Indian Oil Corpn.

Operator: Ladies and gentlemen, good day and welcome to the Indian Oil Corporation Limited Q1 FY27 earnings conference call hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on your touchtone 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 – Antique Stock Broking Limited: Thank you, Abhiraj. Good afternoon, ladies and gentlemen. It is a pleasure to welcome all the participants to the Q1 FY27 results call of Indian Oil Corporation. We have with us Mr. Anuj Jain, Director Finance; Mr. Nitin Kumar, ED Corporate Finance and Treasury; and 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 – Director – Finance: 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 organized by us following the announcement of the first-quarter results of FY26-27. 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 and the exchanges, as well as the update that has 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 into 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 brought signs of moderation in concerns over supply disruption, the overall environment remained marked by geopolitical uncertainty, evolving tensions, 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 the 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 the complex global environment. I am pleased to inform you that Indian Oil has once again demonstrated these strengths by ensuring uninterrupted energy supplies across the country with reliability and resilience. Indian Oil continues to import secure, reliable, and economically competitive crude oil grades from diverse countries while managing the challenges of high market volatility, as well as logistical challenges relating to ships, insurance, freight costs, and other factors. Amid the disruption, we diversified our sourcing by increasing imports from other geographies such as Russia, Venezuela, Brazil, and even African countries, thereby ensuring continuity of crude oil imports to maintain our planned refinery operations. Spot imports for the quarter stood at about 84%, against 51% last year.

Regarding our operational performance in Q1 FY26-27, today we reported a net loss of Rs.2,661 crore, compared with profit after tax of Rs.11,378 crore in the preceding quarter, that is, Q4 FY25-26, and profit after tax of Rs.5,689 crore in the corresponding quarter of FY25-26. 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 resulted in considerable pressure on marketing margins on retail fuels, particularly impacting the quarter's profitability.

Revenue from operations during the 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. Revenue 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 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, the operational and financial highlights will now be presented by Mr. Nitin Kumar, Executive Director, Corporate Finance and Treasury. Over to you, Mr. Nitin.

Nitin Kumar - ED Corporate Finance & Treasury: Thank you, sir. Dear investors and analysts, a very good afternoon. Kindly note that today's discussion may include forward-looking statements based on currently available information, assumptions, and expectations, and 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 the regulatory authorities for a more detailed discussion of 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 held its benchmark rate in the range of 3.5% to 3.75% 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 unanimously kept the repo rate unchanged at 6.25%, maintaining a neutral stance even as it flagged upside risks to inflation from elevated food prices and global geopolitical tensions. Taken together, these signals point to a continuing higher-yield environment for the foreseeable near term.

Coming to the forex market, the rupee remained volatile during Q1 of this year, depreciating to a quarterly low of about 96.83 per USD in mid-May due to the US-Iran escalation and the Strait of Hormuz closure, before recovering to around 94.67, aided by RBI measures and the US-Iran ceasefire announcement. The 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 the PPAC report, MS and HSD consumption grew by a healthy 7% and 5%, respectively, 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 due to higher fares. LPG volumes declined by roughly 25%, largely as a structural outcome of tighter regulatory norms on commercial supplies and the government's demand optimization 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 agriculture and mobility segments. The average price of crude, that is, the Indian basket, during this quarter increased to $100.74 a barrel from $83.01 a barrel in the immediately preceding quarter, that is, Q4 FY25-26. This amounts to an increase of about 21% due to the 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 price spikes to shield the domestic markets from inflationary pressure, 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, let me briefly touch upon the major verticals.

Refineries: During the quarter, the refineries achieved crude throughput of 19.2 MMT, with capacity utilization of 109.4%, compared with throughput of 19.7 MMT and capacity utilization of 113.9% during the preceding quarter. For Q1 FY25-26, throughput was 18.7 MMT, with capacity utilization of 106.5%. Our refineries achieved their lowest-ever quarterly fuel and loss of 8.04% in the post-BS-VI scenario.

Pipelines: During the quarter, the pipelines achieved their highest-ever quarterly throughput of 28.5 MMT, with capacity utilization of 79.9%, compared with 27.7 MMT during the preceding quarter, with capacity utilization of 78.3%. During the corresponding quarter of FY25-26, capacity utilization was about 73.5%, with throughput of 26.3 MMT.

Marketing: Total sales volume during the quarter was 26.211 MMT, compared with 27.343 MMT during Q4 FY25-26 and 26.328 MMT in Q1 FY25-26. During the quarter, 300 retail outlets were commissioned, taking the total number to 43,138. Recently, Indian Oil launched Indane XtraLite Now, a 10 kg composite LPG cylinder offering with express 4-hour home delivery. Simultaneously, the popular 5 kg Indane Chhotu cylinder will also now be available with express home delivery, along with the 10 kg XtraLite Now cylinder. Indane XtraLite Now offers customers a smart 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: Sales of petrochemical products, including exports, during this quarter were 0.768 MMT, compared with sales of 0.901 MMT in the preceding quarter.

Gas: During the quarter, we registered gas sales of 1,853 TMT, which included CGD sales of 67 TMT, compared with total gas sales of 1,814 TMT, which included CGD sales of 54 TMT during the preceding quarter.

Renewable Energy: Our wholly owned green subsidiary company, Terrafuel Limited, has received connectivity approval for 2.6 gigawatts of capacity from the Central Transmission Utility and State

Transmission Utility. Project activities are in progress for setting up a 100-megawatt wind power project in the state of Gujarat. Additionally, UPNEDA, which is the Uttar Pradesh New and Renewable Energy Development Agency, has allotted 423 acres of land in the state of Uttar Pradesh for the development of a solar power plant of around 100 megawatts. Terrafuel Limited is aggressively exploring commercial and industrial customers across India to provide reliable green power through long-term power purchase agreements under the group captive open access mode. Indian Oil is working to strengthen its position at the forefront of India's biofuel and energy transition agenda, aligning with the nation's twin objectives of energy security and decarbonization. Across hydrogen and green hydrogen, ethanol, biodiesel, oxo-bio-base and 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 total capex of Rs.6,461 crore, encompassing investment across verticals. The budgeted capex target for this year 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 an advanced stage of execution and are targeted for completion during FY26-27. 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 far as the Panipat refinery expansion is concerned, it is expected to be completed by December 2026, Barauni by December 2026, and Gujarat by November 2026.

Borrowings: With respect to borrowing levels, borrowings as of June 30, 2026, stood at Rs.1,41,453 crore, compared with Rs.1,10,668 crore as of March 31, 2026. The increase in borrowings was mainly on account of higher working capital requirements. As of June 30, 2026, the company's gross debt-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 amid market volatility and maintain financial strength across cycles.

Nitin Kumar - ED Corporate Finance & Treasury: With these words, I take a pause here and request the CFO to provide his further remarks.

Management: 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 and resilience, and with 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.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen – ICICI Securities: Thank you for the opportunity, sir, and congratulations on a resilient performance in what has been a very challenging quarter. My first question was 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 2026. I just wanted your view on how you are looking at capital allocation for perhaps the next 2-3 years. Will renewables be taking up almost the entire amount of focus? Are there any downstream brownfield or greenfield projects that we are still considering? I would like your perspective on how the capital allocation for IOCL would look from a 2-3-year perspective. That is my first question.

Nitin Kumar – ED Corporate Finance & Treasury: Thank you. As you know, we normally incur capex of between Rs.30,000 crore and Rs.40,000 crore in a year. Our major expansions are being completed this year itself. However, from next year onwards, we still have many petrochemical projects on which our capex will continue to be spent. As you are aware, we plan to enhance our petrochemical intensity from 6.5% to 15%. The estimated capex for this would be around Rs.1 lakh crore over the next 5-6 years. All these projects are at various stages of approval.

As a thumb rule, various projects are under discussion, whether in renewables, petrochemicals, biofuels, or shipping. We are also looking to acquire some ships. All these together mean that our capex should be between Rs.30,000 crore and Rs.40,000 crore over the next 2-3 years as well.

Probal Sen – ICICI Securities: Understood, sir. That is very useful. My second question is about the GRM that you have mentioned, which is net of SAED. Hypothetically, if SAED or export tax had not been applicable, what would a normalized GRM have looked like? Can we quantify the SAED impact on a per-barrel basis?

Nitin Kumar – ED Corporate Finance & Treasury: Our reported GRM is $15.59 per barrel. GRMs depend on many factors, but to be very specific, if you add SAED, it would be around $36 per barrel for Indian Oil Corporation.

Probal Sen – ICICI Securities: That would have been the gross number if we included SAED.

Nitin Kumar – ED Corporate Finance & Treasury: Yes, $36.

Probal Sen – ICICI Securities: Understood, sir. One last question, if I may. How much has the LPG loss per cylinder reduced in the current quarter, and what was it per cylinder for us in Q3?

Nitin Kumar – ED Corporate Finance & Treasury: I will give you the month-wise data. In June, after the price revision, my under-recovery per cylinder was in the range of Rs.665 per cylinder. In July, the figures may vary, but it was around Rs.475 per cylinder. In August, it came down because Saudi CP declined significantly. As you know, Saudi CP declined from 796 to 592. Now Saudi CP has again increased from 592 to 632. Therefore, we expect that during this quarter it should be around Rs.250 per cylinder.

Probal Sen – ICICI Securities: That is the average for Q3 that you are anticipating?

Nitin Kumar – ED Corporate Finance & Treasury: Yes, that would be the average in Q2, assuming that the same Saudi CP continues for the remaining months as well. The under-recovery has therefore come down significantly vis-à-vis July.

Probal Sen – ICICI Securities: Understood, sir. Thank you so much. That was very useful. I will come back in the queue.

Nitin Kumar – ED Corporate Finance & Treasury: I will also add that everything depends on the geopolitical situation. You would have seen that we were on a downward trend, but suddenly it has started showing an upward trend.

Probal Sen – ICICI Securities: Right, right. Of course, sir. That is obviously a factor. I appreciate that. Thank you.

Operator: Thank you. Before we take the next question, we would like to remind participants that you may press star and one to ask a question. The next question is from the line of Sabri Hazarika from MK Global. Please go ahead.

Sabri Hazarika – MK Global: Good afternoon. I have two questions. Firstly, was there any inventory impact on the GRMs in Q1, and was there any inventory impact on the marketing side?

Nitin Kumar – ED Corporate Finance & Treasury: Yes, there was an adverse inventory impact on GRMs, and there was an inventory gain on finished goods. Therefore, we had an impact on both. On the crude side, we had an impact of $3–4.

Sabri Hazarika – MK Global: Was that a loss or a gain?

Nitin Kumar – ED Corporate Finance & Treasury: It was a loss.

Sabri Hazarika – MK Global: Okay.

Nitin Kumar – ED Corporate Finance & Treasury: In the case of finished goods, we had a gain, which also helped us mitigate our losses for this quarter.

Sabri Hazarika – MK Global: Okay, so finished goods gains could have been around Rs.6,000–7,000 crore? I am just making a rough estimate based on some of the peers.

Nitin Kumar – ED Corporate Finance & Treasury: No, it was somewhat higher because, as you know, we are carrying a huge inventory in our system. It was around Rs.15,000 crore.

Sabri Hazarika – MK Global: Rs.15,000 crore for the quarter?

Nitin Kumar – ED Corporate Finance & Treasury: Yes.

Sabri Hazarika – MK Global: Fine. And this was mostly across all the products, including petrol, diesel, and LPG? There were price increases everywhere.

Nitin Kumar – ED Corporate Finance & Treasury: Yes. It was not only because of price increases. There are many other factors, so I do not want to say that it was solely due to price increases. It was on account of variation in pricing.

Sabri Hazarika – MK Global: Fine. Secondly, regarding your projects, when we see the full impact of the refining projects in FY28, will there be any escalation in GRMs, or could that take some time? I know you have addressed this in the past as well, but can you advise us again on what the expectation is? Also, regarding the PX-PTA project, which you have stated will be commissioned soon, when is it expected to add to earnings?

Nitin Kumar – ED Corporate Finance & Treasury: As we have said, most of our projects are going to be commissioned in Q3 FY26-27. Therefore, our installed capacity will definitely increase. As the crude refining throughput comes in phases, our crude throughput projection for next year is definitely on the higher side. We expect throughput in FY27-28 to be somewhere around 85 MMTPA.

Sabri Hazarika – MK Global: And in terms of GRM accretion?

Nitin Kumar – ED Corporate Finance & Treasury: GRM has nothing to do with that directly. GRM will depend entirely on the interplay between crude oil prices and product prices in the international market. Therefore, we cannot predict what the GRM will be next year.

Sabri Hazarika – MK Global: Understood, sir. Thank you very much, and all the best.

Nitin Kumar – ED Corporate Finance & Treasury: Thank you.

Operator: Thank you. The next question is from the line of Nitin Tiwari from PhillipCapital India. Please go ahead.

Nitin Tiwari – PhillipCapital India: Hi, sir. Good afternoon, and thank you for the opportunity. Once again, congratulations on a very resilient performance. This was a very difficult quarter. Following on the previous participant's question, once our refining expansions are concluded, can you comment on yield? Of course, commenting on GRM is difficult, but would it be possible for us to improve our yield beyond the 80% that we usually have from our refineries?

Nitin Kumar – ED Corporate Finance & Treasury: You already know that this is one of the best distillate-yield performances, and our losses are also minimal. We continue to improve it. With the new modern expansions taking place, we definitely expect that our GRMs should improve.

Nitin Tiwari – PhillipCapital India: What kind of yields can we expect? Can we expect our yield to improve to the mid-80s from 80%? Is that a possibility?

Nitin Kumar – ED Corporate Finance & Treasury: I cannot give a specific number, but I would say that since Indian Oil will be able to process a higher proportion of value-added products, those are definitely going to increase.

Nitin Tiwari – PhillipCapital India: Understood. Secondly, I wanted to understand a little more about our pricing policy. The previous quarter was, of course, anomalous, but from mid-May onwards we did take some price increases. Given that the crisis in West Asia has flared up again, where do we stand in terms of petrol and diesel? Are we incurring losses on these products again, and are we considering any price revisions? How should we understand your pricing actions if we have to move forward?

Nitin Kumar – ED Corporate Finance & Treasury: Pricing is very dynamic. The situation is so dynamic that it is changing on a daily basis. Broadly, I can say that we remain engaged with the concerned authorities on this issue. Regarding LPG in particular, we are hopeful that we will receive reasonable support from the Government of India. Based on past experience, we have seen that the government has fully extended support to PSU OMCs. Therefore, based on past practice, we are confident that suitable compensation for LPG under-recoveries will be considered.

There will be uncertainty regarding the timing and quantum of the compensation, but we are definitely sure that we will receive support for LPG. As far as the other products are concerned, the situation remains very dynamic, and many factors affect pricing. It depends on crude cost, product margins, exchange-rate movements, the freight market, the insurance market, and inventory gains and losses. Many factors will affect pricing. All these factors will be considered, and an appropriate decision will be taken.

Nitin Tiwari – PhillipCapital India: Lastly, if I may continue with the pricing question, what was the increase in the commercial diesel price that we took? I understand the retail increase was Rs.7.50, but how much did the commercial diesel price change this month? Please highlight that. Also, what proportion of commercial diesel sales do we have in our overall diesel sales?

Nitin Kumar – ED Corporate Finance & Treasury: Give me one minute. Commercial diesel prices always move in tandem with the international market because prices for commercial consumers are linked to international market prices. Based on the contractual terms, any discounts will be passed on according to those terms. Therefore, prices will move accordingly. Broadly, I can say that even today the prices have been modified. Product prices move according to the relevant market conditions.

Nitin Tiwari – PhillipCapital India: Can you give us any indicative number in rupees per liter for what we are charging for commercial consumption?

Nitin Kumar – ED Corporate Finance & Treasury: Approximately 10-15% of my total HSD volume is bulk volume. If you want to factor that in, these prices will move according to international prices.

Nitin Tiwari – PhillipCapital India: Understood, sir. Thank you very much for answering my questions. I really appreciate it.

Nitin Kumar – ED Corporate Finance & Treasury: Nitin, if you want specific data, my team would be happy to provide it after this conference call, including the consumer prices over the past 3-4 months.

Nitin Tiwari – PhillipCapital India: That would be very helpful. Thank you very much for answering my question. I really appreciate it.

Operator: Thank you. A reminder: anyone who wishes to ask a question may press star and one on the touchtone telephone. The next question is from the line of Vivekanand from Ambit Capital. Please go ahead.

Vivekanand – Ambit Capital: Thank you for the opportunity. I have two questions. The first is regarding the landed cost of crude. Could you help us understand the build-up of that, including the physical cost, insurance, and freight, and how it compares with Q4, or with the period when the crisis began in March? How much of a premium or discount to Brent were you getting for crude landed in India then, versus now? Has there been any change in the trend during the last month as well? It would be helpful if you could explain that.

My second question is on the supply chain. What more can you do to improve the ability of Indian oil companies to source crude without being at the mercy of market vagaries? I understand that there is an MOU between the MOP&NG and the Ministry of Shipping. Is there any progress there that you can discuss? Thank you very much.

Vivekanand – Ambit Capital: Could you also explain how this compares with Q4, or with the period when the crisis began in March? How much of a premium or discount to Brent were you getting for crude landed in India then, versus now? Has there been any change in the trend during the last month as well? It would be helpful if you could explain that. My second question is on the supply chain. What more can you do to improve the ability of Indian oil companies to source crude without being at the mercy of market vagaries? I understand that there is an MOU between the MOP&NG and the Ministry of Shipping. Is there any progress there that you can discuss? Thank you very much.

Management: Whenever we talk about crude prices, it is very important to benchmark what price we were paying before the war and what we are paying today. I can give you a rough indication because it keeps changing with every transaction. Generally, Indian Oil was buying Brent minus $1 or $2 in the market. Since the war started, as you all know, crude oil prices went very high. During the peak of the war, our procurement cost was around $10 per barrel over Brent, and this kept changing. Overall, I would say the impact was somewhere around $10. In July, however, it again came down to $2-3 per barrel, and now it is increasing again. It is moving on a fortnight-to-fortnight basis or a day-to-day basis. However, as an overall rule of thumb, you can say that there was an impact of $10 per barrel at the peak of the war situation.

Coming to your second question about what we are doing for the supply chain, I would say that we have definitely diversified our portfolio. You would have seen that we are not dependent on a single source. The Middle East remains the main source, but we have diversified our sourcing significantly across Russian crude, West African crude, and Latin American crude. Based on the geopolitical situation, we keep changing our sourcing strategy. You would have seen that in the past quarter, since Middle Eastern volumes were affected, we increased our procurement from South America and West Africa. We also increased procurement from Russia and Venezuela, and even a few cargoes came from the USA. It was a well-diversified procurement strategy, which helps a company like IOCL to manage its sourcing.

Coming to your third question regarding the status of the JV MOU between the MOP&NG and the Ministry of Shipping, that is also one of our strategies, which actually began before the war. We wanted to have shipping tonnage security as well. Under the aegis of the MOP&NG and the Ministry of Shipping, a non-binding MOU was signed on September 19. Under this, Indian Oil will explore procuring four MR vessels to begin with. This is a JV in which we will have other partners, including other oil and gas partners. The work is ongoing and tenders have already been issued. We are assessing how much tonnage security we can obtain through this joint venture company.

Vivekanand – Ambit Capital: Thank you for the detailed answers. I have one follow-up on the first question. The $10 overall impact that you mentioned is versus Brent crude. Does it include shipping and logistics costs, or is it limited to the crude cost?

Management: It is all-inclusive.

Vivekanand – Ambit Capital: This is for the overall portfolio, correct?

Management: This is for the overall portfolio, yes.

Vivekanand – Ambit Capital: Thank you very much.

Management: Thank you.

Operator: Thank you. The next question is from the line of Keshav Sony from Kotak Bank. Please go ahead.

Keshav Sony – Kotak Bank: Thank you for the opportunity. I have a question on ethanol blending. What was the volume of ethanol sourced by IOCL in this quarter, and what was the indicative price or cost per liter this quarter compared with the same quarter last year?

Management: As per the Government of India policy, Indian Oil has achieved the 20% ethanol-blending target. This is in line with the other oil marketing companies. As far as pricing is concerned, we have different types of ethanol, and each type of product has independent pricing. On a basket basis, it is blended with MS and sold to customers.

Keshav Sony – Kotak Bank: Understood. I also had one more question regarding the combined losses of the OMCs. At the beginning of this quarter, the government was saying that total losses could be as high as Rs.75,000 crore in this quarter. However, the reported numbers for all three OMCs, including IOCL, are significantly better. Are there any specific reasons for that?

Management: There were many factors that helped us. First, excise duty was reduced and prices were increased in multiple tranches. When this figure was given at the beginning of April, prices subsequently came down significantly in June. Therefore, the impact in June was not as significant as what we observed in the initial months. As you would have seen from the conference calls, all the oil companies had positive inventory gains. Taken together, all these factors helped us mitigate the situation.

Keshav Sony – Kotak Bank: Thank you for the detailed answer.

Management: Thank you.

Operator: Thank you. The next question is from the line of Sanjay Mookim from JP Morgan. Please go ahead.

Sanjay Mookim – JP Morgan: Thank you. Good afternoon, sir. I wanted to follow up on the question from the earlier participant. On June 15, media reports quoted the Oil Secretary as saying that the OMCs were hitting their borrowing limits. However, if I look at the changes in debt for your company and the other OMCs, there does not seem to have been any cash flow stress, or any material cash flow stress. How do I reconcile the Oil Secretary's comment on June 15 with what has been reported?

Management: If you look at my borrowings, they have increased. On March 31, my borrowings were Rs.1,10,000 crore, and on June 30 they had increased to Rs.1,41,000 crore. Therefore, there was a significant increase within these 3 months. Nonetheless, I would say that my debt-equity ratio remains at 0.7 because we had a very good FY25-26. Even after this increase, my debt-equity ratio remains at 0.7.

In absolute numbers, my borrowings increased significantly by Rs.31,000 crore in a single quarter. However, because this is not the first time that oil-sector companies have seen such borrowing levels, we have banking arrangements to obtain money from banks at very competitive rates and manage the situation. Nevertheless, the situation becomes very strong in the sense that our borrowing increased by Rs.31,000 crore in a single quarter.

Sanjay Mookim – JP Morgan: I was commenting on the fact that the Secretary said companies were unable to borrow more, which sounded like a distress situation. However, as you say, it does not look that bad.

Management: I have not seen that statement. Perhaps what he meant was that money is always available in the market. The issue is the rate at which you can obtain it. He may have meant that we were not able to obtain money at the same rate we would have received if we had been in a comfortable position. If you go to the market to borrow Rs.31,000 crore in a single quarter, your cost will increase. Each company will have its own profile. In our case, having a very strong balance sheet, we are still able to manage. However, it would be fair to say that my interest cost increased compared with the rate at which we were borrowing before the war.

Sanjay Mookim – JP Morgan: If I may follow up with a second clarification, historically, when crude prices have fallen through a quarter, the opening and closing crude prices have been very different, with the closing crude price much lower than the opening price. Historically, in such situations, we have seen IOCL report very large inventory losses. However, in this quarter, at least the accounts do not seem to suggest that a material loss has been booked. Is that the right understanding, and how do I reconcile that?

Management: You have to compare the crude prices on March 31, after considering the AS-2 impact, with everything on June 30, 2026. Overall, in this quarter, my inventory was somewhere around $87 per barrel on March 31 and somewhere around $83 per barrel on June 30. Therefore, I had an inventory loss on crude this time. As I said in the first question, on the finished-goods side we had an inventory gain because the international market quotes for gasoil, gasoline, and all the products increased. Therefore, we had an inventory gain there, but on crude we had a marginal inventory loss.

Sanjay Mookim – JP Morgan: You said you marked your crude at $83 on June 30, correct?

Management: Yes.

Sanjay Mookim – JP Morgan: Bloomberg is at $70, which is why there is some confusion.

Management: I do not know what Bloomberg said.

Sanjay Mookim – JP Morgan: All right. Thank you very much.

Management: Thank you.

Operator: Thank you. The next question is from the line of Saurabh Handa from Citi Group. Please go ahead.

Saurabh Handa – Citi Group: Thank you for the opportunity. My first question is on capex. With most of your refining expansions being completed this year, one might have expected some moderation in capex going forward. One of your OMC peers is also talking about being more prudent on capex and reducing capex intensity, given some of the balance-sheet issues. Could you comment on that? You are still looking at Rs.30,000-40,000 crore of capex going forward. Does this situation not warrant a rethink, especially given the continued uncertainty regarding any government support?

Management: Indian Oil today has an energy-basket share of around 9-10%. If we want to continue maintaining this share in the country's primary energy basket, we need to continue investing. All these investments are definitely going to bring positive margins to the company. Over the past 4-5 years, we have seen extraordinarily good refining margins for the company, although we took a hit on the marketing side.

As I said at the beginning, our company is now focusing on petrochemicals. There is huge demand for petrochemicals in the country, and the next petrochemical cycle will be significant. However, we do not have a targeted capex amount that we must spend. Someone asked me about this, and I said that we had done this in the past, so it can be done again. But everything will be subject to proper returns and proper due diligence. There is no specific target given to any one of us. Everything is evaluated from a profitability perspective, and then we invest.

I would definitely add that renewables will be one sector in which we will have to invest going forward. We have a target of 18 gigawatts of renewable power over the next 3-4 years. We have the 100% owned subsidiary company Tera Green, where we are putting in significant effort to commence our renewable operations. Already, 4-5 gigawatts of work is underway at various stages. Renewables and petrochemicals are the two sectors that will account for a major portion of my capex over the next 3-4 years.

Apart from that, we also have other capex, whether in pipelines, biogas, SAF, or green hydrogen. We are also diversifying into shipping. There will be many sectors in which we are investing, including battery swapping. We already have a joint venture company in that area. It is also a very profitable company, giving us good returns. There are many other sectors in which our company is investing.

Saurabh Handa – Citi Group: Thank you, sir. I have two follow-up questions. First, in terms of India's energy independence, there has been discussion about the government's focus on midstream investments and strategic reserves, and one of your upstream counterparts is setting up an SPR facility. Has the government given any such directive to you or the OMCs regarding LPG storage facilities or anything similar?

Management: I will give you a small snapshot of the SPR situation. Today, the existing capacity is around {? 5.33 MMTPA ?}. It is located at Visakhapatnam, Mangalore, and Padur in Karnataka. There is a target to increase it to 11.83. This target is not specifically for Indian Oil; it is a general indicative target for the entire oil and gas sector, considering the geopolitical situation. We are also discussing whether we can participate in this strategic storage. There is no specific target or straightforward directive given to us, but all these proposals are being evaluated on a commercial basis. If we find them commercially viable, we would definitely participate in SPRs as well.

Saurabh Handa – Citi Group: Understood. My last question is on refining expansions. I think someone else also asked this question. Besides the increase in throughput, will this also lead to an increase in complexity? Is there any quantification of how much you expect the refining margin from these refineries to increase, assuming no change in spreads and other factors?

Management: Even today, our distillate yield depends on the type of crude we buy. As more new units come on stream, our distillate yield is increasing and our fuel and loss is declining. Therefore, we can definitely expect better returns or better margins going forward. Even in this quarter, we had one of the best distillate yields, and our fuel and loss was only 8%.

We are undertaking all these efforts, and we also have a clear target under which all the units have been advised to achieve Quartile 1 in the Solomon study. Various factors will help the company increase its gross refining margins, and the new units are also going to produce more value-added products. Therefore, all these initiatives will definitely not only increase our throughput but also result in better refining margins for the company.

Saurabh Handa – Citi Group: That is great. Thank you very much.

Operator: Thank you. The next question is from the line of Sarthak Gupta from DSP Asset Managers. Please go ahead.

Sarthak Gupta – DSP Asset Managers: Thank you for the opportunity. Congratulations to you and the team for weathering this difficult quarter. My question is mainly on the ATF side. In the opening remarks, you mentioned that there had been some decline in demand during the quarter for ATF. I have a couple of questions on that. I want to understand how many airlines, or which airlines, availed themselves of the scheme released by the government, under which we were able to supply fuel at a fixed rate. Was that facility availed of by any airlines?

Management: You are referring to the {? PSS facility ?} that was announced. No airline went ahead and used that facility because by the time it was activated, prices had started coming down. Prices have started increasing again, so we do not know what the future will hold, and I cannot make any forward-looking statements. As far as we are concerned, we have remained fully engaged with all the airlines to support them. Regarding international pricing, we were able to pass on the entire cost to the airlines. On the domestic front, we have negotiated pricing, and that is continuing.

Sarthak Gupta – DSP Asset Managers: Understood, sir. One last follow-up. On the website, we can see that the prices for March have been updated for ATF, so I assume there would have been multiple revisions after that date. Is there any price range that you can provide for the last month or last quarter during which we supplied ATF? If that could also be updated on the website, it would be helpful.

Management: We continuously update our website, but because of the geopolitical situation, the situation is changing so quickly that it has not always been possible to keep updating it. I can tell you one thing: regarding domestic airlines, as of today, we are supplying ATF to domestic scheduled airlines in the country at around Rs.115 per liter.

Sarthak Gupta – DSP Asset Managers: Is that the fixed price in the bid?

Management: No. Last month, the price was reduced, and today, which is the pricing-cycle day, it has again been increased to Rs.115 per liter. The last cycle was Rs.110 per liter. Before that, it was also Rs.115. Depending on movements in the international ATF market, we keep adjusting our selling prices to scheduled domestic airlines. International pricing typically follows the {? MOPAG ?} market prices.

Management: Yes, market prices.

Sarthak Gupta – DSP Asset Managers: Understood, sir. That is all from my side. Thank you very much.

Operator: Thank you. The next question is from the line of Kishan Mundra from DAM Capital. Please go ahead.

Kishan Mundra – DAM Capital: Thank you for taking my question. I have two questions, and I apologize if they have already been answered, as I joined a little late. First, regarding all the refining capex and petrochemical expansions that we have undertaken so far, could you share the expected completion timelines? In that context, what is the total throughput that we are targeting for FY27 and FY28?

My second question is regarding your comment that petrochemicals is where you see significant demand coming from. In that context, what are the key projects that you are contemplating, what are the key products that you are targeting, and what is the scale of the petrochemical expansion that we are discussing?

Management: On the refining side, the Panipat refinery is being expanded from 15 MMTPA to 25 MMTPA. This project is expected to cost somewhere around Rs.35,000 crore. Its scheduled completion date is December 2026. The project is approximately 94% complete as of today.

The Gujarat refinery expansion is from 13.7 MMTPA to 18 MMTPA, with an estimated cost of approximately Rs.19,000 crore. The project is almost 90% complete, and its scheduled completion date is November 2026.

The Barauni refinery is being expanded from 6 MMTPA to 9 MMTPA. It is expected to cost approximately Rs.18,000 crore. It is almost 92% complete, and its scheduled completion date is now December 2026.

Management: Regarding petrochemicals, our {? PX-PTA ?} complex, which is almost 95% complete, is also expected to be commissioned within the next 1 month. The other plant is the polybutadiene rubber plant at Panipat, which is expected to cost approximately Rs.3,000 crore and is also expected to be commissioned by December 2026.

These 5 projects are expected to cost approximately Rs.90,000 crore. In dollar terms, this is almost $10 billion of capex, which is scheduled to be commissioned by the end of this calendar year. Going forward, we have many approved projects, including projects relating to {? LAB, PX-PTA ?}. All these projects will add another {? 5 KT 5 MMTPA ?} to my petrochemical intensity and capacity. These projects are expected to cost approximately Rs.1 lakh crore, as I have already shared with you in response to the earlier question.

Kishan Mundra – DAM Capital: Could you also share whether any new refining capacity is being considered? What would be your FY28 throughput target for refining?

Management: Although our performance this year is much higher than our installed capacity, our throughput for FY26-27 is expected to be around 77 MMTPA. In FY27-28, it should reach 85 MMTPA, and in FY28-29, it should reach 90 MMTPA.

Kishan Mundra – DAM Capital: Thank you.

Operator: Thank you. The next question is from the line of Vineet Banka from Nomura Group. Please go ahead.

Vineet Banka – Nomura Group: Thank you for the opportunity. I have one question on ethanol blending. Are we flexible enough to reduce the blending percentage if, for example, the crude price falls below $60? According to my calculations, below $65, ethanol would become a drag on your marketing economics, particularly if GST is charged on ethanol.

Management: I do not want to make any forward-looking statements on this call, but we are committed to achieving the blending target announced by the government for all 3 oil companies together. This decision is not taken on a company-by-company basis for ethanol blending; it is taken collectively. Whatever target is given—in this case, it is 20%, and we have achieved 20%—we will be able to achieve any new targets very comfortably.

Vineet Banka – Nomura Group: Understood, sir. Secondly, on petrochemical intensity, I think you said that intensity will increase from 6% to 15% over the next 5 years. Is there any hurdle rate that you consider before making investments in petrochemicals? My understanding is that most of these naphtha-based petrochemical plants may have subpar economics, given that the petrochemical cycle has been very weak over the last 2-3 years. Is there any hurdle rate that you are targeting?

Management: Any investment made as part of the capital-allocation policy has to pass the hurdle rate in our system. However, it depends on the basis on which you make the assumptions for the returns. If you look at refining margins, we started this refining expansion approximately 4 years ago. Today, the refining expansions that have been completed or are going to be completed are generating extraordinary returns.

The same is the case with petrochemicals. We are hopeful because petrochemicals is a very cyclical business, and the key factor is demand in the country. Demand is huge, and a lot of material is being imported. At some point, 1 or 2 good years in the petrochemical cycle can enable you to recover the entire cost of the business.

Petrochemical projects are being undertaken based on our natural integration with our business. They are part of our long-term strategy. Indian Oil is a major company capable of making large investments, giving us an edge over other companies in this sector. We are very hopeful that we will be able to provide good returns to our stakeholders, as we have done through our refining business.

Vineet Banka – Nomura Group: One follow-up: will all these petrochemical capacity additions be naphtha-based, or would you also be open to adding ethane-based crackers in the future?

Management: We are open to any type of input.

Anuj Jain – Director – Finance: We are open. We are not dependent only on naphtha. We are open to gas-based petrochemicals, whether naphtha or any other type of input. That will also be the company's long-term strategy.

Operator: Thank you. The next question is from the line of Yogesh Patil from Daulat Capital. Please go ahead. The current participant has left the queue. The next question is from the line of Vivekanand from Ambit Capital. Please go ahead.

Vivekanand – Ambit Capital: Thank you for the follow-up opportunity. I have two questions. The first is on crude sourcing. How much are you currently sourcing on a long-term basis, and how much is the spot proportion? What is the pricing of spot cargoes compared with the long-term sourcing that you undertake? Since you gave the context of pre-war versus now, Anuj, it would be helpful if you could do the same for this question.

My second question is whether you have any further update on Project Sprint that you would like to share during the current quarter, or whether anything has changed because of the prolonged war with respect to the milestones set for Project Sprint. Thank you.

Anuj Jain – Director – Finance: Regarding crude sourcing, before the war we were doing almost 50% spot and 50% term purchases. However, because of the prevailing geopolitical situation, this keeps changing. If I give the average numbers for Q1 {? FY26-27 ?}, our spot procurement went as high as 84% because most of the spot cargoes were coming from the Middle Eastern region. Our spot volume therefore increased from 50% to almost 84%.

The situation is very dynamic. If something changes in the Strait of Hormuz or the Red Sea, things will change drastically. We track developments on a daily basis and try to optimize our crude sourcing.

Coming to your second point regarding Project Sprint, as I said, Sprint had a very positive impact on our company. Last year, we saved almost {? 2,000 crores ?} in that single financial year.

Recently, we announced Sprint 2, under which we expect to achieve an additional saving of approximately {? 2,000 to 2,500 crores ?} over and above what we achieved last year. Sprint is not only about cost. It covers efficiency, market share, efficiency improvement, logistics savings, and OPEX savings. Taken together, we expect to achieve this year the same Rs.2,000 crore saving that we achieved last year.

This is the scope of Sprint, and there is not just one factor supporting us. We are tracking every element of OPEX and capex and trying to optimize it.

Vivekanand – Ambit Capital: I have a couple of follow-ups. I understand that you are now sourcing significantly more on a spot basis than on a long-term basis. Does that mean that, because you are obtaining spot cargoes from regions other than the Middle East, you are getting some of these cargoes at a meaningful discount even to the long-term cargoes?

Anuj Jain – Director – Finance: We are buying on a spot basis from regions other than the Middle East, so pricing changes from month to month. However, one thing is clear: Indian Oil has managed to source crude at a very optimum rate, even at the peak of the crisis. Our crude cost did increase, as I have already shared on this conference call, but the first priority is to make crude available.

You also know that the availability of Russian crude increased because of various developments in that region. We immediately increased our procurement from Russia, taking it to almost 50-54%. We also increased our procurement from South America and increased our purchases of Venezuelan crude. All these factors helped us contain the crude cost for the company.

However, if you compare the pre-war and post-war periods, our crude cost has increased, which is a common phenomenon across the entire oil and gas sector in India.

Vivekanand – Ambit Capital: My last question is regarding the new US sanctions being discussed for Russian and Iranian hydrocarbons and the associated tariffs. What communication have you received from the government? Are you still sourcing Russian and Iranian crude, or is that now subject to the waivers that the US may provide?

Anuj Jain – Director – Finance: That has not yet been implemented. It has been passed by one of the houses in the US, but it still needs to be fully approved. I do not have the exact details of the approval process, but it is definitely not yet fully implemented. We are tracking developments in the US and other markets. Whenever it is implemented, we will be able to mitigate that as well.

My colleague has given me a paper stating that the US Senate has advanced and passed the bill in the Senate, but it has not yet become law. It must clear the US House of Representatives and then be signed by the President before it can be implemented. Therefore, as of now, it has not been implemented.

Vivekanand – Ambit Capital: Thank you very much, and all the best.

Operator: 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 – Director – Finance: 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.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.