

**BUY****TP: Rs 448 | ▲ 25%****BHARAT PETROLEUM  
CORP**

| Oil &amp; Gas

| 27 January 2026

**Results above expectation on better volumes growth and GRM**

- Revenue grew by 5.2%YoY; EBITDA grew by 55.3%YoY, driven by volume growth of 4.8% and GRM growth of 136.6%YoY, respectively
- Positive outlook on business growth, driven by demand in petroleum products and product cracks. Outlook improved on Mozambique E&P
- We maintain BUY and revise TP to Rs448 from Rs434, based on 6.5x EV/EBITDA on Dec'27 plus value of investments and E&P business

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**Results above expectation:** Revenue came in at Rs1,190bn (+5.2%YoY, +13.4%QoQ) and was 14.2% above our estimates. EBITDA came in at Rs116bn (+55.3%YoY, +19.7%QoQ) and was 28.4% above estimates, due to a better-than-expected performance in the refining segment. GRM increased by 136.6%YoY.

**Refining performance:** GRM came at USD13.3/bbl vs USD5.6/bbl in Q3FY25, a growth of 136.6%YoY due to higher product cracks. Crude brent price averaged USD62/bbl, down USD12/bbl YoY. Cracks improved YoY: Petrol cracks stood at USD13.0/bbl vs USD11.4 in Q3FY25. HSD (Diesel) cracks at USD21.0 vs USD14.7 in Q3FY25.

**Marketing business:** Domestic sales volumes were 14.1mnt (+4.8%YoY, +11.0%QoQ). Exports volumes were 0.4mnt (+46.2%YoY, +5.6%QoQ).

**Outlook on growth:** BPCL has ongoing projects of Bina expansion and Kochi petchem, targeted for commissioning by May'28. The company is putting up a greenfield refinery of 9-12mnt in Andhra Pradesh, which will benefit over long term. E&P business is likely to see a boost with the work resuming at Mozambique. The first LNG production is expected in H12029. We expect volume growth to be maintained. In terms of cost, Venezuela crude oil would likely result in low-cost input opportunity, given its heavy, sour nature. Thus, the outlook on growth is positive.

**Maintain BUY and raise TP:** We are positive on business growth that is driven by the improvement in product cracks, capex projects at Bina and Kochi. Due to strong performance, we maintain BUY and revise TP to Rs448 from Rs434, based on 6.5x EV/EBITDA on the core business, on Dec'2027 plus value of investments and E&P business.

**Key changes**

Target	Rating
▲	◀ ▶

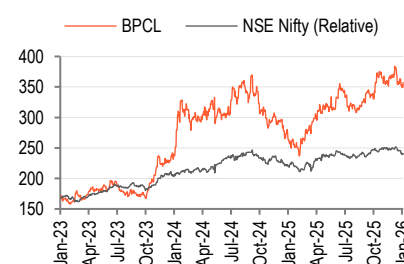
Ticker/Price	BPCL IN/Rs 357
Market cap	US\$ 16.9bn
Free float	45%
3M ADV	US\$ 28.3mn
52wk high/low	Rs 388/Rs 234
Promoter/FPI/DII	55%/14%/24%

Source: NSE | Price as of 27 Jan 2026

**Key financials**

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	4,402,719	4,399,601	4,417,901
EBITDA (Rs mn)	254,014	397,964	327,702
Adj. net profit (Rs mn)	137,150	254,290	193,436
Adj. EPS (Rs)	32.1	59.5	45.3
Consensus EPS (Rs)	32.1	58.0	47.0
Adj. ROAE (%)	17.5	27.6	17.5
Adj. P/E (x)	11.1	6.0	7.9
EV/EBITDA (x)	7.5	4.7	5.5
Adj. EPS growth (%)	(74.7)	85.4	(23.9)

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**

Source: NSE



**Fig 1 – Quarterly performance**

(Rs mn)	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Revenue	1,190,294	1,049,463	13.4	1,131,659	5.2	3,365,272	3,290,461	2.3
EBITDA	116,866	97,612	19.7	75,256	55.3	311,257	176,693	76.2
EBITDA margin (%)	9.8	9.3		6.7		9.2	5.4	
Depreciation	19,785	19,581	1.0	18,098	9.3	58,256	52,746	10.4
Interest	6,574	8,333	(21.1)	8,613	(23.7)	22,484	26,729	(15.9)
Other income	6,457	9,528	(32.2)	6,078	6.2	23,482	18,757	25.2
PBT	96,963	79,226	22.4	54,623	77.5	253,999	115,975	119.0
Tax	25,488	21,531	18.4	15,270	66.9	67,346	33,408	101.6
Reported PAT	71,885	61,915	16.1	38,059	88.9	202,190	89,447	126.0
Exceptional item	(1,667)	(1,659)		(595)		(3,999)	(2,773)	(44.2)
Adjusted PAT	73,552	63,574	15.7	38,654	90.3	206,189	92,220	123.6
Adj. PATM (%)	6.0	5.9		3.4		6.1	2.8	
EPS (Rs)	17.2	14.9	15.7	9.0	90.3	48.3	21.6	123.6

Source: Company

**Fig 2 – Q3FY26 Actual vs Estimates**

Particulars	Q3 Actual	Estimates	VAR (%)
Revenue (Rs mn)	1,190,294	1,042,684	14.2
EBITDA (Rs mn)	116,866	91,003	28.4
EBITDA margin (%)	9.8	8.7	
PAT (Rs mn)	73,552	58,277	26.2
EPS (Rs)	17.2	13.6	26.2

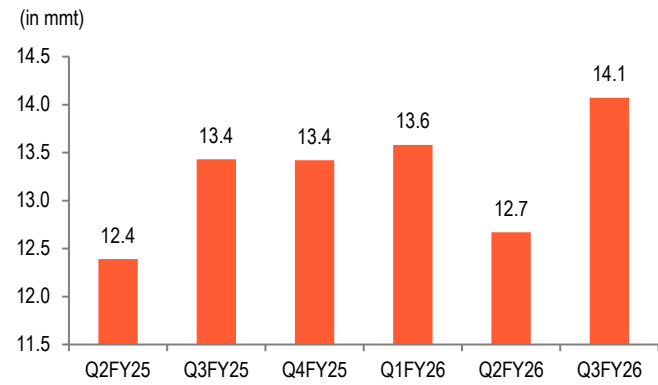
Source: Company, BOBCAPS Research

**Fig 3 – Business performance**

Particulars	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Domestic Sales 9mnt)	14.1	12.7	11.0	13.4	4.8	40.3	39.0	3.4
Export sales (mnt)	0.4	0.4	5.6	0.3	46.2	1.2	0.9	28.0
Refinery throughput (mnt)	10.5	9.8	7.0	9.5	10.2	30.8	29.9	2.7
Average gross refining margin (USD/bbl)	13.3	10.8	22.9	5.6	136.6	9.6	6.0	62.0

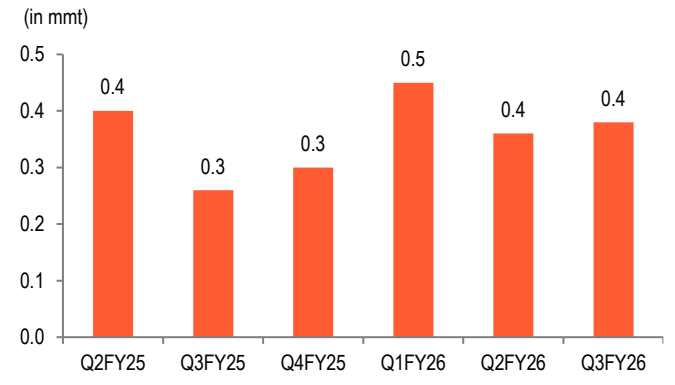
Source: Company

**Fig 4 – Domestic sales volumes**



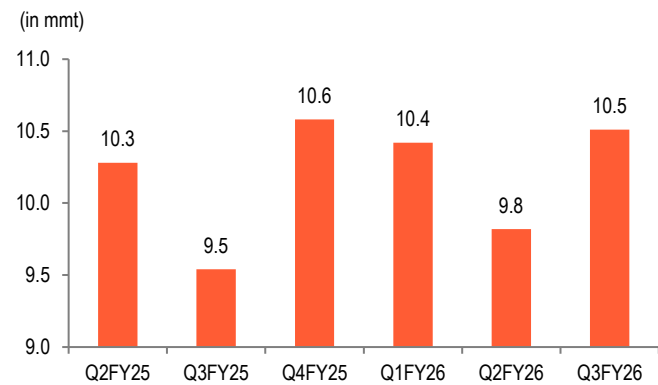
Source: Company

**Fig 5 – Export sales volumes**



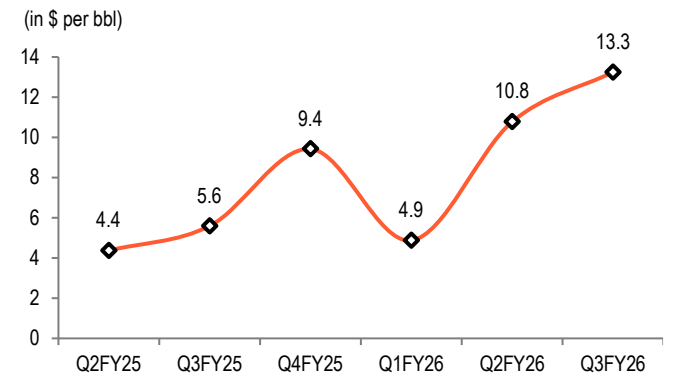
Source: Company

**Fig 6 – Refining throughput**



Source: Company

**Fig 7 – Average gross refining margin**



Source: Company

## Other Highlights

- **Refining performance:** Refinery margin performance was strong due to higher product cracks. GRM came at USD13.3/bbl vs USD5.6/bbl in Q3FY25. Cracks improved YoY: Petrol cracks stood at USD13.0/bbl vs USD11.4 in Q3FY25. HSD (Diesel) cracks at USD21.0 vs USD14.7 in Q3FY25.
  - Mumbai refinery GRM stood at USD11.4/bbl vs USD4.5 in Q3FY25. Kochi refinery GRM stood at USD12.7 vs USD5.5 in Q3FY25.
  - Bina refinery GRM stood at USD18.2 vs USD7.8 in Q3FY25.
- **Marketing business:** Domestic volumes growth was good at 4.8%YoY and exports growth was 46.2%YoY. Domestic sales increased by 11.0%QoQ given. We expect volume performance of petro products to sustain due to broadbased economic activity.
- **Net debt:** Reported Net debt decreased to Rs196bn on Dec'25 from Rs215bn on Sept'25, due to strong cashflow generation. Net Debt/Equity stood at 0.2x.
- **Project:** BPCL has Bina refinery expansion & Kochi Petchem ongoing while greenfield refinery project in AP is in plans.
  - **Bina refinery-** BPCL plans to ramp up capacity by 3mnt from 7.8mnt to 11mntpa, expected to be commissioned by May'28 .
  - **Polypropylene project at Kochi:** The project involves setting up a 400ktpa Polypropylene Unit and associated facilities, along with revamping the Petro Fluid Catalytic Cracking (PFCC) unit to produce Homo grade Polypropylene at Kochi Refinery. It is likely to be commissioned by Dec'27.
  - **AP greenfield refinery project:** The company is likely putting up 9.0mnt or 12mnt greenfield capacity in AP state and is currently working on the feasibility report. The indicated overall capex is Rs950bn.
- **E&P Mozambique project:** BPCL has a 10% stake in the project. The asset has 45-70tcf (trn cubic feet) of gas reserves. Development work will likely begin in near term. The first LNG production is expected in H12029. Project cost has been revised upwards to USD24bn from USD20bn, owing to inflation, security expenses and remobilisation costs.

## Valuation Methodology

We are positive on the business growth that will likely come on the back of ongoing projects in the refining and petchem businesses. E&P has differentiated BPCL from other OMCs.

### Key changes in assumptions:

- We estimate GRM of USD9.9/bbl vs the previous USD8.5 for FY26E; GRM of USD8.5 vs USD8.0 earlier for FY27E and USD8.0 vs the earlier USD8.0 for FY28E. 9MFY26 GRM is USD9.6/bbl
- USD-INR assumption revised to Rs89.0 vs Rs87.0 earlier for FY26E, Rs91.0 vs the previous Rs89.0 for FY27E and Rs91.0 vs the earlier Rs89 for FY28E.

**Fig 8 – Revision**

(Rs mn)	Actual	New			Old			Change (%)		
	FY25A	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	4,402,719	4,399,601	4,417,901	4,704,729	4,304,161	4,490,105	4,716,677	2.2	(1.6)	(0.3)
EBITDA	254,014	397,964	327,702	315,124	314,802	295,537	302,037	26.4	10.9	4.3
EBITDA % margin	5.8	9.0	7.4	6.7	7.3	6.6	6.4	-	-	-
PAT	133,366	254,290	193,436	185,380	192,060	169,366	179,034	32.4	14.2	3.5
EPS (Rs)	31.2	59.5	45.3	43.4	45.0	39.6	41.9	32.4	14.2	3.5

Source: Company, BOBCAPS Research

**Fig 9 – Key assumptions**

	FY24	FY25	FY26E	FY27E	FY28E
<b>Refinery Utilization (%)</b>					
Mumbai	125	130	120	107	105
Kochi	112	111	115	103	102
Bina	91	99	105	101	103
<b>GRM (USD/bbl)</b>					
Blended GRM	14.1	6.8	9.9	8.5	8.0
<b>Marketing margin (Rs/KL)</b>					
Petrol	9,000	9,365	6,500	5,000	4,000
Diesel	1,000	5,000	2,800	2,750	2,700
<b>Growth in key products (%)</b>					
Petrol	5.3	6.3	6.0	5.0	5.0
Diesel	1.4	0.5	1.5	1.5	2.5
USD-INR rate	82.8	87.0	89.0	91.0	91.0
Brent (US\$/bbl)	80.0	80.0	60.0	60.0	60.0

Source: Company, BOBCAPS Research

## EV/EBITDA-based Valuation Rationale

We maintain BUY and revise TP to Rs448 from Rs434 to account for strong business performance in 9MFY26. Valuation is based on –

- 6.5x EV/EBITDA on Dec'27 for core refining and marketing business.
- Investments in the listed companies - Petronet, IGL and Oil India are valued at 20% holding company discount to the current market cap.
- Exploration & production (E&P) business is valued at 0.5x investment vs earlier 0.7x to capital employed.

**Fig 10 – Valuation summary**

Particular	Dec'27 EBITDA (Rs mn)	Multiple (x)	EV (Rs cr)	Value (Rs/share)
BPCL (Standalone)	318,201	6.5	2,068,309	484
<b>Valuation of Investments</b>				
Petronet			41,550	10
IGL			43,848	10
Oil India			14,276	3
Investments – Total			99,674	23
E&P business			150,505	35
Net debt			405,853	95
Target price (Rs)			1,912,635	448

Source: Company, BOBCAPS Research

**Fig 11 – Value of investments**

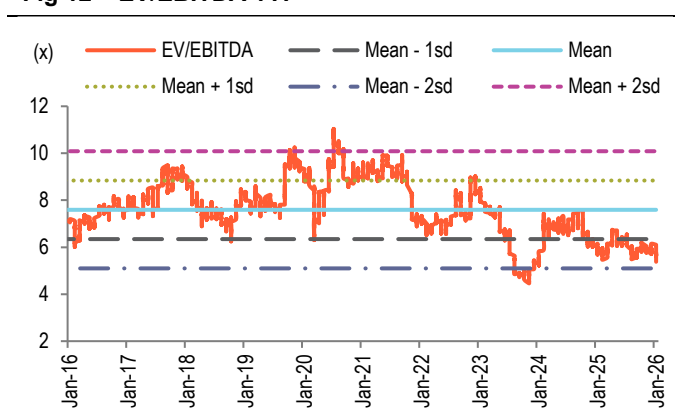
Particulars	No of shares (mn)	CMP	Full value (Rs mn)	Holding co discount (%)	Fair value (Rs mn)	Value/share (Rs)
Petronet	188	277	51,938	20	41,550	10
IGL	315	174	54,810	20	43,848	10
Oil India	40	445	17,845	20	14,276	3
Total value					99,674	23

Source: BOBCAPS Research

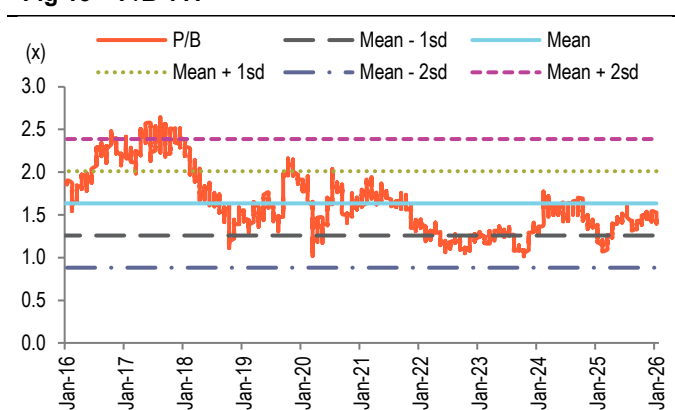
## Key Risks

Key downside risk to our estimates:

- **Refining business:** Lower-than-estimated GRM in the refining business can affect operational performance. Thus, low crude prices and robust cracks are key for performance. Any spike in crude prices or hit to product demand can impact refining margins.

**Fig 12 – EV/EBITDA 1YF**

Source: Bloomberg

**Fig 13 – P/B 1YF**

Source: Bloomberg

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Total revenue</b>	<b>4,480,830</b>	<b>4,402,719</b>	<b>4,399,601</b>	<b>4,417,901</b>	<b>4,704,729</b>
EBITDA	440,820	254,014	397,964	327,702	315,124
Depreciation	(67,713)	(72,567)	(74,718)	(86,268)	(96,768)
EBIT	395,455	208,294	350,630	269,366	246,847
Net interest inc./(exp.)	(41,489)	(35,914)	(28,837)	(29,257)	(21,942)
Other inc./(exp.)	22,347	26,847	27,384	27,932	28,490
Exceptional items	(2,677)	(3,784)	0	0	0
EBT	351,289	168,596	321,794	240,110	224,904
Income taxes	(93,356)	(48,458)	(80,995)	(60,436)	(56,608)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	10,655	13,227	13,492	13,762	17,084
<b>Reported net profit</b>	<b>268,588</b>	<b>133,366</b>	<b>254,290</b>	<b>193,436</b>	<b>185,380</b>
Adjustments	2,677	3,784	0	0	0
<b>Adjusted net profit</b>	<b>271,265</b>	<b>137,150</b>	<b>254,290</b>	<b>193,436</b>	<b>185,380</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	283,058	306,341	306,124	307,397	327,354
Other current liabilities	309,465	331,734	331,734	331,734	331,734
Provisions	30,233	23,315	23,315	23,315	23,315
Debt funds	454,849	510,609	480,609	487,609	487,609
Other liabilities	190,221	197,983	197,983	197,983	197,983
Equity capital	21,363	42,726	42,726	42,726	42,726
Reserves & surplus	734,988	771,115	983,831	1,145,689	1,302,228
Shareholders' fund	756,351	813,841	1,026,557	1,188,415	1,344,954
<b>Total liab. and equities</b>	<b>2,024,178</b>	<b>2,183,822</b>	<b>2,366,322</b>	<b>2,536,453</b>	<b>2,712,949</b>
Cash and cash eq.	62,864	104,756	192,360	226,489	264,180
Accounts receivables	83,420	93,390	81,270	81,608	86,906
Inventories	428,361	452,652	464,385	466,317	496,592
Other current assets	38,020	39,475	39,475	39,475	39,475
Investments	17,785	17,768	17,768	17,768	17,768
Net fixed assets	847,180	865,938	961,220	1,094,952	1,198,184
CWIP	86,797	132,403	132,403	132,403	132,403
Intangible assets	8,761	8,304	8,304	8,304	8,304
Deferred tax assets, net	0	0	0	0	0
Other assets	424,497	448,856	448,856	448,856	448,856
<b>Total assets</b>	<b>2,024,178</b>	<b>2,183,822</b>	<b>2,366,322</b>	<b>2,536,453</b>	<b>2,712,949</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Cash flow from operations</b>	<b>373,125</b>	<b>229,993</b>	<b>344,522</b>	<b>294,202</b>	<b>271,390</b>
Capital expenditures	(108,493)	(152,695)	(170,000)	(220,000)	(200,000)
Change in investments	(9,916)	6,293	0	0	0
Other investing cash flows	5,450	(3,283)	0	0	0
<b>Cash flow from investing</b>	<b>(112,959)</b>	<b>(149,684)</b>	<b>(170,000)</b>	<b>(220,000)</b>	<b>(200,000)</b>
Equities issued/Others	68	21,363	0	0	0
Debt raised/repaid	(149,697)	55,760	(30,000)	7,000	0
Interest expenses	(41,489)	(35,914)	(28,837)	(29,257)	(21,942)
Dividends paid	(22,431)	(42,726)	(41,574)	(31,578)	(28,841)
Other financing cash flows	(9,498)	(36,899)	13,492	13,762	17,084
<b>Cash flow from financing</b>	<b>(223,046)</b>	<b>(38,417)</b>	<b>(86,918)</b>	<b>(40,073)</b>	<b>(33,699)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>37,120</b>	<b>41,892</b>	<b>87,604</b>	<b>34,129</b>	<b>37,691</b>
<b>Closing cash &amp; cash eq.</b>	<b>62,864</b>	<b>104,756</b>	<b>192,360</b>	<b>226,489</b>	<b>264,180</b>

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	125.7	31.2	59.5	45.3	43.4
Adjusted EPS	127.0	32.1	59.5	45.3	43.4
Dividend per share	10.5	10.0	9.7	7.4	6.8
Book value per share	354.0	190.5	240.3	278.1	314.8

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	0.4	0.4	0.4	0.4	0.4
EV/EBITDA	4.5	7.5	4.7	5.5	5.6
Adjusted P/E	2.8	11.1	6.0	7.9	8.2
P/BV	1.0	1.9	1.5	1.3	1.1

### DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.2	73.5	74.8	74.8	74.8
Interest burden (PBT/EBIT)	89.5	82.8	91.8	89.1	91.1
EBIT margin (EBIT/Revenue)	8.8	4.7	8.0	6.1	5.2
Asset turnover (Rev./Avg TA)	2.3	2.1	1.9	1.8	1.8
Leverage (Avg TA/Avg Equity)	0.0	0.0	0.0	0.0	0.0
<b>Adjusted ROAE</b>	<b>42.0</b>	<b>17.5</b>	<b>27.6</b>	<b>17.5</b>	<b>14.6</b>

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>YoY growth (%)</b>					
Revenue	(5.3)	(1.7)	(0.1)	0.4	6.5
EBITDA	304.9	(42.4)	56.7	(17.7)	(3.8)
Adjusted EPS	730.3	(74.7)	85.4	(23.9)	(4.2)

### Profitability & Return ratios (%)

EBITDA margin	9.8	5.8	9.0	7.4	6.7
EBIT margin	8.8	4.7	8.0	6.1	5.2
Adjusted profit margin	6.1	3.1	5.8	4.4	3.9
Adjusted ROAE	42.0	17.5	27.6	17.5	14.6
ROCE	29.0	14.2	21.7	15.1	12.6

### Working capital days (days)

Receivables	7	8	7	7	7
Inventory	35	38	39	39	39
Payables	26	27	28	27	27

### Ratios (x)

Gross asset turnover	2.3	2.1	1.9	1.8	1.8
Current ratio	0.8	0.8	0.9	0.9	1.0
Net interest coverage ratio	9.5	5.8	12.2	9.2	11.2
<b>Adjusted debt/equity</b>	<b>0.5</b>	<b>0.5</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>

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

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SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

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**BUY** – Expected return >+15%

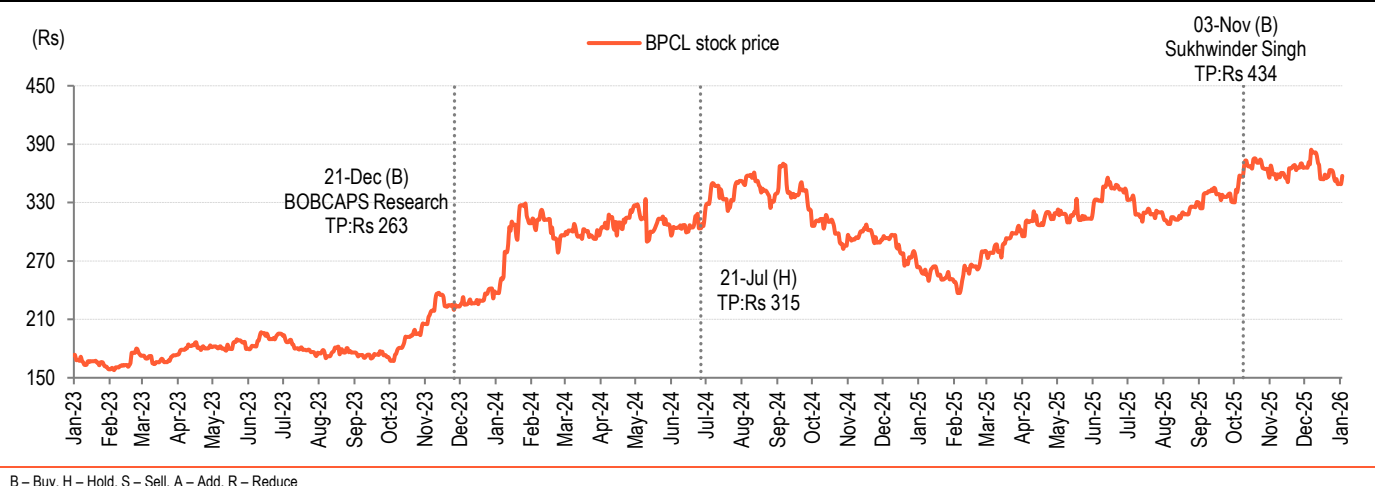
**HOLD** – Expected return from -6% to +15%

**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)



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