



हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड
Hindustan Petroleum Corporation Limited
(A Maharatna Company)

“Hindustan Petroleum Corporation Limited

Q3 FY '26 Earnings Conference Call”

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MODERATOR: MR. VARATHARAJAN SIVASANKARAN – ANTIQUE STOCK BROKING LIMITED



Moderator: Ladies and gentlemen, good day, and welcome to Hindustan Petroleum Corporation Limited Q3 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Varatharajan Sivasankaran. Thank you, and over to you, Mr. Sivasankaran.

V. Sivasankaran: Thank you, Renju. A very good morning to everyone. It's my absolute pleasure to welcome all the participants and the management of HPCL to the results conference call this time around as well. We have with us, Mr. Vikas Kaushal, Chairman and Managing Director; Mr. Rajneesh Narang, Director-Finance; Mr. S. Bharathan, Director-Refineries; and Mr. K. Vinod, Executive Director-Corporate Finance. We request Mr. Vikas Kaushal to do the introductory comments and then we can move on to the Q&A. The floor is yours, sir.

Vikas Kaushal: Yes. Good morning, Siva, and thank you for the introduction there. As Siva said, I'm joined by Director of Finance, Director Refineries, Vinod, ED, Corporate Finance and a couple of other colleagues from our finance team. I'll start by wishing everyone a great 2026. It's a pleasure talking to you all on this call for quarter 3 results. Like in the past analyst calls, we'll talk about the current performance and future action, we'll bucket it into 2 parts.

I'll not go too deep into the numbers. Some of you have already analyzed it already, but at least I'll try to give the commentary on it. But before that, going into these 2 buckets, I wanted to talk about the highlights of the last 3 months. So in some ways, HPCL has killed one of the questions which used to come in the analyst call on, when are you going to commission Visakh. So we are very excited that we commissioned the RUF project in Visakh a few weeks ago.

Obviously, you guys would have caught the stock market information and the media releases around it. We believe this project is a milestone for -- in technical advancement for HPCL and the Indian refining industry. Those of you who understand this project would appreciate that it is the extent of deep conversion, which is being planned here, taking the bottoms to a 93% conversion through the LC-MAX technology has not been attempted as well. It's the first time in the world, and we are mightily proud of that. The other interesting bit is just to give some tidbits around it. The project itself is an engineering marvel. Some of you might have had an opportunity to visit that in the past. But if not in future, we'll have some of you, those who are interested to come and see the project. Just to give you a small context, the 3 key reactors are 2,200 tons each.

They are one of the heaviest things put in a refinery, 2,200 tons each. They are thick walls because they run at 420 degrees centigrade and 200 bar pressure and the walls are 25-centimeter thick. Imagine being inside of vessel [inaudible 0:03:07] walls, so that's the context of it.

The beauty of it is a lot of these reactors were done in India. So that's why both we and many of us in the sector are proud of what has been done. The state [inaudible 0:03:21], we are getting a



steady stream of HSD. We are slowly bringing other units in and learning how to run this as a complex thing [inaudible 0:03:32] project with that, we have also done a digital twin.

It's called mcube, again, comes with the licenser itself. So we are starting to populate digital twin also. We are targeting a performance guarantee test, which will mean 100% utilization somewhere in March. So this quarter will be one-off stabilization. And post that next full year, we are anticipating financial results there.

All of you are very curious about numbers. I can tell you that the crudes which we are buying because we are starting to factor in RUF into our crude baskets. If we just do the analysis with RUF, without RUF, we are easily getting on paper, \$2.5 per barrel kind of guidance which we had given to the stock market. Of course, we have to translate that into physical performance. This is still at the optimization level. So overall, HPCL team is mightily proud of what has been done. And of course, we'll be happy to take on the questions.

The second big elephant in the [inaudible 0:04:36]. Well, that is also progressing well, at least the first part of it. All 4 pipelines have been commissioned. A lot of the units are in the process of commissioning, we have crude in the refinery. Already natural gas is already in the refinery, both Mangala and imported crude are in the refinery, multiple units like boilers, priority crude tanks, etcetera, have been done. We've got the PESO approvals. And as we speak, we are doing the commissioning process in the CDU plant.

We've explained in earlier analyst call the commissioning sequences run a few weeks, but we are right in the middle of a commissioning sequence. And once the CDU is done, then obviously, the downstream intermediate products and other products will come out, but we are expecting the first tranche of the products to be out in February and ramping up the refinery to full capacity by quarter 1 of the next financial year. This will be -- as you can imagine, the greenfield takes a gradual ramp up.

We've -- petchem will take maybe a quarter or so more. But right now, we are focusing on getting the refinery up and running. Again, that would be the most complex greenfield refinery ever attempted in India. You would have also read about the ADNOC Gas deal. We had done a heads-up agreement earlier, but earlier this week, we closed the sales purchase agreement for a 5 million ton 10-year deal with ADNOC. There are a lot of other things which are in progress, but I want to keep time for questions, so I'll skip those. You can ask us in the questions.

In terms of physical performance, the key things I wanted to highlight are, obviously, our sales grew up by 3.1%. Interestingly, a lot of our sales growth has been on the retail side, not on the bulk side because we have very consciously looked at -- in fact, all of our sales increases literally coming on the -- domestic market is coming on the retail side, because bulk went on huge discounts, which we did not chase that market. Instead, we were steady and we didn't go after the volume numbers, but we went after the value numbers and happy with our growth there.

Refinery throughput is 6.38%, 103% utilization, tad lower than what we showed -- think it should be. Refinery GRM 8.85%, I'm sure there's a question around lower than this, higher than this. Well, this is after absorbing the impact of B-80 crude, which if you see the Mumbai refinery,



GR numbers are lower. If there was -- and God bless, if it had happened, because there was no B-80 challenge we had or the contaminated challenge we had in Mumbai, our GRM this quarter would have been 10.24%. The curious of you can quickly calculate the impacts, etcetera, around it. So yes, we did lose GRM because of the incident. There has been strong performance on other businesses also. So I'll not delve deeper into that.

Moving on to the financial performance. There's a continued strong run. Q3 profits were INR4,072 crores on a stand-alone versus INR3,023 crores, up by 32.6%, steady performance over 9 months from against INR4,000 crores, we have been earnings INR12,274 crores up to 206%.

If you just see the last 5 quarters, and it's not a flash in the pan performance, we have been steady over the last 5 quarters. We've roughly earned INR1,300 crores per month of PAT, give or take a few crores. So it's been a steady 15-month run during this period. Obviously, this results in a significant cash generation, around INR25,000 crores or thereabouts.

This has allowed us to deleverage. Beginning of the year, our stand-alone leverage was at 1.37. We had given a guidance of about 1.15 to 1.2 to the market. We are much below that. We are at 0.86 for this quarter. Having said that, I also want to caveat that this would be higher for Q4 because of the cyclical nature of our business and the year-end stuff, but we will end the year lower than our guidance of 1.15.

The interesting bit is the lower leverage is starting to show up in our P&L. If you compare interest in third quarter of this year visa-vis interest of third quarter last year, this is about INR250 crores, INR300-odd crores, in that range lower. So we are paying on a monthly basis, lower interest, which is starting to flow to our P&L.

There has been a marked improvement in our performance, and we are very bullish about our future. As analysts, sometimes you question whether it is flash in the pan, will it stay, etcetera, how will excise impact it, et cetera? Well, we don't look at it that way. We look at it the fact that operationally, we have improved the performance and impact of this business.

To me, 3 things have happened, and I wanted to call them out as my insights onto the call. First, the operational efficiencies have come in. We have promised them on these analyst calls. We have been working on it, but they are starting to show up in our P&L where it matters the most. In a way, we are lowering our breakeven and more importantly, we are building in a culture of efficiency. We are altering the culture we had in terms of the way we were working earlier to work in this new paradigm.

I just wanted to bring to your notice 2 or 3 very interesting facts, which excited me. If I just look at opex as turnover because that's a clean ratio, I think, because other things can get muddled with how much product I'm buying, etcetera, etcetera. On quarter 3 last year, my opex to turnover was 1.60%. On quarter 3, this year, it is 1.37%, if I remember my numbers correctly. So just 1 year down the line, for every rupee we are selling, we are -- or every INR1,000, we are selling, we are spending less money in earning that. That, to me, is a real operational efficiency, which builds in. If I look at the 9-month number, the 9 months last year was 1.47%. This year, it is



1.36%. which also tells me that the quarter 3 is something where the gap is higher. So our capture of efficiencies has accelerated as we have moved quarter-to-quarter.

And this is starting to show in rupees per ton. Quarter 3 last year, we had INR1,473 per metric ton. This year, it is INR1,278 for 9 months, it has dropped from INR1,371 to INR1,246. So real numbers which are changing and which bode well for the future.

Our program on Samriddhi has helped us on that. It gave us benefits. And it also allowed us to deliver a reasonably good quarter despite the challenges we had. I personally I'm not happy with the numbers. I thought it should have been higher than this. But despite the fact that we had a significant challenge, we were able to deliver a strong quarter. So that was the first. I said 3 things that happened differently. First, operational efficiencies have kicked in. Second, the deleverage, I talked about the greater lower interest costs, greater flexibility.

Our finance team has been very diligent in managing the debt levels. We have refinanced certain things. And the difference is starting to show, compare the numbers on interest costs drop in the first 9 months and interest cost drop in the last quarter, you will realize that portion is also accelerating, and it is very natural as the leverage comes down, that will accelerate. And it's not only the quarter end debt which you see, but we look at the average debt for the quarters are coming down as a result the lower interest burden is there.

The third thing is we have created the right to grow for our next wave. Many who -- many of you as analysts, many others who have looked at HPCL had concerns about HPCL over the last 1 year, 1.5 years, our delayed projects and all those kinds of things. In last 1 year, we have solved the harder exam questions. Our projects are coming to a fruition. Yes, they have been challenging journeys. It's very difficult to do capital projects in India, but they are starting to come up to stream.

So the harder exam questions have been solved, and there is tangible progress in projects of reasonable improvement, etcetera. I think each one of us can have our own judgment on how it will looked at it. I know many of you still remain skeptical at times. It reflects in the share price shifts the volatility of that. But we, at HPCL are very convinced that on the direction and path forward and the momentum we had.

Let me very quickly talk about the future, the time when we start thinking about the future. 2026 promises to be a great year for us, and we have geared up to make the most of it. I talked about Visakh. Visakh, the benefits will start flowing in where you guys would want to see them the most, which is the P&L. Barmer commissioning will happen. The stabilization journey will be a reasonable one and a challenging one, but we are geared up for that. And the good thing is that's an easier problem which we are all capable of solving.

Now that asset is coming to closure, we'll also start looking at the financial impacts and maybe in subsequent quarters, we'll tell you how we look at absorbing, well, the first few quarters, which would be some challenge there. There are other projects which will also start giving benefits. Let me very quickly move on to what are the focus for our next year. There are 5 or 6



focused themes as a management team -- may be 4 focus theme as a management team we have there.

First, we are going to focus our efficiency drive. Samriddhi 1.0 has till date given as INR1,260 crores of benefit, of which INR518 crores is onetime or other way around, I repeat it's a -- I will give you the details but there's 67 -- sorry, INR519 crores is recurring, I got the numbers wrong on my sheet and INR749 crores is onetime.

The recurring ones are being built into the plan. We are already starting to work on Samriddhi 2.0. In the first phase, we got to the things which start on the focus for next year. As I said, Samriddhi 1.0 gave us INR1,260 crores of benefit till now, of which INR518 crores is recurring. INR749 crores is onetime.

The recurring ones are being built into the plan, and we are starting to plan for Samriddhi 2.0 where we will target the harder to do more fundamental initiatives. And this time, we will run with external support. In the next analyst call, we'll give you the guidance for the next year, but there will be a guidance coming on, what is our target. We'll be very transparent with you on what is our target for next year.

The second big initiative we are doing is digital focus. We believe that is the way to transform the organization to the next level of excellence and competence. We have done an exercise where we have laid out our digital acceleration road map. This was done with one of the leading global consultants, and we are now starting to think through the implementation plan.

But the focus of this would be on 3 key aspects: one, value capture, needless to say, that drives everything. Second, there are process and efficiency improvements, including increased use of AI and other tools, taking some of our processes, which are still being run in paper way to make them completely digital.

And third is preparing for the HPCL future, which is about imagining our future. You can expect progress on all 3 initiatives. Third area we are focused on is our customer focus. At the end of it, we are a customer-facing brand, one of the largest ones in India to reinforce our customer effort.

And I hope some of you have visited our retail outlets, the recently renovated retail outlets, you'll see the look and feel of them are by far the best in the market right now, see some of the city outlets we have done. We are redoubling our effort on strengthening our customer focus.

We have tweaked our retail organization to bring it closer to the customer, improving delegations, strengthening the field and fighting the battle -- the retail battle. That is going to be one of the top priority for next year because, as I said, we are a consumer brand, which wins and loses on the consumer forecourt in our case.

We've also created a separate CGD vertical, which we're running it as a separate division now and in some ways, preparing for growth and potential value capture in the future. Petchem we



are already in the progress of launching that business. And in lubes also, as we have said in the earlier calls, we are doubling down on the customer segment.

The theme around it is we are making our businesses more customer-facing and strengthening the brand, some of you would have seen increased advertising from us and claiming a rightful place as one of the most premium customer-facing brands in India. So if you go, please go to our retail outlets, innovated ones, if you have feedback for us, give us. You'll see a lot of improvement in those retail outlets. Some of them, we'll not be able to do the whole network, but we are slowly getting there.

The fourth area we are going to go deeper in the coming time is deeper into the green and alternate energies. We have already done some focus on that. We have our CBG plant at Badaun has been running for now 6, 12 months. We have been improving the efficiencies, getting to the basics of it. On renewables, we have done mostly captive, but we are starting to see how we can extract more money around it. And gas business, I just announced, talked about the ADNOC Gas deal. So with that, we are also going to be planning for our next wave of industry growth. So those are our 4 agendas as a management team for going forward.

Before I stop, let me -- I'm sure there's a question on everybody's mind on the Mumbai refinery. Well, the issue is fully behind us. We came back to stream fairly quickly and manage the issues there. So I think there are only residual matters to be solved, which are more of financial and commercial matters. But the asset is running back and full, and the run rate GRMs would be what they ought to be on an asset of that scale and class. So I want to reassure you that, that is back on stream.

I wanted to thank you for your continued interest in HPCL and our journey. We are on a solid trajectory and are committed to delivering for all our stakeholders. Let me stop here, and we can throw it open for questions.

Moderator: Thank you. The first question comes from the line of Probal Sen with ICICI Securities. Please go ahead.

Probal Sen: First of all, let me thank you for the briefing that you gave extremely to the point and extremely useful in terms of what are the issues to be looked at, thank you for that. Just a couple of questions. Firstly, with respect to the ADNOC deal, can you just share some details in terms of the sort of..

Vikas Kaushal: Probal, we can't hear you.

Sumeet Rohra: Sir, firstly, I mean, I would like to congratulate you on a fantastic performance as you reported. So it is so heartening. I mean I'll take a few minutes of your time to talk to you as an investor, is it so heartening to see our company reporting a profit of INR12,500 crores in 9 months and on cost to do a profit of INR15,000 cores, INR16,000 crores. So there are only 25 companies in India today who actually report a profit of more than INR15,000 crores. So extremely happy with you guys. I mean, you guys are doing a wonderful job. Congratulations on that to you and your entire team.



But sir, just a couple of things I would like to bring to your attention is that, sir, today, in spite of being the 25th most valuable company in the country. Our market cap is clearly divergent as we rank today at 117. Now sir, the reason why I bring this up is today because the great work, which is being done by all of us, is not being translated into market cap.

So clearly, there is some kind of fear or apprehension, which is kind of weighing on the stock price. Because, sir, today, I mean, you look at it, our ROEs are at 28%. Now I can't find any company, okay, who is trading at a 5.5x multiple and has a 28% ROE and a 6% dividend yield.

I mean today, we trade at a 50% discount to asset value. Now sir, of course, these are India's companies, and this is India's wealth. Hence, I touched upon this crucial aspect of market cap. And sir, I would really humbly request you to please look into this because it is clearly ambiguous for a great company of this size to trade at a market cap, which is trading under the market caps of the quick commerce companies, etcetera, which are trading at 8x sales.

And whereas we trade 0.2x sales. So since these are important matter, I wanted to bring this up. Now sir, I just wanted to only ask you one thing is that, can you quantify the impact of the Hindustan oil impact? Or how much is that in terms of quantum? And sir -- that's it, sir.

Vikas Kaushal:

Thanks for your compliments. We take them graciously and humbly. On the market cap, let me opine on that. See, I think you guys are better judges of market cap than a management team. The management team can be held responsible for delivering on the promise which we have given.

And we have consistently, over the last many quarters, delivered on the promise not only many quarters, a couple of years ago, we had laid out a path of taking INR40,000 crores as EBITDA. We are towards that -- on that journey ahead. So we hope the sentiment also turns around it.

I'm the CEO running the company, but if I was an investor, I would have taken a different decision knowing the strength of the company right now. It is a really strong company and up to you guys to make what value it should we figure out on it. The impact of B-80, I would not like to give a number, as you can imagine, something like this is in disputes and there are claims and counterclaims from parties around it. But what we can easily say is that the Mumbai GRM was down by 3 points -- you know the number? Around 3?

Management:

So overall basis, there will be \$1 improvement.

Vikas Kaushal:

Yes. So the Mumbai refinery GRM for the quarter was impacted by \$3.5 because of the total impact of it if we had been higher -if we didn't have that incident, we would have been higher by around \$3.5 per barrel in Mumbai. And overall, HPCL, we would have been instead of 8.8% or whatever that number was, we would have been 10.24. So \$1 plus kind of a per barrel impact for overall HPCL. I wouldn't want to give the exact numbers or calculations there because you can imagine that there is a claims and counterclaims on those kind of aspects.

Sumeet Rohra:

And sir, I mean sorry, if I may just ask one thing. Sir, I mean continuously, there are perpetual talks or fears about the excise duty. I mean whatever I can understand as an investor and you're



tracking the sector for the last few years, I mean, the government has been very prudent and stable in its approach.

And the policies are very much stable as the oil minister had spoken in the analyst meet, which you guys had organized. So sir, can you basically allay some fears because, I mean, the government actions are very clearly stable, but our friends in the community keep on emphasizing on excise duty, which is kind of creating havoc in investors' minds. So if you can clear something on that, it would be wonderful, sir?

Vikas Kaushal:

That's a great question. I also read about those reports and I'll opine on that. But see, it's not for me to comment on what government of India's policy on excise duties is. It is for Government of India to comment. So I will not delve into that topic. For me, whatever is the duty is the law of the land, it is applicable to everyone.

Now coming to the point, there are 2 aspects I would like to say, what can I do about it? We, as a management team can prepare for different scenarios. Crude goes up. Well, that's a scenario we have to prepare, dollar -- or rupee depreciates against dollar, that's a scenario we prepared, it dropped significantly yesterday.

And how do we prepare? We prepared by lowering our breakevens by improving our operational efficiencies. That is what we have been doing, and that is within our control, and we, as a management team are responsible for that. That's why we did Samriddhi 1.0. That's why we are going to do Samriddhi 2.0.

That's why we are doing digital transformation because we want to capture in all the efficiencies we can capture it and a stronger company will be much more resilient to bear any challenges, whether it is an excise duty change, whether it is crude volatility, whether it's exchange rate volatility, we will be ready to get. So we are working on the fundamentals of the company, not necessarily just on the excise duty.

On the issue of excise duty, I think that's a favorite topic for many of you, you guys seem to know more about it than we do. The only joke, I would say, if I total all the recommendations, which came out that excise is going to be increased this week or next week over the last quarter or 2, then probably the excise would have increased by INR20 by now.

Because every day, one of you puts out a recommendation saying excise -- maybe you have more information than we have. You put out a recommendation. Obviously, our shares drop after that. But that's not for me to fight the battle. It is for the investors to figure out, who's giving right advice who's not giving.

Some of you have been calling excise, will we increased this week, for 4 or 5 months I've been noticing. It has not increased. And if people still want to believe those investors then -- those people, it is their call, it's not for me to judge whether what you know about excise duty or not. It is for me to prepare my company for every eventuality.



That part, me and my management team are responsible for. Otherwise, you guys are free to believe whose view. Somebody might know that they're better on excise duty than they can give. It's very easy to give a scenario of INR1 change in excise duty will drop by that math, anybody can do.

But then some people have been writing about this for 6 months without an increase. And you people still believe those reports then, it must be very well informed, I must say. But for me, I have to just worry on what is the law of the land today, what will be the law of the land tomorrow and respond and take my company forward with that.

That's all I have to say on this. The fact that we have traded at 50% of -- you gave some numbers discount to market cap, et cetera, as a management team, we want to better it. But then we are not in the middle of fighting the bulls and the bears. We are in delivering the performance for HPCL.

Moderator: The next question comes from the line of Probal Sen with ICICI Securities.

Probal Sen: I hope I'm audible right now. I apologize for the disruption earlier.

Vikas Kaushal: Yes, it dropped off, Probal. You said something on ADNOC deal?

Probal Sen: Yes, I just wanted to understand, sir, is it possible to share any pricing framework that has been agreed. This is a Brent-linked contract, I would imagine? Or what are the pricing terms and any range that can be sort of spoken about?

Vikas Kaushal: So Probal, thanks. This is a Brent-linked deal. Obviously, we will not give the pricing ranges here. But all I can tell you is one of the very competitive deals, which we have done, 0.5 MTPA for 10 years. The gas is going to come from Middle East. So it's basically the source -- not a trader gas, but a source gas. But it's very competitive is all I would say.

Probal Sen: Understood. And second question, sir, with respect to the Rajasthan refinery. You mentioned, I think, about the first tranche of downstream refining products will be likely starting from Feb and petchem will follow basically a couple of quarters. So is it fair to assume that FY '28, we will have the full capacity alongside the petchem conversion of every barrel in place for this refinery?

Vikas Kaushal: Yes, that's a fair assumption. Things can always go here and there, but that's a fair guidance we can give.

Probal Sen: Right. And sir, with the current margins being what they are as far as petchem, obviously, you would have done your budgeting at a certain pricing level. Are we comfortable with margins being what they are at least for the first couple of years. Is that something that's factored in? Or is it -- I mean, what I mean to say is, are the returns going to be impacted margins for petchem remain as low as they are right now? Just your sense of how you're looking at it strategically.

Vikas Kaushal: Probal, I'll actually -- you guys know I was a service professional for a long period of time before I came to run the asset company here. I look at things very differently. To be very, very honest,



I have -- while we have done the financials and done to keep an eye on the scenarios, that is actually not which is on top of my mind because where our HPCL or HRRL stands right now, whatever is the cost, whatever is the external market, whatever is the prevailing prices is a fait accompli at this point of time.

What is most important for me is how fast, how smoothly, how efficiently can I look at it. I can assure you that 100% of our teams are focused on that. Yes, some people in finance do the numbers, etcetera. But am I losing sleep on the numbers on what they're coming? Absolutely not. But if a vessel, which is going to be dispatched to Barmer, if that gets delayed by 2 days, that's where we lose sleep on.

So we are absolutely razor-sharp focused on closing out the refinery and bringing it on stream. Everybody has done those numbers, and I'm sure you guys have your own numbers. As I said earlier, we will come out with transparent numbers. We have been very transparent in giving the guidances over the last few quarters. Wherever we want to be sure of the guidance.

But right now, I'm not even bothered about what it's there. What if the crack is lower, what will I do with that? I still have to run that asset. The good part is I have an integrated asset. We could sell more diesel. We will have multiple options.

The crude which we can pump in. We are already doing the simulations on what crudes will run in different scenarios. We could do liquid products to some extent. We could sell LPG and naphtha and not crack it, we could crack it. And eventually, we could even do downstream here.

So the fact that it's going to be an integrated asset gives us a lot more flexibility, and we will use it to the health based on the numbers prevailing at that time. For the moment, the whole focus 150% focus is on completing the asset as quickly as it can come on stream. Whatever be the costs or the margins. That's a secondary question.

Probal Sen: Understood, sir. Perfectly clear. And third question, if I may ask one more is, as far as Visakh is concerned, you spoke about the massive changes in terms of the bottom of the barrel conversion. On an overall basis for Visakh, therefore, what kind of distillate yield can we expect once the commissioning -- once the stabilization is done of the rough unit?

Vikas Kaushal: So 82% distillate yield. We were -- Visakh, if you recall a few years ago, was in early 70s, mid-70s. We've done 2 parts of it, the capacity expansion, the BS VI, etcetera, we have done and then subsequently, we have -- once the -- this is 82% is the full guidance we have given, and we are confident we'll come to that level.

Probal Sen: Got it. Sir, one last housekeeping question. What kind of capex have we -- are we looking at closing the year for this year and for '27, any guidance on capex? And if you can break it down in terms of segment that will be very good.

Vikas Kaushal: Guidance, I will not give right now because our Board has not approved that. We discussed it in the board yesterday, but there's going to be another round of discussion. But broadly, it will be



in the line of similar numbers what we have done. This year's capex, we had told you earlier that we are going to be lower on capex.

So it might be a shade under the -- somewhat under the budget which we had planned. If I keep HRRL, overall, it might be INR13,000 crores, INR14,000 crores, if I remember, the budget number was INR15,000 crores or something. So it might be slightly low, tad lower than that, which is not bad for us because we were running a high leverage. We consciously picked and choose where we could look at investments.

In terms of nature of investments, going forward, you can expect a wider spread because the last 5 years, the capex was very skewed towards refining. You would expect a wider spread across different assets, including increased marketing expenses, some new energy capital in the next 5 years. We will work out those and come out with the guidance at the right time.

Probal Sen: Congrats on a good set of numbers and all the best.

Vikas Kaushal: Thank you, Probal.

Moderator: The next question comes from the line of Yash Nandwani with IIFL Capital.

Yash Nandwani: My first question is on LPG losses. What was the loss per kg in the quarter? And how is it shaping up in January after the increase in Saudi CP prices?

Vikas Kaushal: If I remember, last quarter was 2 digits, 39 or something, somewhere in that region, per cylinder. And for this quarter, the under recovery is higher, because CP prices have gone up, I think...

K Vinod: It was around INR30...

Vikas Kaushal: Yes, Vinod will give you that answer.

K Vinod: Around INR35 per cylinder. And during the quarter 3, we had an under recovery of INR503 crores. Going forward, the Saudi CP has gone up. So we are expecting the cylinder prices -- the under recovery to go up by close to under INR100, INR120 per cylinder.

Yash Nandwani: Okay, sir. And secondly, sir, I just wanted to understand if there was any impact of inventory losses during the quarter? And if yes, could you please quantify that into refining and marketing segment?

K Vinod: In marketing, there was a gain of INR14-odd crores and refinery, which is part of the margin is about INR540-odd crores.

Yash Nandwani: Sure, sir. And lastly, sir, the book question on HMEL. If you could help us with the EBITDA and PAT for HMEL?

Rajnessh Narang: The HMEL EBITDA was around INR4,000 crores. And the company had taken turnaround during this quarter for almost 40 days.

Moderator: The next question comes from the line of Meet Parikh with Mihir Shah and Co.



- Meet Parikh:** My question was I wanted to reconfirm the HMEL number that you said was INR4,000 crores for the quarter?
- Rajneesh Narang:** For the 9 months, 9 months.
- Meet Parikh:** Right. And sir, what kind of ROCE -- like HMEL is a very mature asset now. So what kind of ROCE are we seeing on that asset now? If you could give a sense?
- Rajneesh Narang:** I don't have the number readily available, but we'll let you know.
- Meet Parikh:** And sir, another thing as a lot of participants have said about the valuation and everything, so with the LPG subsidiary that we are -- what the government is paying us, the INR7,500 crores approx. And the margins staying so stable now, with the refining margin staying so strong. So is the company -- is there a buyback in the plan? Like is that something that can be on the table?
- Vikas Kaushal:** So we'll -- if and when there is anything like that, we will let you know. Right now, as I said, we were more focused on our projects and our performance there. As and when these plans -- if there is any plan at the right time, we'll let you know.
- Moderator:** The next question comes from the line of Achal Shah with AMBIT Capital.
- Achal Shah:** Sir, am I audible?
- Vikas Kaushal:** Yes.
- Achal Shah:** Sir, just wanted to know, have you done any study with respect to how many outlets can India reach, let's say, next 10 years or 20 years down the line? I am understanding that around 1 lakh outlet are there. So what can be the broad number 10, 15 years down the line?
- Vikas Kaushal:** So as a company, we have not done that study. As a company, we are more focused on where can we put in our retail outlets and be more profitable around it. As a nation, I think your question merits a discussion at a level where somebody thinks around this. But again, the question is not only in terms of number of retail outlets. There are different models on retail outlets. There are countries where there are huge retail outlets, a throughput of 2,000 KL per month. But if you look at countries like Japan, et cetera, they run a huge number of small outlets.
- So different models exist. For each one of us who's putting retail outlets, the question is not the number of outlets, but the question is how am I getting those outlets to be viable for me and for the partners who are putting up that thing. So that's -- a lot of our focus is on those aspects right now. But to be frank, we have not done a nationwide study on this.
- Achal Shah:** And sir, my second question is on the Rajasthan Refinery resource, has there been any cost overrun from the last updated numbers? And currently, what is the total outlay, is it near to around INR80,000 crores?
- Vikas Kaushal:** Yes, roughly in that direction. We will not be able to give you an exact number right now because there's some government approvals, which have been in the final stages. Once that comes out,



we'll look at it, but there is no further increases from what has been discussed earlier. And give and take a few hundred crores here and they don't matter in that number. But broadly, it will be in that kind of a range.

Moderator: The next question comes from the line of Maulik Patel with Equirus.

Maulik Patel: Just 2 questions. One on that, you have so far done around 1 million ton of LNG sourcing from the ADNOC, right? One was in HH and the latest one is on a Brent-link, are these cargoes going to come only at Chhara terminal or you have another provision to take it to the terminals, let's say, the Dahej or Dabhol?

Vikas Kaushal: Yes. We have flexibility to do that. We have different parties, with some of the parties we have interoperability, things we can take and land cargoes at our place and vice versa. But primarily, our gas we are planning to bring at Chhara. But there would be situations there, like, for example, Chhara is not available due to anything, storage capacity is not there or weather is bad, we can take cargoes to different terminals also. Those flexibilities...

Maulik Patel: Sure. And the primary consumption will be your refinery and the CGD business, right?

Vikas Kaushal: No, we are also selling in the market. And we will ramp up that business increasingly.

Maulik Patel: Got it. And second question is that on the sourcing side, I mean earlier you mentioned that as a part of another project Samriddhi, you have a couple of line items and one of that was sourcing. Can you just highlight that how you have improved sourcing in terms of various mix. And second is on the hedging part. And so that, I think, really helpful.

Vikas Kaushal: You're talking of crude sourcing?

Maulik Patel: Yes, crude sourcing.

Vikas Kaushal: I think on crude sourcing, there are 3 or 4 things we have done. As you are all aware, any company like ours does term cargoes and spot cargoes. So based on our views on the future, we've been looking at how much to do on term and spot. On the spot, when you go to the market, what do you do, what do you buy is a very big question. And in every purchase, you can -- by getting it right, you can get \$1 lower, \$0.5 lower, \$2 lower, depending on what you buy.

So we have done a lot of work on optimizing our models, etcetera, where the way we go to the market earlier, we will go on set pattern, buy 1 cargo. We have experimented with things on trying 4 cargoes at 1 point of time, looking at opportunity crudes. So we have brought in agility into our sourcing, we have brought in science into our sourcing increasing.

We updated our models. We've got in the latest versions of the models, including using some AI tools, etcetera, which we are still in the progress of augmenting. So there is a lot of effort which has been done there. But the -- can you guys hear me?

Maulik Patel: Yes, yes. I can hear you.



- Vikas Kaushal:** I thought the line has got cut. The other -- most important thing which we have done on the sourcing is actually getting the Visakh project up and running because it allows us to buy very different kind of crudes and as a result, take up the -- capture more value. I said earlier in the call, if we just do the math between what crudes we are buying.
- And what we would have bought in the last month, if we had not had rough with us, there is a difference in what -- every single parcel, we would have bought a more expensive crude, so those are the things which we have done, there is more value to be captured out here by being smart or agile. And now in terms of sourcing, that's not the only thing we are sourcing because we also source LPG. A lot of LPG, we import 6 million, 7 million tons of LPG, if I remember correctly. And we also -- because HPCL...
- Maulik Patel:** You are discussing about this LPG sourcing.
- Vikas Kaushal:** Yes. So we've -- you would have read about the deal, which has been done for sourcing from U.S. by all the 3 OMCs, we've together gone and done that. We have looked at propane butane mixes on sourcing. So there is a lot of effort which has been done on each of these areas. And that's what is starting to show in our results in some ways. Having said that, there is a lot more which needs to be done and can be done going forward.
- Moderator:** The next question comes from the line of Amit Murarka with Axis Capital.
- Amit Murarka:** So my first question was on opex. So in this quarter, it seems to have gone up almost like even if you adjust for FX, it's gone by about 10% Q-o-Q. I wanted to understand the reasons for that increase.
- K Vinod:** Did you mention opex going up?
- Amit Murarka:** Other expenses, I mean, in the P&L?
- K Vinod:** In fact, in terms of expenses, there has been a net reduction. If you recall the opening remarks of our Chairman, the opex per ton for the quarter 3 has come down by about 13%. And on a 9-month basis, it has come down by about 9%. This is on a per metric Ton basis.
- And as a percentage of turnover, in Q3 of the last year, it was 1.6%, and that's come down to 1.37% in FY '26. If there are some specific numbers that you're looking at, that we can as on those numbers separately.
- Vikas Kaushal:** Yes. Maybe there are some specific heads you're looking at. You can just drop us a note on it and we'll clarify it.
- Amit Murarka:** I'll do that. And also, I read somewhere in your notes to accounts or presentation that you mentioned that the Mumbai refinery incident has been fully accounted for in the quarter. So while I understand that there's an impact on GRM, was there any impact on other items also, let's say, in other expenses or anything like that?



Vikas Kaushal:

There will be an impact in terms of there's a unit down. So there is a cost to -- on R&M, there are costs. There are also impacts which when the unit goes down suddenly, and remember, this happened around the Diwali period, so there is a cost which happens in extra transportation, et cetera. So there are a lot allied cost on it.

As a management team, whatever we know best we have captured it into the entire thing. But having said that, because this is a matter, now there are some disputes obviously, you can imagine in these things.

So it is hard to say, oh, this is the exact number. But whatever best we know has been factored in into the entire thing. Having said that, I would not say that's the end of it. There might be some elements which come here and there. But by and large, I would say the quarter factors in our best estimate of the overall impact, not only crude, etcetera, etcetera, it factors in our best estimate.

Amit Murarka:

Got it. And just a last question on deleveraging that seems to have been a key focus area for you, and it seems to be going well. So next year, like what kind of additional debt reduction can you target? And by when you think you will start thinking about your next leg of capex beyond the Rajasthan refinery?

Vikas Kaushal:

Yes. I think on the numbers for next year, we will come back in the analyst call in the first quarter. Yes. So that's something which we'll kind of come back to you. In terms of when would we look at the next wave of capital, I think we are already starting to develop what are the projects which we want to take in the near future.

They will not be large -- and these are all -- of course, we have projects on green side. We have CBG plants, etcetera, etcetera, we will take those. But on the refinery side, there will be more of debottlenecking, some small value addition projects, etcetera, we are not envisaging a large capex.

So somewhere during the course of the next financial year, we will develop our next year -- next 5-year road map on capex, et cetera. By that time, we would expect Visakh to be fully stable. We would also expect Barmer to be on the path of stability that gives us a greater muscle to do that.

We do not want to get to a complete under-leverage situation because as a management team, we believe certain leverage is very good in the business, and that's all -- that's what many of us have learned in our schools and colleges, that debt is good, some amount of debt is good.

But we definitely want to come down on the overall leverage, including -- we don't not only look at HPCL leverage alone. We also look at the consol leverage and get it. Once that gets more comfortable, we will take the next wave of capex. We still are doing a reasonable amount of capex, but a lot of it is focused on marketing and some of the other areas right now.



Amit Murarka: Understood. And just a last question on lubes. In the last call, I think you explained that you're looking to build a bigger consumer facing business for that. Are you doing any specific steps to do that? Or what are the plans on that front?

Vikas Kaushal: So yes, there is a -- we have a multiyear plan. It's been done by one of the leading consultants and we are executing on that. On ground, you will see, if you are noticing some of the recent cricket, you would see HPCL lubes just advertisement but that's a small part of it, that was more to just create a brand awareness, but we are also doing things like racer station, new car stations. These are places where we are starting to provide more services than just selling a bottle of lubes.

We are introducing more of high-grade lubes, the synthetic lubes, we have sourced -- we've done some agreements with a couple of international players on those. We're also looking at expanding our portfolio into allied products like greases, etcetera. We have doubled down on our R&D around lubes so that we can tailor-make lubricants for specific, like mining equipment require specific grades of lubes.

So we are testing them in our labs and taking them to mining clients. So a lot of groundwork effort happening on those. And it's starting to bear result, in the next couple of years, we will see a much more stronger customer-facing FMCG brands in lubes from HPCL.

Moderator: The next question comes from the line of Sabri Hazarika with Emkay Global.

Sabri Hazarika: So I have a few small questions. Firstly, on the marketing front, I think -- I mean there isn't some decline in margins for diesel Q-o-Q, but there has been growth in the volumes because of the seasonality. LPG also improved quarter-on-quarter in terms of reduced losses. So still, I think if we do a back calculation, the total marketing earnings seems to have fallen Q-o-Q. So I don't know if it's like right way to ask it or not, but was there anything exceptional on the marketing side or that contamination affecting marketing, anything of that sort?

Vikas Kaushal: Sabri, 2 parts to that question. One, I think we did have -- when Mumbai incident happened suddenly, this was also a peak marketing season. So we did have a market-related impact on that. We were able to manage it, but -- and prevent any dry outs, etcetera. But obviously, you have to do extra movement and the product we should have gotten from Mumbai, we had to get -- do coastal movements. So there's a small effect of that, clearly.

Second, even right now if you see our portfolio, we sell more than we refine and those of you who track cracks would know that cracks were late 20s, early 30s or touch diesel cracks 30s also. So for a company which is more skewed on marketing, there would be a dampening effect of that definitely.

But then cracks have come back to normal levels right now. I would call them, Sabri, both has - these are like more as business as usual, these things will keep happening up and down. So nothing majorly of diesel cracks went to 30, on that fortnight when we sourced the remaining product from others. Obviously, we paid more for that. So dampened slightly the marketing margins.



- Sabri Hazarika:** Got it. And secondly, on Barmer you mentioned that -- I mean, in your presentation, I think you've given INR79,000 crores of revised project cost. So is there anything further being like discussed with the government? Or this is the end of it?
- Vikas Kaushal:** I said that the only reason I didn't give a specific number is because that's under an approval process right now. But I also said, when somebody said INR80,000 crores, I said broadly, it is in that range. Just the final...
- Sabri Hazarika:** Should not escalate anything from here?
- Vikas Kaushal:** No, that's not our anticipation.
- Sabri Hazarika:** Right. And last one small question. So Venezuelan crude dynamics, I think with Visakh bottoms upgrade project, do you see it to be an additional opportunity beyond the \$2.5 per barrel GRM increase?
- S. Bharathan:** Venezuelan group, apart from the bottom heavy are also having high viscosity and high acid number. So we will have some opportunities. We will evaluate as and when we can get offers, and we will take it accordingly.
- Vikas Kaushal:** Yes. So I think the good part is if Venezuelan crude is coming out right now, then having a RUF and also having Barmer, which has delayed coker and all, at least gives us an opportunity to evaluate and see. And as Director Refineries said, that's also not an easy crude to handle. It's a tough one. But the fact that we have that asset gives us that opportunity.
- Moderator:** The next question comes from the line of Saurabh Jain with HSBC. Please go ahead.
- Saurabh Jain:** Just speaking a couple of clarifications over here. When you talked about the LPG losses per cylinder as on now, you gave us 2 numbers, that is INR35 per cylinder and then you expect it to go up to INR100 to INR120. So what is the broad expectations in January, do you think it's going to be INR35 and this increased price would be applicable from February? That's my first question.
- K Vinod:** Around INR130 is what is expected in January, because the Saudi CP has since gone up.
- Saurabh Jain:** Okay. Understood. So running rate is about INR130?
- K Vinod:** Okay. I'm sorry, I just stand corrected. INR95 in January and then INR120 thereafter.
- Saurabh Jain:** INR95 in January and INR120 thereafter, based on the current Saudi pricing. And on the inventory losses, you mentioned marketing gains of INR14 crores and refining INR540 crores was loss or gain?
- K Vinod:** Loss. Yes.
- Saurabh Jain:** That was a loss, right?
- K Vinod:** Yes.



Saurabh Jain:

The other question I had in mind, we appreciate that you're looking to kind of focus more on the customer end of things and renovating all of these retained outlets. What is the end goal? What is the desired benefits that you specifically see?

Because we are not in a business unlike the other B2C businesses where companies have a right to even charge higher prices from the customers for the experience they are providing. So that remains to be a limitation from HPCL point of view in my understanding. So I would want to be knowing more insight on that side. What are the specific targets when you renovate or invest more on the retail outlets?

Vikas Kaushal:

So you go to a retail outlet, yourself and you drive your car. If every retail outlet on the street is of the same caliber then you have a choice and you might go on there. But if there are some which are better than others in terms of looks, etcetera, you will go there. So there is a big impact. Doing the renovation and modernization on the right retail outlets has an immediate impact on the volumes. That's point number one.

Second, we are looking at the business as it was done in the past where okay, people will come and only sell -- fill gas tanks and go away. This business is also changing. There are places where we are starting to put in chargers. There are places where we are starting to put in nonfuel retail. There are places where we are starting to do different things.

So a lot has to be fought on the forecourt in this business in the next 5 years. Just keeping the pumps, the companies which don't innovate -- first, you'll have to even keep pace, you'll have to do that. But whenever you do innovation, how smooth is your process when you come to my retail outlet and if you can pay through HP Pay, it gives you flexibility. Now I'll use a bit of time for -- airtime for marketing.

If you -- those of you who send your drivers to fill, sometimes you worry whether the driver is doing the right fill or not. If you're using HP Pay, you can actually directly keep the payment in your control and the bill comes directly to you from the machine. So those are kind of services that we provide. Obviously, we become a stronger consumer brand. So there is a -- I think there is a lot to be fought out there.

Saurabh Jain:

Understood. But do you have a clear road map as on how many retail outlets would be renovating every year, how this percentage is going to grow? And any targeted market shares that you have in mind? And this is also be useful to kind of have things like loyalty discount and stuff, which can kind of help you retain your customers, make them more loyal to you.

Vikas Kaushal:

Sure. We do have loyalty schemes. We are also working further. We do have a very fantastic app. HP Pay, those of you who have not used it, should use it and see the benefit it gives. You can trust us that we have a road map on the entire thing. And the only thing I would say is the road map and connecting it to market share, etcetera, I don't want to get into those Excel sheet calculations.

But wherever we do renovate, every single retail outlet, which is renovated, specific IRR is calculated for that. And post-renovation, we look whether that IRR is met or not. So there is



obviously a lot of homework, which is done. It's not like a random exercise on it. There is an absolute road map on how many -- and we are not going to do renovations for all 24,000 because -- 25,000, because that's a huge number. But we pick and choose where we want to do.

- Moderator:** The next question comes from the line of Mayank Maheshwari with Morgan Stanley.
- Mayank Maheshwari:** Thank you for the great introduction. Just 2 questions. First, on Visakh in terms of the scale-up of the RUF unit. When do you think you can run to full utilization? And can you just give us an idea of what percentage of the HPCL group will basically be sourcing diesel after the RUF coming through and after the Rajasthan coming through in terms of -- coming from outside your ecosystem?
- Vikas Kaushal:** Mayank, thank you. Thanks for the question. As I said in the introduction, we are targeting a performance guarantee test by the licensor in March. Performance guarantee just means that they have to show the unit running to us at -- all systems at 100% utilization for a period of 3 days.
- So basically, we are targeting March, where we will be able to run the asset fully on a continuous basis. That's the performance guarantee test. So that's the best outlook I can give at this point of time. We would get there. I think we are -- give or take a few days.
- It's a complex asset, but I think we are in that direction because we are monitoring it on a daily basis what is happening out there. In terms of crude sourcing, yes, we would have a lot of -- sorry, diesel sourcing, we would have a lot of diesel. I think if I'm not mistaken, we'll be able to meet that 100% of...
- Rajneesh Narang:** With rough almost only leaving 14%, rest would be either HPCL or HPCL Group. And after HRRL comes in, entire HSD would be of HPCL Group only, except for MS, around 11% will be sourced outside.
- Mayank Maheshwari:** Got it. So one, Rajasthan plus MRPL, your stake plus HMEL plus HP all put together, you'll be pretty much completely neutral on diesel in terms of refining plus -- how much you are refining as marketing, correct? Is that right thinking?
- Rajneesh Narang:** Yes, with absolutely product security, yes.
- Vikas Kaushal:** Yes. except in our case, because some sits in joint ventures or some of the margins will be captured there. But yes, from a product side, we'll be completely -- diesel, we won't need anybody's.
- Mayank Maheshwari:** So is it fair to say that from a market share perspective, obviously, you have lost a few basis points on market share on diesel this quarter and last quarter as well. When do you think that you can recover that fully back?
- Vikas Kaushal:** Yes. So Mayank, if you distill that market share loss, you would find because you look at diesel, but diesel is bulk diesel and retail diesel. So we actually have not lost share in the retail side. And bulk early if you were close to the market in the last quarter, you will realize that bulk diesel in India has been going at a discount.



So actually, shareholders or potential shareholders, you should be happy that we did not chase the volumes because we did not lose the value. It wouldn't have made sense to buy products from somewhere else and sell it at a discount. So our retail market share on diesel has also not - it's literally if I'm not mistaken, it is higher than it is other 2 state-owned companies.

All the state-owned companies lost to Reliance -- the Jio-bp in this period, market share that is on the -- even on the retail side because they did some very aggressive pricing on the retail side. But we did not run the bulk diesel race in the last quarter because of the discounts.

Now if and when we have surplus diesel with us after commissioning and running of all these products, at that stage, we will have to take a choice of whether I sell it in the domestic market at the best price I can pitch, which is potentially discount to the retail prices or should I export that product. So I will have to do that optimization on a regular basis. but we did not lose market share on the retail side in the last quarter, at least amongst the OMCs.

Mayank Maheshwari:

No, that's very clear. And sir, the second question was more in terms of LNG sourcing. I think the 2 deals that you have signed, how comfortable are you in terms of competitiveness of your LNG portfolio now versus what others are kind of signing in India because you are going to sell in external market as well. So where do you stack up your portfolio versus the rest?

Vikas Kaushal:

So I think we have signed 2 deals right now. I would say we are in the infancy stage on that portfolio. Right now, I'm kind of fully covered with those deals because I can use that literally in my own refineries, but that's not what we are doing. In fact, for one of our references, we're currently buying from outside and selling LNG because we get more money on that.

The latest deal which we have signed, I'm not going to go into the numbers, but I have reasonable assurance that is one of the most competitive deals which have been signed in India. The Brent-linked deal, the slope is one of the most competitive in India. And we've been very aggressive in getting the right deal.

We will learn and we'll obviously sharpen it further, but very, very comfortable with the -- the first one is the Henry Hub deal, which is difficult to compare with the Brent because in some quarters you do better, some quarters you don't do better. There, we manage were trying to hedge at different quarters. But the second deal is one of the most competitive deals in India.

Mayank Maheshwari:

Got it. And it is -- normally, it's going to be wet gas or it will be dry gas that's coming in? Can you share that?

Vikas Kaushal:

Mostly, it is dry gas. I think -- I don't know the exact answer, but...

K Vinod:

It's from the -- directly NOCs from their fields.

Vikas Kaushal:

Yes. No, it's a dry gas only because if I'm not mistaken, it's only Qatar -- the RasGas, which is the wet gas. But I would say this is a guess. Next time onwards I speak to you, I'll give get an answer on this part.

Moderator:

The next question comes from the line of Ramesh Sankaranarayanan, an Individual investor.



- Ramesh S.:** Congratulations on your results. So can you give us the profit after tax in HMEL, just to get a sense in terms of how the petrochemical business has fared? And secondly, if you were to look at your depreciation run rate, has it stabilized based on the capitalization? Or is there some more assets to be capitalized for the full year FY '26 and FY '27?
- K Vinod:** HMEL, as our Chairman mentioned also in the core, they had a turnaround in this quarter. And for the 3 months of '25-'26, that is Q3, the PAT was -- it was a loss of INR94 crores. And for 9 months, it is a loss of INR18 crores.
- Ramesh S.:** Okay. And on the depreciation?
- Vikas Kaushal:** HPCL depreciation. What is your question, Ramesh, on the...
- Ramesh S.:** Yes. So based on the 9 months -- yes, sorry, yes.
- Rajneesh Narang:** Yes. Significantly, most of the assets have got capitalized, including the RUF units. So more or less, except for the fact that in case of this quarter's Q3 quarter, only 1 month depreciation would have come for RUF. Rest all is more or less stabilized.
- Ramesh S.:** Okay. So basically, the rough depreciation will be probably annualized from next quarter onwards, got it. So in terms of your CNG business on a stand-alone basis, when do you see that making a meaningful impact on your top line and bottom line?
- Rajneesh Narang:** See, we are gradually making the portfolio. And in fact, we are already making -- we are EBITDA positive as regard to all the CGDs are concerned. So the portfolio is increasing and maybe in a year or so, you will start seeing the significant impact of the contribution from this segment also.
- Ramesh S.:** Okay. So one last one, on HPCL LNG, when do you think it will become EBITDA and PAT positive based on the current utilization and future ramp-up?
- Rajneesh Narang:** You're talking about the terminal side or the gas side?
- Ramesh S.:** I'm talking about the overall HPCL LNG business.
- Rajneesh Narang:** See, HPCL LNG business, if you look at currently, our utilization levels are lower. Maybe in a year or so, the utilization level will increase and will become positive as regard. We have already EBITDA positive as regard the terminal is concerned. But to be cash positive, it may be a year or so.
- Vikas Kaushal:** And Ramesh, the way we look at it is for Chhara terminal is housed in a separate entity. The gas business is obviously on the parent entity. Our first endeavor is to get -- can we leverage Chhara to make more money on the gas side. So on the combined sourcing of gas plus Chhara, can we get EBITDA and cash positive very quickly?
- Our endeavor is to get there very, very quickly. Maybe once the -there's a breakwater to be completed there, which is going to be completed hopefully in the next couple of months. Once



it becomes an all-weather port, the utilization as Rajneesh ji mentioned, will go up. And hopefully, we'll get to breakeven on the terminal itself and the cash positive on combined business.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

Vikas Kaushal: Thank you, Siva, and thank you all. If there are any residual questions, please send it to us. Our corporate finance team would be very happy to answer those questions. Thank you for your continued interest and continued probing because that keeps us honest. And every time we take away one or 2 new questions from the call, which we think about.

Look forward to connecting with you again in 3 months from now. Meanwhile, if anybody has individual questions, wants to have an individual chat with the management team, we'll be more than happy to have a discussion.

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

Vikas Kaushal: Thank you.