August 14, 2025

RESULT REPORT Q1 FY26 | Sector: Energy

Bharat Petroleum Ltd

EBITDA marginally lower than expected; strong marketing performance offsets refining inventory loss

Result Highlights

Financials – EBITDA/PAT rose sharply YoY/QoQ, marginally below estimates on weaker GRMs but aided by strong marketing and lower LPG burden: EBITDA/Adj. PAT at Rs 96.6/61.2bn were up 71%/103% YoY and 24.4%/34.5% QoQ. This is marginally lower than our estimates and the consensus due to weaker-than-expected GRMs which was offset by better marketing performance and lower LPG subsidy burden impact. The integrated margins were marginally higher than our expectations.

Reported GRM – Fell sharply on weaker spreads and narrower crude differential: The **reported GRM** was USD4.88/bbl (MR/KR/BR USD4.1/USD5.7/USD4.5) vs USD9.2/bbl the previous quarter (MR/KR/BR USD6.8/USD8.9/USD14.9) and USD7.86/bbl a year ago (MR/KR/BR USD4.7/USD8.5/USD12.8), while the Arab heavy-light difference was USD1.7/bbl (1.9 the quarter prior).

Core GRM – Best PSU premium to benchmark but hit by inventory losses: As per our assumptions, the **core GRM** was USD7.4/bbl (USD7.5 the previous quarter, USD6.6 a year back), a USD1.8/bbl premium to the benchmark USD5.6, the best amongst Indian PSU refiners. The assumed refining inventory loss of USD2.5/bbl (gain of USD1.7 the prior quarter and USD1.3/bbl a year ago).

Refinery throughput was 10.42mmt (MR/KR/BR 3.9/4.5/2) at ~118% utilization (122% the previous quarter, 115% a year ago).

The integrated core EBITDA margin was USD14/bbl marginally higher than our estimate of 12.7 (USD7 the prior quarter, USD5.4 a year ago). **The core marketing EBITDA (back-calculated)** was Rs5.3/ltr (Rs1.4 in the prior quarter, Rs0.9 a year back) higher than our expectations of Rs3.7/ltr.

Volumes – MS outperformed, diesel lagged industry: The **domestic marketing throughput** was 13.6mmt, up 3.2% YoY and 1.2% QoQ (vs. the industry's growth of 1.9% YoY and QoQ). MS sales were 2.87mmt, up 6.7% YoY and QoQ, while diesel at 6.08mmt, down 1.1% YoY but up 3.1% QoQ. Industry motor spirit and diesel sales were up 7.4%/2.8% YoY and down 7.6%/7.8% QoQ. The reported marketing adventitious/inventory loss was at Rs8.35bn.

Capex as per PPAC was Rs22.4bn for Q1FY26 and a target of Rs200bn for FY26 and Rs230bn in FY27. **Debt** at Rs107.1bn was down by Rs45bn YoY and Rs125.7bn QoQ.

We maintain a BUY rating with a revised target price of Rs370 by assigning a multiple of 1.3x P/BV (Rs 308) on core business and add investments (Rs62).

Other highlights

- **LPG Burden impact:** The company has a negative buffer amounting to Rs 125.34bn for Q1FY25 to Q1FY26, and Rs 20.8bn in Q1FY26 pertaining to LPG subsidy. This is in an absence of GOI receivables and the revenue to that extent has not been recognized.
- **Product market share.** Bharat Petroleum's lost marginal market share of high-speed diesel and motor spirits to 24.4% and 26.7% respectively. The Rs200mn **forex gain** marginally added to the quarter's profitability.

Exhibit 1: Snapshot Overview

Parameter	Q1 FY26	QoQ (%)	YoY (%)	vs Est	vs Bloom
Revenue	1,125,147	1.2	-0.5	Beat	Beat
EBITDA	96,631	24.4	71.0	Miss	Miss
EBITDA Margin (%)	8.59	23.0	71.9	Miss	Miss
Adj PAT	61,239	34.5	103.1	Miss	Miss

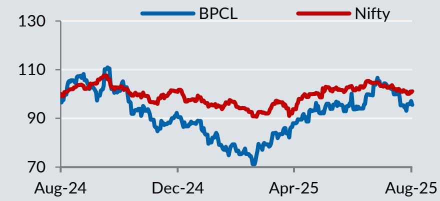
YES SECURITIES
INSTITUTIONAL EQUITIES

Reco	:	BUY
CMP	:	Rs 318
Target Price	:	Rs 370
Potential Return	:	+16.5%

Stock data (as on Aug 14, 2025)

Nifty	24,622
52 Week h/l (Rs)	376 / 234
Market cap (Rs/USD mn)	1399168 / 15979
Outstanding Shares (mn)	4,339
6m Avg t/o (Rs mn):	2,649
Div yield (%):	2.8
Bloomberg code:	BPCL IN
NSE code:	BPCL

Stock performance



	1M	3M	1Y
Absolute return	-7.7%	1.8%	-2.2%

Shareholding pattern (As of Jun'25 end)

Promoter	53.0%
FII+DII	37.8%
Others	9.3%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	370	371

Δ in estimates

(1-Yr)	FY25	FY26e	FY27e
EPS (New)	35.2	43.6	32.0
EPS (Old)	35.2	43.7	32.4
% Change	-	(0.2)	(1.1)

Financial Summary

(Rs bn)	FY25	FY26E	FY27E
Revenue	4,401.3	3,896.0	4,039.4
YoY Growth	(1.7)	(11.5)	3.7
EBIDTA	254.7	319.6	263.0
OPM %	5.8	8.2	6.5
PAT	132.8	186.4	136.9
YoY Growth	(50.2)	40.4	(26.6)
ROE	17.1	21.5	14.1
EPS	35.2	43.6	32.0
P/E	7.9	7.3	9.9
BV	189.5	217.1	237.2
EV/EBITDA	5.6	4.8	6.0

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ANALYST VIEW & INVESTMENT THESIS

1-Year View:

BPCL is poised for a stronger FY26, driven by recovering refining margins, high marketing spreads, and easing of LPG subsidy pressure. While LPG under-recoveries remain a headwind (~Rs280bn burden for OMCs), BPCL's 25% share is expected to be partly offset by robust marketing margins. Refining profitability is supported by higher gasoil cracks and improved crude sourcing flexibility, with Russian discounts (down to ~USD1.5/bbl) aiding costs. Near-term focus will remain on cash flows, subsidy absorption, and throughput stability. Marketing volumes should see modest growth, aided by network expansion (~1,000 new ROs and CNG stations combined in FY26) and leadership in throughput per RO.

The Government has announced that OMCs will be compensated Rs300bn for the FY25 LPG under-recovery burden, which stood at Rs410bn for the industry. For BPCL, management indicated that ~25% of the total industry burden pertains to the company and reported Rs104.5bn under-recovery in FY25. Applying the Rs300bn payout, BPCL would receive ~Rs75bn, leaving a residual burden of ~Rs29.5bn to absorb. This would be paid in 12 tranches the details of which are yet to be confirmed.

Global Refinery Closures Tighten Medium-Term Supply Outlook

The global refining system is entering a structurally constrained phase, with planned shutdowns and financial stress forcing capacity rationalization in key markets. California, which already faces persistent fuel price volatility due to its logistical isolation and unique CARBOB-grade gasoline requirements, is poised to lose 17% of its in-state capacity (~284kb/d) by mid-CY26, with Phillips 66's Wilmington and Valero's Benicia refineries scheduled for closure. Limited pipeline connectivity to other US hubs means replacement barrels will increasingly rely on imports from Asia, straining transpacific trade and increasing susceptibility to supply shocks. Simultaneously, the UK refining sector is under acute financial stress. The 108kb/d Lindsey refinery contributing ~30kb/d diesel and 50kb/d jet fuel is at risk of imminent closure following insolvency, while April's conversion of Grangemouth into an import terminal further amplifies the deficit. Traders are already crowding the diesel import market, and backwardation in ICE gasoil markets has spiked. These developments, occurring amid structurally low inventories are likely to support sustained strength in distillate cracks through FY26, creating a favorable backdrop for complex distillate-oriented refiners like BPCL.

3-Year View:

BPCL's transformation into a refining-marketing-petchem integrated player remains the core medium-term thesis. With cumulative capex of over Rs700bn over FY26–28, the company is investing in three major verticals: (1) Petchem diversification via the Bina refinery expansion (Rs490bn, 14% progress), (2) Greenfield refinery in Andhra Pradesh (Rs930bn, ~40% petchem share, FID by Dec'25), and (3) CGD infrastructure, which is seeing 80%+ YoY volume growth and will become a material contributor by FY28. Mozambique's progress (expected force majeure uplift by Jul'25) and Brazil (tender progress post-Jun'25) could unlock long-stuck upstream value. We see FY27–28 as an inflection point for both cash flows and valuation rerating, as new projects begin commissioning. With annual capex peaking at Rs300bn in FY28 and D/E guided at 0.4–0.5x, BPCL's ability to deliver 12–15% IRR across projects will be key to rerating potential.

Peer Benchmarking:

- **Margins:** BPCL's reported GRM outperform peers, supported by high diesel yield at Bina and optimization across Kochi/Mumbai. Marketing margins remain resilient and superior to HPCL.
- **Growth:** BPCL's integrated capex push in petchem and CGD is structurally more aggressive vs peers.
- **Valuation:** At CMP, the stock trades at 4.8x/6.0x FY26e/27e EV/EBITDA and 1.5x/1.3x P/BV (excl. investments, trades at 4x/5x FY26e/27e EV/EBITDA and 1.2x/1.1x P/BV).

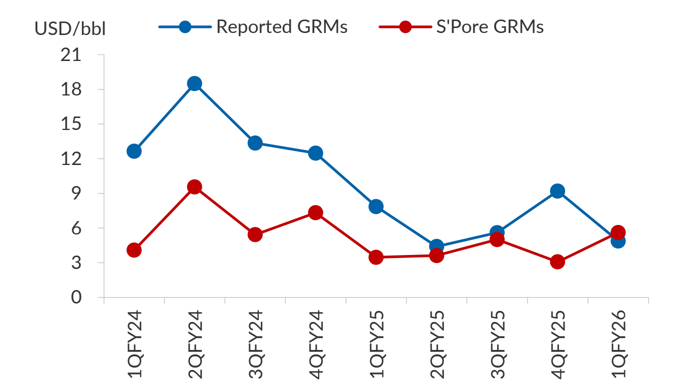
Exhibit 2: Earnings snapshot

Particulars (Rs mn)	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	y/y (%)	q/q (%)	FY24	FY25	y/y (%)
Revenue	**1,130,960**	**1,027,904**	**1,131,358**	**1,111,790**	**1,125,147**	**(0.5)**	**1.2**	**4,480,132**	**4,402,012**	**(1.7)**
Expenditure	1,074,456	982,440	1,055,553	1,034,141	1,028,515	(4.3)	(0.5)	4,038,561	4,146,589	2.7
-Raw Material	1,006,095	913,317	979,285	954,278	958,041	(4.8)	0.4	3,760,943	3,852,976	2.4
-Staff Cost	7,815	7,689	12,014	7,365	9,020	15.4	22.5	35,585	34,882	(2.0)
- Other expenses	60,545	61,434	64,254	72,498	61,454	1.5	(15.2)	242,033	258,731	6.9
Operating Profit	**56,505**	**45,464**	**75,805**	**77,649**	**96,631**	**71.0**	**24.4**	**441,571**	**255,422**	**(42.2)**
OPM(%)	5%	4%	7%	7%	9%	71.9	23.0	10%	6%	-4 bps
Other Income	5,058	8,896	8,285	7,930	7,487	48.0	(5.6)	24,125	30,170	25.1
Depreciation	16,808	17,729	18,042	19,746	18,818	12.0	(4.7)	67,501	72,325	7.1
Interest	4,435	4,695	4,286	5,469	3,735	(15.8)	(31.7)	24,730	18,884	(23.6)
Excpnl Loss/(Profit)	-	-	-	(17,739)	-			-17,980	-17,739	n.a.
PBT	**40,320**	**31,936**	**61,762**	**42,625**	**81,565**	**102.3**	**91.4**	**355,484**	**176,644**	**(50.3)**
Tax	10,173	7,964	15,270	10,485	20,326	99.8	93.9	88,749	43,891	(50.5)
PAT	**30,148**	**23,972**	**46,492**	**32,141**	**61,239**	**103.1**	**90.5**	**266,735**	**132,753**	**(50.2)**
Adj PAT	**30,148**	**23,972**	**46,492**	**45,517**	**61,239**	**103.1**	**34.5**	**280,194**	**146,128**	**(47.8)**

Exhibit 3: Operating highlights

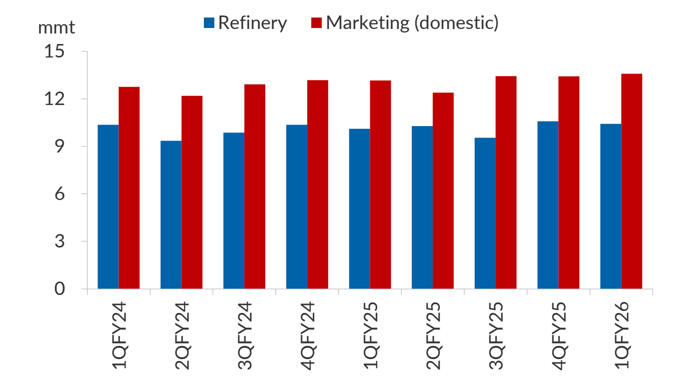
Particulars	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	y/y (%)	q/q (%)	FY24	FY25	y/y (%)
Dom Marketing Throughput - mmt	13.2	12.4	13.4	13.4	13.6	3.2	1.2	51.0	52.4	2.7
Refining Throughput -mmt	**10.1**	**10.3**	**9.5**	**10.6**	10.4	3.1	(1.5)	**39.9**	**40.5**	1.5
Mumbai	3.8	4.1	3.6	4.1	3.9	4.2	(3.4)	15.2	15.6	2.5
Kochi	4.4	4.4	3.9	4.5	4.5	2.7	(0.2)	17.5	17.2	(1.8)
Bina	1.9	1.7	2.1	2.0	2.0	1.5	(0.5)	7.2	7.7	7.2
GRM (USD/bbl)										
Mumbai	4.7	3.4	4.5	6.8	4.1	(11.2)	(39.0)	9.6	4.8	(49.7)
Kochi	8.5	4.7	5.5	8.9	5.7	(32.7)	(36.0)	15.4	6.9	(54.9)
Bina	12.8	6.1	7.8	14.9	4.5	(64.7)	(69.7)	20.7	10.5	(49.3)
Reported GRM	7.9	4.4	5.6	9.2	4.9	(37.9)	(47.0)	14.1	6.8	(51.9)
Inventory gain/loss	1.3	(1.6)	(0.9)	1.7	(2.5)	(300.0)	(248.2)	0.6	0.2	(74.5)
Core GRMs (US$/bbl)	6.6	6.0	6.5	7.5	7.4	12.1	(1.3)	13.5	6.6	(50.9)
Singapore GRMs	3.5	3.6	5.0	3.1	5.6	61.8	82.8	6.5	3.8	(42.4)
Marketing EBITDA (Rs/ltr)	1.0	2.8	4.0	2.6	5.3	444.8	105.6	2.7	2.6	(5.6)
EBITDA Integrated margin (USD/bbl)	5.4	8.6	10.7	7.0	14.0	158.2	99.0	13.8	7.9	(42.7)
Inventory gain/loss (Rs mn)										
Refining	7,970	(10,011)	(5,438)	11,692	(16,853)	(311.5)	(244.1)	14,876	4,213	(71.7)
Marketing	4,070	(11,130)	(7,220)	5,230	(8,350)	(305.2)	(259.7)	(7,070)	(9,050)	28.0
Rs mn										
Gross Debt	152,100	215,290	196,221	232,780	107,090	(29.6)	(54.0)	187,670	232,780	24.0
Forex gain/losses	(30)	(370)	(2,730)	(450)	200	(766.7)	(144.4)	(1,845)	(3,580)	94.0
Core EBITDA (Rs mn)	44,495	66,975	91,192	61,177	121,634	173.4	98.8	435,609	263,839	(39.4)
Marketing market share (%)										
HSD	25.3	25.9	25.3	25.5	24.4	(3.8)	(4.4)	25.9	25.5	(1.4)
MS	26.9	27.0	26.8	26.9	26.7	(0.7)	(0.8)	27.2	26.9	(1.0)

Exhibit 4: GRMs



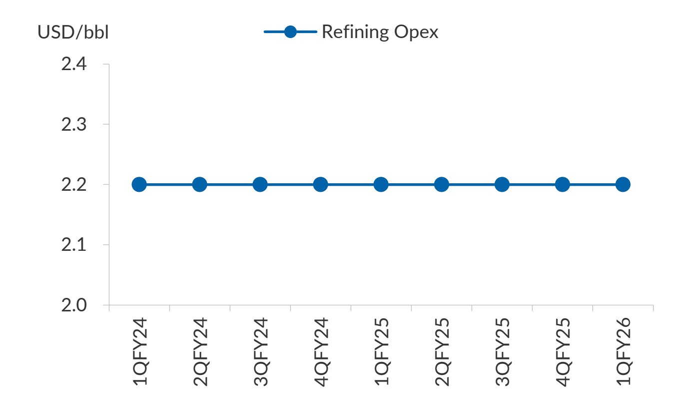
Source: Company, YES Sec

Exhibit 5: Throughput



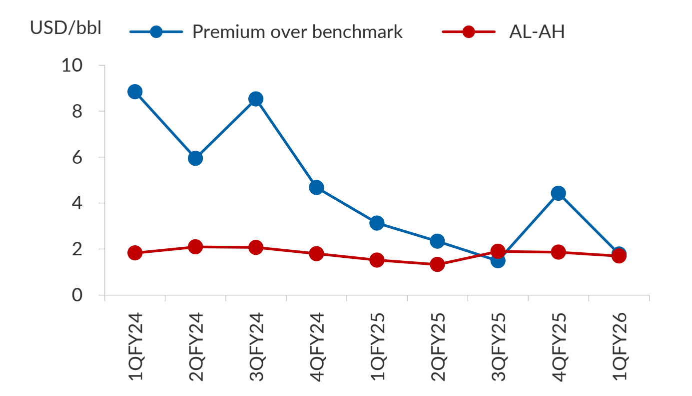
Source: Company, YES Sec

Exhibit 6: Refining Opex



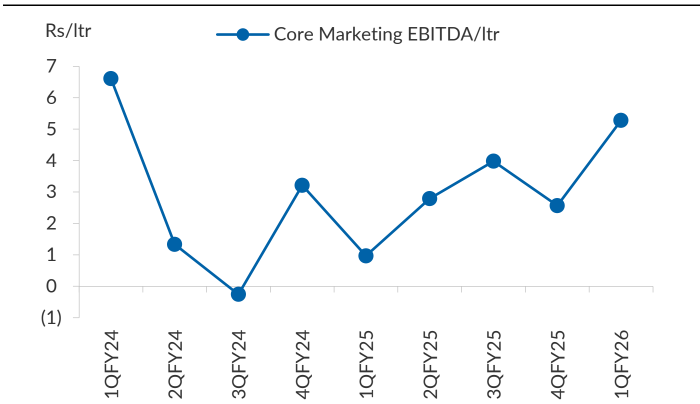
Source: Company, YES Sec

Exhibit 7: Premium to the benchmark and AL-AH difference



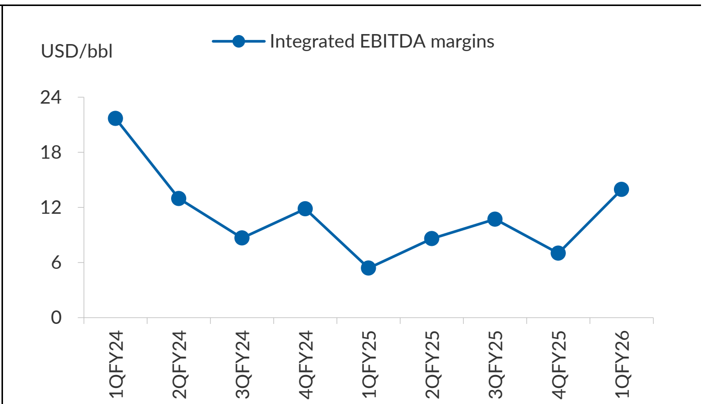
Source: Company, YES Sec

Exhibit 8: Core marketing EBITDA



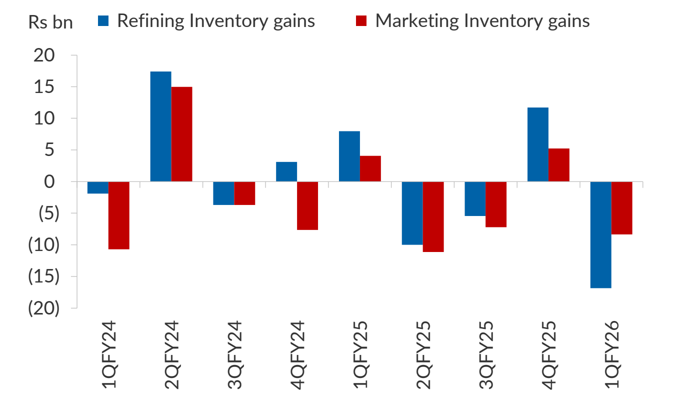
Source: Company, YES Sec

Exhibit 9: Integrated EBITDA margins



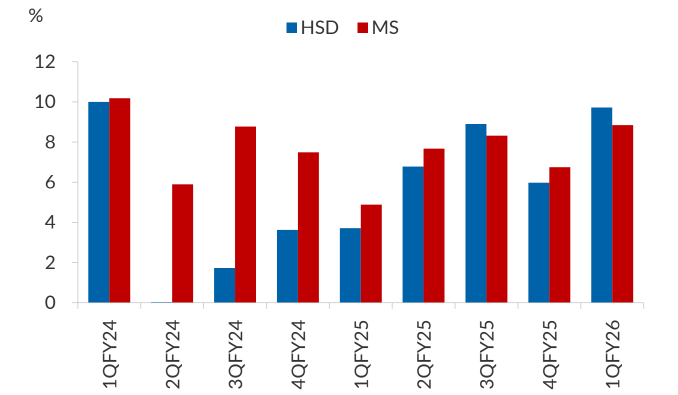
Source: Company, YES Sec

Exhibit 10: Inventory gain / loss



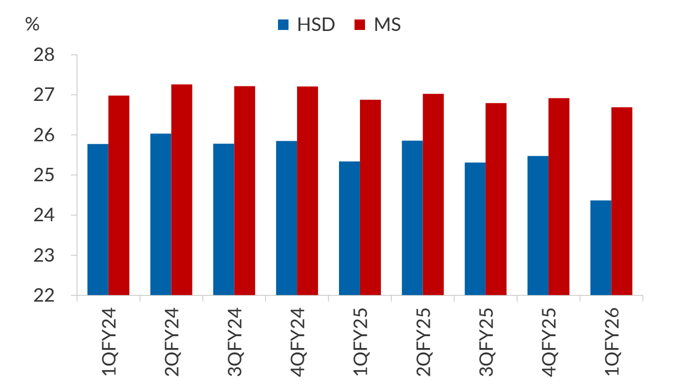
Source: Company, YES Sec

Exhibit 11: Auto fuel – gross marketing margins



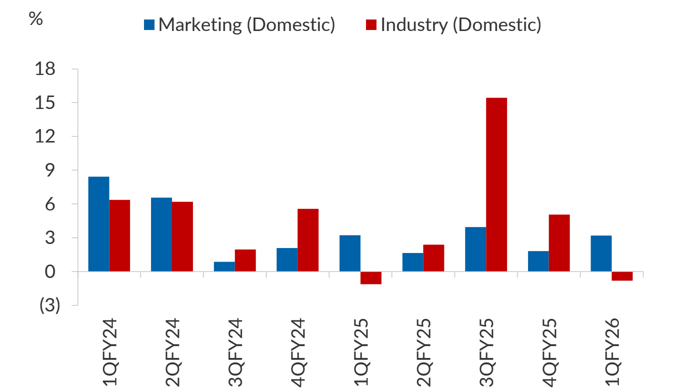
Source: Company, YES Sec

Exhibit 12: Auto fuel – market share



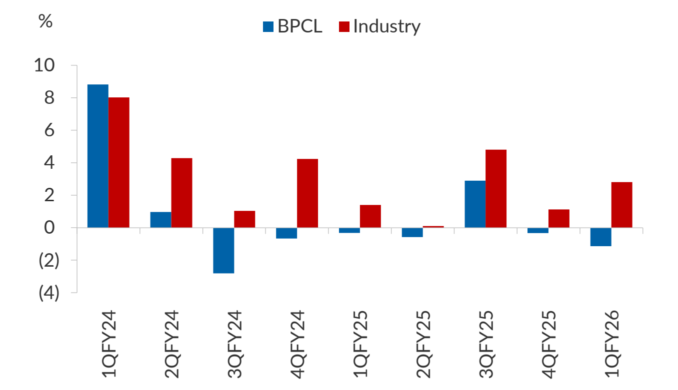
Source: Company, YES Sec

Exhibit 13: Marketing volume growth, YoY



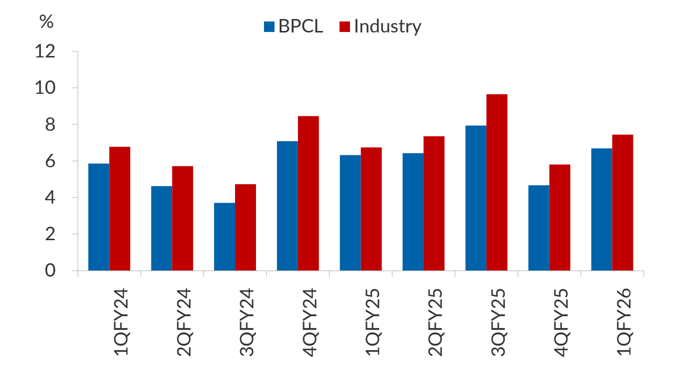
Source: Company, PPAC, YES Sec

Exhibit 14: HSD volume growth, YoY



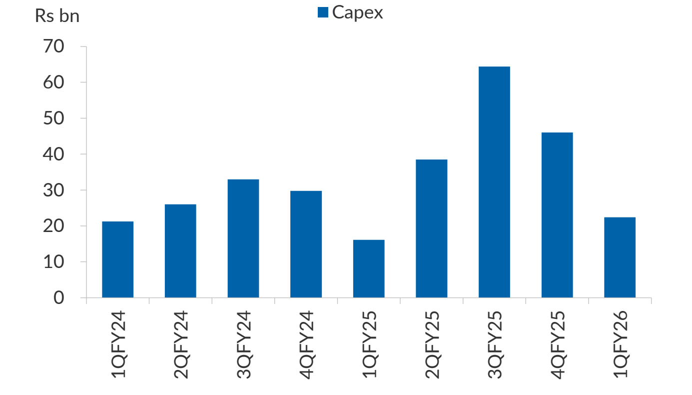
Source: Company, PPAC, YES Sec

Exhibit 15: MS volume growth, YoY



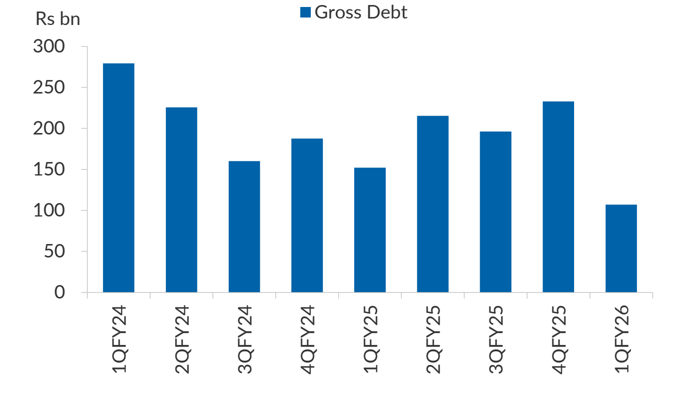
Source: Company, PPAC, YES Sec

Exhibit 16: Capex



Source: Company, YES Sec

Exhibit 17: Gross debt



Source: Company, YES Sec

CONCALL HIGHLIGHTS

- **Demand Outlook:** The IEA forecasts a 2.5mb/d increase in global oil demand between 2024 and 2030, peaking at 105.6mb/d by 2029, followed by a slight decline in 2030. India is projected to be the largest contributor to global demand growth, with oil consumption expected to rise by 1mb/d at an average annual growth rate of ~2.8% over the period, outpacing all other countries. Oil prices have remained volatile, influenced by recent tariff announcements and a series of OPEC production hikes. According to the EIA's latest projections, Brent is expected to average USD67-68/bbl in 2025. Domestic petroleum product demand in Q1 grew, with petrol up 7.1% YoY, diesel up 2.6% YoY, and ATF higher by 3.9% YoY, as per the PPAC data.
- **Refining performance:** BPCL processed 10.42mmt of crude during the quarter, achieving ~118% of nameplate capacity. The distillate yield stood at 84.96%, consistently above benchmark levels owing to the complex refinery configuration and strong operational efficiencies. Product cracks averaged USD9.88/bbl for gasoline and USD15.81/bbl for gasoil during the period.
- **Crude Sourcing:** The company continues to evaluate crude grades from diverse global geographies, aligning procurement with refinery configuration and product demand. In the current environment of narrowing Russian crude discounts, BPCL has sourced alternatives from the US, Brazil, and Africa. Russian crude accounted for 34% of Q1FY26 procurement, reduced slightly in the last month, but is expected to return to 30–35%. The average discount on Russian crude narrowed to USD1.5/bbl.
- **Inventory Loss:** The company carried higher inventory in Mar-Apr due to geopolitical risks, at 2.9mmt in Mar'25 versus the usual 2.3-2.4mmt.
- **Marketing performance:** Domestic market sales rose 3.19% YoY to 13.58mmt in Q1. Sequentially, MS sales grew 6.6%, while HSD sales increased 3.2%. During the quarter, BPCL commissioned 317 new retail outlets (NROs) and 99 CNG stations, taking the RO network to 23,958 and the CNG station network to 2,607. The company targets an RO network of 25,000 by FY26-end and maintained its leadership in throughput per RO at 153kl/month in Q1, outperforming PSU peers due to strategic market access and strong highway presence. LPG subsidy compensation stood at Rs300bn, with the impact before compensation at Rs125.23bn. Ethanol blending reached 19.62% as part of efforts to reduce import dependence through biofuels.
- **LPG Loss:** The LPG loss per cylinder was Rs150 in Q1FY26, reducing to ~Rs100 in Jul and ~Rs30 in Aug–Sep. From the Rs300bn LPG compensation pool, BPCL expects to receive ~25-26%.
- **Bina Refinery Expansion Update:** The Bina refinery expansion project achieved ~14% overall progress against the scheduled 15.9%. Cumulative expenditure to date is ~Rs8bn, with a target of Rs46bn by FY26-end and an overall commitment of Rs68bn. All technology licenses and consultants have been onboarded, process packages for all units have been received, and FEED has been completed. Detailed engineering and procurement are underway, with tenders floated for critical equipment and EPC packages. Key long-lead items such as ECU, compressors, and furnace packages have been awarded. Site enabling works are nearing completion.
- **Kochi Project Update:** The polypropylene project at Kochi achieved 12.2% physical progress versus a scheduled 16%, with Rs2.6bn spent and an overall commitment of Rs12bn. License selection and basic design engineering have been completed, orders placed for six major long-lead items, and the EPC tender process for the PP unit is underway.
- **New Upgradation Project:** The Board has approved a Petro Residue Fluidized Catalytic Cracking Unit (PRFCCU) and associated facilities at the Mumbai refinery, with a gross capital cost of Rs142bn and expected mechanical completion by May 2029. This project will replace the nearly 40-year-old CCU and FCCU units, enabling residue upgradation, increased transportation fuel output, higher high-sulfur crude processing flexibility, reduced environmental impact, and improved yields across BPCL group refineries.

- **Greenfield Refinery Complex:** The Board has approved Rs6.1bn for pre-project activities, including land identification/acquisition, feasibility studies, and environmental assessments for a Greenfield refinery–petrochemical complex in Andhra Pradesh. A detailed feasibility study is underway alongside land acquisition.

- **Capex Guidance:** Capex spend in Q1FY26 was Rs23.82bn. Targets stand at Rs200bn in FY26, Rs220-250bn in FY27, Rs340bn in FY28, and Rs350bn in FY29. In FY26, the allocation includes Rs65bn for refinery and petchem, Rs14bn for RO expansion, Rs40bn for the CNG network (of which ~Rs13.85bn for CGD), Rs25bn equity investments in BPRL, and Rs20bn for LPG infrastructure. FY27 plans include Rs110bn for refinery and petchem, Rs25bn for BPRL, Rs22bn for CGD, and Rs60bn for marketing/RO expansion. The management targets 12–15% IRR across projects.

- **Debt:** Gross debt has declined sharply, with the debt-to-equity ratio at a comfortable 0.4-0.5x. Given elevated capex over the next two years, leverage is expected to sustain at current levels. The Standalone/consolidated debt stands at Rs 107.1/395bn.

- **Market Share Loss:** HSD retail market share stood at 29.59% in Q1, slightly lower QoQ, with direct sales impacted by aggressive private-sector discounting. BPCL is refraining from matching discounts, expecting market share recovery once pricing normalizes.

- **Lubricants:** Lubricants volumes were 78.7TMT, with 83.4% utilization, down 6% YoY due to technical issues at the lube oil blending plant, which reduced output versus plan.

- **EV Charging Stations:** The company added 839 EV charging stations in Q1, taking the total to 7,402. Annual investment in EV charging infra is Rs2.5–3bn. EBITDA contribution is currently insignificant (~2% utilization), with potential for Rs1–1.5bn annually once utilization improves.

- **BPRL Impairment:** No fresh impairments were recorded in Q1FY26 following the March'25 write-down, which was primarily related to BPRL and a few small JV investments (~Rs100–150mn) in companies under liquidation.

- **JV Share of Earnings:** The group contributed an incremental PAT of ~Rs8bn, of which BPRL accounted for Rs4.5bn, largely driven by currency fluctuations. Appreciation of the Russian Ruble against the dollar boosted the value of funds parked in Russia that cannot be repatriated due to taxation and capital controls.

- **Gas Business:** Total gas sales volumes stood at 338TMT, up 9% QoQ across CNG, PNG, and bulk segments in BPCL's own GAs, with 269TMT sold through retail channels in Q1. The company received its first cargo under a new long-term supply agreement with ADNOC linked to the Henry Hub (HH) index, diversifying beyond Brent-linked contracts. BPCL is focused on completing MWP obligations in gas and is exploring consolidation of smaller JVs, with MNGL already approved for listing. Investments in the gas business total Rs79bn.

- **CNG business:** In standalone GAs, BPCL operates 2,464 CNG stations, selling 339TMT directly and 269TMT via ROs, for a total of ~600TMT. EBITDA margins are tracking expectations, with trade margins at Rs2/kg. Annual sales are ~120–130TMT currently, with significant upside expected once all infrastructure is commissioned.

- **Renewable Initiatives:** BPCL has awarded contracts for a 100MW wind farm project (50MW each in Madhya Pradesh and Maharashtra) to Suzlon Energy and Integrum Energy, with commissioning targeted within two years. The JV formed with Sembcorp Green Hydrogen, will set up renewable energy and green hydrogen assets. Two projects, a ground-mounted solar plant at Prayagraj and an integrated green hydrogen plant with a hydrogen refueling station in Kochi are expected to be commissioned within 2-3 months. BPCL has prioritized 26 CBG plants, of which 10 will be direct investments (locations identified and activities commenced), while the remaining 16 will be developed through JVs with GPS renewables and Praj Industries.

VIEW & VALUATION

BUY with a TP of Rs 370/share.

Exhibit 18: Key Monitorable & Triggers

What to Watch	Why it Matters	Timeline
LPG Subsidy Absorption Trend	While under-recoveries are compensated, policy shifts or payment delays may impact working capital.	Watch each quarter
GRM vs Singapore Benchmark	Higher distillate yields can support a premium; tracking this will indicate core refining profitability.	Quarterly
Mozambique Force Majeure Uplift	Expected by end 2025; lifting of the force majeure is crucial for de-risking USD2.3bn invested capital and unlocking upstream upside.	End 2025 targeted
Progress on Bina & AP Refinery Projects	Bina (Rs490bn) is 14% complete; Andhra Pradesh refinery FID expected by Dec'25. Timely progress de-risks capex and earnings ramp-up from FY28 onward.	Bina: Steady; AP: Dec'25 FID
CGD Volume Ramp-up	CNG volumes on a small base grew 81% YoY in FY25; sustained growth could lift EBITDA contribution meaningfully from FY27–28.	Quarterly updates
Russian Crude Discount & Availability	Russian crude share at 34% in Q1FY26 due to availability; discount (~USD1.5/bbl) remains crucial for sourcing cost advantage.	Monthly/Quarterly
Petchem Capex & Product Slate Visibility	Clarity on polymer and paraxylene product slate and integration economics to refine FY27–28 earnings visibility.	FY26–27 updates

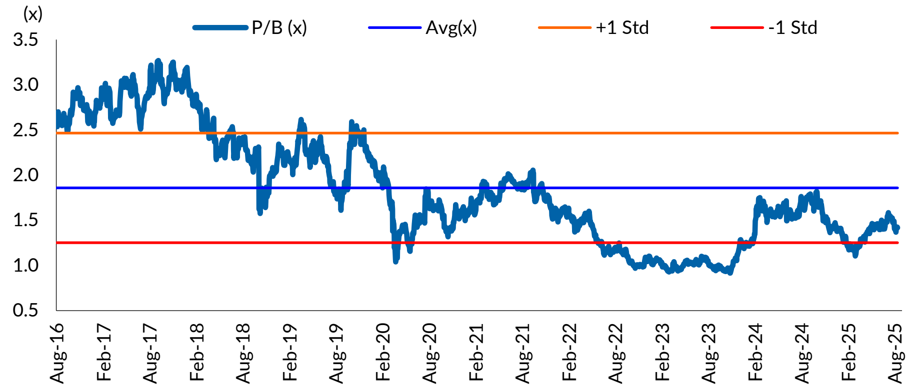
Exhibit 19: SOTP Valuation table

P/BV method	FY27e Book Value (Rs mm)	P/BV (x)	Fair Value (Rs mm)	Fair Value (Rs/share)
Standalone	**1,013,283**	**1.30 x**	**1,317,268**	**308**
Listed Investments	**Full Value Holdco (Rs mm)**	**Full Value Holdco (%)**	**Full Value Holdco (Rs mm)**	**Full Value Holdco (Rs/share)**
Petronet LNG	52,125	30%	36,488	9
Indraprastha Gas	64,575	30%	45,203	11
Oil India	16,955	30%	11,868	3
Listed Investments Equity Value			**93,558**	**22**
Unlisted Investments	**FY27E EBITDA (Rs mm)**	**EV/EBITDA (x)**	**Fair Value (Rs mm)**	**Fair Value (Rs/share)**
Mozambique (Upstream)			128,694	30
Vankor, Taas, Lower Zakum (Upstream)			28,810	7
Unlisted Investments Equity Value			**157,504**	**37**
Treasury Stock	**20,262**	**30%**	**14,184**	**3**
Equity Value			**1,582,514**	**370**

BPCL has Rs15bn and Rs21.7bn sensitivity to a change of Rs0.5/ltr and USD1/bbl, respectively. An expectation of dividend yield of 5/3.8% FY26e/27e would be key for shareholders. The BV/share for FY26e/27e is at Rs 217/237.

At CMP, the stock trades at 4.8x/6.0x FY26e/27e EV/EBITDA and 1.5x/1.3x P/BV (excl. investments, trades at 4x/5x FY26e/27e EV/EBITDA and 1.2x/1.1x P/BV). We maintain a BUY rating with a revised target price of Rs370 by assigning a multiple of 1.3x P/BV (Rs 308) on core business and add investments (Rs62).

Exhibit 20: P/BV (x) band, one-year-forward



Source: Company, YES Sec

Exhibit 21: Valuation Snapshot

Valuation Metric	FY25	FY26E	FY27E
P/E (x)	7.91	7.29	9.92
EV/EBITDA (x)	5.61	4.79	5.98
ROCE (%)	18.54	21.52	15.07

FINANCIALS

Exhibit 22: Income statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	4,731,247	4,479,076	4,401,319	3,895,965	4,039,422
Total Expense	4,621,680	4,038,561	4,146,590	3,576,333	3,776,395
Operating Profit	**109,566**	**440,515**	**254,730**	**319,632**	**263,027**
Other Income	21,840	25,180	30,862	31,479	32,109
Depreciation	63,475	67,501	72,325	81,587	92,579
EBIT	67,931	398,194	213,267	269,524	202,557
Interest	32,165	24,730	18,884	21,473	20,399
Extraordinary Item	(13,600)	(17,980)	(17,739)	-	-
PBT	**22,167**	**355,484**	**176,643**	**248,051**	**182,158**
Tax	3,466	88,749	43,891	61,633	45,261
PAT	**18,701**	**266,735**	**132,753**	**186,417**	**136,897**
Adj. PAT	32,301	284,715	150,492	186,417	136,897
Eps	7.6	66.6	35.2	43.6	32.0

Exhibit 23: Balance sheet

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Equity capital	21,295	21,363	42,726	42,726	42,726
Reserves	498,669	725,385	766,875	884,931	970,557
Net worth	**519,963**	**746,748**	**809,601**	**927,657**	**1,013,283**
Debt	447,751	278,806	333,168	303,168	313,168
Deferred tax liab (net)	70,683	66,706	65,409	65,409	65,409
Capital Employed	**1,038,398**	**1,092,261**	**1,208,178**	**1,296,234**	**1,391,860**
Fixed assets	922,696	955,189	1,025,374	1,145,944	1,283,365
Investments	138,724	144,581	144,168	144,168	144,168
Net working capital	(23,022)	(7,510)	38,636	6,122	(35,673)
Inventories	380,647	428,351	452,634	358,747	361,209
Sundry debtors	67,219	83,282	93,230	64,043	66,401
Cash & Bank Balance	21,204	44,906	93,829	129,341	97,757
Other current assets	77,844	73,621	70,711	70,662	70,662
Sundry creditors	240,108	282,934	306,219	251,123	266,154
Other liabilities	329,828	354,735	365,548	365,548	365,548
Application of Funds	**1,038,398**	**1,092,261**	**1,208,178**	**1,296,234**	**1,391,860**

Exhibit 25: Cash flow statement

Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
PBT	22,167	355,484	176,643	248,051	182,158
Depreciation & amortization	63,475	67,501	72,325	81,587	92,579
Interest expense	32,165	24,730	18,884	21,473	20,399
(Inc)/Dec in working capital	(15,035)	(15,871)	-	-	-
Tax paid	(610)	(13,000)	2,776	68,027	10,211
Less: Interest/Dividend Income Received	(7,095)	(86,582)	(43,891)	(61,633)	(45,261)
Other operating Cash Flow	11,575	25,361	-	-	-
Cash flow from operating activities	**106,641**	**357,622**	**226,738**	**357,504**	**260,085**
Capital expenditure	(73,768)	(87,970)	(142,096)	(202,157)	(230,000)
Inc/(Dec) in investments	12,022	14,832	-	-	-
Add: Interest/Dividend Income Received	(2,227)	(43,474)	-	-	-
Cash flow from investing activities	**(63,973)**	**(116,612)**	**(142,096)**	**(202,157)**	**(230,000)**
Inc/(Dec) in share capital	-	-	21,363	-	-
Inc/(Dec) in debt	(1,529)	(185,986)	54,362	(30,000)	10,000
Interest Paid	(22,314)	(19,173)	(18,884)	(21,473)	(20,399)
Dividend Paid	(12,816)	(53,288)	(42,726)	(68,361)	(51,271)
Others	-	3,786	-	-	-
Cash flow from financing activities	**(36,659)**	**(254,660)**	**14,115**	**(119,835)**	**(61,670)**
Net cash flow	**6,009**	**(13,650)**	**98,757**	**35,513**	**(31,584)**

Exhibit 26: Du-pont analysis

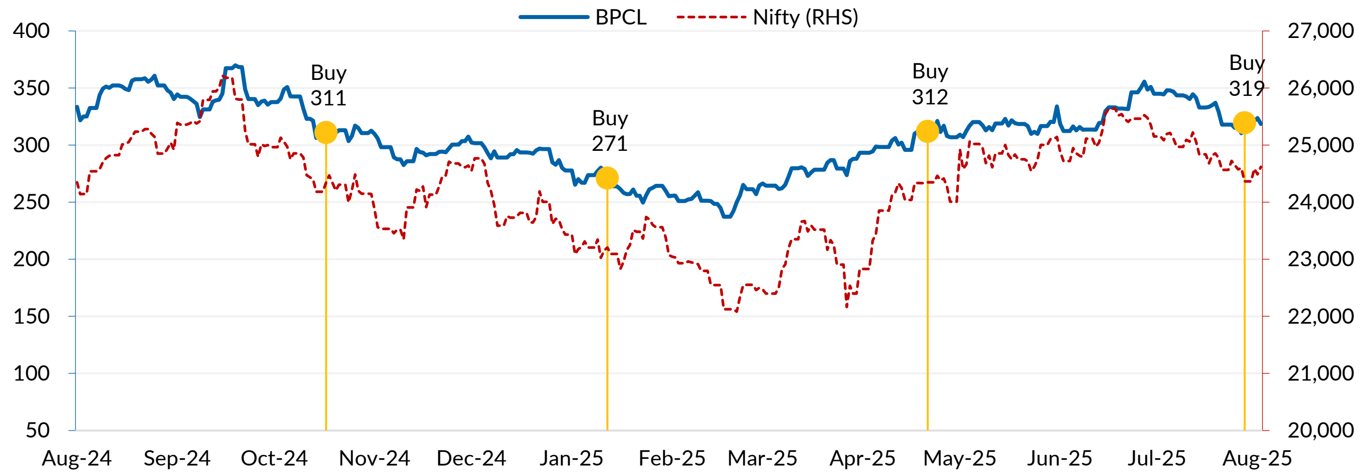
Y/e 31 Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Tax burden (x)	0.8	0.8	0.8	0.8	0.8
Interest burden (x)	0.3	0.9	0.8	0.9	0.9
EBIT margin (x)	0.0	0.1	0.0	0.1	0.1
Asset turnover (x)	2.9	2.7	2.4	2.1	2.1
Financial leverage (x)	3.1	2.6	2.3	2.2	2.0
RoE (%)	3.6	42.1	17.1	21.5	14.1

Exhibit 27: Ratio analysis

Y/e 31 Mar	FY23	FY24	FY25	FY26E	FY27E
Growth matrix (%)					
Revenue growth	36.5	(5.3)	(1.7)	(11.5)	3.7
Op profit growth	(42.4)	302.1	(42.2)	25.5	(17.7)
EBIT growth	(58.2)	486.2	(46.4)	26.4	(24.8)
Net profit growth	(83.5)	1,326.3	(50.2)	40.4	(26.6)
Profitability ratios (%)					
OPM	2.3	9.8	5.8	8.2	6.5
EBIT margin	1.4	8.9	4.8	6.9	5.0
Net profit margin	0.4	6.0	3.0	4.8	3.4
RoCE	6.7	37.4	18.5	21.5	15.1
RoE	3.6	42.1	17.1	21.5	14.1
RoA	1.2	16.0	7.4	9.8	7.0
Per share ratios					
EPS	7.6	66.6	35.2	43.6	32.0
Dividend per share	4.0	42.0	10.0	16.0	12.0
Cash EPS	19.2	78.2	48.0	62.7	53.7
Book value per share	121.7	174.8	189.5	217.1	237.2
Valuation ratios					
P/E	22.8	4.5	7.9	7.3	9.9
P/CEPS	8.9	3.8	5.8	5.1	5.9
P/B	1.4	1.7	1.5	1.5	1.3
EV/EBIDTA	10.6	3.5	5.6	4.8	6.0
Payout (%)					
Dividend payout	91.4	67.3	32.2	36.7	37.5
Tax payout	15.6	25.0	24.8	24.8	24.8
Liquidity ratios					
Debtor days	9.2	6.3	6.1	7.3	6.0
Inventory days	41.5	33.8	39.3	41.7	40.0
Creditor days	28.0	22.9	25.4	26.8	28.0

Bharat Petroleum Ltd

Recommendation Tracker



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