"Indian Oil Corporation Limited

Q2 FY27 Results Conference Call"

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INDIANOIL MANAGEMENT

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

Moderator: Ladies and gentlemen, good day, and welcome to the Indian Oil Corporation Limited Q2 FY27 Results 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.

I now hand the conference over to Mr. Varatharajan Sivasankaran from Antique Stock Broking Limited. Thank you, and over to you.

Varatharajan S.: Thank you, Nishya. A very good morning, ladies and gentlemen. It's my pleasure to welcome all the participants as well as the management of Indian Oil Corporation. We have with us today Mr. Anuj Jain, Director of Finance; Mr. Nitin Kumar, ED, Corporate Finance and Treasury; and Mr. Pramod Jain, CGM, Treasury, along with his team.

I'd like to hand over the call to Mr. Anuj Jain for his opening remarks. Over to you, sir.

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 second quarterly results of financial year 2026-27. I trust you had an opportunity to review the financial results and accompanying disclosures published on our website and stock exchanges, along with the updates shared with you.

In today's call, we would like to walk you through our performance for the quarter gone by, provide some insights on the broader macroeconomic context and also share with you the strategic initiatives we are pursuing to strengthen our position as India's largest energy company.

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

We are meeting at a time when geopolitical tensions continue to drive volatility in global energy markets. Following the onset of U.S.-Iran hostility towards the end of February 2026, global crude oil prices witnessed a significant spike. The Indian basket crude price, which averaged around US$65 to US$70 per barrel in Feb remained above the US$100 per barrel mark during most of Q1 financial year '26-'27.

During Q2, crude oil prices remained relatively moderate with Indian average basket largely ranging between US$85 to US$95 per barrel during July and August before witnessing renewed upward pressure and escalating geopolitical tensions in September.

Supply side uncertainties continue to persist with disruptions to commercial shipping in vicinity of the Strait of Hormuz, coupled with elevated freight and war risk insurance cost. The Indian basket has remained above US$100 per barrel mark on a sustained basis since September, averaging around US$120 per barrel in October 2026.

Amid these heightened geopolitical uncertainties and evolving global trade flows, Indian Oil continues importing secure, reliable, economically competitive crude oil grades from diverse countries while managing challenges of high market volatility.

Logistic challenges in terms of ships, insurance, freight costs, among other things, remains a cause of concern. Amidst disruption, we diversified our sourcing by increasing imports from other geographies like Russia, Venezuela, Brazil and even some from African countries, thereby ensuring continuity of crude imports to maintain our planned refinery operations. The spot imports for the half year stood at about 87% against 50% during the last financial year.

As regards to our performance for Q2 financial year 26-27, we reported a net profit of Rs. 21,630 crores compared to net loss of Rs. 2,661 crores in the preceding quarter and profit after tax of Rs. 7,610 crores in the corresponding quarter of financial year FY 25-26.

From a half year perspective, the PAT is Rs. 18,969 crores as against Rs. 13,299 crores in H1 financial year FY 25-26. High inventory gains and other multiple factors have contributed towards the profitability for the period.

Revenue from operations during this quarter stood at Rs. 2,62,936 crores against Rs. 2,75,972 crores in the preceding quarter for this year. The revenues for the corresponding quarter of financial year 25-26 was Rs. 2,02,992 crores.

Beyond navigating the near-term challenges in the global energy environment, Indan Oil continues to focus on strengthening operational excellence across its integrated business.

Our refining capabilities, extensive pipeline infrastructure and nationwide marketing network remain key strength in ensuring supply reliability, improving operational efficiency and supporting the country's growing energy requirements. At the same time, we continue to pursue opportunities in cleaner energy and emerging businesses as part of our long-term growth strategy to support India's evolving energy requirements and transition objectives.

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

Nitin Kumar

Thank you, sir. Dear investors and analysts, 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 the company's latest filings with regulatory authorities for a more detailed discussion on the risks and uncertainties.

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

The quarter saw a notable shift in the global macroeconomic environment developments in West Asia, pushed crude prices higher and revived inflation concerns, taking global sovereign bond yields to multiyear highs. Central banks responded firmly. The U.S. Fed raised rates by 25 basis points in September, and the RBI followed in October with a 25 basis repo rate increase to 5.5%, reinforcing its commitment to price stability.

Coming to the forex market, the rupee remained highly volatile during Q2 of this financial year. It depreciated to a quarterly low of about Rs. 96.58 per USD in July after U.S. Iran's escalations. However, it recovered to around Rs. 94.5 per USD, aided by strong FCNR (B) inflows under RBI facility. The rupee could not hold the gains and closed the quarter at Rs. 95.84 per USD after Fed rate hike. Recently, rupee recovered to below Rs. 95 per USD levels after RBI measures. The rupee is expected to remain volatile under these uncertain global geopolitical environments.

On the growth front, India continues to stand out. The IMF has raised India's financial year FY 26-27 growth forecast to 7%, well above global growth of 3.1%, citing a resilient domestic demand. The strength is reflected in energy demand. As per PPAC data, domestic consumption of petrol (MS) and diesel (HSD) grew by 8.5% and 7.5%, respectively, in Q2 of financial year FY 26-27 compared with Q2 of financial year FY 25-26. This provides a strong foundation for demand across our businesses.

The average price of crude - Indian basket declined to $96.16 per barrel in Q2 of this year from $100.74 per barrel in Q1 of this year. However, the ongoing U.S. Iran conflict and heightened geopolitical uncertainties continue to exert upward pressure on global crude oil prices, keeping energy market volatile.

Now let me briefly touch upon the quarterly performance highlights.

While navigating a volatile global energy environment, we have continued to balance market stability with commercial considerations. Our strong volume base, extensive marketing network and focus on operational efficiencies and product mix optimization provide a sound foundation to support earnings resilience and position us to benefit from an improvement in marketing margins as market conditions evolve.

Talking about the numbers, now let me briefly touch upon the major verticals.

Refineries: During the quarter, refineries achieved crude throughput of 18.1 MMT with a capacity utilization of 102.3% in comparison to throughput of 19.2 MMT with a capacity utilization of 109.4% during the preceding quarter.

For the corresponding quarter of financial year 25-26, the throughput was at 17.6 MMT with a capacity utilization of 99.4%.

On July 12, 2026, Panipat Refinery became the first Indian oil refinery to produce all-weather grade high-speed diesel, reinforcing Indian Oil's commitment for meeting the fuel requirements of the nation's armed forces operating under extreme conditions.

Pipeline: During the quarter, pipeline throughput was 25.3 MMT with a capacity utilization of 64.3% vis-a-vis 28.5 MMT during the preceding quarter with capacity utilization of 79.9%. During the corresponding quarter of financial year 25-26, the capacity utilization was about 66.7% with throughput of 24.1 MMT.

Marketing: The total sales volume during the quarter was 25.228 MMT as compared to 26.211 MMT during the preceding quarter and 24.262 MMT in Q2 of financial year 25-26.

During the quarter, 126 retail outlets were commissioned, taking the total number to 43,245.

Under a significant strategic development, Indian Oil signed a sale purchase agreement with the State Trading Corporation of Mauritius under G2G framework MoU between Government of India and Government of Mauritius. Pursuant to this, Indian Oil will meet 100% requirement of Motor gas (MS) and gas oil (HSD) and Jet A-1 (ATF) of Mauritius on delivered basis for next 5 years.

Petrochemicals: The sale of petrochemical products, including exports during this quarter was 0.858 MMT compared to sale of 0.768 MMT in the preceding quarter.

Gas: During the quarter, we registered gas sales of 1,933 TMT, which includes CGD sales of 76 TMT as compared to total gas sales of 1,873 TMT, including CGD sales of 67 TMT during the preceding quarter.

In a significant development, Indian Oil has been entrusted with developing the gas supply infrastructure for supply of natural gas in the Andaman and Nicobar Islands. Indian Oil has signed a 25 years gas sale agreement with NTPC Vidyut Vyapar Nigam Limited, a subsidiary of NTPC for the supply of regasified LNG to the upcoming gas-based power projects in Andaman and Nicobar Islands. Additionally, Indian Oil is also developing a floating storage and regasification unit, that is FSRU-based infrastructure to supply natural gas to power plants in the Islands.

Renewable Energy: Indian Oil is working to strengthen its position at the forefront of India's biofuel and energy transition agenda, aligning with nation's twin objective of energy security and decarbonization. Across hydrogen and green hydrogen, ethanol, biodiesel, CBG and SAF. The corporation continues to scale commercial capacity and deepen its partner ecosystem. As informed earlier, Terra Clean Limited, our wholly-owned subsidiary, is working in renewable energy activities, including wind and solar projects.

The company has received connectivity approvals for 2.65 gigawatt capacity on central transmission unit, that is CTU and state transmission utility that is STU. Further, the company has been allotted 423 acres of land in the State of Uttar Pradesh for development of solar power plant of around 100 megawatt. Terra Clean Limited is aggressively exploring commercial and industrial customers across India for providing reliable green power through long-term power purchase agreements under the group captive open access mode.

Capex: During April to September '26, the company incurred a total capex of Rs. 12,162 crores encompassing investment across all verticals. The budgeted capex target for the financial year 26-27 is Rs. 32,700 crores. These investments are aligned with our long-term strategic road map and national energy priorities.

In September 2026, Paradip PX-PTA project has been mechanically completed. Commissioning activities are in progress.

The major refining expansion project in Panipat, Barauni and Gujarat are at advanced stages of execution and are targeted for completion during FY 26-27. Phase-wise commissioning of process unit, utilities and offsite facilities are being undertaken in a structured manner to enable progressive capacity buildup and integration.

Borrowings: With respect to the borrowing levels, the borrowing as on 30th September 2026 was at Rs. 1,16,578 crores level compared to Rs. 1,41,453 crores as on 30th June 2026. The reduction in borrowing levels is primarily driven by higher profitability and favorable working capital changes.

As of 30th September 2026, the company's gross debt-to-equity ratio stood at 0.54, reflecting a comfortable leverage profile after adjusting for financial investments, the net debt-to-equity ratio further strengthens to 0.35, positioning us well to pursue growth opportunities, absorb market volatility and maintain financial strength across cycles.

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

Anuj Jain: Thank you, Nitin. I would like to extend my sincere appreciation to all investors and all stakeholders for their continued confidence and support. We remain focused on delivering consistent performance, maintaining financial discipline and strengthening our competitiveness while creating sustainable long-term value for our shareholders and all stakeholders.

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

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Probal Sen from ICICI Securities.

Probal Sen: Congratulations for a very strong set of numbers. Firstly, can I have the refining margins for this quarter broken down into core and inventory gains like you generally give?

Anuj Jain: Yes, you can note down. During quarter 2 FY 26-27, we had a gross refining margins of $18.52 per barrel, which is excluding SAED and considering the SAED impact, the GRM is $36.67 per barrel.

Probal Sen: $36.67?

Anuj Jain: Yes. This is for Q2. Yes.

Probal Sen: Okay. And sir, inventory number, is it possible to share roughly?

Anuj Jain: Yes. In Q2, basically, on an overall basis, we have a benefit of Rs. 6,900 crores on account of inventory.

Probal Sen: Got it. The second question was with respect to the crude sourcing environment. If we can get a sense of what kind of premium we are paying right now on top of benchmark crude in terms of what we see on the exchanges, what is the actual premium on the ground that we are paying right now on a blended basis? And second part of that question is if we can get a sense of what

percentage of crude is from Russia and whether we are also looking at Venezuela as a potential import. If you can just throw some color on this.

Anuj Jain: As you know, the crude oil prices have remained highly volatile during this quarter also. Since March, we are facing the huge volatility in the crude oil prices. So it is very difficult to give an exact number because it depends on various factors, whether it is on FOB, DAP, geographies, freight cost, type of crude.

But I will give you a broad number that premium on benchmark for crude oil in Q2 has ranged from even minus $5 to plus $12 per barrel. So it has been huge volatile. And in Q1 itself, it was $0 to $18. That means I would say that in Q1, it was almost on a positive side. In the Q2, for some part of the period, it became minus. And again, it has gone to plus. So from minus $5 to plus $12, it has ranged during this quarter.

And coming to the second question, from Russia, we have bought 55% during the half year. And if you say in Q2, it has also remained in the range-bound manner. So we continue to purchase significant volumes of Russian crude at a very optimal prices. And I think that is giving benefit to us.

And as far as the Venezuela is concerned, yes, the company has been continuously buying Venezuelan crude and processing it. And all these factors have contributed to the profitability of the company.

Probal Sen: Got it. Sir, one last question, if I may. Given the kind of spike in crude and product prices as well as LPG prices also in Q3, the losses from that division would obviously be expanding. So how are we looking at basically managing the retail marketing segment and the LPG segment in Q3? Any discussions on pricing changes or additional compensation from the government, if you can highlight to us what you have bought.

Anuj Jain: See, I would like to refrain from providing any forward-looking guidance, particularly matters relating to government. But I can say only that Indian Oil has been successfully managing the procurement of crude oil and LPG during the entire crisis period. And you would have seen consistently that all the refineries are running at the most optimum throughput. In fact, we have achieved the highest ever throughput in refining, pipelines, marketing. In all segments, our physical performance is exceptionally good. Our teams are working day and night to ensure that on the operational front, we remain the best performing metrics.

As far as the third quarter is concerned, I can say only that we have managed both quarter 1 and quarter 2, you have seen. And we are very confident even in quarter 3, we will be able to manage these things. Many factors are affecting the profitability of the company. On LPG and other things, the flows from Strait of Hormuz has increased. We have diversified our sources. So I think a lot of mitigation steps are in place to ensure that both on financial front and operational front, company is able to manage this ongoing crisis.

Moderator: The next question is from the line of Yogesh Patil from Dolat Capital.

Yogesh Patil: Congratulations for the good set of numbers. Considering the latest price increase in propane and the butane recently just a day back, the Saudi Aramco has announced, how much domestic LPG under-recovery we can expect in the month of December? And how it was during the month of October and November?

Anuj Jain: Okay. I will give you. The Saudi CP has gone up to $756 per metric ton. So as far as my under-recovery is concerned, you know that in September, it was Rs. 184 per cylinder, which went up to Rs. 229 per cylinder in the month of October. And going forward in the month of November, we see that it would be somewhere in the range of Rs. 309. In the month of December, and it may go to INR370 per cylinder.

Yogesh Patil: Okay. Fair enough. Sir, next question related to the renewable power and the clean energy project. Can you give us a detail how much solar, wind, battery capacities are already installed? That's one. Again, on the capital expenditure side towards the RE power and the clean energy projects. In the next 2 to 3 years, how much capex IOCL is going to spend on these projects? Can you provide some details?

Anuj Jain: Okay. I will go one by one. The current capacity is 259.68 megawatts. Solar is 92 megawatts and wind is the balance one. As you have seen that we have given an ambitious target of 31 gigawatt in another 5 years. And to achieve that target, we have opened a 100% subsidiary of Indian Oil, Terra Clean Company, which is focusing on our renewable path. And already, we have a joint venture company with NTPC to give us a 2 gigawatt renewable power, and that should be available in the next 5 to 6 months from that joint venture company.

For our 100% subsidiary company, Terra Clean, we have already received a connectivity approvals of 2.6 gigawatts. And as far as the target is concerned, we are going to spend almost, you can say, Rs. 5,000 crores-10,000 crores per annum through equity contribution in our subsidiary company because these type of companies are highly leveraged companies. So if you take a good debt-to-equity ratio of 1:2 or 1:3, equity contribution of Rs. 5,000 crores to Rs. 10,000 crores is being targeted in next 5 years.

Yogesh Patil: Okay. And the last one, sir, the target of 31 gigawatts set up by the IOCL, all the power generation will be consumed for our own purpose captive or we are also planning to sell this power to the grid and any DISCOMs?

Anuj Jain: No, no, it is going to be both for captive, but majority of that will be for the market. So we have for the PPAs and those things. So we are focusing apart from the initial 2 gigawatt power, which we entered a joint venture company with the NTPC, that is for my captive usage.

But whatever we are targeting through our subsidiary company, Terra Clean, it is predominantly for the competitive market. And I would also like to add that we are targeting both from organic and inorganic route. So both of the options are being kept open.

Moderator: The next question is from the line of Vivekanand Subbaraman from Ambit Private Limited.

Vivekanand Subbaraman: This quarter, you reported trading gains in your gas segment. When I look at the segmental results, you have a positive EBIT on the gas side. Is that attributable to your trading business?

Or is it the CGD business? And can you give us some details of the ramp-up that you're doing in the gas business?

And could you also help us understand the structure you have some CGD stations of your own, some with the Adani Group and I think some in other JVs. If you can help us understand your plan there. Plus you also have an LNG terminal in Ennore and certain gas pipelines. So if you can help us understand the gas business better, it will be great.

Anuj Jain: Yes. I will tell you, Indian Oil remains a very, very important player in the gas segment. It is a major importer of RLNG in the country. We are into CGD segment. We are into the CBG segment. We are into PNG. So all these verticals are very actively playing in the market. As far as this quarter, positive gas margins are concerned, because we have a good long-term contracts of RLNG in our portfolio.

So when the international prices went up in domestic market, because of these long-term contracts, we were able to earn higher margins during both quarter 1 and more in quarter 2 because gas prices went up more significantly higher in the quarter 2. So that is the basic reason.

And Indian Oil, apart from being an oil and petchem company is also a major player in gas segment. So you will see more and more positives coming from the gas story of the company. And also, I will say we have Ennore LNG import terminal. We have a gas pipelines. So we are physically available in all the segments of gas in the country.

Moderator: The next question is from the line of Mayank Maheshwari from MS.

Mayank Maheshwari: First question is related to refineries. If you can talk to us in terms of all the 3 refineries that you were expanding, where are we in terms of project execution? Where have the first crudes got in? And any time lines in terms of ramp-ups, if you can talk about that?

Anuj Jain: Okay. See, all the 3 projects, Panipat, Barauni and Gujarat are at advanced stages of execution. And the targeted completion is financial year 26-27. The actual crude intake will take some time because after the initial commissioning, you generally know that it takes some time to ramp up. I will give you refinery-wise status.

Panipat refinery is 95% complete. Gujarat refinery is at 90% and Barauni is at 92.5%. Expected commissioning remains this financial year, but actual crude throughput will start coming in 5 to 6 months thereafter. So it's a gradual ramp-up. Many units have started commissioning even we speak today. So all the projects are at the advanced stage of commissioning.

Mayank Maheshwari: Got it, sir. And I think the second question was more a strategic question related to the entire energy security at the country level. I think all of you at OMC level have kind of struggled on the logistics side. You have been talking about it on the earnings call for the last 2 quarters as well. This quarter as well, you're highlighting that as well. So is there a thinking process for you to kind of think about now we need to kind of invest in shipping as well?

Because previously, the thinking process was it's just 2.5 days away from Middle East, so we don't need so much of that capex. But is there some change in the thinking process at the

government level or at your level of how you manage the next crisis; hopefully, it doesn't happen. But is there some thinking there?

Anuj Jain: See, I will tell you, for the shipping business, first of all, on a day-to-day basis, even today, you have to optimize between your time charter vessel and the voyage charter vessel. So even during this crisis, we had a good number of time charter vessels with us, which significantly helped us because when the freight market is at all-time high, all the time charter vessels helped us significantly in managing not only the supplies, but optimizing the cost also.

Number two, now we have 2 more possibilities going forward. One is started owning the ships now. So instead of time charters, we start owning the ships. For that also, the work is on. You would have seen the Board has already given go ahead. Board of Indian Oil has already given go ahead to buy a few vessels now, which Indian Oil will start owning up in time to come.

And the third possibility, which is more of a strategic call at a country level is Make in India the ships. That activity is also going on. So shipping is a very, very focused area, not only for us, but for the entire energy sector in the country today. And Indian Oil is also focusing on all the 3 verticals. I would say, work on the first front, optimizing between the time charter and voyage charter is being done.

On the second part, tenders were already out in the market a few months back where we wanted to buy some vessels. And the third part is also the discussions are on with all the stakeholders. So it remains our focus area going forward. Country needs oil sector companies to focus more on shipping area now.

Mayank Maheshwari: Sir, if you can just give us the number of what exposure do you have on TC rates and DES sourcing of crude versus your spot exposure today?

Anuj Jain: See, we have 3 number of crude oil vessels on time charter with us. So the rate would generally should be around $2 to $2.25 or $2.5 per barrel. But if you go to the market, it is as high as $8 to $10. So it gives a significant benefit to anyone having a time charter today in the market. Same is the case with LPG.

Today, if you talk about a normal time, generally, the LPG should be $40 per metric ton, which today, it is as high as $160, $180 per metric ton in the market. So it is very high in the spot market today. So Indian Oil is having 3 numbers of crude oil vessels and 9 numbers of LPG vessels. So all these vessels are giving us good security nowadays and good savings also.

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

Kishan Mundhra: A couple of them. So firstly, if you could share the depreciation for your Petrochemicals segment for the quarter?

Anuj Jain: Depreciation?

Kishan Mundhra: Yes.

Anuj Jain: Okay. Give me some time. If you have any other questions, we can move to that. I will come back to you on this.

Kishan Mundhra: Yes. A couple of them, sir. So sir, particularly on your refining expansion, sir, so on Panipat, Barauni and Gujarat. So I'm assuming the CDUs that you are putting up are all new CDUs. So just to ramp them up, would you need to take any shutdowns in your existing refineries? Or it can be done without taking a shutdown?

And then while you ramp up, I mean, how would the product slate change versus your existing product output? So I'm assuming there is sufficient capacity in the secondary units to ensure that our product slate remains what it is currently. So is that understanding correct?

Anuj Jain: See, I would say any expansion will require a brief shutdown. But it is not required to be done immediately. It is like for Panipat and Gujarat. Already in multiple stages, we have taken shutdown and revamp work has been done. Barauni, we are yet to do that, but that will not be a significant one. So I would say being all the brownfield expansions, the kind of hookups are required would be smoothly done. And no major disruption on the supply side is expected in our system.

And in any case, Indan Oil is a very, very diversified company. We have more than 10 refining system. So at any point of time, you will find 1 or 2 refineries under shutdown. So that is a continuous process what we do. But because of the expansion, we don't expect any major reduction in our volumes.

We expect that in Panipat, HSD production will go up from 46% to 49% and distillate yield will go from 83.4% to 85.2%. As far as Gujarat is concerned, yield is expected to go from 79.3% to 82.5% and HSD production remains almost the same.

In Barauni, HSD will go from 48% to 50% and yield remains in the range bound manner. And our residue hydrocracker unit at Panipat will also result into better distillate yield of 3.8%. So all these multiple factors will contribute to the better distillate yield in times to come.

And coming to your first question, what is the depreciation in Petchem segment in Indian Oil. In Q2, depreciation on Petchem segment was Rs. 381 crores.

Kishan Mundhra: Okay. And for -- if you have a number ready for FY26 in total as well.

Anuj Jain: See, I would say you can just extrapolate this figure. You will be near to the same figure.

Kishan Mundhra: Understood. Sir, last question from my end, sir. I mean, after we are done with the current phase of expansion in these refineries and petrochemicals, what are the next hydrocarbon focus -- big hydrocarbon focused projects that we are working on? One is Paradip, but apart from that, any other ones that you could highlight?

Anuj Jain: Yes. Actually, after the major expansion of these 3 major refining projects, next would be the Paradip refinery, naphtha cracker. After that, we are also focusing on small, small projects on petrochemicals. Board has already approved a capex of almost Rs. 10,000 crores in the past 1

year on these new projects of petrochemicals, which is already in the public domain, this is specialty chemicals, what we are trying to focus.

Apart from that, we already said we are going to invest heavily into our subsidiary company, Terra Clean on the renewable power projects. We are also going to invest into the battery business, which we're already doing in a major way by way of battery swapping business. We are also focusing on our modernization of all our retail outlets in a major way.

We are also investing heavily into wayside amenities. If you go to any express highway, you see huge wayside amenities. So Indian Oil is focusing major way in those sectors also. But as far as specific question is concerned, I will tell you that in the medium term, we are also augmenting our PBR unit at Panipat refinery, Butyl Acrylate project at Gujarat refinery, integrated PX-PTA plant at Paradip Refinery.

So see, for a well-diversified company, I would say the capex will remain Rs. 30,000 crores to Rs. 40,000 crores in the next 4 to 5 years. So that is a standard capex what we target. Nowadays, we are focusing on expansion of 3 refinery projects, but already a lot of capex plans are there in multiple sectors for next 5 years.

Kishan Mundhra: Understood, sir. Understood. So as I understand, so Paradip expansion, Paradip petrochem naphtha cracker is a key hydrocarbon project that we are then working on. And on that, any particular reason that it has not got -- we have not finalized it or closed it as of now?

Anuj Jain: See, the work is going on. Any major expansion project takes some time to kick start because of the availability of land and approvals. So that activity is going on. See, as you know that Stage 1 approval was already given by the Board. So now how to make best use of the configuration studies are going on.

And I think petrochemical remains a very focus area for the company. Detailed engineering work is going on. So because it's one of the most complex petchem units, which is being thought of. So it will take some time to start working on the ground, yes.

Moderator: The next question is from the line of Ramesh, an individual investor.

Ramesh: Congratulations on your performance. So if you can share some thoughts on your Terra Clean subsidiary in terms of when you expect them to turn EBITDA positive and cash flow positive? And what is the kind of scale you're looking at once you reach full scale in terms of revenue and, say, IRR for Terra Clean?

And the second thought is in terms of your gas segment. Can you give us some specific details in terms of what was the positive contribution from your stand-alone city gas distribution stations and the Ennore LNG terminal? Those are the 2 questions.

Anuj Jain: Okay. See, first question is on Terra Clean Limited. See, target of Terra Clean is 31 gigawatt renewable power by in the next 5 years, which includes 6 gigawatt organic buildup and around 7.5 gigawatt through M&A. And remaining is through joint venture companies. And as already

you know, we have already had a joint venture company 3 years back with NTPC. So a mix of all these 3 segments will contribute almost 31 gigawatt in next 5 years.

So already, if you talk about Terra Clean, Board has already approved a 5.3 gigawatt of investment under TCL. And we are targeting a debt-to-equity ratio of 75:25. And we expect that the EBITDA positive should be somewhere around 2029-30. You have to compete in PPAs and other things and connectivity, you know the renewable sector has a lot of challenges itself in the power sector.

So all these put together, we expect that the company projects should start coming on ground from 2028, 2029, 2030 and land procurement is already underway at many of the sites. So all these things put together, EBITDA positive, I would say, financial year 2029-2030 should be the year where we become EBITDA positive.

And I also like to say that Terra Clean is also aggressively exploring commercial and industrial customers tie up from today itself because it takes some time to tie up with the customers. So Indian Oil has a marketing expertise, and that expertise will definitely help the company to have a very effective tie-ups with the commercial and industrial customers across India. And that would be our major strength going forward.

And as far as the second question is concerned on Ennore terminal. As you know that its capacity is 5 MMTPA. And today, the utilization is almost 28%. Due to multiple factors, pipeline connectivity and other things, utilization has remained low. But with the kind of gas demand we are witnessing and multiple pipelines coming into commissioning, we expect the utilization to go up in times to come in the next 2, 3 years.

Ramesh: So, yes -- is Ennore likely to show EBITDA positive in the next 1 or 2 years? And secondly, what was the contribution from the stand-alone CGDs in our 2Q segment performance in the gas segment?

Anuj Jain: See, I would say that this and all has been done through a joint venture mode. As Indian Oil ,we have done equity investment. The profitability still remains in the books of a joint venture company, although we will start getting dividends from this company.

As far as your CGD question is concerned, I am pleased to say that this company has already become EBITDA positive. And even at the profit before tax stage, in Q2 itself, it contributed to Rs. 90 crores in my PBT, CGD segment.

Ramesh: One last thought on the refinery expansion projects, once you ramp up to 70%, 80%, when do you expect these projects to start contributing to your EBITDA and cash flows? Would it be somewhere in FY27-'28 or more likely in FY29?

Anuj Jain: No, no. See, we are expecting commissioning in the financial year '26-'27. And after the ramp-up, we expect that we will start getting the benefit of higher throughput in '27-'28 itself.

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

Nitin Tiwari: Sir, my question was -- the first question was with respect to marketing inventory losses or gain. I mean, if you can give us a figure if we had any in this quarter?

Anuj Jain: This quarter, we had an inventory gain. We almost have a INR7,000 crores of inventory gain during the quarter 2. So that figure was shared by me.

Nitin Tiwari: So that's on the refining side or on the marketing side?

Anuj Jain: That is cumulative, both on refining and marketing side, both put together.

Nitin Tiwari: Okay. Any possibility of giving us a bifurcation between the 2 segments?

Anuj Jain: See, we have even finished goods sitting in the refining segment as well. So it's very difficult for me to immediately give the figures. I would give the exact figure, it is INR6,948 crores inventory gain in Q2.

Nitin Tiwari: All right. Got it. And sir, secondly, I just wanted to understand the refinery margin dynamics a little bit better. So if we adjust for this inventory gain that you mentioned, right? And if we compare the refinery margins with the previous quarter, the reported post SAED number, so adjusted for inventory gain or loss, the refinery margins have actually come down, whereas the cracks have mostly stayed flattish. So if you can help us understand that movement that how refinery margins have moved and why there is a decline? And also, if you can give us some prognosis for rest of the year that how should we look at this number given the environment we are operating in?

Anuj Jain: See, my GRMs number has not come down. In Q1, it was $15.59. In Q2, it is $18.52.

Nitin Tiwari: Sorry, I'm interrupting in between. I'm adjusting for the inventory gain or losses. In the first quarter, you had an inventory loss of $3.5. In this quarter, you roughly have an inventory gain of about $4 to $5, right? So if we adjust for that, then the core margin is what I'm talking about. I mean, if you look at that number, then perhaps there will be a marginal decline is what I'm trying to say.

Anuj Jain: See, if you see today, as per the system, our refining margins are capped whether it is a stand-alone refiner or Indian Oil or any other company, our refining margins are capped with the SAED impact. If you see the SAED adjusted refining margins, in Q1, it was $36.10.

In Q2, because it is capped, it is still remaining $36.67. So on an overall basis, refining margins remain range bound. If you want to have a separate discussion, you can call me after this call. But I would say that my refining margins are remaining range bound. It is the marketing margins which are affecting me in a major way.

Nitin Tiwari: And if you can help us like understand the refining costs a little bit, that would be really helpful in terms of dollar per barrel, what is the cost we might be incurring at this juncture for operation of refining.

Anuj Jain: See, if you see my refining costs in Q1 and Q2, if I put the half yearly figure, my operating remains $2.73 per barrel, if I remove depreciation and exchange fluctuation. And if I add both those components then it becomes to $3.93 per barrel in the half year of '26-'27.

Nitin Tiwari: That's really helpful.

Anuj Jain: Cumulative basis last year, it was $4.45, which has come down to $3.93 during this year because of the various cost-effective measures we have taken. So cost has been optimized during this year.

Moderator: The next question is from the line of Achal Shah from Axis capital.

Achal Shah: So sir, what is the share of bulk diesel for Indian Oil out of the total diesel sold broadly?

Anuj Jain: Just give me one minute. The exact numbers are being worked out by my team, but I would say definitely, it is in the range of 15% generally. So exact number, I will give you in minutes.

Achal Shah: Sir, just one follow-up on this. So the current understanding is that on this 15%, it is kind of a pass-through where the customer is charged some margin plus RTP. So is that margin same pre-conflict versus the current times? Or is it at a certain loss or certain discount to the customer so that the customer is not feeling the pinch?

Anuj Jain: See, the Industrial segment, I gave you a 15% figure, exact is 13% actually in the half year of '26-'27, okay? So if you see this business is highly negotiated business. There are at least multiple segments, we have a long-term contract of diesel where some is a spot.

If we have a long-term contract of 3 years, we need to continue to our discounts whatever we were part of the tender or as a part of the contracted amount. And if it is a spot, we are definitely reduced our discounts in the market. But I would say one thing that consumer segment is a pass-through segment, as you said.

So if the international cracks are higher, we definitely realize higher cracks from this segment. But there are many segments like state transport undertakings and other undertakings where we have a long-term contract, we continue to sell at the old prices. So there are thousands of customers having each customer its own contract.

Somewhere we would have passed on full, somewhere we've not been able to pass anything. So it's very difficult to give a one answer, but I would say definitely, in terms of higher cracks necessary, in most of the places, we would have passed through the higher cracks in the market.

Achal Shah: So state transport, we can assume like 3%, 4%. So broadly 10% is where your losses are lower versus the rest 90% where since the prices are capped, you have to kind of incur higher losses than ITP or more?

Anuj Jain: Broadly, yes. I would say the answer to this question is broadly yes. But within this 10% also, you have so many customers which have a long-term discount or commercial negotiated rates with us. So I would say our endeavor is always to pass on. But depending upon the long-term commitments, we take a decision on a day-to-day basis.

Achal Shah: Understood. And sir, just one final question, if I may. You mentioned the crude -- Russian crude sourcing was around 55% for 1H FY27. Can you give a broad breakup of any other major sources of crude roughly or broadly from other countries for this same period?

Anuj Jain: See, if I talk about half year of '26-'27, apart from Russian crude, my Middle Eastern is 24%. Within 24%, major ones are Saudi and Dubai crudes. And almost 10% is coming from African market. The lower sulphur crudes majorly comes from African market, I would can say Angola, Nigeria countries.

7% has come from Brazil. 2% to 5% comes from USA, almost 3% to 4% comes from Venezuela. So this is a broad breakup of my crude oil sourcing in 6 months of '26-'27. I would say another one thing that my spot versus term, now my almost 87% is coming as spot against initially, it used to be 50%. So that major change is also being seen nowadays.

Achal Shah: And sir, spot will be at a higher price or at a premium to what you used to source when it was.

Anuj Jain: See, now within spot, you have Russian crude. Sometimes we are getting a high discount. Sometimes we are paying premium to Russian crude as well. Now in the few months, we have seen huge discounted crude coming from Iraq, SOMO. So that the moment it is available, we are buying huge quantities now from the Iraq also. That used to be our staple diet before the crisis as well.

So I will not say that all the spot volumes are coming at a higher price but I would say in the other way around. The benchmark goes high, but we are able to negotiate better discounts from these benchmarks doing our negotiations.

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

Sabri Hazarika: Congratulations on good set of numbers. So just 2 questions. Firstly, you have mentioned that your capex would be Rs. 38,000 crores to Rs. 40,000 crores, right, for the next like 4, 5 years per annum. Is that right?

Anuj Jain: I said Rs. 30,000 to Rs. 40,000 crores.

Sabri Hazarika: Rs. 30,000 crores to Rs. 40,000 crores. Fair enough. And second question is on this -- on the aviation fuel, are you currently making good margins? And should we look at it from an integrated margin point of view given that you are allowed to retain the customs duty benefit and all? Or is it still lower than what the normative margins or what you desire should be?

Anuj Jain: See, in the aviation business, there are 2 type of segments. One is the international, one is the domestic. So the strategy for both international and domestic sector is different. In the international sector, since the crisis, we have been able to pass on our cost.

As the domestic market is concerned, again, it's a highly negotiated segment with the long-term commitments between the buyer and seller. So the strategy for both international and domestic is absolutely different. So I would say both of the segments are definitely giving us a positive segment as on date.

Sabri Hazarika: Okay. So there is no pressure on your side as far as the aviation fuel is concerned at the moment, right?

Anuj Jain: As I said, there's no pressure. As far as the domestic segment is concerned, we have a long-term commitments between the buyer and sellers, which we are always honoring on a day-to-day basis.

Sabri Hazarika: But for international, even the higher cracks are fully passed. So that is like a net benefit.

Anuj Jain: That is also negotiated deals between the buyer and seller. And all these contracts are having a long-term commitment actually. So I will not be able to disclose the exact commercial. But I would say that the aviation segment is a positive segment for us as a company with the negotiated deals with each airline on an individual basis.

Moderator: The next question is from the line of Aman Sharma from AS Capital.

Aman Sharma: First of all, I would like to congratulate the management for a very good set of numbers. So my first question is, what is the approximate days of crude and petrol diesel inventories do the company holds?

Anuj Jain: Okay. See, on an average, I would say that for crude, we generally maintain 33 to 35 days of inventory. But because of geopolitical situation going on, today, my crude inventory is almost 39 days. And as far as my finished goods are concerned, HSD and MS, I generally maintain almost 25 days of inventory, which today also I'm able to maintain 23 to 25 days of inventory.

In LPG, we are definitely trying because to ensure the LPG security. We used to have inventory of almost range bound 17 to 25 days. It's very difficult to say. But today, we are having a 20 days of inventory in the books. So as a strategy, we are definitely having a higher side of inventory for the crude oil, LPG and finished goods to ensure the continuous availability of products in the country.

Aman Sharma: Okay. Understood. And my second question would be also could you clarify like how you calculate your inventory gain or loss? And specifically, is the crude inventory impact captured under the cost of material consumed and the refining product impact is reflected in the purchase of stock in trade and changes in inventory? Can you give us a deep understanding on that?

Anuj Jain: It's a pure accounting, whatever you said is absolutely correct. We carry inventory of 39 to 40 days. So whenever the prices go up, we definitely have inventory gains.

And if the prices start coming down in times to come, we may have inventory losses also. So that is a pure accounting we have to do. So in the results show that inventory gains have contributed to our profitability.

Aman Sharma: Okay. No problem. Understood. And if I may, sorry...

Anuj Jain: Yes, please go ahead.

Aman Sharma: If I may, my third question would be on the refinery transfer price. So basically, when you transfer the refined products from your refinery arm to marketing arm, how do you calculate the refinery transfer price? Do you also include any discount while transferring the products?

Anuj Jain: See, we maintain a concept called RTP and today, suppose government has introduced SAED. So even when the product is transferred from our refinery division to marketing, that SAED impact is reduced from refining margins of refinery division and passed on to the marketing division.

Then marketing division, whether it is buying the product from our own refinery or from the third party, it remains the same. So from there, they will calculate their cost of procurement, how much they could pass on and what is the net losses suffered by the marketing division on sale of retail segment of MS/HSD and domestic LPG.

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

Anuj Jain: Yes. Thank you all for the time and insightful questions. I would summarize that many factors have contributed to the profitability of the corporation, whether it was higher margins on petrochemical, gas, many free trade products like bitumen, lubes and other products, inventory gains.

We forgot to discuss further cost efficiency. We are running a very effective cost control initiatives in our system. We have reduced our borrowing that is resulting into the lower cost of capital. And we are also having other business segments like HSD consumer and other segments. So we are also having export market. So Indian Oil is a very, very diversified company. And all these segments put together gave us good profitability.

The cause of concern continuously remain the geopolitical crisis, which affects our margins to a major extent. But being a truly diversified company, we have been able to mitigate a lot of these losses in our books of accounts.

So thanks once again for all your time and insightful questions. On behalf of entire Indian Oil team, I would like to thank our investors and stakeholders for their continued trust, confidence and support. We value your engagement and look forward to continued interactions as we share our progress and future developments.

I also extend my warm wishes to you and your families for a very, very happy, safe and prosperous Diwali. Thank you, and please stay safe and take care. Jai Hind! Jai Indian Oil!

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