

IOC to invest Rs. 1.75 lakh crore over seven years

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MUMBAI: In line with projected growing demand for energy in the country, Indian Oil Corporation Ltd (IOC) has announced plans to invest Rs. 1,75,000 crore in the next seven years to ramp up capacity of its refining, exploration, marketing and petrochemicals business.

This includes Rs.50,000-crore investment in brownfield expansions of refineries, Rs.15,000 crore in laying new pipelines, Rs.35,000 crore in improving marketing infrastructure, Rs.30,000 crore in expanding petrochemicals business, Rs.35,000 crore in exploration & production, Rs.7,000 crore in gas business, Rs.2,000 crore in alternative energy and Rs.1,600 crore in research & development.

"Including the projects under implementation and in the next seven years we will be investing Rs.50,000 crore in adding capacity at our existing refineries. This excludes the investment to be made in a greenfield refinery project within the next 15 years the West Coast," B. Ashok, Chairman & Managing Director, IOC told reporters after the annual general meeting (AGM) of the company here.

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IOC's refineries will require brownfield expansion in next five to seven years and they need to undergo quality upgradation, says Chairman B. Ashok.

ity upgradation considering the stringent pollution norms. "We are also planning to improve the quality of the products from BS4 to BS6. So we are both improving quantity and quality," Mr. Ashok said.

IOC's 15 million tonnes per annum Paradip refinery complex in Odisha being set up at an estimated investment of Rs.34,500 crore was almost complete and would be fully operational by November, Mr. Ashok said adding that it would operate at 100 per cent capacity by next year.

"Best refinery"

"It [Paradip] is a complex refinery and will process the

toughest of the crude available. The gross refining margin [GRM] will be significantly higher here as compared to our other refineries. Technologically it will be IOC's best refinery," Mr. Ashok added.

As international crude oil prices are plummeting, IOC has started procuring more crude from the spot market to keep costs low. From an 80:20 ratio of term and spot buying, it has increased spot buying to 30 per cent which has helped improve margins.

While refining margins have improved in the last quarter due to low crude oil prices, IOC would make capital investments keeping a long term view in mind, the chairman said.

On the possibility of import of more crude oil from Iran following likely lifting of economic sanctions, he said it would depend on the future developments as well as economic and technical advantages to the company.

"If there are favourable terms in the future, we will look at importing more from Iran. Anyway we are sourcing from Iran. We had imported 0.9 million tonnes of crude from Iran last year. As and when things get clear, we will look into it," he said.

IOC which has \$500 million pending dues with Iran will make payment through instalments as per the government's advice.