

Bharat Petroleum Corp | REDUCE

GRM robust aided by inventory gain; marketing muted

BPCL's Q4FY26 standalone EBITDA was INR 101bn, below JMFe of INR 108bn (but above consensus of INR 78bn) as reported GRM was USD 18/bbl, a little lower than JMFe of USD 18.4/bbl resulting in refining EBITDA of INR 98bn (JMFe of INR 102bn). Implied marketing EBITDA at INR 2.8bn was also below JMFe of INR 6.6bn. Reported PAT was significantly lower at INR 31.9bn due to impairment of INR 43.5bn in the E&P business; adjusted PAT at INR 65bn was also below JMFe of INR 69bn. Consolidated gross debt (excluding lease liability) increased by INR 65.8bn QoQ to INR 435bn. During the concall, BPCL's management refrained from commenting on the possibility of fuel price hike/s and added the challenge was only in terms of the spike in crude price (and not crude availability, with Russian crude sourcing at 40–41% currently). However, it clarified that current crude landed cost is USD 10–12/bbl above Brent (USD 4–5/bbl pre-Iran war, but down from peak of USD 20–22/bbl in the last two months). It added that LPG under-recovery had jumped to INR 170/cylinder in Apr'26 and INR 670/cylinder in May'26 from ~INR 100/cylinder in Q4FY26. We have marginally cut our FY27–28 EBITDA estimate by 1–2%, factoring in FY26 financials; TP unchanged at INR 285. We maintain REDUCE due to risk of high under-recoveries in the auto-fuel marketing business on likelihood of elevated crude price in the near to medium term and aggressive capex plans. BPCL is trading at a reasonable valuation of 1.1x FY28E P/B (3Y average of 1.3x and trough of 0.9x).

- Implied EBITDA for the refining segment was lower at INR 98bn as reported GRM was slightly lower at USD18/bbl:** Refining segment implied EBITDA was INR 98bn in 4QFY26, below JMFe of INR 102bn due to slightly lower-than-expected reported GRM of USD 18/bbl versus JMFe of USD 18.4/bbl (we had assumed core GRM of USD 13.4/bbl and inventory gain of USD 5/bbl). In 4Q, MRPL's implied GRM was ~USD 12.5/bbl while CPCL's and HPCL's reported GRM was USD 13.8/bbl and USD 14.3/bbl, respectively. Throughput was also slightly lower than JMFe at 10.4mmt (10.5mmt in Q3FY26).
- Implied marketing EBITDA was also lower at INR 2.8bn versus JMFe of INR 6.6bn, despite slightly higher inventory gain of INR 12.8bn:** Our calculations suggest implied marketing EBITDA was also lower at INR 2.8bn versus JMFe of INR 6.6bn, despite slightly higher inventory gain of INR 12.8bn (versus JMFe of INR 11.7bn). This implies lower normalised marketing EBITDA of negative INR 700/tn (versus JMFe of negative INR 362/tn). Marketing sales volume was also a little below JMFe at 14.2mmt. However, market share was up 7bps QoQ at 24.7% in HSD and up 38bps QoQ at 26.9% in MS. Implied LPG net under-recovery was INR 13.4bn in Q4FY26 (INR 4.8bn in 3Q); hence, net negative LPG buffer was INR 123.2bn at end-Q4FY26 (INR 128.8bn at end-Q3FY26).
- Took another impairment of INR 43.5bn in 4Q; hence, reported PAT was significantly lower at INR 31.9bn:** BPCL took another impairment of INR 43.5bn in 4Q (had taken impairment of INR 17.7bn in Q4FY25 as well) in its 100% E&P subsidiary BPRL due to delay in output timeline from its Brazil blocks. So, reported PAT was significantly lower at INR 31.9bn. Adjusted PAT at INR 65bn was also below JMFe of INR 69bn (but higher than consensus of INR 60bn). Integrated gross margin was higher at USD 22.8/bbl of marketing sales volume versus JMFe of USD 19.7/bbl (USD 20.7/bbl in 3Q); but integrated reported EBITDA margin was lower at USD 10.5/bbl versus JMFe of USD 11.2/bbl (USD 12.3/bbl in 3Q).



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Recommendation and Price Target

Current Reco.	REDUCE
Previous Reco.	REDUCE
Current Price Target (12M)	285
Upside/(Downside)	-0.3%
Previous Price Target	285
Change	0.0%

Key Data – BPCL IN

Current Market Price	INR286
Market cap (bn)	INR1,242.8/US\$12.9
Free Float (%)	37.2
Shares in issue (mn)	4,338.5
Diluted share (mn)	4,338.5
3-mon avg daily val (mn)	INR4,340.4/US\$45.0
52-week range	INR392/267
Sensex/Nifty	75,201/23,618
INR/US\$	96.5

Price Performance

%	1M	6M	12M
Absolute	-8.2	-21.7	-9.7
Relative*	-4.2	-10.8	-2.5

*To the NSE Nifty 50

Financial Summary

	(INR mn)				
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E
Net Sales	5,005,175	5,228,204	5,900,720	5,416,861	5,635,702
Sales Growth (%)	-1.3	4.5	12.9	-8.2	4.0
EBITDA	254,014	412,022	244,597	299,470	308,851
EBITDA Margin (%)	5.1	7.9	4.1	5.5	5.5
Adjusted Net Profit	137,114	255,628	121,477	151,030	149,748
Diluted EPS (INR)	32.1	59.8	28.4	35.3	35.0
Diluted EPS Growth (%)	-48.8	86.4	-52.5	24.3	-0.8
ROIC (%)	13.5	24.0	10.2	10.9	9.6
ROE (%)	17.5	28.2	11.7	13.4	12.2
P/E (x)	8.7	4.8	10.1	8.1	8.2
P/B (x)	1.5	1.2	1.1	1.0	1.0
EV/EBITDA (x)	6.5	3.6	7.1	6.0	6.2
Dividend Yield (x)	3.5	6.1	3.5	4.3	4.2

Source: Company data, JM Financial. Note: Valuations as of May 19, 2026

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Q4FY26 conference call takeaways

i) Like HPCL/IOCL, BPCL's management also refrained from commenting on the possibility of fuel price hike/s in future. It added that Q1FY27 is challenging due to ongoing losses but is hopeful of moderation in crude prices by Jul-Aug'26.

ii) Crude supply has been secured till Jul'26; also, like HPCL and IOCL, BPCL's management said the challenge was only in terms of spike in crude price and not availability of crude. It highlighted that 45–46% of crude requirement was currently coming through term contracts (versus contracted ~55%) due to supply disruption in the Middle East; hence, this shortfall of 10% is also being met by spot purchases, most of it from Russia. Crude inventory was 26–27 days at end-Mar'26 (storage for 30 days maximum); product inventory is 20–22 days, while LPG inventory is usually for 15–20 days.

iii) Crude current landed cost is USD 10–12/bbl above Brent (versus USD 4–5/bbl pre-Iran war, but down from peak of USD 20–22/bbl in the last two months). Hence, current landed crude cost might be USD 120–122/bbl (versus Brent of USD 110–111/bbl), though it keeps changing.

iv) BPCL's crude sourcing from Russia rose to 31% in Q4FY26 and is at 40–41% currently (25% in Q3FY26); Russian crude is currently available at a premium versus discount last year.

v) Like HPCL/IOCL, BPCL also said LPG under-recovery was ~INR 100/cylinder in 4Q and had risen to INR 170/cylinder in Apr and INR 670/cylinder in May'26 (INR 35/cylinder in Q3FY26, INR 100/cylinder in Q2FY26 and INR 165/cylinder in Q1FY26) due to jump in freight cost and premium for spot purchase for LPG. It added that LPG supply from the US has started (from last year, LPG contract with the US for meeting 10% of India's requirement) and US LPG cost is usually USD 10–15/bbl +/- Saudi CP.

vi) FY27 capex guided at INR 250bn: a) INR 110bn on refining (PP project in KR, MR FCC project and Bina expansion project); b) INR 100bn on marketing; c) INR 20bn–25bn equity investment in BPRL E&P; and d) ~INR 20bn on CGD business.

vii) INR 490bn Bina petchem and refinery expansion project achieved overall progress of 23% (versus scheduled progress of 32%) – delayed due to the West Asia crisis; incurred capex of INR 47bn till date (total committed capex so far is INR 254bn) with all technology licensors and consultants onboarded, process packages received for all units, detailed engineering and procurement underway and key orders for long lead items (LLI) awarded. However, management highlighted that foreign component capex (USD denominated) is only ~INR 65bn (out of total project cost of ~INR 490bn), which can go up due to INR depreciation. It hopes to complete the project within +/-10% variation in project cost. Moreover, Kochi polypropylene project (85–90% of project packages already awarded) and INR 142bn FCC unit project at Mumbai Refinery (MR) are progressing steadily in line with the planned commissioning timelines and management doesn't foresee any cost escalation in these projects.

viii) Management highlighted that preparatory activities for 9mmtpa greenfield refinery cum petchem project in Andhra Pradesh are progressing as planned; environmental and technical studies have been completed and detailed engineering activities are underway. It also highlighted that the project was supported by strong incentives from Andhra Pradesh government.

ix) Impairment in BPRL due to Brazil assets as it took three years to finalise the FPSO project (delaying first oil and gas to 2031–22 versus earlier expectation of 2027–28); impairment is not due to Mozambique asset as it is progressing well and first LNG is expected in mid-2028.

x) Shared long-term strategy of building 6–7mmt crude production capacity from its E&P portfolio, led by key projects in Mozambique, Brazil and UAE. It also shared updates on key E&P projects:

a) Mozambique: Project resumed in full swing after lifting of force majeure, with ~42% project progress already completed and first LNG cargo expected by mid-CY28. This block has ~70tcf reserve potential, though current Phase-1 development is only for ~13tcf reserves.

b) Brazil: Development work has begun, with first oil expected in CY31 and gas by end-CY31. Total project capex would be ~USD 6.4bn, of which BPCL's share is ~40%. Management expects ~88kbpd production from the existing field; another similar-sized exploration potential exists in adjacent areas.

c) UAE: First oil discovery made; oil was also discovered in another project in UAE; development planning activities to commence.

Q4FY26 result review

Exhibit 1: Standalone quarterly snapshot

(INR mn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	QoQ (%)	YoY (%)
Net sales	1,281,034	1,179,174	1,275,205	1,268,649	1,295,779	1,215,709	1,366,231	1,348,964	(1.3)	6.3
Cost of goods	1,156,169	1,064,930	1,123,133	1,111,138	1,128,674	1,037,825	1,170,324	1,130,948	(3.4)	1.8
Employee expense	7,815	7,689	12,014	7,365	9,020	8,697	8,605	11,197	30.1	52.0
Other Expenses	60,545	61,434	64,254	72,498	61,454	71,415	70,533	106,211	50.6	46.5
EBITDA	56,505	45,121	75,804	77,649	96,631	97,773	116,768	100,608	(13.8)	29.6
EBITDA Margin %	4.4%	3.8%	5.9%	6.1%	7.5%	8.0%	8.5%	7.5%	-109bps	134bps
Depreciation	16,808	17,729	18,042	19,746	18,818	19,516	19,723	20,384	3.3	3.2
EBIT	39,697	27,392	57,763	57,903	77,813	78,256	97,045	80,224	(17.3)	38.5
Other income	5,058	9,239	8,285	7,930	7,487	11,907	7,501	10,637	41.8	34.1
Interest expenses	4,435	4,695	4,286	5,469	3,735	4,208	3,607	4,791	32.8	(12.4)
Extraordinary	-	-	-	17,739	-	-	-	43,491	-	-
PBT	40,320	31,936	61,762	42,625	81,565	85,956	100,940	42,580	(57.8)	(0.1)
Tax expense	10,173	7,964	15,270	10,485	20,326	21,530	25,487	10,665	(58.2)	1.7
Effective tax rate (%)	25.2	24.9	24.7	24.6	24.9	25.0	25.2	25.0	(0.8)	1.8
PAT	30,148	23,972	46,492	32,141	61,239	64,425	75,453	31,915	(57.7)	(0.7)
EPS (INR)	7.1	5.6	10.9	7.5	14.3	15.1	17.7	7.5	(57.7)	(0.7)
Forex gain/(loss)	(30)	(370)	(2,730)	(450)	200	(5,610)	(1,670)	(9,360)	-	-
Debt/capex details										
Standalone Gross Debt excl. lease liabilities (INR Mn)	152,102	215,285	196,221	321,180	107,090	122,620	52,930	104,801	-	-
Consolidated Gross Debt excl. lease liabilities (INR Mn)	422,168	491,869	465,563	510,609	394,518	430,733	368,988	434,819	-	-
Standalone Net Debt excl. lease liabilities (INR Mn)	-	124,806	-	227,351	-	(3,720)	-	(64,019)	-	-
Consolidated Net Debt excl. lease liabilities (INR Mn)	-	387,910	-	405,853	-	293,295	-	293,214	-	-
Cons capex (as per cashflow statement)	24,001	24,001	42,712	42,712	24,733	24,733	55,045	55,045	-	-
FCF (PAT+Dep-Capex)	21,276	16,758	13,445	21,027	62,547	56,763	36,626	21,508	-	-
Cons Working Cap at EoP (Inv + Debtor - Creditor)	-	259,867	-	239,701	-	244,389	-	156,302	-	-

Source: Company, JM Financial

Exhibit 2: Consolidated quarterly snapshot

(INR mn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	QoQ (%)	YoY (%)
Net sales	1,281,064	1,179,488	1,275,506	1,269,162	1,296,147	1,216,047	1,366,531	1,349,479	(1.2)	6.3
Cost of goods	1,156,215	1,064,953	1,123,128	1,111,130	1,128,681	1,037,832	1,170,320	1,130,950	(3.4)	1.8
Employee expense	7,855	7,731	12,076	7,434	9,074	8,744	8,656	11,270	30.2	51.6
Other Expenses	60,728	61,632	65,046	73,234	61,613	71,859	70,690	106,494	50.7	45.4
EBITDA	56,266	45,171	75,256	77,365	96,779	97,612	116,866	100,765	(13.8)	30.2
EBITDA Margin %	4.4%	3.8%	5.9%	6.1%	7.5%	8.0%	8.6%	7.5%	-109bps	137bps
Depreciation	16,861	17,786	18,098	19,821	18,890	19,581	19,786	20,307	2.6	2.4
EBIT	39,405	27,385	57,158	57,544	77,890	78,031	97,080	80,458	(17.1)	39.8
Other income	5,705	6,975	6,078	8,046	7,497	9,528	6,457	9,506	47.2	18.1
Interest expenses	8,890	9,227	8,613	9,185	7,577	8,333	6,574	7,051	7.2	(23.2)
Extraordinary	1,425	753	595	1,011	674	1,659	1,667	108	-	-
PBT	34,795	24,379	54,028	55,393	77,136	77,567	95,296	82,805	(13.1)	49.5
Tax expense	10,174	7,964	15,270	15,049	20,327	21,531	25,488	22,132	(13.2)	47.1
Effective tax rate (%)	29.2	32.7	28.3	27.2	26.4	27.8	26.7	26.7	(0.1)	(1.6)
Net Profit	24,622	16,414	38,758	40,344	56,809	56,036	69,808	60,673	(13.1)	50.4
Share of profit of associate/JVs	3,794	6,558	(698)	3,574	11,581	5,879	2,076	(4,428)	-	-
Minority interest	-	-	-	-	-	-	-	-	-	-
Reported Profit	28,415	22,972	38,059	43,918	68,390	61,915	71,884	56,245	-	-
EPS (INR)	6.7	5.4	8.9	10.3	16.0	14.5	16.8	13.2	-22%	NM

Source: Company, JM Financial

Exhibit 3: Standalone core EBITDA breakdown

(INR mn)	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	QoQ (%)	YoY (%)
EBITDA (incl inv gains)*										
Refining	30,126	8,925	15,398	41,757	12,322	49,100	70,581	97,801	39%	134%
Marketing	26,378	36,197	60,406	35,892	84,309	48,673	46,187	2,807	-94%	-92%
Total	56,505	45,121	75,804	77,649	96,631	97,773	116,768	100,608	-14%	30%
Inventory gain**										
Refining	-3,099	-8,861	-4,738	8,082	-13,109	-631	-6,197	34,945	-664%	332%
Marketing	4,070	-11,130	-7,220	5,230	-8,350	8,950	-4,930	12,750	NM	NM
Total	971	-19,991	-11,958	13,312	-21,459	8,319	-11,127	47,695	-529%	258%
Implied core EBITDA										
Refining	33,226	17,786	20,136	33,675	25,431	49,731	76,778	62,856	-18%	87%
Marketing	22,308	47,327	67,626	30,662	92,659	39,723	51,117	-9,943	-119%	-132%
Total	55,534	65,113	87,762	64,337	118,090	89,454	127,895	52,913	-59%	-18%
Forex gain/(loss)	-30	-370	-2730	-450	200	-5610	-1670	(9,360)		
Core EBITDA adjusted for forex gain/(loss)	55,564	65,483	90,492	64,787	117,890	95,064	129,565	62,273	-52%	-4%

Source: Company, JM Financial. * EBITDA (incl inv gains) is based on our assumptions since 3QFY21 ** company has stopped inventory gain disclosures since 1QFY22. Hence, it is based on our assumptions

Exhibit 4: Standalone operational details

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26	QoQ (%)	YoY (%)
Refining segment										
Crude throughput (mmt)										
Mumbai Refinery	3.8	4.1	3.6	4.1	3.9	4.2	4.0	4.0	-1%	-2%
Kochi Refinery	4.4	4.4	3.9	4.5	4.5	4.3	4.5	4.4	-3%	-3%
Bina refinery	1.9	1.7	2.1	2.0	2.0	1.4	2.0	2.1		
Total	10.1	10.3	9.5	10.6	10.4	9.8	10.5	10.4	-1.0%	-2%
Reported GRM (USD/bbl)										
Total	7.9	4.4	5.6	9.2	4.9	10.8	13.3	18.0	36%	96%
Inventory gain/(loss) (USD/bbl)*										
Total	-0.5	-1.4	-0.8	1.2	-2.0	-0.1	-0.9	5.0		
Core GRM (USD/bbl)										
Total	8.4	5.8	6.4	8.0	6.9	10.9	14.2	13.0	-8%	62%
Spore Dubai GRM (USD/bbl)	3.5	3.6	5.0	3.1	5.6	4.1	6.4	9.4	47%	203%
Crude inventory gain/(loss) (INR mn)*	(3,099)	(8,861)	(4,738)	8,082	(13,109)	(631)	(6,197)	34,945		
Crude inventory gain/(loss) (USD/bbl)*	-0.5	-1.4	-0.8	1.2	-2.0	-0.1	-0.9	5.0		
Distillate Yield	84.6%	84.3%	84.9%	83.6%	85.0%	85.1%	84.0%	83.9%		
High Sulphur as a % of total crude	77.0%	76.0%	76.0%	78.0%	76.0%	75.0%	78.0%	76.0%		
Marketing segment										
Implied Marketing normalised EBITDA (INR/ton)	1,661	3,700	4,940	2,235	6,604	3,049	3,538	(700)		
Marketing inventory gain/(loss) (INR Mn)	4,070	(11,130)	(7,220)	5,230	(8,350)	8,950	(4,930)	12,750		
Marketing inventory gain/(loss) (USD/bbl)	0.5	-1.4	-0.8	0.6	-0.9	1.1	-0.5	1.2		
Sales volume including exports (mmt)	13.4	12.8	13.7	13.7	14.0	13.0	14.5	14.2	-1.7%	3.6%
BPCL implied domestic market share (%)										
MS	26.8%	27.0%	26.8%	26.9%	26.7%	26.7%	26.5%	26.9%		
HSD	25.3%	25.9%	25.3%	25.5%	24.4%	24.9%	24.7%	24.7%		
SKO	32.2%	35.8%	19.3%	20.1%	28.5%	28.0%	23.5%	25.1%		
LPG	27.0%	27.8%	27.7%	28.0%	27.5%	28.0%	27.6%	27.3%		
ATF	24.2%	23.3%	21.0%	19.4%	23.7%	23.8%	23.5%	24.2%		
Others	10.6%	11.4%	11.1%	12.4%	12.1%	12.2%	13.6%	12.9%		
Total domestic	21.5%	22.2%	21.8%	22.2%	22.0%	22.3%	22.6%	22.3%		
Integrated Gross margin (USD/bbl of marketing sales volume)	15.2	14.5	17.9	18.0	18.9	21.2	20.7	22.8		
Integrated Reported EBITDA margin (USD/bbl of marketing sales volume)	6.9	5.7	8.9	8.9	10.9	11.7	12.3	10.5		

Source: Company, JM Financial. * based on total implied reported refining and marketing EBITDA divided by total refining and marketing volume ** company has stopped inventory gain disclosures since 1QFY22. Hence, it is based on our assumptions; ***based on assumed inventory gains

Assumptions and Estimates

Exhibit 5: Key assumptions

	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E	Comments
Marco assumptions									
Brent (USD/bbl)	80.0	95.4	83.1	78.9	70.4	85.0	75.0	75.0	
Exchange rate (INR/USD)	74.5	80.4	82.8	84.6	88.3	93.0	94.9	96.8	
Implied integrated Reported EBITDA margin (INR/ton of marketing sales volume)	4,389	2,182	8,447	4,756	7,337	4,314	5,157	5,191	Based on reported EBITDA of both refining & marketing segment divided by marketing sales volume
Refining segment									
Margins (USD/bbl)									
Spore Dubai GRM	5.0	10.8	6.6	3.8	6.3	8.0	6.0	6.0	
GRM for consolidated business	9.7	20.2	14.1	6.8	11.7	10.2	8.2	8.2	
Implied inventory gain/(loss) on refining	1.9	-1.0	0.0	-0.5	0.6	0.0	0.0	0.0	0.0 Not factoring any inventory loss/gain going forward Assumed core GRM is ~USD 2/bbl higher than Spore Dubai GRM due to higher complexity of M/R and Bina refinery
Implied consolidated core GRM	7.8	21.2	14.1	7.3	11.2	10.2	8.2	8.2	
Consolidated reported GRM differential to Spore Dubai GRM	4.7	9.5	7.6	3.0	5.4	2.2	2.2	2.2	
Consolidated core GRM differential to Spore Dubai GRM	2.8	10.5	7.6	3.5	4.9	2.2	2.2	2.2	
Crude throughput (m mtpa)									
Mumbai refinery	14.4	14.7	15.2	15.6	16.1	16.4	16.8	17.1	
Kochi refinery	15.4	16.1	17.5	17.2	17.7	18.0	18.4	18.7	
Bina refinery	7.4	7.8	7.2	7.7	7.4	7.5	7.7	7.8	
Total consolidated	37.2	38.5	39.9	40.5	41.2	42.0	42.8	43.7	
Refining capacity (m mtpa)									
Mumbai refinery	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	
Kochi refinery	15.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5	
Bina refinery	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	
Total consolidated	31.4	31.4	35.3	35.3	35.3	35.3	35.3	35.3	
Refinery utilisation (%)									
Mumbai refinery	120	122	127	130	134	137	140	142	
Kochi refinery	99	104	113	111	114	116	119	121	
Bina refinery	95	99	92	99	95	97	98	100	
Overall utilisation	119	123	113	115	117	119	121	124	
Refining cover (%)	83%	77%	76%	76%	74%	74%	74%	73%	
Marketing segment									
Margins									
Implied gross marketing margin on autofuel (INR/litre)	2.7	-4.8	4.6	6.2	5.5	1.5	4.0	4.0	4.0 Margin to normalise at INR 4.0/ltr from FY28 onwards
Implied gross marketing margin overall (INR/ton)	3,062	(2,713)	5,207	4,742	5,416	2,996	4,305	4,299	
Implied net marketing margin overall (INR/ton)	432	(4,953)	3,397	3,131	3,115	1,158	2,466	2,458	
Volume									
Volume break-up (m mtpa)									
MS sales volume	8.1	9.6	10.1	10.8	11.4	11.8	12.3	12.8	
HSD sales volume	18.8	22.8	23.2	23.3	23.4	23.4	23.5	23.6	
Other product sales volume	17.7	17.8	18.9	19.6	21.0	21.4	22.3	23.1	
Total sales volume	44.6	50.2	52.2	53.6	55.7	56.7	58.1	59.5	
Volume growth (YoY)									
MS sales volume	13.1%	17.9%	5.3%	6.3%	5.9%	4.0%	4.0%	4.0%	Steady volume growth going forward
HSD sales volume	7.6%	21.4%	1.5%	0.4%	0.3%	0.3%	0.3%	0.3%	
Other product sales volume	10.4%	0.7%	6.3%	3.6%	7.1%	2.1%	3.9%	3.9%	
Total sales volume	9.7%	12.5%	3.9%	2.7%	3.9%	1.7%	2.4%	2.5%	

Source: JM Financial, Company

Exhibit 6: Changes in estimates

	New	Old	Divergence
TP (INR)	285	285	0%
Rating	REDUCE	REDUCE	
EBITDA (INR Mn)			
FY27	244,597	247,549	-1.2%
FY28	299,470	301,943	-0.8%
PAT (INR Mn)			
FY27	121,477	122,647	-1.0%
FY28	151,030	154,704	-2.4%
EPS (INR)			
FY27	28.4	28.7	-1.0%
FY28	35	36.2	-2.4%

Source: JM Financial

Valuation

Exhibit 7: BPCL's SOTP valuation

SOTP Valuation			Value (INR Bn)	Value (INR/share)	Comment
Core business	FY28 EBITDA (INR Bn)	EV/EBITDA multiple (x)			
Refining segment	156	5.5	860	202	Refining EBITDA based on GRM of USD8.2/bbl from FY28
Marketing segment	143	5.5	787	185	Marketing EBITDA based on historical auto-fuel GMM of INR 4.0/ltr from FY28
Core business			1,647	387	
Less: Net debt			562	132	
Core business equity value (a)			1,085	255	
Other investments	No of shares (Mn)	CMP less 20% discount (INR/sh)			
PLNG (12.5% stake)	188	212	40	9	At 20% discount to CMP
IGL (22.5% stake)	158	124	20	5	At 20% discount to CMP
Oil India (2.47% stake)	40	408	16	4	At 20% discount to CMP
MNGL (22.5% stake)			22	5	Valued at 15x FY25 PAT
Sabarmati Gas (49.94% stake)			21	5	Valued at 15x FY25 PAT
CUGL (25% stake)			3	1	Valued at 15x FY25 PAT
Total other investments (e)			121	30	
Equity value (d+e)				285	

Source: JM Financial

If FY28 core GRM changes by +/- USD1.0/bbl, our valuation will change by +/- INR 21/share (or +/-7.3%).

Exhibit 8: Valuation sensitivity to refining business parameters

		Crude Throughput (mmtpa)						
		33.6	34.1	34.6	35.1	35.6	36.1	36.6
Core GRM (USD/bbl)	6.7	219	220	221	222	223	224	225
	7.2	240	241	242	243	244	246	247
	7.7	260	261	263	264	266	267	269
	8.2	280	282	283	285	287	289	290
	8.7	300	302	304	306	308	310	312
	9.2	321	323	325	327	329	331	334
	9.7	341	343	346	348	350	353	355

Source: Company, JM Financial

If FY28 auto fuel gross marketing margin (GMM) changes by +/-INR 0.5/ltr, our valuation will change by +/-INR 31/share (+/-11%).

Exhibit 9: Valuation sensitivity to marketing business parameters

		Auto fuel marketing sales volume (mmtpa)						
		30.4	32.2	34.0	35.8	37.6	39.4	41.2
Auto fuel GMM (INR/ltr)	7.0	421	439	456	473	490	507	525
	6.0	368	382	396	410	424	439	453
	5.0	315	326	337	348	359	370	381
	4.0	262	270	277	285	293	301	309
	3.0	209	213	218	223	227	232	237
	2.0	155	157	158	160	162	163	165
	1.0	102	101	99	97	96	94	93

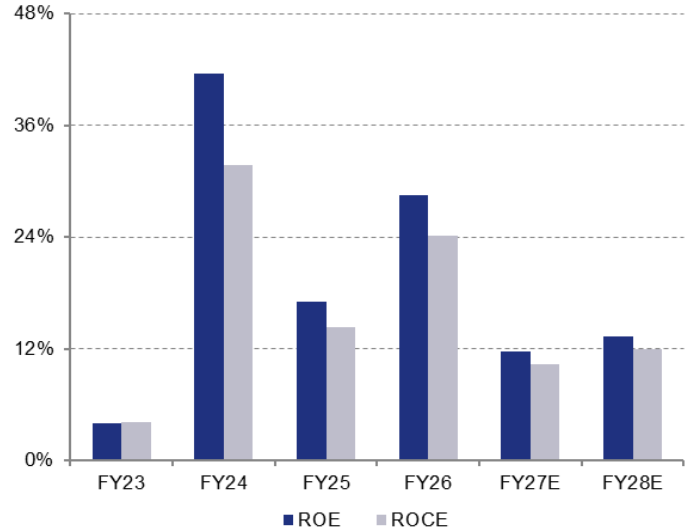
Source: Company, JM Financial

Exhibit 10: 1Y forward PB chart



Source: JM Financial, Company

Exhibit 11: RoE versus RoCE



Source: JM Financial, Company

Exhibit 12: Refiners valuation comparison

Company	EV/EBITDA (x)			EBITDA Margins (%)			P/E (x)			P/B (x)			ROE (%)		
	FY26/CY25	FY27/CY26	FY28/CY27	FY26/CY25	FY27/CY26	FY28/CY27	FY26/CY25	FY27/CY26	FY28/CY27	FY26/CY25	FY27/CY26	FY28/CY27	FY26/CY25	FY27/CY26	FY28/CY27
US peers															
Valero Energy	12.0	6.5	8.4	6.0	9.9	8.0	25.8	10.5	13.3	3.4	3.1	2.9	11.8	28.9	21.2
Marathon Petroleum	10.3	6.6	7.6	8.5	11.6	10.8	26.8	9.7	12.0	4.7	4.3	4.0	15.8	36.8	30.3
US peers average	11.2	6.6	8.0	7.3	10.7	9.4	26.3	10.1	12.6	4.0	3.7	3.4	13.8	32.8	25.7
European peers															
Galp Energia	5.7	4.3	4.7	15.1	16.2	16.5	13.7	10.6	11.6	3.1	2.8	2.5	22.4	29.2	23.5
Motor Oil Hellas	4.7	4.8	5.8	10.1	9.0	7.5	5.2	6.4	7.9	1.2	1.1	1.0	23.1	20.0	11.7
PKN Orlen	4.8	4.1	4.1	14.1	14.8	15.5	12.8	9.1	10.0	1.1	1.0	1.0	8.6	13.0	9.6
MOL Hungarian oil & gas plc	4.0	4.2	4.1	13.2	11.9	12.7	8.1	8.5	7.5	0.7	NM	NM	9.1	8.6	9.7
OMV Ag	4.8	3.9	4.3	22.9	27.7	26.7	11.1	8.0	8.9	1.3	1.2	1.2	9.7	15.9	12.6
European peers average	4.8	4.3	4.6	13.1	13.7	15.8	10.2	8.5	9.2	1.5	1.5	1.4	13.5	15.0	13.4
Asian peers															
SK Innovation	16.7	9.9	9.8	4.6	6.9	7.2	NM	NM	NM	0.8	0.8	0.8	-5.1	3.9	3.5
GS Holdings	6.4	4.5	5.0	12.4	16.7	14.9	9.6	6.0	7.6	0.5	0.5	0.4	5.2	7.6	5.8
MRPL	5.8	6.4	7.2	7.8	5.7	5.6	NM	NM	10.3	1.7	1.5	1.3	18.8	13.5	13.7
CPCL	7.7	12.2	12.4	3.5	2.2	2.1	NM	NM	NM	1.5	1.4	1.3	26.2	19.7	13.3
BPCL	4.1	5.4	5.1	9.0	6.3	6.6	4.8	7.3	6.9	1.2	1.1	1.0	28.2	16.9	15.6
HPCL	5.0	7.8	5.7	6.7	3.7	5.2	4.8	12.0	6.3	1.3	1.2	1.0	28.4	13.3	17.9
IOCL	4.4	5.5	5.2	9.4	6.9	7.3	5.5	7.6	6.6	0.9	0.8	0.8	18.9	10.4	11.4
Asian peers average ex- RIL	7.1	7.4	7.2	7.6	6.9	7.0	6.2	8.2	7.5	1.1	1.0	0.9	17.2	12.2	11.6
Global peers average ex- RIL	6.9	6.1	6.4	9.8	10.1	10.5	11.7	8.7	9.1	1.7	1.6	1.5	15.3	16.1	14.3
Global peers median ex- RIL	5.3	5.4	5.4	9.0	9.0	7.8	9.6	8.5	8.4	1.2	1.2	1.0	15.8	13.5	12.9

Source: Bloomberg

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E	
Net Sales	5,005,175	5,228,204	5,900,720	5,416,861	5,635,702	
Sales Growth (%)	-1.3	4.5	12.9	-8.2	4.0	
Other Operating Income	-	-	-	-	-	
Total Revenue	5,005,175	5,228,204	5,900,720	5,416,861	5,635,702	
Cost of Goods Sold/Op. Exp	-	-	-	-	-	
Personnel Cost	-	-	-	-	-	
Other Expenses	4,751,161	4,816,183	5,656,123	5,117,390	5,326,851	
EBITDA	254,014	412,022	244,597	299,470	308,851	
EBITDA Margin (%)	5.1	7.9	4.1	5.5	5.5	
EBITDA Growth (%)	-42.4	62.2	-40.6	22.4	3.1	
Depn. & Amort.	72,567	78,564	87,422	96,403	105,383	
EBIT	181,447	333,458	157,175	203,068	203,468	
Other Income	26,847	32,988	30,026	30,627	31,239	
Finance Cost	35,914	29,535	22,101	30,264	34,012	
PBT before Excep. & Forex	172,380	336,911	165,100	203,431	200,695	
Excep. & Forex Inc./Loss(-)	-3,784	-4,107	-	-	-	
PBT	168,596	332,804	165,100	203,431	200,695	
Taxes	44,709	92,285	42,926	52,892	52,181	
Extraordinary Inc./Loss(-)	3,749	-2,807	-	-	-	
Assoc. Profit/Min. Int.(-)	13,227	15,109	-697	491	1,233	
Reported Net Profit	140,863	252,821	121,477	151,030	149,748	
Adjusted Net Profit	137,114	255,628	121,477	151,030	149,748	
Net Margin (%)	2.7	4.9	2.1	2.8	2.7	
Diluted Share Cap. (mn)	4,273	4,273	4,273	4,273	4,273	
Diluted EPS (INR)	32.1	59.8	28.4	35.3	35.0	
Diluted EPS Growth (%)	-48.8	86.4	-52.5	24.3	-0.8	
Total Dividend + Tax	42,726	74,770	42,761	52,689	51,980	
Dividend Per Share (INR)	10.0	17.5	10.0	12.3	12.2	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E	
Profit before Tax	168,596	332,804	165,100	203,431	200,695	
Depn. & Amort.	72,567	78,564	87,422	96,403	105,383	
Net Interest Exp. / Inc. (-)	19,744	10,355	-7,925	-363	2,773	
Inc (-) / Dec in WCap.	9,068	90,299	-146,984	24,859	-11,243	
Others	6,701	76,113	-	-	-	
Taxes Paid	-39,897	-80,444	-42,926	-52,892	-52,181	
Operating Cash Flow	236,778	507,690	54,687	271,437	245,427	
Capex	-133,426	-159,555	-254,497	-293,155	-291,823	
Free Cash Flow	103,352	348,135	-199,810	-21,717	-46,396	
Inc (-) / Dec in Investments	158,877	-59,452	151,793	1,757	1,722	
Others	-217,252	-41,666	30,026	30,627	31,239	
Investing Cash Flow	-191,800	-260,672	-72,678	-260,771	-258,862	
Inc / Dec (-) in Capital	-	-	-	-	-	
Dividend + Tax thereon	-	-	-	-	-	
Inc / Dec (-) in Loans	47,275	-107,890	89,206	92,176	85,604	
Others	-109,681	-141,508	-64,862	-82,952	-85,992	
Financing Cash Flow	-62,406	-249,397	24,344	9,224	-388	
Inc / Dec (-) in Cash	-17,428	-2,379	6,353	19,890	-13,823	
Opening Cash Balance	23,007	5,579	3,200	9,552	29,443	
Closing Cash Balance	5,579	3,200	9,553	29,443	15,619	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E Mar	FY25A	FY26A	FY27E	FY28E	FY29E	
Shareholders Fund	813,841	1,001,703	1,081,116	1,178,966	1,275,500	
Share Capital	42,726	42,726	42,726	42,726	42,726	
Reserves & Surplus	771,115	958,977	1,038,390	1,136,240	1,232,774	
Preference Share Capital	-	-	-	-	-	
Minority Interest	-	-	-	-	-	
Total Loans	510,609	434,819	524,025	616,201	701,805	
Def. Tax Liab. / Assets (-)	82,927	81,993	81,993	81,993	81,993	
Other non-current liabilities / Lease Liabilities	-	-	-	-	-	
Total - Equity & Liab.	1,324,450	1,436,522	1,605,141	1,795,167	1,977,305	
Net Fixed Assets	1,150,149	1,265,349	1,432,424	1,629,177	1,815,617	
Gross Fixed Assets	1,302,551	1,431,074	1,591,074	1,751,074	1,911,074	
Intangible Assets	-	-	-	-	-	
Less: Depn. & Amort.	416,269	494,833	582,255	678,657	784,040	
Capital WIP	263,868	329,108	423,605	556,759	688,583	
Investments	327,852	451,682	299,889	298,132	296,410	
Current Assets	705,821	769,129	1,013,445	966,055	982,661	
Inventories	452,652	533,040	691,161	634,486	660,119	
Sundry Debtors	93,390	49,805	129,646	119,041	123,838	
Cash & Bank Balances	5,579	3,200	9,552	29,443	15,619	
Loans & Advances	-	-	-	-	-	
Other Current Assets	154,200	183,085	183,085	183,085	183,085	
Current Liab. & Prov.	776,446	967,646	1,058,625	1,016,204	1,035,390	
Current Liabilities	306,341	426,542	517,521	475,101	494,287	
Provisions & Others	470,105	541,103	541,103	541,103	541,103	
Net Current Assets	-70,625	-198,517	-45,180	-50,149	-52,729	
Other Non Current Assets/ROU Assets	-	-	-	-	-	
Total - Assets	1,324,450	1,436,522	1,605,140	1,795,167	1,977,305	

Source: Company, JM Financial

Dupont Analysis		FY25A	FY26A	FY27E	FY28E	FY29E
Y/E Mar						
Net Margin (%)		2.7	4.9	2.1	2.8	2.7
Asset Turnover (x)		3.7	3.6	3.7	3.0	2.9
Leverage Factor (x)		1.7	1.6	1.5	1.6	1.6
RoE (%)		17.5	28.2	11.7	13.4	12.2

Source: Company, JM Financial

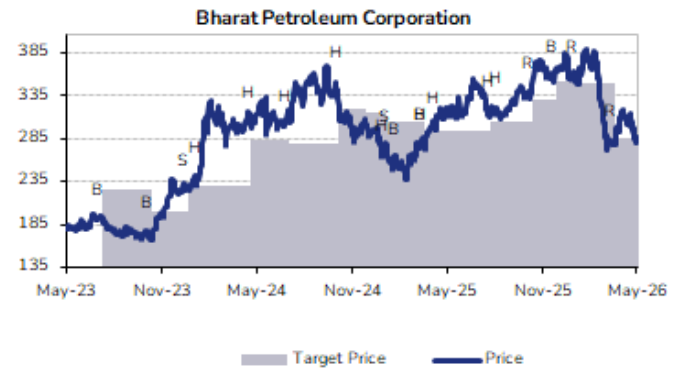
Key Ratios		FY25A	FY26A	FY27E	FY28E	FY29E
Y/E Mar						
BV/Share (INR)		190.5	234.4	253.0	275.9	298.5
ROIC (%)		13.5	24.0	10.2	10.9	9.6
ROE (%)		17.5	28.2	11.7	13.4	12.2
Net Debt/Equity (x)		0.5	0.3	0.5	0.5	0.5
P/E (x)		8.7	4.8	10.1	8.1	8.2
P/B (x)		1.5	1.2	1.1	1.0	1.0
EV/EBITDA (x)		6.5	3.6	7.1	6.0	6.2
EV/Sales (x)		0.3	0.3	0.3	0.3	0.3
Debtor days		7	3	8	8	8
Inventory days		33	37	43	43	43
Creditor days		24	32	33	34	34

Source: Company, JM Financial

Recommendation History Table

Date	Recommendation	Target Price	% Chg.
7-Apr-26	Reduce	285	-18.7
23-Jan-26	Reduce	350	0.0
17-Dec-25	Buy	350	6.2
31-Oct-25	Reduce	330	8.4
28-Aug-25	Hold	305	0.0
13-Aug-25	Hold	305	3.4
29-Apr-25	Hold	295	0.0
7-Apr-25	Hold	295	0.0
6-Apr-25	Buy	295	-3.4
14-Feb-25	Buy	305	0.0
29-Jan-25	Sell	305	0.0
22-Jan-25	Hold	305	-3.2
13-Dec-24	Hold	315	-1.5
25-Oct-24	Hold	320	14.4
19-Jul-24	Hold	280	-1.1
9-May-24	Hold	283	22.8
29-Jan-24	Hold	230	2.4
8-Jan-24	Sell	225	12.5
28-Oct-23	Buy	200	-11.3
26-Jul-23	Buy	225	

Recommendation History Chart



APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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