

# Retail Equity Research

## Bharat Petroleum Corporation Ltd.

BUY

Sector: Oil, Gas &amp; Consumable Fuels

09<sup>th</sup> January, 2026

Key Changes		Target	Rating	Earnings		Target	Rs. 400
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 355
Large Cap	BPCL:IN	84,181	BPCL	500547	12 Months	Return	+13%

Data as of: 08-Jan-2026, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	153,861
52 Week High — Low (Rs.)	388 - 234
Enterprise Value (Rs. cr)	175,823
Outstanding Shares (cr)	433.9
Free Float (%)	44.6
Dividend Yield (%)	4.9
6m average volume (cr)	0.7
Beta	1.1
Face value (Rs. )	10.0

Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	53.0	53.0	53.0
FII's	14.6	15.5	16.5
MFs/Institutions	22.2	22.2	21.3
Public	7.1	6.6	6.4
Others	3.1	2.7	2.8
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	9%	4%	31%
Absolute Sensex	4%	2%	9%
Relative Return	5%	2%	22%

\*over or under performance to benchmark index



Y.E March (Rs. cr)	FY25A	FY26E	FY27E
Sales	440,132	428,529	441,813
Growth (%)	-1.7	-2.6	3.1
EBITDA	25,473	33,484	29,772
EBITDA Margin (%)	5.8	7.8	6.7
Adj. PAT	15,049	21,187	17,028
Growth (%)	-47.1	40.8	-19.6
Adj. EPS	34.7	48.8	39.2
Growth (%)	-47.1	40.8	-19.6
P/E	8.0	7.5	9.4
P/B	1.5	1.7	1.5
EV/EBITDA	6.0	5.4	6.1
ROE (%)	16.4	22.3	16.1
D/E	0.4	0.2	0.2

### Refining efficiency lifts Q2 performance

**Bharat Petroleum Corporation Ltd (BPCL)** is one of India's leading oil and gas companies. It operates refineries in Kochi, Mumbai and Bina. Its marketing infrastructure includes installations, retail outlets, depots and liquefied petroleum gas distributors.

- In Q2FY26, BPCL's standalone revenue, excluding excise duty, grew 2.1% YoY to Rs. 104,912cr, driven by stronger sales of petroleum products despite a decline in crude throughput.
- The total sales of petroleum products for Q2FY26 were 13.03 million metric tonnes (MMT), up 1.9% YoY (-7.1% QoQ). Domestic sales increased 2.3% YoY to 12.7 MMT, while exports decreased 10.0% YoY to 0.36 MMT. Crude throughput, including the Bina refinery, declined 4.5% YoY to 9.8 MMT (-5.8% QoQ).
- EBITDA surged 116.7% YoY to Rs. 9,777cr, led by improved refinery gross refining margins (GRMs; \$10.8/bbl vs \$4.4/bbl in Q2FY25). As a result, EBITDA margin expanded to 9.3% (+490bps YoY).
- PAT more than doubled, rising 168.7% YoY to Rs. 6,443cr, led by strong refining profitability and favourable product cracks.

### Outlook & valuation

BPCL delivered a steady performance driven by resilient refining operations, improved GRMs and strategic progress across energy transition initiatives. Focus on refinery expansion, petrochemical integration, digital transformation and green energy investment is expected to sustain efficiency and future growth. Strategic projects such as Bina and Andhra refineries, Mozambique LNG and retail modernisation should enhance scale and margin stability. Continued government support on LPG under recoveries and diversification into renewables strengthen visibility.

**Therefore, we revise our rating on the stock to BUY, with a target price of Rs. 400, based on the sum-of-the-parts (SOTP) valuation.**

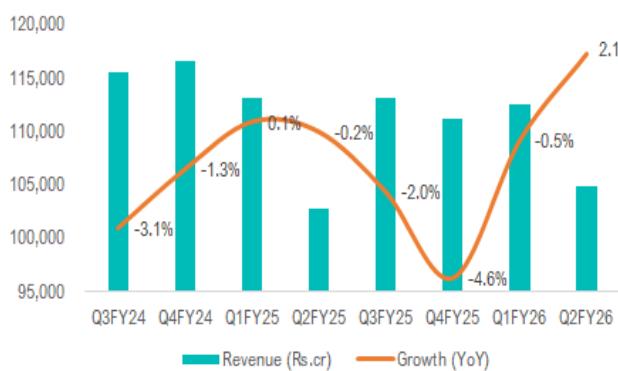
### Quarterly Financials Standalone

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	104,912	102,756	2.1	112,515	-6.8	217,427	215,822	0.7
EBITDA	9,777	4,512	116.7	9,663	1.2	19,440	10,132	91.9
Margin (%)	9.3	4.4	490bps	8.6	70bps	8.9	4.7	420bps
EBIT	7,826	2,739	185.7	7,781	0.6	15,607	6,678	133.7
PBT	8,596	3,194	169.1	8,157	5.4	16,752	7,226	131.8
Rep. PAT	6,443	2,397	168.7	6,124	5.2	12,566	5,412	132.2
Adj. PAT	6,443	2,397	168.7	6,124	5.2	12,566	5,412	132.2
Adj. EPS (Rs.)	14.8	5.5	168.7	14.1	5.2	29.0	12.5	132.2

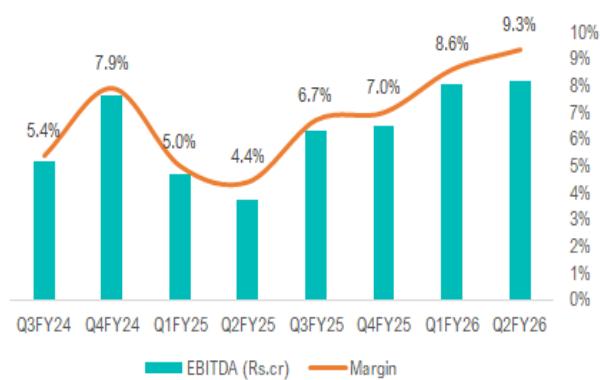
## Key highlights

- The Bina Refinery's expansion to reach 11 MMT per annum (MMTPA) capacity is on schedule. A new 2.2 MMTPA petrochemicals complex is to be commissioned by 2028 with an investment of ~Rs. 50,000cr. The refinery has a location advantage, with access to northern and central markets via pipelines.
- In addition to the Rs. 50,000cr capex, BPCL has a capex plan of Rs. 15,000cr over the next 5 years, primarily focused on the gas sector. This investment is aimed at expanding the company's presence in the gas market, increasing its infrastructure, and enhancing supply security. Furthermore, BPCL has also allocated Rs. 14,000cr for the PRFCC Revamp project at its Mumbai Refinery, expected to be commissioned by 2029.
- The Kochi petrochemical project aims to generate high-quality polypropylene at the Kochi Refinery. The project entails renovating the petro fluid catalytic cracking (PFCC) plant and establishing a 400 kilo tonnes per annum (KTPA) polypropylene unit and related facilities. The project is expected to be commissioned by December 2027.
- The company aims to increase the share of petrochemicals in its product portfolio to ~8% by FY29, up from ~2.4% in FY24.
- BPCL has signed landmark memorandums of understanding (MoUs) with Oil India Ltd (OIL), Numaligarh Refinery Ltd (NRL) and Fertilisers & Chemicals Travancore Ltd (FACT) to drive growth across refining, petrochemicals and green energy. The partnerships include the Rs. 1 lakh cr greenfield refinery in Andhra Pradesh, a Rs. 3,500cr 700-km product pipeline and trading of organic fertilizers from BPCL's Kochi biogas plant.

## Revenue



## EBITDA



## Sum of the parts (SOTP) Valuation

Particulars	Methodology	Multiple	% Holding	Value (Rs. cr)	Value Per Share (Rs.)
BPCL (Standalone)	FY27E P/E	9.3	100.0%	158,360	365
Investments					41
- BPRL	P/B	1.5	100.0%	5,026	12
- Petronet	Geojit TP	-	12.5%	5,719	14
- Indraprastha Gas	Geojit TP	-	22.5%	6,017	15
15% holding discount to investments					-6
Total					400

## Change in Estimates

Year / Rs. cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	420,952	439,131	428,529	441,813	1.8	0.6
EBITDA	26,333	27,542	33,484	29,772	27.2	8.1
Margins (%)	6.3	6.3	7.8	6.7	150bps	40bps
Adj. PAT	14,883	15,093	21,187	17,028	42.4	12.8
Adj. EPS	34.3	34.8	48.8	39.2	42.4	12.8

## Standalone Financials

### Profit & Loss

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Sales</b>	<b>473,125</b>	<b>447,908</b>	<b>440,132</b>	<b>428,529</b>	<b>441,813</b>
% change	36.5	-5.3	-1.7	-2.6	3.1
<b>EBITDA</b>	<b>10,957</b>	<b>44,052</b>	<b>25,473</b>	<b>33,484</b>	<b>29,772</b>
% change	-42.4	302.1	-42.2	31.5	-11.1
Depreciation	6,347	6,750	7,232	7,280	7,148
<b>EBIT</b>	<b>4,609</b>	<b>37,301</b>	<b>18,240</b>	<b>26,204</b>	<b>22,624</b>
Interest	3,216	2,473	1,888	1,813	1,849
Other Income	824	720	1,312	3,858	1,929
<b>PBT</b>	<b>2,217</b>	<b>35,548</b>	<b>17,664</b>	<b>28,249</b>	<b>22,704</b>
% change	-85.9	1503.7	-50.3	59.9	-19.6
Tax	347	8,875	4,389	7,062	5,676
Tax Rate (%)	15.6	25.0	24.8	25.0	25.0
<b>Reported PAT</b>	<b>1,870</b>	<b>26,674</b>	<b>13,275</b>	<b>21,187</b>	<b>17,028</b>
<b>PAT att. to common shareholders</b>	<b>1,870</b>	<b>26,674</b>	<b>13,275</b>	<b>21,187</b>	<b>17,028</b>
Adj.*	1,360	1,798	1,774	-	-
<b>Adj. PAT</b>	<b>3,230</b>	<b>28,472</b>	<b>15,049</b>	<b>21,187</b>	<b>17,028</b>
% change	-66.8	781.5	-47.1	40.8	-19.6
No. of shares (cr)	433.9	433.9	433.9	433.9	433.9
<b>Adj. EPS (Rs.)</b>	<b>7.4</b>	<b>65.6</b>	<b>34.7</b>	<b>48.8</b>	<b>39.2</b>
% change	-66.8	781.5	-47.1	40.8	-19.6
DPS (Rs.)	2.0	15.8	5.0	16.1	13.7

### Balance Sheet

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	1,881	516	409	461	504
Accts. Receivable	6,722	8,328	9,323	8,114	8,265
Inventories	38,065	42,835	45,263	45,599	47,280
Other Cur. Assets	8,760	12,164	16,534	16,554	15,886
Investments	9,595	10,167	10,754	10,904	11,064
Gross Fixed Assets	96,960	105,763	119,066	138,258	158,294
Net Fixed Assets	84,460	84,715	86,591	98,503	111,392
CWIP	5,645	8,680	13,240	13,505	13,775
Intangible Assets	2,164	2,124	2,706	2,726	2,746
Def. Tax -Net	486	477	226	181	187
Other Assets	3,055	2,985	2,947	3,228	2,882
<b>Total Assets</b>	<b>160,833</b>	<b>172,993</b>	<b>187,995</b>	<b>199,774</b>	<b>213,981</b>
Current Liabilities	55,489	61,956	65,847	73,883	76,698
Provisions	179	183	189	265	270
Debt Funds	44,188	27,438	32,177	22,423	23,536
Other Liabilities	8,981	8,741	8,821	8,193	7,605
Equity Capital	2,129	2,136	4,273	4,273	4,273
Res. & Surplus	49,867	72,539	76,688	90,736	101,599
Shareholder Funds	51,996	74,675	80,960	95,009	105,871
Minority Interest	-	-	-	-	-
<b>Total Liabilities</b>	<b>160,833</b>	<b>172,993</b>	<b>187,995</b>	<b>199,774</b>	<b>213,981</b>
BVPS	120	172	187	219	244

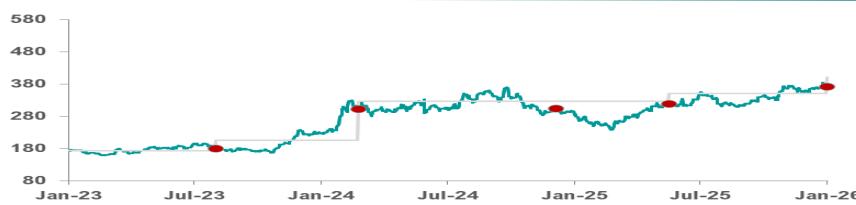
### Cashflow

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	8,218	33,424	20,508	28,467	24,176
Non-cash adj.	-3,837	9,101	7,458	-1,159	5,128
Other adjustments	-	-	-	-	-
Changes in W.C	6,284	-6,762	-4,361	874	-1,832
<b>C.F. Operation</b>	<b>10,664</b>	<b>35,762</b>	<b>23,605</b>	<b>28,181</b>	<b>27,472</b>
Capital exp.	-7,334	-8,803	-13,303	-19,191	-20,037
Change in inv.	-2,559	-1,437	-5,447	-150	-160
Other invest.CF	3,495	-1,421	-46	19	588
<b>C.F - Investment</b>	<b>-6,397</b>	<b>-11,661</b>	<b>-18,796</b>	<b>-19,323</b>	<b>-19,609</b>
Issue of equity	-	-	-	-	-
Issue/repay debt	-153	-18,599	2,768	550	572
Dividends paid	-1,282	-5,329	-6,561	-6,992	-5,960
Other finance.CF	-2,231	-1,539	-1,123	-2,365	-2,433
<b>C.F - Finance</b>	<b>-3,666</b>	<b>-25,466</b>	<b>-4,916</b>	<b>-8,807</b>	<b>-7,820</b>
Chg. in cash	601	-1,365	-107	52	43
Closing Cash	1,881	516	409	461	504

### Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	2.3	9.8	5.8	7.8	6.7
EBIT margin (%)	1.0	8.3	4.1	6.1	5.1
Net profit mgn. (%)	0.4	6.0	3.0	4.9	3.9
ROE (%)	3.6	35.7	16.4	22.3	16.1
ROCE (%)	4.8	36.5	16.1	22.3	17.5
<b>W.C &amp; Liquidity</b>					
Receivables (days)	5.2	6.8	7.7	6.9	6.8
Inventory (days)	28.1	35.9	37.1	39.4	39.2
Payables (days)	17.8	23.7	25.1	25.4	25.6
Current ratio (x)	0.8	0.9	0.8	0.8	0.8
Quick ratio (x)	0.2	0.2	0.2	0.1	0.1
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	5.1	4.4	3.9	3.3	3.0
Total asset T.O (x)	2.9	2.7	2.4	2.2	2.1
Int. covge. ratio (x)	1.4	15.1	9.7	14.5	12.2
Adj. debt/equity (x)	0.8	0.4	0.4	0.2	0.2
<b>Valuation</b>					
EV/Sales (x)	0.2	0.3	0.3	0.4	0.4
EV/EBITDA (x)	10.1	3.5	6.0	5.4	6.1
P/E (x)	21.2	4.4	8.0	7.5	9.4
P/B (x)	1.3	1.7	1.5	1.7	1.5

## Recommendation Summary - (last 3 years)



Dates	Rating	Target
17-Aug-21	BUY	284
09-Feb-22	BUY	212
10-Aug-22	HOLD	174
07-Aug-23	BUY	206
29-Feb-24	HOLD	326
10-Dec-24	HOLD	326
23-May-25	HOLD	350
09-Jan-26	BUY	400

## Investment Rating Criteria

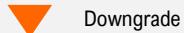
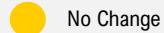
Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

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**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:



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Not rated/Neutral-The analyst has no investment opinion on the stock under review.

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