

Bharat Petroleum Corporation (BPCL IN)

Rating: ACCUMULATE | CMP: Rs349 | TP: Rs381

January 24, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

Rating	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		HOLD	
Target Price	381		374	
Sales (Rs bn)	4,523	4,858	4,525	4,859
% Chng.	-	-		
EBITDA (Rs bn)	302	236	302	257
% Chng.	-	(8.2)		
EPS (Rs.)	39.8	27.9	39.5	32.0
% Chng.	0.7	(12.8)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	4,403	4,471	4,523	4,858
EBITDA (Rs. bn)	254	398	302	236
Margin (%)	5.8	8.9	6.7	4.9
PAT (Rs. bn)	137	250	173	121
EPS (Rs.)	31.6	57.7	39.8	27.9
Gr. (%)	(49.4)	82.6	(31.0)	(30.0)
DPS (Rs.)	10.2	28.1	18.8	12.3
Yield (%)	2.9	8.0	5.4	3.5
RoE (%)	17.5	28.5	17.5	11.3
RoCE (%)	14.3	22.4	13.7	8.6
EV/Sales (x)	0.4	0.4	0.4	0.4
EV/EBITDA (x)	7.6	4.7	6.1	7.6
PE (x)	11.0	6.0	8.8	12.5
P/BV (x)	1.9	1.6	1.5	1.4

Key Data

BPCL.BO | BPCL IN

52-W High / Low	Rs.388 / Rs.234
Sensex / Nifty	81,538 / 25,049
Market Cap	Rs.1,515bn/ \$ 16,473m
Shares Outstanding	4,339m
3M Avg. Daily Value	Rs.2738.62m

Shareholding Pattern (%)

Promoter's	52.98
Foreign	15.03
Domestic Institution	21.31
Public & Others	10.68
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.6)	1.4	28.7
Relative	(1.0)	2.8	20.8

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EBITDA beat; debt reduction continues

Quick Pointers:

- Reported GRM stood at USD13.2/bbl in Q3FY26 vs. USD10.8/bbl in Q2FY26
- Implied GMM stood at Rs6.2/lit vs. Rs7.3/lit

We upgrade BPCL to 'Accumulate' from 'HOLD' as the stock is currently trading at 1.5x P/B, at a discount to its historical average (1.7x) and median (1.6x), indicating valuation comfort. Reported GRM improved to USD13.2/bbl in Q3FY26 (PLe: USD11.4/bbl), due to strong crack spreads. However, implied GMM declined to Rs6.2/lit (PLe: Rs5.5/lit). EBITDA increased to Rs116.8bn, up 54.0% YoY/19.4% QoQ (PLe: Rs102.6bn; BBGe: Rs111.3bn), driven by stronger GRM and higher refining throughput. PAT increased to Rs76.0bn, beating estimates (PLe: Rs62.1bn; BBGe: Rs67.8bn), up 63.5% YoY/18.0% QoQ. BPCL improved its balance sheet strength by reducing debt by Rs143.3bn in 9MFY26. As a result, standalone debt/equity ratio improved to 0.06x from 0.13x QoQ. We build in GRM of USD7.7/7.5/bbl and GMM of Rs5.3/5.0/lit for FY27E/28E. Upgrade to 'Accumulate' and revise our TP to Rs381 (earlier Rs374), based on 1.5x Dec'27E P/BV. BPCL has declared a second interim dividend of Rs10/share for FY26.

- Refining margins improve:** Refining throughput at 10.5mmt is in line with our estimate (PLe: 10.4mmt) vs. 9.8mmt in Q2FY26 and 10.3mmt in Q3FY25. Reported GRM increased to USD13.2/bbl led by strong crack spreads (PLe: USD11.4/bbl), vs. USD10.8/bbl in Q2FY26 and USD5.6/bbl in Q3FY25.
- GMM declines QoQ:** Domestic market sales volume at 14.1mmt is in line with our estimates (PLe: 14.0mmt), up 11% QoQ and 4.8% YoY. GMM declined ~14%, QoQ and YoY, to Rs6.2/lit, likely impacted by higher rupee depreciation.
- 9M standalone PAT doubles:** In 9MFY26, EBITDA stood at Rs311bn, +75% YoY while PAT stood at Rs201bn, almost double YoY. Q3FY26 also contains Rs13bn of compensation from the government for past LPG under-recoveries. Post this compensation, the net negative buffer stands at Rs129bn as of Dec'25.

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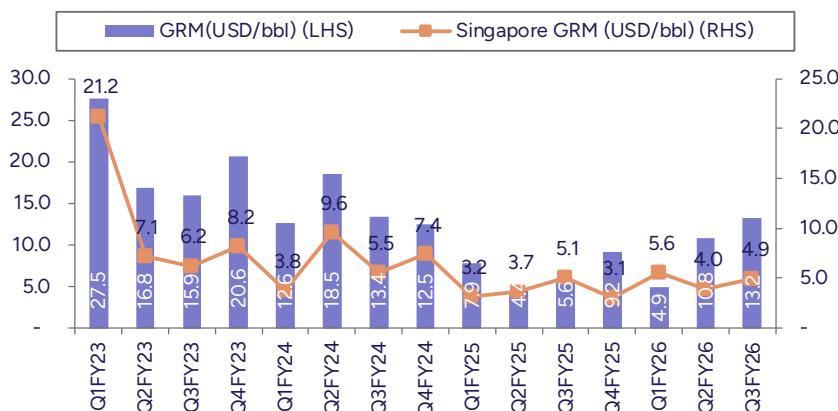
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Exhibit 1: BPCL's Quarterly Financials (Standalone)

BPCL Quarterly Financials (Rs bn)	Q3FY26	Q2FY26	QoQ gr.	Q3FY26E	% Var	Q3FY25	YoY gr.	9MFY26	9MFY25	YoY gr.
Revenue	1,190.0	1,049.1	13.4%	1,108.1	7.4%	1,131.4	5.2%	3,364.3	3,289.9	2.3%
YoY Change (%)	5.2	2.1		-2.1		-2.0		2.3		
Total Expenditure	1,073.2	951.4	12.8%	1005.6	6.7%	1,055.6	1.7%	3,053.1	3,112.4	-1.9%
EBITDA	116.8	97.8	19.4%	102.6	13.8%	75.8	54.0%	311.2	177.4	75.4%
Margins (%)	9.8	9.3		9.3		6.7		9.2	5.4	
Depreciation	19.7	19.5	1.1%	21.0	-6.2%	18.0	9.3%	58.1	52.6	10.4%
Interest	3.6	4.2	-14.3%	6.7	-46.1%	4.3	-15.9%	11.5	13.4	-13.9%
Other Income	7.5	11.9	-37.0%	8.1	-7.3%	8.3	-9.5%	26.9	22.6	19.1%
PBT before EO	100.9	86.0	17.4%	82.94	21.7%	61.8	63.4%	268.5	134.0	100.3%
Extra-Ordinary Expense	0.0	0.0		0.0		0.0		0.0	0.0	
PBT after EO	100.9	86.0	17.4%	82.94	21.7%	61.8	63.4%	268.5	134.0	100.3%
Tax	25.5	21.5	18.4%	20.9	22.1%	15.3	66.9%	67.3	33.4	101.6%
Rate (%)	25.2	25.0		25.2		24.7		25.1	24.9	
PAT	75.5	64.4	17.1%	62.07	21.6%	46.5	62.3%	201.1	100.6	99.9%
Adj PAT	75.5	64.4	17.1%	62.1	21.6%	46.5	62.3%	201.1	100.6	99.9%
Operating Performance										
Refining throughput (mmt)	10.5	9.8	7.0%	10.4	1.1%	10.3	2.5%	30.8	30.6	0.4%
Reported GRM (US\$/bbl)	13.2	10.8	22.9%	11.4	16.6%	5.6	137.0%	9.6	5.9	61.9%
Marketing sales volume excld exports (mmt)	14.1	12.7	11.0%	14.0	0.7%	13.4	4.8%	40.3	39.0	3.4%
Marketing GM (Rs/lit)	6.2	7.3	-14.3%	5.5	13.3%	7.3	-14.4%	7.3	6.0	21.8%

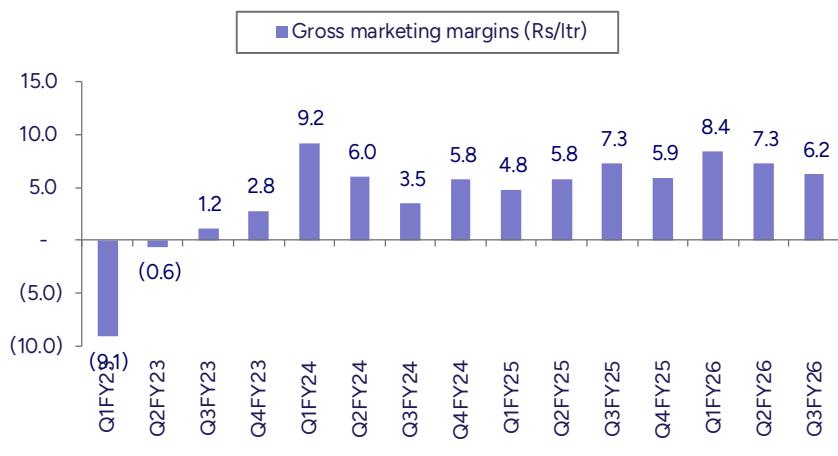
Source: Company, PL

Exhibit 2: GRM improves QoQ to USD13.2/bbl



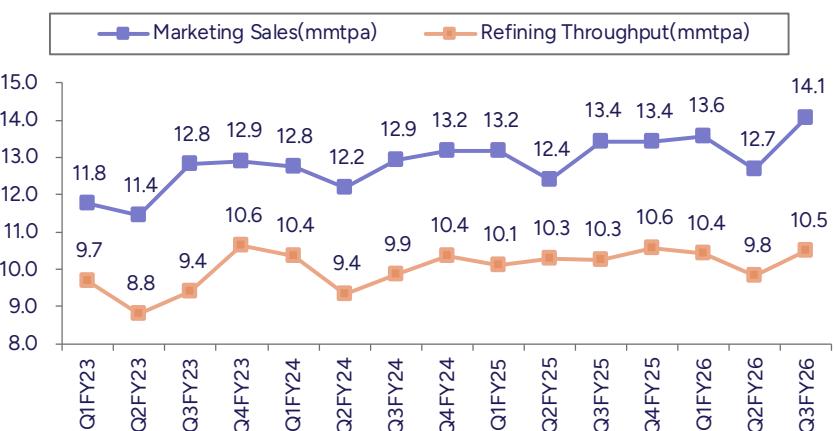
Source: Company, PL

Exhibit 3: GMM declines to Rs6.2/lit sequentially



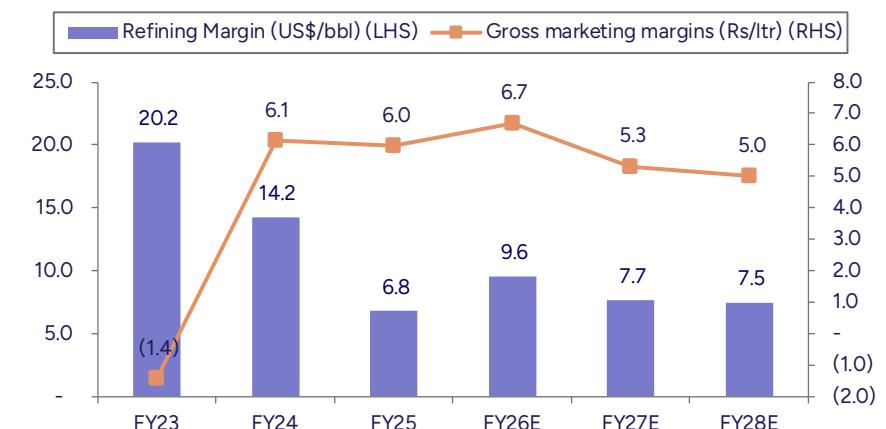
Source: PL, Industry

Exhibit 4: Throughput/volume trend



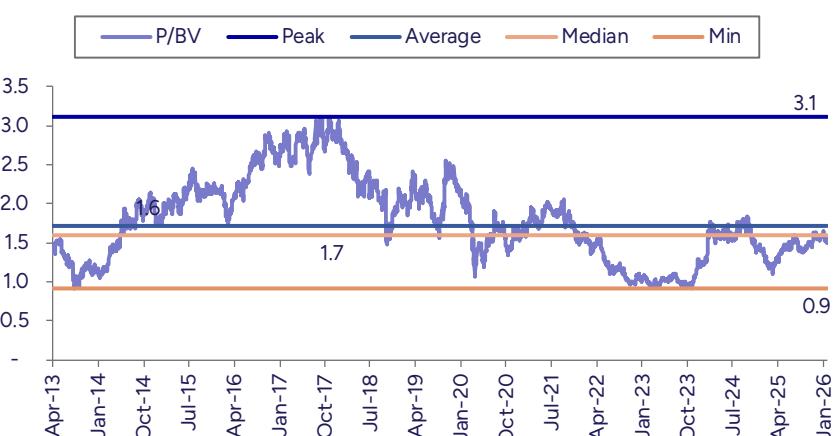
Source: Company, PL

Exhibit 5: GRM estimated at USD7.7/7.5/bbl in FY27E/28E



Source: Company, PL

Exhibit 6: Currently trading at 1.5x FY27E P/BV



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	4,403	4,471	4,523	4,858
YoY gr. (%)	(1.7)	1.6	1.2	7.4
Cost of Goods Sold	3,853	3,774	3,943	4,334
Gross Profit	550	698	581	524
Margin (%)	12.5	15.6	12.8	10.8
Employee Cost	-	-	-	-
Other Expenses	296	300	279	288
EBITDA	254	398	302	236
YoY gr. (%)	(42.4)	56.6	(24.1)	(21.8)
Margin (%)	5.8	8.9	6.7	4.9
Depreciation and Amortization	73	81	90	96
EBIT	181	317	212	140
Margin (%)	4.1	7.1	4.7	2.9
Net Interest	36	29	28	29
Other Income	27	30	28	32
Profit Before Tax	169	319	212	143
Margin (%)	3.8	7.1	4.7	2.9
Total Tax	48	80	53	36
Effective tax rate (%)	28.7	25.2	25.2	25.2
Profit after tax	120	239	158	107
Minority interest	(13)	(12)	(14)	(14)
Share Profit from Associate	-	-	-	-
Adjusted PAT	137	250	173	121
YoY gr. (%)	(49.4)	82.6	(31.0)	(30.0)
Margin (%)	3.1	5.6	3.8	2.5
Extra Ord. Income / (Exp)	(4)	-	-	-
Reported PAT	133	250	173	121
YoY gr. (%)	(50.3)	87.7	(31.0)	(30.0)
Margin (%)	3.0	5.6	3.8	2.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	133	250	173	121
Equity Shares O/s (bn)	4	4	4	4
EPS (Rs)	31.6	57.7	39.8	27.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	1,805	1,922	2,042	2,162
Tangibles	1,805	1,922	2,042	2,162
Intangibles	-	-	-	-
Acc: Dep / Amortization	707	792	871	955
Tangibles	707	792	871	955
Intangibles	-	-	-	-
Net fixed assets	1,097	1,131	1,171	1,207
Tangibles	1,097	1,131	1,171	1,207
Intangibles	-	-	-	-
Capital Work In Progress	264	307	336	364
Goodwill	-	-	-	-
Non-Current Investments	54	54	54	54
Net Deferred tax assets	(83)	(83)	(83)	(83)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	453	445	461	505
Trade receivables	93	95	96	103
Cash & Bank Balance	105	206	238	266
Other Current Assets	-	-	-	-
Total Assets	2,184	2,356	2,474	2,617
Equity				
Equity Share Capital	43	43	43	43
Other Equity	771	900	991	1,058
Total Networth	814	942	1,033	1,101
Non-Current Liabilities				
Long Term borrowings	511	562	556	550
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	750	737	764	836
Other current liabilities	27	32	38	46
Total Equity & Liabilities	2,184	2,356	2,474	2,617

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	169	319	212	143
Add. Depreciation	73	81	90	96
Add. Interest	-	-	-	-
Less Financial Other Income	27	30	28	32
Add. Other	16	12	14	14
Op. profit before WC changes	258	411	316	253
Net Changes-WC	5	(1)	16	29
Direct tax	(48)	(80)	(53)	(36)
Net cash from Op. activities	214	330	279	247
Capital expenditures	(165)	(157)	(160)	(160)
Interest / Dividend Income	-	-	-	-
Others	6	-	-	-
Net Cash from Inv. activities	(159)	(157)	(160)	(160)
Issue of share cap. / premium	-	-	-	-
Debt changes	56	51	(6)	(6)
Dividend paid	(44)	(122)	(82)	(53)
Interest paid	-	-	-	-
Others	(32)	-	-	-
Net cash from Fin. activities	(20)	(71)	(87)	(59)
Net change in cash	35	102	31	28
Free Cash Flow	49	173	119	87

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E	
Per Share(Rs)					
EPS		31.6	57.7	39.8	27.9
CEPS		48.3	76.3	60.6	50.1
BVPS		187.6	217.2	238.2	253.8
FCF		11.2	39.8	27.3	20.0
DPS		10.2	28.1	18.8	12.3
Return Ratio(%)					
RoCE		14.3	22.4	13.7	8.6
ROIC		8.7	14.8	9.5	5.9
RoE		17.5	28.5	17.5	11.3
Balance Sheet					
Net Debt : Equity (x)		0.5	0.4	0.3	0.3
Net Working Capital (Days)		(12)	(9)	(11)	(13)
Valuation(x)					
PER		11.0	6.0	8.8	12.5
P/B		1.9	1.6	1.5	1.4
P/CEPS		7.2	4.6	5.8	7.0
EV/EBITDA		7.6	4.7	6.1	7.6
EV/Sales		0.4	0.4	0.4	0.4
Dividend Yield (%)		2.9	8.0	5.4	3.5

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	1,112	1,125	1,049	1,190
YoY gr. (%)	(4.6)	(0.5)	2.1	5.2
Raw Material Expenses	954	958	871	994
Gross Profit	158	167	178	196
Margin (%)	14.2	14.9	17.0	16.5
EBITDA	78	97	98	117
YoY gr. (%)	(15.7)	71.0	116.7	54.0
Margin (%)	7.0	8.6	9.3	9.8
Depreciation / Depletion	20	19	20	20
EBIT	58	78	78	97
Margin (%)	5.2	6.9	7.5	8.2
Net Interest	5	4	4	4
Other Income	8	7	12	8
Profit before Tax	43	82	86	101
Margin (%)	3.8	7.2	8.2	8.5
Total Tax	10	20	22	25
Effective tax rate (%)	24.6	24.9	25.0	25.2
Profit after Tax	32	61	64	75
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	32	61	64	75
YoY gr. (%)	(23.9)	103.1	168.7	62.3
Margin (%)	2.9	5.4	6.1	6.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	32	61	64	75
YoY gr. (%)	(23.9)	103.1	168.7	62.3
Margin (%)	2.9	5.4	6.1	6.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	32	61	64	75
Avg. Shares O/s (bn)	4	4	4	4
EPS (Rs)	7.4	14.1	14.8	17.4

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Crude (US\$/bbl)	79	65	69	75
Refining Throughput (mmt)	10	10	10	10
GRM (US\$/bbl)	7	10	8	7
Marketing Sales (mmt)	13	14	14	14
Gross Marketing Margin (Rs/ltr)	6	7	6	5

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jan-26	Hold	374	371
2	03-Nov-25	Hold	361	357
3	03-Oct-25	Hold	347	342
4	14-Aug-25	Hold	333	323
5	03-Jul-25	Reduce	311	332
6	04-May-25	Reduce	267	311
7	22-Apr-25	Reduce	261	304
8	08-Apr-25	Hold	261	274
9	25-Feb-25	Hold	286	251

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Accumulate	401	375
2	Bharat Petroleum Corporation	Hold	374	371
3	Bharti Airtel	Accumulate	2,259	2,113
4	Clean Science and Technology	Hold	892	865
5	Deepak Nitrite	Hold	1,729	1,626
6	Fine Organic Industries	BUY	5,103	4,274
7	GAIL (India)	BUY	202	169
8	Gujarat Fluorochemicals	Hold	3,639	3,485
9	Gujarat Gas	Accumulate	422	399
10	Gujarat State Petronet	Hold	322	319
11	Hindustan Petroleum Corporation	Hold	501	482
12	Indian Oil Corporation	Accumulate	175	164
13	Indraprastha Gas	Hold	196	190
14	Jubilant Ingrevia	Hold	755	744
15	Laxmi Organic Industries	Reduce	153	162
16	Mahanagar Gas	BUY	1,356	1,074
17	Mangalore Refinery & Petrochemicals	Accumulate	162	151
18	Navin Fluorine International	Accumulate	6,722	5,751
19	NOCIL	Hold	152	148
20	Oil & Natural Gas Corporation	BUY	307	242
21	Oil India	BUY	538	426
22	Petronet LNG	Hold	281	295
23	Reliance Industries	BUY	1,683	1,458
24	SRF	Hold	2,894	2,883
25	Vinati Organics	BUY	1,887	1,615

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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