up from 592 to 632. So we expect that during this quarter, it should be around INR250 per cylinder.

Probal Sen: That would be the average roughly is what we are anticipating.

Anuj Jain: Yes, that would be average in Q2, assuming that the same Saudi CP continues for the next month as well. The under-recovery has come down significantly vis-a-vis July. I would also add that everything depends upon the geopolitical situation. You would have seen that we were seeing the downward trend, suddenly it has started showing upward trend.

Probal Sen: Right. No, of course, sir. That is obviously there. Appreciate that.

Moderator: The next question is from the line of Sabri Hazarika from Emkay Global.

Sabri Hazarika: Two questions. Firstly, was there any inventory impact on the GRMs in Q1? And also on the marketing side, was there an inventory impact?

Anuj Jain: See, yes, there was an inventory impact on GRMs and there was an inventory gain on finished goods. So we had the impact on both. So if you talk about the crude side, we had an impact of $3 to $4.

Sabri Hazarika: This was loss or gain?

Anuj Jain: It was a loss. And in case of finished goods, we had a gain. So that also helped us to mitigate our losses for this quarter.

Sabri Hazarika: Okay. So finished good gains could be like around INR6,000 crores, INR7,000 crores. I'm just making a rough cut guess based on some of your peers.

Anuj Jain: No, it was little bit on a higher side because, as you know, we are carrying a huge inventory in our system. So it was around INR15,000 crores.

Sabri Hazarika: INR15,000 crores for the quarter?

Anuj Jain: Yes.

Sabri Hazarika: Okay, sir. Fair enough. And this was mostly for all the products, right? Petrol, diesel, and LPG everywhere there is a price increase?

Anuj Jain: Not because of price increase, there are many other factors. So I don't want to say it was on account of price increase. It was on account of variation in the pricing.

Sabri Hazarika: Okay. Fair enough. And sir, secondly, on your project, so can we see full impact of the refining projects in FY '28 in terms of any escalation in GRMs also or that could take still time? I know you have taken it up in the past also, but can you just like again revise us on what is the expectation? And also the PX-PTA project, which you have stated that it will commission soon. So when that is expected to add to earnings?

Anuj Jain: See as we have said that, yes, most of the projects are going to be commissioned in quarter 3 of 26-27. So definitely our installed capacity will go up and the crude throughput will come in phases. Next year, our crude projection is definitely on a higher side. So we expect in '27, '28, my throughput should be somewhere around 85 MMTPA.

Sabri Hazarika: Right. Any GRM escalation?

Anuj Jain: GRM will depend upon the play between the crude oil prices and the product prices in the international market. So we cannot predict what would be the GRM next year.

Moderator: The next question is from the line of Nitin Tiwari from PhillipCapital India.

Nitin Tiwari: Once again, congratulations on a very resilient performance. This was a very difficult quarter. So sir, following on the question of previous participant, once our refinery expansions are concluded so can

-- of course, I mean, commenting on GRM is difficult, but can you comment on yield? I mean, would it be possible for us to improve our yield over 80% that we usually have from our refinery?

Anuj Jain: See, you already know that this is one of the best performance distillate yield and our losses are also minimum. And we continue to improve it. And with the new modern expansion happening, we definitely expect that our GRMs should improve.

Nitin Tiwari: Okay. Sir, what kind of yields can we expect? Can we expect that our yield would improve to mid-80%? Is that a possibility from 80%?

Anuj Jain: I can't give the specific number, but I would say that since IOC will be able to process a higher portion of value-added products, the returns are definitely going to go up.

Nitin Tiwari: Okay. Right, sir. Sir, secondly, I just wanted to understand a little bit on our pricing policy. So previous quarter was, of course, an anomalous one. But, I mean, mid-May onwards we did take some price increase. So, I mean, given that the crisis in West Asia has again cleared up, right? I mean, so where do we stand in terms of petrol and diesel? Are we making, I mean, losses in these products again? And are we considering any price revisions, if you can comment on that. And how do we go about understanding your pricing action if we have to go in there?

Anuj Jain: As far as pricing is concerned, it is very, very dynamic. Situation is so dynamic that you can see it is changing on a day-to-day basis. But broadly, I can say that we remain engaged with the concerned authorities on this issue. And particularly, we are hopeful that we would be getting reasonable support from the government of India on LPG. And based on the past experience also, we have seen that the government has fully extended support to PSU OMCs.

Therefore, on LPG, based on the past practice, we are confident that suitable compensation for LPG under recoveries will be considered. Yes, there would be uncertainty in the timing of compensations and the quantum, but we are definitely sure that on the LPG part, we are going to get support.

As far as the other products are concerned, the situation remains very dynamic and many factors affect the pricing. So it depends upon the crude cost, the product margins, exchange rate movements, trade market, insurance markets, inventory gains and losses. So many things will be affecting. So all these factors would be considered, and appropriate decisions will be taken.

Nitin Tiwari: Sure, sir. Lastly, if I may just continue on the pricing question, sir. What was the increase in the commercial diesel price that we had taken? The retail, I suppose, was INR7.5, but how much was the commercial diesel price change, if you may, please highlight that? And also, what is the portion of commercial diesel sales in our overall diesel sales?

Anuj Jain: Just give me one minute. But see, commercial diesel prices are always moving in tandem with the international market because the HSD prices for commercial consumers are always linked to the international market prices. Whatever discounts it is being passed as per the contractual terms. I would broadly say that even today, the prices have got modified.

Nitin Tiwari: Any indicative number in rupees per liter that you can tell us, which we are charging for commercial consumption?

Anuj Jain: If you say 10% to 15% of my total HSD volume is bulk volume. If you want to factor in that, these prices would be moving as per the international prices.

Nitin Tiwari: All right, sir. Understood, sir. Thanks so much, sir, for answering my question. I'll get back in the queue.

Anuj Jain: If you want to have specific data, my team would be happy to give you after this con-call what have been the consumer prices in the past 3 to 4 months.

Moderator: The next question is from the line of Vivekanand from Ambit Capital.

Vivekanand: I have 2 questions. The first one is with respect to the landed cost of crude. If you can help us understand the buildup of that, let's say, the cost -- physical cost plus insurance and freight. And how does it compare versus, let's say, 4Q? Or let's say, just when the crisis began in March, how much of a premium or discount on the Brent were you getting crude landed in India versus how it is now? And has there been any change in trend in the last month also? That will be great if you can help us with that. That's my first question.

The second one is on the supply chain. What more can you do in terms of, let's say, improving the ability of Indian oil companies to source crude without being at the mercy of market vagaries? I understand that there is some JV between -- I mean, MoU between the MoPNG and the Ministry of Shipping, is there any progress there? If you can talk about this topic.

Anuj Jain: See, whenever we talk about crude prices, I think it would be very important to benchmark, at what benchmark were we buying before the war happened and what we are doing today. So roughly, I can tell you, because it keeps on changing on each transaction what we are doing. Pre-war, generally, IOC was buying Brent minus $1 or $2 in the market. But since the war has started, you all know that the crude oil prices went very high. So we had a procurement cost of around $10 per barrel over Brent during the peak of the war. It keeps on changing.

So overall impact, I would say, it was somewhere around $10. But in the month of July, again, it came down to $2 to $3 per barrel, and again, it is going up. So it is moving on fortnight-to-fortnight basis or day-to-day basis. But yes, you can say there was an impact of $10 per barrel on the peak of the war situation.

And coming to your second question that what we are doing for the supply chain? I think I would say definitely we have diversified our portfolio. You would have seen that we are not dependent on one single source. Yes, the Middle East remains to be the main source, but we have diversified our sourcing Russian crude, whether it is West African crude or Latin American crude, all these crudes have significantly diversified. And based on the geopolitical situation, we keep on changing our sourcing strategy.

You would have seen that now even in the past quarter, since the Middle East volume got affected, we have increased our procurement from South America, we have increased our procurement from West Africa, Russia, and Venezuela. So even USA, a few cargoes came. So it was a very diversified procurement strategy, which helps a company like Indian Oil. Now coming to your third question regarding what the status of the JV MoU between MoPNG and Shipping. Yes, that is also one of our strategies, which even started before the war started.

We wanted to have a shipping tonnage security as well. So I would say under the aegis of MoPNG and the Ministry of Shipping, on 19th September, a non-binding MoU was signed. In this, the Indian Oil shall be exploring to procure 4 MR vessels to start with. And this is a JV where we have other partners, other oil and gas partners would be there. So this working is going on. Tenders are already out. So we are just seeing how much we can have a tonnage security by way of this joint venture company.

Vivekanand: Thanks, Anuj, for the detailed answer. Just one follow-up on the first question. So the $10 overall impact that you mentioned, this is versus the Brent Crude. And secondly, does it include shipping and logistics costs or is it...

Anuj Jain: It is all inclusive. All inclusive.

Vivekanand: Okay. This is for the overall portfolio, right?

Anuj Jain: It is for the overall portfolio, yes.

Moderator: The next question is from the line of Keshav Soni from Kotak Bank.

Keshav Soni: I have a question on ethanol blending. So what is the volume of ethanol that IOCL sourced in this quarter? And any indicative price of what was the cost was on a per liter basis this quarter versus the same quarter last year?

Anuj Jain: As per the Government of India policy, Indian Oil has achieved a 20% target of ethanol blending. So this is at par with the other oil marketing companies. And as far as pricing is concerned, we have different types of ethanol and each product will have its independent pricing. On a basket basis, it is blended with the MS, and it is sold to the customers.

Keshav Soni: Okay. Understood. And also I have one more question in terms of combined losses of OMCs. I think during the beginning of this quarter, the government was saying that the total losses could be likely as high as INR75,000 crores in this quarter, but the reported number of all 3 OMCs, including IOCL, are significantly better. Any specific reason for that?

Anuj Jain: See, there were many factors which helped us. First of all, the excise duty was reduced. The prices were increased in multiple tranches. When this figure was given, it was in the beginning of April, but subsequently, in the month of June, the prices came down -- significantly down. So practically, the impact of June was not that much what we observed in the initial months. You would have seen the con-call, all the oil companies had positive inventory gains. So all these factors put together helped us to mitigate this situation.

Moderator: The next question is from the line of Sanjay Mookim from JP Morgan.

Sanjay Mookim: I just wanted to follow up on the question from the earlier participant. On the 16th of June, sir, media reports suggested the Oil Secretary saying the OMCs are hitting borrowing limits, sir. But if I look at the changes in debt for yourself and for the other OMCs, there doesn't seem to have been any cash flow stress or any material cash flow stress at all. How do I reconcile the comment from the Oil Secretary on the 16th of June versus what has been reported, sir?

Anuj Jain: If you see, my borrowings have gone up. If you see on 31st March, my borrowings were INR110,000 crores and on 30th June, it has gone to INR141,000 crores. So there was a significant jump within these 3 months itself, if you see. But nonetheless, because we had a very good financial year '25-'26. So my even after this increase, my debt equity ratio still remains 0.7.

But if you see on the absolute numbers, my borrowings have gone up significantly by INR31,000 crores in one quarter itself. it is not the first time oil sector companies have seen this type of borrowing levels, we have a banking arrangement to take the money from the banks at very competitive rates and to manage the situation. But the situation remains very, very strong. In one quarter, our borrowings goes up by INR31,000 crores.

Sanjay Mookim: No, sir. I was just commenting on the fact that the secretary said companies are unable to borrow more and that sounded like a distressed situation. But like you say, it doesn't look that bad.

Anuj Jain: I have not seen that statement. see, money is always available in the market. The issue is at what rate you will get. So what he probably would have meant that they are not able to get the money at the same rates what they were getting if we had a comfortable position.

Definitely, if you go to the market with INR31,000 crores borrowing in 1 quarter, your cost will go up. Each company will have its own profile. So in our case, having a very strong balance sheet, we still manage it. But I will not be wrong to say that my interest cost went up from what we were -- at what rates we were borrowings before the war.

Sanjay Mookim: Sure, sir. If I may follow up on the second sort of clarification. Historically, when we've seen that crude falls through a quarter, so this quarter, the opening crude and closing crude is way different, and crude closing is much lower than where it was at open. And historically, in such situations, we have seen IOCL report very large inventory losses. But in this quarter, at least the accounts don't seem to suggest that a material loss has been booked. Is that the right understanding, and how do I reconcile that?

Anuj Jain: No. You have to compare the crude prices on the 31st of March and whatever after the Ind AS impacts everything on the 30th June 2026. So on overall basis, this quarter, if you talk about on 31st of March, my inventory was somewhere around \$87 per barrel, and on the 30th June, it was somewhere around \$83. So I had an inventory loss on crude this time. And as I said in the first question itself, on the finished goods side, I have an inventory gain because the quotes in the international market of gasoil, gasoline, and all the products, went up. So there we had inventory gain. But on crude, we had a marginal inventory loss.

Sanjay Mookim: Sorry, sir. You said you marked your crude on June 30th at \$83, is it?

Anuj Jain: Yes.

Sanjay Mookim: Bloomberg, it says \$70. That's why the confusion, sir.

Anuj Jain: No, I don't know about Bloomberg what they said.

Moderator: The next question is from the line of Saurabh Handa from Citigroup.

Saurabh Handa: My first question is on capex. Now with most of your refining expansions getting completed this year, one would have expected maybe a moderation in capex going forward, and one of your OMC peers is also talking about being a little bit more prudent on capex and bringing down their capex intensity, given some of the balance sheet issues. Could you comment on that? I mean, you are still looking at INR30,000 crores to INR40,000 crores capex going forward. So doesn't this sort of situation maybe warrant a rethink, especially given there is still uncertainty on any support from the government?

Anuj Jain: If you see, Indian Oil today has an energy basket share of around 9% to 10%. If you want to continue to maintain this energy share in the primary energy basket of the country, you need to continuously invest, and all the investments are definitely going to bring positive margins to the company. For the past 4 to 5 years, you have seen that we had extraordinary good refining margins for the company, although on the marketing side, we had a hit.

Now, as I said in the beginning, we are focusing on petchem now. There's a huge demand of petrochemicals in the country. So the next cycle of petrochemicals will be done, but we don't have, as such, a targeted capex that we have to spend this much. Somebody asked me, I said, in the past we have done that, but everything would be subject to proper returns, proper due diligence. There is no, as such, target given to any one of us. Everything is evaluated on a profitability side, and then we invest.

But I would definitely add that, going forward renewables will be one sector where we will have to invest. We have a target of 18 gigawatt of renewable power in the next 3 to 4 years. We have a 100% owned subsidiary company, Terra Clean, where we have put in a lot of effort to start our renewables. Already 4 to 5 gigawatt working is going on at various stages. So renewables will start going up and petchem.

These are the 2 sectors, which will take my major capex in the next 3 to 4 years. Apart from that, we have other capex also, whether it is pipelines, whether it is biogas, whether it is SAF, whether it is green hydrogen. And we are also diversifying into now shipping. So there would be many sectors. we are also investing into battery swapping. Already we have a joint venture company for that.

We also have a very profitable company, a fertilizer company, a joint venture company giving us good returns. So there are many sectors where we are investing in our company.

Saurabh Handa: Just to follow up on this, 2 questions. One, in terms of India's energy dependence, there has been talk of some focus from the government on maybe investing in strategic reserves and one of your upstream counterparts is setting up an SPR facility. Is there any such directive from the government to you or the OMC, say, on, I don't know, LPG storage facilities or any such thing?

Anuj Jain: I would give you just a snapshot out of SPR. Today, the existing capacity is around 5.33 MMT. It is at Visakhapatnam, Mangalore, and Padur in Karnataka. Okay. There's a target to increase it to 11.83 MMT.

This target is not for Indian Oil. It is a general indicated target for the entire oil and gas sector, seeing the geopolitics. So we are also under discussion to see whether we can also participate in this strategic storage, but as such, there's no target or any straightforward given to us. All these proposals are being evaluated on commercial considerations. And if we find that it is commercially viable, we will definitely be participating in SPRs as well.

Saurabh Handa: Got it, sir. And just my last question on refining expansions. I think someone else also asked this question. Besides the throughput increase, does this also lead to an increase in complexity? And is there any sort of quantification on how much you expect, say, the refining margins from these refineries to increase by? I mean, all else being equal, assuming no change in spreads, et cetera?

Anuj Jain: If you see, the Distillate Yield, Fuel and Loss, it all depends upon the type of crude you are buying. But we are seeing the more and more new units are coming, our Distillate Yield is going up, our Fuel and Loss is coming down. So definitely we can expect better returns or better margins going forward. So if you see, even this quarter, we had one of the best Distillate Yield and our Fuel and Loss is only 8%.

So all these efforts are being taken. We also have a SPRINT target where all the units have been advised to achieve the quartile 1 in the Solomon study. So various factors will help the company to increase the gross refining margins and the new units are also going to produce more value-added products. So all these things are going to definitely not only increase our throughput. It will also result into better refining margins for the company.

Moderator: The next question is from the line of Sarthak Tita from DSP Asset Managers.

Sarthak Tita: Congratulations, sir and team, to weather the difficult quarter. So my question just is mainly on the ATF side. On the opening remarks, you mentioned that there has been some different demand in this quarter in terms of ATF is concerned. Just a couple of questions around that. So I want to understand how many airlines or which all airlines did avail the scheme that we had, the release by the government where we were able to supply the fuel to at a fixed rate. So is there -- is that facility availed by airlines?

Anuj Jain: No. See, I understand you're talking about the PSF facility, which was announced. That facility -- no airlines had gone ahead to use that because by the time that facility got activated, the prices started coming down. But again, the prices have started going up. We don't know what would be the future. I can't give any futuristic statements.

But as far as we are concerned, we have remained fully engaged with all the airlines to support them. And as far as the international pricing is concerned, we were able to pass on the entire cost to the airlines. On the domestic front, we have had a negotiated pricing, and that is still continuing.

Sarthak Tita: Understood, sir. One last follow-up, sir. On the website, I can see that the prices for March have been updated for ATF. So I'm assuming there would be multiple revisions post that date. So any range of price that you can guide us to in the last month or last quarter where we supplied the ATF. And if at all, we can update that on the website, that would also be helpful, sir.

Anuj Jain: We continuously update our website. Because of this very geopolitical situation, situation is changing so fast that it was not always possible to keep updating and thing. But I can share one thing that domestic airlines are concerned today, it is around INR115 per liter, at which we are supplying to the domestic scheduled airlines in the country.

Sarthak Tita: Okay. That is the price fixed in that scheme, right?

Anuj Jain: No. last month it was reduced. Now again, today is a pricing cycle day. So again, it has been increased to INR115 per liter. The last cycle was INR110 per liter. Before that also, it was INR115. So depending upon the movement in the international course of ATF, we keep on registering our selling prices to the scheduled domestic airlines. International pricing is typically going as per the MOPAG pricing.

Sarthak Tita: Market price, yes, fair.

Moderator: The next question is from the line of Kishan Mundhra from DAM Capital.

Kishan Mundhra: Two questions from my end and apologies if you've already answered them because I joined in a bit late. So firstly, on all the refining capex and the petchem expansions that we have done so far, if you could share the expected completion timelines, and in that context, what is the total throughput that we are targeting for FY '27 and '28? That would be my first question.

And second question is, you highlighted that petrochemical is where you see a lot of demand coming from. So in that context, sir, what are the key projects that you're contemplating? So key products that you would be targeting and what is the scale of the petrochemical expansion that we are talking about?

Anuj Jain: See, on the refining side, Panipat refinery is being expanded from 15 MMTPA to 25 MMTPA. This project is roughly going to cost me somewhere around INR38,000 crores, and the scheduled date of completion is December '26. Almost this project is 94% complete as on date. As far as Gujarat Refinery expansion is concerned, from 13.7 MMTPA to 18 MMTPA, the costing is somewhere around INR19,000 crores. The project is almost 90% complete. And the scheduled date of completion we expect is November '26.

And Barauni refinery, which is being expanded from 6 MMTPA to 9 MMTPA, it is somewhere costing around INR18,000 crores. It is almost 92% complete and its scheduled date of completion is now December '26. So as far as our petrochemicals are concerned, our PX-PTA contract, which is almost 95% complete is also expected to commission in next to 1 month now. And the other plant, this is the polybutadiene rubber plant at Panipat, which is costing me somewhere around INR3,000 crores. It is also expected to get commissioned by December '26.

So if I talk about these 5 projects, they are going to cost me somewhere around -- almost approximately INR90,000 crores. Dollar terms, I can say, it is almost $10 billion capex, which is going to be commissioned by end of this calendar year.

And going forward, we have many projects, which have been approved. We have many projects, whether it is on LAB, PX-PTA. So all these projects will add another 5 MMTPA of my petrochemical capacity. And all these projects are somewhere going to cost me INR100,000 crores, as I've already shared with you in the earlier question. Among all these projects something has started, some things are going to start, and we expect all these projects to be commissioned by 29-30. March 30 is the expected target, maybe some here and there, 5 or 6 months.

Kishan Mundhra: Okay, sir. No new refining capacity being considered and what would be your FY '28 throughput target for refining?

Anuj Jain: See, this year, although our performance is much more than my installed capacity. So for '26, '27, my throughput is expected to be around 77 MMTPA. And '27, '28, it should touch 85 MMTPA. and in '28, '29, it should touch 90 MMTPA.

Moderator: The next question is from the line of Bineet Banka from Nomura Group.

Bineet Banka: One question on ethanol blending. So are we flexible to reduce the blending percentage, say, if your crude price falls to, say, $60? Because I think, according to my numbers, below $65, ethanol will become a drag on your marketing economics. And this is despite no excise duty being charged on ethanol.

Anuj Jain: I don't want to give any futuristic statements in this con-call, but we are committed to achieving the target of blending, given, by the government for all 3 oil companies put together. So these decisions are not taken on a company-to-company basis of ethanol blending. It is taken together. And whatever targets would be given, today it is 20%, we have achieved 20%. And whatever new targets would be given, we would be able to achieve that very comfortably.

Bineet Banka: Fair enough, sir. And secondly, on petchem intensity, I think you said intensity will go up from 6%-odd to 15% over the next 5 years. So is there any hurdle rate that we look at before making an investment in petchem? Because, according to my understanding, most of these naphtha-based petchem plants may have subpar economics, given the petchem cycle has been very weak over the last 2, 3 years. Any hurdle rate that you are looking at?

Anuj Jain: Any investment, as a part of the capital allocation policy, all investments have to pass the hurdle rate in our system. But it is on what basis you take the assumptions of the returns. If you see the refining margins, we started this refining expansion somewhere around 4 years back. And today, whatever refining expansions have happened or are going to happen are having extraordinary returns. The same is the case with petchem.

Today, we are hopeful that petchem is a very cyclical business because the main thing is demand in the country. The demand is huge. Everything is getting imported. So at some scale, 1 or 2 good years in the petchem cycle, always you recover the entire cost from the business. So petchems are being done based on my natural integration with my business.

It is a part of my long-term strategy. And Indian Oil being the major company, which can invest huge -- make huge investments. vis-à-vis other companies, definitely we have an edge in this sector and we are very hopeful that we will be able to give good returns to our stakeholders, as we have given because of our refining business.

Bineet Banka: Sir, just one follow-up. All these petchem capacity additions will these be naphtha-based or you will be also open to adding, say, ethane-based crackers in the future?

Anuj Jain: We are very open to -- any type of input, we are open. We are not only dependent upon naphtha-based, we are open for the gas-based petrochem, petchem, whether it's a naphtha. So any type of input, we are open, and that will be the long-term strategy for the company also.

Moderator: The next question is from the line of Yogesh Patil from Dolat Capital. The current participant has left the queue. The next question is from the line of Vivekanand from Ambit Capital.

Vivekanand: Thank you for the follow-up opportunity. Two questions. The first one is on the crude sourcing again. How much are you sourcing now on a long-term basis and how much is the spot proportion? And what is the pricing on the spot cargoes versus long-term sourcing that you're doing?

So if you can -- again Anuj, like you gave the pre-war to now context, if you can do that for this question, it will be great. The second one is, any further update on Project SPRINT that you would like to share during the current quarter or anything that has changed because of the war that got prolonged in respect to milestones that you had set for Project SPRINT? Thank you.

Anuj Jain: As far as the crude sourcing is concerned, before the war, we were doing almost 50% spot and 50% term. But because of the prevailing geopolitical situation, it keeps on changing. So if you talk about -- I can give you the average numbers for quarter one '26, '27. Our spot procurement went as high as 84%, because most of the term was coming from the Middle Eastern region. So our spot volume jumped from 50% to almost 84%.

And the situation is very, very dynamic. Something changes in the Strait of Hormuz or in the Red Sea, things will change immediately. So we keep track of the developments on a day-to-day basis and try to optimize our crude sourcing.

Now coming to the second point, what you said was, SPRINT target. See, as I said, SPRINT had a very positive impact on our company. Last year, we could save almost INR2,000 crores in just one financial year itself. Recently we have now SPRINT 2, we are expecting another INR2,000 crores to INR2,500 crores savings over and above what we achieved last year. And SPRINT is not only on cost, it is on efficiency, it is on market share, it is on efficiency improvement, it is on the logistics savings, it is on the opex savings.

So all put together, we expect that whatever we achieved last year of INR2,000 crores savings and we'll be able to achieve this year as well. So this is on SPRINT. And there's not only one factor that is supporting us because we are keeping track of each and every opex, capex and trying to optimize that.

Vivekanand: Right. Just a couple of follow-ups. So I understand that you are now sourcing a lot more spot versus long-term, right? So does it mean that because you're getting spot cargoes from regions other than the Middle East, you would be getting some of these cargoes at a meaningful discount to even long-term gaps?

Anuj Jain: Other than the Middle East, we are buying on spot basis. So the pricing will change on a month-to-month basis. But one thing is there, I think Indian Oil has managed to source the crude at a very, very optimum rate, even at the peak of the hour. Yes, our crude cost went up, which I have already shared in my con-call.

But definitely, the first target is to make the crude available. And you all know that Russian crude availability also went up because of the many happenings in that side. We immediately increased our procurement from Russia. We increased almost up to 50%- 54%. And we also increased our procurement from the South America side.

Also, Venezuela crude we increased. So all these factors have helped us to contain the crude cost for the company. But definitely, if you talk about pre-war and post-war, our crude cost has gone up. And if you see, it's a common phenomenon in the entire oil and gas sector in India.

Vivekanand: Right. Sure. My last one is on this new U.S. sanction that is being referred to of Russian and Iranian hydrocarbon, right, the tariffs on that. So what is the communication you've received from the government? Are you still sourcing Russian and Iranian crude, or is that now subject to other waivers that the U.S. needs to do?

Anuj Jain: That is still not implemented, actually. That is still at one of the houses in the U.S. has passed, but I think it's still yet to be fully approved in the -- I don't have the exact names through which it gets approved, but definitely it is still not fully implemented. And we are tracking the developments, whether in the U.S. or any other market and whenever it gets implemented, we will be able to mitigate that also.

So my colleague has given me a paper what says, U.S. Senate has advanced and passed the bill in the Senate, but it has not yet become a law. It must clear the U.S. House of Representatives and then be signed by the President before it gets implemented. So as of now, it is not implemented.

Moderator: Thank you. Ladies and gentlemen, that was the last question of the day. I would now like to hand the conference over to the management for closing comments.

Anuj Jain: Thank you all for your time and insightful questions. On behalf of the entire Indian Oil team, I appreciate your continued trust, confidence, and support. We value our engagement and look forward to future interactions and keeping you updated on our progress. Thank you very much once again. Stay safe and take care. Thank you.

Moderator: Thank you. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.