

“Bharat Petroleum Corporation Limited
Q4 FY '26 Earnings Conference Call”
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MANAGEMENT: **MR. V.R.K. GUPTA – DIRECTOR FINANCE – BHARAT PETROLEUM CORPORATION LIMITED**
MR. PANKAJ KUMAR – EXECUTIVE DIRECTOR, CORPORATE FINANCE – BHARAT PETROLEUM CORPORATION LIMITED
MR. ASHISH GOYAL – CGM CORPORATE TREASURY – BHARAT PETROLEUM CORPORATION LIMITED
MS. ANUYA VATSAL THAKAR – DGM FINANCE – BHARAT PETROLEUM CORPORATION LIMITED
MR. BALAGIRISH – SENIOR MANAGER, FINANCE – BHARAT PETROLEUM CORPORATION LIMITED

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

Moderator: Ladies and gentlemen, good day, and welcome to Bharat Petroleum Corporation Limited's Q4 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 star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Varatharajan S.: Thank you, Michelle, and very good morning, everyone. It's my pleasure to welcome all the participants on this call as well as the BPCL senior management for the fourth quarter FY '26 BPCL's Results Conference Call. With us we have Mr. V.R.K Gupta, Director Finance; Mr. Pankaj Kumar, ED, Corporate Finance; Mr. Ashish Goyal, CGM Corporate Treasury; Ms. Anuya Vatsal Thakar, DGM Finance; Mr. Balagirish, Senior Manager, Finance. I request Mr. Gupta to deliver his opening remarks.

Balagirish J: Before we join the call with Gupta sir, let me just briefly start with the statement. Thank you, Mr. Varatharajan. Good morning. On behalf of the BPCL team, I welcome you all to the post Q4 results con call.

Before we begin, I would like to mention that some of the statements that we will be making in today's call are based on our assessment 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 result review, please restrict your questions to the Q4 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.

VRK Gupta: Good morning, everyone, and thank you for joining the call today. I hope you have had an opportunity to review our results and earnings release uploaded on the exchanges. As you are all aware, we are meeting in turbulent times amid ongoing tension in West Asia, driving both global and domestic economies through an uncertain phase. There has been major disruption in the global energy supply chains with impact seen across all sectors and geographical segments.

Crude and product prices, which remained broadly range bound for much of FY '25-'26, witnessed heightened volatility towards the end of the year and disruptions to flow through the Strait of Hormuz. Forex fluctuations and geopolitical developments continue to remain the key drivers for energy markets.

Against this backdrop, we have continued to demonstrate operational resilience across our refining, marketing and infrastructure businesses, while remaining firmly committed to supporting India's energy security objectives and ensuring uninterrupted fuel availability across the country.

Although we witnessed short-term spikes in demand due to panic reactions, resulting in initial disturbances in market supply, we have been managing the situation to ensure sufficient supply security in close coordination with OMCs under the able guidance of MoPNG. I'm happy to

share with you that despite mounting challenges amid the ongoing crisis, we have ensured smooth supply of all essential petroleum products, MS, HSD and LPG across the country.

While our financials for FY '25-'26 have been strong since the large impact of the war is not fully realized in Q4 due to timing differences. Q1 '26-'27 is going to be a challenging period.

Let me now take you through the operational and financial highlights for the quarter and the year.

Refineries - Even during the recent war situation, we continue to maintain crude supply security through flexibility in crude sourcing by diversifying procurement strategy and the ability to process multiple crude grades across geographies.

We have increased our Russian crude procurement from 25% in Q3 to 31% in Q4, and it continues to increase fill up our supply gaps in the light of the current situation. Further, we have diversified to 8 new grades of crude during the year, covering 4 geographical regions. I would also like to assure stakeholders that crude supplies have been secured through July 2026.

Our refining business delivered a resilient operational performance during the quarter, supported by optimized crude sourcing, robust refinery operations and disciplined execution. During the year, our refineries operated at 116% of utilization with refinery throughput of 41.15 MMT, which is highest ever and distillate yield of 84.54%, reflecting the strength and complexity of our refining portfolio. Our gross refining margin for the year 2025-'26 stood at USD11.74 per barrel.

On the marketing side, our business continued to maintain healthy momentum driven by steady demand growth across retail and commercial fuels. During the year, our overall domestic sales volume stood at 54.18 million metric tons at an overall growth of 3.5%, with petrol sales growing by 5.7% and diesel by 1% and ATF is 11.4%.

BPCL continued to maintain leadership in throughput per retail outlets among PSU peers with average throughput of 143 KL per month in Q4 '25-'26, strengthened by strategic marketing access, strong highway presence and continued focus on customer experience and retail productivity. In the retail segment, we continue to expand our customer and infrastructure footprint during the year. BPCL commissioned 1,691 new retail outlets during this year, taking the overall retail network to 25,323 outlets.

Our EV charging network expanded to 6,823 stations, while the CNG network increased to 2,650 stations, achieving network leadership in CNG among PSUs. Digital customer engagement initiatives, including the SBI BPCL Octane Card and UFill continue to witness strong customer adoption and engagement. Further, in our allied retail businesses like Apna Ghar, BeCafe, Wayside Amenities, In & Out Stores, we continue to strengthen nonfuel offering through the expansion of convenience and customer-focused formats across our network.

The latest April retail market share, we have achieved MS 30.02% and HSD 29.61% in retail segment. On the LPG segment, as of March 2026, the cumulative negative buffer towards LPG compensation stood at INR12,319 crores. This is after accounting for the 5 installments received

from Government of India from November 2025 against the announced compensation of INR7,594 crores. Our gas business continued to deliver strong growth momentum during the year.

The annual sales volume stood at 2.29 MMT, registering a growth of 26.5% year-on-year, while the CNG segment in our GS recorded sales volume of 248 TMT, reflecting a robust growth of 62.1%. The business also achieved 100% utilization of the regasification capacity booking with Petronet LNG, the first since inception of LNG imports by BPCL.

Let me now update you on the progress of our strategic growth projects and long-term value creation initiatives. The Dearomatized Solvent project at Mumbai refinery with an annual capacity of 200 TMT was commissioned during Q4 FY '25-'26. This first of its kind Make in India initiative is an import substitution and strengthens our presence in the niche specialty products segment.

The Krishnapatnam Hyderabad pipeline, a 425-kilometer 2.6 MMTPA multiproduct pipeline was commissioned in Q4 FY '25-'26. The project strengthens efficiency and provides critical evacuation infrastructure for the upcoming projects while reflecting on our broader focus on logistics infrastructure.

Further, during the year, we commissioned 2 retail depots, 2 LPG bottling plants, 3 aviation fueling stations and 2 gas pipeline to strengthen supply and distribution capabilities. In addition, projects such as the Irugur-Devangonhi and Mumbai-Rasayani pipelines are under implementation to further strengthen supply chain resilience and network connectivity.

We successfully commissioned 1G and 2G ethanol plant of 100 KL per day capacity, each at Bargarh in Odisha in October 2025 and March '26, respectively. The project is aligned with the national policy on biofuels aimed at enhancing energy security, reducing crude oil imports and promoting cleaner and greener fuels. As part of our Project Aspire growth agenda, I would like to provide a brief update on our key strategic projects.

The Bina Petrochemical and Refinery expansion project has achieved 23% progress against a planned schedule of 32% with INR4,700 crores incurred and INR25,400 crores already committed. The schedule variance is primarily due to geopolitical developments and associated supply chain challenges affecting the manufacturing and delivery. However, critical long lead items remain on track and all major packages have been awarded by February 2026.

Additionally, recent Middle East conflicts have impacted supply pricing and execution time lines. We are actively monitoring the situation and implementing mitigation measures to minimize the impact on overall time lines. For the Andhra Pradesh refinery cum petrochemical project, which is proposed to be a 9 million metric ton per annum refinery and petrochemical complex, key preparatory activities are progressing as planned.

Environmental and technical studies have been completed, while detailed engineering and financial appraisal activities are currently underway. This project is supported by strong incentives from the state government of Andhra Pradesh. Other major projects including the PRFCC project at Mumbai refinery, the polypropylene project at Kochi and the POL and LOBS

installation at Rasayani are also progressing steadily in line with the planned commissioning time lines.

On the upstream segment, I'm happy to share the following updates. On the Mozambique block, on 7th November 2025, the operator informed the Government of Mozambique that force majeure has been resolved. The work has resumed in full swing and the first LNG cargo is expected by mid-2028. Presently, around 6,000 manpower is in the site and around 42% project schedules have been completed.

Further, on the BM-SEAL-11 Brazil project, the FPSO tender has been finalized and to be awarded shortly. And work has commissioned for development and first gas is expected by 2031 and '32. The FID has been approved by the operator. Also, through our SPV Urja Bharat Private Limited, the first oil discovery in the unconventional Shilaif play has been made in XN-76 well in the UAE. BPRL has also witnessed the oil discovery during testing of the exploration well, XN-79 02S in the Onshore Block 1.

Such positive developments are very encouraging and certainly a significant achievement for BPRL as an international operator. On the green energy front, we are advancing the renewable push with 251-megawatt installed capacity and additional wind and solar projects under execution for 100 megawatts. The overall capital outlay for the projects under renewables is INR1,570 crores.

On an overall basis, we incurred a capex of INR20,400 crores. The capex target for FY '26-'27 is INR25,000 crores. Our capital allocation approach remains under prudent and disciplined manner with continued focus on project execution, balance sheet strength and sustainable returns.

Let me now guide through the financial highlights for the quarter. The revenue from operations stood at INR134,896 crores. The stand-alone profit after tax at INR3,191 crores and the consolidated profit after tax was INR5,625 crores. Our stand-alone net worth as on 31st March 2026 is INR95,233 crore. The earnings per share for the quarter is INR7.47 per share.

As of March 26th, the debt to equity at stand-alone gross borrowings level is 0.11. Overall stand-alone gross borrowings is INR10,480 crores, and we have current investments, including the oil bonds of about INR18,465 crores, placing us at a net surplus on a stand-alone basis. At group level, debt to equity is 0.43 with gross borrowings of INR43,482 crores. Debt equity ratio was net of current investments at group level is 0.25. Given prevailing uncertainties in global energy markets, we will refrain from providing forward-looking guidance at this stage.

With this, I conclude my opening remarks and would now be happy to take your questions. Thank you.

Moderator: Thank you very much. The first question is from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen: Thank you for the opportunity, sir. First of all, congratulations on a great set of numbers. A couple of questions around the performance. One, if we look at the derived refinery margin for

the fourth quarter, is it fair to say that there has been some inventory positive impact in the refining numbers for this quarter, given the timing difference between stocks used and the way prices have behaved? Directionally, at least, can we assume that there has been a significant inventory impact in this quarter?

VRK Gupta: Generally, we don't calculate refinery inventory gain losses because our average inventory is less than the cycle - purchase cycle. But when huge price fluctuation movements are happening, that particular point of period, definitely, there will be some gain. But we can't exactly give any guidance what would be the inventory gains. But definitely, inventory gains is helping the refining margins in Q4.

Probal Sen: Sure sir. That's useful, sir. The second question was with respect to the supply mix. You already alluded to the rising share of Russian crude in our overall supply, and that has helped us offset the shortage from the Gulf. Can we get a sense -- a little bit more granular sense of what kind of supply sources are now there in terms of crude that we have tied up till July, as you mentioned, other than Russia, what are the other destinations?

VRK Gupta: We have WTI is one destination. We have tried - Venezuelan crude, we have tried. And even Middle Eastern spot grades also available like Murban and other things, in the market. these are all available. We have tested -- last year, I think, 4 new grades we have tested, Venezuela, Brazil and Angola. And in spot, many of the grades are available, but major source is coming from Russian only. Until July '26, when you see the numbers, the major source on spot is Russia.

But term, we have - beginning of the year, we have allocated for term around 55% of our requirement. But we are not getting the full term, maybe around 45% to 46% of our term requirements we are getting, even there are constraints in the Strait of Hormuz, but we are getting --around 45% to 46% of term we are getting, around 10% shortage, that 10% shortage, we are moving to spot. Otherwise, beginning of the year, we have planned for 45% for spot. Now it is happening at around 55% - 60% spot.

Probal Sen: That's very useful, sir. If I can ask a small follow-up. We know that the crude assay or the API and other nature of WTI in Venezuela is very different. So assuming that we have to rely more on those sources, will it have a impact on our distillate yield going forward if the Gulf crudes actually reduce even more?

VRK Gupta: No, definitely distillate yield will change. But at the same time, it will have a commercial benefit also. Net-net, we see what is the CAV value addition at refinery and what is our product demand. Accordingly, we balance it out over the product based on the product demand, what is the crude requirement and what is the profitability we can optimize. But we cannot take directly - Venezuelan crude directly, with blend only we can take. So accordingly, we are planning small cargo sizes we can take and blend it with other grades and we take it to the refinery.

Probal Sen: Right, sir. One last question. In terms of the capex, you already mentioned the overall number of INR25,000 crores. Can we get a little bit more breakup in terms of segments or key projects that are there in FY27?

VRK Gupta: You see our major projects are mainly Bina petrochemical projects, okay? That is for Bina, we are allocating for '26-'27. Refinery plus petrochemicals, we have allocated around INR11,000 crores, out of which 2 major projects -- 3 major projects, polypropylene at Kochi, PRFCC at Mumbai and Bina.

For these projects and regular capex for refinery around INR11,000 crores. And the marketing initiatives, our new retail outlet expansion and infrastructure expansion and whatever supply logistics side expansion, we have allocated around INR10,000 crores.

And BPRL, we have planned around INR2,250 crores of equity infusion for the ongoing projects. And CGD network -- as a continuous expansion of our CGD network, we have allocated around INR 1,700 crores. Overall, put together, it is a INR25,000 crores capital allocation for '26-'27.

Probal Sen: That is very useful, sir. Thank you for the time. I will come back if I have more questions.

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

Vivekanand S.: Yes, thank you for the opportunity. Two questions. The first one is on the impairment that you booked this quarter. Now in your opening comments, you have mentioned that the production in Mozambique, the construction activity is underway, and you expect first LNG from Mozambique in 2028, mid of that. So why did you take an impairment even after the construction started in Mozambique or restarted in Mozambique? That's question one.

The second one is on the retail fuel operations. Do you see the current environment as conducive for yourself to gain market share, given that some of the private players, which were looking to expand, maybe now they rethink due to the uncertainty in the marketing side. Yes, thanks, those are my 2 questions.

VRK Gupta: Coming to the first question, the impairment in our upstream venture is mainly for Brazil venture, not for Mozambique. Mozambique, there is no incremental impairment during this year because the work is going on as per the schedules and 42% good progress has happened. It is not warranted at this point of time any impairment for Mozambique project.

The major impairment is for the Brazil project. In fact, actually, the FPSO tender, almost it took 3 years to finalize the FPSO tender. That was the reason the project completion schedules have been further extended to 2031-'32. The oil will come in '31 and gas will come end of '31 -- '31-'32 financial year.

Initially, we thought Brazil, the gas and oil will come around '28-'29 financial year, since the project has been delayed by around 1.5 or 2 years. So when you discount the future estimated cash flow to the current value, it is warranted for impairment, assuming all other parameters are at the same assumptions. But since project delay is happening in Brazil, that was the reason there is a need for impairment.

And secondly, retail segment, based on the current context, whether increasing the market share is good or not, generally, we don't see on a temporary basis increase of the market share because in some point of time, whether retail customers, they may come here and other thing. But otherwise, as a long-term strategy, always we -- our endeavor is to improve our market share.

So these are all temporary time period we have to face the challenges. But otherwise, our market share initiatives are only for long-term. Sometimes, yes, based on the current market conditions, market share can go up, but our endeavor is to sustain the market share even on a long-term basis.

Vivekanand S.: Thanks. Just one follow-up. As far as the carrying value of BPRL goes, now it's around INR4,100 crores. So is there any broad breakup that you can share of -- the split of this carrying value of INR4,100 crores across the key assets?

VRK Gupta: That we will share it separately. Main, that is what I'm saying, the impairment is coming during this year mainly for the Brazil block. Entire amount, whatever impairment, INR4,300 crores is only for the Brazil block. All other assets are -- there is no incremental impairment during this year.

Vivekanand S.: Okay. Thank you so much, and all the best.

Moderator: Thank you. We'll take the next question from the line of Mayank Maheshwari from Morgan Stanley. Please go ahead.

Mayank Maheshwari: Thank you for the call, sir. My first question was a bit on marketing again. I think you have seen almost pretty much a year of relative market share loss compared to the other peers. Any things that you kind of can suggest which will help you kind of reverse that? Obviously, right now, it's less conducive, but like over a more medium term, what is BPCL doing around that?

VRK Gupta: No. Our objective is there should not be any disruption in the supply chain. That is the first objective. So we have to continue supply to the market and no customer should suffer on account of nonavailability of the fuel. In terms of market expansion and market share expansion, it's a continuous exercise.

Our endeavor is to take at least 32% retail segment market share over a period of time. That was the reason many initiatives we have taken at the retail field. One is through expansion, network expansion is one strategy we have adopted and bringing more and more initiatives to give more convenience to the customers. So these 2 initiatives, our long-term strategy to take up our market share to around -- at least in retail 32% in a couple of years.

Mayank Maheshwari: Got it, sir. And I think the second question was more related to the upstream side. In terms of total investments in upstream, your share across all the portfolios and now that you have got some good discoveries as well, over the next 5 years, like how are you -- how is BPCL thinking in terms of capital allocation to upstream as a percentage of total capex?

VRK Gupta:

Yes. We have 3 major projects in our hand, already discovered where exploration stage is completed. Now it is either the development stage has started and some work is completed. Let me explain one by one these projects.

One is the Mozambique, that is our flagship project, which is having a reserve size of around 70 TCF reserve size. The first phase, the development is happening only for 13 TCF. So out of which our stake is 10%. For that, already 42% is completed. And there is a few potential of future expansions.

Once this particular phase is completed, whatever cash flow comes, the first phase is mostly it is under project finance. There is no equity commitment from our side for Mozambique. Whatever we have committed and invested, that is okay. And future, any investments are mainly from the project financing.

So there is no future capital commitment from BPCL side through equity. And subsequent phases, definitely whatever cash flow comes from the first phase first time, automatically, the cash flow is reinvested in the subsequent phases. So that is broadly about Mozambique. Coming to the Brazil, the total project capex size is around \$6.4 billion.

Pankaj Kumar:

2.8 is our share.

VRK Gupta:

So our share out is around 40% means \$2.8 billion. So maybe future, our capital contribution will be around \$1.2 billion, we have to invest over a period of 3 to 4 years. And this is only in the field only one development. And there is a potential of another development in the same field. Still the exploration and drilling had to happen.

But we are -- at least the initial estimation, we are feeling the similar size of reserves are available in another field also. So there is a good potential. But at this point of time, we cannot comment on that potential side. But whatever existing field in Brazil, the daily production of crude, we are expecting around 88,000 barrels per day, out of which 40% is through our joint venture IBV.

And this is a good equity, the rights are equity, we can bring in India in case if we want here or we can market our crude rights wherever we want based on the commercial position at that point of time. That is the Brazil.

And the third one is lower Zakum -- through lower Zakum and upper Zakum blocks in UAE. Already producing block, it is giving good volume because India consortium is having around 10% of the stake in that. And another discovery we have -- just now we have completed during FY '25-'26. Now it will go for the development plan and the activities will come there. The initial estimations, we are hopeful we have a good amount of reserves there and a good amount of extractable reserves. So once that plan is ready, then we will communicate to you.

And beyond that, we have certain producing blocks in India, but very small in size. Our plan is at least very long-term strategy, we are looking at it at least 6.5 million to 7 million metric ton of crude capacity we should have in our group balance sheet. That is our short-term target. So with these projects, we are hopeful we will reach that level.

Mayank Maheshwari: Very clear, sir. Thank you.

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

Nitin Tiwari: Hi. Good morning and thank you for the opportunity. Sir, my question is with respect to your key capex projects that you've undertaken. So if you, for our benefit, summarize what is the planned capex for the key projects that you are currently running, which is in Mumbai, Cochin and Bina refinery? And is there any relook at that amount, given the sharp depreciation in INR? That is my first question.

Related to that is, given that this year, we are facing a fair amount of challenge in terms of our operating cash flow. So is there any relook at any of the capex programs? And continuing on that, how do we see our debt-to-equity ratio changing? I mean, with the perspective on current operating cash flows that we are going to generate, given the scenario we are in and the capex we have in front of us. So that would be my first question.

VRK Gupta: So let me explain our 3 major flagship projects. One is Bina Petrochemical Complex. The total project cost is around INR49,800 crores, out of which only the foreign component will be around INR6,500 crores. So even if there is any foreign fluctuation, the impact on the foreign component is limited. Maybe even a 10% depreciation, the initial estimations of INR6,500 crores, maybe INR6,000 crores, INR7,000 crores on account of foreign exchange fluctuation on that component, it happens. But all other components in the project cost is INR denominated.

And around INR25,000 crores tenders have been awarded on fixed price contract, so that there won't be any price impact on that -- whatever already awarded projects. Maybe around 20% to 25% of project work we are yet to award. There may be a small impact, but we are hopeful whatever approved project cost -- within plus or minus 10% we have approved, we are hopeful within that limit, we will be in a position to complete. But let us see next 1 or 2 years, how the things will happen, what will be the inflation and other things, we have to wait and see. But at this point of time, if you ask whatever approved number within plus or minus 10%, we will be in a position to complete the project for Bina.

Coming to polypropylene at Kochi refinery, almost 85%, 90% of the project contracts have been awarded. There is -- we have initially approved at INR5,000 crores plus or minus 10%. Based on the current estimation, we'll be in a position to complete the project at that level only. So there won't be any price escalations.

And the third project is PRFCC at Mumbai refinery. Last year only, we have approved. The work has just started, the licensor selection and BDEP is going on. At this point of time, we are not foreseeing any major cost escalation at this point of time. Maybe once we reach to the next year, at least a 30%, 40% progress if we see, then we will come to know whether is there any price escalation indications are not there. These 3 are our major projects in India.

And all other capex allocations, these are all short-term projects, maybe 1 year or 2 years, these projects can be completed either pipeline or infrastructure depots and other things. We don't

foresee any major price escalations. Only even the steel and material prices goes up, the component is small.

We are hopeful as per the original estimated numbers with plus or minus 10%, we'll be in a position to complete. And other upstream side, whatever projects already we have explained, Brazil, the revised cost we have approved at our Board level, subject to the government approvals. And Mozambique also, we have approved at Board level and 42% project has been completed. We are hopeful within the approved project cost that project also can be completed.

So this is overall our project side and the price impact on the project side. Second, when it comes to, when you say, the balance sheet, how do we manage the cash flows and other things, we have a very strong balance sheet. Even March '26, if you see, even we have a capex of around INR20,000 crores we spent last year, still we could maintain our debt to equity at 0.11 stand-alone and 0.25 at consolidated after netting up our investments.

This year also, we are expecting INR25,000 crores capex, and we may cross INR25,000 crores, maybe INR26,000 crores, INR27,000 crores at the end of the year if things are going smoothly. Even with this also, we are not foreseeing any big jump of debt equity provided once the crude prices settle.

So how things will move in the next couple of months, not sure. But we are hoping whatever challenges today, we are facing, it is only short term. But once things will settle, once the war and blockade is removed at Strait of Hormuz, the supply side becomes normalizes, then we are hopeful by at least July, August, the price stability will come and normality can come back. So we're not foreseeing any big stress on the balance sheet.

Maybe, yes, short term, there may be a stress out because cash flow mismatch has happened. So we have to take certain borrowings during this period. But end of the year, we are hopeful. Let us wait and see how the things will move. Long-term debt to equity, we are projecting by all planned capex, we are not expecting the debt to equity will go up beyond 1:1 at group level.

That is our expectation. Once the projects are completed, then definitely the new cash flows will come from the new projects, then maybe in another couple of years, the debt to equity can come back to normal level. Always, we see debt to equity should not cross at 1:1 at peak level. And generally, we are comfortable to maintain at 0.3, 0.4 level debt equity.

Nitin Tiwari:

Thank you, sir, for the detailed answer. Sir, my second question is also related to the first one. So as you pointed out, we do have a supply challenge because of the disruptions in Middle East. But at the same time, we also have like cash flow challenges stemming from the pricing basically restrictions that we have over here.

So I mean, in that backdrop, I mean, and this is more of a hypothetical question. Is there any thought among OMCs to switch back to a regulated regime. At least in the regulated regime, we used to get back our like under recoveries that were there in petrol and diesel. At this moment, while technically, the products are deregulated, but at the same time, there are severe under recoveries as far as our assessments go, but there is no roadmap for recovery of those under recoveries. So any thoughts on that, sir?

VRK Gupta: Let me explain. You know LPG is already a regulated product. So whatever under recoveries in LPG, definitely, we are hopeful some sort of support comes from Government of India, like earlier, government always supports for LPG. In terms of other products, we feel it is a short-term challenge. It's not a permanent challenge.

So we have seen this situation even earlier also. Even in Russia-Ukraine war also we have seen. So we feel it is a short-term challenge. Definitely, we'll come back to the normal scenario. Wait and see.

Moderator: Thank you. We'll take the next question from the line of Sarthak Tita from DSP AMC. Please go ahead.

Sarthak Tita: Hi sir. Many congratulations on a good set of results. I just have one question. So on the marketing front, majorly on fuel availability side, we have been reading that there have been some shortages or some changes into the working capital structure for the dealers. So just wanted to check from you as to if there are any changes that you have made or you are reporting any shortages in some highways or few far-fetched fuel pumps. Any clarity on that would help a lot?

VRK Gupta: So there is no shortage of fuels. Even if you see our refinery side, the operations are continuing at 118% of refinery capacity utilization. That means crude is available, crude is continuously coming here, our refineries are operating very well. Even in the sales also, when you see the sales last year, almost 3.6% growth, which is much higher than normal expected growth of 2.5%. So whatever market demand is there, we are continuously catering the market needs.

And second, some credit, in terms of the credit, our policy, still we are continuing extending the credit to the dealers. So there is no stoppage of credit to the dealers. Whatever credit policy based on the requirements, some controls and other things, we extend the credit. But only thing in case if the money doesn't come back in time, if there are any defaults with the customers, then definitely, there will be some restrictions on extending the credit. We give the credit, but within 3 days or 4 days, once they collect the cash, they have to pay back to the company. So if there is any defaults, then those customers, we put a control.

Sarthak Tita: Okay got it that helps thank you so much.

Moderator: Thank you. We'll take the next question from the line of Sabri Hazarika from Emkay Global Financial Services. Please go ahead.

Sabri Hazarika: Good morning. So 2 questions. Firstly, so there has been a press note, press article where it has been mentioned that I think it's quoting the management saying that current Russian crude share for BPCL is around 40%, 45%, the discounts are also at \$6 to \$8 per barrel versus \$12, \$13 per barrel. So do you confirm this?

VRK Gupta: One is percentage, yes, definitely, recent period, the Russian cargo percentage has gone up. Last year, Q4, it was 31%. But whereas the current period because most of the supply on spot basis, only Russian grades are available and more. So Russian product offtake is, and I said around 40%, 41% in the recent time we have taken. In terms of the discount and premiums, daily it changes, okay?

So last year, it was in a discount scenario, Russian crude. This year, it is a premium scenario. So it depends. Demand-supply situation or what are the sanctions on Russian cargoes. If there is no sanction, it's a free market. If there are sanctions, then tight market.

So it depends on the market trends. So I cannot say it is available at discount, and this will vary. Discount presently, it is not available at discount at least I can say that.

Sabri Hazarika: Okay. Got it. And secondly, regarding your inventory position right now, so how much crude stocks, LPG stocks, product stocks are there at the moment for the company?

VRK Gupta: Generally, we keep crude stocks around 25 to 27 days, maybe sometimes 1 or 2 days higher because we are preferring keeping higher inventory levels. Maybe 31st March '26, the crude inventory is 27 days. Last year, it was 26 days. Maybe some point of time, maybe 1 or 2 days extra is there additional cargoes in case if we take it, maybe 28, 29 days. But otherwise, we can keep this level only. We cannot keep beyond 30 days because we don't have any storage also tankage.

Sabri Hazarika: Right. And product and LPG?

VRK Gupta: Product number of days last year, March '25,,it is 25 days. This year, March '26, it is 24 days. More or less same, similar range, we keep it.

Sabri Hazarika: Okay. And LPG?

VRK Gupta: LPG every day it changes. So today, if we get one cargo, then number of days coverage will be higher. So maybe 3, 4 days, maybe the cargo is consumed, then the number of days comes. So it is a challenge. So we are getting the LPG, we are catering the needs.

So generally, we are comfortable at this point of time to keep around 15 to 20 days coverage. But sometimes it may be lesser than 15 days coverage. Sometimes if we get good cargoes, then it will be more.

Sabri Hazarika: Got it thank you so much and all the best.

Moderator: Thank you. We will take next question from the line of Bineet Banka from Nomura. Please go ahead.

Bineet Banka: Hi sir thanks for the opportunity. Firstly, on from what I read from the media report, the Russian crude sanctions will expire by mid-June. It has been extended by 1 month and you said that you have booked your supplies till July and most of it will be coming from Russia. So is there a risk of shortfall, given that there is a possibility that these sanctions will not be extended?

VRK Gupta: Let me explain, Russian crude is not sanctioned any time. Only entities have been sanctioned, okay? Whereas Iran crude is sanctioned. So once crude is not sanctioned, you have a right to buy from non-sanctioned entities. Even before the war also, we used to continue to buy Russian crude from the non-sanctioned entities. There may be supply from the non-sanctioned entities.

So during the waiver period, you can buy Russian crude from any party. During lapse of the waiver period, you can buy only from the non-sanctioned entities. So always, we keep that controls. Whatever Russian crude we buy, always it is from the non-sanctioned entities, either the cargo vessel owner or port or the supplier, those parties should be non-sanctioned entities.

Bineet Banka: Okay. Very clear, sir. Second question on LPG under recovery. From what I understand from HP and IOCL that under recovery currently is around INR670, INR680 per cylinder. And if you look at the Saudi CP price, it has gone up to like \$800 per ton.

And if you try to plug in this, the number which we arrive at is much lower than INR680. So what exactly changed in the calculation? Is there a higher spot premium over the Saudi CP because the sourcing mix has also changed from the Middle East to country like US, Venezuela. So again, there will be some higher logistic cost as well.

VRK Gupta: You rightly said. Actually, these 2 are the additional components. One is the logistics cost, definitely. Pre-war level, the freight cost, world scale is around 50, 55 level. Now the world scale has gone up to INR600, INR700. So the peak level. This is one component, freight cost is really increased.

And the second component, when we say Saudi CP, it applies only to the term contract. If term is not available, when you go to the spot market, sometimes you have to pay a premium of \$300, sometimes \$200. When you take cargoes from US, definitely, the freight rates will be very high because the transit period itself is to and fro will be almost 90 days. So when you engage your time set up for 90 days, definitely, the freight cost will be higher. So these are the 2 components, if you add it, your actual under recovery will be around INR650.

Bineet Banka: Sir, have we signed any long-term LPG contracts from sources other than Middle East? And what could be the benchmark for that?

VRK Gupta: Last year, the industry has signed around 10% of our requirement LPG for US supplies. That supplies have been started. The benchmark will be Saudi CP plus or minus \$10, \$15 only. Either in a particular month, maybe Saudi CP landing cost may be minus \$10 or sometimes it may be plus \$10, depends on the freight rate. That was the term we have signed 10%.

But spot now recently, we have started taking spot also, LPG spot also from US supplies by sending our time charter vessels there and bringing the LPG. So there, definitely, the landing cost will be higher as compared to term what we have signed.

Bineet Banka: Okay, sir. Last question, sir, on refinery side, can you give some kind of number around what is the refinery margin trend that we are looking at in April, May?

VRK Gupta: No, we cannot give any guidance, April, May, what would be the refining margin. So last year, '25, '26, we ended up with 11.74. So why we cannot give you this refining margin? It depends on various parameters. And every parameter is changing on a daily basis, okay?

The crude price, the premium, the freight, the insurance, the product prices. So there is no stable environment where we can give you a little bit indication, okay, this would be look like. So

generally, we avoid giving any guidance on what would be the indicative GRMs. Many parameters it influences.

Bineet Banka: Okay sir. Thank you so much. I will get back in the queue.

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, could you please provide some sense on the delivered crude cost currently, similarly like LPG that is said. We understand that OMCs are paying a premium over the dated Brent prices, along with elevated freight and insurance cost. So if possible, could you share a broad range for crude premiums currently?

VRK Gupta: It all depends on which source we take crude. But indicatively, you can take today's date, if you want to finalize any deal, the Brent is at around \$110, maybe our landing will be \$120 or \$122, maybe today, if you ask me. So every day it changes, my landing.

Yash Nandwani: Sure thanks. And sir, my second question is related to a point raised earlier. Given the current situation, is it fair to assume that we could see some meaningful price hike at periodic intervals rather than complete move back to daily price revisions?

VRK Gupta: I cannot comment on this. We cannot comment.

Moderator: Thank you. We'll take the next question from the line of Sumeet Rohra from Smartsun Capital PTE Limited. Please go ahead.

Sumeet Rohra: Hi sir, very good morning to you and your entire team. Firstly, sir, I mean, extremely great performance for the last financial year. Now sir, I'll just be very quick and brief about it. So sir, I've actually seen your statement wherein you said that you don't expect any stress on the balance sheet. Now sir, I am absolutely perplexed on this statement, which you've made. Because, sir, I mean, we all are aware about what kind of under recoveries today we are facing across all the products?

And sir, I mean, just my question to you, honestly, is more as an investor is that if today, bread prices can move up by INR5 and milk can also go up at the same quantum, what's actually stopping the fuel prices from moving up?

As you've seen internationally, all the countries in the world have raised prices. So, the point I'm getting at, sir, is that how are we seeing the situation? Or what's the inflection point where you say that this war is now well into the 85 days, it's not getting resolved? We are going to align prices to market link. Because sir, today, we do 40 crores liters of fuel across all the 3 OMCs and the amount of money we are losing.

So it's quite perplexing as an investor angle that what are we thinking exactly? So can you please share some thought at least and especially after you said that you don't expect any stress on balance sheet because obviously, your balance sheet is very strong, but obviously, things are challenging. So, could you please explain a bit from an investor angle, sir?

VRK Gupta: Let me clarify. When I say there is no stress on the balance sheet, that is the status as on March '26, okay? Even there are certain under recoveries even during the month of March, but still, we could withstand. Now coming to the future, this particular environment, we can absorb for a limited period. If it continues, definitely, no balance sheet can absorb.

Once the cash flow mismatch happens, we can absorb 1 month or 2 months. But subsequently, if it continues, definitely, there will be some solution so that our cash flow will continue. So, our cash is required for the future capex requirement, so we can put our investment. If it continues for a longer period of time, definitely, there will be stress if there is no price revisions happen.

Some point of time, the price revision and the burden has to be shared among all the stakeholders. That is my statement when I say. But long term, we are hopeful the prices will come back to the normal level. So, at that point of time, whatever our estimated cash flows, if it continues, then there won't be any stress on the balance sheet. Even if we continue with the large project, there is no review of the existing announced project, that is what I meant.

Whatever we have announced, where the work is going on, we are not relooking that project, assuming it will normalize after some point of time. Now how long it will continue, in case if it continues for a longer period, definitely, no balance sheet can take that absorption.

Sumeet Rohra: Got that. So, sir, if I can just ask you only one thing very quickly. So, sir, I mean, what we saw yesterday, I mean, a INR0.90 hike or something. So sir, I mean, what is -- I mean, why can't we go back to a mechanism or what are the hurdles we are facing from going back to the daily pricing wherein the pass-through is quite simply done on a daily basis, which was much before 2022. So, can we go back to that era again?

VRK Gupta: I cannot comment anything on the price revision. It is as an industry we discuss and accordingly, what is good for the companies, what is good for the country. Accordingly, decisions have been taken by the industry.

Moderator: The next question is from the line of Somaiah V. from Avendus Spark.

Somaiah V: Sir, my first question is on the products outside of the auto fuels, bitumen, petcoke, naphtha. If you could just help us understand on an integrated basis, have margins improved versus pre-war levels to now?

VRK Gupta: If you see the margins, marketing margins are -- depends on the import parity price only. There is no significant change in the marketing margins. Whatever in the earlier formula based on the formula, our marketing margins will continue. And the product-wise refining margin, generally, we don't calculate product-wise refining margins. Overall, refining margins only we calculate.

That is the margin for the entire basket of products. But marketing side, everything is on import parity. All other products are on import parity only. Whatever, for example, my marketing margins are around 4% or 5% of my sale price, similar levels, we continue to maintain in terms of the marketing margins.

Somaiah V: Got it, sir. Sir, second question is on fuel and loss. If you could just help us understand what is the approx fuel and loss across refineries and if possible, across Kochi, Bombay, if you can just split it?

VRK Gupta: For Q4 total is 8.41% Kochi, 5.64% for Mumbai refinery and Bina is 9.01%, total fuel and loss.

Somaiah V: Sir, would we have a year back what this number would have been in case we have it handy?

VRK Gupta: Actually, I don't have. We'll share it. We'll share it. Similar range only. Maybe 0.2, 0.3 variation, either this side or that side. Generally, total fuel and loss will be less than that.

Moderator: The next question is from the line of Sucrit D. Patil from Eyesight Fintrade Private Ltd.

Sucrit Patil: I have 2 questions. The first question to Mr. Gupta is from a technical standpoint, how is Bharat Petroleum optimizing its capital structure to balance growth investments in refining, marketing and renewable energy with debt sustainability, especially given the capital-intensive nature of oil and gas operations.

Can you shed some light on this, and on how the framework has been used for cash flow for forecasting, interest rate management and working capital to ensure liquidity while still maintaining the profits? First question, I'll ask the second question after this?

VRK Gupta: You asked one question, it covers everything, yes. Let me broadly give you a clarification on our capital allocation. Whatever projects we take, every project may not give the similar returns. The objective is when energy sector is growing at a 2% or 3% on an annualized basis, if you want to grow as a company, then you have to diversify even within the energy sector, which particular areas we have to keep the investment.

If you want to diversify beyond the energy sector, which sectors you have to allocate. The objective is how best optimum returns we can give it to our stakeholders. That is the main objective. So even when there is a market potential for renewables, we know the renewables will give only very -- rate of returns are around 8% to 9% only. But at the same time, we have net zero objectives. We have to balance our portfolio, keeping capital allocation for renewables.

So, in terms of the returns point of view, it gives a lesser return. But objective point of view, we have to give more allocation for renewable. Accordingly, we have taken a target of 2 gigawatts in the immediate period for renewables. So even it is giving a lesser return, but our endeavor is what extent maximum we can use it within our refinery so that the returns will be much, much higher instead of purchasing power from outsourced sources, better to generate the renewable power.

It means 2 objectives, one is net zero objective as well as giving good returns in terms of using in our refinery. So that is the reason whatever expansions we are taking for 2 gigawatt, most of the output we are using within the refinery only.

And second, in terms of expansion point of view, we have seen there is a big potential advantage if we integrate the petrochemicals with our refinery intermediaries, then it can give a good value

addition for the refineries. That is the reason we have taken a couple of years back petrochemical strategy, where we don't have any big presence in petrochemicals. Then accordingly, we are allocating a good amount of capital for the existing projects.

Even tomorrow, upcoming projects also, the petrochemical intensity will be very high, so that it can meet the product demand in India because the growth is almost 5% to 7% growth petrochemicals, whereas in India most of the petrochemical products are import driven. So that is the reason our major capital allocation, if you see, it is happening in petrochemicals.

The third major capital allocation is happening in upstream side, where we have already completed the exploration activities, where it is moving to development level, where we are putting up more amount of money so that we have a good clarity after commissioning of the project, the cash flows will come back.

And today, we have a refining capacity of around 41 million metric tons, whereas the feed, our own feed is very less as compared to our refinery requirement. So, with all these projects, we are expecting at least 6 million to 7 million metric ton of exploration. We should have either rights on the crude oil or we should have share of profit on the crude oil.

Accordingly, we are targeting around 6 million to 7 million metric tons of crude, we should have our own. That is the reason we have allocated capital. But whatever capital allocation projects we take, definitely, if it is not giving a commercial return, generally, we are very prudent in terms of the capital allocation. If we are clear about the returns, then only we allocate any capital.

You see any of our earlier projects of IREP or any other project. So, it always gives good returns. And our endeavor is timely completion of the project without any project cost escalation. These 2 are our objectives. So, in terms of the debt equity, earlier also, I said we never take extra leverage. We are comfortable debt equity at 1:1 at peak level. But subsequently, after commissioning the project, the debt equity should come back to the normalized level, say 0.4, 0.5. So then only we can take up that large project.

And most of the projects, we look at it, how fast the cash flows can come back, what is the netback period? As long as if the netback period is 5 to 6 years, then we are comfortable, at least 80%, 90% of my investment can come back in 4, 5 years. Then the risk levels will be lesser. So automatically, we can share the interest and debt. So, these are the broader principles we take.

Sucrit Patil:

My second question to Mr. Goyal is, looking ahead, how do you see treasury operations evolving to support Bharat Petroleum's growth? What measures are being taken to strengthen liquidity management, forex risk mitigation and funding diversification across domestic and international markets?

Ashish Goyal:

Hi, Ashish Goyal this side. So first and foremost, if you were to actually have a look at our borrowing structure, the foreign currency loans on the balance sheet are almost very minimal. So as far as the exposure in foreign currency borrowings are concerned, at the moment, at this particular juncture, it is very, very less.

Of course, the treasury functions keep on evaluating the cash flow situation on an ongoing basis, as well as the projections on the basis of the evolving market conditions. And we are taking all necessary steps to arrange for the funds at the most competitive rates.

Moderator: We'll take the next question from the line of Bineet Banka from Nomura.

Bineet Banka: Just a small follow-up on your answer to a previous question. You said landed crude cost versus the benchmark, the difference is currently \$10 to \$12 per barrel. What was this number before the war?

VRK Gupta: Before the war, I can say WTI, we used to take a Brent plus \$5 -- Brent plus \$4 or \$5. And peak, it went up to \$20 also, Brent plus \$20, Brent plus \$25 also certain cargoes we had on the deals.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments. Thank you, and over to you, sir.

VRK Gupta: Thank you, everyone, for your wholehearted participation in today's con call. Looking ahead, while markets may remain volatile in the near term, BPCL integrated operating model and resilient balance sheet position us well to navigate the evolving energy landscape.

As we celebrate our 50th foundation year, having successfully navigated multiple industry cycles, we remain confident in our long-term strategy, execution capabilities and ability to deliver sustained value. Aligned with the Government of India's vision, Atmanirbhar Bharat, we continue to strengthen domestic energy infrastructure and invest in future-ready energy platforms.

Before I conclude, I would like to take this opportunity to thank the entire BPCL team for their unwavering commitment and collective pursuit of excellence and growth. I also extend my sincere gratitude to the Ministry of Petroleum and Natural Gas, Government officials, our valued customers, vendors and business partners for their continued support, trust and confidence as we move forward in energizing the lives of the country. Thank you.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of Antique Stockbroking Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.