Management Discussion

Varatharajan Sivasankaran - Analyst, Antique Stockbroking Limited
Thank you, Amirit. Good afternoon, ladies and gentlemen. It's a pleasure to welcome all the participants to the first quarter FY27 results call of Indian Oil Corporation. We have with us Mr. Anuj Jain, Director Finance, Mr. Nitin Kumar, ED Corporate Finance and Treasury, Mr. Pramod Jain, CGM Treasury.

Without much ado, I would like to hand over the floor to Mr. Anuj Jain for his opening remarks.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Thank you, Mr. Varatharajan. Dear investors and analysts, a very good afternoon to all of you. I take this opportunity to welcome all of you to the conference call organized by us, post-announcement of the first quarterly results of financial year '26-'27. I thank each one of you for joining the call. I trust you have had an opportunity to review the results we have posted on our website, exchanges, and the updates that have been shared with you.

In today's call, we would like to walk you through our performance for the quarter gone by, provide some insights 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. Since the last call, the global energy landscape has continued to evolve at a rapid pace. While the announcement of a 60-day truce between the United States and Iran in mid-June shown signs of moderation in concerns over supply disruptions, the overall environment remained marked by geopolitical uncertainty, evolving sanctions, and the reconfiguration of global trade and energy flows.

Recent renewed military escalations in the Middle East have once again brought the security of critical maritime energy corridors, particularly the Strait of Hormuz and the Red Sea, into sharp focus, reminding us that volatility remains an inherent feature of the global energy ecosystem.

Energy security now depends not only on resource availability but also on resilient supply chains, diversified sourcing, and operational agility in a complex global environment. I am pleased to inform that Indian Oil has once again demonstrated these strengths by ensuring uninterrupted energy supplies across the country with reliability and resilience. 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.

Amidst disruption, we diversified our sourcing by increasing imports from other geographies like Russia, Venezuela, Brazil, and even from African countries, thereby ensuring continuity of crude oil imports to maintain our planned refinery operations. The spot imports for the quarter stand at about 84%, against 51% in the last year. As regards our operational performance for Q1 financial year '26-'27, we reported a net loss of INR2,661 crores, compared with the profit after tax of INR11,378 crores in the preceding quarter, that is quarter four of financial year '25-'26 and profit after tax of INR5,689 crores in the corresponding quarter of financial year '25-'26. The reported loss need to be viewed in the context of heightened geopolitical tensions and ongoing conflicts, which led to significant volatility in the international crude oil product prices and exerted considerable pressure on marketing margins on retail fuel, particularly impacting the quarter's profitability. Revenue from operations during the quarter stood at INR275,972 crores against INR232,855 crores in the

immediately preceding quarter of this year. The sequential increase in revenue was mainly driven by higher product prices. The revenue for the corresponding quarter of financial year '26 was INR218,608 crores.

While the global environment remains uncertain, with geopolitical developments continuing to pose challenges -- for energy markets, our commitment remains steadfast. We remain fully committed to safeguarding the nation's energy security and ensuring uninterrupted energy supplies across the country while navigating these challenges with operational resilience and supply chain agility. At the same time, our focus extends firmly beyond the immediate environment. We continue to maintain a strong emphasis on long-term strategic growth initiatives aimed at strengthening our core businesses, expanding our capabilities across the energy value chain, and supporting India's growing energy requirements.

Friends, now operational and financial highlights will be briefed by Mr. Nitin Kumar, Executive Director, Corporate Finance and Treasury. Over to you, Nitin.

Nitin Kumar - Executive Director, Corporate Finance and Treasury, Indian Oil Corporation Limited
Thank you, sir. Dear investors and analysts, a very good afternoon. Kindly note that today's discussion may include forward-looking statements, which are based on currently available information, assumptions, and expectations, and are subject to uncertainties that could cause actual results, performance, or achievements to differ materially from those expressed or implied. Participants are advised to refer to the company's latest filings with regulatory authorities for a more detailed discussion on the risks and uncertainties. Before turning to our numbers, let me briefly touch upon the macro backdrop against which this quarter played out. The U.S. Federal Reserve has held its benchmark rate in the range of 3.5% to 3.75% through the quarter, with elevated inflation readings keeping the door open to further tightening rather than cuts.

On the domestic front, RBI's Monetary Policy Committee has similarly kept the repo rate unchanged at 5.25%, maintaining a neutral stance, even as it flagged upside risks to inflation from elevated crude prices and global geopolitical tensions. Taken together, these signals a continued higher yield environment for the forces in near term. Coming to the forex markets, the rupee remained volatile during Q1 of this year, depreciating to a quarterly low of about INR96.83 per USD in mid-May on U.S.-Iran escalations and the Strait of Hormuz closure before recovering to around 94.67, aided by RBI's measure and U.S.-Iran ceasefire announcements. Rupee is currently trading in the range of INR95, INR96 per USD and continues to remain under pressure driven by global geopolitical developments.

As for PPAC report, MS and HSD consumption grew a healthy 7% and 5% sequentially over the previous quarter, reaffirming the resilience of India's mobility and industrial demand, even amidst calibrated pricing adjustment in response to volatile global markets. ATF volumes, however, contracted by around 5%, reflecting suspended international routes following recent airspace closures and softer air travel on the back of higher fares. LPG volumes declined by roughly 20%, largely a structural outcome of tighter regulatory norms on commercial supply and the government's demand optimization measures. Monsoon, after a weak start, has since picked up its momentum, though distribution across regions remain uneven. The progress of the monsoon will remain an important variable for rural demand, agriculture output, and consequently, for fuel consumption patterns in the agri and mobility segments.

The average price of crude, that is Indian Basket during this quarter, increased to $100.74 a barrel

from $83.01 a barrel in the immediately preceding quarter, that is Q4 of '25-'26, which tantamount to increase of about 21% due to ongoing U.S.-Iran conflict leading to supply disruptions.

Now let me briefly touch upon the quarterly performance highlights. While we responsibly absorbed a portion of international crude spikes to shield the domestic market from inflationary pressures, our overall volume footprint remains solid unequally positioning us for rapid margin recovery as global energy dynamics normalize and our optimized product mix takes full effect.

Talking about the numbers now let me briefly touch upon the major verticals. Refineries. During the quarter, refinery achieved crude throughput of 19.2 MMT with a capacity utilization of 109.4% in comparison to throughput of 19.7 MMT and capacity utilization of 113.9% during the preceding quarter.

For Q1 '25-'26, the throughput was at 18.7 MMT with capacity escalation of 106.7%. Our refineries have achieved lowest ever quarterly fuel and loss of 8.04% post BS6 scenario.

Pipelines. During the quarter, pipeline has achieved highest ever quarterly throughput of 28.5 MMT with capacity utilization of 79.9%, vis-a-vis 27.7 million metric tons during the preceding quarter with capacity utilization of 78.3%. During the corresponding quarter of '25-'26, the capacity utilization was about 73.5% with throughput of 26.3 MMT.

Marketing. The total sales volume during the quarter was 26.211 MMT as compared to 27.343 MMT, during Q4 '25/'26, and 26.328 MMT in Q1 of financial year '25-'26. During the quarter, 320 retail outlets were commissioned, taking the total number to 43,138. Recently, Indian Oil has launched Indane XTRALITE NOW, a 10 kg composite LPG cylinder offering with express four-hour home delivery.

Simultaneously, the popular 5 kg Indane Chhotu cylinder will also now be available on express home delivery along with 10 kg XTRALITE NOW cylinder. Indane XTRALITE NOW offers customers a smart LPG experience through express delivery, minimal documentation, seamless digital booking, and enhanced convenience. Launched initially in Pune, Gurugram, Indore, and Coimbatore, the offering will subsequently be expanded to other cities in a phased manner. Petrochemicals: The sale of petrochemical products, including exports during this quarter, was 0.768 MMT, compared to sale of 0.901 MMT in the preceding quarter. Gas:. During the quarter, we registered gas sales of 1,873 TMT, which includes CGD sales of 67 TMT, as compared to total gas sales of 1,814 TMT, which includes CGD sales of 54 TMT, during the preceding quarter. Renewable energy.

Our wholly owned green subsidiary company, Terra Green Limited, has received connectivity approval of 2.6 gigawatt capacity on Central Transmission Utility and State Transmission Utility. Project activities are in progress for setting up 100 megawatt wind power project in the state of Gujarat. Additionally, UPNEDA, which is Uttar Pradesh New and Renewable Energy Development Agency, has allotted 423 acres of land in the state of Uttar Pradesh for development of solar power plant of around 100 megawatts. Terra Green 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. Indian Oil is working to strengthen its position at the forefront of India's biofuel and energy transition agenda, aligning with the nation's twin objectives of energy security and decarbonization.

Across hydrogen and green hydrogen, ethanol, biodiesel, Compressed Bio-Gas, and sustainable aviation fuel, the corporation continues to scale commercial capacity and deepen its partner ecosystem.

Capex. During April to June '26, the company incurred a total capex of INR6,461 crore, encompassing investment across verticals. The budgeted capex target for this year is INR32,700 crores. These investments are aligned with our long-term strategic roadmap and national energy priorities. The major refining and petrochemical expansion projects across Panipat, Barauni, Gujarat, and Paradip are at advanced stage of execution and are targeted for completion during '26-'27.

Phase-wise commissioning of process utilities, offsite facilities, are being undertaken in a structured manner to enable progressive capacity buildup and integration. So far as Panipat refinery expansion is concerned, it is expected to be completed by December '26, Barauni by December '26, and Gujarat by November '26.

Borrowings. With respect to the borrowing levels, the borrowing as on 30th June '26, was at INR141,453 crore level compared to INR110,668 crore as on 31st March '26. The increase in the borrowing was mainly on account of higher working capital requirements. As of 30th June 2026, the company's gross debt-to-equity ratio stood at 0.71, reflecting a comfortable leverage profile. After adjusting for financial investments, the net debt-to-equity ratio further strengthens to 0.51, positioning us well to pursue growth opportunities, absorb market volatility, and maintain financial strength across cycles.

With these words, I take a pause here and request Director Finance for his further remarks.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Thank you, Nitin. I would like to extend my sincere appreciation to our investors and all stakeholders for their continued confidence and support. As India's energy landscape evolves, we remain committed to playing a pivotal role in meeting the country's rising energy demand while simultaneously advancing the nation's energy transition objectives. We will continue to pursue growth and with discipline, resilience, and with long-term perspective, creating sustainable value for all of our stakeholders. With that, I will end my briefing here. We would now be happy to take your questions. Thank you.

Questions & Answers

Operator
[Operator Instructions] The first question is from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen - Analyst, ICICI Securities
Thank you for the opportunity, sir, and congratulations for a resilient performance in what has been a very challenging quarter. My first question was actually a slightly broader one from a capex standpoint. The presentation shared earlier by the company very clearly shows that most downstream investments will actually be completed in calendar year '26. So just wanted your view on how you are looking at capital allocation for maybe the next two to three years.

Will renewable be almost taking up entire amount of focus? Are there any downstream, brownfield, or greenfield projects that you're still looking at? Just your perspective on how the capital allocation for IOCL would look like, sir, from a two- to three-year perspective will be very useful. That's my first question.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Yeah. Thank you. As you have known that we normally do a capex between INR30,000 crore to INR40,000 crore in a year. And our major expansions are getting over in this year itself. But if you see from next year onwards, we still have many petchem projects where our capex will continue to be spent.

As you are aware, we plan to enhance our petchem intensity from 6.5% to 15%. Estimated capex on the same would be around INR100,000 crore over next five to six years. All these projects are in the various stages of approval. So we are -- but as a thumb rule, various projects are under discussion, whether it's renewables, whether it is petchem, biofuels, or we are also -- you have seen shipping, we are trying to acquire a few ships. So all these put together, our capex should be between INR30,000 crores to INR40,000 crores in the next two, three years also.

Probal Sen - Analyst, ICICI Securities
Got it, sir. That's pretty useful. The second question was more about from a -- in this quarter, the GRM that you have mentioned, which is net of SAED.

If the SAED or export tax was not there, just as a hypothetical, what would the normalized GRM have looked like? If we can quantify the SAED impact on a per barrel basis.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See you know our reported GRM is $15.59 per barrel. And GRMs depend upon many factors, but to be very specific, if you add SAED, it would be around $36 per barrel for Indian Oil Corporation.

Probal Sen - Analyst, ICICI Securities
That would have been the gross number if we were to include SAED.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Yes. $36.

Probal Sen - Analyst, ICICI Securities
Got it, sir. One last question, if I may, sir. How much has LPG loss per cylinder reduced in the current quarter, and what was it per cylinder for us in 1Q?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See, as you see that -- I will give you the month-wise data. In the month of June, okay, after the price revision, my under-recovery per cylinder was in the range of INR665 per cylinder, which in the month of July, the figures may vary because -- but it was around INR475 per cylinder. August, it came down because the Saudi CP came down significantly. And you know that the Saudi CP came from down from INR796 to INR592. And now Saudi CP has again gone up from INR592 to INR632.

So we expect that during this quarter, it should be around INR250 per cylinder.

Probal Sen - Analyst, ICICI Securities
That would be the average roughly is what we are anticipating.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Yeah, that would be average in Q2, assuming that the same Saudi CP continues for the next month as well.

Probal Sen - Analyst, ICICI Securities
Understood.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Understood. So the Saudi -- the under recovery has come down significantly vis-a-vis July.

Probal Sen - Analyst, ICICI Securities
Got it, sir. Thank you so much. That was very useful. I'll come back in the --

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
But I would also add that everything depends upon the geopolitical situation. You would have seen that --

Probal Sen - Analyst, ICICI Securities
Of course, sir.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
We were seeing the downward trend, suddenly it has started showing upward trend.

Probal Sen - Analyst, ICICI Securities
Right? Right. No, no, of course, sir. That is obviously there. Appreciate that. Thank you, sir.

Operator
[Operator Instructions] The next question is from the line of Sabri Hazarika from MK Global. Please go ahead.

Sabri Hazarika - Analyst, Emkay Global
Yeah, good afternoon. Two questions. Firstly, was there any inventory impact on the GRMs in Q1? And also, on the marketing side, was there an inventory impact?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See, yes, there was an inventory impact on GRMs, and there was an inventory gain on finished goods. So we had the impact on both the -- so if you talk about the crude side, we had an impact of $3 to $4.

Sabri Hazarika - Analyst, Emkay Global
This was loss or gain?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
It was a loss.

Sabri Hazarika - Analyst, Emkay Global
Okay.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
And in case of finished goods, we had a gain. So that also helped us to mitigate our losses for this quarter.

Sabri Hazarika - Analyst, Emkay Global
Okay. So finished good gains could be like around INR6,000, INR7,000 crore. I'm just making an upcut guess based on some of your peers.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
No, it was a little bit on a higher side because, as you know, we are carrying a huge inventory in our system. So it was around INR15,000 crore.

Sabri Hazarika - Analyst, Emkay Global
INR15,000 crore for the quarter?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Yeah.

Sabri Hazarika - Analyst, Emkay Global
Okay, sir. Fair enough. And this was mostly for all the products, right? Petrol, diesel, LPG, everywhere there were price increase?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Yes.

Sabri Hazarika - Analyst, Emkay Global
Okay. Fair enough.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Not because of price increase, there are many other factors. So I don't want to say it was on account of price increase. It was on account of variation in the pricing.

Sabri Hazarika - Analyst, Emkay Global
Okay. Fair enough. And sir, secondly, on your project, so can we see full impact of the refining projects in FY '28 in terms of any escalation in GRMs also? Or that could take still time?

I know you have taken it up in the past also, but can you just like again revise us on what is the expectation? Also the PX-PTA project, which you have stated that it will commission soon. So when that is expected to add to earnings?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See as we have said that yes, most of the projects are going to be commissioned in the quarter three of '26-'27. So definitely our installed capacity will go up, and as you -- all the time, the crude -- the refining throughput will come in phases. Next year definitely it will have a -- our crude projection is definitely on a higher side. So we expect in '27-'28, my throughput should be somewhere around 85 MMTPA.

Sabri Hazarika - Analyst, Emkay Global
Right. And any GRM activation?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
GRM you see -- GRM has nothing to do with -- GRM will all depend upon the play between the crude oil prices and the product prices in the international market. So we cannot predict what would be the GRM next year.

Sabri Hazarika - Analyst, Emkay Global
Okay, sir. Fair enough. Thank you so much and all the best.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Yeah.

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

Nitin Tiwari - Analyst, PhillipCapital India
Hi, sir. Good afternoon and thanks for the opportunity. And once again, congratulations on a very resilient performance. This was a very difficult quarter. So, sir, following on the question of previous participant, once our refinery expansions are concluded. So can -- I mean, of course, I mean, commenting on GRM is difficult, but can you comment on yield? I mean would it be possible for us to improve our yield over 80% that we usually have from our refineries?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See you already know that this is one of the best performance distillate yield and our losses are also minimum, and we continue -- we continue to improve it. And with the new modern expansion happening, we definitely expect that somehow the GRMs should improve.

Nitin Tiwari - Analyst, PhillipCapital India
Okay. Sir, what kind of yields can we expect? Can we expect that our yield would improve to mid-80%s? Is that a possibility from 80%?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
I can't give the specific number, but I would say that since IOC will be able to process higher portion of value-added products. The returns are definitely going to go up.

Nitin Tiwari - Analyst, PhillipCapital India
Okay. Right, sir. And sir, secondly, I just wanted to understand a little bit on our pricing policy. So previous quarter was of course an anomalous one, but I mean, mid-May onwards we did take some price increase. I mean, given that crisis in West Asia has again cleared up, right, I mean so where do we stand in terms of like petrol and diesel? Are we making, I mean, losses in these products again? And then like are we considering any price revisions, if you can, like comment on that. And how do we go about understanding your pricing action if we have to go in there?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See as far as pricing is concerned, it is very, very dynamic. Situation is so dynamic that you can see it is changing on day-to-day basis. So if you -- but broadly, I can say that we remain engaged with the concerned authorities on this issue. And particularly I talk about the LPG, that we are hopeful that we would be getting reasonable support from the government of India on LPG. And based on the past experience also, we have seen that government has fully extended support to PSU OMCs.

Therefore, on LPG, based on the past practice, we are confident that suitable compensation for LPG under recoveries will be considered. Yes, there would be uncertainty in the timing of compensations and the quantum, but we are definitely sure that on the LPG part we are going to get support.

As far as the other products are concerned, the situation remains very dynamic, and we are -- many factors affect the pricing. So it depends upon the crude cost, the product margins, exchange rate movements, freight market, insurance markets, inventory gain and losses. So many things will be

affecting. So all these factors would be considered and appropriate decisions will be taken.

Nitin Tiwari - Analyst, PhillipCapital India
Sure, sir. Lastly, if I may like to just continue on the pricing question, so what was the increase in the commercial diesel price that we had taken? The retail, I suppose, was INR7.50. But how much was the commercial diesel price change, if you may please highlight that? And also what is the portion of commercial diesel sales in our overall diesel sales?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
I will be able to -- just give me one minute. But see, commercial diesel prices are moving in tandem with the -- are always moving in tandem with the international market.

Nitin Tiwari - Analyst, PhillipCapital India
Okay.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Because the HSD prices for commercial consumers are always linked to the international market prices. And based on the contractual terms, whatever discounts is being passed as per the contractual terms. So it would not -- but I would broadly say that even today the prices have got modified. For these things, product prices move on as per the --

Nitin Tiwari - Analyst, PhillipCapital India
Any indicative number in rupees per liter that you can tell us, which we are charging for commercial consumption?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
If you say 10% to 15% of my total HSD volume is bulk volume.

Nitin Tiwari - Analyst, PhillipCapital India
Okay.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
So on that factor, if you want to factor in that these people -- these prices would be moving as per the international prices.

Nitin Tiwari - Analyst, PhillipCapital India
All right, sir. Understood. Understood, sir. Thanks so much, sir, for answering my question. I'll get back in the queue.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
If you want to have a specific data, my team would be happy to give you after this con call what has been the consumer prices in the past three to four months.

Nitin Tiwari - Analyst, PhillipCapital India
Great, sir. That would be really helpful. Thanks so much for answering my questions, sir. I really appreciate it.

Operator
[Operator Instructions] The next question is from the line of Vivekanand from Ambit Capital. Please go ahead.

Vivekanand - Analyst, Ambit Capital
Yeah. Hi. Thanks for the opportunity. I have two questions. The first one is with respect to the landed cost of crude. If you can help us understand the buildup of that, let's say the cost -- physical cost plus the -- plus insurance and freight and how does it compare versus, let's say, 4Q? Or let's say just when the crisis began in March, how much of a premium or discount on the Brent were you getting crude landed in India versus how it is now? And has there been any change in trend in the last month also? That would be great if you can help us with that. That's my first question.

The second one is on the supply chain. What more can you do in terms of, let's say, improving the ability of Indian oil companies to source crude without being at the mercy of market vagaries?

I understand that there is some JV between the -- I mean, MoU between the MoPNG and the Ministry of Shipping. Is there any progress there? If you can talk about this topic. Thank you very much.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Okay. See, whenever we talk about the crude prices, I think it would be very important to benchmark. At what benchmark we were buying before the war happened and what we are doing today. So roughly, I can tell you, because it keeps on changing on each transaction, what we are doing. Pre-war, generally -- IOC was buying Brent minus $1 or $2 in the market. But since the war has started, you all know that the crude oil prices went very high. So we had a procurement cost of around $10 per barrel over Brent during the peak of the war. It keeps on changing.

So overall impact, I would say it was somewhere around $10, if you see. So now -- but in the month of July, again, it came down to $2 to $3 per barrel, and again, it is going up. So it is moving on fortnight to fortnight basis or day-to-day basis. But yes, on the overall summary, you can say there was an impact of $10 per barrel on the peak of the war situation.

And coming to your second question that what we are doing for the supply chain. I think I would say definitely we have diversified our portfolio. You would have seen that we are not dependent on one single source. Yes, Middle East remains to be the main source, but we have diversified our sourcing --. Russian crude, whether it is West African crude or Latin American crude, all these crudes have significantly diversified. And based on the geopolitical situation, we keep on changing our sourcing strategy.

You would have seen that now, even in the past quarter, since the Middle East volume got affected, we have increased our procurement from South America, we have increased our procurement from West Africa, Russian, Venezuela. Even USA, a few cargos came. So it was a very diversified procurement strategy, which helps a company like Indian Oil.

Now coming to your third question regarding the -- what is the status of the JV MoU between MoPNG and shipping. Yes, that is also one of our strategies, which even started before the war started. We wanted to have a shipping tonnage security as well. So I would say under the aegis of MoPNG and Ministry of Shipping, on 19th September, a non-binding MoU was signed. In this, Indian Oil shall be exploring to procure four MR vessels to start with.

And we are -- this is a JV where we have other partners, other oil and gas partners would be there. So this working is going on. Tenders are already out. So we are just seeing how much we can have a tonnage security by way of this joint venture company.

Vivekanand - Analyst, Ambit Capital
Thanks, Anuj, for the detailed answer. Just one follow-up on the first question. So the $10 overall impact that you mentioned, this is versus the Brent crude? And secondly, does it include shipping and logistics costs, or is it --

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
All inclusive. It is all inclusive. All inclusive.

Vivekanand - Analyst, Ambit Capital
Okay. Okay. And this is for the overall portfolio, right? Not --

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
It is for the overall portfolio, yes.

Vivekanand - Analyst, Ambit Capital
Okay, okay. Thank you very much.

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

Keshav Soni - Analyst, Kotak Bank
Yeah. So thanks for the opportunity. I have a question on ethanol blending. So what is the volume of ethanol which IOCL sourced in this quarter? And any indicative price of what was the cost on a per liter basis this quarter versus same quarter last year?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
As per the Government of India policy, Indian Oil has achieved 20% target of ethanol blending. So this is at par with the other oil marketing companies. And as far as pricing is concerned, we have different type of ethanol and each product will have its independent pricing. On a basket basis, it is blended with the MS, and it is sold to the customers.

Keshav Soni - Analyst, Kotak Bank
Okay. Understood. And also I have one more question in terms of combined losses of OMCs. I think during the beginning of this quarter, government was saying that the total losses could be likely as high as INR75,000 crore in this quarter, but the reported number of all the three OMCs, including IOCL, are significantly better. So any specific reason for that?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See, there were many factors which helped us. First of all, the excise duty was reduced. The prices were increased in a few multiple tranches. There were -- in the -- when this figure was given, it was in the beginning of April, but subsequently in the month of June, the prices came down significantly down. So practically we could -- the impact of June was not that much what we observed in the initial months. And in all, you would have seen the con call, all the oil companies had positive inventory gains. So all these factors put together helped us to mitigate this situation.

Keshav Soni - Analyst, Kotak Bank
Okay, okay. Sure. Thanks for the detailed answer.

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

Sanjay Mookim - Analyst, JP Morgan
Thank you. Thank you. Good afternoon, sir. I just wanted to follow up on the question from the earlier participant. On the 16th of June, sir, media reports suggested the Oil Secretary saying the OMCs are hitting borrowing limits, sir. But if I look at the changes in debt for yourself and for the other OMCs, there doesn't seem to have been any cash flow stress or any material cash flow stress at all. How do I reconcile the comment from the Oil Secretary on the 16th of June versus what has been reported, sir?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
So, If you see, my borrowings have gone up. If you see, on 31st March, my borrowings were INR110,000 crore, and on 30th of June, it has gone to INR141,000 crore. So there was a significant jump within these three months itself, if you see. But nonetheless, I would say my debt equity ratio still -- because we had extra -- we had a very good financial year '25-'26. So my debt equity ratio still -- even after this increase, my debt equity ratio still remains 0.7.

But if you see on the absolute numbers, my borrowings have gone up significantly by INR31,000 crores in one quarter itself. But because of the -- because it is not the first time oil sector companies have seen this type of borrowing levels, we have a banking arrangement to take the money from the banks at a very competitive rate and to manage the situation. But the situation remains very, very strong. In one quarter, if our borrowings goes up by INR31,000 crores.

Sanjay Mookim - Analyst, JP Morgan
No, sir. I was just commenting on the fact that the Secretary said companies are unable to borrow more, and that sounded like a distressed situation. But like you say, it doesn't look that bad.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
No. I have not seen that statement. Probably what he would be saying, because everybody wants -- see, money is always available in the market. The issue is at what rate you will get. So what he probably would have meant is that they are not able to get the money at the same rates what they were getting if we had a comfortable position.

Definitely, if you go to the market with INR31,000 crore borrowing in one quarter, your cost will go up. Each company will have its own profile. So in our case, having a very strong balance sheet, we still manage it. But I will not be wrong to say that my interest cost went up from what we were -- at what rates we were buying before the war.

Sanjay Mookim - Analyst, JP Morgan
Sure, sir. If I may follow up on the second sort of clarification. Historically, when we've seen that crude falls through a quarter -- so, this quarter, the opening crude and closing crude is very different, and crude closing is much lower than where it was at open. And historically, in such situations, we have seen IOCL report very large inventory losses. But in this quarter, at least the accounts don't seem to suggest that a material loss has been booked. Is that the right understanding, and how do I reconcile that?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
No. You have to compare the crude prices on 31st of March and whatever after the ASU impacts

everything on 30th June 2026. So on overall basis, this quarter, if you talk about on 31st of March, my inventory was somewhere around $87 per barrel, and on 30th June, it is somewhere around $83. So I had an inventory loss on crude this time. And as I said in the first question itself, on the finished goods side, I have an inventory gain because the quotes in the international market of gas or gasoline, all the products went up. So there we had an inventory gain. But on crude, we had a marginal inventory loss.

Sanjay Mookim - Analyst, JP Morgan
Sorry, sir. You said you marked your crude on June 30th at $83, is it?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Yes.

Sanjay Mookim - Analyst, JP Morgan
Bloomberg, it says $70. That's why the confusion, sir.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
No, I don't know about Bloomberg, what they said.

Sanjay Mookim - Analyst, JP Morgan
Right. All right. Thank you very much.

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

Saurabh Handa - Analyst, Citigroup
Yeah. Thank you for the opportunity. So my first question is on capex. Now with most of your refining expansions getting completed this year, one would have expected maybe a moderation in capex going forward, and one of your OMC peers is also talking about being a little bit more prudent on capex and bringing down their capex intensity given some of the balance sheet issues. Could you comment on that?

I mean, you are still looking at INR30,000 crore to INR40,000 crore capex going forward. So doesn't this sort of situation maybe warrant a rethink, especially given there is still uncertainty on any support from the government?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See, if you see Indian Oil today has an energy basket share of around 9% to 10%. If you want to continue maintain this energy share in the primary energy basket of the country, and you need to continuously invest, and all the investments are definitely going to bring a positive margins to the company. See, for the past four to five years, you have seen that we had extraordinarily good refining margins for the company.

Although on the marketing side, we had a hit. Now as I said in the beginning, we are focusing on petchem now. There's a huge demand of petrochemicals in the country. So the next cycle of petrochemicals will be done, but we don't have, as such, a targeted capex that we have to spend this much.

Somebody asked me, I said, in the past we have done that, so that can be. But everything would be subject to proper returns, proper due diligence. There is no, as such, target given to any one of us. Everything is evaluated on a profitability side, and then we invest. But I would definitely add that

going forward, renewables will be one sector where we will have to invest. We have a target of 18 gigawatt renewable power in the next three to four years. We have a 100% owned subsidiary company, Terra Clean, where we have put in a lot of efforts to start our renewables. Already 4 to 5 gigawatt working is going on at various stages. And so renewables will start going up, and petchem. These are the two sectors which will take my major capex in the next three to four years.

Apart from that, we have other capex also, whether it is pipelines, whether it is biogas, whether it is SAF, whether it is green hydrogen. And we are also diversifying into now shipping. So there would be many sectors where we are also investing, into battery swapping. Already we have a joint venture company into that. So we have also a very profitable company, a fertilizer subsidiary company, a joint venture company, giving us good returns. So there are many sectors where we are investing in our company.

Saurabh Handa - Analyst, Citigroup
Thank you, sir. Just to follow up on this, two questions. One in terms of India's energy dependence, and there has been talk of some focus from the government on maybe investing in strategic reserves, and one of your upstream counterparts is setting up an SPR facility. Is there any such directive from the government to you or the OMC, say, on, I don't know, LPG storage facilities or any such thing?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See, I would give you a just snapshot of SPR. See today, the existing capacity is around 5.33 MMTP. It is at Visakhapatnam, Mangalore, and Padur in Karnataka. Okay. And there's a target to increase it to 11.83. This target is not for Indian Oil. It is a general indicative target for the entire oil and gas sector, seeing the geopolitics. So we are also under discussion to see whether we can also participate in this strategic storage, but as such, there's no target or anything straightforward given to us. All these proposals are being evaluated on commercial considerations, and if we find that it is commercially viable, we will definitely be participating in SPRs as well.

Saurabh Handa - Analyst, Citigroup
Got it, sir. And just my last question on refining expansions. I think someone else also asked this question. Besides the throughput increase, does this also lead to an increase in complexity? And is there any sort of quantification on how much you expect, say, the refining margins from these refineries to increase by? I mean, all else being equal, assuming no change in spreads, etc.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See even the -- if you see any, even today, the distillate yield, season loss, it all depends upon the type of crude you are buying. But we are seeing the more and more new units are coming, our distillate yield is going up, our season loss is coming down.

So definitely we can expect better returns or better margins going forward. So if you see, even this quarter, we had one of the best distillate yield and our season loss is only 8%. So all these efforts are being taken. We have also a twin target where all the units have been advised to achieve the quartile 1 in the 12-month study. So various factors will help the company to increase the gross refining margins, and the new units are also going to produce more value-added products. So all these things are going to definitely not increase our throughput. It will also result into better refining margins for the company.

Saurabh Handa - Analyst, Citigroup
That's great. Thank you so much.

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

Saarthak Tita - Analyst, DSP Asset Managers
Hi. Thank you for the opportunity. Congratulations, sir, and team, to weather the difficult quarter. So my question just is mainly on the ATF side. On the opening remarks, you mentioned that there has been some dip in demand in this quarter in terms of ATF is concerned. Just a couple of questions around that. So I want to understand how many airlines, or which all airlines did avail the scheme that we had, the release by the government where we were able to supply the fuel to at a fixed rate. So is there -- is that facility availed by airlines?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
No. See, I understand you're talking about the PSF facility, which was announced. That facility, no airlines had gone ahead to use that because by the time that facility got activated, the prices started coming down. So that way that -- but again, the prices have started going up. We don't know what would be the future.

I can't give any futuristic statements. As far as we are concerned, we have remained fully engaged with all the airlines to support them. And as far as the international pricing is concerned, we were able to pass on the entire cost to the airlines. On the domestic front, we have had a negotiated pricing, and that is still continuing.

Saarthak Tita - Analyst, DSP Asset Managers
Understood, sir. And one last follow-up, sir. On the website, we -- I can see that the prices for March have been updated for ATF. So I'm assuming there would be multiple revisions post that date. So any range of price that you can guide us to in last one month or last quarter where we supplied the ATF? And if at all we can update that on the website, that would also be helpful, sir.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See we continuously update our websites. Because of this very geopolitical situation, situation is changing so fast that it was not always possible to keep updating and thing. But I can share one thing that domestic airlines are concerned, the domestic airlines are being -- today, if I talk about -- today it is around INR115 per liter, which we are supplying to the domestic scheduled airlines in the country.

Saarthak Tita - Analyst, DSP Asset Managers
Okay. That is the price fixed in that scheme, right?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
So last time -- last month it was reduced. Now again, today is a pricing cycle day, so again, it has been increased to INR115 per liter. Last cycle was INR110 per liter. Before that also it was INR115. So depending upon the movement in the international course of ATF, we keep on registering our selling prices to the scheduled domestic airlines. International pricing is typically going as per the market [Phonetic] price.

Saarthak Tita - Analyst, DSP Asset Managers
Market price, yeah. Fair. Got it, sir. That's it from my side. Thank you. Thanks so much.

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

Kishan Mundra - Analyst, DAM Capital
Hi, sir. Thanks for taking my question. Two questions from my end, and apologies if you've already answered them because I joined in a bit late. So firstly, on all the refining capex and the petchem expansions that we have done so far, if you could share the expected completion timelines, and in that context, what is the total throughput that we are targeting for FY27 and '28? That would be my first question.

And second question is, you highlighted that petrochemicals is where you see a lot of demand coming from. So in that context, sir, what are the key projects that you're contemplating? So key products that you would be targeting, and what is the scale of the petrochemical expansion that we are talking about?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Okay. See, on the refining side, Panipat Refinery is being expanded from 15 MMTPA to 25 MMTPA. This project is roughly going to cost me somewhere around INR38,000 crores, and the scheduled date of completion is December '26. Almost this project is 94% complete as on date. As far as Gujarat Refinery expansion is concerned, from 13.7 MMTPA to 18 MMTPA, the costing is somewhere around INR19,000 crores. The project is almost 90% complete, and the scheduled date of completion we expect is November '26.

And Barauni Refinery, which is being expanded from 6 MMTPA to 9 MMTPA, it is somewhere costing around INR18,000 crores. It is almost 92% complete, and its scheduled date of completion is now December '26. So as far as our petrochemicals are concerned, our PX-PTA contracts, which is almost 95% complete, is also expected to commission in next one month now.

And the other plant, this is the polybutadiene rubber plant at Panipat, which is costing me somewhere around INR3,000 crores. It is also expected to get commissioned by December '26. So if I talk about these five projects, they are going to cost me somewhere around almost approximately INR90,000 crores, or dollar terms I can say It's almost a $10 billion capex, which is going to be commissioned by end of this calendar year.

And going forward, we have many projects which have been approved, that whether it is -- we have many projects, whether it is on LAB, PX, PTA. So all these projects will add another 5 MMTPA of my petrochemical intensity capacity. And all these projects are somewhere going to cost me INR1 lakh crore, as I've already shared with the earlier question.

All these projects will start getting -- something has started, some things are going to start, and we expect all these projects to be commissioned by '29, '30. March '30 as on date is the expected target. Maybe some here and there, five or six months.

Kishan Mundra - Analyst, DAM Capital
Okay, sir. And if you could share, so no new refining capacity being considered? And what would be your FY '28 throughput target for refining?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See, this year, although we -- our performance is much more than my installed capacity. So for '26-'27, my throughput is expected to be around 77 MMTPA and '27-'28, it should touch 85, and in '28-'29, it should touch 90.

Sabri Hazarika - Analyst, Emkay Global
Okay. Okay. Thank you, sir.

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

Bineet Banka - Analyst, Nomura Group
Yeah. Hi, sir. Thanks for the opportunity. One question on ethanol blending. So are we flexible to reduce the blending percentage, say, if your crude price falls to, say, $60? Because I think according to my numbers, below $65, ethanol will become a drag on your marketing economics. And this is despite no excise duty being charged on ethanol.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
I don't want to give any futuristic statements in this con call, but we are committed to achieve the target of blending given -- announced -- given by the government for all the three oil companies put together. So this decision is not taken on company-to-company basis of ethanol blending. It is taken together. And whatever targets would be given -- today it is 20%, we have achieved 20%, and we are -- whatever new targets would be given, we would be able to achieve that very comfortably.

Bineet Banka - Analyst, Nomura Group
Fair enough, sir. And secondly, on petchem intensity, I think you said intensity will go up from 6% odd to 15% over the next five years. So is there any hurdle rate that we look at before making an investment in petchem? Because according to my understanding, most of these naphtha-based petchem plants may have subpar economics, given the petchem cycle has been very weak over the last two, three years. So any hurdle rate that you are looking at?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See, any investment which is as a part of the capital allocation policy, all investments have to pass the hurdle rate in our system. So but it is on what basis you take the assumptions of the returns. See, if you see the refining margins, we started this refining expansions somewhere around four years back. And today, whatever refining expansions have happened or are going to happen are having extraordinary returns.

Same is the case with petchem. Today, we are hopeful that petchem is a very cyclical business, and whatever -- because the main thing is demand in the country. The demand is huge. Everything is getting imported. So at some scale, one or two good years in petchem cycle, always you recover the entire cost from the business. So it is a -- petchems are being done based on the -- my natural integration with my business. It is a part of my long-term strategy.

And Indian Oil being the major company which can invest huge -- make huge investments with other companies, definitely we have an edge in this sector, and we are very hopeful that it will be -- we will be able to give good returns to our stakeholders as we have given because of our refining business.

Bineet Banka - Analyst, Nomura Group
Sir, just one follow-up. All these petchem capacity addition, will these be naphtha-based, or you'll be also open to adding, say, ethane-based crackers in the future?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
We are very open to -- any type of input we open. We are not only dependent upon naphtha-based. We are open for the gas-based petrochem, petchem, whether it's a naphtha. So any type of input, we are open, and that will be the long-term strategy for the company also.

Bineet Banka - Analyst, Nomura Group
Thank you, sir. Very helpful.

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

Vivekanand - Analyst, Ambit Capital
Hello. Thank you for the follow-up opportunity. Two questions. The first one is on sourcing -- the crude sourcing again. How much are you sourcing now on a long-term basis, and how much is the spot proportion? And what is the pricing on the spot cargos versus long-term sourcing that you're doing?

If you can, again, Anuj, like you gave the pre-war to now context, if you can do that for this question, it will be great. The second one is, any further update on Project SPRINT that you would like to share during the current quarter, or anything that has changed because of the war that got prolonged in respect to milestones that you had set for Project SPRINT? Thank you.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
As far as the crude sourcing is concerned, before the war, we were doing almost 50% spot and 50% term. But because of the prevailing geopolitical situation, it keeps on changing. So if you talk about the -- I can give you the average numbers for the quarter one '26-'27. Our spot procurement went as high as 84%, because most of the spot was coming from the Middle Eastern region.

So our spot volume jumped from 50% to almost 84%. And the situation is very, very dynamic. Something changes in the Strait of Hormuz or in the Red Sea, things will change immediately. So we keep track of the developments on day-to-day basis and try to optimize our crude sourcing.

Now, any other -- now coming to the second point, what you said was, SPRINT target. See, as I said, SPRINT had a very positive impact on our company. Last year, we could save almost INR2,000 crores in just one financial year itself. Now on first of -- now recently we have announced SPRINT 2, which will give another -- we are expecting another INR2,000 crores to INR2,500 crore savings over and above what we achieved last year.

And SPRINT is not only on cost, it is on efficiency, it is on market share, it is on efficiency improvement, it is on the logistics savings, it is on the opex savings. So all put together, we expect that we can -- whatever we achieved last year of INR2,000 crore savings, and this week we'll be able to achieve this year as well. So this is on SPRINT.

And there's not only one factor which is supporting us, because we are keeping track of each and every opex, capex, trying to optimize that.

Vivekanand - Analyst, Ambit Capital
Right. Just a couple of follow-ups. I understand that you are now sourcing a lot more spot versus long-term, right? So does it mean that because you're getting spot cargos from regions other than the Middle East, you would be getting some of these cargos at a meaningful discount for even long-term ones?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See, other than Middle East, we are buying on spot basis. So the pricing will change on month-to-month basis. So for the -- but one thing is there, I think Indian Oil has managed to source the crude at a very, very optimum rate, even at the peak of the hour. Yes, our crude cost went up, which I have already shared in my con call. But definitely, the first target is to make the crude available.

And you all know that Russian crude availability also went up because of the many happenings in that side. And we immediately increased our procurement from Russia. We increased almost up to 50%, 54%. And we also increased our procurement from South America side. Also, Venezuela crude we increased. So all these factors have helped us to contain the crude cost for the company. But definitely, if you talk about pre-war and post-war, our crude cost has gone up. And that is, if you see, it will -- it's a common phenomenon in the entire oil and gas sector in India.

Vivekanand - Analyst, Ambit Capital
Right. Sure. My last one is on this new U.S. sanction that is being referred to of Russian and Iranian hydrocarbon, right? The tariffs on that. So what is the communication you've received from the government? Are you still sourcing Russian and Iranian crude or is that now subject to other waivers that the U.S. needs to do?

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
See that is still not implemented, actually. That is still one of the Houses in the U.S. has passed, but I think it is yet to be fully approved in the -- I don't have the exact names through which it gets approved, but definitely it is still not fully implemented. And we are tracking the developments, whether in U.S. or any other market. And whenever it gets implemented, we will be able to mitigate that also. So my colleague has given me a paper what says, U.S. Senate has advanced and passed the bill in the Senate, but it has not yet become a law. It must clear the U.S. House of Representatives, and then be signed by the President before it gets implemented. So as of now, it is not implemented.

Vivekanand - Analyst, Ambit Capital
Okay. All right. Thank you very much, and all the very best.

Operator
Thank you. Ladies and gentlemen, that was the last question of the day. I would now like to hand the conference over to the management for closing comments.

Anuj Jain - Director of Finance, Indian Oil Corporation Limited
Yeah. Thank you all for your time and insightful questions. On behalf of the entire Indian Oil team, I appreciate your continued trust, confidence, and support. We value our engagement and look forward to future interactions and keeping you updated on our progress. Thank you very much once again. Stay safe and take care. Thank you.

Operator
[Operator Closing Remarks]