"Bharat Petroleum Corporation Limited Q1 FY '26 Earnings Conference Call"

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

Moderator: Ladies and gentlemen, good day and welcome to the Bharat Petroleum Corporation Limited Q1 FY '26 Earnings Conference Call hosted by Antique Stock Broking Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' and then '0' on your touch-tone phone. Please note that this conference is being recorded.

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

Varatharajan: Thank you. A very good morning to everyone. I would like to welcome all the participants and the BPCL senior management team to this call.

We have with us Mr. V. R. K. Gupta - Director (Finance); Mr. Pankaj Kumar - ED (Corporate) Finance; Ms. Srividya - ED (Corporate Treasury); Ms. Chanda Negi – GM (Pricing and Insurance) and Mr. Balagirish – Senior Manager Finance.

I would like to hand over the call to Bala for the disclaimer and then opening remarks by the team.

Balagirish J: Thank you, Mr. Varatharajan. Good morning, everyone. On behalf of the BPCL team, I welcome you all to this post-Q1 Results Con-call.

Before we begin, I would like to mention that some of the statements that we would be making during this concall are based on our assessments of the matter and we believe that these statements are reasonable. However, their nature involves a number of risks and uncertainties that may lead to different results. Since this is a quarterly results review, please restrict your questions to the Q1 results.

I now request our Director Finance, Mr. V. R. K. Gupta, who is leading the BPCL team for this call to make his opening remarks. Thank you and over to you, sir.

V. R. K. Gupta: Good morning, everyone. Welcome to the post-Q1 Results Concall. Thank you for joining us today. I hope you were able to go through our Results for the quarter.

On the macro side, global growth prospects have strengthened with the IMF in July 2025, upgrading its 2025 forecast to 3% and India's FY '25 growth outlook to 6.4%, reflecting resilient trade activity, robust domestic demand and sustained reforms. While the recent August 2025 US tariff measures introduced a degree of uncertainty, the underlying momentum in consumption and investments continues to support a positive medium-term outlook.

RBI has retained GDP growth forecast at 6.5% for the current fiscal in its latest MPC meeting, citing strong domestic demand and economic resilience. Despite risks posed by recent US tariffs, it expressed confidence that ongoing trade negotiations will help ease these pressures.

In Q1 FY '25-26, the rupee appreciated 1.2% quarter-on-quarter to 85.56 per USD from 86.62 in Q4, driven by strong foreign inflows, a weaker USD and easing geopolitical tensions. However, it now trades near historical lows amid US-India tariff concerns and sustained FPI outflows. After weakening to 87.79 USD on August 5, it recovered slightly on a softer USD ahead of US-Russia talks.

IEA forecasts global oil demand to increase by 2.5 million barrels per day between 2024 and 2030, with demand expected to reach 105.6 million barrels per day by 2029, followed by a slight decline in 2030.

Within this context, India is projected to be the largest contributor to demand growth, with its oil consumption rising by 1 million barrels per day at an average annual rate of around 2.8%, outpacing all other countries during this period. Oil prices have remained volatile amidst the recent tariff announcement and a series of OPEC plus production hikes. As per EIA's latest projection, Brent is likely to be 67-68 barrels in 2025. Domestic petroleum product demand grew in Q1 with petrol by 7.1%, diesel 2.6% and ATF up by 3.9% as per PPAC.

Coming to the performance in Q1 of 2025-26:

On the operations side, our refineries processed 10.42 million metric tons of crude, achieving 118% of nameplate capacity. We have achieved a distillate yield of 84.96%, consistently above benchmark, owing to our complex refinery configuration and strong operational efficiencies. Product crack for gasoline was $9.88/barrel and for gas oil $15.81/barrel for Q1 during this period. Accordingly, our refineries recorded a GRM of $4.88 per barrel in the current quarter, as compared to $7.86 per barrel in Q1 of 24-25.

BPCL has always been evaluating crude grades from across global geographies, selecting those that maximize value in line with refinery configuration and product demand. In the current environment of narrowing discounts for Russian crude, the company's agile sourcing strategy has enabled procurement of alternative grades from Brazil, the US, West Africa and other regions guided by economic and market conditions, and maintaining a competitive edge in crude selection.

On the marketing side:

Our domestic market sales grew by 3.19% year-on-year during this quarter to 13.58 MMT. Further, as compared to Q4 of 24-25, we recorded a growth of 6.6% in MS and 3.2% in HSD in Q1. During the quarter, we commissioned 317 NROs and 99 CNG stations, taking total RO network to 23,958 and CNG stations network to 2,607 stations. We aim to expand our RO network to 25,000 by the end of this current financial year.

We maintained our leadership in throughput per RO at 153 KL per month for Q1 2025-26, outperforming the PSU average, driven by strategic market access and strong highway presence. In a positive development for the OMCs, the Government has announced Rs. 30,000 crore compensation towards the under-recovery and sale of domestic LPG, which is expected to be paid in different tranches. With further details awaited on the payout, BPCL's total negative buffer before the impact of the said compensation is Rs. 12,523 crore as of June '25-26. We have not yet accounted anything against this particular compensation announced.

Through our industry-first digital initiative of a QR code-based payment mechanism at our RO-Ufill, which embodies our commitment to transparency and convenience. We have covered 15,000 plus retail outlets with a daily 6 lakh transactions valued at Rs. 30 crore per day. AI-driven IRIS platform is an intelligent system that enables us to remotely manage retail outlet operations, safeguarding both quality and quantity at the outlet. IRIS is activated at 19,000 retail outlets. Across businesses, BPCL is advancing digital transformation using real-time data under several initiatives to streamline operations, reducing turnaround time and enhancing customer experience.

In line with Government's energy security agenda and efforts to reduce import dependence through biofuels, ethanol blending levels of BPCL for Q1 25-26 stood at 19.62%.

Under the gas business, we have achieved a total sales volume of 338 TMT, 9% on quarter-on-quarter basis during the year, for CNG, PNG and bulk sales in our own GAs. Further, through our retail channels, we have sold 269 TMT in Q1 25-26. We also received our first cargo, under long-term supply agreement with ADNOC linked to Henry Hub Index in Q1 25-26, diversifying our long-term sourcing strategy beyond Brent-linked term contracts. We added 839 EV charging stations during Q1, taking total network to 7,402 of EV charging stations.

Updates on new projects:

Bina Petrochemical and Refinery Expansion project, has made steady progress, achieving overall progress of around 14%, as against a schedule of 15.9%. We have incurred expenditure of approximately Rs. 1800 crores, with overall commitment of Rs. 6,800 crores. All technology licensors and consultants are onboarded, and process packages for all units received and front-end engineering design has been completed. Detailed engineering and procurement are underway, with tenders for critical equipment and EPC packages floated, and key long-term items such as ECU compressor and furnace packages have been awarded. Site enabling works are also nearing completion.

Further, as a step towards digitization, we launched Digi-BPREP, our industry-first digital platform for the project, enabling real-time progress monitoring and enhanced transparency. In our Polypropylene project at Kochi, we have achieved a physical progress of 12.2%, as against a schedule of 16%, with an expenditure of Rs. 260 crores and overall commitment of Rs. 1,200 crores. Licensor selection and basic design engineering activities have been completed. Order for 6 major long-lead items have been placed. The EPC tender which is the major activity for the PP unit is underway.

The Board has also recently approved the Petro-Residue Fluidized Catalytic Cracking Unit and associated facilities at Mumbai Refinery, at a gross capital cost of Rs. 14,200 crores, with expected mechanical completion by May 2029. The project will replace the old CCU and FCC units at our Mumbai Refinery, which are over 40 years old. This will help MR achieve residue upgradation, increase transportation fuel production, provide flexibility of processing higher proportions of high-sulfur crudes, and reduce environmental impact, thus also increasing overall yields of BPCL group refineries.

During the last year, the Board has approved Rs. 6,100 crores towards pre-project activities, including land identification and acquisition, feasibility studies, and environmental assessment for the Greenfield refinery cum petro chemical complex in Andhra Pradesh. Detailed feasibility study of the project is in progress. Land acquisition is also in progress.

On green energy:

BPCL has awarded contracts for setting up 100 MW wind farm projects, 50 MW each in Madhya Pradesh and Maharashtra, as part of its strategy to transition to renewable energy and reduce reliance on imported fossil power. The LOAs have been issued to M/s Suzlon Energy Limited and M/s Integram Energy Limited with completion and commissioning targeted within 2 years. As informed to you earlier, based on the approval in the previous quarters, BPCL has constituted joint venture NeuEn Green Energy with Sembcorp Green Hydrogen Private Limited for setting up renewable energy and green hydrogen assets.

Two projects, Ground Mounted Solar Project at Prayagraj and Integrated Green Hydrogen Plant and Hydrogen Refueling Station in Kochi are expected to be commissioned during the next 2-3 months. We have prioritized setting up of 26 CBG plants, out of which 10 in direct investment, the location has been identified and activities have commenced. Further, 16 CBG plants are proposed to be set up through our joint venture Bharat GPS Bioenergy Private Limited and the proposed JV with Praj Industries.

Let me now guide you through the financial highlights for the quarter:

The revenue from operations stood at Rs. 1,29,578 crore, the standalone profit after tax stood at Rs. 6,124 crore and the consolidated profit after tax was Rs. 6,839 crore.

Against, an estimated CAPEX of Rs 20,000 crores during this financial year, we have spent about Rs. 2,382 crores during Q1.

Our standalone net worth as on 30th June 2025 is Rs. 87,377 crore. The earnings per share for the quarter is Rs. 14.33 per share.

As of June '25, the debt equity at standalone gross borrowing level is Rs. 0.12. Overall, standalone gross borrowing is Rs. 10,709 crore as on 30th June 2025. Against which we have current investments including surplus funds in oil bonds of about Rs. 17,580 crore, placing us at a net surplus on a standalone basis. At group level, debt equity is 0.44. With gross borrowings of Rs. 39,452 crore, debt equity ratio net of current investments at group level will be around 0.25.

This concludes my comments and we will be happy to take your questions now. Thank you.

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

Probal Sen: Very good morning, sir. Thanks for the opportunity. Just to clarify the last bit that you just mentioned, on the group debt level, you said the group debt equity ratio on gross is 0.4 and what was the debt level at group level, sir? I didn't catch the number?

V. R. K. Gupta: It is Rs. 39,452 crores at group level debt.

Probal Sen: Rs. 39,452 crore and on a net level, it is around 0.25. That is what you said, sir?

V. R. K. Gupta: Yes. We have surplus funds invested around Rs. 17,580 crore.

Probal Sen: Understood. So I had a few questions. First was, you mentioned that due to the uneconomic nature of Russian crude, we have procured from other sources. So can you just quantify what the Russian crude percentage was in this quarter and also the inventory impact, if any, if you can quantify for this quarter in the GRM?

V. R. K. Gupta: This quarter, Russian crude procurement is around 34% for April, May, June quarter. In terms of inventory levels, we have kept a little bit more inventories in the month of March, April because of geopolitical issues and concerns. So our inventory levels are on a slightly higher side. In March 2025, our total quantity of crude oil and inventory levels is 2.9 MMT whereas generally, we keep around 2.3-2.4 MMT. But this quarter, March and as well as June also, our inventory levels are around 2.9-3 MMT levels of crude.

Probal Sen: And what does that translate to, sir, in terms of dollars per barrel impact in this quarter GRM?

V. R. K. Gupta: So, per barrel impact, we generally do not calculate. Generally, against normal standard inventory, around 22%-25% extra inventory was kept.

Probal Sen: Understood, sir. The other question I had, sir, was if we look at this quarter numbers, despite the decline in Q-o-Q, I am talking about on a sequential basis versus Q4, your GRMs have declined quite sharply. And while retail fuel margins were fairly strong, even then the marketing earnings seem to be very robust in this quarter, given the inventory loss also that was there. I just wanted to understand, is this strength only from retail fuels or other product margins have also seen some strength in this quarter?

V. R. K. Gupta: Mainly retail fuels only. Other products marketing margins are at standard level, normally same levels. There is no big change in terms of marketing margin. But retail fuels definitely on account of low crude prices and there is no change in the RSPs, our margins are better and LPG losses have also came down.

Probal Sen: Right, got it, and the lower LPG losses would have. Sir, LPG on a per cylinder basis, what is the kind of loss you have seen last quarter and right now, if you can just let us know?

Chanda Negi: For the month of July, it is around Rs. 100 per cylinder and going forward, July-August and going forward, September, it is around Rs. 30.

Probal Sen: And what was it in Q1, ma'am?

Chanda Negi: Q1 is around Rs. 150 per cylinder.

Probal Sen: Last question, if I can squeeze, if you can give us the CAPEX guidance for FY '26 and FY '27?

V. R. K. Gupta: FY '26, our estimated Capex is Rs. 20,000 crores. Till June, we have spent around Rs. 2,300 crores. The progress is going on well. By the end of this year, we achieve this Rs. 20,000 crores and phasing way, next year, we are expecting around Rs. 20,000 to Rs. 25,000 crores. We have not firmed up the numbers, but we are estimating around somewhere Rs. 22,000 to Rs. 25,000 crores.

Probal Sen: Right, sir. Thank you so much. I will come back if I have more questions.

Moderator: Thank you. The next question is from the line of Yash Nandwani from IIFL Capital. Please go ahead.

Yash Nandwani: Thanks for the opportunity. Sir, the Bina Refinery reported GRM of only $4.5 per barrel in this quarter, which is notably lower than its usual trend of outperforming the Kochi Refinery. So is it just because of lower Russian crude and inventory losses or are there any specific reasons for the same?

V. R. K. Gupta: Major reason is our inventory build-up has happened during this month due to the geopolitical issues. So definitely, there is an impact of high inventory carrying cost in the subsequent months processing. That is the major reason. Otherwise, Russian crude, in terms of the percentage of Russian crude, there is no big change. Maybe every quarter-on-quarter, maybe 2%-3% here and there it happens, but otherwise similar trends. And discount, Russian crude discount, compared to earlier quarters, it has come down to almost $1.5 level. Maybe these are a couple of reasons. But major impact is an account of inventory build-up.

Yash Nandwani: And sir, with now crude prices now trending below $70 per barrel and OMC is also getting the compensation for LPG, are there any discussions underway regarding a cut in the auto-fuel prices?

V. R. K. Gupta: No. At this point of time, there is no discussion at all. If you see, still the geopolitical tensions are still uncertain. We don't know how the trend will change suddenly. We have to wait and see for some more time.

Yash Nandwani: And lastly, with respect to Mozambique asset, could you walk us through the expected timeline for the restart?

V. R. K. Gupta: We are expecting this quarter. Definitely, there should be some positive news. Because whatever the revised project cost, we are requesting the Mozambique Government to consider the revised project cost for allowing that expenditure. That audit work is going on. Maybe by the end of this month or next month, we are expecting certain positive news.

Yash Nandwani: Thanks a lot.

Moderator: Thank you. The next question is from the line of Yogesh Patil from Dolat Capital. Please go ahead.

Yogesh Patil: Thanks for giving me an opportunity, sir. Sir, what is your understanding on LPG compensation, which will be in 12 tranches? Is it a 12-month or some other time period? My second question is, how much share of LPG compensation you will account in FY '26 and FY '27? If you give some kind of clarity on this matter?

V. R. K. Gupta: Whatever information available through PIB, OMC has got Rs. 30,000 crore grant. We are awaiting the operating modalities, how the compensation mechanism happens. We are awaiting any communication from the MOPNG, we have not received any communication, whether it is over a period of 12 months or a period of 24 months. Exactly, those details are not available at this point of time. Once we receive the details, then accordingly we can share what is the impact of that. Otherwise, market share point of view, BPCL, we are expecting at least 25%-26% since we have the market share. So our compensation should be within the same level of market share percentage. That is what we are expecting for BPCL.

Yogesh Patil: Sir, my second question is again on the debt side, a sharp decline in the gross debt. Considering the EBITDA of this quarter Rs. 9,600 crores and the CAPEX lineup of Rs. 20,000 crores and the next year is little bit higher, any particular net debt to EBITDA or debt to equity levels we are targeting for the next few years considering our CAPEX is on the rising mode?

V. R. K. Gupta: We are not expecting any significant rise of debt equity even when we are seeing the peak CAPEX is going to happen in FY '27-28 and 28-29. Our expected debt equity will be around 1 because those years are where your cash inflow is lesser than your cash outflow in terms of CAPEX investments. But once the projects are commissioned, then subsequently the new cash outflows will come. Again, we are comfortable at 0.4-0.5 level of debt equity. So maybe subsequent to the project commissioning, we will come back to that 0.4-0.5 level of debt. That is where actually we are comfortable. This year and next year, since our CAPEX is reasonably at Rs. 20,000-Rs. 22,000 crores level, so we are not foreseeing any good improvement in the debt equity. Same levels of debt equity we can maintain 0.1-0.2 levels.

Yogesh Patil: And the last one from my side, what was the Russian crude share during the Q1? Sorry, I missed that part. And are we facing any issues on the financial payments related to Russian crude?

V. R. K. Gupta: No. At this point of time, since the prices are low only below the threshold price, so there is no issue in terms of the payment side. And our crude procurement from Russia side is around 34% during the 1st quarter. Only slightly it has reduced in the last month, but we are expecting again the flows will come back at normal level of 30%-35%.

Yogesh Patil: So it is expected that it will remain in the range of 30%-35% for the remaining period of FY '26?

V. R. K. Gupta: That is what we are expecting. As long as there is no new sanctions on Russian Oil, so our procurement strategy will be around 30%-35% of Russian crude.

Yogesh Patil: Thanks a lot, sir. This was really helpful.

Moderator: Thank you. The next question is from the line of Vivekanand from Ambit Capital. Please go ahead.

Vivekanand: Yes, hi. Thank you very much for the opportunity. I have two questions. So the first one, the impairment of Rs. 1,773 crores that has brought down your carrying value in BPRL to around Rs. 4,500 crores. Is that how one should infer it or was there any other subsidiary or joint venture where there was an impairment? That is question one? The second question is on your gas SBU. So some of the other players in the gas space, they are consolidating their gas assets. If I look at your gas vertical, you have the erstwhile BGRL and now being part of BPCL as an SBU. And then you have shareholding in several large CGD entities, some of which are also carrying out investments. So I just want to understand from your perspective, you are going to invest a lot of money in the gas vertical. But let us say to shine some spotlight on that and perhaps for investors to get more comfort on the value creation that is happening, what are the steps you are taking? Because we understand there are three listed entities, right, there is Petronet, there is IGL. These are two prominent gas entities, but there are several others that are in varying stages and perhaps investors view gas more positively than oil companies. So valuation is higher there. Is there any concerted effort for you to look at the gas vertical any differently than the current structure and your broad thoughts there will help? Thank you!

V. R. K. Gupta: Yes, rightly, you said our focus in gas is significantly higher as compared to other fuel station. And we have a very good amount of capital allocation for gas. Mainly, our first strategy is to complete our minimum work program in terms of completing the CNG stations and PNG connections and whatever minimum kilometer length pipeline infrastructure we have to create. That is where our first focus is. In terms of certain JV investments, certain companies already we have listed. And couple of companies which has reached a stage where we can look for listing of those particular JV companies. So that is where actually initially we are thinking now one of the JV MNGL. We have given in principle approval for listing of this particular company and submitted our proposal to the Ministry and DIPAM. We are waiting for that. In terms of consolidation, we are not at that particular stage at this point of time. We have to reach a particular scale and we can look at the consolidation. We are also looking at it. There are some small JV companies. Instead of keeping the small JV companies, maybe consolidation is the right choice. We are working on it, but we have not concluded anything on this, but that exercise is going on.

Balagirish J.: And one more question was on BPRL impairment.

V. R. K. Gupta: Yes, on BPRL impairment, whatever impairment we have done in March '25 holds only this quarter. There is no further impairment. But in our entire impairment, the major portion is BPRL only. Other JV company investments impairment is very small, maybe Rs. 10-Rs. 15 crores where certain JV companies we are in the process of liquidation. But other majority portion of our impairment is mainly on account of BPRL.

Vivekanand: So the current state is that you still are quite confident of the carrying value of, sorry, Rs. 60 billion. I said wrongly initially. It was around Rs. 6,000 crores. So you are confident of that value remaining intact given the continuous delays in Mozambique?

V. R. K. Gupta: Right. Every year we do the impairment testing. Whatever is acquired, based on the circumstances and the particular reporting date, whatever additional impairment is required, every year we are providing. As of March '25, as per the impairment working, that is what is valid.

Vivekanand: Thank you very much and all the best.

Moderator: Thank you. The next question is from the line of S Ramesh from Nirmal Bang Equities. Please go ahead.

S Ramesh: Thank you and good morning and congratulations on your performance. So I have two broad questions. One is in your consolidated accounts, the JV share of earnings have gone up. So what has driven that? And to look at the segment results, there is a huge increase in the profits. In fact, there is a turnaround from loss to profit of Rs. 890 crores in the E&P business. So what is the reason for that? And then I have a few questions on the CNG business. So if you can address these two thoughts, then I will go to the CNG business?

V. R. K. Gupta: So this time, our group has given an incremental profit after tax of around Rs. 800 crores. Mainly, it is coming from Bharat Petro Resources, around Rs. 450 crores they have contributed in the group. The main profit after tax generation in BPRL is mainly on account of currency fluctuations. This particular quarter, the ruble against rupees is significantly appreciated, where some of our funds are parked in rubles only, because we are not in a position to take the money as dividend moved to India due to some taxation issues and certain controls. So that was the reason on account of ruble appreciation against dollar, this quarter significant currency fluctuations have happened. Positively, BPRL has generated a good amount of profit. And all other JV companies have performed well.

S Ramesh: So on the CNG business, in terms of the standalone numbers you shared, can you give us the number of CNG stations operating in the standalone GAs? And what was the number for the volume of CNG sales in the standalone stations for 4th quarter 2025 and 1st quarter 2025?

V. R. K. Gupta: Total stations 2464 of CNG stations in our network, which they are selling the CNG. And whereas the volumes, we have 339 TMT in our own GAs, plus through our retail outlet, we are selling at 269. Around 600 TMT we have sold gas from our own GAs as well as through our retail outlet network.

S Ramesh: Yes. So can you give the corresponding number for the standalone GAs in last year, 1Q 4th quarter 2025, just to understand the progress?

V. R. K. Gupta: That we will share separately.

S Ramesh: So if you look at the numbers, there seems to be some traction in terms of positive EBITDA. So are we right in assuming that on this kind of run rate, we are already achieving some profits in your results in your standalone numbers?

V. R. K. Gupta: I am not clear. Can you repeat?

Management: EBITDA contribution from the CNG GAs.

V. R. K. Gupta: EBITDA generation is in the expected lines only. Once our infrastructure investments are completed, full volumes we are expecting. Otherwise, till date, we are getting only every year, maybe 120-130 TMT of sales through our CNG network. Once that entire CNG commissioning happens, then a good amount of volumes will come. EBITDA margins are as expected lines only from the gas.

S Ramesh: So on the depreciation run rate, now you have increased about Rs. 200 crores this quarter. So in terms of the capitalization on the CNG stations, what would be the total assets capitalized as on date in the CNG standalone GAs?

V. R. K. Gupta: As on date, it will be around Rs. 7,900 crore in the entire gas business we have invested.

S Ramesh: Thank you very much and wish you all the best.

Moderator: Thank you. Next question is from the line of Hardik Solanki from ICICI Securities. Please go ahead.

Hardik Solanki: Thanks for the opportunity. Sir, just want to know, as you said that we have processed 34% of the Russian crude. But still, if I look at the high sulphur percentage of the total crude, it has gone 200 basis points down. So can you just explain what has dropped the high sulphur crude processing?

V. R. K. Gupta: No, there is no specific reason because based on the product demand, we may take a little bit low sulphur grades. So WTI grades are a little bit more on the consumption side. That is 1% down in terms of high sulphur consumption. Last quarter it was 77%, whereas this quarter it is 76%, small change. Quarter-on-quarter, it may vary around 1% or 2% here and there.

Hardik Solanki: That is helpful.

Moderator: Thank you. The next question is from the line of Siddhesh Jain from Axis Capital. Please go ahead.

Siddhesh Jain: Thank you, sir, for the opportunity. Sir, I wanted to know how the unit economics work at the charging stations and how much EBITDA level it will be contributing in FY '27?

V. R. K. Gupta: If you ask me in terms of financial contribution, very insignificant. So investments also around Rs. 250-Rs. 300 crores, our total capital outlay in terms of this infrastructure creation because we have received a good amount of subsidy from the Government of India also. So the investment size is around Rs. 300 crores. We are not expecting very big EBITDA from the EV charging station, but only it gives a convenience to the customers, whoever is coming to our forecourt, whatever fuels they want included in the charging station, it is available at the retail outlet. If you ask me the total, maybe we can expect Rs. 10 crore or Rs. 15 crore of EBITDA from EV charging station.

Siddhesh: Also, the unit economic front, sir, is that something how much?

V. R. K. Gupta: Unit economics, if you ask me in terms of the number today, we are having 2% capacity utilization. So there is no profit generation from this particular thing now, because we have to wait and see, because we have to create infrastructure first, then once the vehicle population goes up, maybe in the subsequent next 2-3 years onwards, maybe there may be some good volume. Otherwise, today it is only 2% of capacity utilization.

Siddhesh Jain: Thank you.

Moderator: Thank you. Next question is from the line of Vikas Jain from CLSA. Please go ahead.

Vikas Jain: Hi, sir. Thanks for taking my questions. Firstly, your debt number is clearly a great surprise. This is the lowest debt number we have seen in at least 15 years or so, or even more. I just wanted to understand this Rs. 13,000 crore kind of a move down, how part of it would be, of course end of the year excise duty and other linked payments that you have to make in advance. So part of that will be because of that. Where is the others coming from? Yes, of course, there is the cash profit that you have generated, but is there a release from working capital, which is perhaps a bit temporary or something like that? Where is this Rs. 13,000 crore decline coming from, broad breakups, if any?

V. R. K. Gupta: If we compare from March '25 and June '25, there are two major changes. One is definitely excise duty, because end of the year, we have to pay in the month of March, whereas during the year, you have 7 days' time, maybe in the subsequent month, you can pay. That is around Rs. 7,000-Rs. 8,000 crores. And secondly, due to the low prices of inventory, even similar volumes, we are maintaining the value of the inventory is coming down around Rs. 3,000 crore. So it is release of the working capital to the extent. These two are the major reasons. Other current liabilities, financial liabilities, more or less, it will be in the same range. And second, by end of the year, for example, if we receive that LPG subsidy, maybe in the next 1 or 2 months, definitely, it helps a lot in terms of cash flow. So we are not expecting any big debt equity levels will go as long as crude is around $65-$70.

Vikas Jain: So your estimate, sorry, I am not sure if you repeated that, what is your estimate of the Rs. 30,000 crore that you would receive?

V. R. K. Gupta: 25-26 in between. Exactly, we don't have the number now. Once the communication from the ministry, then we will come to know. But otherwise, as per market share.

Vikas Jain: Rs. 7,500-Rs. 8,000 crores, basically?

V. R. K. Gupta: Maybe Rs. 7,500-Rs. 8,000 crores in the range.

Vikas Jain: Just one more thing. So other income is uncharacteristically high for 1st quarter number. Is there anything that is happening here? Because typically, the other quarters are higher?

V. R. K. Gupta: Mainly surplus funds. We have a good amount of surplus funds and we have made fixed deposit, one-year fixed deposit, which is at 7.5-7.8 level. During the March, we have made that investment. So that is the reason, mainly interest income only.

Vikas Jain: There is no real one-off or anything like that?

V. R. K. Gupta: No, nothing. This is only surplus funds.

Vikas Jain: The small forex gain, but that is very small. Will part of other income now?

V. R. K. Gupta: We don't have any foreign currency borrowings. Whatever it is, crude payments are related.

Vikas Jain: Understood. And should I say that for CAPEX, FY '26, you said is Rs. 20,000, FY '27, you said would be slightly higher, but FY '28 would be the biggest number of Capex?

V. R. K. Gupta: Yes. We are expecting around Rs. 34,000 crores FY '28, and 28-29 around Rs. 35,000 crore. Based on the current approved projects, in case if any new projects are added, the Capex numbers will vary. However, based on the current approved projects, FY '26-27, we are expecting around Rs. 20,000-Rs. 25,000 crore. But FY '27-28, we are expecting Rs. 35,000 crore and FY '28-29 also in the range of Rs. 35,000 crores.

Vikas Jain: Thank you so much, sir. Those were my questions. Thank you.

Moderator: Thank you. The next question is from the line of Mayank Maheshwari from Morgan Stanley. Please go ahead.

Mayank Maheshwari: Sir, thank you for the call. A few questions more from a marketing perspective on fuels. One in terms of diesel, especially on retail diesel, can you just tell us how your market share has trended on retail diesel? And the second question was in terms of industrial side, obviously, I think there is a reasonable amount of competition. Can you just say what is going on subjectively from a competition perspective? And how does the recent regulatory changes on ATF pipelines impact you from a market share perspective on jet fuel? Thank you.

V. R. K. Gupta: One is HSD retail side, our market share during this quarter is 29.59. Compared to previous quarter, slightly it is a reduction side. And HSD direct, yes, we are facing a good competition from the private sector. Private sector has given good amount of discounts in the market, but we are not participating in the discount game. A little bit, we are behind in terms of diesel growth in direct segment. But however, it is only temporary. Once the margins are settled, this discount game will not be there. We are expecting our market share will come back even in the direct business also. So in terms of aviation, our market share during this quarter is 26.51. Last quarter, it was 21.78. But we have come back and we have taken back our own volumes from other customers and we are back to 26.51.

Mayank Maheshwari: And sir, does this change in the opening of the pipeline network impact you in terms of competition at all on ATF?

V. R. K. Gupta: Nothing. We are not expecting any big change in terms of any policy in terms of the pipeline. Whatever captive pipelines we have, even if there is any change in the policy, we are objecting because captive pipelines should be with respect to refineries only. Let us see how it happens.

Mayank Maheshwari: Got it. Thank you.

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

Kishan Mundra: Hi, sir. Just one question from my end. Sir, whenever this geopolitical tensions settle down and whenever you move back to daily fuel price revisions on petrol and diesel, sir, what is your estimate of what would the normalized margins look like on petrol and diesel?

V. R. K. Gupta: Today, I cannot say when the daily pricing is going to happen and other things. So everything depends on the crude prices, how the crude prices move. What we can see is that as long as crude prices are at 65-70 range, our margins will be better. So there is no standardized margin for MS & HSD in this scenario. It all depends on the crude prices. If the crude prices are on lower side, as long as our pricing RSPs are not changed, so our margins will be better. So if crude prices go beyond 70 or 75 level once it reaches, there is a little bit of pressure it creates on the margin. But what would be the standard margin? We cannot comment at this point of time because we are not in a daily pricing mode.

Kishan Mundra: Not now, sir, but let us say, theoretically in 3-6 months down the line, crude prices are at 60 and you move back to a situation where there is a daily pricing which is possible. In that scenario, can you guide us to what could the margins look like? Would it be Rs. 5, Rs. 4, Rs. 6 a liter?

V. R. K. Gupta: No, with this large CAPEX programs in hand, if the standard margin is around Rs. 2.5-Rs. 3 level, also we are comfortable.

Kishan Mundra: This Rs. 2.5-Rs. 3 you say, this is after deducting freight transportation?

V. R. K. Gupta: After expenses, everything. This is a net retention.

Kishan Mundra: Understood. Thank you.

Moderator: Thank you. The next question is from the line of Somaiah V from Avendus Spark. Please go ahead.

Somaiah V: Thanks for the opportunity, sir. Sir, my first question is on LPG under-recovery. So when we book LPG under-recovery, does this also include the normal marketing margins that we would have made? So for instance, if we say Rs. 100 is the under-recovery per cylinder, so this includes the normal margins that we should have or it is just that Rs. 100 is the break-even requirement and this normal margin is not included in that?

V. R. K. Gupta: No, when we calculate any under-recovery that is beyond our margins. Our margins we calculate on the margins plus whatever is actual under-recovery, actual under-recovery. So whatever money it comes back, that is beyond our margin.

Somaiah V: So let us say, we get a Rs. 100 hike, so that will compensate or bring us back to the normal level of margins.

V. R. K. Gupta: Right. This under-recovery is including the margin.

Somaiah V: Understood. The second question is on the CAPEX. If you could give some break-up in terms of segments for this Rs. 20,000 crores this year and the Rs. 20,000-Rs. 25,000 crores next year and also an update on the Bina project?

V. R. K. Gupta: Yes. Currently, Rs. 20,000 crores, approximate around Rs. 6,500 crores we are going to spend in Refinery plus Petrochemical projects. And marketing side around pipelines Rs. 1,400 crores and RO expansions including the CNG network around Rs. 4,000 crores. Out of CGD, we are going to spend around Rs. 1,385 crores and BPRL this year, we are expecting around Rs. 2,500 crores of equity investments and LPG including the cylinders or marketing infrastructure, we are creating around for Rs. 2,000 crores. This is a broader break-up for Rs. 20,000 crores for 2025-26 and for 2026-27 similar level refinery plus petrochemicals around Rs. 11,000 crores we are going to spend and BPRL equity requirements for next year will be around Rs. 2,500 crores and CGD we are going to spend around Rs. 2,200 crores and marketing initiatives including the RO expansion and whatever marketing infrastructure related depots and installations will be around Rs. 6,000 crores. So overall, next year we are expecting around Rs. 22,000-Rs. 25,000 crores range.

Somaiah V: Helpful, sir. So this refinery and petrochemicals which we are seeing around Rs. 6,500 crores, this will predominantly be for Bina and also Bina progress in terms of completion and the CAPEX that has been earmarked so far and how much we have completed?

V. R. K. Gupta: Yes, Bina 14.2% we have achieved. On Capex - Rs. 600 crores PP at Kochi we are going to spend by end of this year and Bina, we are going to spend around Rs. 4,600 crore cumulative by end of this year for Bina.

Somaiah V: Sir, one clarification in the opening remarks, you did mention about an upgradation CAPEX in Mumbai refinery. Could you help us, any timelines around it when the project is expected to start and some final details on that?

V. R. K. Gupta: Yes, our board has approved this project during this quarter. The mechanical completion by May 2029, this is that expected schedule timeline. This is having two parts, one is replacement of existing FCC and CCU unit with an upgraded version of Petro RFCCU. So it will have residual upgradation also. The total capital outlay will be around Rs. 14,200 crore on gross. We are expecting May 29 is the scheduled date commissioning.

Somaiah V: And work on this will start which year?

V. R. K. Gupta: Work has started already. Work has started. We are in the process of appointing the PMC. We are working on the license selection. Initial work has started.

Somaiah V: Got it, sir. Thank you.

Moderator: Thank you. The next question is from the line of Achal Shah from Ambit Capital. Please go ahead.

Achal Shah: Sir, am I audible?

V. R. K. Gupta: Yes.

Achal Shah: Sir, wanted to understand bit about the lubricant business. So can you give a sense of the lubricant volumes, EBITDA, EBITDA margin and market share for FY '25? Also, wanted to understand like what is the volume uptake we saw after the 2023 promotional scheme? How has volumes increased after that?

V. R. K. Gupta: EBITDA numbers, individual product wise we cannot share EBITDA number, but volume wise, this April to June we have total volume of 78.7 TMT, we have sold, other than retail. Last year, it was 83.4%. Slightly, the lubes volumes are de-grown by 6%. Mainly, there are certain technical issues in our lube oil blending plant, so that was the reason the production is a little bit lower as compared to the plant production. So current quarter, it is 78.7 TMT lubricants.

Achal Shah: Sir, would it be possible to share the FY '24 and '25 numbers volume at least?

V. R. K. Gupta: Yes, we will share it.

Achal Shah: Sir, my second question is on as you mentioned that BPCL is doing like the best throughput per outlet OMC, but like we are lagging the private retailer on a throughput per outlet basis, so is it because of the high outlet count which OMCs have compared to the private players or is there any other way to look at it if they have more share of highway outlets or like can you make sense of this data?

V. R. K. Gupta: This quarter, they are getting good volumes mainly because of the high margins they are in a position to pass on a little bit more discount to the customers. So that discount game, we have not participated in the discount games, right. In some of the markets, we have extended certain schemes, but not in all the markets. And secondly, their concentration is mainly on certain areas, their concentration is not there in the rural segment. That may be one reason their RO volumes are comparatively better. But since we are a large organization presence across India, we have every market we have our presence including the rural segment, ABCD market, highway market, everywhere we have our presence. So it cannot be comparable per RO volumes with private sector and PSUs. So what we can compare is that within the PSU so where do BPCL stand.

Achal Shah: Understood. Sir, just one last question is like on the OMC trade margins, so on a per kg or per scm basis what is the trade margins which OMC outlet charges to the CGD like IGL, MGL when they are supplying gas, like on BPCL retail outlet?

V. R. K. Gupta: That will be around Rs. 2 per kg only. The retailer margin is around Rs. 2 per kg only where we are selling CGD in their GAs, the retailer margin is around Rs. 2.

Achal Shah: Sir, like that will be the margin which BPCL is earning or?

V. R. K. Gupta: Retailer whoever is retailing, the retailer will have, like BPCL if we are retailing in our forecourt, then we will get that margin.

Achal Shah: Understood. Thanks, sir.

Moderator: Thank you. The next question is from the line of Sucrit Patil from EyeSight Fintrade Private Limited. Please go ahead.

Sucrit Patil: Good afternoon to the Bharat Petroleum team. I had a specific question for Mr. Pankaj Kumar. So is Mr. Pankaj Kumar online?

Pankaj Kumar: Yes sir, I am there.

Sucrit Patil: Yes sir. Good afternoon, sir. My name is Sucrit Patil. I just want to understand a forward-looking question on regards to capital allocation. As BPCL is expanding its footprint in EV charging, biofuels and hydrogen, how is corporate finance evolving its capital deployment philosophy to support these new verticals and is there a shift towards the platform-based valuation models or any JVs or partnerships that could unlock non-linear returns beyond the traditional refinery and marketing metrics?

Pankaj Kumar: Thank you for the question. I think the broad breakup of the CAPEX plan already Director Finance has shared. We have a broad roadmap of major projects which have already been announced about Rs. 1.5 lakh crore and you would have observed that we have actually been generating good cash flows from our existing operating business and that is giving us a good strength for funding these projects going forward. We are having very comfortable debt equity at this stage. So there are projects actually, some of these refinery project which we are going to do in our existing refineries will be on the balance sheet of BPCL and that would be with a debt equity of about up to 1:1 we are comfortable. At the same time, there could be projects that we would be taking up which would be in the joint venture format also, both organic growth potential as well as inorganic particularly in the new business areas like renewable, etc. So we are also planning to put up a CBG plant, 26 CBG plant in which we would have some, which would be direct investment project and some will be put up through JVs, about 16 will be put up through JVs. So therefore in both these cases, projects which are being put up on our own balance sheet strength, we have considerable leverage available at this point of time and we would be able to sustain that given that phased manner in which these projects are being implemented and the joint ventures also, our proportionate capital allocation will be considerably modest in that sense because the partnership also will be contributing and there would also be particularly in renewable etc., we would be actually be putting up on a high debt equity particularly renewable.

And we are targeting good IRR for all these projects in the range of 12%-15%. So therefore, we expect this to be quite comfortably funded from a capital allocation perspective.

Sucrit Patil: Great sir. Thank you very much for the guidance and I wish you the best of luck and looking forward to hear you on the next Q2 concall. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, we will take this as the last question for today. I would now like to hand the conference over to Mr. Varatharajan for closing comments.

Varatharajan: Yes. Sir, if you have any closing comments, please go ahead, Mr. Gupta.

V. R. K. Gupta: We hope we have replied for all the questions. If anything is pending, our team will share the information.

Varatharajan: Great, sir. I wish to thank all the participants and the management of BPCL for patiently answering all the questions. Thank you, everyone and have a nice day. Thank you.

V. R. K. Gupta: Thank you.

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