RESULT REVIEW

BUY
TP: Rs 363 | ⮝ 17%

BHARAT PETROLEUM CORPORATION

| Oil & Gas | 23 July 2026

Performance above expectations on better Refining margins

- **Revenue grew by 34.4%YoY while reported EBITDA loss due to marketing segment losses**
- **Positive on the volume growth. However, environment is challenging due to volatility in crude prices, cracks and negative retail margins**
- **Maintain BUY; Considering the challenging outlook on retail margin due to elevated crude prices, reduce TP to Rs363 from Rs368**

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Results above expectation: Bharat Petroleum Corporation (BPCL)'s standalone revenue came at Rs1,512bn (+34.4%YoY, +27.5%QoQ), and was 27.2% above our estimates. EBITDA reported a loss at Rs40bn vs profit of Rs96bn in Q1FY26 and was lower than our estimated EBITDA loss. Consolidated revenue came in at Rs1,512bn (+34.4%YoY, +27.4%QoQ). EBITDA loss came in at Rs40bn. Numbers came above estimates, due to better-than-expected refining margins.

Refining performance: GRM came at USD41.4/bbl vs USD4.9/bbl in Q1FY26 — a growth of 148.6%YoY due to higher product cracks. GRM was USD18.1 in Q4FY26. Crude brent price for Q1FY27 averaged USD105/bbl, up by USD37/bbl YoY. It was USD76/bbl in Q4FY26. Cracks improved YoY: Petrol cracks stood at USD25.0/bbl vs USD12.0 in Q1FY26. HSD (Diesel) cracks at USD50.0 vs USD15.6 in Q1FY26.

Marketing business: Domestic sales volumes were 13.6mnt (+0.3%YoY, -1.7%QoQ). Exports volumes stood at 0.5mnt (+13.3%YoY, +45.7%QoQ).

Outlook on growth: BPCL has ongoing projects of Bina expansion and Kochi petchem, aimed for commissioning by May'28. The company is putting up a greenfield refinery of 9mnt in Andhra Pradesh (AP), which will benefit over long term. E&P business will likely witness a boost, with the first LNG production expected in FY29. We expect volume growth to be maintained. The company has been managing a reduced supply of crude from the Middle East by diversifying sources. Challenges exist in the near term, owing to the volatility in crude prices, logistics cost and product cracks.

Maintain BUY; reduce TP: We are positive on the business growth. Maintain BUY, however considering the volatility on crude prices & weak retail margins and rollover to June 28 EBITDA — we reduce TP to Rs363 from Rs368, based on 5.5x EV/EBITDA on the core business plus the value of investments and Exploration & Production (E&P) business.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	BPCL IN/Rs 310
Market cap	US$ 14.2bn
Free float	47%
3M ADV	US$ 30.6mn
52wk high/low	Rs 392/Rs 267
Promoter/FPI/DII	53%/17%/21%

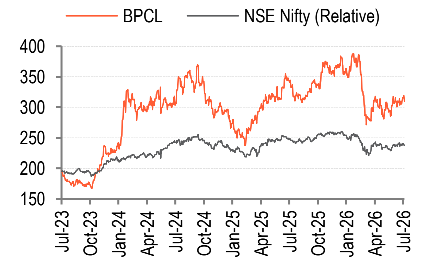
Source: NSE | Price as of 23 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	4,552,280	5,271,960	5,142,915
EBITDA (Rs mn)	412,022	171,490	291,003
Adj. net profit (Rs mn)	262,542	76,416	154,074
Adj. EPS (Rs)	61.4	17.9	36.1
Adj. ROAE (%)	28.9	7.4	14.0
Adj. P/E (x)	5.0	17.3	8.6
EV/EBITDA (x)	4.0	9.6	5.9
Adj. EPS growth (%)	91.4	(70.9)	101.6

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance (Consol.)

(Rs mn)	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YoY (%)
Revenue	**1,512,770**	**1,187,009**	**27.4**	**1,125,515**	**34.4**
EBITDA	**(40,548)**	**100,765**	**-**	**96,779**	**-**
EBITDA margin (%)	*-2.7*	*8.5*	-	*8.6*	-
Depreciation	20,690	20,307	1.9	18,890	9.5
Interest	6,269	7,051	(11.1)	7,577	(17.3)
Other income	12,493	9,506	31.4	7,497	66.6
PBT	(55,013)	82,913	-	77,810	-
Tax	(13,429)	22,132	-	20,327	-
Reported PAT	**(18,727)**	**56,245**	**(133.3)**	**68,390**	**(127.4)**
Exceptional item	18,846	(108)	-	(674)	-
Adjusted PAT	*(37,573)*	*56,353*	-	*69,064*	-
Adj. PATM (%)	*(1.2)*	*4.7*	-	*6.1*	-
Reported EPS (Rs)	(4.4)	13.2	-	16.0	-
Adjusted EPS (Rs)	**(8.8)**	**13.2**	**-**	**16.2**	**-**

Source: Company

Fig 2 – Quarterly performance (Standalone)

(Rs mn)	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YoY (%)
Revenue	1,512,293	1,186,494	27.5	1,125,147	34.4
EBITDA	(40,774)	100,608	-	96,631	-
EBITDA margin(%)	*(2.7)*	*8.5*	-	*8.6*	-
Reported PAT	(39,621)	31,915	-	61,239	-

Source: Company

Fig 3 – Q1FY27 Actual vs Estimates (Standalone)

Particulars	Q1 Actual	Estimates	VAR (%)
Revenue (Rs mn)	1,512,293	1,188,867	27.2
EBITDA (Rs mn)	(40,774)	(74,581)	-
EBITDA margin (%)	(2.7)	(6.3)	57bps
PAT (Rs mn)	(39,621)	(62,410)	-
EPS (Rs)	(9.3)	(14.6)	-

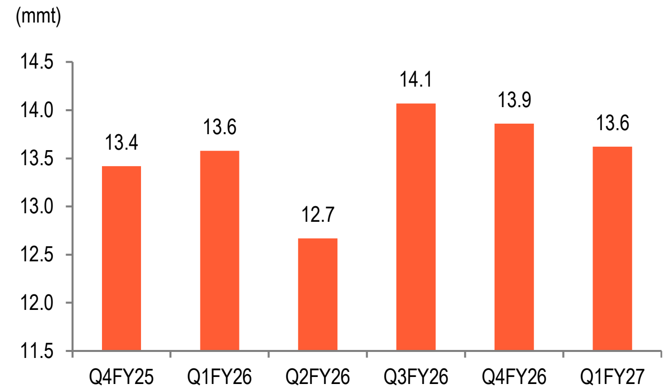
Source: Company, BOBCAPS Research

Fig 4 – Business performance

Particulars	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YoY (%)
Domestic Sales 9mnt)	13.6	13.9	(1.7)	13.6	0.3
Export sales (mnt)	0.5	0.4	45.7	0.5	13.3
Refinery throughput (mnt)	10.2	10.4	(2.4)	10.4	(2.6)
Average gross refining margin ($/bbl)	**41.4**	**18.1**	**129.4**	**4.9**	**748.6**

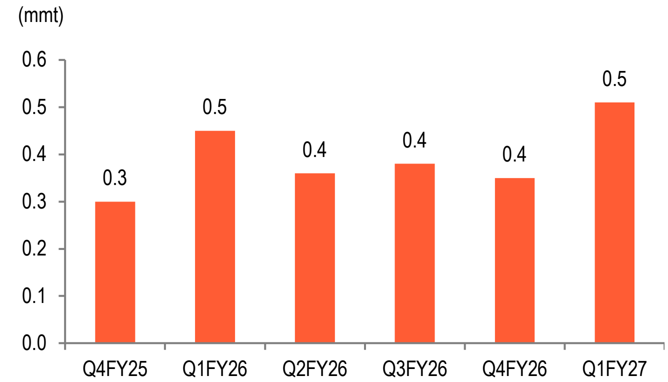
Source: Company

Fig 5 – Domestic sales volumes



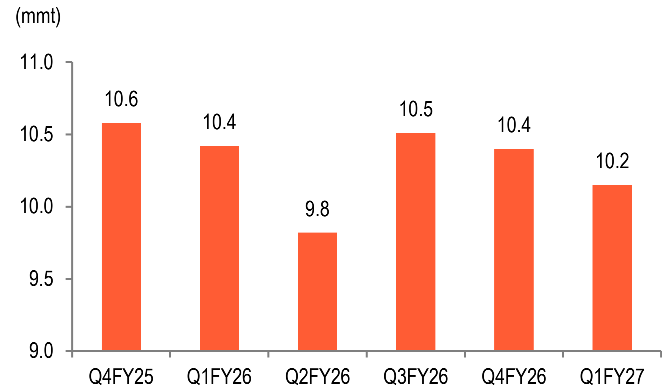
Source: Company

Fig 6 – Export sales volumes



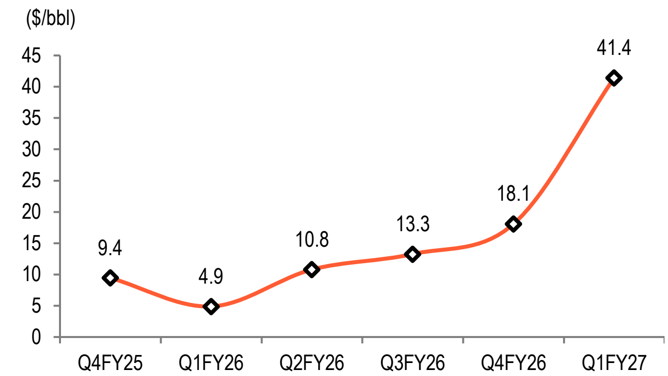
Source: Company

Fig 7 – Refining throughput



Source: Company

Fig 8 – Average gross refining margin



Source: Company

Call Highlights

- **Refining performance:** BPCL reported refinery throughput of 10.15 MMT in Q1 FY27, down 2.6% YoY and 2.4% QoQ, compared with 10.42 MMT in Q1 FY26 and 10.40 MMT in Q4 FY26. Reported GRM expanded to $41.4/bbl v/s $17.5/bbl in Q4 FY26 and $4.9/bbl in Q1 FY26, led by strong diesel and ATF cracks. However, the net GRM stood at $17.0/bbl after adjusting the SAED.

- **Marketing business:** Total marketing sales stood at 14.13 MMT, domestic marketing sales stood at 13.62 MMT, up 0.3% YoY and down by 1.7% QoQ, compared with 13.9 MMT in Q1FY26 and 13.6 MMT in Q4FY26, exports rose sharply to 0.51 MMT, up 13.3% YoY and 45.7% QoQ. Petrol(MS) volumes increased to 3.11 MMT in Q1 FY27, up 8.4% YoY from 2.87 MMT in Q1 FY26 and 8.4% QoQ from 2.87 MMT in Q4 FY26. Diesel(HSD) volumes stood at 6.56 MMT in Q1 FY27 up by 7.9% YoY from 6.08 MMT in Q1 FY26 and 8.8% QoQ.

- **Crude sourcing:** BPCL materially increased spot crude sourcing to 69% of total procurement in Q1 FY27 versus 44% in Q1 FY26, while diversifying supply outside the Strait of Hormuz through Russia, Venezuela and Angola. Russian crude formed 38% of total crude procurement. However, crude sourcing costs rose sharply, with BPCL’s landed crude cost premium over the Indian crude basket widening to US$13-15/bbl in Q1 FY27 versus the normal pre-war range of US$4-5/bbl, excluding Russian discounts, due to higher freight, insurance and supplier premiums. LPG per cylinder under-recovery was around Rs490 for April-June quarter.

- The company added 162 retail outlets in Q1FY27 and thus expanded its retail network to 25,485 outlets, while its CNG network grew to 2,700 stations.

- **Inventory:** BPCL reported marketing inventory gains of Rs31,340mn in Q1 FY27, compared with a loss of Rs8,350mn in Q1 FY26. The company maintained 35 days of crude inventory and had already tied up July-August requirements, with September procurement expected to be completed shortly.

- **Capex:** BPCL maintained its full-year FY27 capex guidance of Rs250,000mn. During Q1 FY27 capex stood at Rs44,330mn.

- **Net debt:** BPCL’s standalone borrowings increased to Rs173,960mn as on June’26 v/s Rs104,800mn at Mar’26. However, balance sheet remains strong, with standalone D/E at around 0.19x. The company also held investments of around Rs125,000mn. Net borrowing stood at around Rs50,000mn.

- **Projects update**:

    - **Bina refinery expansion:** Capacity to increase from 7.8mmtpa to 11mmtpa with commissioning targeted by May’28. Bina project has achieved 30.7% cumulative progress with Rs59,000mn incurred till date and Rs300bn already committed.

    - **Overseas projects: Mozambique LNG:** Physical progress is around 42%. First gas is expected in FY29 and expects annual revenue of around US$350 mn.

- **Brazil Upstream:** BPCL completed acquisition of Videocon's stake, making the Brazil subsidiary fully owned by BPRL. FPSO contract has been signed; first oil is expected around FY31 and gas around FY32 where estimated production potential is around 88,000 barrels per day, BPCL effectively holds a 40% project stake.

Valuation Methodology

We are positive on the business growth that is driven by healthy demand for petroleum products and improved product cracks. However, the environment is challenging given the volatility in crude prices, cracks, logistics cost and weak marketing margins.

We revise our estimates downwards to account for weak retail margins amidst elevated crude prices

- We estimate marketing margin to be lower than estimated earlier. Estimate marketing margin for
  - Petrol at Rs700/Kl vs earlier Rs4,000 for FY27E; at Rs2,650/kl vs earlier Rs3,200 for FY28E and Rs2,800 vs earlier Rs3,500 for Fy29E
  - Diesel at Rs400/Kl vs earlier Rs2,700 for FY27E; at Rs2,500/kl vs earlier Rs2,650 for FY28E and Rs2,750 vs earlier Rs2,900 for FY29E
- No changes in GRM
- USD/INR assumption revised to Rs97 vs Rs95 for FY27E; FY28E and FY29E.

Fig 9 – Revision in estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY26A	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	4,552,280	5,271,960	5,142,915	5,177,450	4,589,762	4,836,827	4,828,407	14.9	6.3	7.2
EBITDA	412,022	171,490	291,003	321,480	286,621	302,181	335,677	(40.2)	(3.7)	(4.2)
EBITDA % margin	9.1	3.3	5.7	6.2	6.2	6.2	7.0	(299bps)	(59bps)	(74bps)
PAT	262,542	76,416	154,074	170,928	161,434	168,244	191,231	(52.7)	(8.4)	(10.6)
EPS (Rs)	61.4	17.9	36.1	40.0	37.8	39.4	44.8	(52.7)	(8.4)	(10.6)

Source: Company, BOBCAPS Research

Fig 10 – Key assumptions

	FY25	FY26	FY27E	FY28E	FY29E
Refinery Utilisation (%)					
Mumbai	115	117	95	101	102
Kochi	111	115	97	102	102
Bina	99	107	98	102	103
GRM (USD/bbl)					
Blended GRM	6.8	11.7	7.5	8.0	8.5
Marketing margin (Rs/KL)					
Petrol	9,365	6,500	700	2,650	2,800
Diesel	5,000	2,800	400	2,500	2,750
Growth in key products (%)					
Petrol	6.3	5.7	5.0	4.5	4.5
Diesel	0.5	1.0	1.0	2.3	2.5
USD-INR rate	87.0	90.0	97.0	97.0	97.0
Brent (US$/bbl)	80.0	60.0	80.0	80.0	80.0

Source: Company, BOBCAPS Research

EV/EBITDA-based Valuation Rationale

We are positive on the business growth. Maintain BUY, however considering the volatility on crude prices & weak retail margins and rollover to June 28 EBITDA — we reduce TP to Rs363 from Rs368, based on 5.5x EV/EBITDA on the core business plus the value of investments and Exploration & Production (E&P) business.

Fig 11 – Valuation summary

Particular	June'28E EBITDA (Rs mn)	Multiple (x)	EV (Rs cr)	Value (Rs/share)
BPCL (Standalone)	298,376	5.5	1,641,068	384
Valuation of Investments				
Petronet			40,350	9
IGL			37,800	9
Oil India			14,725	3
Investments – Total			92,875	22
E&P business			75,253	18
Net debt			257,214	60
Target price (Rs)			**1,551,982**	**363**

Source: Company, BOBCAPS Research

Fig 12 – Value of investments

Particulars	No of shares (mn)	CMP	Full value (Rs mn)	Holding co discount (%)	Fair value (Rs mn)	Value/share (Rs)
Petronet	188	269	50,438	20	40,350	9
IGL	315	150	47,250	20	37,800	9
Oil India	40	459	18,406	20	14,725	3
Total value					**92,875**	**22**

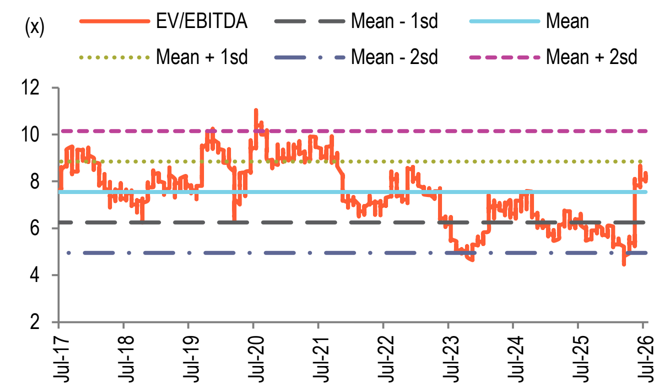
Source: BOBCAPS Research

Key Risks

Key downside risk to our estimates:

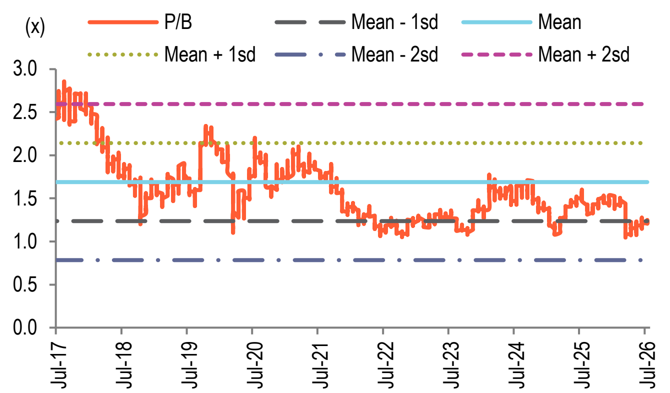
- **Refining business:** Lower-than-estimated GRM in the refining business due to higher crude prices or lower demand, can affect operational performance. Any spike in crude prices or a hit to product demand can impact refining margins.

Fig 13 – EV/EBITDA 1YF



Source: Bloomberg

Fig 14 – P/B 1YF



Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**4,402,719**	**4,552,280**	**5,271,960**	**5,142,915**	**5,177,450**
EBITDA	254,014	412,022	171,490	291,003	321,480
Depreciation	(72,567)	(78,564)	(89,806)	(102,456)	(113,456)
EBIT	208,294	366,446	115,331	222,867	243,030
Net interest inc./(exp.)	(35,914)	(29,535)	(32,891)	(38,013)	(35,089)
Other inc./(exp.)	26,847	32,988	33,647	34,320	35,007
Exceptional items	(3,784)	(4,107)	0	0	0
EBT	168,596	332,804	82,440	184,854	207,941
Income taxes	(48,458)	(89,478)	(21,434)	(49,911)	(56,144)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	13,227	15,109	15,411	19,131	19,131
Reported net profit	**133,366**	**258,435**	**76,416**	**154,074**	**170,928**
Adjustments	3,784	4,107	0	0	0
Adjusted net profit	**137,150**	**262,542**	**76,416**	**154,074**	**170,928**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	306,341	426,542	493,975	481,884	485,120
Other current liabilities	331,734	392,729	392,729	392,729	392,729
Provisions	23,315	22,466	22,466	22,466	22,466
Debt funds	510,609	434,819	534,819	584,819	584,819
Other liabilities	197,983	207,902	207,902	207,902	207,902
Equity capital	42,726	42,726	42,726	42,726	42,726
Reserves & surplus	771,115	958,977	1,008,027	1,105,621	1,211,847
Shareholders' fund	813,841	1,001,703	1,050,753	1,148,347	1,254,572
Total liab. and equities	**2,183,822**	**2,486,160**	**2,702,643**	**2,838,146**	**2,947,608**
Cash and cash eq.	104,756	177,606	141,751	166,233	184,728
Accounts receivables	93,390	49,805	57,679	56,267	56,645
Inventories	452,652	533,040	617,309	602,199	606,242
Other current assets	39,475	51,231	51,231	51,231	51,231
Investments	17,768	277,276	277,276	277,276	277,276
Net fixed assets	865,938	917,011	1,077,205	1,204,749	1,291,293
CWIP	132,403	163,941	163,941	163,941	163,941
Intangible assets	8,304	7,191	7,191	7,191	7,191
Deferred tax assets, net	0	0	0	0	0
Other assets	448,856	560,829	560,829	560,829	560,829
Total assets	**2,183,822**	**2,486,160**	**2,702,643**	**2,838,147**	**2,947,608**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**229,993**	**471,776**	**158,993**	**279,843**	**299,156**
Capital expenditures	(152,695)	(193,764)	(250,000)	(230,000)	(200,000)
Change in investments	6,293	(246,959)	0	0	0
Other investing cash flows	(3,283)	192,687	0	0	0
Cash flow from investing	**(149,684)**	**(248,035)**	**(250,000)**	**(230,000)**	**(200,000)**
Equities issued/Others	21,363	0	0	0	0
Debt raised/repaid	55,760	(75,790)	100,000	50,000	0
Interest expenses	(35,914)	(29,535)	(32,891)	(38,013)	(35,089)
Dividends paid	(42,726)	(74,770)	(27,366)	(56,480)	(64,703)
Other financing cash flows	(36,899)	29,203	15,411	19,131	19,131
Cash flow from financing	**(38,417)**	**(150,892)**	**55,153**	**(25,362)**	**(80,661)**
Chg in cash & cash eq.	**41,892**	**72,849**	**(35,854)**	**24,481**	**18,495**
Closing cash & cash eq.	**104,756**	**177,605**	**141,751**	**166,233**	**184,728**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	31.2	60.5	17.9	36.1	40.0
Adjusted EPS	32.1	61.4	17.9	36.1	40.0
Dividend per share	10.0	17.5	6.4	13.2	15.1
Book value per share	190.5	234.4	245.9	268.8	293.6

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.4	0.4	0.3	0.3	0.3
EV/EBITDA	6.7	4.0	9.6	5.9	5.4
Adjusted P/E	9.7	5.0	17.3	8.6	7.7
P/BV	1.6	1.3	1.3	1.2	1.1

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	73.5	74.3	74.0	73.0	73.0
Interest burden (PBT/EBIT)	0.8	0.9	0.7	0.8	0.9
EBIT margin (EBIT/Revenue)	4.7	8.0	2.2	4.3	4.7
Asset turnover (Rev./Avg TA)	2.1	1.9	2.0	1.9	1.8
Leverage (Avg TA/Avg Equity)	2.7	2.6	2.5	2.5	2.4
Adjusted ROAE	17.5	28.9	7.4	14.0	14.2

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(1.7)	3.4	15.8	(2.4)	0.7
EBITDA	(42.4)	62.2	(58.4)	69.7	10.5
Adjusted EPS	(74.7)	91.4	(70.9)	101.6	10.9
Profitability & Return ratios (%)					
EBITDA margin	5.8	9.1	3.3	5.7	6.2
EBIT margin	4.7	8.0	2.2	4.3	4.7
Adjusted profit margin	3.1	5.8	1.4	3.0	3.3
Adjusted ROAE	17.5	28.9	7.4	14.0	14.2
ROCE	14.2	23.1	6.7	11.9	12.2
Working capital days (days)					
Receivables	8	4	4	4	4
Inventory	38	43	43	43	43
Payables	27	38	35	36	36
Ratios (x)					
Gross asset turnover	2.1	1.9	2.0	1.9	1.8
Current ratio	0.8	0.8	0.8	0.8	0.8
Net interest coverage ratio	5.8	12.4	3.5	5.9	6.9
Adjusted debt/equity	0.5	0.2	0.4	0.3	0.3

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

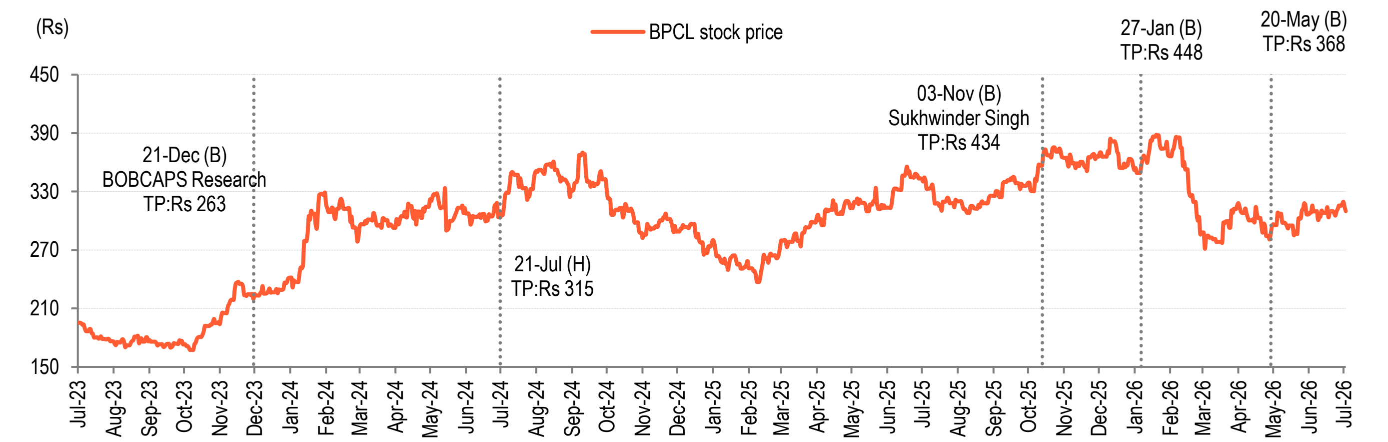
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): BHARAT PETROLEUM CORP (BPCL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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