



# REFINING AND MARKETING INDUSTRY

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**US sanctions on Russian oil and steep  
depreciation of Rupee double  
whammy for downstream oil  
companies**

**FEBRUARY 2025**





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*On January 10, 2025, the US imposed the most severe sanctions on Russia's oil industry till date, designating 183 vessels, insurance companies and energy officials. The sanctions could cause Russian crude supply disruptions of ~2.5 MT per month for India. India's import bill is expected to increase by 8-9% (at constant crude prices) owing to the twin impact of market priced crude and depreciation of Rupee vs USD which would adversely impact the profitability of downstream oil companies.*



- On January 10, 2025, the outgoing US Administration imposed the most severe sanctions on Russia's oil industry till date, designating Gazprom Neft and Surgutneftegas, 183 vessels, oil traders, oilfield service providers, insurance companies and energy officials.
- In 11M CY2024, 37% of India's oil imports were from Russia. In CY2024, ~30% of the oil traded in the 183 vessels was destined for India. The sanctions could cause Russian crude supply disruptions of ~2.5 MT per month for India.
- After January 10, 2025, Indian refiners have stopped doing business with sanctioned entities and tankers. Indian companies are tying up alternative sources of crude.
- While Russian volumes of 1.5 mbd are at risk, production increases from the US are not a given, despite President Trump signing an executive order to ease barriers to oil and gas extraction as the shale industry prioritises returns to shareholders.
- Crude prices had surged following the sanctions fearing that Russia may not be able to replace the sanctioned vessels. Additionally, tanker rates have surged, leading to increase in delivered costs of crude. Besides, Rupee has witnessed steep depreciation vis-à-vis USD
- In ICRA's assessment, India's crude import bill would rise by 8-9% (at constant crude prices) if availability of discounted crude dries up and is replaced by market priced crude and the depreciation of INR. The impact on Gross Refining Margins (GRMs) is likely to be ~\$1/bbl due to replacement with market priced crude



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