“Bharat Petroleum Corporation Limited Q4 FY '25 Earnings Conference Call”

May 02, 2025

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Moderator: Ladies and gentlemen, good day, and welcome to the Bharat Petroleum Corporation Limited Q4 FY '25 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 the 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 Sivasankara from Antique Stock Broking Limited.

Varatharajan Sivasankara: Thank you, Sejal. A very good morning to all the participants and the management. I would like to extend a very warm welcome to all the participants for taking time out to be on this call and the management for taking the time out to present us the scenario for Q4. We have with us Mr. V.R.K. Gupta, Director Finance; Mr. Pankaj Kumar, ED Corporate Finance; Mrs. Srividya V, ED Corporate Treasury; Ms. Chanda Negi, GM, Pricing and Insurance and Mr. Rahul Agrawal, Chief Manager, Pricing and Insurance.

I want to hand over the floor to Rahul Agrawal for his statutory announcement followed by the initial remarks from the management. Rahul please.

Rahul Agrawal: Thank you, sir. Good morning. On behalf of the BPCL team, I welcome you all to this post Q4 earnings call. Before we begin, I would like to mention that some of the statements that we would be making during this con-call 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 Q4 results. I now request our Director Finance, Mr. V.R.K. Gupta, who is leading the BPCL team for this con-call to make his opening remarks. Thank you, and over to you, sir.

V.R.K Gupta: Thank you, Rahul. Good morning, everyone. Welcome to the post quarter 4 results con-call. Thank you for joining us today. I hope you were able to go through our results for the quarter.

On the macro side,

IMF has revised global growth projections downward to 2.8% for 2025 from an earlier projection of 3.3% and 3% for 2026, citing rising geopolitical tensions, trade disruptions and associated spill-over effects, particularly in the context of intensifying US -China dynamics.

Despite global headwinds, India is expected to remain the fastest-growing major economy with projected GDP growth of 6.2% in FY '25-'26 and 6.3% in FY '26-'27, reflecting continued resilience and domestic demand momentum. India's GDP growth is expected to range-bound between 6.1% to 6.5% in FY '25-26 as per different agencies' forecast. In '24-'25, India's inflation rate moderated to 4.6% with global oil prices easing, the RBI has also lowered its inflation projection for '25-'26 to 4% from earlier estimate of 4.2%.

The INR and USD exchange rate fluctuated between 85.58 and 87.59 during Q4, averaging at around 86.62. In April 2025, the same averaged at 85.57 aided by a weaker US dollar, China's currency devaluation, new tariff announcements and sustained FII inflows. In terms of crude, the IEA forecast a supply surplus of 840000 bpd in 2025 and 2026, the second largest in the recent years.

Meanwhile, global oil demand growth forecast for 2025 has been revised downward by 0.1 to 0.4 mbpd by major agencies, including the EIA, IEA and OPEC, largely due to economic uncertainty from rising trade tensions. Brent crude witnessed the sharpest 7-day of swing in April 2025, triggered by fresh US tariff announcement and an unexpected OPEC plus production hike.

Prices are expected to remain volatile with Brent likely in the range of $68 per barrel for 2025. The EIA projects India to increase its liquid fuel consumption by 0.3 mbpd in both '25 and '26, up from 0.2 mbpd in '24, underscoring India's leading contribution to global oil demand growth, primarily driven by rising transport fuel consumption. Domestic petroleum products demand grew by 4.3% in Q4 with petrol up by 5.9%, diesel up by 1.2% and ATF up by 6.5%.

Performance in Q4 of '24-'25.

On operations side,

Our refineries processed 10.58 million metric tons of crude, achieving 121% of nameplate capacity and recorded the highest ever annual throughput of 40.51 million metric tons. The distillate yield stood at 83.59% and product cracks for gasoline in Singapore moderated to $6.02 per barrel from $6.44 in earlier period and for gas oil, $14.26 barrel from earlier $15.05 per barrel. Accordingly, our refineries recorded a GRM of $9.2 per barrel in the current quarter at a premium to Singapore GRM of $3.16 per barrel.

On the marketing side,

Our domestic market sales grew by 1.82% year-on-year during Q4 to 13.42 million metric tons with record annual sales of 52.4 million metric tons. We achieved highest ever sales for lubricants of 472 TMT including sales from our retail outlets during the year.

Under Gas business, we have achieved a total sales volume of 2.2 MMT, up 13.9% year-on-year during the year for CNG, PNG and bulk sales. We also commissioned 2 LNG stations at company-owned and company-controlled retail outlet in BP Avinashi Coimbatore. This particular retail outlet has generated a sale of 71 metric tons. We continued to lead our peers in retail outlet throughput averaging 146 KL per month compared to the PSU average at 130 KL per month, enabled by strategic market access and robust highway presence.

In April 2025, domestic LPG prices were increased by INR 50 per cylinder. This resulted in decrease in under-recoveries on domestic LPG. The current under recovery per cylinder is estimated around INR 170 per cylinder. The total negative buffer as on 31st March 2025, INR 10,446 crores.

We commissioned 1,805 new retail outlets during FY '24, '25, expanding our network to 23,642 outlets. During the year, 5,546 outlets were solarized bringing our total solarized ROs to 12,000 ROs. We are aggressively expanding our CNG fuelling infrastructure with mechanical completion of 340 new CNG stations during '24 '25, taking total CNG network to 2,370. We added 3,313 EV charging stations during '24 '25, taking total EV network into 6,563 numbers.

We commissioned the Dimapur depot in Nagaland. This is our first POL depot in the Northeast, enhancing supply network connectivity in the region. In line with the government's aim to achieve energy security of the country with a target of reducing import dependence by adopting biofuels as one of the measures, we have achieved highest ever 19.35% of ethanol blending during Q4 '24-'25.

We are expanding our foray into nonfuel services at our retail outlets through our in-house state-of-the-art cafe brand, BeCafe, where customers can experience gourmet, coffee and snacks and as the propensity of EV charging gathers momentum. BeCafe would offer customers an upgraded convenience during their wait time. We have commissioned 105 BeCafe during '24-'25, taking total BeCafe network to 111.

Updates on new projects –

Bina Petrochemical and refinery expansion project has made steady progress, achieving an overall progress of 11% against scheduled target of 10.9%. All technology licensors and consultants have been onboarded and process package for all units have been received. Detailed engineering activities are in progress. Key tenders have been floated and site enabling works are nearing completion.

During the last quarter, the Board has approved INR 6,100 crores towards pre-project activities, including land identification, feasibility studies and environmental assessment for greenfield refinery cum petrochemical complex in Andhra Pradesh. Land procurement is in process.

In continuance to the Board approval in the previous quarter, BPCL and Sembcorp Green Hydrogen India Private Limited, a wholly owned subsidiary of Sembcorp industry has entered into a joint venture agreement to jointly pursue opportunities in renewable energy and green hydrogen and its derivatives projects across India. The strategic partnership aims to support India's energy transition and developmental goals.

Further, BPCL and GPS Renewable Private Limited have entered into a joint venture agreement to establish compressed biogas (CBG) plants across India. The joint venture will focus on converting organic biomass waste into compressed biogas by leveraging advanced waste-to-energy technologies.

The joint venture plans to establish 8 to 10 plants across Bihar, Orissa, Punjab, Uttar Pradesh and West Bengal over the next few years, which offer significant agri biomass potential for CBG production and aligned with BPCL's existing geographical location of city gas distribution.

In a positive development for BPCL Mozambique project, US EXIM with the largest project financing commitment of $4.7 billion approved the decision to continue its participation in the project. Operator has informed that onshore main contractor, CCSJV has issued full notice to proceed effective 18th April 2025 to 3 key subcontractors to commence full scope of work. This action is intended to facilitate full restart and force majeure resolution not later than by July 2025.

Without further ado, let me guide you through the financial highlights for the quarter.

The revenue from operations stood at INR 1,26,865 crores.

The profit after tax stood at INR 3,214 crores. Against an estimated capex of INR 16,400 crores for the financial year FY 2025, we have spent about INR 16,967 crores during this year. The capital expenditure expected for FY '26 is about INR 20,000 crores.

Our stand-alone net worth as on 31st March 2025 is INR 80,960 crores. The earnings per share for the quarter is INR 7.52 and for the full year is INR 31.07.

As of March '25, the debt to equity at stand-alone gross borrowing level is at 0.29. Overall stand-alone gross borrowings are INR 23,278 crores. We have current investments, including oil bonds of about INR 12,490 crores. So, the debt equity net of current investments at stand-alone level is 0.13. And at group level, the gross debt to equity is at 0.63 and net of investments, it is at 0.45.

In order to reward our shareholders for the continued support, the company has declared a final dividend of INR 5 per share in addition to the interim dividend of INR5 per share.

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

Moderator: The first question is from the line of Probal Sen from ICICI Securities.

Probal Sen: Firstly, on the refining performance. I just wanted to understand the components of this $3 plus premium that we have done. Is it fair to assume that there is some inventory gain that was there in the quarter? And the second part of this question is, did we have -- if we can just tell us what kind of Russian crude percentage was there even in fourth quarter in terms of overall crude sourcing? That was my first question.

V.R.K Gupta: Yes. From the refining side, we don't generally calculate what will be the inventory gains because our average inventory is less than 1 month only. Generally, in the same month we procure and we -- our throughput will be completed in the same month. So, we don't calculate inventory gains separately. But however, yes, definitely, the impact is mainly on account of Russian crude and better refining margins.

For Q4 we have processed Russian crude of 24% out of the total throughput. Because in Q4, the availability of Russian cargo was restricted due to the new sanctions. However, we are positive of getting sufficient cargoes in the current quarter.

Probal Sen: So that number has basically gone up in Q1? Right?

V.R.K Gupta: Yes, Right, right.

Probal Sen: Sir, the second question was about the expansion projects. In terms of the thought process behind setting up yet another greenfield refinery, can we just get a little bit of sense of what the configuration could look like? What is the -- what kind of crude sources will be there for the refinery and what sort of timelines we are looking at for commissioning for the Andhra Pradesh greenfield project?

V.R.K Gupta: Let me clarify this Andhra Pradesh project is refinery cum petrochemical. It is not only greenfield refinery. Refinery with petrochemicals with large petrochemical intensity. We are working 2 configurations, either 9 MMT or 12 MMT 2 trains, we are working on it and DFR studies are going on. With 40% petrochemical intensity we are planning broadly with 4 or 4.5 refinery products and around 3.4 to 3.8 petrochemicals.

That's the basic configuration at 9 MMT train, we are planning. And parallelly, we are working for 12 MMT train also. Based on the final detailed feasibility reports, we will take a call by the 9 MMT or 12 MMT. So still the work is going on.

Probal Sen: One, and one last...Timelines ?

V.R.K Gupta: Yes, timelines we are working 48 months from the date of FID.

Probal Sen: 48 months from FID as and when it will be done?

V.R.K Gupta: FID we are expecting maybe end of '25, maybe in the month of December or November.

Probal Sen: Okay. Okay. One last question, if I may, sir. With respect to Mozambique, thank you for sharing that there is progress, and there is forward movement, but we have also taken an INR 17 billion impairment. Can we just understand which projects this impairment relates to in this quarter?

V.R.K Gupta: Every year, we do the impairment testing against our investments. Generally, if there is any project delay expected because, in fact, we were expecting the removal of the force majeure in the last year itself. But due to various reasons, the operator could not uplift the force majeure. So due to which actually, there will be slight impairment in the cash flows and valuation of mainly for Mozambique only, and a little bit from Brazil also. This has resulted into impairment.

Probal Sen: So now, sir, we are expecting the force majeure to be lifted sometime in this calendar year. There's a decent probability?

V.R.K Gupta: That is what even in the recent announcement by TotalEnergy's CEO also, they were expecting in the month of June - July, we are expecting because all contractors are onboarded, they have agreed for continuing of the project financing and there are no hurdles now. And local level, particularly situation is much improved. So, any time the work can restart.

Moderator: The next question is from the line of Sabri Hazarika from Emkay Global Financial Services.

Sabri Hazarika: Congratulations on a good set of numbers. So just a bit more on the refining margin side. So, we could understand, I mean, you have less than 1 month of inventories. But is it the same across all the refineries or for Bina it is higher? Because I think Bina reported GRM was close to $15. And if I look into the various cracks and all, so sequentially, it has come down only.

And OSPs have also expanded. Russian discounts have also fallen to 24% like you have said, Russian crude share. So, it's the same impact across all 3 refineries or there could be like something related to inventory, especially on Bina?

V.R.K Gupta: No, no. Actually, 3 refineries configurations are totally different. Like, for example, if you take Bina, Bina can take more high sulphur crude and more Russian crude. Whereas in terms of Mumbai refinery, Mumbai refinery, we cannot take more than 15% of Russian crude. So that all depends on the refinery configuration. So that is the reason always our Bina refinery GRMs are higher as compared to our Mumbai refinery. That is one reason.

And second is even the yields, if you see the Bina diesel yield is more in terms of percentage compared to other refineries. So, this always results into higher GRMs for Bina. And it is an inland refinery. Inland refinery if you see the structure - RTP structure, the realization will be slightly higher in Bina, as compared to Mumbai refinery.

Sabri Hazarika: Right, sir. So, in terms of refining margin guidance, so if we consider these Q4 yields to, say, sustain over the next 1 year. So, are we seeing like $9 GRM or you think it could be like some other range, I mean some guidance on the GRM based on the current cracks?

V.R.K Gupta: It depends on various factors. One is definitely the crude prices and spreads. Even if we assume the spreads will continue at the same level, one can safely assume $7 to $9 range of GRMs. If the spreads are continuing like this, if the Russian crude is available at 34% with a discount of $3 to $4, which are the basic parameters, then definitely one can safely assume refining margins will be on a better side.

Sabri Hazarika: Right. And $3 to $4 is the current discount of Russia? Or is it like...

V.R.K Gupta: $3, around $3, around $3 you can, you can take $3.1, $2.8 around. Every month, it varies. In the recent month, it is coming around $3.

Sabri Hazarika: Right. And in this light, heavy sweet, sour that has also become more favourable now that OPEC is raising production or with respect to impact on Kochi refinery in particular?

V.R.K Gupta: Kochi refinery, no but definitely, it will have a good impact on Mumbai refinery. Kochi, we take more Russian crudes only.

Sabri Hazarika: Okay. So, in Mumbai refinery, we'll see some benefit from increasing OPEC production.

V.R.K Gupta: Yes, yes, right, right.

Sabri Hazarika: Right. And just one small question on the marketing side. So, you mentioned INR 170 is the current under recovery. And I think LPG prices have also been quite sticky. It's not fallen to the extent crude has fallen. So how do you see the overall cash flow scenario given that you'll be doing INR20,000 crores number? And of course, now you're making exceptional margins in petrol diesel. But any sense on - are we at a comfortable level? Or do we see debt going up or anything of that sort?

V.R.K Gupta: No, even if we see for '24, '25, even after absorbing of LPG under recoveries, our cash flow will be how much, around INR 22,000 crores is the gross cash inflow and INR 4,000 crores, we have distributed as dividends. INR 18,000 crores in cash flow and our capex is almost INR17, 000 crores. So, a similar level, even we have a good capex number for next year of INR 20,000 crores.

We are hopeful there won't be any pressure on incremental borrowings, maybe INR 1,000 crores, INR 2,000 crores here and there, there may be incremental borrowings. And at least this year, we are very hopeful there should be some mechanism in terms of LPG recoveries.

Sabri Hazarika: Right. Some extent you are expecting in terms of LPG, right? Okay.

Moderator: The next question is from the line of S Ramesh from Nirmal Bang Equities.

S Ramesh: Congratulations on your results. Sir, if you go back to the question on gross refining margins, sequentially, the GRMs have improved across all the 3 refineries. So, is it a function of the yields? Or is there some benefit from the secondary processing units or the crude slate? What exactly explains that increase in the Q4 margins compared to Q3 of FY '25?

V.R.K Gupta: Yes, a couple of things. One is, if you see Q4, our refinery throughput is almost 10.5. This is the highest ever throughput we have done. The plant reliability is much better as compared to Q3. There is no shutdown issues. There is no reliability issues. Our throughput is much, much better compared to any of the quarter.

And second is, even the yield is on the lower side, but overall, due to the spreads, good spreads, and good diesel output in the entire product portfolio, we could generate good GRMs during this year. And Russian -- definitely, Russian discounts have helped in GRMs.

S Ramesh: Okay. So if you look ahead to FY '26 based on the current retail spreads and the current refining margins, is there any other lever you have in terms of growth in your EBITDA and profitability for FY '26 as you look at the portfolio, including the industrial products other than petrol and diesel?

V.R.K Gupta: No, FY '25, '26, everything depends on the crude prices, how it moves at least in the short term, 3 months or 6 months period, we are hoping the crude will be hovering at these levels only. There is no reason to increase the crude prices much beyond 70 levels, maybe 65 to 70 range or 60 to 65 range, it will continue. As long as crude reaches this particular range, definitely, the margin side, it is helpful for the OMCs.

S Ramesh: Okay. So, on the CGD business, can you give us some sense in terms of what are the assets capitalized and how do you see the P&L for the CGD business moving on your standalone GAs over the next 1 to 2 years?

V.R.K Gupta: So our total capex - expected capex for all the 26 GAs put together is, total commitment is INR 47,000 crores. But this is over a period of 8 years. But already till date, we have spent around INR7,600 crores. And this year, for '25, '26, approximate INR2,000 crores we have capex for CGD business. One good thing is that in the CGD, the volume growth is very good. In the current year itself with '24,'25 the CNG sales itself is 81% increase, in terms of the volume.

So this is one particular segment, the volumes are growing, and our capex is also continuously as per the plan, Minimum Work Program, we are achieving at least in terms of CNG and industrial customers. We are a little bit behind in terms of PNG connection. But, however, the overall, we are expecting good volumes and good expansion going to happen in CGD.

Moderator: The next question is from the line of Mayank Maheshwari from Morgan Stanley.

Mayank Maheshwari: Two questions from my end. One was related to fuel marketing. If you look at over the last year or so, you have seen a bit of a decline in your market share on retail fuel market, especially on diesel and gasoline and even on industrial side as well, I suppose you have lost some market share. How are you kind of thinking about from a strategy perspective in terms of the next few years on the market share? And where do you think you kind of settle it on the transportation side, specifically in terms of market share for fuel, sir?

V.R.K Gupta: Yes. In terms of market share, on a short term we have lost a little bit market share in the last couple of quarters. But if you see in the last 5 years, continuously our market share is growing because we are not competing in terms of offering discounts. We want to provide good service to the customers and our objective and our strategy in expansion of the market share is mainly network expansion. And what better services we can give to the customer.

That is the reason in the highways, mainly, we are focusing on the network expansion. And recently, we have acquired almost 100 WSA sites, wayside amenities. It is a very large site where we can give good customer services and that is where actually our focus. We are sure definitely the market share will come back and we'll get our market share expansion going to happen.

Because if you see in the earlier year, maybe 2 years back, the private sector participation was not there when the margins are not there. Today, since the margins are very good, all private sellers are grabbing a little bit of market share. But our strategy, the long-term strategy is to expand our network and provide good customer services and take digital initiatives. And slowly, we will increase our market share.

Mayank Maheshwari: And the second question was in terms of Kochi refinery on the petrochemical side. Can you just give us details around how much EBITDA and earnings you made on the Kochi side on petrochemicals?

V.R.K Gupta: So PDPP, the production during '24,'25 is 251 TMT. It's almost 76% of capacity utilization. Last year, it was only 233 TMT, almost 10% increase in terms of the PDPP production side. And gross production margins for petchem was around INR579 crores means it is the additional $0.55 per barrel. PDPP petrochemicals unit has contributed $0.55 per barrel for the refinery for full year.

Moderator: The next question is from the line of Sumeet Rohra from Smartsun Capital.

Sumeet Rohra: And sir, I would like to start by telling you that it's been a commendable performance especially if you look at the LPG under recovery what you absorbed. Sir, I have a question very clearly, as an investor on this point. I mean, if you see in FY '24, we reported a profit after tax of about INR24,000 crores, INR25,000 crores. And in this financial year, you've reported INR13,000 crores after absorbing about INR10,500 crores.

So sir, is my understanding correct that how profitability including LPG because obviously, it's a control product so government will compensate you? It's just a matter of time. So can we say that now our profits have reset to a new standard, and we can assume that the profits which we reported over the last 2 years have sustainable profits over the next couple of years sir? That's my first question.

V.R.K Gupta: Let me clarify for FY '23, '24. The profits are high mainly because of the spreads. That year, if we saw the GRM of around $14 per barrel. That time during the particular year, the Russian discounts are around $8 per barrel and the spreads were very high. I don't think that, that particular ecosystem will continue for a longer period of time. But this year is moderated. In terms of spreads also, it has come to the closure to the last 10 years average spreads it has come to that.

And reasonably, the Russian discounts have come down to $3 per barrel. If these 2 parameters continue, definitely the refining margins will be better and the profitability we can say it has been maybe somewhere around a better level compared to the earlier years.

Sumeet Rohra: Okay. And sir, on the LPG under recovery and the compensation, can you throw some light on when do you expect some amount of compensation from the government, sir?

V.R.K Gupta: We are hopeful some mechanism definitely because after increase of INR 50, now the under recovery has come down every month, we are expecting around INR 650 crores to INR 700 crores per month for BPCL. And we are hopeful some mechanism will be put in place so that maybe on a quarterly basis, we can get the reimbursement, whatever under recovery.

Sumeet Rohra: And sir, there is just one small point. When the Honourable Oil Minister had the press conference at that point of time, he said that the LPG prices will be looked at on a monthly basis. So can we assume that we are going towards a period where LPG prices would actually be controlled once its market aligned?

V.R.K Gupta: No such communication at this point.

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

Somaiah: So first question is on the capex. Can you help us with the run rate? You said this year, it is INR 20,000 crores. How would it kind of move in the next 2, 3 years? And also, in terms of projects, if you can give a broad split? Bina, where -- how much have we spent so far? How much is remaining? And for the greenfield, when will the capex start ramping up?

V.R.K Gupta: This year, our target for capex is around INR20,000 crores, maybe around INR17,200 crores is the direct investments, around INR2,700 crores is equity investment through our JV. Current year run rate, we are expecting around INR20,000 for Capex. But next year for '26-'27, we are expecting the capex will be INR25,000 crores. And in the subsequent year, we are expecting around INR30,000 crore. So from there actually the peak capex for Bina refinery will happen.

In other words, this year INR20,000 crores, next year INR25,000 crores and subsequently it will reach INR 30,000 crores. Broadly, the major capex investment will go for CGD and our Mozambique expansion and Brazil expansion and for expansion & petrochemicals. These 3 are major areas our capex allocation is going to happen.

And current year out of INR20,000 crores capex, we have allocated around INR5,900 crores for refineries and pipelines around INR2,400 crores. And marketing INR5,600 crores we have allocated, out of which INR 2,500 crores is for RO expansion. This is the broad capital allocation for this year.

Somaiah: Sir, one question. So this INR20,000 crores, INR25,000 crore and INR30,000 crores, within this, are we including anything for the greenfield or greenfield will come at a later stage?

V.R.K Gupta: AP refinery we've not yet included anything because once FID approved by the Board, then we will have the scheduled capex plan. But otherwise, whatever numbers we are giving, this is excluding the AP refinery project.

Somaiah: Got it, sir. Sir, also on your crude sourcing, you did mention about the Russian crude sourcing change Q-o-Q. If you could just help out with these other crude sources, let's say, Q3 versus Q4. Broadly, what was the mix change there?

V.R.K Gupta: Q3, Russian was 34% and Q4 it is 24% and from Saudi Q3 19% and Q4 is 21%, slightly 2% increase. And Abu Dhabi 18% to 16%, 2% down. And Iraq is around 10%. And Oman Q3 is 1% and Q4 is 7%. And US WTI Q3, it was 13%, whereas Q4, it is only 5% because this percentage varies every quarter on quarter depends on what is commercially viable and which crude is available.

For example, if the Russian crude discounts are better and more crude is available, we would be taking more Russian crude. If WTI discounts are available commercially, which is feasible for the refinery and which gives more value to the refinery accordingly, we take those sources. These sources varies every quarter-on-quarter.

Somaiah: Sure sir. The detailed breakup is quite helpful, sir. Just one small clarification on the petchem margin, gross margins that you said at EBITDA level would be positive, sir? At gross margin, you said INR579 crores. At the EBITDA level would it be positive ?

V.R.K Gupta: EBITDA level positive EBITDA level definitely positive.

Moderator: The next question is from the line of Vikash Jain from CLSA.

Vikash Jain: Sir, I have 2 of them. Firstly, on Mozambique, now that the project is possibly looking like it's coming back to life. What -- assuming that the July time line holds in terms of work starting? Could you please kind of give a sense of how things are likely to progress in terms of timeline? We're looking at how many trains by when they are likely to come? Also, we have to find fresh contracts or the old MOUs are still relevant valid plus very broad guess on how much is the cost escalation gone for the project?

V.R.K Gupta: Most of the contracts in the project side, it is valid as on date. And every contractor they have agreed and the major contractor, they have given notices to the subcontractor to restart the work any point of time. So, on the project side, the contracts are valid. On the sales side, all SPAs are valid. Certain SPAs have been revised, but some quantities, the operator has taken the commitment.

So on the SPA side also, there is no issue. On the project financing side, the major lender has also agreed US EXIM Bank. They have initially committed $4.7 billion. In the month of March, US EXIM Bank also, they have agreed for continuation of the project finance. So all the 3 are intact now any time they can restart the work.

And project timelines, the operator is still committed. Operator is confirming they can complete the project by July 28. That was the original schedule in the recent days what they have announced. Maybe we'll have to wait and see after the restart of the project, they may give the revised schedules if any changes are there.

Vikash Jain: And likely capex inflation, you would...

V.R.K Gupta: Initial project is approved at $15.4 billion. But after that, 1 year back, operator has indicated the revised costing will be around $19.4 billion. That was the latest estimation they have given.

Vikash Jain: That's for how many trains; that's 10 million tons?

V.R.K Gupta: 2 trains, 2 trains.

Vikash Jain: 9.6 million tons, right?

V.R.K Gupta: 13.1, 6.5 and 6.5 each.

Vikash Jain: Sorry, okay. 6.1 and 6.1, that's 12…?

V.R.K Gupta: 6.5, 6.5, 13.1 million tons.

Vikash Jain: 13 million tons, okay. And sir, just on this -- you're currently at about -- on Russian crude, you said about 24% is where you are. Now with crude prices themselves at $60 or so, the Russian crude price is now well below the cap and all of that. How does that really change pricing over there? Does that automatically since it is below the cap, it can be sold more freely without -- with less of trouble and less of the worries on insurance, et cetera? Does that typically impact the discount on Russian crude? I mean does it take it down, I mean over this period?

V.R.K Gupta: If the Russian crude is available less than the price cap, then there will be more buyers. So definitely, what we are expecting, there may be a reduction in the discount. But as on date, still discounts are there, $3 discounts are there. But definitely, new buyers are coming for Russian crude, even in fact, recently that Turkey is buying more Russian crude and Syria is buying more crude from Russia.

So the availability for Indian buyers slightly, it has reduced. That was the reason in the last quarter, it was 24%. But slightly this quarter, it has improved. We are expecting out of total throughput, maybe 30% to 32% Russian crude, we will be able to process in the coming months.

Vikash Jain: And sir, just last thing on -- and I'm cognizant of the fact that you do not -- you do not calculate inventory losses separately. But just for our understanding, since GRMs have been and the premium to Singapore has also been so volatile in the last few quarters, you clocked about $9 this time. In the current market environment, how should we -- I mean, are you in that ballpark even today in terms of how things have changed?

Because we are a little surprised from $5.6, how things have jumped to $9 where Singapore hasn't really changed that much. So I mean, just to kind of get a sense, is the current kind of margins tracking something similar? Or of course, there could be an element of inventory loss, which would have come up in April, but yes.

V.R.K Gupta: Reasonably, the spreads are good. Even today also, the spreads are hovering at good level and Russian product is available. Only everything depends on Russian discount. If Russian discounts are still continued at $3, $3.5, refining margins will be better because our throughput of Russian is almost 34%. Other than that, everything is same.

Our yield is around 84%, the diesel volume weightage is higher. Everything is same. No major changes. Just inventory, there may be some cargoes of old inventory may come into this particular quarter, 1 or 2 cargoes. I don't know exactly what would be the impact. Otherwise, things are normal only.

Moderator: The next follow-up question is from the line of S Ramesh from Nirmal Bang Equities.

S Ramesh: So in terms of the impact of the increase in excise duty, which has been absorbed by the industry, how would it impact your marketing inventory accounting? And secondly, if you look at the CGD business once again, is it possible to tell us what will be the delta in terms of EBITDA over FY '26, '27? Will it be meaningful or will it be more like FY '28 in terms of the forward estimates?

V Srividya : So this revision which happened on the excise duty was post 31st of March. And hence, it will not have any impact -- at least it did not have any impact on the results of the 31st of March. So this is only a post-April event, and hence, that does not have any impact.

S Ramesh: No, I was asking more about the current quarter or for FY '26.

V.R.K Gupta: Because the sales price is the same, whatever excise duty additional excise duty we have absorbed to the extent the margins will be lower.

S Ramesh: And on the CGD business?

V Srividya: CGD business, what was your question on the CGD business?

S Ramesh: So we just wanted to get an idea in terms of what is the delta in terms of EBITDA for the company from the stand-alone GAs in FY '26 and '27? And when do you see that making a meaningful impact in terms of your results?

V.R.K Gupta: See. As of date, the EBITDA contribution from the gas business is not very significant because still we are in the capex mode and expansion mode. But we are getting volumes this year. So EBITDA contribution wise is not very significant. Only we have to wait and see maybe '27, '28, we are -- that is when we're expecting our entire MWP to be completed.

And significant volumes will come so that we can have a significant EBITDA contribution from '27, '28 onwards. However, in terms of the volume, around 2.3 million metric ton of business we have carried out either directly in our GAs or in our retail outlets of other GAs, including the bulk sales. Not significant this year.

Moderator: The next question is from the line of Kirtan Mehta from Baroda BNP Paribas Mutual Fund.

Kirtan Mehta: After the write-off, what are the carrying value for the Mozambique project in our books? And what is the capex that we will have to contribute after the project start? Could you also remind on that?

V.R.K Gupta: For Mozambique, the total investment already, we have made $2.3 billion, somewhat INR 19,000 crores we have invested. And we have to invest around another $2.1 billion for the next couple of years. Majorly, the investment comes through project financing mode. So with this, the total investment in Mozambique will be $4.1 billion. Our impairment is against our investments. These investments are in various locations, not only Mozambique, it will be Brazil, Mozambique, Russian and UAE, 4 major investments. Against investments put together, there will be impairment. Individual investment wise carrying value we will share it separately.

Kirtan Mehta: Sure, sir. And could you also update on the project status of the Brazilian project? When is the FDP likely to get approved? And what are the activities which has happened there?

V.R.K Gupta: Tender, they have floated, but tender is still not yet completed. Maybe June, July, they are expecting the tender will be opened. After that, maybe the FID will be approved.

Moderator: The next follow-up question is from the line of Sabri Hazarika from Emkay Global Financial Services.

Sabri Hazarika: So 2 questions. Firstly, on Mozambique, like you mentioned $2.1 billion. So that is the gross capex of which there will be a debt component, right? So that would be like around 70%. So from your side, the equity will be like, say, 25%, 30% of debt, right?

V.R.K Gupta: Right, right.

Sabri Hazarika: Okay. And regarding your LPG losses, so Q3 to Q4, the losses that you've reported is not that significant, given the fact that Q4, the contract prices have gone up seasonally. So did the company do some strategy in terms of like optimizing LPG sales volume, something of that sort because it's coming INR3,100 crores, INR3,200 crores only for both the quarters. Have you done something to restrict the losses or something of that sort?

V.R.K Gupta: No, no, similar trend, similar trend. Maybe it depends on the volumes, maybe more or less volume would be there but otherwise, formula is same only.

Sabri Hazarika: Because one of your peers, I think they have reported much higher almost 20%, 25% increase in LPG losses Q-o-Q.

V.R.K Gupta: It depends on the volume only. Maybe I don't know exactly others volumes, but it depends on the volume only. Otherwise, same CP based formula only. Sale price is same across the industry and the CP based landing is same for across the company.

Rahul Agrawal: So Sabri, the CP has been almost around 620, 630. That has been the range in the last 6 months.

V.R.K Gupta: And there is no big window for LPG for any optimization, doing any optimization.

Sabri Hazarika: Got it. And given the fact that oil has corrected to 60. We have seen LPG held up quite strong, even the June contract prices are now just down $5. And there has been reports that because of the US tariffs and all, there's a big like readjustment, which is happening on the LPG flows. So what is your assessment in terms of Arab Gulf, LPG versus US LPG and in order to like reduce your own cost of buying LPG and thereby reducing your under-recoveries?

V.R.K Gupta: Most of the LPG is on term contract, maybe AG based only, Arab Gulf based only. Yes, we are seeing a little bit opportunity in terms of US LPG. We are expecting a $20, $30 per metric ton opportunity in case if we can do any optimization from AG to US. We are exploring certain cargoes where we can do the optimization. Wherever it is possible, we are reporting the suppliers and do the optimization. So we are trying to do some cargoes under this optimization, shifting AG cargoes to the US based cargoes. So it will be share of $20, $30.

Sabri Hazarika: $20, $30 net benefit, including freight and everything you are getting?

V.R.K Gupta: Right. Right.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to Mr. Varatharajan Sivasankara from Antique Stock Broking for closing comments.

Varatharajan Sivasankara: You mentioned 340 outlets added during the year. So as of now, like, what will be the net number in terms of our own CGDs based like CNG stations and the total like CNG stations, including the other GAs as well?

Rahul Agrawal: So we have total 2,370 CNG stations as on 31st March '25. So about 840 are in our own GAs and about 1,530 are in the retail outlets in other GAs - other companies.

Varatharajan Sivasankara: This 800-odd number, what you're referring to is like 20-odd GAs that we have.

V.R.K Gupta: That's correct.

Varatharajan Sivasankara: Fair enough. So I would like to thank the management and the participants for taking time out to join today's call. Always a pleasure to have you. Thanks again, and have a nice day.

V.R.K Gupta: Thank you.

Rahul Agrawal: Thank you.

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