



# “Indian Oil Corporation Limited Q2 FY '26 Results Conference Call”

**October 28, 2025**



**MANAGEMENT:** **MR. ANUJ JAIN – DIRECTOR FINANCE – INDIAN OIL CORPORATION LIMITED**  
**MR. NITIN KUMAR – CGM I/C, CORPORATE FINANCE AND TREASURY – INDIAN OIL CORPORATION LIMITED**  
**MR. PRAMOD JAIN – CGM, TREASURY – INDIAN OIL CORPORATION LIMITED**  
**MR. PRABHAT HIMATSINGKA – CGM, FINANCE AND TREASURY – INDIAN OIL CORPORATION LIMITED**

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

**Moderator:** Ladies and gentlemen, good day, and welcome to Indian Oil Corporation Limited 2Q Results Conference Call, hosted by Antique Stock Broking Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

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

**V. Sivasankaran:** Thank you, Swapnali. Very good afternoon, everyone. At the outset, I would like to welcome all the participants and the top management of Indian Oil Corporation to this 2Q Results Call.

We have with us Mr. Anuj Jain – Director (Finance), Mr. Nitin Kumar – CGM I/C (Corporate Finance and Treasury), Mr. Pramod Jain – CGM (Treasury), and Mr. Prabhat Himatsingka – CGM (Finance and Treasury).

I would like to hand over the call to Mr. Anuj Jain for his opening remarks, and we will then move on to the Q&A.

**Anuj Jain:** Thank you, Mr. Varatharajan. Dear investors and analysts, a very good afternoon to all of you and warm greetings for the festival season.

I take this opportunity to welcome all of you to the Conference Call organized by us, post-announcement of the 2nd Quarterly 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 Results we have posted on our Website, Exchanges, 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 by, provide some insights on the broader macroeconomic context, and also share with you the strategic initiatives we are pursuing to strengthen our position as India's largest energy company.

**Let me start with our quarterly performance:**

This quarter, we have registered a profit after tax of Rs. 7,610 crores, higher than the preceding quarter, which was Rs. 5,689 crores. From a half-year perspective, the PAT is Rs. 13,299 crores, as against Rs. 2,823 crores in H1 Financial Year '25.

Revenue from operations during this quarter stood at Rs. 202,992 crores, as against Rs. 218,608 crores in the preceding quarter of this year. The above-normal rainfall in the country has impacted the sales volume for the quarter. The revenues for the corresponding quarter of FY '25 were Rs. 195,149 crores.

On 8th August 2025, the Union Cabinet approved compensation of Rs. 30,000 crores to the three public sector OMCs for under-recoveries incurred on sale of domestic LPG. As per communication received from MOPNG, IOC share in the compensation is Rs. 14,486 crores. The compensation amount will be disbursed in 12 monthly installments of Rs. 1,207 crores, starting November 2025. Accordingly, revenue to the extent of equivalent on a monthly basis will be recognized in the relevant periods.

The strategic initiative of Project Sprint has started showing improvements with green shoots visible in operational and financial performances.

Now, for the 'Operational and Financial Highlights', I will request my colleague, Shri Nitin Kumar – CGM in-charge, CF and Treasury, to brief you. Thank you.

**Nitin Kumar:**

Thank you, sir. Kindly note that today's discussion may include forward-looking statements, which are based on currently available information, assumptions, and expectations, and are subject to uncertainties that could cause actual results, performance, or achievements to differ materially from those expressed or implied. Participants are advised to refer to the company's latest filings with regulatory authorities for a more detailed discussion on the risks and uncertainties.

The past quarter witnessed important developments both globally and domestically. On the global monetary front, the U.S. Fed delivered its first rate cut of 25 basis points for the year, bringing the rate down to the range of 4% to 4.25%. The Fed's updated projections signal the possibility of further reductions in 2025, underscoring a shift from a primarily inflation-fighting stance to growth and labor market support.

In India, the Reserve Bank of India held its policy repo rate steady at 5.5%, maintaining a neutral stance as the impact of earlier cuts continued to play out. On the growth front, IMF raised India's '25-'26 GDP growth forecast to 6.6% from 6.4%, following a strong 7.8% growth in Q1 of Financial Year '26.

For Indian Oil, the past few months have been particularly significant. On 20th September 2025, Prime Minister Narendra Modi inaugurated Indian Oil's acrylics and oxo-alcohol plant at Vadodara's Gujarat refinery, boosting India's drive for petrochemical self-reliance using propylene to make high-value products.

We started trials of "INDEcoP2F" technology at Digboi refinery, converting waste plastics like PE, PP, and multi-layer packaging into fuels, showcasing our sustainable and scalable innovation. Our Paradip Refinery commissioned a new hydrogen generation unit, announcing cleaner fuel production and supporting energy efficiency and sustainability goals.

S&P Global has assigned Indian Oil a BBB long-term rating, equivalent to India's sovereign rating. This follows S&P's recent upgrade of India's sovereign rating and reflects our strong

financial fundamentals, disciplined capital management, and resilient performance amid a volatile global environment.

**Now, let me briefly touch upon the quarterly performance highlight:**

**Talking about the numbers:**

The average price of crude Indian basket during this quarter witnessed an increase of about 4.2% from the immediately preceding quarter, that is, Q1 of Financial Year '25-'26. The increase in crude oil prices quarter-on-quarter is largely due to geopolitical risks and stockpiling by China. Accelerated unwinding of production cuts by OPEC+ helped in keeping the increments in limits.

With respect to the crack spreads, while HSD crack improved during Q2 of '25-'26, MS cracks were lower than the previous quarter. In the petrochemical space, the spreads of key products continue to remain at subdued levels due to weak global demand growth, new capacity additions, and volatile feedstock prices.

**Now, let me briefly touch upon the major verticals:**

**Refineries:**

The reported GRM of \$10.66 per barrel during this quarter is higher than the previous quarter. The normalized GRM for this quarter at \$8.91 per barrel has also outperformed the previous quarter of \$6.91 per barrel. The increase in GRM is attributable to higher product crack spread of HSD during the quarter. The throughput during the quarter was at 17.6 MMT with a capacity utilization of 99.5% in comparison to throughput of 18.7 MMT and capacity utilization of 106.7% during Q1 of Financial Year '25-'26.

**Pipeline:**

The capacity utilization was about 67% during this quarter as compared to 74% in the previous quarter. Pipeline throughput during Q2 of '25-'26 is 24.1 MMT, vis-à-vis 26.3 million metric ton during Q1 of '25-'26. The Gujarat refinery shutdown has impacted the refinery and pipeline throughput for this quarter.

**Marketing:**

Total product sales during the quarter were 24.262 MMT as compared to the sale of 26.328 MMT during the previous quarter, that is, Q1 of '25-'26. We know that the oil and gas sector is sensitive to seasonality, and the above-normal rainfall during this monsoon in India has impacted the volumes of major products in the quarter.

However, with the strong and sustained demand for petroleum products across the country, we expect a significant improvement in our performance in Q3 and Q4, positioning us for a stronger finish to the year.

On a half-yearly basis, sales have improved, that is, 50.590 MMT in H1 of '25-'26, vis-à-vis 48.213 MMT in H1 of Financial Year '24-'25. During Q2 of Financial Year '25-'26, 597 retail outlets were commissioned, taking the total number to 41,263.

Our lube business achieved 21% growth in total lube sales and 11% growth in automotive lubes. During H1 of Financial Year '25-'26, our lube market share achieved 9% growth among PSUs and 5% growth among industry.

**Petrochemicals:**

The sales of petrochemical products, including exports, during this quarter was 0.77 MMT as compared to 0.83 MMT in the preceding quarter. Sales for Q2 of Financial Year '24-'25 was 0.77 MMT. On a half-yearly basis, petrochemical sales in H1 of '25-'26 was 1.602 MMT, were more than the sales recorded in H1 of '24-'25, which was at 1.517 MMT.

**Gas:**

During the year, we registered highest quarterly gas sales of 1.840 MMT, which includes CGD sales of 44 TMT as compared to total gas sales of 1,685 TMT. It includes CGD sales of 41 TMT during the preceding quarter, that is, Q1 of Financial Year '25-'26. On 1st August 2025, Indian Oil and Trafigura Pte Limited signed a confirmation memorandum for the supply of approximately 0.4 MMTPA LNG from July 2025 to December 2029 under Indian Oil's first Henry Hub Link mid-term contract, with the first LNG cargo delivered on 10th August 2025 at Dahej.

**Biofuels and renewable energy:**

During April to September 2025, we have achieved ethanol blending percentage of 19.85% on an all-India basis, which is slightly higher than the industry blending percentage of 19.83%. The company is working to develop 31 Gigawatts of renewable energy by 2030. The same will be achieved through wholly-owned green subsidiary Terra Clean Limited and JV company with NTPC Green Energy Limited.

We are setting up the country's largest green hydrogen plant of 10 KTA at Panipat refinery. To promote hydrogen mobility, we have set up India's first hydrogen dispensing station at our R&D center in Faridabad, followed by a station in Gujarat refinery, where field trials on fuel cell buses are being undertaken. Indian Oil has introduced 15 hydrogen fuel cell buses along with Tata Motors Limited for operational testing in Delhi NCR and Gujarat regions.

Indian Oil will develop two new hydrogen dispensing stations along Mumbai-Pune and Jamshedpur-Balasore corridors. We are also undertaking a viability study for Hyundai Nexo hydrogen fuel cell electric vehicle, FCEV, through a two-year real-world test.

Indian Oil and Air India have signed a memorandum of understanding for the supply of SAF, that is, sustainable aviation fuel, from December 2025. Further, with Indian Oil being the only certified company to produce SAF from used cooking oil, a rate contract has been finalized for the supply of treated used cooking oil to enhance SAF blending.

**CAPEX:**

During April to September 2025, the company incurred a total CAPEX of Rs. 15,890 crores, encompassing investment across all verticals. The budgeted CAPEX target for the Financial Year '25-'26 is Rs. 33,494 crores. These investments are aligned with our long-term strategic roadmap and national energy priorities.

**Borrowings:**

With respect to the borrowing levels, the borrowings as on 30th September 2025 have increased by about Rs. 6,692 crores and is at Rs. 1,28,239 crores level as compared to Rs. 1,21,547 crores as on 30th June 2025. The increase in borrowing was mainly on account of working capital changes and foreign exchange translation.

With the current debt-to-equity ratio of 0.68 as on 30th September 2025, Indian Oil is comfortably placed to fund the ongoing CAPEX plans.

Let me take a pause here and request Director (Finance) for his further remarks.

**Anuj Jain:**

Thank you, Nitin. Despite global volatilities, uncertainties and evolving market challenges, Indian Oil stands resilient and future ready. Guided by our unwavering commitment to the nation's energy security and supported by the strong operational capabilities, integrated value chain, and an agile workforce, we will continue to power India's growth story. As the country's energy needs expand, we remain firmly focused on ensuring reliable, sustainable, and uninterrupted energy supply while advancing our vision of building a cleaner and more self-reliant energy future for India.

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. Jai Hind, Jai Indian Oil.

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

- Moderator:** Thank you. We will now begin the question-and-answer session. The first question is from the line of Probal Sen from ICICI Securities. Please go ahead.
- Probal Sen:** I have a couple of questions. First was with respect to the LPG recognition. I believe the CFO, sir, mentioned that this will be recognized on an accrual basis in revenue. I just wanted to reconfirm that it will not be shown as other income, but it will be recognized as revenue. Is that correct?
- Anuj Jain:** Yes.
- Probal Sen:** So, every month, the proportionate installment will be basically booked as revenue, sir, on the LPG front, right?
- Anuj Jain:** Yes.
- Probal Sen:** Just another follow-up on the same thing. What is the loss per cylinder that we saw in Q2? And what is the loss per cylinder right now, if you can get a sense?
- Anuj Jain:** As on date, the loss is around Rs. 40 per cylinder.
- Probal Sen:** And in Q2, sir, what was the number?
- Anuj Jain:** Q2, almost it was Rs. 100 per cylinder.
- Probal Sen:** Q2 was Rs. 100, and it has dropped drastically to about Rs. 40 per cylinder right now.
- Anuj Jain:** Yes.
- Probal Sen:** Third question, sir, was on the refining margins, the kind of outperformance that we have seen. Is there a significant amount of Russian crude that is still there in percentage terms? Is it possible to share how much of Russian crude was there in Q2?
- Anuj Jain:** In Q2, we have been maintaining somewhere around 18% to 19% in that range in Q2.
- Probal Sen:** And the discount is down to somewhere around \$2 to \$3. Is that understanding correct, sir?
- Anuj Jain:** Discount has been consistent over the past 5, 6 months. There is no major change in the discount in the past 5, 6 months.
- Probal Sen:** And that is around \$2 to \$3 a barrel?
- Anuj Jain:** Yes.

**Probal Sen:** Sir, I just wanted to understand if we look at the benchmark margins, if you can indulge me for a minute, the calculated margins seem to be a bit lower. So, I mean, just the diesel cracks is actually helping offset negative discounts for all the other products. Is that what we are really seeing? Or is it refinery efficiency also that's playing out in terms of such a robust GRM performance for this quarter?

**Anuj Jain:** See, if you talk about the refining performance, the cracks of HSD has been quite good. If I talk about the HSD cracks, you know, the cracks is more than it was around 10 last year, which has been 14 this year. And the MS also, last year it was 4. Now it is almost 6. The cracks of both MS, HSD, which are the significant portion of our product, they have very high margins coupled with, we have a very good operational performance also. So, in all the parameters, I think they were good margins for the refining sector.

**Probal Sen:** One last question, again, a clarification, sir. I couldn't catch the commentary. How much is the LNG supply agreement with Trafigura? And what are the terms of that in terms of pricing?

**Anuj Jain:** Just a minute.

**Nitin Kumar:** So, the term is supply of approximately 0.4 MMTPA per annum, right, of LNG from July 2025 onwards through December '29.

**Probal Sen:** July '25 to December '29. Thank you so much, sir. I will come back if I have more questions.

**Moderator:** The next question is from the line of Sumeet Rohra from Smartsun Capital. Please go ahead.

**Sumeet Rohra:** Sir, firstly, I would like to congratulate you and your entire team at Indian Oil for posting a superb set of results and also season's greetings for you, though it is a bit too late. Sir, now, firstly, I would like to just touch upon a few things to you as thank you, sir, as an investor.

Sir, today, it is very heartening to see your presentation Sprint. And in that, Indian Oil is about 3% of India's GDP. Now, sir, 3% of India's GDP is nearly Rs. 12 lakh crores. Okay. And today, if you look at it from an investor angle, our market cap is around Rs. 2-2.5 lakh crores. I mean, Rs. 2 lakh crores rather in spite of having an asset base of nearly Rs. 5.5 lakh crores.

Today, sir, it is a proud fact for India that about 3.5 crores Indians use the Indian Oil fuel pump on a daily basis. So, very clearly, on one side of the equation, you are doing a fantastic role on energy security of India, the consumers of India are using.

But sir, as an investor or as being India's national asset, the company is not being valued. I mean, today, having a market cap of barely Rs. 2,10,000 crores is clearly not in the right spectrum of things because today our valuation is being valued like a commodity company. But the matter of fact is that you are a consumer company, right, because 3.5 crores Indians use it. I mean, you are 2% of India's corporate profit.



Sir, today India makes about Rs. 15 lakh crores, and Indian Oil makes about Rs. 35,000 crores. But the matter of fact is that there is some disconnect somewhere where Indian Oil and rather the oil marketing companies are not getting the valuation which they should get. The matter of fact is that the Government of India has also now paid the LPG money, of the Rs. 300 billion, which you highlighted monthly is going to come.

So, sir, the fact of the matter is that these are very valuable companies, but somehow the market is not getting the confidence in the earnings. So, I would, sir, request you to please give the market some confidence on the earnings aspect because otherwise, a market which trades at 22 PE, there should be absolutely no reason why not only Indian Oil, but all the oil marketing companies trade at sub-6PE with ROEs of 22%.

So, I would really request you that the management should explicitly give the market more confidence on earnings because even the refining cycle is in your favor, crude is in your favor, Government of India is in your favor. The company is doing very well. But somehow the investors are not getting the confidence. So, I would only humbly request you to please give some confidence because you guys are doing a superb job. So, there is nothing I have to ask you because Russian crude, sir, whether it's 15%, 20%, it's all optics, right? Because it is going to move the needle hardly a few crores here or there. So, please give the market confidence is all I request you. I wish you all the best. Good luck, and God bless you also.

**Anuj Jain:**

Thank you. I think you have given my answer itself that the four factors, crude is in our favor, refining margins are quite good, government has been quite supportive, overall ecosystem is quite supportive of the oil and gas sector today. So, I think, Sumeet, you have already given the positive news, what I wanted to give to the people. And I feel that, given the performance we had in Q2 and the other factors, what you mentioned, we should have a good profitability for this year.

**Moderator:**

The next question is from the line of Vivekanand from Ambit Capital. Please go ahead.

**Vivekanand:**

I have two questions. So, the first one is an update on Project Sprint, especially with respect to the cost saving initiative that you highlighted. If I remember correctly, you had said that you would be able to optimize your costs by around 20%, and you had given some timelines as well. If you could give us an update on that and more granular details of where these cost savings have come and how we should think about the operating costs, say, for FY '26 overall and '27, that is question one.

My second question is on the Panipat Refinery expansion progress. Where does it stand currently? And what is the refinery throughput on a standalone basis that we should assume for Fiscal '26 and '27?

**Anuj Jain:** See, I think Project Sprint is not only for the revenue expenditure, it is for the capital expenditure as well. What we are doing is to optimize wherever there is CAPEX or revenue, both sides we are trying to optimize.

So, as far as the specific numbers are concerned, I think we are still, we started our journey from April, and it is a three-year project. So, it will not be possible for me to give you specific numbers because many expenses in the initial months would have got deferred, which might come in the second half. But I would be sharing that, what we are assuming is that it should be a very, very positive way of reducing our cost. But as on date, it will be difficult for me to share any specific number because this is an ongoing year.

So, the things have been, we are discussing with the teams, and teams are working to optimize. But I will say the cost is being optimized not only on retail, it is on LPG, it is on aviation, operations. All the major verticals of Indian Oil, refining, pipelines, marketing, are working to reduce the cost. What the target has been given is to reduce the cost by 20% of the budgeted numbers. That target has been given, but we all have our budgets which are on the higher side. So, all in all, I would say maybe by 3rd Quarter end, we will be able to give you some specific figures.

As far as the Panipat is concerned, we are expecting that the refinery should come on commissioning by June '26. And the basic capacity is 10 MMTPA. So, the first year, generally, we assume that it should give me a 60% throughput of the total capacity. And today, almost 90% physical progress we have already obtained.

So, in other words, as I said, June '26, for that, already 90% of the work has been done. So, in the next now 7, 8 months, balance 10%, other activities will be done. And in the first year, we should expect 60% of the installed capacity.

**Vivekanand:** Just one follow-up. If you could perhaps give us some sort of guidance on the refinery throughput that we should be budgeting for FY '26 and '27. Last year, it was 71.6 MMTPA. Do you have any rough cut sense in mind given that there are multiple refinery projects with varying stages of progress? So, it would be easy for us to track you and assess the company's performance thereof.

**Anuj Jain:** Just give me one minute. I will be able to give you these numbers. So, basically, what we are seeing that, just one minute. See, normally, our capacity utilization remains more than 100%. So, if my installed capacity as far as '25-'26 is concerned, which is going on because all the commissionings are coming next year, so if I talk about Indian Oil alone, it should be around 72, 73 something. So, my installed capacity is around 72.

**Nitin Kumar:** 72.

**Anuj Jain:** Yes, I am talking about only Indian Oil as a standalone, not including CPCL.

**Vivekanand:** Right. And sir, do you have any thought process in mind as to what the throughput will be for '26 and '27? You can perhaps discuss and maybe revert on this later. No problem.

**Anuj Jain:** Okay. But '26, '27 should be higher than that 4 to 5 MMTPA.

**Vivekanand:** Understood.

**Moderator:** The next question is from the line of Puneet from HSBC. Please go ahead.

**Puneet:** My first question is on the PetChem side. We haven't seen any material increase in PetChem margins per se, but you have been able to demonstrate a nice uptake and return to profitability at EBIT side. Can you talk about the reasons for the same?

**Anuj Jain:** I feel we had some units under shutdown last year, which are now working this year. So, as such, our quantum has gone up. But on the whole, I think the PetChem margins still remain constrained. We are still seeing that the margins have not improved much, but we hope that in times to come, the PetChem margins will also go up.

**Puneet:** But you should think that for the rest of the year, you should be on a positive number for PetChem as well.

**Anuj Jain:** Yes. Numbers are positive. In any case, we have a positive contribution to our EBITDA. Only thing is the type of margins we have seen in the past, we are not seeing it today. We earned more than Rs. 2,000 crores PetChem margin during the 6 months which was almost 25%, 33% higher than the last year because of the improved margins this year.

**Puneet:** And can you also give us a breakup for your CAPEX plan for this year?

**Anuj Jain:** See, CAPEX, we have always been sharing that ours will be approximately Rs. 33,000 crores for FY '25-'26. And if you want some major projects, I can share with you. You want that?

**Puneet:** Yes. Major projects and also your CAPEX towards renewables, if you can talk about that.

**Anuj Jain:** See, refining would be almost Rs. 14,000 crores. And marketing and pipelines put together would be another Rs. 10,000 crores. My PetChem should be around Rs. 2,500 crores.

And now, coming to specifically what you were asking for my renewables, see, lot of renewables are going through a joint venture and subsidiary mechanism in our system. So, we do equity contribution in that, and we expect to contribute almost Rs. 2,000 crores in those JVs and subsidiaries this year. In any way, once we give the money to them, there is a JV partner who brings the additional money. Then there would be debt funding also. So, for my Indian Oil books, it should be around Rs. 2,000 crores for the Financial Year '25-'26.

**Puneet:** And then there is only one JV, right, with NTPC? Or is there more that you formed?

**Anuj Jain:** No, we have a subsidiary company called Terra Clean, which is 100% like NTPC Green. We have also opened a company. So, we are having a big target for that company.

**Puneet:** So, there is no specific CAPEX for Terra Clean?

**Anuj Jain:** Terra Clean itself has a target of 30 Gigawatt by 2030. So, if you break up each year, they should be commissioning 4 to 5 Gigawatt of power. So, their targets are very, very different. But since we have started the journey, maybe one or two years, the activities will go on, but the outcome will not come. Our equity funding will go from our side.

**Puneet:** That's very helpful. Thank you so much. And lastly, if you can just elaborate a bit more on the GRM side, other than the better diesel cracks, what else would you attribute your expansion of margin to?

**Anuj Jain:** See, predominantly, if this quarter is concerned, it has been a better operational performance also. And it is also due to my better cracks refining margins. Refining cracks have been quite good this year. And I would also share with you if I have some other things.

See, we have also had more of a, you know, because we sometimes gain on the freight side also because we are taking both on a DAP and FOB basis. And sometimes if we are taking it on DAP basis, that also gives me a positive margin, which was also positive for this quarter.

**Puneet:** And is that sustainable?

**Anuj Jain:** See, I told you, it is all shipping freight market is quite volatile because we also have our time charter vessels. So, it all depends upon the because one, we do a tender, we give an open offer whether you want to give us on an FOB basis or a delivered basis. So, depending upon the optimization of the seller, we get the benefit.

**Puneet:** Lastly, if you can tell what is the crude from Russia for the current quarter so far?

**Anuj Jain:** I just shared with you in the beginning itself that it is around 19%.

**Puneet:** The same run rate continues from the previous quarter.

**Anuj Jain:** No, quarter 1 was higher. Quarter 2 is slightly down because overall throughput is down. Normally, the Quarter 2 throughput is always down because of the rainfalls.

**Puneet:** And the Quarter 3, I mean the October one.

**Anuj Jain:** October, it just started. We are still continuing to procure the Russian crude.

**Puneet:** Fine. That's helpful.

- Moderator:** The next question is from the line of Yogesh Patil from Dolat Capital. Please go ahead.
- Yogesh Patil:** Questions are mostly related to the understanding of the LPG under-recoveries and the over-recoveries. In our result note, categorically mentioned that LPG compensation will cover the losses till the end of FY '26. So, whatever under-recoveries in the first half FY '26 will be the part of that compensation, and we will not get any separate compensation for the first half FY '26 amount. Is that a correct understanding?
- Anuj Jain:** See, what we have been informed is that the government has, as of now, given Rs. 30,000 crores under-recovery for the under-recoveries on LPG. So, we are still, LPG is a controlled product. Okay. So, as of now, they have given Rs. 30,000 crores, but we continue to get engaged with the government, and we will definitely pursue for the under-recoveries of the balance amount because MOPNG is also maintaining always that it is a continuous account because now the Saudi CP has come down. So, we may not have a huge under-recovery in the next few months. And in the past also, we have seen in some months we get an over-recovery also. So, government will take a situation on a cumulative basis at the end of the financial year '25-'26, and then we will see what will be the situation.
- Yogesh Patil:** So, we will have a window to ask them for the FY '26 under-recoveries if it is increasing.
- Anuj Jain:** Yes, it would be there.
- Yogesh Patil:** So, the windows will be open.
- Anuj Jain:** Yes.
- Yogesh Patil:** Sir, quickly, the second question is related to what exactly you mentioned. The Saudi CP has come down, and from the next month, it is declining 6%. So, definitely, LPG under-recoveries will be nil. Is that a correct understanding from the next month?
- Anuj Jain:** No, it won't be nil.
- Yogesh Patil:** It would be hardly Rs. 10, Rs. 12, correct? Not more than that.
- Anuj Jain:** No, no. It should be more than that. I think it should be around Rs. 25 to Rs. 30.
- Yogesh Patil:** And lastly, suppose from here, from November onwards, if it falls below 10%, 20% again, then the over-recoveries would be there. Okay. And in that case, that same over-recoveries can be settled against the under-recoveries of the first half FY '26. Can you just clarify?
- Anuj Jain:** See, it is a continuous account. I just said they will see on a cumulative basis. They don't see on a month-to-month basis. At the end of the Financial Year '25-'26, they will take a total position, what has been the under-recovery of '24-'25, '25-'26, what has been given to us, and then they will take a call.

- Yogesh Patil:** So, sir, lastly, just let me reframe my question. Suppose, after December 2025, we start earning the over-recoveries on the sale of domestic LPG, and that over-recoveries or kind of a profit will be transferred to the buffer account. As you mentioned that this is a running account, buffer account is a running account, and the settlement will be a continuous process, so do we need any kind of permission from the government to take out that profits or over-recoveries from that buffer account and settle on our historical under-recoveries? Do we need any kind of MOPNG permissions or the government permissions to settle this account?
- Anuj Jain:** See, this is the account which we submit, all the oil marketing companies submit our figures to the MOPNG. In any case, everything is decided on LPG. See, we understand LPG is a controlled product even today. So, everything we have to submit. Based on our submission, they will take a decision.
- Yogesh Patil:** So, the ministry and the petroleum ministry and the government will take a decision on that side.
- Moderator:** The next question is from the line of Nitin Tiwari from PhillipCapital India Limited. Please go ahead.
- Nitin Tiwari:** Sir, my first question is, with respect to your lubricant division. So, can you give us the sales number for the entire first half, your lubricant sales, and what percentage of that was auto sales, and the same for FY '25 as well?
- Anuj Jain:** Basically, normally, we give the total numbers. If you want, I can share with you. See, as far as within the PSU segment, Indian Oil commands 48% market share. Okay? So, you want exact numbers?
- Nitin Tiwari:** Yes, sir. Exact number would be good if we can have the number for first half and FY '25 in terms of what was the total lubricant sale and also what was the automotive component out of it. So, the automotive component --
- Anuj Jain:** I will get it emailed to you. Fine. I will get it emailed to you.
- Nitin Tiwari:** Sure.
- Anuj Jain:** I can share the market share of Indian Oil amongst the PSUs. We are almost 48%.
- Nitin Tiwari:** Among PSUs, you have 48% you mentioned.
- Anuj Jain:** Yes, normally in the range of 360 metric ton to 430. That is the range what we do. I will give it to you. I will send it to you.
- Nitin Tiwari:** Sure, sir. I will connect back with you for the details on email, sir, certainly. And sir, on the CAPEX guidance front, as you indicated that, like, your annual CAPEX is Rs. 34,000 crores, Rs. 33,000, Rs. 34,000 crores. So, in light of Project Sprint, would it be reasonable for us to

assume that once you have realized the gains of Project Sprint, your CAPEX should actually come down by 20%? Would that be the right assessment?

**Anuj Jain:** See, there are two parts of the CAPEX. One is the project, big projects, okay. In any case, that is independent. That is a return what we have to spend. We have also a lot of maintenance CAPEX what we do. We have 40,000 retail outlets pan-India. So, we continuously invest money in upgradations and those things. And we have so many other refineries, 9 refineries, 20,000 kilometers pipeline.

So, you see the existing size itself demands a lot of maintenance CAPEX on them or investment CAPEX. So, what we are trying to do is maximize our CAPEX on the new investments but try to optimize on our existing CAPEX actually. This is what the strategy is.

**Nitin Tiwari:** I understood, sir. What percentage of your CAPEX is actually the maintenance CAPEX, if we can have a rough ballpark around that?

**Anuj Jain:** This will be very difficult. See, now if you talk today, a lot of big projects are going on. So, that means CAPEX percentage would be down. It may be 10% to 15% today. But when the project gets commissioned, this percentage may go up. It all depends how much CAPEX we are incurring on the new expansions and those things.

**Nitin Tiwari:** No, sir, I am just trying to get an understanding around what kind of a CAPEX saving we can, perhaps, see on an ongoing regular basis once your Project Sprint optimization materializes. If you can just help us.

**Anuj Jain:** See, generally, we should be spending Rs. 30,000 crores to Rs. 40,000 crores going forward together, ourselves or with our JVs and subsidiaries where we put some of the investments. Together, we should be in the range of Rs. 30,000 crores to Rs. 40,000 crores.

**Moderator:** The next question is from the line of Vikash Jain from CLSA. Please go ahead.

**Vikash Jain:** So, two, three questions. First is accounting for this LPG reimbursement. The government has already promised, given us a schedule of this is how the money is going to come. Doesn't it mean that it gets accrued to us? So, shouldn't it be accounted for immediately itself that it is just getting paid at a delayed way? Like this is exactly how it used to happen at the time of oil bonds also. There was a promise, and then they were paid. So, any particular reason why we have chosen a different kind of accounting, more or less, like cash accounting instead of when it gets accrued?

**Anuj Jain:** Vikashji, see, LPG is a controlled product, and we are guided by the communication received from the ministry. As of now, it has been conveyed to us that the income will be accrued to the company on a monthly basis. So, based on the communication we have received, we have to account for whenever the accrual happens to the oil marketing companies.

- Vikash Jain:** So, basically, the payment will be whatever your amount is, Rs. 14,500 roughly divided by 12. That is equally paid every month starting November. Is that how you expect it to happen? Is that how it is promised to be paid out?
- Anuj Jain:** See, the interpretation is the government will communicate, on accrual basis, whatever is to be given to us. And accordingly, we will be doing the accounting. But the way we see that, it should be coming to us on a monthly basis, the amount which has been informed to oil marketing companies.
- Vikash Jain:** So, it is equally divided through 12 months. That is what you think.
- Anuj Jain:** I don't have an exact, but yes, it should be like that.
- Vikash Jain:** So, we will only come to know the exact amount for November when it is communicated, right?
- Anuj Jain:** See, as of now, you can consider the amount in equal installment. But if it changes, we have to change our accounting thereafter. But as of now, we have also estimated the same amount in our cash flow.
- Vikash Jain:** And in terms of the other two refinery expansions that you have is Gujarat and Barauni, like you gave an update on Panipat, could you just provide a similar kind of an update on them? When is it expected? By when do you think you can, you know, how the ramp-up would be to get to full capacity both for the main CDU as well as the upgrader units for there?
- Anuj Jain:** See, as far as the expansion in Gujarat is concerned, that is also expected to come in the month of June '26. And Barauni expansion will start commissioning in stages with effect from August '26. So, both the commissionings are falling in the next financial year.
- And the physical progress, if I see, generally, in our companies, we see how much progress has been made. So, in Gujarat refinery, we almost touch 84% physical progress, and in Barauni, 88%. So, for us, these numbers are very important to see how much percentage physical progress has been done on the site. Once it reaches 100%, the commissioning activities will commence. And then here and there, a few months, it gets commissioned.
- Vikash Jain:** And should we, as a thumb rule, assume that the first 12 months after commissioning, the utilization of the incremental capacity will be about 60%?
- Anuj Jain:** Yes. This is a standard, we have been following, 60% first year. And depending upon the successful commissioning, I think sometimes 80%, sometimes 100% also because these are expansions of brown field. Generally, on a green field, we consider 60%, 80%, 100%. But since these are expansions, we are expecting 60% first year and trying to improve beyond 80% in the second year.



- Vikash Jain:** And sir, although you know that we typically, it gets talked about in terms of CDU utilization, but refining margins only come when upgrader units also ramp up. So, for each of these refineries, by when do you think after commissioning would the real gains on refining margins be visible? Would it be almost like 4, 5 quarters plus from the commissioning?
- Anuj Jain:** It should be a month before that because these are all expansions of our existing refineries. So, the way we are configuring it, the moment the primary units are running, because these are all going to be connected with many of our existing units, utilities. So, the ramp-up should be quick, that is a strategy also to have a brownfield expansion. That is the idea behind the exact, that we should have a quicker upgradation.
- Vikash Jain:** And sir, other than these three very clear volume expansions that the company is doing in refining, are there any other projects which are in advanced stages at this juncture, either in PetChem or in refining, and if you could give an update on that in terms of where we are?
- Anuj Jain:** See, now we have a major PX-PTA contract at Paradip Refinery, which is costing me almost Rs. 14,000 crores, and the commissioning is expected in the 3rd Quarter of '26-'27. And then we have another plant in Panipat, Poly Butadiene Rubber plant. That is a Rs. 3,000 crores plant. Here also, we are expecting by June '26 that it should get commissioned. And even in PX-PTA, the physical progress is almost 90% now. And in the PBR plant at Panipat, the physical progress is now almost 70%. And apart from that, since we have a refining system coming, we are spending on the pipelines from Mundra to Panipat. That is a Rs. 10,000 crores project. We are upgrading new refinery, new pipelines. So, small, small many other CAPEX projects are going on.
- Moderator:** Moving further, the next question comes from the line of Sabri Hazarika from Emkay Global Finance Service. Please go ahead.
- Sabri Hazarika:** So, just two questions, one small one. So, firstly, this acrylic plant, you said when was it commissioned?
- Anuj Jain:** It was commissioned in the month of July.
- Sabri Hazarika:** And can you give the unit economics of this plant in terms of how much was the CAPEX and what revenue and EBITDA you are building it? Also, a realistic revenue and EBITDA given the current cycle.
- Anuj Jain:** Just give me one minute. Since it got commissioned, I have not kept the figures. Give me one minute. Have you any other question by the time I?
- Sabri Hazarika:** The second question is this Ennore, Tuticorin, Bangalore pipeline. So, this pipeline is completely ready or is there anything pending here? Has it been connected to the national grid?
- Anuj Jain:** As per my information, as of now, it has not been connected.

- Sabri Hazarika:** So, Bangalore part is not connected. So, it is still stranded only towards Tamil Nadu, right?
- Anuj Jain:** Yes. As far as the Oxo-alcoholic project is concerned, it has costed me Rs. 6,000 crores.
- Sabri Hazarika:** Rs. 6,000 crores. Okay.
- Anuj Jain:** Yes.
- Sabri Hazarika:** And how much revenue are you thinking of earning from this?
- Anuj Jain:** See, normally, if you see any project should give me a return of around 11%. So, for your workings, whenever we commission based on my CAPEX, you can build in the revenue of 11% in your workings. And generally, the ramp-up is around 60% in the first year again. And PetChem should come to around 80% next year and third year, 100%.
- Sabri Hazarika:** 11% to 12% project IRR. Is that right?
- Anuj Jain:** You can keep it at 11% as of now because the margins are quite subdued in all the PetChem cycle.
- Sabri Hazarika:** Sir, just one small follow-up, which I think the previous participant asked. So, right now, if I see the buffer, your buffer is, say, Rs. 26,000 crores, but negative buffer is Rs. 26,000 crores. But in Q1, you have made Rs. 3,700 crores loss. In Q2, it was down to Rs. 2,100 crores. Suppose in Q3 you make a profit of, say, Rs. 500 crores. So, that Rs. 500 crores will directly accrue to your P&L or it will be zero?
- Anuj Jain:** It will be adjusted against the under-recoveries incurred in the past quarter.
- Sabri Hazarika:** So, that Rs. 500 crores will directly come to your P&L, right?
- Anuj Jain:** As I said, suppose two quarters we have an under-recovery and third quarter we have an over-recovery. When we see the total in cumulative end of March '26, everything will be clubbed together.
- Sabri Hazarika:** Yes, so whatever is pending will get accounted in the books at the end of March.
- Anuj Jain:** That we will ask from the government to give us the compensation.
- Sabri Hazarika:** I am just wondering if there could be a positive impact from that, since the negative impact has --
- Anuj Jain:** So, even if the positive comes, it will get adjusted against the past under-recoveries suffered by us.

- Sabri Hazarika:** Yes, but for that quarter, it will be positive only.
- Anuj Jain:** But it will not be taken in my P&L (In case of positive buffer balance).
- Sabri Hazarika:** It will not be taken in your P&L, right? It will be zero or negative. But if the compensation comes, then it will come as a separate thing only, not from here.
- Anuj Jain:** Yes, suppose the over-recovery happens (on overall basis), it will be shown as a payable.
- Sabri Hazarika:** It will be shown as a payable despite the fact that you have got outstanding. Okay.
- Anuj Jain:** Yes.
- Moderator:** The next question is from the line of Amit Murarka from Axis Capital. Please go ahead.
- Amit Murarka:** Just on inventory loss, could you give the total loss number in the quarter? Or was it a gain if it was a gain?
- Anuj Jain:** See, as I have said that in this Quarter 2, we had a gain. And Quarter 1, we had a loss. On a cumulative basis, we still have an inventory loss.
- Amit Murarka:** Could you quantify that? I think Q1, you had mentioned Rs. 6,500 crores of loss.
- Anuj Jain:** So, basically, just excuse me. My colleague will be answering this query to you or we will send it to you through your email. Can you go to the second question because we have to just finish in a few minutes? We will send it across to you.
- Amit Murarka:** Also, on the Russian crude, I think there was a comment made that you would be complying with the sanctions. So, I believe you buy from the spot market, which do not have a designated source when you buy it like that. So, does it mean that you would be avoiding Russian crude completely, given that the spot market do not distinguish between the source of the crude?
- Anuj Jain:** No. See, we are absolutely not going to discontinue as long as we are doing the compliance of the sanctions. Today, from Russia, Russian crude is not sanctioned. It is the entities and the shipping lines which have got sanctioned. So, today, if somebody comes to me which is a non-sanctioned entity, and the cap is being complied with, the shipping is okay, then I will continue to buy it.
- Amit Murarka:** But do you know the source of the crude when you are buying from the spot markets?
- Anuj Jain:** Yes, yes. Certificate of origin is a part of the standard documents being taken for the banking whenever you make the payments.

**Amit Murarka:** Fine. So, as of now, there is no, I mean, avoidance of Russian crude. It is just that those two entities you would avoid from, essentially.

**Anuj Jain:** Apart from these two entities, there have been entities in the past also. So, we maintain all the data bank, and when we purchase, we ensure that we comply with all the international sanctions, whatever are applicable on that date.

**Amit Murarka:** That's all from my side.

**Moderator:** The next question is from the line of Maulik Patel from Equirus. Please go ahead.

**Maulik Patel:** Just one question. In the last three years, you have bought approximately 2.4 million tons of, and in a medium-term LNG. Two deals, I think you have done on an oil link, one with ADNOC and I think it is with Total. I am not sure. And third, which you have signed recently with 0.4, with Trafigura on a HS basis. So, this 2.4 million tons of LNG, which you are going to get, you are going to use it internally on your refineries. And what is basically you are going to market in a market?

**Anuj Jain:** See, we have both the portfolios. We use it internally also. We sell it to our customers also. So, we have a multiple source of buying, and we have a multiple source of selling our LNG.

**Maulik Patel:** But is there any strategy that you want to use more of the gas internally? Because there is the contract which you have signed is significantly lower than the current spot price. Spot is currently at \$11. You are getting at around \$12.5 for those crude-linked volumes. The price will be at around \$9 somewhere on a DES basis. Will you use more of the gas internally for refinery and the cracking utilities?

**Anuj Jain:** See, for everything, we have optimization. Suppose in our refinery, we have a demand, and we have a demand from the customer. I will see what is the alternate cost of my fuel if I use it in my own fuel in that system. So, if I am using my own fuel, I can sell it outside. Why not? But if I have a cost, you know, it is all depending upon the cost of your own fuel also in the refining system. So, that is a day-to-day work, what our teams do. They will always see whether it is more beneficial to sell or it is more beneficial to consume it internally.

**Anuj Jain:** Thank you. I think we can finish it now.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Varatharajan for closing comments.

**V. Sivasankaran:** Thank you, Swapnali. Sir, if you have any closing remarks, please go ahead.

**Nitin Kumar:** 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. Stay safe and take care.  
Thank you.

**V. Sivasankaran:** Thank you, sir. I wish to thank the IOCL management for giving us the opportunity to host the call, and thank all the participants for taking out time to attend this call. Thanks, everyone. Have a nice day.

**Moderator:** Thank you. On behalf of Indian Oil Corporation Limited, that concludes this conference. Thank you for joining us today, and you may now disconnect your lines.