"Indian Oil Corporation Limited
Q4 and FY '26 Earnings Conference Call"
May 19, 2026

MANAGEMENT: **MR. ANUJ JAIN – DIRECTOR FINANCE – INDIAN OIL CORPORATION LIMITED**
MR. NITIN KUMAR – EXECUTIVE DIRECTOR CORPORATE FINANCE AND TREASURY – INDIAN OIL CORPORATION LIMITED
MR. PRAMOD JAIN – CHIEF GENERAL MANAGER TREASURY – INDIAN OIL CORPORATION LIMITED

MODERATOR: **MR. VARATHARAJAN SIVASANKARAN – ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Q4 and FY '26 Earnings Conference Call of Indian Oil Corporation Limited, hosted by Antique Stock Broking. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectation of the company as on date of this call. These statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participants 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Varatharajan Sivasankaran. Thank you, and over to you, sir.

Varatharajan S: Thank you, Danish. A very good afternoon to all the participants and the management of Indian Oil Corporation. I'd like to extend a very warm welcome to all the participants and the management of Indian Oil Corporation for this conference call to discuss the fourth quarter FY '26 numbers. We have with us management of Indian Oil Corporation, represented by Mr. Anuj Jain, Director Finance; Mr. Nitin Kumar, ED Corporate Finance and Treasury; Mr. Pramod Jain, CGM Treasury.

Without much ado, I'd like to hand over the call to Mr. Anuj Jain for his opening remarks. The floor is yours, sir.

Anuj Jain: Yes. Thank you. Good afternoon, everyone. 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 organized by us, post announcement of the 4th Quarterly results of FY 2025-26. 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 all of 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.

The ongoing conflict between the United States and Iran and the consequent disruption in the Strait of Hormuz have created significant uncertainties across the global hydrocarbon supply chain and in India. As you are aware, the Strait of Hormuz normally handles nearly one-fifth of the global oil trade and remains one of the most critical energy transit corridors in the world. Due to the escalation in regional tensions, vessel movement through the Strait has witnessed a severe contraction, resulting in heightened volatility in crude oil, LPG, and natural gas markets.

The Ras Laffan LNG complex in Qatar, which accounts for approximately 20% of global LNG supply, has been subjected to attacks, compelling the operator to declare a force majeure, resulting in acute supply disruptions and significant tightening of gas availability globally. These developments have created headwinds of an extraordinary nature, not merely a market challenge, but a structural supply disruption of global consequence.

In response, IndianOil, in close coordination with the Government of India, has acted swiftly and decisively to navigate this situation and to ensure uninterrupted energy availability across the country. We have ensured comprehensive supply continuity including diversifying our crude and gas sourcing across alternate geographies and trade routes, optimization of crude procurement strategies and ramping up of domestic LPG production.

Now turning to our operational performance for FY 2025-26, notwithstanding the turbulence in the external environment, I am proud to report that this has been a landmark year for Indian Oil on virtually every operational dimension.

During the year, we recorded the highest-ever annual refining throughput in the Company's history, achieved record consolidated annual sales volumes, highest-ever lubricants sales, and also registered the highest petrochemical sales volumes for the year.

This year, from the perspective of profit, profit after tax is Rs. 36,802 crores in financial year 25-26 as against Rs. 12,962 crores in financial year 2024-25. This quarter, we have registered a PAT of Rs. 11,378 crores vis-a-vis preceding quarter, which was Rs. 12,126 crores.

Revenue from operations during this quarter stood at Rs. 2,32,855 crore against Rs. 2,31,769 Crore in the immediately preceding quarter of this year. The sequential increase in revenue was primarily driven by a significant improvement in sales volumes across key business segments during the quarter. The revenues for the corresponding quarter of FY25 was Rs. 2,17,725 crore. On yearly basis, the revenue for the FY 2025-26 is Rs. 8,86,224 crore vs Rs. 8,45,513 crore for the preceding financial year (FY 2024-25).

These achievements reflect the strength of our integrated business model, robust infrastructure network, operational excellence, and the unwavering commitment of our employees across the country.

I would like to reiterate that despite the challenging global environment, IndianOil remains fully committed to ensuring uninterrupted energy supply to the nation while maintaining operational resilience across the value chain. We continue to maintain strong focus on project execution and long-term strategic growth initiatives. We remain committed to timely completion of these projects to support India's growing energy demand and the nation's energy transition objectives.

Now the operational and financial highlights will be briefed by Shri Nitin Kumar, Executive Director, Corporate Finance and Treasury Indian Oil to you. Thank you.

Nitin Kumar: Thank you, sir. Dear investors and analysts, 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. The past quarter witnessed important developments both globally and domestically.

On the global monetary front, the U.S. Fed has kept the interest rate unchanged in range of 3.50 - 3.75%. RBI has also kept interest rate unchanged at 5.25%, maintaining a neutral stance. Energy prices have increased globally due to supply disruption in Middle east on account of US-Iran war which will put pressure on inflation globally. This may keep the interest rate higher for longer period.

Coming to the forex market, Rupee has experienced pronounced volatility, with the Indian Rupee depreciating by ~11% during the year against the USD (from 85.48 to 94.84), and continues to remain under pressure in the current fiscal driven by global geopolitical developments.

As per PPAC report, HSD consumption witnessed 4% growth, MS consumption witnessed 6% growth and overall petroleum products consumptions have also grown by 2% in FY 2025-26 on y-o-y basis. IOC has achieved overall domestic petroleum sales volume growth of ~4.8% due to positive increase in market share.

Now let me briefly touch upon the quarterly performance highlights. Talking about the numbers, the average price of Crude – Indian Basket during this quarter increased from $ 63.87/bbl to $ 83.01 /bbl (increase of ~30%) from the immediately preceding Quarter i.e. Q3 FY 26 due to ongoing US-Iran conflict leading to supply disruptions.

Urja Bharat Pte Limited (UBPL), a 50:50 Joint Venture company of Indian Oil has announced the oil discovery in operated Onshore Block 1, Abu Dhabi on 13.01.2026. The exploration concession was awarded to UBPL in March 2019. Now let me briefly touch upon the major verticals.

Refineries. During the year, Refineries achieved highest-ever crude throughput of 75.5 MMT with a capacity utilization of 107.4% in comparison to throughput of 71.6 MMT and capacity utilization of 101.9% during FY 24-25. For Q4 2025-26, the throughput was at 19.7 MMT with a capacity utilization of 113.9% in comparison to throughput of 19.4 MMT and capacity utilization of 109.7% during Q3 FY 25-26.

Pipeline. During the year, Pipeline throughput reached a record 105.6 MMT with capacity utilization of 73.7% vis-à-vis 100.5 MMT during FY'25 with capacity utilization of 71.7%. During the quarter, the capacity utilization was about 78.3% with throughput of 27.7 MMT compared to 76.3% with throughput of 27.6 MMT in the immediate preceding quarter.

Marketing. I am pleased to share that Indian Oil has recorded highest ever total sales volume of 105.117 MMT recording growth of ~5% (FY'25 100.292 MMT). During Q4 25-26, sale volume of 27.343 MMT was achieved as compared to sale of 27.184 MMT in Q3 2025-26.

During FY 25 - 26, 2597 retail outlets were commissioned, taking the total number to 42,818. We have commissioned a record 909 retail outlets in D1 class market, i.e. National Highways leading to positive market share. Our Lube business achieved record sales of 905 TMT during the year, reflecting ~16% growth.

Petrochemicals. For FY 2025 - 26, petrochemical reported highest-ever sales of 3.396 MMT (FY'25 3.236 MMT). For Q4 2025-26, sale of 0.901 MMT was achieved as compared to 0.893 MMT in the preceding quarter.

Gas. For FY 2025-26, total gas sale was 7,276 TMT including CGD sale of 188 TMT vis a vis sale of 6,892 TMT (including CGD sale of 113 TMT) for FY 24-25. During the quarter, we registered gas sales of 1,814 TMT which includes CGD sales of 54 TMT as compared to total gas sales of 1,937 TMT (includes CGD sales of 51 TMT) during the preceding quarter.

In a milestone development, Indian Oil commenced India's first-ever export of Liquefied Natural Gas (LNG) by road to Nepal. IndianOil has established cryogenic storage and regasification facilities at Simara, Nepal, laying the foundation for the nation's industrial LNG ecosystem and promoting cleaner fuel adoption.

Biofuels and renewable energy. We have achieved ethanol blending percentage of 19.97% on all India basis up to March 2026.

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 including land aggregation, tenders for long lead items like transformers, end to end wind tender (for 100 MW) etc. are in progress.

Through Terra Clean Ltd. we are 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. Indian Oil aims to develop 31 GW of renewable energy by 2030.

Hydrogen. The green hydrogen plant of 10KTA at Panipat Refinery is expected to be completed by December 2027.

Indian Oil is developing in-house green hydrogen ecosystem, which include indigenous technology for generation of Low-cost green hydrogen production; ISO qualified type-III composite hydrogen storage cylinders for onboard hydrogen storage, which are lighter and cheaper than imported cylinders; Range of hydrogen fuel cell applications across Retail outlets, two-wheelers, indigenously developed hydrogen powered drones enabling enhanced endurance; Mobile Hydrogen Refueller for hydrogen dispensing in remote locations.

Notably, Indian Oil is the only company in the country dispensing hydrogen through our fuel stations at R&D centre in Faridabad and Gujarat Refinery, Vadodara and undertaking field trials on hydrogen fuel cell buses and viability study for Hyundai NEXO Hydrogen Fuel Cell Electric Vehicle (FCEV) through 2 year real world test.

Under the National Green Hydrogen Mission policy, we have partnered with Tata Motors Limited to undertake trials on hydrogen fuel cell buses across four major highways. We will also develop two new hydrogen dispensing stations along Mumbai-Pune and Jamshedpur-Balasore corridor.

Capex. During April to March '26, the Company incurred a total capex of Rs. ~~31,401~~ 32,405 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. Phase-wise commissioning of process units, utilities, and offsite facilities is being undertaken in a structured manner to enable progressive capacity build-up and integration.

As you are aware that currently we are working on three major expansion programs and refineries. Panipat refinery expansion is expected to be completed by December '26, Barauni by August '26 and Gujarat by November '26.

Borrowings. With respect to the Borrowing levels, the borrowings as on 31st March 2026 has moderated by about Rs. 5,280 Crore during the quarter & about Rs. 23,798 Crore during the year and is at Rs. 1,10,668 crore level. The reduction in the borrowing was mainly on account of higher profitability and working capital changes.

As of 31st March 2026, the Company's gross debt-to-equity ratio stood at 0.54, reflecting a comfortable leverage profile. After adjusting for financial investments, the net debt-to-equity ratio further strengthens to 0.32, 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. The progress achieved during the year underscores the dedication of our teams and the strength of our operating model. As we move forward, we remain focused on sustaining momentum, strengthening our core businesses, and delivering consistent, long-term value to our stakeholders. With that, I will end my briefing here. We would now be happy to take your questions. Over to you.

Moderator: Thank you so much. Ladies and gentlemen we will now begin with a question and answer session. Our first question comes from the line of Vivekanand from Ambit Capital. Please go ahead.

Vivekanand: Yes. Thank you for the opportunity. I have two questions. The first one is on Project SPRINT. Now that you have completed 1 year of this project, what is the progress that you have to share on this both on the capex and the opex front? And if you could quantify and help us understand how to track this in the context of the dislocation that has happened due to the war. That would be great. That's question one.

The second one is on the capex priorities beyond the current expansion phase. I do understand that several of your refining expansion programs are nearly drawing to a close. So in terms of how you are looking at aligning yourself within national priorities in view of the recent turn of events. How should one think about the capex allocation for the next 3 years? And also any major projects that you want to call out? Thank you.

Anuj Jain: I will take the first question. As we have shared in the opening remarks, that the company has achieved the highest level sales in all the physical parameters, whether it is refining, whether it is marketing. So I think the SPRINT has given us the good outcomes, which is noticed in our results also. As far as the capex and opex is concerned, I would like to share that on overall basis, we have achieved measurable savings of approximately INR2,200 crores during financial year 25-26 on account of Project SPRINT.

This INR2,200 crores were saved on account of various initiatives like the reduction in repairs and maintenance expenditure, our energy efficiency parameters and supply chain optimization. So many factors contributed to almost INR2,200 crores. And for next year 26-27, we are targeting savings of INR2,500 crores from this initiative.

As far as capex is concerned, this entire strategy was to continue our momentum to meet all our plan expenditure while simultaneously reducing our non-earning capex or what became maintenance capex. So I'm happy to share that all of our projects which have been planned are going in line with our management expectations. And we have also optimized our capex on the maintenance portfolio.

Now coming to your second question, which was on the capex allocation going forward. See, Indian Oil is a very, very diversified company. We do investments in our refining, marketing, petrochemical, gas, renewables. And the company has a very robust capital allocation policy to ensure that the momentum to take this company forward is maintained, while we continue to invest in our existing business, we are also investing into new and new businesses in renewable sector. And the exact numbers, I will be able to share through our corporate finance team. Thank you.

Vivekanand: Okay. So, you are saying that the other expenses line item is where the take-out of the INR2,200 crores is likely to have happened, right? Is that understanding correct?

Anuj Jain: Yes. To a major extent, yes. But Some initiatives are in the nature of energy efficiency, which are not exactly coming in other expenses. It comes part of my operating margins. So everything, I would say 50-50 would be coming in my other expenses or you would say, revenue expenditure side. And another INR1,000 crores would be coming in my margin side.

Vivekanand: Okay. Got it. Anuj, I appreciate the color on capex. Just a broad breakup, maybe percentage-wise in terms of the key heads like refining marketing petchem over the next 3 years. That will help. And if you have any number in mind at an aggregate level, even that will be very helpful? Thank you.

Anuj Jain: I will be able to share my next year's capex. Next year, I'm going to spend almost INR32,700 crores in the financial year 26-27. And I can also share that these expenses, the broad bifurcation should be majorly in refining and existing pipeline setup. And major expenses are going to this segment and maybe INR5,000 crores will be going to the renewable segment out of that.

Vivekanand: Okay. Thank you.

Moderator: Thank you. Next question comes from the line of Sumeet Rohra from Smartsun Capital Private Limited. Please go ahead.

Sumeet Rohra: Yes, hi sir. A very good afternoon to you and your entire team at Indain Oil. So firstly, I mean, very well done on the financial performance of last financial year. So excellent performance from all of you. Sir, my question -- and sir, firstly, my question to you is now as an Indian citizen is that hats off to you guys are in a very challenging environment globe, countries are really not getting fuel. You all 3 have done a fantastic job. So great stuff on that.

Now sir, my question to you would be now as an investor point of view. Is that -- what's the thought process you're seeing today on pricing? Because, sir, I mean, the only reason I check on this is because we are a very high-volume company and you have recoveries today like the way we have is obviously very alarming for us as investors, right? Because I mean today, for example, whatever losses we report in Q1, to recover that, we would need a couple of quarters.

So as an investor, our financial metric could obviously come off for this financial year. So and today, the matter of fact is that we've seen a INR0.90-0.95 increase in fuel prices. So can we now think on the grounds that we could go back to the daily pricing regime, which was existing in the past. So if you can just share some thoughts of how you look at the situation as well.

Because you've handled the supply side extremely well. But now how do you look at the pricing point of view? And are we looking to get pricing aligned to market prices in the very near term? It would be very nice to get your thoughts, sir?

Anuj Jain: See, Sumeet, you have already stated that today, the priority is to ensure the energy security to our citizens. And Indian Oil remains one of the company which has that responsibility, and we are trying our best to fulfill that. As we have stated in the beginning, we are trying to manage our entire supply chain and realign that in the most optimum way. Because of these disruptions, we have diversified our crude sourcing, LPG sourcing countries.

We have changed our refinery diet. We have -- but at the end, we have ensured that the product is available at all retail outlets at all LPG distributors at all point of time. Now as far as the -- how to mitigate the situation is concerned, situation is very uncertain and unstable. We are working on a day-to- day basis to manage that crisis and the right decisions are being taken at appropriate levels to ensure that both energy security and the company's viability remains.

As far as specific numbers are concerned, we have stated that we will not be able to give some specific forward-looking guidance as of now as we are in the midst of a quarter, which is going on, still we are on 19th of May. Things change every day. So -- but one thing is sure that we are monitoring the situation very closely and taking appropriate decisions.

Sumeet Rohra: Okay, sir. Thanks for that.

Moderator: Thank you. Our next question comes from the line of Mayank Maheshwari from Morgan Stanley. Please go ahead.

Mayank Maheshwari: Thank you sir for the call. Despite the challenging quarters that you are in right now. My first question was more related to the plans that you talked about around refining expansion. I think you have kind of highlighted by December of this year, you would be kind of starting pretty much most of the refineries now. Can you just give us a bit of an idea around where -- what is the status now for all the 3 refineries, where is the ramp-up stages? And can we expect full utilization rate of the 3 refineries by end of this year?

Anuj Jain: Yes. See, Panipat refinery, which is being expanded from 15 million metric tons to 25 MMTPA. See, the approved cost is around INR38,000 crores. And out of that, we have already spent approximately INR27,000 crores as on date. And we expect our completion to happen in December '26. The second one, Gujarat refinery, which is being expanded from 13.7 MMTPA to 18 MMTPA, the total cost -- expected cost is INR19,000 crores, and we have already spent INR13,500 crores as on date.

And we also expect this to come in the similar timeframe in November, December. And Barauni also, which is expected to -- we are expanding from 6 MMTP to 9 MMTPA. Our approved cost is INR18,000 crores. And out of that, we have already spent INR13,000. And this is also expected to come near the same timeframe. So you are correct to say that all the 3 refineries expansions are coming within the same time. And our teams are working day and night to achieve these commissioning dates.

Mayank Maheshwari: And sir, when we talk about commissioning, we are basically saying that is when you will get your first crude in and then you kind of ramp up from there? Or is it like a ramp-up state we are talking about?

Anuj Jain: No it's the first crude in we take, and we start our operations on that date. And over the time.

Mayank Maheshwari: About a year of stabilization from there?

Anuj Jain: Generally, we say 60% capacity should come in the first year and 80% next year and 100% in the third year.

Mayank Maheshwari: Got it, sir. And I think the second question was more related to the question around the last quarter. Can you talk about a bit around what were your refining margins or whatever margins you want to kind of give us and to get a perspective to reflect on a quarter-on- quarter basis, how things have moved. Obviously, things are volatile. We completely understand that. And also, if you can just highlight how much was the impact in the month of March because of the situation that evolved around the conflict?

Anuj Jain: See, if you have seen our results, we have given a very categorically statement there for the benefit of our investors that in the end of February '26, conflict arose in Middle East region, leading to supply uncertainties and result in volatility in the price of crude oil and petroleum products in the international market. The profitability for the year 25-26 was largely insulated from the impact of these developments due to inventory procured at normal prices before the conflict.

So 25-26 results have not got impacted to a major extent. Now coming to your first question of the refining margins. See, refining margins have been quite volatile and unstable during the -- particularly this quarter. Last year was quite stable for the full year. But what we felt that Indian Oil is an integrated energy company and gross refining margins reflect only the performance of refinery segment. Therefore, using GRM alone as a benchmark of overall performance may not give the correct picture to our investors.

And now we are focusing that -- let us focus on EBITDA and PAT to see the overall performance of the company. This statement becomes much more important given the situation which is prevailing today in Q1, where the refining margins are extraordinarily high, but our marketing margins are intact. So that way, we have not disclosed our GRMs during this quarter in our financial results.

I will also add to say that there is no standard practice methodology for calculating GRMs. And each company is having its own methodology. So that also added to our decision that the PAT and EBITDA should be the better showcase of our performance.

Mayank Maheshwari: Okay. We normally compare for each company like-to-like quarter-on-quarter, Y-o-Y, but okay. I get your point. And in terms of the capex, the last question I had was like you are still maintaining your guidance for spending around 50% of fiscal '27 capex on refining. Considering these 3 projects are kind of done, is there anything specific that this money would be spent on?

Anuj Jain: See, whenever the commissioning happens, the payments take some time. So there's a difference between the commissioning and physical progress and the payment cycles. So that is why there would be a substantial cash outgo on account of these completed projects in this financial year.

Mayank Maheshwari: So we should be seeing lower capex is on refining starting fiscal '28 is what you're kind of towards.

Anuj Jain: Yes.

Mayank Maheshwari: Got it. Thank you.

Moderator: Thank you. Our next question comes from the line of Hardik from ICICI Bank. Please go ahead.

Hardik: As you mentioned that the GRM we are not disclosing, it is just for the quarter or going forward, this will be the policy? How is it?

Anuj Jain: See, till the time so much unstability and volatility remains, I think giving GRM would not be a correct way of disclosing our financial statements because at one point of time, you may find GRM is excessively high, which doesn't get reflected in my profitability. So till that time, we are making it a pause. But, we may consider once again once the situation normalizes.

Hardik: Okay. Okay. And sir, may I know how is the LPG under recovery in April and May?

Anuj Jain: Yes, I can share with you. Just give me 1 minute.

Hardik: And also, can you just highlight there has been a substantial increase in the operating cost. So if you can just help us the breakup or where the incremental cost has been there?

Anuj Jain: See, the under recovery per cylinder was INR100 in the quarter 4 of financial year '25-'26, which went high to INR171 in April 2026, which has further increased to INR670 in May 2026. LPG buffer position as on 31st March '26 is INR23,102 crores. I would also like to share that LPG loss incurred during quarter 4 '25-'26 is INR2,405 crores. And for full financial year '25-'26 is INR9,211 which is without registering any subsidy, which is being received by the company.

Hardik: On breakup of or why there is a substantial increase in operating costs, other expenditure?

Anuj Jain: Give me one minute, please. Okay. I will give you this answer by the time I get this information. If you have any other question, or I will come back to you for this answer.

Hardik: Yes, Yes.

Anuj Jain: But I can always share that the exchange loss was a major factor of this increase in the other expenses. As you know that the rupee depreciated by almost ~~9%~~ 11% during this financial year '25-'26. So the exchange losses have been the major contributor in the other expenses. But Specific information I will be able to give you again.

Hardik: That's all from my side. Thank you.

Moderator: Thank you. Our next question comes from the line of Bineet Banka from Nomura. Please go ahead.

Bineet Banka: Hi, sir. Thanks for the opportunity. Sir, regarding the refining margins, so do you think that the world is entering a refining super cycle and GRMs will average at a much higher level than what we have observed the number before the war. And this is especially true for Indian refiners where the output of diesel is much higher than, say, Singapore GRM and the cracks have been very high.

So I'm asking this because much of the upside for IOCL will be coming from the refinery expansion. So 25% odd capacity is being added. So what is your view on the GRM going forward, maybe for FY '27-'28?

Anuj Jain: See, although I have said again and again that I will refrain from forward-looking statement, but yes, I can share that world is, definitely will be facing some cycles of higher refining margins going forward because whatever has happened, whether in Russia, Ukraine or in U.S., Iran, it has disrupted the refining and upstream assets also.

So all in all, because of the various uncertainties, refining margins are expected to remain on the higher side until this geopolitical situation normalizes. And if you see for the past 5 years itself, refining margins have been quite high. So yes, refining margins are expected to remain high in next 1 or 2 years because of these uncertainties.

Bineet Banka: Okay. Thank you, sir. And my second question is regarding after the increase in capacity for refining, will IOCL have surplus petrol and diesel production compared to the marketing volume? And what will be -- you will be exporting these volumes or selling to, say, other OMCs?

Anuj Jain: See, the kind of demand we are seeing in India, we feel that we may not have major exportable surplus on a sustained basis from our refining systems. But from season to season because India also faces a seasonal demand in the monsoon period, in the winters, in the summers.

So from the seasonal point of view, yes, we would be exporting. But on a sustained basis, we don't anticipate major exports coming, except for a few products like maybe naphtha for some point of time or furnace oil, but not to a major extent, we see any exportable surplus.

Bineet Banka: Okay, sir. And the refinery throughput for FY27, shall we assume it will be higher than FY '26 because the utilization has been around 108%? And assuming that there is some normalization there, and you will be adding some capacity towards the end of the year. So what should we think about throughput for the refinery?

Anuj Jain: See, I would not like to comment on the additional capacities, which will come on account of expansions. But from an existing refining setup, I expect similar refining throughput next year also because if you see this year has been one of the highest throughput. And current year, we are having a few shutdowns, planned shutdowns.

So -- and a few shutdowns, which were planned this year will come back next year. So we are expecting that next year, we should be having almost 75 MMTPA of refining throughput on a standalone basis. If you add CPCL, that will be another 10. From Indian Oil, we would be having 75 MMTPA of refining throughput.

Bineet Banka: Okay. Thank you, sir. I will get back in the queue.

Moderator: Thank you. Our next question comes from the line of S. Ramesh, an Individual Investor. Please go ahead.

S. Ramesh: Good evening and thank you very much. So, if you look at your Petroleum segment results, can you share what is the impact of the inventory accounting included in this petroleum segment result for the fourth quarter?

Anuj Jain: Actually, because of various factors, I would say that '25-'26 as a whole year was a very stable year for us. And as specific inventory numbers are concerned, I would like to refrain from the specific numbers as on date. But if you want, you can get in touch with my corporate finance team to help you out on this.

S. Ramesh: Okay. So on the petrochemical segment and the gas segment, can you share some thoughts on what are the drivers for the petrochemical turnaround? Is it due to inventory gains? Or is there a sustainable improvement in the spread? And do you expect this trend to sustain? And on the gas segment, what has resulted in the loss? Is it from your LNG business or in the standalone CGD? And how do you expect the gas business to shape up over the next 1, 2 years in terms of the profitability?

Anuj Jain: See, I have shared that we had the highest petrochemical sales during the year financial year '25-'26. And if you see the fourth quarter was very good for the petrochemical segment. So that was the additional margins what we earned in the Q4 in petchem. But as far as gas is concerned, gas prices remained on elevated levels and that has impacted the quantity of sales and to the margins to some extent.

So we are also watching the situation on gas front, how it will turn out because of this now geopolitical situation, the gas prices have gone up significantly. So it's a situation we are monitoring, and let's see how the gas volumes take shape in the current financial year. As far as petrochemicals are concerned, we expect to continue have a higher sales volume and also give reasonable good returns from this business segment.

S. Ramesh: Sir, just one more follow-up question on the gas segment. So in terms of the progress on the standalone city gas distribution network, what is the kind of ramp-up you expect this year? And when do you see the CGD business turning profitable? Because just to understand if the entire loss is on the LNG trading? Or is there some loss on the stand-alone CGD stations which are commercialized, which you expect to eventually make it profitable? So how do you see the stand-alone CGD business shaping up in the next 1, 2 years?

Anuj Jain: See, as far as CGD business is concerned, we are having an EBITDA positive in '25-'26 Q1 itself, and we have become PBT positive by the end of the financial year '25- '26. So as far as CGD business is concerned, it is now a net positive contributor in my P&L. And going forward, we expect our volumes to go up in next financial year from this segment as well.

S. Ramesh: In terms of the gas supply chain for the CGD business, apart from the new oil gas and the APM gas, are you able to source enough LNG for the kind of ramp-up of plans for the stand-alone CGDs? And how are you managing the supply chain for the natural gas there for the CGD business?

Anuj Jain: See, there is no constraints in the availability of gas as such. It is only the pricing issues actually. So it's more of a decision whether you will be able to pass on this higher gas to your customers or your internal system. So based on various factors, the CGD business is going up, volumes are going up, and I've shown to you that it is a PBT positive for me now from '25-'26, Q4 onwards.

And going forward also. I will also share with you that we have many of the suppliers declared force majeure due to closure of Strait of Hormuz. So that affected our business, but we also diversified our spot procurement from Indonesia, Nigeria, Angola, Oman. So we have now diversified our import sources also. All in all, I will just say that it's a pricing issue, not a supply constraint.

Moderator: Our next question comes from the line of Ajit Darda from Nirzar Securities.

Ajit Darda: Am I audible?

Anuj Jain: Yes.

Ajit Darda: Sir, my question is around the proposed JV between SCI and oil PSUs. So in light of the current energy security concerns, when this JV is expected to be finalized and operational, sir?

Anuj Jain: See, under the aegis of MOPNG and Minister of Shipping, a nonbinding MOU was signed between the Oil CPSEs and Shipping Corporation of India for formulation of a joint venture company for ownership and maintenance of vessels with focus that some of them should be built in India. Indian Oil is exploring to purchase 4 MR vessels to start with. It is established that the CPSEs have complementary capabilities and jointly acquire and manage the operation of vessels and thereby exercise better control on the petroleum supply chain.

The companies, whether it is both Oil PSUs and SCI have agreed in principle to work together and collaborate on acquisition and operation of vessels on mutually beneficiary basis. The JV formulation structure is known to everybody. So over to you.

Ajit Darda: And sir, with vessel acquisitions happening at peak of the cycles, what minimum benchmarks or ROCE is targeted by this JV?

Anuj Jain: Today, I will not be able to give you the exact numbers, but these issues are being discussed between the companies and the SCI. Due diligence is going on as on date, I can say.

Ajit Darda: And sir, will that JV be a nodal agency going forward for the oil PSUs or it will be still on competitive basis for other players as well?

Anuj Jain: All these things are under discussion as on date.

Moderator: Our next question comes from the line of Akshay Ajmera, an Individual Investor.

Akshay Ajmera: Just following up to the earlier participant's question, how will we ensure, sir, in this shipping business because it's a very cyclical business. So how will we ensure profitability of the JV because there are up cycle, there are abnormally high rate cycles, and it's a very long capex-intensive business. So how will we ensure that there are no losses in the JV?

Anuj Jain: As I said, all these issues are under deliberation. But I can just share with you that Indian Oil is an end user of the shipping business what we are talking about. And we are in a continuous business for the past more than 5 to 6 decades, and this is going to continue. So any arrangement which gives me the shipping security will be beneficial to the company and which is very much evident in the past 2 years that whichever company had a very strong shipping connection, it made best use of that during this crisis.

Akshay Ajmera: That was really helpful, sir. Sir, at present, what is the estimated annual spend by us on shipping freight charges? And what percentage we are expecting that it will go through the proposed JV?

Anuj Jain: I will tell the Corporate Finance team to give it to you through the coordinator, please. I don't have the ready numbers with me.

Akshay Ajmera: No problem, sir. And it will be primarily a very long-term arrangement, 5, 10, 15 years?

Anuj Jain: Yes, yes. It is going to be a long-term joint venture company because the shipping business has a long gestation period.

Akshay Ajmera: What is the expected time line, sir? When are we expecting this to be operationalized?

Anuj Jain: Things are under discussion and the due diligence is going on. So we are quite focused on this joint venture company.

Moderator: Our next question comes from the line of Vikas Jain from CLSA.

Vikas Jain: Anuj ji, if you could also give a sense of the ramp-up of these reasonably large capacities which are coming in the sense of not just throughput, but also the upgrader units by when do you think they will get to full utilization? Should we assume that everything to get at full utilization will be 3, 4 quarters from the time they start, so maybe more like towards the end of 2027 is when all of these units will be fully stabilized?

Anuj Jain: Actually, as you know that Indian Oil is already managing 10 refineries, have handled refinery expansions in the past. As a thumb rule in our company, we say the first year, we will achieve 60%. Next year, 80% minimum. And by the third year, we achieved 100%. Percentages can go a little bit here and there. But on a broad basis, this is what we have seen in the past.

And this is how we make our profitability metrics also when we take management approvals on any expansion. And all these are Brownfield expansions, and they're expected to take a lesser turnaround time. So this 60, 80, 100 is on the outer scale, we expect it to turn around much faster.

Vikas Jain: So, FY29 should be the number, should be the time when we should have more or less, hopefully, given that these are Brownfield more or less...

Anuj Jain: I can't give a specific year, but I would definitely say that being a Brownfield expansion, we expect them to come on board very quickly.

Moderator: Next question comes from the line of Dhvaneet with Savla Family Office.

Dhvaneet: I have only one question. I heard previously that you were saying that the pricing is an issue on the gas side, not the supply. Does it apply to the supply of petroleum products as well? And till what time are we confident about this situation? So we are like 30 days, 40 days, 50 days of stock with us? Or is there some point where we might actually not be able to supply the petrol diesel at the pumps?

And in terms of pricing, I know you cannot elaborate much on it, but is it fair to say that since the oil price of oil has gone up by like 50% or it's doubled, then probably the pump prices should also double for us to be able to breakeven?

Anuj Jain: I will reply to your first question first. See, as far as the supply of crude oil and other petroleum products are concerned, we have consistently seen that particularly crude oil, there are very diversified sources are available and all our refineries are operating on a full capacity since the crisis have started. So, we are making sure the crude oil is available.

Yes, LPG had a constraint, but we have managed to diversify our sources of LPG and reasonable good quantity of LPG has been made available. And that is why if you see constant supply availability of LPG is being ensured PAN-India basis from all our distribution channels.

Now coming to your second question about the inventory levels, we don't have any shortage of either crude oil and LPG. But yes, crude oil number of days inventory is still being maintained for over a month. LPG inventory has come down, but still it is being managed so that we have enough LPG availability PAN-India basis.

Now coming to your third question about the pricing, as I have said that the situation continues to be very uncertain and unstable. We are monitoring the situation and appropriate decisions are being taken at appropriate level to mitigate the situation.

Dhvaneet: Sir, I know you can't -- I agree with your statement on pricing. What I was trying to understand is, is my assumption correct when we say that if the price of crude has moved up by $50 or double, then probably for us to be able to make a decent margin, the price at the pump should also go up by that same quantum? Or is there a lot more calculation which goes within it?

Anuj Jain: See, it depends upon a number of the factors. prevailing in the country, outside the country. And as I said many number of times, we will not be able to give any specific guidance on this matter.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for the closing remarks. Thank you, and over to you.

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

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