"Indian Oil Corporation Limited
Q1 FY26 Result Conference Call"
August 18, 2025

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Moderator: Ladies and gentlemen, good day, and welcome to the Indian Oil Corporation Limited Q1 FY '26 Results Conference Call, hosted by Antique Stockbroking Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during 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 from Antique Stockbroking Limited. Thank you, and over to you, sir.

Varatharajan Sivasankaran: Thank you, Zico. And a very good morning to everyone. I would like to welcome all the participants to this 1Q FY '26 Indian Oil Corporation conference call. We have with us the management represented by Mr. Anuj Jain, Director of Finance; Mr. Nitin Kumar, CGM, Corporate Finance and Treasury; Mr. Pramod Jain, CGM Treasury; Mr. Prabhat Himatsingka, CGM, Finance and Treasury.

I would now to like hand over the call to Mr. Anuj Jain for his opening remarks, and then we can move to Q&A. Sir, the floor is yours.

Anuj Jain: Thank you. Dear investors and analysts, a very good morning to all of you. I take this opportunity to welcome all of you to the conference call organized by us post announcement of the first quarter results of financial year '25-'26. I thank each one of you for joining the call. I trust you have had an opportunity to review the accounts we have posted on our website and the updates that have been shared with most of you.

In today's call, we would like to walk you through our performance for the quarter gone, providing 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 large oil and refining and marketing company.

Friends, let me start with our quarterly performance. This quarter, we have registered a profit after tax of INR5,689 crore, which was INR7,265 crores in the preceding quarter and INR2,643 crores in the corresponding quarter of financial year '25. The decline from the last quarter was primarily on account of inventory losses, which we are going to discuss further.

Revenue from operations during this quarter stood at INR218,608 crores. This marks an increase from INR217,725 crores in Q4 of financial year '24-'25 and from INR215,989 crore in the preceding -- in the corresponding quarter of financial year '24-'25. In August 2025, the Union Cabinet has approved compensation amounting to INR30,000 crores to the 3 public sector oil marketing companies, Indian Oil, BPC and HPC, for the under-recoveries incurred on sale of domestic LPG.

We are yet to receive an official communication in this regard for further details and accounting. And a note on the same was given in the financial results also. I'm pleased to share our operational performance this quarter has been robust surpassing several key benchmarks of previous quarters. Our sales for the quarter were highest ever and many other operational achievements were made. This is a testament to the strength of our operating model, the agility of our teams and the efficiency of our extensive distribution network.

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

Nitin Kumar: Thank you, sir. Good morning to you all. 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 company's latest filings with regulatory authorities for a more detailed discussion on the risks and uncertainty. The past quarter has witnessed important developments, both globally and domestically. On the interest rate front, the U.S. Federal Reserve has maintained the federal fund rate in the range of 4.25% to 4.5% through July 2025, reflecting the Fed's cautious approach amid persistent uncertainty in inflation and growth outlook.

In India, the Reserve Bank of India reduced a benchmark repo rate to 5.5% in May 2025, representing a cumulative cut of 500 basis points over the last 6 months. On the growth front, reaffirming India's position as the world's fastest-growing major economy, IMF has revised its forecast for India's economic growth to 6.4% for both 2025 and 2026, RBI has maintained its estimate of 6.5% for financial year '25-'26.

S&P Global Ratings has upgraded India sovereign rating to BBB, underscoring the nation's strong fundamentals and resilient growth. This strengthens investor confidence and support and supports better financing conditions for Indian corporates, including our own growth plans. For our sector, demand dynamics remain strong. As per PPAC data, India's domestic consumption of petroleum products reached 61.65 million metric tonne in the last quarter of financial year '25-'26 versus 60.5 MMT in the preceding quarter, marking a growth of 2%. This uptick was led by a sharp rise in diesel and gasoline consumption.

For the current financial year, PPAC forecasts 4.65% growth in domestic consumption of petroleum products. This continued expansion reinforces India's role as a key driver of global oil demand in 2025. As the country's largest oil refiner and marketer, we remain steadfast in our mission to ensure energy availability across the nation at affordable cost.

Looking ahead, we have set ourselves the goal of increasing our share of the national energy basket from 9% today to 12.5% by 2050. This is aligned with expected doubling of India's overall energy demand by mid cycle. To achieve this, we are pursuing a balanced portfolio approach, continuing to strengthen our conventional fuel business while making decisive moves into cleaner and more sustainable energy pathways. Our 3 major refinery expansion projects are progressing well and are on track for mechanical completion by 2026.

With these expansions, our group refining capacity will increase from 80.8 million metric tonnes per annum to 98 million metric tonnes per annum, providing a critical boost to our ability to meet growing national demand and support India's vision of energy self-reliance.

In parallel, we are investing in pipeline and marketing infrastructure to further fortify our supply and distribution network, ensuring that energy reaches every corner of the country efficiently. We are simultaneously scaling up our petrochemical capacity as this remains a high potential growth area, given India's low per capita consumption and significant import dependence.

Our objective is to raise petrochemical integration from the present 6% to 15% with a focus on niche and special chemical products. On the clean energy front, we are scaling up investments in electric mobility infrastructure, including EV charging and battery swapping stations alongside projects in natural gas, compressed biogas, biofuels and green hydrogen, including hydrogen mobility solutions.

Thus, we anticipate a gradual tapering of spends on conventional assets with a growing share of our Capex being directed towards petrochemicals and alternate energy segments. Areas where we are making high conviction in strategic investments for the future. We have begun this -- we have begun the new fiscal year with a strong strategic thrust through the launch of Project Sprint, which is our transformational road map to not only sustain, but also accelerate our leadership in the energy sector.

Sprint represents the confluence of 6 strategic pillars, strengthening the core business, cost leadership, customer centricity, cutting-edge technology and innovation, the development of the next generation of leadership and readiness for the energy transition. The idea is to move decisively beyond business as usual and position Indian Oil to reach greater heights while reinforcing our core strengths.

Now let me briefly touch upon the quarterly performance highlights. Talking about a few numbers here, the average price of crude Indian basket during this quarter witnessed a reduction of about 12.4% from the immediately preceding quarter, that is Q4 of financial year '25. Various geopolitical factors starting from OPEC+ production adjustments, imposition of tariffs by the U.S. government have contributed in cooling the crude oil prices.

With respect to the crack spreads during Q1 of FY '25-'26, both MS and HSD cracks have improved in comparison to the previous quarter. In petrochemical space, the spreads of key products registered a marginal improvement during the quarter, though they continue to remain at subdued levels, a weak global economic outlook, coupled with the addition of new capacities continue to exert pressure on petrochemical prices worldwide.

Now let me briefly touch upon the major verticals, refineries. I believe you all would have gone through the operational performance highlights updated on our website. The report GRM of $2.15 per barrel during this quarter is lower than the previous quarter, mainly due to inventory losses. However, the normalized GRM for the quarter at $6.91 per barrel is better than the previous quarter of $5.39 per barrel.

The increase in GRM is attributable to the higher product crack spread during the quarter, pipeline. The capacity utilization was about 74% during this quarter as compared to 73% in the previous quarter. Pipeline throughput during the quarter is 26.3 million metric tonnes vis-à-vis 25.8 million metric tonne during the previous quarter.

Marketing. During the quarter, Indian Oil achieved highest ever total quarterly sale of 26.328 million metric tonnes. During the quarter, 445 retail outlets were commissioned, taking the total number close to 40,666. During financial year '25-'26, we plan to set up more than 4,000 retail outlets.

Petrochemicals. The sale of petrochemical products, including exports during this quarter was 0.83 million metric tonnes, similar to the preceding quarter amounting to 0.83 million metric tonne.

Gas. During the quarter, we registered natural gas sales of 1,644 TMT, that is 1,000 metric tons and CGD sales of 41 TMT as compared to natural gas sales of 1,787 TMT and CGD sales of 34 TMT during the preceding quarter, that is Q4 of financial year '24-'25. We have entered into a long-term sale and purchase agreement with ADNOC for supply of 1 million metric tons per annum of LNG over a 15-year period starting from '28-'29.

Indian Oil and Trafigura Pte Limited signed a confirmation memorandum for the supply of approximately 0.4 million metric tonne per annum LNG from July '25 to December 2029 under Indian Oil's first Henry Hub linked midterm contract with the first LNG cargo delivered on 10th August '25 at Dahej. These are major steps towards enhancing India's energy security and reducing exposure to the volatility of the spot LNG market.

Alternate strategies. We have marked several technological and operational milestones this quarter. We have recently signed a landmark contract and hydrogen purchase agreement with L&T Green Energy Technology Limited for the establishment of 10 KtPA green hydrogen generation unit at our Panipat Refinery. The expected completion time of the project is around 2 years.

Indian Oil's wholly owned Green Subsidiary Terra Clean Limited, has secured ISTS grid connectivity of 1,354 megawatt cumulative capacity across India, land procurement activity is under progress. Our Panipat Refinery has become the first in the country to be certified to produce sustainable aviation fuel by converting used cooking oil into jet grade fuel, a milestone in India's green aviation efforts and our broader sustainability journey.

Capex. During the quarter, the company incurred a total Capex of INR6,470 crores, encompassing investment across all verticals. For financial year '25-'26, the budgeted Capex is INR33,494 crores. These investments are aligned with our long-term strategic road map and National Energy priorities.

Borrowings. With respect to the borrowing levels, the borrowing as on 30th June '25 has decreased by about INR13,000 crores and is at INR121,547 crores level as compared to

INR134,466 crores as on 31st March '25. The decrease in the borrowings were mainly on account of year-end excise duty payment. With the current debt-to-equity ratio of 0.66 as on 30th June '25, Indian Oil is comfortably placed to fund the ongoing Capex plans. Let me take a pause here and request Director of Finance for his further remarks.

Anuj Jain: Thank you, Nitin. As we progress through financial year '25-'26, our priorities remain firmly anchored in operational excellence, disciplined capital allocation and strategic investments that not only reinforce our core strengths, but also position us at the forefront of the evolving energy landscape.

I extend my sincere gratitude to our shareholders, employees, partners and all stakeholders for their unwavering trust and support. With this strong foundation, we are confident in our ability to deliver sustainable value and long-term growth even in the face of a dynamic and challenging external environment.

I will end my briefing here. We will now take your questions. Thank you.

Moderator: Our first question for today comes from Probal Sen with ICICI.

Probal Sen: Congrats on good set of numbers. Just wanted to understand how much of Russian crude did you process this quarter and what sort of discounts? Obviously, the other oils you have already mentioned their own assessment. Just wanted to get your sense on this.

Anuj Jain: See, as far as '24-'25 was concerned, we almost processed 22% Russian crude oil, which in quarter 1, it got increased to 24%. And July and this quarter is still going on. And the discount as usual, everybody has said the same thing. It's in the range of around $1.50 to the Dubai benchmark.

Probal Sen: Got it. And sir, just the other thing, again, that was just to corroborate the inventory impact this quarter was because we had actually built up our crude positions, keeping in mind the geopolitical uncertainty. Is there anything else that we should be looking at because of the high inventory loss this quarter?

Anuj Jain: No, basically, I would say inventory levels are being maintained based on our shutdown schedules and other requirements. So this quarter, whenever you see Indian Oil maintains quite high inventory because of our Haldia refinery. So whenever the crude oil prices come down, we take an impact on our financial statements. So if you see -- because this question will be asked by others also, this quarter, we had an inventory loss of almost INR6,500 crores, whereas if you see Q4 last year, we had a gain of almost INR3,500crores worth.

Probal Sen: So primarily, just to sort of understand that, essentially, this was related to our building of positions based on our shutdown schedule, not because of any other reason. That's the reason why...

Anuj Jain: Not because of other reasons. This is all normal inventory. We have been maintaining our normal inventory in our books of accounts.

Probal Sen: Understood. One more question, if I can just slip in with respect to the targets, the 2 targets that they have mentioned. Correct me if I got the numbers wrong. One was our goal of increasing share in Indian energy from 9% to 12.5%. And the second was the petchem yield in our overall portfolio, sir, from 6% to 15%. Now I just wanted to understand the road map for getting there, one, and the time line. I'm sorry if I missed that in the briefing. What are the time lines for achieving these 2 targets?

Anuj Jain: See, as far as increasing our energy basket share from -- to 12.5%, it is by 2050. That was a major target set by the company. And basically, as you see, apart from our traditional refining and marketing business, we are also venturing big into the petchem sector. We're also venturing into the renewable sector.

We're also venturing into our -- all types of energy, which are CBG, gas, CNG. So all these factors put together, we have an ambitious target of high Capex and definitely, based on the outcome of the additional investment, we hope that we will be at around 12.5% of the total energy basket in the country.

Probal Sen: Right. And about the petchem share, sir, again, that's the same target, 6% to 15% is by CY '50 or that is an earlier target?

Anuj Jain: No, that will be somewhere around -- I think it was 2030 plus/minus 1 or 2 years. So this target should be achieved much before that. Because if you have seen that apart from my existing investments in petchem, we have also announced a big investment of almost USD 8-10 billion in the dual-feed naphtha cracker at Paradip Refinery. And I think this has also started.

Probal Sen: Got it. Sir, one last housekeeping question. I didn't quite catch the last number shared by -- in the operational briefing. What is the debt equity ratio that was mentioned right now?

Anuj Jain: 0.66.

Probal Sen: 0,6. And what is the kind of peak debt equity ratio given our higher Capex over the next few years? What kind of peak are we looking at maybe, let's say, by FY '28 or '29?

Anuj Jain: See, generally, the target to remain within 1:1 debt equity ratio.

Probal Sen: So that would be the target?

Anuj Jain: So this is our benchmark what we internally keep.

Moderator: Our next question comes from Sumeet Rohra from Smartsun Capital.

Sumeet Rohra: Congratulations for the entire team at Indian Oil. Sir, firstly, I want to congratulate you...

Moderator: Sorry to interrupt you, sir. Mr. Rohra sorry to interrupt you there, sir. Sir, you're not audible, sir. May I request you to use your handset, please.

Sumeet Rohra: Okay, sure, sure. And congratulate you and the entire team at Indian Oil for doing a wonderful job. Sir, I would like to basically just spend a couple of minutes to talk to you more on the investor angle. Sir, firstly, it is very heartening. And congratulations to all the 3 companies in our downstream sector. Today, Corporate India posted a profit of INR439,000 crores in the first quarter gone by. And the oil marketing companies have reported a profit of INR16,000 crores plus, which is about 4% of India's profit just the 3 companies.

But sir, here as an investor, I come in, the market cap of the oil marketing companies is well under 1% of India. So on a sustainable basis, you guys are doing about 3% of profit of India, but your market cap is just not improving. If you just recall one thing, in 2017, our market cap was INR2 lakh crore when our balance sheet was about INR2.5 lakh crores. Today, sir, our market cap is INR2 lakh crores, but our asset value has gone well above INR5 lakh crores.

So sir, one thing which clearly market tells us which we cannot ignore is the matter of fact is that market does not have clarity in the earnings of the oil companies, which is actually happening, but the confidence element is clearly missing, right? Because otherwise, for 7-year period, the market cap cannot be same when the underlying business is growing so well. And it's not only for you, it's for all the 3 companies.

So sir, as a management, it is our humble request that a market cap should be please considered in the evaluation because it is an integral part of every stakeholder, maybe an investor, maybe be a shareholder, maybe even the government because the government is a principal owner because ultimately, market cap is all what matters at the end of the day when you evaluate how much return has the company given.

Sir, just on the -- question on the LPG point of view. So this press release that stated that this was for FY '25. Is my understanding correct that the entire money would be accounted for in Q2 in spite of it being paid in tranches, this money would be accounted for in Q2. Your clarity on that, sir, would go a long way in addressing many things, sir.

Anuj Jain: I will address the second question first. As far as the breakup of INR30,000 crores is concerned, we are awaiting the final modalities to be received from MOPNG. And according -- as per the Union Cabinet has already given INR30,000 crores. But how it will be shared and how much it will be given for which period, we are waiting the final details from the MOPNG. So based on the communication from the ministry, we will be able to share further details with our investors.

But I'm happy to say that there was a lot of concern in the past whether the oil companies will be getting this compensation or not. But again, back-to-back, government has supported to the oil marketing companies on this side, which if you remember out of INR28,000 crores, we got INR22,000 crores. And now out of INR41,000 crores, we got INR30,000 crores. So I think this is a good sign for the continued support to the oil marketing companies.

And coming to the first part where you said that market cap, see, for the past 3 years, you have seen such a huge geopolitical factors affecting the oil and marketing companies. So I think this is also one of the factors, which is affecting the companies -- how the investors see these oil marketing companies. But definitely, on the operational front, I can definitely talk about Indian Oil that our operational parameters have been beyond our targets.

And we have rapidly ramped up of all our operational funds and the projects -- another one thing I would share is a lot of projects got -- we started the project during COVID time. And now the projects are almost going to be completed. So this is a time we are spending a lot of money, but the income has not started coming in our P&L. So in the next 1 year, you will see all the projects getting commissioned and the income starts coming in our books of accounts. So that should give a big comfort to our industry.

Sumeet Rohra: Just one thing if I may add, sir. The matter of fact that our cash flows are getting stronger as we go ahead. I would request that you should, I mean, consider buyback because that will be very effective in boosting our EPS, our financial matrix and also it will be a sign of strength signifying that the way we are looking at our thing. So I would say -- I would request, sir, a buyback should definitely be considered, sir.

Anuj Jain: Okay. Point noted, sir. Thank you.

Moderator: Our next question comes from Achal Shah from AMBIT Capital.

Achal Shah: Sir, just wanted to understand about the aviation business. So currently, what is our market share, margin structure? And what are the volumes we are doing? Can you shed some light on that broad numbers would help?

Anuj Jain: As far as market share is concerned, our market share is between 55% to 60%. Keeps on changing, really from 55% to 60%.

Achal Shah: Okay, sir. Sir, about the margins, like how much are we making on EBITDA level or on a per liter basis, that would be useful?

Anuj Jain: See, generally, I don't see margin on -- see, we have an integrated margin. That is why we come with the gross refining margin figures in our financial statement. But as such, if you see the international market, the refining -- the trend on the aviation front is quite robust and the kind of growth aviation business is seeing year-on-year, we are very bullish on the aviation business in our company.

Achal Shah: Sir, like is there any discounting to maintain the market share because crack spreads have been positive, but like any idea on that front?

Anuj Jain: See, in any of the products which are competitive, discounts are part of the game. And it keeps on -- based on the market dynamics, we fine-tune our strategy. But as such, what I'm saying, there's so much growth in the aviation sector that all the companies who are in the aviation business will have a very robust growth forward. And our company is very, very focused on the aviation business. This is one business which is going to show maximum growth in the country. We have a refining expansion coming. There also, we are focusing on ATF production maximization also.

Achal Shah: Got it. Just one more question on the throughput per outlet. Sir, what is our throughput per outlet for like FY '25 or for 1Q FY '26? And what are the steps we are taking to increase that there since BPC is leading on a throughput per outlet basis. So to increase the throughput, what are some steps we are taking?

Anuj Jain: See, my per pump throughput is around 130

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Achal Shah: KL per month? This is for KL per month.

Anuj Jain: KL per month, yes. And see, we are taking a lot of strategies, as Nitin also shared with you. Project Sprint we have started, where we have -- one of the three targets is, on increasing the PPT. How it will be done is, first, we are targeting the middle selling retail outlets. Number two, we also are seeing the low selling retail outlets, how we can work with our channel partners to increase the sales of our retail outlets. And number three, we are also trying to commission new retail outlets in the segments, which are having a traditionally high throughput.

As you understand, if you compare with BPC or other oil marketing companies, Indian Oil is present in the areas where generally the throughputs are not high, in the Northeast, in the remote areas. So that is the strength of the company also that we are present in all the markets in a good strength.

So it may affect my PPT, but it gives me leverage to encash. Whenever any expansions are required, any new products are to be introduced, any new expansions are there, we are also targeting a few other expansion, and we have already a joint venture company in fertilizer sector. So I think we see all these things on a holistic basis where we will be able to encash even those retail outlets where who doesn't give me higher PPT today.

Achal Shah: Sir, so would we be thinking of discounting?

Anuj Jain: Pardon?

Achal Shah: Would we give additional discounts versus the other PSU OMCs?

Anuj Jain: All the three oil marketing companies generally maintain the same pricing strategy in the market. So that way, all the 3 marketing companies are aligned to each other.

Achal Shah: Sir, just one last question. What was LPG under recovery per cylinder in 1Q FY '26? And in August or currently, what is the per cylinder loss under recovery?

Anuj Jain: See, if you see the LPG under recovery in last quarter in Q1 financial year '25-'26, it was around in the range of INR160 to INR165 per cylinder. And today, it is in the range of INR100 to INR105 per cylinder as on date.

Moderator: Our next question comes from S. Ramesh with Nirmal Bang Equities.

S. Ramesh: Can you share the breakup of the inventory loss you mentioned between refining and marketing?

Anuj Jain: See, we'll only -- I can give indicative figure. It is around 50, 50 percentage what would be the loss in the crude and the product side.

S. Ramesh: And the total inventory loss is INR6,500 crores, did I hear it correct?

Anuj Jain: Yes, yes, that is correct.

S. Ramesh: Okay. So if you look at your gas business, the revenue Y-o-Y, if you look at last year first quarter and this year first quarter is more or less same at INR10,000 crore, but the profits have crashed from INR654 crores to INR50 crores. So what is happening there? Is there a loss in your LNG business? We know that the CGD business is not that big. So you may have had some challenges there. But what is happening on the LNG business? And going forward, how do you see the gas business perform both in the stand-alone CGDs and your LNG business?

Anuj Jain: See, as far as gas business is concerned, that is one of the most profitable business for Indian Oil. The margins, internationally the prices have been high for LNG in the past 1 quarter. So definitely, it affected our profitability.

S. Ramesh: Okay. So what is the way forward? How do you see the gas segment move from here in terms of the growth in your CGD business, in terms of the Capex and CGD and the number of CNG stations there?

Anuj Jain: See, if you segregate my gas segment, one is the LNG, one is the CNG, that continues to be a reasonably stable business for me. Number two is, my LNG business for the industrial use. There, the margins have come down because of the high pricing in the international market. And the third segment, CGD segment, it is definitely becoming stronger day by day. But as on date, it doesn't give you a huge either profit or negative to my gas business.

S. Ramesh: Okay. Sir, can you share what is the kind of Capex you're going to do in the stand-alone CGD? And what is the kind of growth in volumes you expect from the volumes you have shared for the first quarter, say, over the next 2 years?

Anuj Jain: Yes, give me 1 minute. See, as far as I'm concerned, we have a target of spending almost INR22,000 crores in my total Capex, which I'm envisaging in my CGD segment. Already, I have spent almost INR4,000 crores to INR5,000 crores as on date. And we aim to spend almost INR1,000 crores each year in the CGD segment. We want to monetize our investments in the times to come. And definitely, we will spend our money as GA, we assume that the GA starts giving the money to me. But my predominant focus is my LNG segment to the industrial use and also CNG business.

S. Ramesh: Okay. So going back to LNG in your petrochemical business, so LNG, they have -- Ennore terminal you're planning to expand that. So how do you see the LNG economics going forward? What is the kind of breakeven you need because there's a lot of competition from the new terminals at Dhamra and Petronet LNG is talking about something in Gopalpur.

So in terms of your current cash flows from the Ennore terminal, if you can shed some light in terms of what is the profit or loss you're making? And how do you see that changing, but based on your expansion plan from 5 million tonnes to 10 million tonnes?

Anuj Jain: See, if I see my existing Ennore terminal capacity utilization, in '23-'24, it was around 18%, which became 25% in '24-'25. And this year, I'm expecting it to again go up to 31% to 32%. By next year, it should be quite high because the way the infrastructure is getting generated created along with the Ennore terminal, definitely the demand from the Ennore terminal will go high.

S. Ramesh: Okay. So last doubt on petrochemicals. So we all know that the margins are under pressure globally. You have an integration plan in terms of increasing the share of petrochemicals. So in terms of your competitive advantage, if you revisit this narrative about the domestic market being import dependent, what is the kind of cost leadership you will enjoy based on your integrated capacities?

Would you be there in the top 10% or 25% in terms of cost leadership? And would that be your competitive advantage to kind of ramp up the petrochemical business and cash flows, assuming that the excess capacity may not get mitigated because China keeps adding capacity. So that's a clear overhang. So given that context, how do you see you remaining competitive once your expansion plans are completed?

Anuj Jain: See, as you all understand, that petrochemical, there's a huge demand in the country. I think there's no doubt. Number two, we also know that the petrochemical is a natural integration for the Indian Oil. We use our own naphtha and other products for the petrochemicals. Otherwise, we have to export those things. So instead of exporting, if you see an integrated margin, it makes much more logical for me to have a petrochemical expansion. With a lot of refining extension coming, definitely, I would be having a raw material to feed my future petrochemical expansion.

So as far as the margins, yes, today, we are in the down cycle of the petrochemical margins. But if you see petrochemical margin is generally always EBITDA positive for me. And if you see the general cycle, by the time my major petchem expansions will come on board, we expect the cycle of petchem to come back. All the companies are knowing that it's a cyclical industry. And whenever it becomes a positive, cycle comes, and we will be happy to then get returns from our huge investments.

S. Ramesh: Okay. So last time, you had mentioned that your three refinery expansions are getting started by FY '27. So if you see the expansion in capacity and the increase in yield, what would be the delta in refining margins you can expect from these 3 refinery expansions from FY '27?

Anuj Jain: See, if you see the delta margins, it will be very difficult to predict because it will -- see, today the refining margins are so good. See, it all depends upon the international market. But definitely, whatever returns, whatever is my cost of capital, I'm definitely going to earn beyond that. So it will give me a positive margins on my investments. How much it will be given, it will be depending upon the international market. But if you see today margin, it is quite robust.

Moderator: Our next question comes from Hardik Solanki with ICICI Securities.

Hardik Solanki: My question already got answered.

Moderator: Our next question comes from Amit Murarka with Axis Capital.

Amit Murarka: Actually I joined call a bit late. Sorry, if I'm repeating this question, but could you provide the marketing inventory losses in the quarter?

Anuj Jain: See, my total -- as I shared that during Q1 '25-'26, I got a hit of INR6,500 crores due to inventory losses. And if you see the quarter 1 of the previous year, it was a gain. So the delta is almost INR10,000 crores.

Amit Murarka: Last Q1 is INR3,500 crores gain you said.

Anuj Jain: Yes.

Amit Murarka: Sure. And also under again this refinery projects, so what I understand is that Barauni comes next year, fiscal year sometime Q2 and Koyali, the other refinery comes by end of the fiscal. So is that the current time line as well? Or there is further change to that?

Anuj Jain: See, as of now, our Panipat and Gujarat are scheduled to be commissioned in end of this year, first quarter of this calendar year. And then the Barauni, yes, you are right, it's coming around August '26. So the expansions will come in phases. So accordingly, our project will get scaled up.

Amit Murarka: And what is the Capex guidance for this year now?

Anuj Jain: See, we have already targeted to spend INR34,000 crores during the financial year '25-'26. And out of that, refinery, we almost take INR14,000 crores to INR15,000 crores and petrochemicals, marketing, pipeline, CGD, all put together will be another INR15,000 to INR16,000 crores.

Amit Murarka: Understood. Just lastly, on Russian crude discounts, which we believe that has also come down. So could you just comment a bit on the discounts you kind of -- you could book in Q1 and what's the outlook for the same in Q2? And ahead and also on the crude sourcing, has that been stopped now in the wake of the current situation with U.S.?

Anuj Jain: See, I shared these numbers before also that last year, '24-'25, we almost got 22% of the Russian crude. And during the quarter 1 of '25-'26, it is almost 24%. And this quarter, we are continuing to buy the Russian crude depending upon the economics.

Amit Murarka: And the discount would be how much right now?

Anuj Jain: It is around $1.5 to $2.

Moderator: Our next question comes from Somaiah with Avendus Spark.

Somaiah: Sir, first question is on the refinery expansion. So 18 million tonne expansion. So next year, roughly what kind of incremental throughput that you are looking at taking the ramp-up into consideration? That's the first part. Second, in terms of product slate, what is the petchem intensity, which is coming online? And diesel and petrol, if you could give some color in terms of our existing product mix versus the new refinery?

Anuj Jain: I will go one by one. First of all, Barauni, see, it is due to be commissioned in August '26. And generally as per the past experience, generally it takes 24 months for 100% capacity utilization.. For both, Panipat and Gujarat, they are expected to be commissioned by the end of this year.

And again, both the units, Gujarat and Panipat, will take around 24 months post commissioning for giving 100% additional throughput what we are targeting. I will not be able to give the exact numbers. But yes, Panipat expansion is for 10 MMTPA, Gujarat is for 4.3 MMTPA and Barauni is for additional 3 MMTPA. So the total almost 17.3 MMTPA will get added in these three refineries.

As far as the product slate is concerned, definitely, HSD is a major component. And as I shared earlier, MS and ATF, these are -- we try to maximize these three products. All put together, MS, HSD and ATF should give me around 70%.

Somaiah: Got it, sir. Sir, also on the Capex run rate now that the refinery expansions are now nearing completion, so how should we think about next couple of years, whether this INR33,000 crores, INR34,000 crores of run rate would be there or can it come off? And also in marketing, you did mention that 4,000 outlets. How do we see intensity of outlet additions in the next couple of years? Can it come off?

Anuj Jain: See, actually, you are correct that most of my refining expansions will be over by financial year '26-'27, okay? So then definite -- but already, I have announced USD 8-10 billion petrochemical project in Paradip. So that will start as we start spending money on that Capex.

But yes, I would share one thing that we don't have any specific targets to do any Capex, but we want to remain the major energy player in this country. So apart from the refining and petrochemicals, we are also targeting additional investments into renewable sector now. We are targeting 30 gigawatt renewable energy target by 2030.

So for that, we have a 100% subsidiary company also now. Apart from that, we are also investing huge money into gas sector. So all put together, my Capex may not be INR40,000 crores, but yes, it should be around INR30,000 crores in the coming times, say, next 4 to 5 years.

Somaiah: Got it, sir. Just a point on marketing retail outlets. So this run rate of 4,000, should we expect it to kind of come off in the next few years or the same intensity will kind of continue?

Anuj Jain: No, it will come down definitely. Definitely, it will come down in the coming years. And it will be based on the market demand also. See, it's a highly competitive industry. We will have to see how the market performs. So definitely, I cannot give very specific numbers. But yes, based on the market dynamics, we expect the number to slightly come down in times to come.

Moderator: Our next question comes from NM Modi, who is an investor. As there is no response, we'll move to the next participant. Our next question comes from Achal Shah from AMBIT Capital.

Achal Shah: Sir, can we know the current ethanol blending percentage? And what is your take on the current situation about negativity on the blending for the car warranties and what is going on?

Anuj Jain: See, we achieved 19.99%, almost 20% target in '25-'26 now. So we are fully geared to achieve these targets.

Achal Shah: And sir, like is there any mandate or norm to increase this target, like what's your take on that? currently, I think it's 20%. So where do you think it can go in the next few years?

Anuj Jain: See, the mandate was 20% and we achieved our target of 20%. As of now, this is the target what we have been given and we are going to achieve that.

Achal Shah: Sir, just one more question on the retail outlet expansion plan. Can you give a sense of how many outlets would be reached by FY '26 and FY '27 end?

Anuj Jain: So we have to commission almost -- we will be touching 48,000 retail outlets by the end of '26-'27.

Moderator: Our next question comes from Navneet Tyagi from Urbanc Engitech.

Navneet Tyagi: Sir, my question is, as per Parliament Question 2759-2018, in the year 8999, the pump was in your litigation. Did you declare it in your balance sheet?

Anuj Jain: I will have to check this. Sir, I don't have the data ready.

Navneet Tyagi: It's a very serious question. Number two question is, how many pumps are currently running in your litigation, sir? Who will pay the compensation for this?

Anuj Jain: Sir, I don't have this data.

Navneet Tyagi: Sir, is this not a fraud with the investor?

Anuj Jain: Sir, I will provide you the data you have asked for separately.

Navneet Tyagi: No, my simple question is, sir, you are doing AGM today. Tell me, is this a fraud with the investor or not? That's it.

Anuj Jain: Sir, we are a national oil company. We have guidelines.

Navneet Tyagi: If you are a national oil company, then why didn't you share this data with the investor?

Anuj Jain: Sir, I don't have this data right now. I have requested the coordinator.

Navneet Tyagi: When will you share this data? Is this a violation in the 447/447 Company Act or not, sir? When will you share this data? When will you stop fooling people?

Anuj Jain: Sir, this data will be provided to you. Thank you very much.

Moderator: Sorry to interrupt you, sir. May we request that we -- the management will get in touch with you. The next question comes from S. Ramesh from Nirmal Bang Equities.

S. Ramesh: So if we look at your other segment, so there is a difference in terms of the losses being lower in the consolidated entity compared to the stand-alone, but on a Y-o-Y basis, there is a swing from profit to loss. So if you can put the other business in context and you mentioned something in the annual report about cryogenics and explosives. So is there any potential for this performance to improve to profitable operations? And in terms of ROCE, would you be able to get double-digit ROCE in the other activities?

Anuj Jain: See, if you see my other business activities, as per my stand-alone accounts, this quarter, my profit before tax and interest is INR374 crores negative, which was negative of INR216 crores in quarter 4 '24-'25. So this has increased. So basically, this is on account of other segments like E&P, we have other segments also.

And we have also done a write-off of one of our E&P investment of INR340 crores this quarter. So that was onetime activity, which has resulted into a negative figure this time. If you see last year, it was positive INR24.34 crores. If you compare these 2 figures, this is a onetime write-off in our books of accounts. That has resulted into a negative of INR374.46 crores in the Q1 '25-'26.

S. Ramesh: So do you see this segment getting into profitable operations on a full year basis? And you mentioned some plans for cryogenics and explosives in your annual report. So other exclusive companies are actually doing fairly well. So do you see your explosives business also kind of getting into the growth trajectory? And what are your plans in the other activities, including E&P, cryogenics and explosives?

Anuj Jain: See, if I see my other business segments, see, definitely, my cryogenics business, my explosives business are positive contributors in my P&L, okay? But other segments like E&P, depending upon the dynamics of crude oil, dynamics, it becomes profitable a lot. But definitely, the way we are adding our new renewable business, solar and wind, after 1 or 2 years, you will see huge revenues coming from that segment as well. But that investments are coming through my subsidiary and JV companies. So it will be coming through that segment in my books of accounts.

S. Ramesh: Okay. So if I may squeeze in a last thought. On green hydrogen and the sustainable aviation fuel, can you give us some visibility on the commercial aspect in terms of what will be the pricing and ROCE, say, like for sustainable aviation fuel for the investments, how would you get the margins or return on capital? Similarly for green hydrogen, would you depend on government subsidy? Or what would be the kind of economics for that investment?

Anuj Jain: See, Indian Oil became the first company to set up such large 10 KTPA project at Panipat. And this is a captive usage. That means whatever hydrogen produced, it will be used by my own refineries. So this is one of the very good investment by Indian Oil, and that will kickstart our future ambitious spend in the hydrogen segment.

As far as SAF is concerned, this is a very upcoming sector. Whatever investments we will do, we should be able to get returns on SAF investments also. So as far as SAF is concerned, it will be a profitable business for us. And as far as green hydrogen is concerned, as of now, it is for my captive use. Based on this experience, my other commercial activities will start in the future.

S. Ramesh: So the cost of green hydrogen will be about in the $3.5 to $4 per KG?

Anuj Jain: Yes, you are correct.

Moderator: Our next question comes from Vipul Kumar Shah from Sumangal Investments.

Vipul Shah: Sir, what would be the Capex for your Paradip refinery where you are putting this petrochemical complex? And when it will start and when it will be commissioned?

Anuj Jain: See, as of the total investment is in the rupee terms, if you talk about. It's almost INR60,000 crores. And the project is at stage 1 as of now, the various parties have been appointed. So it will take almost 54 months from the investment approval.

Vipul Shah: Okay. And so one small suggestion, sir, if you can put all your expansions refinery wise or petrochemical like all other -- these oil marketing companies are doing stage wise, it could be better.

Anuj Jain: Okay. That I will be happy to provide. Thanks for that.

Moderator: Thank you. Ladies and gentlemen, that was the last question for the day. As there are no further questions from the participants, I now hand the conference over to Mr. Varatharajan Sivasankaran from Antique Stockbroking Limited for closing comments.

Varatharajan Sivasankaran: I would like to hand the call to the management for their closing remarks, after which I will.

Anuj Jain: Thank you all for your time and insightful questions. On behalf of IOCL team, thank you once again for your continued trust and support. We look forward to engaging with you in our future interactions and keeping you updated on our progress. Thank you. Stay safe and take care. Thanks.

Varatharajan Sivasankaran: Thank you, sir. I wish to thank on behalf of Antique Stockbroking all the participants as well as the management for answering all the questions and taking time out to attend this call. Thanks, everyone, and have a nice day.

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