

**TRANSCRIPT OF INVESTOR INTERACTION ON 26<sup>TH</sup>  
SEP 2025 AT MUMBAI**

Pramod	<p>: Good morning everyone. On behalf of Indian Oil Corporation, it is my privilege to extend a warm welcome to all the institutional investors and senior analysts present here. This is indeed a one of a kind opportunity as we have with us the distinguished leadership of Indian Oil, Chairman Indian Oil - Mr. A. S. Sahney, Mr. Anuj Jain, Director Finance, to share their perspective and insights and interact directly with you. At Indian Oil, we place the highest importance for building a long lasting relationship with the investor community and are committed to interact with you directly on a regular basis.</p> <p>So, without much ado, before I request Director Finance to address the gathering, I will request to start with a brief round of introduction. Sir, in that case, I will request Director Finance to address the gathering and start the proceedings.</p>
Director (Finance)	<p>: Thank you, Pramod. Good morning once again. I will not take much time. Chairman will be sharing with you a lot of developments which are happening in Indian Oil, in oil and gas industry.</p> <p>I will just touch upon few things. First of all, see in the past 10 years, if you see, Indian Oil has given a return of more than 15% to its shareholders. And that is the past.</p> <p>If you see going forward, the way India GDP growth is happening, we are seeing huge demand in this country. And Indian Oil being the national oil company with almost 50% market share, will be the company which will take this journey forward. See a lot of positives are there in the environment. If you see the ecosystem today, crude prices are in a very comfortable range today, below 70 most of the times. The Refining margins are good. Our marketing margins are quite healthy nowadays. The Q1 profitability was extraordinarily good. Q2 looks to be even promising. And if you see, most of the other things, the entire ecosystem if you see today is quite positive. Our volumes have gone up. We have achieved highest ever sales. Chairman will be giving a presentation, so I will not touch those issues. The entire feel of the sector is quite positive. So , we, definitely want to understand from you people that despite being one of the upcoming sectors with a lot of diversification happening, the current ecosystem is so positive. Company going into so many new verticals, joint venture companies, subsidiary companies in India, abroad, we have opened a</p>

	<p>finance company in Gift City. Most of the projects what we started three to four years back are about to be getting over. We are going to add a lot of 25% refining capacities. We are going into, our gas sales have doubled up. Petchem is a big journey forward, renewable. So I think my feel is as a finance background person, as a CFO that I got a very positive feel today about my company, about this sector. So, we will have a Q&amp;A round also. And anything you want to ask, Chairman is coming straight from abroad to have an interaction with you. Thank you, sir, for taking your time. And over to you, sir, to take this forward. And then we will open and have a quick Q&amp;A round. Thank you.</p>
<p>Chairman</p>	<p>: Thank you, Anuj ji. And good morning to all of you. And first of all, thanks for taking our invitation and sparing your time today in the morning. And I know that we have rescheduled the meeting time, I think twice or thrice, because of other engagements with, because Minister Sir is also here. You are aware that MOPNG is also here and he also has several interactions with investors and with business editors, business houses, again 12.30 and then 2.30 with you, I suppose. So because of those interactions only, we got ourselves shifted and we wanted to take out some time because you are here. So we should take the opportunity and we should be able to present our case, pitch our company with you. That is most important thing that we wanted to do. So I have a small presentation that we have made. Maybe we will, moving forward, we can always do the Q&amp;A. We are there for it. So first of all, you all are aware that we are India's largest public sector company with a Rs. 8.5 lakh crores of revenue, \$110 billion approximately, which comes to that. And it forms around 3% of the Indian GDP, which is as nothing to say that it is huge. It is, but that is our pitch we start with. You may or may not get convinced with it. That is up to you. But this is my pitch. And this is a fact that we are saying that we are forming 3% of India's GDP. That important we are to the country. And today we are touching all of you, all of you and by extension to all of you with whom you are connected, we are touching everyone. Today we are, last year we have first time crossed 40,000 plus retail outlets in the country, which is by far largest in the world by any company in any single country. Only one company that is Shell has more retail outlets in the world, but that is spread over 100 countries. But for a single country, this is the largest number of retail outlets that any company in the world has. So we stand here. In LPG market, it goes without saying that we are having a humongous presence in around 45% of the market share we are having. That means that yesterday only as Anuj is telling that I was there at World LPG Gas Conference, which was happening at Rio de Janeiro from, it is still going on. But because of this meeting, I came back today morning 8 o'clock I reached. So I was there at World LPG Congress. And then there also it is visible that the kind of reach and the kind of scale that we are</p>

operating at, nobody in the world is anywhere near it. The nearest that comes is Brazil itself that they were in fact boasting that they are delivering 17 cylinders per second. And they were very proud of it. Their Minister himself was giving his speech and then I also calculated that what we are doing. So I found that I am, as Indian Oil, I am distributing 70 cylinders per second. So they were thinking about 17, that was very big. I calculated and I found that it is 30 lakh cylinders per day. 30 lakh cylinders per day we are doing and plus 30 lakh cylinders are being done by other oil companies also. So 60 lakh cylinders we are distributing every day. So as a company, 30 lakh cylinders. And in connections, we will say 150 million connections to Indian Oil. 150 million, 15 crore. 15 crore customers are with Indian Oil, which nobody in the world knows about these kind of figures. They are not aware of these kind of figures, that this also happens. So that is the kind of scale, that is the kind of technology, that is the kind of, and then on top of this, PMUY, on top of this, direct subsidy transfer, on top of this, everything is included in this. Everything flows through this company and this whole PMUY and everything, leadership has been done by, all leadership, all technological inputs, all infrastructure support, everything has been given by Indian Oil for achieving Government's target of increasing this LPG reach. From when we started this PMUY revolution in India, we were at around 65% of the population was served with the cylinders, with the LPG gas. Today, it is more than 100%. So that is the kind of achievement and from there, we were at 166 million. Today, we are at 330 million connections. So practically double the connections that we have done in last seven years.

So this is the kind of scales that we are talking and this is not only what has happened in past, as Anuj was saying, that it has passed, it has passed but I want to say that this is the foundation on which this company is working and is capable of working. So give me a challenge, I will tell you how it is to be surmounted, how it is to be met. So that is what is great about this company and that is my pitch for this company.

So once again, I'll say that and then when it comes to our core, that is the refining business, we are the largest refiners, goes without saying, 81 million tonnes and by next year 26 and financial calendar year end of 2026, I will be 98 million tonnes. So I'll be adding 20% more to this capacity. Last three to four years, our capacity expansion projects are going on, which are costing me around Rs. 90,000 crores plus and that will be taking me to Rs. 98 million tonnes of capacity.

And we are obviously, last year, it was phenomenal and as soon as I said there's 40,000 plus retail outlets, the second milestone that we achieved was 20,000 plus kilometres of pipeline network. For the first time, we achieved 20,000 pipeline network, 40,000 plus retail outlets, plus 100 million tonnes of transportation through pipelines. That was also the first century and the second century was 100 million tonnes of products sold.

So these four major milestones we have achieved in last financial year that ended in March 2025 - 40,000, 20,000 and 100 and 100. These are the four major milestones that we have achieved in the last financial year. This is the growth that Indian Oil has done starting from 1964 at 0.01 turnover to 100 billion dollars that we have already discussed in the last slide that we are at 100 - 110 billion dollars. It went up to 110 billion dollars. Now it is 100 billion dollars.

In the last two decades, again, we have increased our refining capacity by 49 percent or 50 percent from 54. We have gone up to 80 and next now plus 20 percent. Again, I'll go to 98 in next one year. Pipeline lens, as you can see, 7.7 thousand to 20,000, 160 percent growth. Marketing touch points, 240 percent growth from 18,500 to 63,000. This 63,000 includes the LPG dealerships also. 40,000 was the retail outlets and this includes the LPG dealerships and Petchem capacity from miniscule that non-existent of 0.12 million tonnes to today and 4.3 million tonnes, that is 3000 times. But from 4.3 in next five years, I will be 13 million tonnes. So that is the kind of growth that we are seeing in this Petchem sector, 3X growth. From now onwards, from 4.3 to 13 million tonnes.

So it goes without saying that we are in a great health, we are in a great, we have a great opportunity, we have a great roadmap going forward, our runway is ready. Now only we have to take up that runway and we have to start flying. That is what we expect to do.

Today, the great place goes without saying that India is in a great place from 6.4, that is the IMF is also saying that it is going to be 6.4 percent CAGR going forward as compared to global only 2.7. And similarly, going forward also up to 2050 also, they are predicting that at least 4.8 to 5 percent CAGR will be there for India. And if India is growing at this pace, what I mean to say that if India has to grow at 6.4 percent CAGR, its energy requirement also has to grow to that extent or not exactly to that extent, but to a largely to that extent and the trajectory has to be same. So today we are at around 1000 million tonnes of oil equivalent. My total energy

requirement today is 900 to 1000 million tonnes of oil equivalent, of which around 9 percent is given by Indian Oil. That is also a fact. 9 percent of the total energy requirement of India is given by Indian Oil. That is a fact. And that is at 1000 million tonnes of oil equivalent. Once we go ahead, going up to 2040, 2045, this is going to increase even if it increases at a minuscule rate of 3 percent or 1.5, 1.8 percent. This is not going to be less than 1700 million tonnes of oil equivalent going forward. You can imagine 6 percent CAGR GDP growth or even 5 percent CAGR GDP growth. And I am taking only less than 2 percent growth in energy. It is going to be more than that because it is not going to be service only. It is going to be manufacturing. Now that the emphasis is on today's manufacturing percentage is what? Only 17 percent or something. So it has to grow. Manufacturing has to grow. The emphasis of government is on manufacturing. And as manufacturing grows, the energy requirement will grow. And that will grow even more than that. This is a very, very defensive kind of assessment that is there. Whether 1.2 percent or 3 percent, then itself it goes up to 1700. My personal assessment is that it has to go at least 2000 million tonnes of oil equivalent. So double. So if I am going to double the energy requirement and I am 9 percent of the present requirement, I also have to, even if I have to maintain 9 percent, I have to double my output of energy. But my ambition is that I am not going to stay at 9 percent. I am going to be 12.5 percent. That is my stated target. And that is my strategy going forward. That it is a stated strategy. It is a written down strategy. It has been formed up a couple of years back. And we are working on that, that we are going to be 12 percent, 12.5 percent of the increased million tonnes of oil equivalent, 2000. So you can imagine that where we are targeting. We are targeting not only to maintain 9 percent of that increased energy requirement. I am going to 12 percent of that increased requirement. But at the same time, all of it is not going to come from oil. All of it is not going to come from liquid fossil fuel, which is my primary bread and butter today. So I have to move forward, but I am not going to leave the energy portfolio. That is going to be there. This is what is shown by the assessment that has been given by the IEA and that and other assessment agencies that the coal is going to increase from 500 million tonnes to 582 million tonnes and oil from 257 to 327. 327 is pretty much done because by when we are talking of 26 end or 27 end we will be already going up to 300 or 310. So 310 is already done with 327 is the ultimate that we have seen that we have we are estimating that Indian Oil that India will be. So we are already more or less there. Gas from 58 to 89 million tonnes and similarly biomass, RE, that is renewable energy, nuclear, they will be going, they will be increasing much further. But this is not everything simple. This you are all aware, tariffs, protectionism, volatility in global crude oil process. Anuj ji was telling that today we are comfortable that is less

than 70. But we have seen in last two years or two and a half years, we have seen 137 dollars to a barrel also. And we have seen 60 dollars to a barrel also. So we have to be prepared and we have to guard ourselves. We have to hedge ourselves against both the conditions of 60 dollars per barrel or so less than 60. Today we are predicting that it is it might go even lower than 60 dollars per barrel coming six months or so. In this financial year itself, it can happen that it will go up to 55 or 50 dollars per barrel also. We have to be prepared for that also. Plus we have to be prepared for 100 plus also because you never know what will happen in the next tweet. We are we are living tweet by tweet. We don't know what happens in the next tweet. Let us see. So and then INR is depreciating against the US dollars. That is a fact that you are all aware. And if it is a nominal rate of two to three percent, which it has been following trajectory for the last few years, then it has been taken into account and it will be taken into account into whatever calculations or whatever assessments we do. But if there is something more than that, then yes, it will be an area of concern going forward. Then access of technology. It is because when we are saying that in the last slides, when we said about increasing the petrochemical intensity of the company, then technology is an issue. But however, my R&D is fully capable of doing it. And a couple of other R&Ds in oil sector, they are also doing very well. So we are very confident that whether the technology is available from outside or not, we are going to have a very significant say or significant play in the field of chemicals and petrochemicals moving forward. That is a go to thing for us going forward.

And critical minerals, they are also going to be significant when we move forward. And we as a company and we as a country, both are committed to increasing our say in the critical minerals when we move forward, both in the field of mining, also in the field of refining and recycling. That is where we want to go in next five to 10 years.

These are all things which are happening in our ecosystem. We are seeing a competitive dynamics. We are seeing that the policy is rapidly evolving geopolitics. We have already discussed AI adoption and talent. These are the issues that we are working with. But these are all forcing us to change the ways that we have been working for several decades or years. But we are aware of what we have to change and we have already taken certain actions towards that change so that we do not fall behind from where we are standing as a dominant player in the field of oil and gas. And we don't want to place it as oil and gas. We want to place it as an energy company only because oil and gas may not be serving us to that extent when we are

talking about doubling our energy offerings for the industry, then oil and gas will not be sufficient for that. Then we have to be a big energy player. So we need to change and we need to adapt. That is very well known.

And there is a big transformative journey that we have started at Indian Oil. This was the main topic of my discussion or my deliberations here that we have launched Sprint. We can see on the right hand top, the Sprint logo is there. So we have launched a Sprint transformational journey that was launched on 1<sup>st</sup> of April 2025, the start of this financial year. And this has these six components, starting with S, that is strengthening our core business, because that is where I talked about increasing my refining capacity by 20%, increasing my reach to meet the market requirement wherever it is needed to scale up my petrochemical capability, because that is my strength. I am whether you are aware or not, but we are the second largest players in petrochemical business in India after, of course, Reliance, who is the biggest player. We are the second largest players of petrochemicals in India with around 18 percent market share today. And then as an institutional business across like meeting all the requirements of the industry, we have to be there and we have to meet our market share. We have to regain our market share so as to meet the requirement of the public and to consume the extra material that we are going to produce, 20 percent extra refining capacity that also has to be consumed in India. So that will require my fuel retail market share to be maintained and to increased. The second is the P is the propel the cost optimisation. This has been a cornerstone of this whole Sprint because cost leadership and cost optimisation and cost awareness and cost maintaining the cost of repair and maintenance, that reducing the cost of the capital projects, ensuring that the capital projects get over within time and within budget and to bring down my budgeted expenditure by at least 20 percent. These are the four cornerstones of this propelling the cost optimisation. And going forward, I'll tell you that how the results have started showing in last six months or so, because this, as I told you, has started on 1<sup>st</sup> of April 2025. And cost is, as you are all aware, that if every penny that I save, every rupee that I save, that goes directly into my bottom line. And that has to be brought into the focus of this company, which this company was more or less on the growth path. Only we were thinking of doing the job, we were thinking of growing ourselves, we were thinking of expanding. But at what cost that we have started looking into very strictly and very stringently, that cost has to be optimised. And this message has gone up to the last person in Indian Oil that cost optimisation and cost awareness is going to be the best thing going forward. And we have to be the leaders not only in the market, not only in meeting the capital investment, not only in doing the expansion projects, but

also in the cost leadership. That is the ultimate aim that we have given to our people. And that is what we have been propagating. And we have been meeting and talking to each and every person in the organisation that this has to and this has already, we are very satisfied, we are very happy that each and every person today of my 30,000 people who are working with me, each and every person is today aware. If you think, if you ask him what is on top of your mind, he or she will certainly say that cost. That is the success that I take for last five to six months that this has gone down very well with my people and they are all ready to contribute their bit in bringing this cost leadership.

The third one is reinforcing the customer centricity. Yes, as you can say that we are the largest customer facing organisation in India today because we are serving, as I told you, three lakh people through my LPG and, three crore people, three crore people are visiting my retail outlets every day. So three crore customers we are facing every day on the retail outlet and three lakh customers we are serving in their houses every day. So we are the largest customer facing person, company in the country. So we have to bring in whatever we do, customer has to be brought into the centre and that message also has started going into the people. And this message is not limited to my 30,000 strong people only. This has gone to five lakh more people because those five lakh people are the customer attendants who are working for me at the retail outlets and the LPG delivery boys who are going and visiting your houses and my houses for delivering the LPG. So that also count to five lakh people. So this five lakh plus 30,000, it has gone to that customer has to be brought into the centre of everything. That is what we have taken the initiative and plus integrating the technology, driving digitalisation, bringing AI into workings. Today I am very happy to state that in my first 1.0, what was that, initiative of strategic IS, Strategic Information System 1.0, there around 250 use cases have already been implemented and they are already working in our various operational fields, refineries, marketing, finance, HR, everywhere we have already used 250 use cases and they are all integrated to lead to better efficiency. And now today, I think in this month only, we are going to launch the 2.0 version of the same strategic IS, Strategic Information System Drive, which is being done with AT Kearney. The first one was also done with 80 Karni. The second one is also being done with AT Kearney, but that was coming with a gap of one year because we have stabilised all the use cases. We have taken the benefits out of it. We have assessed what kind of benefit they are giving and based on that, we are going in for 2.0 version of it and this we are going to be the lead. We are already the leaders in the industry for AI implementation in our workplace and this because this story is not out there because you are not aware

of these stories. That is why we have to give you this pitch today because most of the people are not aware that a company like Indian Oil, because we are branded as big PSUs only, so we are very lethargic or we are lazy, but we are not so. We are doing much, much better than that and that is the story that I wanted to communicate to you. That is why this meeting is so important for us.

Leadership and talent. Today, you can see that leadership in Indian Oil is legendary. Even today it is legendary because today in the last six, eight months that I have been at the helm of Indian Oil, I have released at least six people from my ranks who have gone to other companies, other public sector undertakings and they have taken charge there.

Today Director Finance of Hindustan Copper, he is our person. Today Director Finance of Garden Reach, he is ours. Mazagon Dock is ours, then Petronet LNG, Petronet LNG's Director Finance is ours. Then Director HR of Nalco is our person, NFL's Director Marketing, National Fertiliser's Director Marketing is my person. So you can see six, seven major persons I have released from under me, going and heading those critical positions in finance, in marketing, in HR, in these public sectors. So this is my, and still I am not worried about my leadership. I have enough people still with us who can go and take over any further positions who are, which are made available anywhere. And that is the, that shows the quality of leadership also. Because they are chosen in open interviews done by Public Enterprise Selection Board. It is done as an open interview wherein all the people, including the people from their own organisations are appearing. But still our people are going there and winning hands down. So that is the talent and that is the leadership content that Indian Oil has. And that is not true for many companies which you look around. And then we are not happy with this. Because we are still working on nurturing our leadership to a level wherein I will have at least 50 to 70 people ready to take any board position at any point of time going forward. So that is a definitive programme that we are taking up, which will also be starting this by December only, this calendar year only, wherein we will have a focused 50 to 70 people will be identified and they will be groomed for taking board positions in any company in the country or maybe outside also. That is the focus that we are, we are putting on nurturing our leadership. And we have to be transition ready. Because transition is there, we can't deny it. As I said that we are not charting our growth path based on only fossil fuel or only liquid fossil. We are working assiduously towards expanding our horizons towards retail out, towards renewable energy, towards CBG that is Compressed Biogas. We are putting up around 30 plants for getting around 50

million tonnes of compressed biogas. Plus gas business is a big, big plus for us. We are growing at a phenomenal rate. In last two years, we have grown at least 30 to 35% CAGR on the gas business. A huge growth is there. We have around, along with my partners, we have around 49 geographical areas under our belt which are going to work for CGD. We are working on Liquid Natural Gas, LNG as a mode of transport for heavy fuels, LNG mind you, not the CNG one. It is LNG, liquid natural gas directly going into the trucks. So that is a big plus. We are leaders, we have around 80% market share there. Whatever small market it may be, but we are around 80-85% of that market share. We are having and we are having very positive growth plans for LNG also. Then compressed natural gas, that is CNG is anyway there, it is already there. And plus our refineries are consuming a lot of natural gas. So natural gas is a big business for us and a big growth area when we move forward.

And plus it is not limited to this only. We are also looking into, we are coming into two big issues. One is green hydrogen. So today Indian Oil is putting up India's largest green hydrogen plant in Panipat, that is 10,000 tonnes per annum. It will be ready for operations by December of 27. Already jobs have been awarded to the companies, they have started working on it and that green hydrogen will give me scope for putting it into mobility or into the refineries for reducing its total carbon footprint.

That is one part of it. The second part is sustainable aviation fuel. That is a huge opportunity for all the companies in India because India and Brazil and US, these are the three countries which will be leading the way when it comes to sustainable aviation fuel. And sustainable aviation fuel as you are, you might be aware that India has already signed to the ICAO, that ICAO and Corsia mandates, wherein from 27, , all international flights will have to have 1% SAF, in 28 it will be 2% and in 30 it will be 5%. So that is the growth and 5% of, today it is 4 million, 5 million tonnes, so for 4-5 million tonnes, if you take 5%, it becomes a very substantial amount and today we are at zero, total India is at zero. And the good news is that Indian Oil is the only company in the country today which has got the certification for producing sustainable aviation fuel. We are the only company in the country today and based on that certification we are going to start producing the SAF from March of 26 from Panipat once again, based from, starting from the used cooking oil. All certifications, all technology, everything is in place, now we only have to start production and start using it in the aviation business. So that is, these two are the big initiatives that we have already taken in last 5-6 months.

	<p>So we need to transform, we need to Sprint, that is the logo, that is the motto that we have given to our people, we have taken upon ourselves that we have to Sprint, we can't be seen as laggards, we can't be seen as lazy people, we can't be seen as status-quoist people, we are not so and now we are demonstrating it also and this we have already launched and these are not only logos or things that are written for public consumption, these have been bifurcated or dissected into each and every area where we want to be in each of these areas, every area has been given a target and total 25 targets have been placed for each and every vertical of the corporation so that we move forward and they are all quantifiable, I am not giving the quantities here deliberately, the quantities are for internal consumption, we are just putting a generic word here but believe me that each of these columns has deliverables which are very specific, which are very clearly given to the teams for them to achieve. So we are not mentioning them here, the figures but we can discuss them over tea or something that in each of these what are our targets going forward and the implementation process has been put in place, governance, roles and responsibilities, how it has been set up, it has started on 1st of April and roles have been defined across Indian Oil for each and every vertical, for each and every department, for each and every person, what he has or she has to do and to contribute towards Sprint initiative. So some green shoots because as I told 6 months have already passed, so we can see some of the green shoots, in the left hand side you can see that the EII that the energy intensity index of Solomon which is a very profound benchmark for all the energy consumption that these refineries do because this is based on 250 plus refineries that Solomon, Method Solomon they do every alternate year and then they find out who are all in the 1st quartile, 2nd quartile, 3rd quartile or 4th quartile, 1st quartile means the top 25% of the refineries. So we are very happy to say that two of our refineries have already gone into the 1st quartile and this has happened for the first time in the history of Indian Oil or in the history of any Indian PSUs this has happened. So because of these when we started in 1st of April after that two of our refineries, this has not been declared officially but it has, this is the assessment based on what we have got the information, advanced information from Solomon based on that we can say that two of our refineries are expected to be in the 1st quartile and the target is that by 28 when this Sprint ends, this Sprint is a 3 year journey, we have not given a short term target to it, we have given a target of 3 years for completing the targets that we have set for ourselves for next 3 years, by 3 years all my 9 refineries, 10 refineries are there, all my 10 refineries including CPCL will be in quartile 1, that is the target that we have taken. Quartile 1 means top 25% refineries of the world, that is the target that we have taken and this is what green shoots are already showing, retail outlets</p>
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	<p>commissioned by Indian Oil they have increased by 50% as compared to last year in the same duration from April to August 24 compared to April to August 25, this is how we have appeared, auto lube sales, that lube sales we have taken a very specific target of auto lube sales that have to be increased and that is also showing an increase of 5% market share and 8% year on year growth and 5% increase in market share in the April to August 24 as compared to April to August 25.</p> <p>So, these are some of the green shoots that are going there plus as I mentioned earlier that last year we crossed 100 million tonnes of total sales in our market that we have already achieved in the last financial year and that journey was not a fluke that is what I want to mention here that the first quarter of this year that is April, May, June of 25, this year it has been the highest ever sales of products ever achieved by Indian Oil, so that momentum that has done for 100 million tonnes that is again continuing in the first quarter also, the first quarter was the highest ever market quarterly market share sales of Indian Oil ever in the history. So these are all what we have already got, we have got some good media coverage also on this, I don't know whether you have got the opportunity of getting into this or not, business standard covered us, IOCL's project Sprint in August 25 and business line also in May 25, they covered Indian Oil's project strategic transformation, so this is how media has also covered us, I don't know whether it has reached you or not, but in nutshell it is not a project that I tell, it is a very transformative step that we have taken, it is going to be part of our daily operations, it will go very far into meeting the benchmarks, going beyond the benchmarks, pushing the boundaries, moving faster with execution and to sustain the momentum, this is the kind of thing that we want to do with the Sprint and that is the way forward for us, I think this is what I wanted to share, maybe I think we are ready for the Q&amp;A, thank you so much.</p>
Subhajit	: Thank you Sir for the insights and sharing Indian Oil's transformative initiative project Sprint, this forward looking initiative of Indian Oil truly reflects our commitment for long term value creation for all the stakeholders, we will now open the floor for discussion and invite our valued and esteemed investors and analysts to kindly share their queries for the leadership, we will be happy to address them, we will also request to kindly share your name and name of the organisation before asking the question, thank you so much.
Probal Sen	: Thank you sir for providing that perspective on where the company is and what is going on and what the future plans are, this is Probal Sen from ISEC, I just had a couple of questions, firstly as far as petrochemicals is concerned, we obviously know that domestic demand is something that is fuelling the expansion plans for a lot of domestic companies and you also mentioned that you want to move to speciality

	<p>chemicals in terms of making it more profitable. But in terms of the other side of the equation, optimising of the input costs, if you can just share some thoughts on how you are looking at optimising the input portfolio, diversifying away from a NAFTA heavy input model that we have currently into maybe more alternative sources. And the second part of that is that as far as petrochemical pricing is concerned, at the end of the day we still remain price takers to a certain extent. So how are you seeing that pricing scenario evolve in view of what China is doing in terms of you know cleaning up its portfolio and therefore how does it affect our plans for expansion and what kind of returns we expect. Sorry for the long question.</p>
<p>Chairman</p>	<p>: No, you rightly said, no, no, very rightly you have pointed out the issues, these are the two basic issues that are concerning the whole of petrochemical industry. But my take is a bit different on it.</p> <p>First point I will discuss first that is the naptha point that you have mentioned. When we talk of transition, we are seeing that MS, petrol, petrol is going to be the biggest affected product today. Diesel to a large extent is not affected up till now.</p> <p>Gasoline is one product or you call petrol is the one product which is going to be affected by EVs because two wheelers are getting affected or getting converted into EVs very quickly. So petrol will be affected and cars also, the smaller cars, the cars which are all presently running on MS or petrol, they will be going to be affected much earlier as compared to diesel. So and we being the primary refiners, so we will be faced with a situation that we will have extra naptha going forward because naptha is a basic component for petrol, you are aware of that.</p> <p>So that will be a hedge for me moving forward going to petrochemical side from naptha, that is one. But having said that, your point is very well taken that naptha is not a very, not the cheapest of the feed stocks. So for that my, for example I will tell you we are aware of the fact and we are, we have worked upon it because my, the biggest petrochemical plant that we are going to put up is going to come at Paradip in Odisha, that is around Rs. 60,000 plus crores project which will be a mixed feed basically.</p> <p>It will be taking in spare naptha that will be available from the refineries plus it will be having C3, C4 from, that is the LPG component, C3, C4, imported C3, C4 and it will also have the ethane portion of it. So that will be our hedge against this. So it will be a mix because I will have naptha otherwise I will have to export that naptha,</p>

	<p>I will have to consume the naphtha but at the same time I can't be fully dependent on naphtha because that is not the cheapest of the products, of the feed stocks.</p> <p>So I have to, this is how I am managing it. Plus I am trying to put up ethane cracker also in South somewhere so that that will also give me a big hedge against my higher priced naphtha as a feed stock for my petrochemicals. So that is one point of it.</p> <p>The other point is pricing. So you have to appreciate that India is a place where this petrochemicals growth story is going to be written down because as per all the estimates by 2040 my petrochemical consumption in India is going to be at least 2.5 to 3 times of where we stand today. Today we are standing at around 30 million tonnes, we will be around at least 80 million tonnes going forward by 2040-45.</p> <p>That is where when we are talking of 10 trillion economy or something then this has to be there. So if that is there we and today also around 25% of my petrochemicals are getting imported at this 30 million tonne level also. So you can imagine if the enhanced capacities are not coming up in India where we will stand.</p> <p>Today we are producing 20-25 million tonnes and my capacity, my requirement is going to be 80 million tonnes. So you can imagine what is the kind of import this country will have to do. So it is necessary, it is imperative that India has to develop. We can't be crying about what China has built upon. China has built upon significantly more capacities which they will be needing. Today they are operating at 40%, they can anytime increase to 60, 70, 80%. It's all known, it's all written there. But I can't be basing the future of my country on China's capacity. I have to build in there and then Government will also, we are very confident that government will also appreciate what kind of capex we are putting, what kind of capacities we are bringing into the system and how necessary this sector is going to be. That is going to be very important and when we build on scales, we will be able to compete with China or anybody, that is what we are sure about.</p>
<p>Probal Sen</p>	<p>: One more question if I may. This was about the LPG business. You obviously mentioned the dominant market share and obviously the growth plans that are there. Now conversely with the kind of growth that we are seeing in the CGD business, given that LPG still obviously for cooking also is one part of it in terms of consumption, how do you see the consumption mix changing for LPG and what kind of demand growth do you see in the backdrop of more and more CGD connectivity and therefore more and more gas usage both in households as well as for the small industries in and around the cities that will be connected to the CGD network?</p>

Chairman	:	Right. There are two growth areas for LPG. One growth area for LPG is today the number of refills that a household has on an average is only 4.5 today. That 4.5 refills per year is not what is the potential. The potential as we are all knowing that at least one cylinder per month is the potential or at least every one and a half month a cylinder has to come. So at least 8 to 10 cylinders per connection is going to be the norm there and we have to reach there. So once we reach there from 4.5 to 8 means it is double of the whatever LPG I am using today it goes to double. So that is one growth area. The second growth area is going to be the industrial usage because if we are saying that my India is growing at 6%, if I am saying that my industry is growing at 5-6%, if I am saying that my Petchem or what I say speciality chemicals or power plants or other chemical industries grow then propane as a feed stock is going to be there which is the case in China also. So that is again a case for growth for LPG. So these are the two areas that I see where LPG growth is going to happen moving forward.
Probal Sen	:	All right sir, thank you very much.
Director (Finance)	:	I will just add to one thing with Petrochemical price takers. See what happens it is a journey.  First as chairman has said you have to produce yourself then produce in good quantities and the third is price very competitively. I think all the three things are going to happen by we are adding more Pet Chem capacities definitely once we become more self-dependent then you will be able to compete with the international people and then you become the price givers in the market. So that journey, the entire journey I think because of...
Chairman	:	I can tell you in one or two products, I can name MEG, MEG is one product which is not very profitable for us but at the same time we are the price givers in this continent.
Sabri Hazarika	:	Hi, this is Sabri Hazarika from Emkay Global. So my question is also on Petrochemicals. So when I look into your numbers up to FY22 the Pet Chem business has been doing well with EBIT close to 5,000 crore but from FY22 onwards we have suddenly gone into losses. I think FY23 we were at a 3,000 crore loss, FY25 a bit loss I guess. So I think at that point of time you had the Paradip PP also coming up. So just wanted to know more details on why there was such a big shift in the Pet Chem earnings. Now also you have got lot of Capex coming up. I think the acrylic plant is also commissioned. So what is the, any kind of like earnings guidance or any kind of like margin guidance in Pet Chem you can give?
Chairman	:	This is a trend that you must be seeing. Even the bigger players also and all the players are somehow struggling with the margins. The point that was made in the

	<p>first question that we are the price takers. It is true that we are the price takers and the prices are being given by the bigger players. Be it in the Gulf or in China both sides they are there. They have the capacities. So margins are tight. That is notwithstanding what we have been doing in Paradip as you rightly said that Paradip PP. It is the cheapest PP that can be produced anywhere in the world. Because it is coming from my cracker. It is not coming from the naphtha cracker. It is coming from my refinery products. So any PP and this advantage Indian Oil will always have. Because we have our nine refineries or ten refineries. In out of ten refineries in four of them we will be having PPs which will be produced from the refinery off gases. So they will be the cheapest PPs that can be made in anywhere in the world. So that advantage we will always have. Plus you have seen rightly mentioned about the butyl acrylate. Butyl acrylate we have commissioned. In last two months it has been running. Recently I think ten days back the Prime Minister has also dedicated that to the nation. And now it is working very well. And butyl acrylate I will say for the information of all who are not very well versed with petrochemicals I can say that it is a 100% import substitution product which is going into the heavy growth areas of paint and varnishes and adhesives. So up till now only BPCL was producing around 40-45% of the total requirement. Today we are also producing 45% of the requirement. So going forward India's dependence on butyl acrylate for 100% import substitution in last two years it has come down from 100% to almost zero. So this is the kind of contribution that we are making to the economy. We are making to the country's growth. That is to be captured somewhere.</p>
<p>Director (Finance)</p>	<p>: I will add to what Chairman is saying. See the numbers are, if you see, I have the numbers, if you see the polymers cracks which was almost 384 dollars per metric tonne in Q1, 24, 25. It came down to 320. Same case international market. See the pricing in domestic is governed by the international pricing. So definitely the margins have come down but in this year now, Q2 of this year the margins are again going up. Even if the PTA from 155 dollars per metric tonne it came down to 35. So all the Petchem prices, margins came down. But in this quarter again it has started moving up. Like for polymers from 372 it has already gone to 423 this quarter. So again the rebound has started coming. But it is a cyclical, sometime it will go up and down. What we focus is on the very cost competitiveness of our own industry. And definitely it has a big demand coming in the country. So both way it is a comfortable range.</p>
<p>Chairman</p>	<p>: One thing you have to rest assured that when Indian Oil is making petrochemicals, they are going to be the cheapest petrochemicals that anyone can produce. Because we are making petrochemicals from an integrated system. We are integrating all our petrochemicals with the existing refineries. Nobody else is doing it. Everybody else</p>

		is putting up, importing naphtha from somewhere, importing ethane from somewhere, importing LPG from somewhere and then putting petrochemicals. But we are doing everything in an integrated manner. So our cost of production is going to be minimum. And if still I am not making that much money, it means that the money is not there in the market. But that is also incidental, that is also cyclical, that is also temporary. We are very confident that these margins will be there. Because if I am not able to survive, if I am not able to make money, then nobody else can make money in the country or in the world also, that much I can say.
Sabri Hazarika	:	And second just a small question you mentioned about TerraClean IPO. So do you have this in strategy that many of the subsidiaries, associates could be put up for monetization?
Chairman	:	TerraClean has been made for that purpose only. I will not say for others, but TerraClean has been made for that purpose. Because for most of my renewable businesses, most of my gas like compressed biogas businesses, most of my ethanol based businesses, most of my SAF based businesses, they will reside ultimately in TerraClean. And then TerraClean will be the green arm of Indian Oil, which certainly will have very higher valuations as compared to what you are giving me today. So for that I will have to go into the market to get that valuation.
Sabri Hazarika	:	Thank you so much.
Nitin Tiwari	:	So it's very heartening to see the project Sprint that you spoke about. I mean that's a very detailed programme that you have undertaken to roll in efficiency. So I was just wondering if it would be possible for you to help us understand in quantitative terms what kind of perhaps cost efficiency we are looking at with project Sprint over the three years and what amount of that could be sustainable. And I will ask rest of my questions after that.
Chairman	:	First thing is at the cost point I will say that I am bringing down my budgeted cost on revenue expenditure by 20% this year itself. From what I had budgeted for 25-26, I will bring my revised budget down. I have already brought down my revised budget by 20%. So that is a direct effect of it. So this will be on the operating cost you mentioned. Revenue side, yes. Operating cost. And then on the CAPEX side because it is already in the process. Already we have committed some money because orders have already been placed. Contracts have already been awarded. So we can't do much on that. But that rest assured for any future projects that we are going to take and it will be several of them. Because as soon as this 90,000 crore plus expenditure of capex, it dribbles down, it goes towards commissioning. I have another 90,000 crores worth of project which are ready in my drawing board which will be pushed into execution. And when those are pushed into execution, rest assured that they will be with the maximum capex austerity that can be done in the

		country. And will be tight time frames. There will be tighter money budgets will be there. And even tighter monitoring and execution of those will be happening.
Nitin Tiwari	:	Certainly, sir. And sir, my second question was with respect to your refinery margins. So sir, what we observe is that across quarters there is a fair amount of volatility in the reported margins. Some of it also has to do with inventory gains or losses. So is there anything that you are planning to bring in more consistency in the reported margins because that to an extent, I mean, does impact the sentiment in the markets. I mean, people could differ with me but that's what my sense is. So any thoughts on that, sir?
Chairman	:	If I, like, actually, if you see the margins which are pure margins, which are pure margins which are working, which are based on my sourcing of crude and my realisation from my products. That is practically GRM. And at what cost I am sourcing and at what cost I am selling. The difference of it is gross refinery margin. If you see that gross refinery margin, we are doing consistently well in all my quarters that you can see last 5, 6, 8, 10 quarters. Only problem, only blip that comes into picture, it comes because of the inventory losses. Because that is a totally, I'll say, I don't want to use the word, but it is totally out of syllabus kind of a thing. Because at what cost I have sourced the crude and at what cost when I am selling the product, at that date what is the crude cost. That difference is going into my books as an inventory loss. If I keep it aside, all my GRMs are pretty healthy. And they are pretty consistent. But at the reporting side we are always doing normalised GRM which takes care of these things. Which takes care of the inventory loss. Because we are reporting in a very fair and transparent manner. We don't want to mislead anybody. Because it can be misled if I say that my GRM is growing this, this, this. It is going very high. There is no fun in doing it because as soon as you ask the second question that what is your inventory loss, I will have to go on the back foot and I have to tell you the truth. So I am always telling you the truth that after taking the inventory loss into account, I get this.
Nitin Tiwari	:	Certainly sir. So basically that's where I was coming from. So inventory losses are basically sort of the surprise element. And is there anything that we can do perhaps, I mean as you mentioned that there are use cases that you have identified for implementation of AI and ML. So is there anything that can be undertaken to better manage the inventory and perhaps reduce the surprise element from inventory losses?
Chairman	:	Right. It is not a surprise for us. It is a surprise for the market. That is for sure. But we are monitoring it on a daily basis, on an hourly basis, that where my inventory costs are going, where they are heading for. It is not a surprise for us. But at the same time, yes, you have very rightly pointed out, AI is one part of it. AI and ML is

		<p>being primarily used to reduce my opex or reduce my revenue cost, my cost of conversion in the refineries and in the supply chain. That is very important. And supply chain of crude itself is very important because you are aware that \$3 to \$4 per barrel on a \$70 crude, it goes into transportation only, \$3 approximately. So that optimisation will be coming from AI. For reducing the overall cost of procurement of crude, we have been diversifying our sources to a very large extent. You might be aware that last 2-3 years back, it was only 27 countries or 27 geographies from where we were buying crude. Today we are buying crude from at least 40 geographies. Several new geographies have been added. But at the same time, as these geographies are being added, some of them are pretty far because Brazil is one of the locations from where Argentina is going to be there. It is not there as of now but it is ready to give us some crudes. Venezuela will come someday, today or maybe 6 months down the line, it will come. And then other products, areas which are bringing me, Norway is one of the areas where we have started buying some crude. WTI also is one that is coming from US and Canada. They are also there but they are all adding to the inventory cost because as the transit days increase, my vulnerability towards inventory cost increases. But at the same time, it is not always so gloomy. At times it is helpful also because when the price increases, that gives me extra money even without doing any processing. So that inventory gains are also part of the game. Inventory loss is also part of the game. So we should not crib about inventory losses to a large extent because every year we are seeing that once every year it is going to be inventory loss and once every year it is going to be inventory gain also. So it is both ways.</p>
Nitin Tiwari	:	Sure. Thank you, sir.
Director (Finance)	:	I will add on to what Chairman has said. See, what is happening, each company will have its own characteristics. Indian Oil has 10 refineries and we have lot of like Panipat, lot of refineries are there which we carry a lot of crude and finished goods in our system. So we almost have 17 to 18 million metric tonne of stock in our books of account. And the entire valuation of pricing is internationally driven. So as Chairman has said, sometimes we may take a hit and sometimes it will come back. On a broad basis, if you see year on year, it will stabilise somewhere. So that is quarter on quarter movement it does affect, we understand. But that is the pure accounting what we have to do in the books of account. So 17 to 18 million tonne is inclusive of crude that you hold? Crude and finished goods both, yeah.
Nitin Tiwari	:	Thank you, sir.
Sumit Rohra	:	Hi, sir. Hi. Yeah. Firstly, thank you very much for doing this and I am sure you must be extremely exhausted that you just landed this morning.

So thank you very much for this. So there are now just few things I would like to touch upon is that, you know, it is very heartening to see the kind of presentation which we Sprint, you know, we are doing. 3 crore Indians are using Indian Oil on a daily basis which is staggering, right? It is a consumer facing company. But sir, I will get to the critical aspect of, you know, valuation, right? Because that is ultimately every investor's thought, right? But sir, one thing, you know, if you realise that our valuation, you know, is not being priced as a consumer company, far from it rather being priced as a commodity company, right? I mean, people talk about it as EV, EBITDA, etc., etc., right? Though classically that's not the way to value it because you are a consumer and you are touching lives, right? Now sir, as sir said that, you know, when diesel was decontrolled, right? I go back to 15. You had a very good era when, you know, stocks were re-rated from 2014-15 to 2018, okay? And at that point of time, our market capitalisation touched 2 lakh crore plus, right? At that point of time also, if you recall, our balance sheet was about 2,40,000. So we were on par with balance sheet, right? After that, I'll actually share this with you, you know, I was seeing this and I everyday pull my head and I say that how is this possible? But it is possible, right? Your balance sheet has grown from 2,40,000 to 5,10,000, right? But your market capitalisation is still at 2 lakh crore, right? So clearly there is something which we have to take care of is that market is collective wisdom, right? And as much as, you know, we have delivered return which nobody can deny but you've not delivered return to the potential you can deliver because, I mean, the matter of fact that you are a 100 billion dollar revenue company and your cumulative profit addition has been 1,32,000 crores from 2019 to 2025. It's absolutely amazing, right? I mean, you are a part of the Nifty Index as well and today, unfortunately, because of loss of market, we are out of it and so have been BPCL's case and IOC, I mean, HPCL's case. For me, the three companies of you are the three jewels of India because you guys are actually holding India. Today, India can't progress even an inch without the three of you.

So, absolutely, what you people all have done is remarkable, right? But what the investors are getting in return is not remarkable, right? Because ultimately, anyone who has bought Indian Oil after 2018 has only made dividends but not made the kind of return which he should have made, right? Because of the fact that your balance sheet is growing, your business is growing, I mean, your 42,000 retail outlets, I mean, you are doing something which nobody can fathom, okay? So, on one side of the spectrum, you are doing something which is absolutely fantastic, okay? I mean, you can't take it away from you. But, sir, on the other side, the market

doesn't value it, right? So, sir, I have clearly a thought, you know, few thought things which I want to share with you. Maybe right, maybe wrong, I don't know.

But it is just something that, you know, it is something which comes to mind, right? So, sir, firstly, you know, we always talk about Capex, right? We always say, this is our Capex. But, you know, we don't talk about profitability. You know, today, ultimately, the enterprise value, okay, Capex is a burden on the investor or the shareholder, right? You just said that we are going to do 90,000 crores.

Absolutely good. I mean, we are, but then even if you mention that, you know, we will do 120,000 crores of profit which you have done, okay? That will kind of re-rate the thing, right? And, sir, secondly, if you can, if I may touch upon today, the matter of fact is that crude prices are in the sweetest spot for us. Okay? There is absolutely no question that 65, 75, I would not even say 70, 75 is beautiful, right? Because our integrated margins are doing extremely well.

Marketing, refining, everything, right? But, sir, even today, you know, there is fear, right? I mean, nothing holds back market cap valuation for all three of you. Okay? And I can explicitly say this. It is only fear.

There is nothing but fear, right? Because, I mean, you know, you can very well see that, you know, when crude prices come down, the first thing is price cut or excise duty hike. No, no, it won't be like that. No, no, sir.

Just give me one chance. So, see, as much as I want Indian Oil market capitalisation to go up, you know, I am sure everyone else wants. So, but these are the few things which actually affect us and not only us, affect market, you know, just that clarity of, you know, thought process in pricing which is absolutely prudent.

Trust me on this that you guys have been the most remarkable in terms of pricing over the last two years, right? From 2024 onwards only that one, you had the price cut. After that, it's been extremely good, right? So, profitability is never an issue for us, right? Because you did 42,000 and then you did 14, but the LPG money has been given. So, effectively, you will get the money back, right? So, that's maybe a lag of few quarters here and there.

So, no one denies profitability. What is lacking, sir, is confidence, right? And I am sure you can use forums, you know, where you are meeting investors. Just that the

	<p>confidence, you know, of profitability is only what is basically lacking in all the three. I mean, you know, so, I am sure, sir, that you can do.</p>
<p>Chairman</p>	<p>:</p> <p>As far as confidence is concerned, I can always give you confidence that we have nothing to worry on pricing, on affecting our anything, affecting our profitability because nobody is stopping us from being more profitable. We ourselves have to, I will not say that we have been doing everything good, we have hunky-dory, we are the best companies, we are, and then you start investing into it. I will not say that. Whatever market thinks, market is supreme. Whatever market decides, market is supreme and deciding in their own wisdom what they want to decide, they can decide and they have decided. And they will also, in the future, they will decide. Only thing what we can do is how we can improve ourselves. How we can look inwards and improve ourselves and how we can look outwards and plan for the future. These are the two things that I can do. I can look into the future and say that yes, these plans are to be there. These are the investors, investments that I have to do. These are the profitability targets that I can set for my company. These are the areas which will not be affected by whatever changes happen here or there. Because when I say that most of my future growth is going to come not from the liquid fossil fuel which we are talking about the money getting affected by pricing and all.</p> <p>Today when I am going into renewable, none of the pricing restrictions will be there. Today when I am thinking of nuclear, no pricing restrictions will be there. Today when I am thinking of data centres, no pricing restrictions will be there. Today when I am thinking of SAF, no pricing restrictions will be there. Green hydrogen, no pricing restrictions will be there. So that is what I can plan for the future. That is what I can move forward and see that these will be away from all kinds of like confidence denting factors that you have mentioned. It will be away from all of these things. So that is how I can plan my future and that is the road map that I can show to the investors.</p> <p>That is the road map that I have shown to my people. We have decided on ourselves, we have taken upon ourselves that these are the 5-6 sectors which we are going. Gas, petrochemicals, renewables, nuclear, data centres, compressed biogas, SAF, green hydrogen. These are the 7-8 areas which are not affected by any price restrictions. We can go forward and we can base all our future investments, projects and plans based on these 5-6-7 items. So this is where I can do.</p> <p>And for the existing core business, what I can do is I can reduce my revenue cost, my operating cost, I can optimise my operating cost, I can use technology, I can use</p>

		digitalisation, I can use the best methods that people can deploy for bringing down the operating cost, for bringing the cost consciousness, that is what I can do. These are the two pronged theories that I am working on and this is what is presented in front of you for your assessment.
Speaker	:	You mentioned 20% OPEC saving this year itself. Any medium term target and if you could give some heads, broad head under which you are trying to break up?
Chairman	:	We are now nearing the second quarter. We have done pretty well in the first quarter. In some places we have saved more than 20% also. In some places we are at 10%, we have not been able to achieve. But there are smaller portions where we have not been able to achieve. But overall it is more than 20% that we have already achieved. In the second quarter also, we have seen the first two months. In the first two months, the trajectory is going well. When the second quarter ends, we will be able to tell you the results of the first two quarters.
Speaker	:	But in the medium term, any goal?
Chairman	:	20% is the revenue. It is a consistent day by day expense. The expenses in revenue, repair and maintenance, the expenses in supply chain, the expenses in other things, the expenses in personnel are constant. If those 20% are being spent, then we are reducing it in percentage terms.
Speaker	:	Sir If I see the dividend payout, it was 50% in FY 22 brought down to 42% in 24 then further its gone to 30% in 25, so how should we see this dividend payout ratio?
Director (Finance)	:	See, dividend policy is minimum 30%. See at the time of declaring dividend how the market is there. There is always a gap between when you declare a dividend, how your current profitability is happening. Many of those decisions also impact the dividend payout ratios. But definitely, if you see the past 10 years journey, the cumulative return is more than 15% to the shareholders. So that gives you confidence that dividend, yes, we are definitely also discussing that, being a huge CapEx journey, we will definitely maintain the minimum dividends, give good returns. But if we have very good projects in hand, we will try to optimise our dividend payouts also going forward.
Speaker	:	But on projects as well, all the refinery expansions that we are going through, even if you built \$8 of GRM, you are just earning 7-7.5% ROC. If you see our 10-year average return, GRMs are much below that.
Director (Finance)	:	We have to see the integrated margins. If you see the integrated margins both on refining and marketing, they are quite healthy. We have the biggest pipeline network also. That also gives an added advantage to the company. Nobody talks generally about the pipeline network we have. We have the biggest pipeline network. We are having huge margins in the gas business. Our volumes have doubled up in one year. So all those factors, cumulative return on capital employed is quite good.

		What Chairman is saying, despite these things, what is in our hand is, because many of these factors still remain, this is the way the petroleum sector works. What we are doing is optimising each and every vertical of Indian Oil. Optimising the revenue cost by 20%, optimising the Capex. So all those things are happening simultaneously.
Speaker	:	And generally, what we have seen is, let's say you are expanding refining by 25%. Across all periods, we have seen all companies facing the issue that whenever there is a significant increase in capacity, 1-2 years at least the GRM gets impacted because volumes go up. But that is the stabilisation period. Even for us, when Paradip came in, our console GRM underperformed quite a bit. Now HPCL is going through that phase. So last 2 years we are seeing significant drag on the GRM. So how are you preparing to offset?
Director (Finance)	:	There is a slight difference. I come from refinery background, so I can tell you very confidently that this is a different ballgame because these are brownfield expansions. But Paradip was a greenfield refinery and now that you are mentioning HPCL, that is also a totally greenfield. Bombay and Vizag, for them also, it's an upgrade. Bombay and Vizag didn't have any big expansion. There are brownfield expansions and that would have been fine. But I am very confident that these are brownfield expansions because basic infrastructure is available there. Everything, all the expertise, all the repair and maintenance, all the workshop assistance, all the expertise assistance, everything is available there. Townships, people staying there, it's all there. So these take a much lesser time for stabilisation as compared to a greenfield. That much I can tell you.
Speaker	:	Sir on the volume side we have seen a bit of slowdown in the petroleum products demand for India. But you are still adding capacity. Are you changing the products rate for new refineries or the expansion for or is it likely to be still diesel petrol heavy.
Director (Finance)	:	No, diesel petrol has to be there. You can't escape that. But at the same time, we are tilting more and more towards petrochemicals Because each of these expansions are having significant petrochemical component in them. In Paradip, I can tell you, even without adding any refinery expansion, we are putting up 1.2 million tonnes of PTA plant, PX and PTA plant. That is the capex that we have put in there. In Gujarat, as you are aware, although we are adding 4 million tonnes of capacity from 13.7 to 18 million tonnes, but at the same time we have already added 300 KTA butyl acrylate plant. We have already put in plus there will be 500 KTA, 500,000 tonnes per annum PTA, PP plant that will be coming up along with that expansion. So each one of them will have a significant petrochemical portion into it, built into it and that will take care of the flexibility.

	<p>Although at the same time, you are rightly saying that the demand growth is subdued. But let me put you this way that this has been a phenomenal year for rains. This has been today also again tomorrow onwards Bombay is having a red alert kind of a thing.</p> <p>So last four months have been continuously raining all across India and that takes its hit on the diesel consumption because diesel primarily goes into the gensets for irrigation and all. So that has a significant bearing on consumption. This consumption is not going anywhere.</p> <p>As soon as the rains go away, this will come back from next month onwards. Again it will come back. So diesel we are not bothered because diesel not many alternates are there.</p> <p>As I mentioned earlier also in the talk that we don't have any very significant alternatives for diesel coming today. So diesel demand is not going anywhere. Diesel demand has to grow at least 2%, 2.5%, 3% and the kind of growth that Indian GDP is showing, this diesel demand is not going anywhere.</p> <p>So it has to be there. Although yes, you are rightly said that if I am increasing by 20% from where this 20% demand will come, in the intermediate we might have to export some of the product which we are ready for. Our infrastructure is ready for that. Our pipelines are ready for that. Our ports are ready for that. We have made plans for keeping ourselves ready for the eventuality wherein we will have to export some portion of our newer capacities.</p>
Director (Finance)	: But one thing is there. Aviation demand is going so high. So we have all the option to convert some of our product to aviation fuel going forward. And aviation demand the way we are seeing is very enormous.
Chairman	: Aviation demand I can tell you in next 10 years, next 10 to 15 years. It will be 3 times of where we stand today. 3x. Today we have around 800 planes in India, commercial planes. Today we have around 800 commercial planes. And can you imagine the number of orders that have been placed by the Indian airlines? 1500. Already orders have been placed by Indigo Airlines. Today is 800 and 1500 new planes have been ordered. So you can imagine the kind of growth this sector is going to have and from where it will come. Today it is more or less balanced, the supply demand. So from where this aviation fuel will come. And lot of my diesel can anyway, anytime it can be, I don't know whether you are aware or not, but a large portion of my diesel can

		anytime be converted into aviation fuel. With a very small capex, very very very small capex and significant capex.
Speaker	:	And lastly on the diesel, LNG front, you also talked about LNG trucking. Is that a big initiative or is it a small part of the...
Chairman	:	<p>As of now it is a small part but basically it has to be dovetailed with the availability of the fleet that is ready to use LNG. And thankfully or I will say we are in a very happy situation that some of the bigger fleet owners who are ordering, who are going to order or they are already ordering, they are ordering LNG fleets. And we are in touch with them, we are in having significant conversations with them and we are collaborating with them that whenever they are ordering and whenever they are planning to operate those fleets from point A to point B, we are there and we are ready to, we are willing and we are already planning or we are already in advanced stage of planning to put up our LNG stations on those locations, on those routes so as to serve them.</p> <p>Because there is no fun in putting that LNG stations where the LNG trucks are not there. So we are collaborating with the fleets and that is the model that we are working on.</p>
Speaker	:	Thank you.
Vivekanand	:	Hi, this is Vivekanand from Ambit Capital. I have two questions. The first one is on TerraClean. So you currently are targeting around 5 gigawatts in the near term as far as your portfolio is concerned.
Chairman	:	We are targeting 18 million tonnes in the near terms. Near terms means 5 years. 18 gigawatt. 18 gigawatt in the near term. So that is 2030. Even before that.
Speaker	:	Okay. And could you explain to us how you plan to get there, that is one. Secondly, as far as the existing initiatives are concerned, you have bioethanol, you have CBG, you have also set up biorefineries. So what are the IRRs and what is the rate at which you are operating, rate of return at which you are operating here? Because you said that you want to eventually monetise these assets. So my questions are both related to TerraClean. One is how do you get to 18 gigawatt? And second is what is the base portfolio profitability of the new energy or renewable investments? Thank you.
Chairman	:	Going up to 18 gigawatts, yes, it is going to be both organic and inorganic. Organically, we are planning that we will go of those 18, we will go around 5 to 6 gigawatts, we will go organically. And the balance we are targeting for inorganic takeovers or inorganic growths, which are opportunities that are available in the market. We have put up a dedicated M&A cell for that, which will be looking after these opportunities and we will be bringing in those opportunities to us for acquisition. We are willing to take those. That is one part of it and it will be a mix of

	<p>both the things. It will be a mix of assets, it will be a mix of platforms that we will be taking up and also we will develop our own platform for 5 to 6 gigawatts. That is one part of it.</p> <p>Regarding the profitability part of it, you are aware of what margins are available in renewable. It is ranging anywhere between 14% to 13% and on equity it is going up to as high as 15% also. So we are working on those lines that it will be giving me return on equity more than 15% at any point of time.</p> <p>That is one part of it. CBG today is having very marginal margins, I will say, because still it is in stages which needs a lot of support from our side. Because a certain portion of it, that is the organic fertiliser part of it, wastage that comes out of that CBG plant is used as organic fertiliser. And that forms a very significant portion of the revenues that we get from the CBG plants. So as it is getting monetised, as soon as it starts getting monetised in a proper way, these CBG plants will also start giving us benefits. But these are not, I will not say that they are going to be a very significant portion of what I am going to do. Because CBG plant, as you are aware, under SATAT also, the plan was that we will be ensuring the offtake of gas. And the plants were to be put up by the entrepreneurs themselves. And we were only going to give them the guarantee that we will be picking up the gas that they will be producing at a certain rate.</p> <p>So that was the model. But that is not picking up, so we have started doing some of them by ourselves in order to demonstrate the technology, in order to demonstrate the profitability, and in order to demonstrate how these can be worked upon properly. So that is the purpose of our CBG plants.</p> <p>We are not going to put up a huge number of CBG plants ourselves. We have put up a target of 30 CBG plants only as of now. Right.</p>
Director (Finance)	: Last question on the... I think just one minute. We will take few others, because Chairman, we have to... Mr. Vatrajan, you can, you have been trying on one or two questions. No, you were saying something.
Vivekanand	: Any timelines that you have in mind for the TerraClean IPO?
Chairman	: I will say 2028 will be the right kind of time frame. Somewhere in 2028, when we have a substantial figure of gigawatts under the belt of TerraClean. Yes.

Varatharajan	:	<p>Thank you, Sir. This is Varatharajan from Antique Stock Broking. I had one question and one suggestion.</p> <p>My question is on the crude procurement as well as exports to Europe. Today, given the sensitivity on the Russian crude, how are we looking at the strategy? Will the export ban of products affect us to start with? Diversification, does it impact the margin?</p>
Chairman	:	<p>I don't think so, because today I am not exporting. I am not exporting to a large extent. My exports in a significant motion might start in the second quarter or third quarter of next financial year. That is when I said that my refinery expansions will be getting ready in the next calendar year. So, maybe second or third quarter of next financial year, we will be ready with exports. And at that point of time, we will see what are the geopolitical situations, how it can be managed, how it cannot be managed. Whatever are the policies of the Government of India at that point of time, whatever support and whatever directions are given by the Government of India at that point of time, those will have to be adhered to, that we have to adhere to, because we get a lot of support from the Government of India and we want to abide by the geopolitical motives and geopolitical stand taken by the Government of India. So, at that point of time, that decision will be taken. Your concern is very well taken and we are aware of those. But we can't plan for that right now. Because I said we are living by the tweets. So, we can't plan for what will happen one year down the line.</p>
Varatharajan	:	<p>So, in this case, I am assuming your proportion of Russian crude import remains the same as of now.</p>
Chairman	:	<p>There are so many assumptions going into it. My percentage of Russian crudes will remain the same. Ukraine war will still continue. So, there are so many assumptions coming into play which may or may not be true. We can't plan for that as of now.</p>
Varatharajan	:	<p>So, the suggestion I had was about your cross holdings all the PSUs have. So, I have been talking to Amit sir as well on that. So, that could actually go a long way in terms of actually crystallising the valuation of the oil companies. Because that is not in any way contributing. And we anyway like an analyst apply a 30% holding company discount on the holding. So, in reality, that dilutes your valuation.</p>
Chairman	:	<p>Yes, we are aware of that and Anuj ji is fully focused on that and he has been working towards making it better. And hopefully, we will come out with a better solution. Maybe give us around, maybe one, one and a half month. Maybe we can come back to you with some solution.</p>

Varatharajan	:	Great sir and I would like to compliment you on this Sprint strategy. I can see a lot of thought processes gone behind it. I wish you all the best. Obviously, we will be watching the progress.
Chairman	:	Thank you so much.
Manikantha	:	Just one question from my side to you. This is Manikantha from Franklin Templeton. I am just again taking off from where Varadhan has ended. I am going to ask about Sprint strategy itself. I am wondering about the timing of this strategy here, the opex and capex targets which you are talking about. What exactly happened here and what changed here versus last year? Are we positioning ourselves for lower margins which led us to think about this reduction in OPEX and CAPEX?
Director (Finance)	:	<p>No, we are thinking about the money that I am leaving on the table. I don't want to leave that extra money on the table in terms of opex. I want to take it into my bank for, in a profitability manner. Instead of gearing up for low margins, I will say I am gearing up for higher profits.</p> <p>Today, I am working with profit motive only. Today, there is nothing else that is binding this management today. With Anuj ji is there, with my total board is there with me and we are there. We have brought in a fresh thinking into the whole philosophy of public sector working in Indian Oil. That today we are not shy of taking profits. Today we are willing to take profits.</p> <p>Today we are making profits. If I make profit, then I can give profit to you also. I can share that margin of that profit with you also.</p>
Manikantha	:	The reason why I ask this is, this is not just happening with IOCL, even HPCL is talking about it. I am assuming BPCL also may talk about this.
Director (Finance)	:	So, that is core reason why I am trying to answer. Actually, this journey Indian Oil started simultaneously, everybody sees each other. And it is a welcome step. We are all part of the government of India. So, any good step, what is being taken is being shared. Their good steps, we are getting inputs. Our good steps, they are getting inputs. So, I think it is a welcome step for the industry as such. We started it early. We started it in, kicked off in April only. 01 <sup>st</sup> April this financial year. We kicked off that. And after that, like yes, it is good that industry is following us. So, it is, we have always been the benchmark and we want, we are very happy with that.
Manikantha	:	Thank you sir. And a bit more colour about how you are going to achieve these targets in both opex and capex. Would be helpful sir.
Chairman	:	How means it is, it is basically, first of all in any leadership or in any transformational change that one has to bring into an organisation such vast as

		<p>Indian Oil is you have to communicate the intent of the management. Today, the intent of the management is that you are doing a good job, pat on the back that yes, you have done a great job. You have expanded the company. You have spread the company. You have brought in growth into the system.</p> <p>But at what cost? That what cost question is being asked today. And it is being, and all of us, all of my people are being encouraged to ask this question that whatever you have done is a wonderful job, but at what cost? So, that what cost is about cost consciousness. This communication has gone down from board level to my Executive Director's level and to the last person in the hierarchy that this cost consciousness is what is the mantra that this management has followed. And this has to be complied with. And it is not only compliance, it is coming, now we are getting very positive results. We are getting very positive feedback from each and every person with whom we are interacting when we are moving around in the country, meeting people, talking to them, taking their feedbacks on Sprint. We are getting very positive feedback on this.</p>
Manikantha	:	Is there any financial incentivisation linked to these targets?
Chairman	:	No, we are not giving any financial incentivisation to anybody based on this Sprint targets. None of them. You have to move? I will have to go. Thank you so much.
Sumit Rohra	:	<p>Sir, just only one, number one very quick one.</p> <p>So, sir, basically you reported...</p>
Director (Finance)	:	<p>I think Sumit, no, he is there, he is there. Okay. Thank you.</p> <p>Thank you so much. Thank you. We will take another five minutes, then we will have a... Just only one very quick one. Yeah, please, please.</p>
Sumit Rohra	:	<p>So, sir, you reported very, you know, robust financials in FY24. And FY25 also, on a core number you did very well, right? You reported 14,000 and you absorbed about 20,000 crore LPG.</p> <p>So, you did about 34-35,000. So, profitability is very good. So, now, can we assume that this is the new norm of profitability of the last two financials what we have seen about, not exact numbers, but broad range between 30-35,000 crores of a PAT level.</p> <p>You think because keeping capex in mind, keeping our growth plans in mind of how we want to increase, you know, size and scale. So, can you throw a bit of light on profitability, sir?</p>

<p>Director (Finance)</p>	<p>: See, as a sum of parts, everybody, you must be all experts of doing that. We have refining margins, marketing margins, we have pipeline margins, we have gas margins, petchem margins and then other small cost and margins are there.</p> <p>Like we get hit by the inventory losses sometimes. On a broad scale basis, what we say that, yes, that should be our standard margins. But so many other things like last year it was LPG under recovery which we have got now.</p> <p>In Q1 we got hit, our PAT was almost 6000 crores, quite good, but it has a good element of inventory losses. This quarter hopefully we should not have inventory losses. So, it gets set off sometimes.</p> <p>There are so many factors simultaneously working in our company. But if you ask me, yes, that should be the standard margins for the company. But we do get affected by inventories and other factors. But yes, to be broad, yes. So, yeah.</p>
<p>Kirtan Mehta</p>	<p>: One question about we have embarked on the project Sprint and cost efficiency drive. At the same point of time, we are also sort of working on implementing a large growth of 18 million tonne. Does sort of this cost focus create any confusion about implementation of the targets in a right manner for the project team under execution, where I think the focus is more on cost rather than sort of delivering the projects on time?</p>
<p>Director (Finance)</p>	<p>: See, we have a very simple matrix. You have a cost of capital. Anything new project which is coming on board has to pass the matrix of what returns it will generate. Then you have some question in between what is the cost of capital, what is the cost of equity, you have some reasonable margins. And if the new capex is earning much more than that, yes, why not? We are a growth orientated company. We have to have 12.5% share in the energy basket. So, that is the broad targets. Yes, on day to day basis, what Chairman is saying 20% is, we have to do many type of capex. One is growth capex, some maintenance capex. So, I think predominantly what we are targeting, spending more on earning capex, optimising on our maintenance capex. That is a broad strategy in the company.</p> <p>But any good project which will give me good return, yes, that is for which I will go. Whether it is, and for the new business also we are targeting huge capex now.</p>
<p>Kirtan Mehta</p>	<p>: In terms of our existing projects where 80 million tonne of the refining capacity is being implemented, what are the specific steps that we are taking to ensure that, that remains on target with the stabilisation period to the minimum.</p>

Director (Finance)	:	See, we already in the Concall also we shared the timelines. Now, all the projects are in the final leg of their commissioning. Yes, few of the people said it will take few months to stabilise. Since they are brownfield refineries, it will be a more speedier process to stabilise. And refining margins are quite good. So, we are quite eager to bring all those additional capacities in the system as soon as possible. And definitely start getting returns on that. Yes. If we can proceed, if everything is there, we can spend another two questions, then we will break for the lunch please.
Sanjay	:	Sir, this is Sanjay from JP Morgan. I don't really have a question but a query. Indian Oil is obviously a very large, as you highlighted, organisation with multiple facets. Disclosure on P&L is rather sparse, right? Will it be possible for you to consider breaking up segment wise EBITDA on a quarterly basis? It will really help all our analysis to get EBITDA split into refining, marketing, Petchem, pipelines and all of that.
Director (Finance)	:	See, this time we have already added gas segment in our segment reporting. As far as refining margins are concerned, that is also being disclosed. So, we already have, may not be, in the disclosure we are giving refining margins, we are giving our PetChem margins, we are giving our gas margins. So, I think, and we are always open for concall, anything you want at any point of time. We have a dedicated team who answers those questions.  And based on today, I think most of the capex plans, when they are getting commissioned, we are quite open to have a very open dialogue with our investors. At any point of time you feel you want additional information, we would be happy to help you.
Sanjay	:	Sure. I was just saying that if you print it out in a public release, EBITDA level splits, that will really help our modelling of the companies.
Director (Finance)	:	See, I feel we are doing that, but we will discuss with you what extra you want from us.
Speaker	:	Just, Sir, one last follow up on the cost saving thing, when we are saying of 20% cost saving, what exactly is the quantum that it is coming to because when I am looking at other expenses plus employee expenses, it is broadly adding up to 60,000 crore, so when we are talking about 20% cost saving, will it really translate to 10-12000 crore of cost saving that we tend to see?
Director (Finance)	:	See, employee cost, we generally don't consider further reduction, because that is, we cannot target. But for other overheads, yes, we have kept a target of 20%. Whatever budgeted numbers we have, we are definitely going to target the 20% reduction on the budgeting side.

Speaker	:	That means better than from the percentage terms, if you can quantify the absolute, what you are targeting?
Director (Finance)	:	See, absolute will not be possible at this juncture, but definitely what targets we have set, that is for the entire companies working on 20% reduction on the budgeted numbers for the year 2025-26.
Rwibhu	:	Hi sir, this is Rwibhu from UBS. My question is on broadly capital allocation. So, I think this year our broader CAPEX targets are around 34,000 crores, of which 50% is towards refining and pipeline, 20% may be marketing, 10% Petchems. So, 80% is towards the, so to say, liquid fuels business and rest 20% is towards gas, new initiatives. Now, beyond the ongoing projects which will be completed, let's say, over next 18 months or so, what will be our capex trajectory, let's say, over the next 3-4 years and how this mix will change between our traditional businesses and other gas and green initiatives?
Director (Finance)	:	See, today my maximum capex is going towards refining expansions and marketing. Now, by next one and half years, my refining capex would be over. Maybe some small brownfield expansions will continue to come. My major expansion will be in Paradip, Petchem. That is almost a 10 billion project what is going to come. So, that is another 5 or 6 other PetChem projects are already approved and some are under discussion. So, we will be having huge capex outgo on the PetChem. Gas is most of our opex business. But definitely we are going to spend quite a lot of money into the renewables part now. As we have set a target of 18 gigawatt by 2030 and 1 gigawatt almost cost you 5000 crores today. So, that is also going to be substantial capex.  Apart from that we have 7 to 8 major vertical like battery swapping business, biofuels, ethanol. So, we are going to spend on many other 7 to 8 major businesses in our company.
Rwibhu	:	And sir, do we see the overall capex going up from the current run rate of 33, 34000 crores? What I am trying to understand.
Director (Finance)	:	See, I would say my standard capex on my existing business should be 30000. But depending upon the opportunity of M&A and those things. In 1 or 2 years if good opportunity comes, my capex may go up.  But if you see the broad announcements by the company, you can sum it up. It should be around 30 to 40,000 crores per annum going forward.
Rwibhu	:	Ok sir, thank you so much.
Director (Finance)	:	I think we can continue our discussions over the lunch time also.

Subhajit	:	<p>We would have loved to continue this discussion but since we are running short of time. So, it is time to wrap it up.</p> <p>So, first I extend my heartfelt gratitude to our Chairman Sir, Director Finance sir for their valuable time, sharing their insight, vision and replying to the queries of the esteemed investors and analysts. Most importantly, we sincerely thank our esteemed investors and learned analysts for joining us today and for their continued trust, engagement and encouragement. And your participation today is tremendously invaluable for us and we also look forward to engage with you meaningfully in future.</p> <p>Thank you so much. Thank you for joining. We have lunch here arranged for you.</p> <p>So kindly please join us for lunch.</p>
Director (Finance)	:	<p>And we can continue our discussions at that time also. Thank you.</p> <p>Thank you everyone. Thank you.</p>

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