Operator: Ladies and gentlemen, good day and welcome to Bharat Petroleum Corporation Ltd. Q2 FY27 earnings conference call, hosted by Antique Stock Broking Limited. As a reminder, all participant lines will be in 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 touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Varatharajan. Thank you, and over to you, sir.

Operator: Thank you, Naznin. A very good morning, ladies and gentlemen. It is my pleasure to welcome all the participants on the call and the BPCL management to the Q2 FY27 earnings call of BPCL. We have with us Mr. V.R.K. Gupta, Director Finance; Mr. Pankaj Kumar, ED Corporate Finance; Mr. Ashish Goel, CGM Corporate Treasury; Ms. Allicia Vatsal Dabkara, DGM Finance; and Mr. Balagirish, Senior Manager Finance, Bharat Petroleum Corporation. I would like to hand over to Mr. Balagirish for the disclaimer. Thank you.

Balagirish – Senior Manager Finance: Thank you, Mr. Varatharajan. Good morning, and on behalf of the BPCL team, I welcome you all to this post-Q2 results conference call. Before we begin, I would like to mention that some of the statements that we make during this conference 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 results review, please restrict your questions to the Q2 results. I now request our Director Finance, Mr. V.R.K. Gupta, who is leading the BPCL team for this call, to give his opening remarks. Thank you, and over to you, sir.

V.R.K. Gupta – Director Finance: Good morning, everyone, and thank you for joining us today. As you are aware, our Q2 results were announced.

Let me begin by putting the quarter in context, particularly how the operating environment evolved since we last spoke. When we met in July, the energy markets were under significant stress due to the escalation of the West Asia crisis, which had a considerable impact on our Q1 performance. As tensions showed some signs of easing at that time, we were hopeful that the operating environment would gradually stabilize. However, Q2 unfolded quite differently.

The quarter began on a relatively calm note, with Brent crude at around $70 per barrel from mid-July. However, geopolitical tensions intensified, pushing crude prices above $90 per barrel by August. The situation escalated further in September following attacks on Saudi export infrastructure and tankers, with Brent averaging around $116 per barrel during the month. Tensions around the Strait of Hormuz and the Red Sea also remained elevated.

While we continued to secure supplies without disruption, the escalation kept crude premiums and freight costs at elevated levels. Against this challenging backdrop, strong diesel and ATF cracks supported refining economics, while lower LPG under-recoveries provided some relief to marketing margins during the quarter. At the same time, the rupee remained under pressure, averaging around 95.6 against the US dollar, adding to the cost of our dollar-denominated imports.

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Through all this volatility, our priorities remained clear. We stayed focused on four things: securing supplies, serving our customers without disruption, protecting shareholder value, and maintaining momentum on our growth program.

Let me start with sourcing. Our spot crude share remained at around 67% in Q2, while Russian grades accounted for approximately 37% of our total crude procurement, both broadly in line with the previous quarter. As flows from the Middle East improved, we progressively restored sourcing from the region while retaining the flexibility and diversification we had built during Q1.

I am also pleased to share that our efforts to strengthen our international crude sourcing capabilities have begun to yield results. BPCL became the first in the industry to leverage sourcing opportunities from inside the Strait of Hormuz at a price advantage.

This was achieved through our international crude desk in Singapore, which commenced operations in September 2026. This marks an important step in strengthening our global sourcing capabilities and improving our ability to respond quickly to opportunities in an increasingly dynamic crude market. As of September 30, we held around 22 days of crude inventory and, importantly, our crude sourcing requirements are tied up through December 2026.

Moving to LPG, despite disruption to traditional supply routes, we maintained domestic availability through a more diversified import portfolio. Supplies from the Arab Gulf improved during the quarter, while US-origin cargoes accounted for around 48% of our total LPG imports in Q2. Currently, we are holding 32 days of LPG inventory, including inventory in transit.

On LNG, disruptions to our long-term supply contracts required us to actively diversify our sourcing. We secured alternate spot supplies from the US, Oman, and West Africa, supported by flexible logistics arrangements to bridge supply gaps despite elevated market prices.

Coming to refining, our refineries continued to deliver a superlative operational performance during the quarter. We achieved a throughput of 10.4 million metric tonne in Q2, with overall capacity utilization at 117%. Our gross refining margins stood at $32.53 per barrel, and after adjusting for SAED, the GRM was around $14 per barrel. Distillate yield remained strong at 84.38%.

Moving to marketing, our domestic sales volume stood at 13.47 million metric tonne in Q2 compared to 13.62 MMT in Q1. We continued to strengthen our retail network, taking the number of outlets to 25,592 compared with 25,485 at the end of Q1. At the same time, we continued to build our premium fuel and non-fuel portfolio.

Speed 97 conversion stood at 5.21% during the quarter. Speed 100 is now available at 162 outlets, and our Be_Café network has expanded to 234 locations.

On LPG, we commissioned our Matia LPG plant in Goalpara, Assam, our first LPG bottling plant in the state, with a capacity of 30 TMT per annum. This is an important step towards strengthening our LPG infrastructure and product availability in the region. We are also pleased to share that our premium composite cylinder, Bharatgas LifeJoy, is now available across India and can be conveniently booked through the Hello BPCL app.

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I am proud to share with you that BPCL has recently launched extreme-weather-grade diesel, developed entirely in-house to keep military vehicles operating reliably in extreme winters and at high altitudes. The first rake was dispatched from Bina in August. For us, this is more than just a new product. It demonstrates what we can achieve when innovation and technological capabilities come together in support of national priorities.

Our gas business maintained strong growth momentum. Bulk gas achieved record H1 sales performance of 979.9 TMT, registering 53% year-on-year growth, while CGD sales reached 177 TMT, growing 65% year-on-year. The recently announced GOBARdhan scheme has made CBG projects increasingly attractive, and we are actively pursuing this opportunity through both our own plants and joint ventures. Additionally, our CBG blending reached 6.5% in H1, more than double the mandated target of 3%.

Coming to LPG compensation, the softening of Saudi CP prices during Q2 provided some relief on under-recoveries. Average under-recovery declined to around Rs.290 per cylinder in Q2 compared to Rs.507 per cylinder in Q1. As of September 30, the cumulative buffer stood at 17,334 crore after adjusting for 3,796 crore of compensation received during the first half. For the future, we remain hopeful of the government's continued support to OMCs towards domestic LPG compensation.

Let me now brief you on our growth program. Our capex program remains on track, and since we last spoke, our key projects have continued to make steady progress. As of September 2026, our Bina Petrochemicals and Refinery Expansion Project had reached 40.2% progress, while the polypropylene project at Kochi had reached 55%. The PRSCC project at Mumbai is also progressing.

We have also taken an important step in our sustainable aviation fuel journey. In October, we signed India's first co-processing licensing agreement for our SAF project at Mumbai refinery. Phase 1 involves revamping the existing kerosene hydrotreater unit and is targeted for commissioning by January 2027. This positions us well for India's SAF blending requirement for international flights, beginning at 1% in 2027 and progressively increasing to 5% by 2030.

On the Andhra Pradesh refinery and petrochemical complex, I am pleased to share that on Friday, our board approved the incorporation of a wholly owned subsidiary as a dedicated project company with an initial authorized share capital of up to 4,900 crore, subject to requisite approvals. The dedicated project company will facilitate swift due diligence, lender engagement, and development of the financing and partnership structures. The detailed feasibility reports are in their final stages, following which the final investment decision will be taken shortly.

Moving to our upstream portfolio, the Mozambique project continues to progress steadily, reaching 47% completion as of September 2026, with gas production expected by mid-2028. In Brazil, following the award of the FPSO tender in May 2026, the BM-C-33 project is also progressing in line with planned timelines.

Overall, against our FY27 capex target of 25,000 crore, we have incurred 13,749 crore during the first half, including 9,300 crore in Q2.

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Now coming to our financial performance, revenue from operations for the quarter stood at 1.5 lakh crore, with a standalone profit after tax of 4,993 crore. For the first half, standalone profit after tax stood at 1,031 crore. On a consolidated basis, profit after tax for Q2 stood at 4,863 crore, while profit for the first half was 2,919 crore.

Despite the challenging operating environment, our Q2 performance demonstrates the resilience of our integrated business model. The quarter benefited from our agile sourcing strategy, robust refining performance, and a reduction in marketing and LPG under-recoveries.

Our balance sheet also remains strong. Standalone gross borrowings reduced to 15,246 crore as of September 30 compared with 17,386 crore at the end of June. The standalone debt-equity ratio improved to 0.16 from 0.19 in Q1. Our [cut off]

Management: The borrowings, net of short-term investments, stood at 7,106 crore as against 4,800 crore in Q1.

As we enter the second half of the year, the external environment continues to remain uncertain. However, our performance in Q2 demonstrates our ability to adapt quickly and operate with resilience through periods of significant turbulence. We remain confident in BPCL's ability to navigate near-term volatility while building long-term value. With that, I will conclude my brief on our Q2 performance and will be happy to take your questions. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen – ICICI Securities: Thank you for the opportunity, sir, and congratulations on a good set of numbers. A few questions. You talked about the crude sourcing mix for the second quarter, with spot crude at 67% and Russia at 37%. I just wanted to get a sense: given that Middle East crude flows have improved, as you mentioned, are we seeing any material change in that mix in October so far, and how are we looking at the mix until December, when you said you already have crude tied up until at least the end of December?

Management: Let me give you the brief numbers. In terms of the Saudi side and the Persian Gulf, compared to Q1, it has definitely improved in Q2. Even in October and November, we are expecting higher volumes from the Middle East along similar lines. Mainly after the correction of the Yanbu pipeline by Saudi, they have started increasing their volumes. Certain cargoes are also coming from ADNOC. Only cargoes from Iraq and Kuwait are still not coming in full-fledged, but otherwise a good amount of volume is coming from the Middle East.

In October, our requirement from Russia has come down slightly. However, in November, cargoes from Russia have reduced significantly due to the commercial viability of Russian cargoes, mainly because of the increase in freight. We are not getting good offers from Russia.

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For December cargoes, it has improved slightly. Whatever premium they were expecting for Russian cargoes has now reduced slightly. It may now be comparable with other Persian Gulf grades and Russian Urals. For December, we may take a couple of Russian cargoes. November will definitely be low in terms of Russian cargoes—not availability, but the Russian cargoes that we have procured.

Probal Sen – ICICI Securities: Right, sir. Just a follow-up on that. If I remember correctly, I think you had mentioned at the Q1 briefing that the blended crude cost was somewhere around the Indian benchmark plus or minus about $12 to $15. Has that number changed in terms of the delivered crude price to us, in terms of the actual cost of crude?

Management: The freight rates are still high, and the insurance rates are slightly higher. It is still benchmark plus $10 to $12. It depends on which side you are taking the crude from. For example, if it is from Fujairah, it will definitely be lower, but if it is from Yanbu, the freight rates will be higher. On average, the landing cost will be $10 to $12 above the benchmark.

Probal Sen – ICICI Securities: Right, sir. The second question was with respect to LPG. You mentioned approximately Rs.290 per cylinder for Q2. We have seen Asian LPG prices spike quite significantly in October. So, if we can get a sense month-wise, what was the per-cylinder under-recovery in October, what was it in September, and what are you looking at in November at this point?

Management: If you see the numbers, it was 490 in July, 179 in August, and 199 in September. We expect October to be 245, and it is going up in November. We expect November to be 328 per cylinder.

Probal Sen – ICICI Securities: Okay. And one last question, if I may. In terms of marketing margins, is there any discussion about reviewing the pricing, given how significantly product spreads and prices have increased? I know you cannot answer in terms of timelines, but I wanted your sense of how you are looking to navigate the higher retail marketing losses, which I am sure you are encountering at least in October. How are you looking at the situation?

Management: If you see the Q2 numbers, on the integrated side, there is no major stress on the balance sheet or profitability. We are almost at a normal level of profitability for the quarter, slightly on the lower side, mainly because of the higher losses in marketing under-recoveries.

We thought crude prices would stabilize, but the war is still continuing. There is no clarity on by what time things will actually improve. However, one thing we are sure of is that once this war is resolved, crude cannot command this price because supplies are available. Production is available. The only issue is that the supply route is being disrupted.

On the Red Sea side, volumes are coming through the Yanbu route. There have also been certain Houthi attacks on the Saudi side, but still a good amount of volume is coming from the Red Sea. Once the Suez route is resolved, we are hopeful that crude can return to reasonable levels.

We have to wait and see for some more time. We are reviewing month by month what the under-recoveries are and how long this will continue. However, there are no further discussions on

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any improvement in marketing margins at this point in time.

Probal Sen – ICICI Securities: Understood, sir. Thank you so much for your detailed answers. I will come back in the queue.

Management: Okay.

Operator: Thank you. Ladies and gentlemen, in order to ensure that the management is able to address questions from all the participants in the conference, please limit your questions to two per participant.

The next question is from the line of Vivekanand from Ambit Private Limited. Please go ahead.

Vivekanand – Ambit Private Limited: Thank you for the opportunity. Just two questions. Number one is on the Mozambique asset. You said that the project progress is 47%. Can you refresh us on the targets in terms of when this project should come on stream, when first gas should occur, and what our share of gas will be in, let us say, FY30 from this asset? That is number one.

The second question is in terms of your capex outlook. Is there any change versus the guidance given? I believe it was around 25,000 crore in the past. Is there any change in the annual target for FY27 and FY28? Along with that, perhaps you could provide a key update on the Bina expansion. Thank you.

Management: Let me explain the Mozambique project. The project is progressing very well, with project progress at 47%. We are expecting commissioning in the middle of 2028, either in June or July. They have declared June 2028 for first gas. As of date, there is no change in the scheduled dates. Based on the current progress of the project, we are hopeful that we will see gas by the middle of 2028.

In terms of gas flows and the size of the gas, the first phase development is for 13 million metric tonne through a two-train development, of which BPCL has a 10% share. That means our share will be around 1.3 million metric tonne of gas. This is only the Phase 1 development.

Subsequently, based on the reserves, we can develop two more trains. Once this particular project is completed, we can plan the other trains. Therefore, the total size will be around 4.2 to 4.5 million metric tonne of gas for BPCL's share—or BPRL's share—if all three trains are developed based on the reserves.

The second question is in terms of the capex program. For FY27, the target is 25,000 crore. In the six-month period, we have already reached around 13,000 crore. We are keeping the same target, but if there is good progress on the project side, it may go slightly above 25,000 crore, depending on project progress. If the progress of certain activities is good, this capex program may increase slightly.

Vivekanand – Ambit Private Limited: Right, sir. Thanks for the answers. Just one follow-up. Are there any plans to tie up the Mozambique gas to supply Indian customers, given that you now have visibility of completion of the project by the middle of 2028?

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Management: For Mozambique, we have already tied up an SPA for 1 million metric tonne of gas to bring it to India. Out of the 1 million metric tonne, we have already started marketing the gas in Q2 itself. We have already tied up with certain customers, although the volumes are small. We have started marketing the gas.

Vivekanand – Ambit Private Limited: By when can we expect the entire 1 MMTPA of gas to be tied up, and do you have plans to bring the entire 1.3 million metric tonne?

Management: We started on the sales side in Q2. We started marketing this gas in Q2. Perhaps we can complete 1 MMT over the next 2 or 3 quarters.

Vivekanand – Ambit Private Limited: Great. Thank you very much.

Operator: Thank you. The next question is from the line of Sarthak from DSP Asset Managers. Please go ahead.

Sarthak – DSP Asset Managers: Thank you for the opportunity. I have a couple of questions on the Mozambique side as well. If we look at the balance sheet under intangibles under development, could you please split how much of the 19,000 crore of intangibles, as well as the 29,000 crore under the equity method, pertains to Mozambique? Also, how much have we spent post the force majeure, and what can we expect as incremental spending on the Mozambique side?

Management: As of date, on a cumulative basis, we have spent around $2.8 billion in Mozambique. It is almost around {? 27,451 ?} crore. Future capex commitments based on the currently approved project cost are $1.8 billion, which we have to spend over the next couple of years. The total investment in this Mozambique project will become $2.8 billion plus $1.8 billion, or around $4.5 billion to $4.6 billion of investment, including exploration activity and everything else.

Sarthak – DSP Asset Managers: And this will be until gas production starts, so this is only until 2028, correct?

Management: 2028, the middle of 2028.

Sarthak – DSP Asset Managers: And how much incremental interest cost has there been? Has there been any increase in the interest cost for this project?

Management: The development of this project is taking place under project financing. There is a consortium of around eight or nine bankers at the project level. The interest cost will vary. It starts from 6% to 8.5% or 9%, based on the current interest rates. Different lenders have different terms and conditions. This project financing has been concluded.

Sarthak – DSP Asset Managers: This was very clear, sir. Thank you. One last thing: the increase that we see in the balance sheet under intangibles, that is mostly related to Mozambique. Is my understanding correct?

Management:

Sarthak – DSP Asset Managers: Intangibles under development have increased from Rs.16,000 crore to Rs.19,700 crore, and a similar increase has occurred in investment under the equity method

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as well.

Management: Investment under the equity method is mainly due to the Mozambique project. Earlier, it was under PA holding. Whatever capex was incurred under PA holding used to come directly under the capex program.

Subsequently, over the last two quarters, there was a development. All the assets under development were moved to AssetCo. That means instead of capex, you will see them under investment. At the project level, all the assets under work in progress were moved to equity under AssetCo. Therefore, the capex incurred under development has moved to equity.

Sarthak – DSP Asset Managers: Okay, got it. This was helpful. That is all from me. Thank you.

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

Yogesh Patil – Dolat Capital: Thanks for taking my question, sir, and congratulations on the good set of numbers. BPCL's GRM has declined quarter-on-quarter by approximately $3.2 per barrel compared to Q1. What is driving this decline in BPCL's GRM? Most independent refiners actually saw their GRMs increase sequentially. Can you walk us through what is behind this quarter-on-quarter decline in our reported GRM, and was there any crude inventory gain during Q2?

Management: We generally do not calculate crude inventory gains because our average inventory is around 22 to 25 days, so there should not be any major impact from crude inventories. If there are any inventory gains, they would be to the extent of intermediates, if we are holding a very large amount of intermediates.

Otherwise, compared to Q1, the reduction in GRM is mainly due to two reasons. First, the GRMs are more or less at the same level in Q1 and Q2. Q1 average gasoil spreads were $55, and they were $52 in Q2. Gasoline was $24 and $24, so there was no major change in the spread.

However, two important things happened in crude procurement. First, crude freight costs increased significantly compared to Q1. Q2 freight costs were very high. Second, in Q1, at least for most of the period, we used to get Russian crude either at a benchmark discount or around the benchmark. In Q2, for certain cargoes, we did not get any discount on Russian crude. We had to buy either at a premium to the benchmark or at the benchmark. So these

Management: Q2 impacted the refining GRMs mostly because of the high-sulfur grade compared to Q1. Otherwise, if you compare the Singapore benchmark GRM, our GRMs are still much higher.

Yogesh Patil – Dolat Capital: But the freight cost has increased for every independent refiner. Why does crude cost matter to the GRM calculation in our case?

Management: I do not know what the impact is for other industries in terms of crude inventory gains or intermediate inventory gains, or what they carried forward from Q1 to Q2. We do not have that information. We generally track our performance compared to the trend in cracks and compare our crude procurement with the market trend. As long as we are better than the market trends, we can

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conclude that our refining performance is better.

Yogesh Patil – Dolat Capital: So, one reason is that freight cost has increased, and this is impacting our GRM. Is that the correct understanding?

Management: Russian-side discounts were not available in Q2. For example, around 37% of our total procurement was Russian procurement. Since Russian procurement was not available at a discount, for refineries using the high-sulfur grade, margins were definitely lower compared to Q1.

Yogesh Patil – Dolat Capital: My next question is again on the GRM side. Freight cost for crude has already increased. I am trying to understand whether those higher freight costs or expenses are negatively impacting our GRM. That is one point. Also, are you passing on those extra oil product costs when you set the RTP? Our understanding of the RTP is that it is a combination of import parity and export parity, with imports making up the larger portion. The freight cost is also a component of that. Considering all these factors, the simple question is whether freight rates are impacting GRM or not.

Management: RTP is the product pricing formula. Product freight is one component of the product pricing formula. My crude procurement cost is another component, including crude freight. If both freights move in tandem, there will be no impact. Sometimes, if the crude freight component increases while the product freight component does not increase, there is a squeeze on refining margins. Conversely, if product freight costs increase while crude freight costs do not increase, there is an advantage.

These are market trends. There is no change in the formula, but this time, while the freight cost on crude has increased, product freight has not increased to a similar extent.

Yogesh Patil – Dolat Capital: Thank you for the clarity.

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

Mayank Maheshwari – Morgan Stanley: Thank you, sir. This is an extension of the previous question around crude sourcing. Can you give us an idea of how crude sourcing was during the September quarter and what you are doing for the current and next few months, since you are loading, I presume, for November and December as well? What is happening, and how have you seen premiums shift? You have partly addressed freight. What is happening in the crude market, and what are you seeing on your cost side?

Management: Let me explain the Q2 position. In terms of volume, 37% came from Russia, 17% came from Abu Dhabi, 19% came from Saudi Arabia in Q2, around 6% came from Oman, and 9% came from the US. Other countries accounted for only 4% to 2% or 1%.

Broadly, in Q2, the majority of our term-contract volumes from Saudi Arabia and Abu Dhabi came from the term side. These two countries shifted slightly towards the spot market, but we still maintained Russian volumes at 32%.

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Coming to October and November, the percentages are more or less the same. However, in November, Russian volumes have declined compared to Persian Gulf grades. Persian Gulf grades are more commercially viable than Russian grades, which is why Russian volumes will be lower in November.

For December, we have not completely concluded our procurement. Perhaps another couple of cargoes are still pending. We may conclude the December procurement in another week or 10 days.

Overall, we are getting the full volume, but there are challenges. For certain cargoes, there may be an unplanned receipt or a cancellation, and we immediately have to replace that cargo with another one. There were challenges, but during the quarter we faced all the challenges and addressed them. We are getting the full volumes, and our throughput is clear.

In terms of market pricing, it is completely volatile. During certain periods, crude is available at a discount, and during other periods, crude is available at a premium. For example, for certain cargoes, we were the first to take a SOMO cargo crossing the SOH. We had never tried it earlier, but this time we tried it and obtained a good discount on the SOMO cargo. However, the second cargo again had certain issues.

There are some challenges. Crude may be obtained at a discount or at a premium, and it is a mix. It varies daily. There is no clear trend as to whether crude is on the premium side or the discount side, but we are sure that we will get the volumes.

Mayank Maheshwari – Morgan Stanley: That is helpful. The second question is more related to the Andhra refinery. Can you give us a sense of the steps going forward and the timelines around the FID?

Management: One step is that, in the last board meeting, our board approved the creation of a separate subsidiary company, initially with 100% ownership. Whenever potential partners are ready to join, dilution will subsequently take place. The first step was approval for the creation of the wholly owned subsidiary, and it will go to DIPAM and MOPNG. After the MOPNG recommendation, the incorporation of the company will take place.

In terms of the DFR, we are almost at the final stage. The numbers have been frozen, and reviews are ongoing. We may conclude on the numbers in another couple of weeks.

Broadly, we are looking at a configuration of a 10 million metric tonne refinery with a high petrochemical intensity of around 32% to 33%. Once we finalize the cost numbers and take them to the board, we can share the full details.

In terms of the schedule, we expect to take it to the board for the final investment decision in the next 2 to 3 weeks, subject to financial closure and CCEA approval. Because this investment is being undertaken through a subsidiary company, it requires approval from the ministry and CCEA under the Maharatna powers.

We expect that once the board approves it, the CCEA approvals will come within another 2 to 3 months. However, parallel activities, pre-project activities, licensor selection, and other work are already ongoing. The selection of licensors and the CCEA approval notes will proceed in parallel.

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We are hopeful that the entire approval process will be completed in 3 to 4 months.

In terms of environmental clearance, the discussions have been completed, and the minutes have been recommended by the committee to the EC authorities. We are expecting the EC clearance shortly. Once it is received, we can start the actual physical work at the site.

In terms of land procurement, around 4,700 acres of land have been registered in the name of Bharat Petroleum. That is sufficient for the initial refinery work. Another 1,400 acres, required mainly for the greenbelt and other purposes, are expected to be provided by the Andhra Pradesh government by November. Therefore, the entire land requirement of 6,000 acres is expected to be fulfilled. This is the status as of now.

Mayank Maheshwari – Morgan Stanley: Is there an equity level that you are comfortable with in terms of the minimum equity you want to have in this project?

Management: We are planning either a 70:30 or a 65:35 debt-equity ratio, and we are keen to dilute at least 30% of the equity while the project is in progress, because discussions are still ongoing. Once the terms are agreed, the partners will join us. With this structure, we are comfortable in terms of the investment.

Earlier also, we have discussed that our peak standalone debt-equity target is around 1, and it should not significantly exceed 1 at the peak capex stage of the project. Once the projects are commissioned, we will again return to a debt-equity level of 0.3 to 0.4. That is what we are projecting.

When we take up any capex project, we follow a similar trend. At peak capex, we take debt-equity to a leverage level of 1 to 1.1, and once the projects are commissioned, we are hopeful that it can return to a debt-equity level of 0.4 to 0.5. That is where we are comfortable on a standalone basis.

Mayank Maheshwari – Morgan Stanley: Very clear, sir. Thank you.

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

Nitin Tiwari – PhillipCapital India: Good morning, sir. Thanks for the opportunity. For the sake of summarizing, could you give us a summary of all your ongoing and planned large capex projects, and also provide guidance for FY28 and FY29 capex numbers?

Management: The major projects include the Bina petrochemical complex. Bina's scheduled completion progress is around 40%. The approved project cost for Bina is 43,367 crore, excluding taxes and ITC. Cumulative capex incurred to date is 7,566 crore, progress is 40%, and scheduled commissioning is in the middle of 2028. We are hopeful that the Bina project will be completed as scheduled. There is no revision at this point in time.

The next major project is the polypropylene project at Kochi refinery. The total approved capex is 4,850 crore. Till September 2026, we have incurred around 1,178 crore, and most commitments have been made. For example, tendering activity has been completed and prices have been frozen. Actual progress is 55.10%, and the scheduled completion date is October 2027. This is the

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polypropylene project at Kochi.

The third project we recently approved is PRXCC at Mumbai refinery. The total project cost is 13,626 crore. As of date, the initial activities have started. Capex incurred till Q2 is only 130 crore, planned capex for this year is around 1,500 crore, actual progress is 9.2%, and the scheduled completion date is September 2029.

Other major projects are smaller compared to these, with project costs of 1,000 crore and 1,500 crore. All the projects are progressing well. Including IDPL, there is one pipeline project that has been delayed by almost 7 to 8 years. That project also gained good momentum in Q2. We expect the project to be completed by December or January.

Otherwise, all projects are in full swing. We expect the projects to be completed as scheduled.

Nitin Tiwari – PhillipCapital India: What is the guidance for FY28 and FY29 capex?

Management: For FY28 and FY29 capex, we are expecting 40,000 crore plus. It depends on project progress, but it will be 40,000 crore to 45,000 crore. For FY27, our capex target is 25,000 crore. It may increase slightly because the projects are in full swing and are progressing very well. The 25,000 crore may increase by 5% to 10%.

Nitin Tiwari – PhillipCapital India: So 25,000 crore in FY27, and then around 30,000 crore to 35,000 crore in FY28—

Management: For FY28, you can expect 40,000 crore to 45,000 crore. We have to finalize it. We already have the plan for the major projects, but for projects other than the major ones, we generally review them at the beginning of the year. Otherwise, based on our cash flow projection, we have taken 40,000 crore for FY28. Forty, 40 lines.

Nitin Tiwari – PhillipCapital India: Sorry, and does this 40,000 crore include your capex in Andhra as well?

Management: No, Andhra will be in addition. Once the FID is approved, Andhra will be in addition to my equity commitments. Whatever the equity commitments are, Andhra will be in addition.

Nitin Tiwari – PhillipCapital India: Understood, sir. Lastly, as a clarification, what is our dependence on petrol and diesel from other refineries as a percentage of our sales?

Management: This year, we expect to take around 6 million metric tonne of products by the end of the year because growth is very high. Our own requirement for MS is 89.27% from our own refinery, and for HSD, we expect 79.34% to come from our own refineries.

Nitin Tiwari – PhillipCapital India: So, 6 million tonne in total, for both MS and HSD?

Management: We expect that by the end of—

Nitin Tiwari – PhillipCapital India: Thank you. That is very helpful. I will get back in the queue.

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Operator: Thank you. The next question is from the line of Vineet Bunkar from Nomura. Please go ahead.

Vineet Bunkar – Nomura: Thank you for the opportunity. On throughput, the number has been very strong over the last few quarters. This quarter was 118%, and it has consistently been over 110%. Can we expect a similar trend in the future, and is there any refinery turnaround over the next few quarters?

Management: This year, there are turnarounds. At Mumbai refinery in Q3, we have certain planned shutdowns for around 30 days. Bina will have a small shutdown of 4.5 days, and Kochi refinery will have a shutdown of around 30 to 40 days because three units are going for regular maintenance.

We may not be at 118% in Q3 and Q4. If you remove the impact of the shutdowns, our refining throughput will definitely continue along similar lines.

Vineet Bunkar – Nomura: On a follow-up question on Andhra Pradesh, can you share the IRR at mid-cycle cracks, rather than at the current crack levels—perhaps around $15 to $20 per barrel for diesel and gasoline cracks? What would be the IRR for this project?

Management: Generally, when we make projections for a large project, we use a 10-year average. We cannot deploy capital based on short-term trends. We will share the numbers shortly once the FID is clear.

When we make our assumptions for crude or prices, we use 10-year price trends.

Vineet Bunkar – Nomura: Lastly, one more question on LPG compensation. The buffer has continued to increase, and is there—

Vineet Bunkar – Nomura: Any under-recovery higher than what you have been recovering from the government? Are there any discussions going on with the government regarding this? How do you plan to address it?

Management: For LPG, the industry has already submitted our representation to the ministry for support. As a precedent, whenever there has been LPG under-recovery in the past, the ministry has always been helpful and provided support. However, it is a process. There is a process for obtaining budgetary support. After that, the announcements will happen. Otherwise, we are in consultation with the ministry regarding LPG subsidy.

Vineet Bunkar – Nomura: Okay, sir. Thank you.

Operator: Thank you. The next question is from the line of Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka – Axis Capital: Thank you for the opportunity. I may have missed it if you have already shared the number on the call. What was the GRM net of SAED in the quarter?

Management: $14.

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Amit Murarka – Axis Capital: $14. And if you could give a ballpark inventory gain, like last quarter, when I remember you mentioned a $3 to $4 inventory loss. Could you share a ballpark number for this quarter?

Management: It is very difficult to calculate inventory gains or losses because crude procurement is so volatile. Freight components are also very volatile. Earlier, when prices were stable, one could calculate the inventory gain or loss. Today, it is very difficult.

There are different principles for valuation. My crude cost itself has a differential of around $20 to $25 from one cargo to another due to freight and other factors. We have stopped calculating inventory gains or losses because our average inventory is only around 25 days.

If we bring any cost efficiency into crude procurement, that is an efficiency. It is not an inventory gain or loss. Therefore, it is not correct to calculate it as an inventory gain or loss in terms of crude.

Amit Murarka – Axis Capital: Understood. I have a question on other expenses. They seem to have increased substantially in the quarter. Even if I exclude the FX loss of approximately 400 crore, it is still around 9,000 crore. Usually, the number is close to 7,000 crore. Could you highlight the specific reasons for this increase?

Management: There are certain one-time items and certain regular items. Mainly, transportation costs have increased because of the increase in diesel costs. Transportation costs have also increased slightly on account of volume. That accounts for around 150 crore of increase in Q2 compared to earlier quarters.

The second impact is the normal increase in octroi and taxes, which has increased by around 150 crore. You are already aware of the forex impact.

The one-time impact relates to our risk management policy. To cover my refining operating expenses, every year we sell the spreads for a certain percentage of volumes in advance. We sell those spreads in advance for the next 12 months' requirements against our refinery throughput.

However, due to the very high spread, there were significant MTM losses during this quarter. These are the major factors. If spreads normalize over the next 6 months, this MTM reversal can happen. This is a one-time hit because spreads are very high during this particular period.

Amit Murarka – Axis Capital: Could you give that number? What was the MTM loss?

Management: The MTM was 1,300 crore, excluding the realized amount. MTM derivatives were around 1,200 crore to 1,300 crore.

Amit Murarka – Axis Capital: So that is the bulk of the quarter-on-quarter movement.

Management: Right. Yes, that is it.

Amit Murarka – Axis Capital: You have already mentioned crude sourcing in detail, but I want to understand the movement in the various crude grades and the discounts or premiums. I believe you were receiving a meaningful advantage from high Russian crude sourcing, which was coming at a discount, and that discount has now disappeared.

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To that extent, is it fair to say that the premium over Singapore, which was high, would now moderate to more normal levels, such as those seen for other refineries or in prior years for you?

Management: The Russian discount definitely helps significantly in terms of crude availability and commercial margins for refineries. In fact, if you see the trend, in October, Russian crude was at a premium of $12 to $13. In the recent numbers, I can say it is only $1 to $2.

If Russian crude is available at the benchmark or at a discount next month, we may be much better than Singapore. If it is at a premium, we may definitely not be at the Singapore level.

However, as far as refining performance and efficiency are concerned, our efficiency is definitely much higher than Singapore. First, our distillate yield is 83% to 84%, and in fact, it is above 84%. Over the last couple of quarters, we have consistently maintained distillate yield above 84%.

Second, there is the flexibility to switch between gasoil and gasoline. These are the unique advantages of our refineries. Most of the time, even when there are no Russian discounts, our GRMs will be better than Singapore.

Amit Murarka – Axis Capital: One last question on capex. You mentioned 40,000 crore to 45,000 crore for next year. Does this include the planned spending on Mozambique as well?

Management: Mozambique and Brazil are already factored in. Only the Andhra refinery has not been factored into our capex program. Once the board approves the Andhra refinery, we will accordingly rework our capex program and share the revised numbers.

Amit Murarka – Axis Capital: These are all committed capex investments, irrespective of the cash flow situation next year?

Management: Almost. There is a small percentage that we do not commit because, as and when required—for example, for maintenance or upgrades—we plan it during the year. At least 15% to 20% is non-committed. Every year, we have to plan it, and we commit it during the year.

Amit Murarka – Axis Capital: That is all from me. Thank you.

Operator: Thank you. Ladies and gentlemen, in order to ensure that the management is able to address questions from all participants, please limit your questions to two per participant.

The next question is from the line of Sumeet Rohra from Smart Sync Capital. Please go ahead.

Sumeet Rohra – Smart Sync Capital: Good morning, sir. I have two questions. First is on LPG. Last year, what was approved for us, as I understand, was monthly payments until November or something of that sort. If my understanding is correct, does that mean that the last tranche will be paid in November, after which we will not receive further payments? Could you please explain that?

My second question is, you [crosstalk]

Management: So, last [cut off]

Sumeet Rohra – Smart Sync Capital: Yes.

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Management: Yes, please go ahead.

Sumeet Rohra – Smart Sync Capital: My second question is on Brent. The situation today is that dated Brent trades at around 127 to 130, while Brent futures trade at around 115. What is more relevant for us when we buy physical oil? Should we look at the 127 to 130 level, or should we look at the 115 level, which is the Brent futures price that trades every month?

If my understanding is correct, we are benchmarked at around $90 to $95, and beyond that our marketing side starts losing money. I want to understand the thought process because the war is an unknown. Nobody knows whether it may end today or after 2 years, after President Trump leaves. Nobody knows anything, so we are dealing with a very significant unknown.

I wanted your thoughts on how you are looking at the scenario and what timeline would indicate a distinct change if prices remain elevated for a longer period. I want to understand your thought process in evaluating crude in terms of the marketing part of our business. Thank you.

Management: On LPG, the subsidy support announced by the government last time was for 12 months. That will end in October. For BPCL, it is around 632 crore per month, and it will end in October. If new support comes in this quarter or perhaps the next quarter, we are not sure what form it will take or what amount the support will be. If it comes, it will be an addition. Otherwise, the previous subsidy mechanism will end in October.

Coming to crude sourcing, I agree that there is a large gap between ICE Brent and dated Brent. What we see on television channels is only ICE Brent. Dated Brent is presently hovering around 125 to 127.

Most of our contracts, and I can say a significant portion of our contracts, are linked to dated Brent, not ICE Brent. Certain cargoes may be Dubai-based, but most cargoes are linked to dated Brent. As long as dated Brent is on the higher side, our crude cost will definitely be on the higher side.

Most of the time, if you see the trend, I have not recently seen such a significant gap between ICE Brent and dated Brent. However, over the last 2 months, due to certain war-related issues, dated Brent has been on the higher side. Therefore, the cost of crude procurement will be based on dated Brent, and our crude cost will definitely be higher.

Sumeet Rohra – Smart Sync Capital: If I may ask one quick question: as you mentioned, October will mark the end of the money we were receiving for LPG. You also highlighted that LPG under-recoveries are increasing to more than 300 in November, and October has also been very high. We are also seeing dated Brent or normal Brent at very high levels.

As an investor, how should we look at this? We are losing money on practically every product we sell today, so it is clearly not a very exciting environment. What is the thought process on pricing? Can we expect changes in pricing methods going forward?

Management: LPG is definitely a controlled product. We do not have any control over LPG price declarations. It is completely controlled. The government will provide under-recovery support at some point in time.

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There are precedents, and this is not the first time. Otherwise, we do not have any control over LPG pricing. There are periods when, for example, the LPG under-recovery was only Rs.199 in September. In July, it was 490. We expect it to be 328 in November. Depending on how things move and what decisions are taken, the ministry may take an appropriate decision regarding LPG under-recovery.

In terms of MS and HSD, one should not look at the short term. Everyone is hoping that the war will be resolved. If it continues for a longer period, we will have to review the situation. However, at this point in time, we are not expecting the war to continue for a longer period.

Once the war is resolved, crude will be available. It is not that there is a shortage of crude. The only issue is transit. Otherwise, crude is available and there is sufficient production everywhere. On the refining side, there are production losses because some production facilities have been affected. Refining spreads will continue.

Therefore, on the refining side, we are definitely hopeful that the higher refining cycle will continue. In terms of crude, we expect that if the war is resolved, crude will not remain at a higher level. It will return to reasonable levels. That is what we expect.

Sumeet Rohra – Smart Sync Capital: Thank you very much, sir. I wish you all the best and good luck.

Operator: Thank you. The next question is from the line of Aanchal Shah from Axis Capital. Please go ahead.

Aanchal Shah – Axis Capital: Am I audible?

Management: Yes, we can hear you.

Aanchal Shah – Axis Capital: Could you quantify the incentives available for the Andhra Pradesh refinery project with respect to GST or power concessions? Broadly, what could be the ballpark figure as a percentage of total capex or as an absolute number?

Management: There are good incentives, but we are still under discussion. Earlier, the Andhra Pradesh government approved incentives based on our earlier capex estimates. There are certain elements, such as tax refunds, GST, and capex refunds during the work-in-progress period.

Broadly, I can say that it is a percentage of the capex invested. For example, if you invest 50,000 crore or 1 lakh crore, the Andhra Pradesh government initially indicated that it may reimburse 75% of the capital invested in the asset over a period of 15, 18, or 20 years.

Otherwise, the subsidy support will come from the Andhra Pradesh government. We expect the same principle of a 75% capital subsidy over a period of 15 or 20 years, or somewhere in between. We will finalize the details in discussions with the Andhra Pradesh government.

Aanchal Shah – Axis Capital: My second question is more structural. How do you see the medium- to long-term demand outlook for MS and HSD in India? Specifically, I am referring to factors such as increasing EV and CNG penetration affecting MS growth, and changes in transportation and industrial activity affecting HSD demand. Could you provide some guidance for the near to medium

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term and the long term?

Management: We can forecast the medium term to some extent, perhaps over 3 to 5 years, because India is growing at a 7% to 7.5% rate. Exports will also gradually improve if there is no tariff impact from the US, and most of the FTAs we are signing with various countries will help significantly in terms of exports of manufactured goods.

Against this background, diesel will definitely grow. Initially, we expected 2% to 2.5% growth this year. Based on the current trend, diesel growth can now reach 3.5% to 4%. For MS, even in earlier years, we have been witnessing growth of almost 5% to 6%. We expect a similar level of growth for MS.

Although there has been some improvement in EV penetration, the volumes for MS and HSD are still coming through.

Aanchal Shah – Axis Capital: Is there any sense of where BPCL could end up in terms of the number of retail outlets from the current levels over the next 5 or 10 years?

Management: In the last advertisement, we advertised almost 4,000 to 5,000 retail outlets. Every year, we are adding 1,000 outlets. Over the next 3 years, one may add around 3,000 outlets. It depends on land availability. The main issue is obtaining land in the proper locations and markets, which is more important.

Otherwise, every year we plan capex for 1,000 retail outlets.

Operator: Thank you. The next question is from the line of Saurabh Jain from HSBC. Please go ahead.

Saurabh Jain – HSBC: Thank you for the opportunity. I am going back to a point that has been discussed extensively on this call. Is it possible to give a sense of the premium you may have paid over benchmark Brent for your overall crude procurement? Some sense of that number would be helpful.

Varadarajan: [laughs] It is very difficult to determine the premium because the terms are different. Some cargoes are on FOB, some cargoes are on DES, and some are through STS. For example, for part of the distance they may incur the cost, while for another part of the distance we may incur the cost. The terms are completely different.

One should look at the cost of procurement rather than the premium or discount. For certain cargoes, such as Iraqi cargoes, we received a $20 discount, but after adding the freight, it may be at the benchmark or provide a $5 to $6 benefit. Various components are involved.

It is very difficult to say how much the premium is over the benchmark. Even if someone calculates it, it would not be a representative figure of market trends. One should look at the landing cost of the crude and the value that the crude provides. The differential is the GRM.

During this particular period, both are volatile. Spreads are volatile, crude is volatile, and freight is volatile. Therefore, it will not provide a meaningful representation if I say that crude is available at

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the benchmark, at a discount, or at a premium.

Saurabh Jain – HSBC: You also mentioned that Russian crude is now available at only a premium of $1 to $2, but you mentioned some time ago that you are still preferring Middle East crude. Does that mean Middle East crude is actually available at a discount to the benchmark?

Varadarajan: I am talking about November. In November, Russian crude is available at $10 to $12 above the benchmark. Therefore, Persian Gulf crude is commercially viable. For December, there are certain Russian offers at a premium of $1 to $2 over the benchmark, and that is on a delivered basis.

Freight rates are very high. Today, if anyone offers Russian cargo, Russian cargo would be preferable to Middle Eastern cargo for December because November cargoes have already been concluded.

Saurabh Jain – HSBC: What is your sourcing arrangement for the Middle East? Is it on a delivered basis?

Varadarajan: Term contracts are on an FOB basis for the Middle East, but on a spot basis it varies from cargo to cargo. If a trader has a cargo available and it is on the water, they may offer it on a delivered basis. If the cargo is available at the tanks and the supply point, they offer it on an FOB basis. If the vessel is idle on their side, they may offer it on a DES basis, meaning delivered.

There are different combinations. There is no standard combination as to whether it is delivered or FOB.

Saurabh Jain – HSBC: Aramco announced some time ago that it would not ship cargoes to India. Is that in place or in effect, or are you still receiving crude from Aramco?

Varadarajan: There is no such communication. At least, we have not received anything from Aramco. I do not know which news article you are referring to.

Saurabh Jain – HSBC: Perhaps it was incorrect news. Lastly, is it possible to share refining margins by refinery?

Varadarajan: We have already shared the refining margin. You want it refinery-wise?

Saurabh Jain – HSBC: Yes, refinery-wise.

Varadarajan: Yes?

Saurabh Jain – HSBC: Yes.

Varadarajan: We will share it separately.

Saurabh Jain – HSBC: Thank you so much, and all the best.

Varadarajan: Yes.

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Operator: Thank you. The last question for today is from the line of Aman Sharma from AS Capital. Please go ahead.

Aman Sharma – AS Capital: Am I audible?

Varadarajan: Yes, we can hear you.

Aman Sharma – AS Capital: Thank you for the opportunity. You mentioned that the GRM after SAED is $14 per barrel, correct?

Varadarajan: Correct.

Aman Sharma – AS Capital: I want to understand: when you transfer refined products from your refinery arm to your marketing arm, how do you calculate the refinery transfer price? Is it calculated after taking the SAED adjustment?

Varadarajan: When we purchase products from private refineries, it is after SAED. We apply similar principles for transfer pricing between our refinery and marketing arms.

Aman Sharma – AS Capital: If I am not mistaken, SAED applies only to export volumes. Even then, do you pass on the benefit to the marketing arm?

Varadarajan: Yes. Even when we purchase from private refineries, we pay only after SAED.

Aman Sharma – AS Capital: Okay. My second question is again on the inventory gain calculation. I understand that you are not calculating the gain or loss this time, but could you clarify how you usually calculate inventory gains or losses?

Varadarajan: We stopped calculating inventory gains or losses for crude a long time ago. For finished goods, we calculate them because an inventory gain generally arises when a refinery holds around 20 days of crude while monthly pricing is based on 30 days. Therefore, it will not result in an inventory gain or loss.

For example, on the processing side, if some old batches are not processed and remain in the inventory tank, there will be an impact. Otherwise, our process is continuous and mostly follows first-in, first-out. The last cargo is processed, after which a new cargo comes in and replaces it.

In that scenario, we generally do not calculate inventory gains or losses. Whatever refining margin is based on current market trends is the refining margin.

Aman Sharma – AS Capital: Okay. That is all from me.

Varadarajan: Thank you.

Operator: Thank you. As that was the last question for today, I now hand the conference over to Mr. Varadarajan for closing comments. If you have any closing comments, please go ahead.

Varadarajan: Thank you for your questions and for your engagement on today's call. Above all, we sincerely appreciate the trust and confidence you continue to place in BPCL. It motivates us to

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keep delivering and creating sustainable long-term value.

Should you wish to discuss any aspect of the quarterly results further, our Investor Relations team will be happy to assist. I look forward to speaking with you again. Thank you once again, and let me take this opportunity to wish you and your families a very happy and prosperous Diwali in advance. Thank you.

Operator: I would like to thank all the participants and the management for engaging in this call and spending time answering all the questions. I also wish you an advance Happy Diwali. Thank you.

Varadarajan: Thank you.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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