

Oil and Gas



LPG compensation of INR 300bn significant +ve for OMCs; upgrade IOCL to Hold on valuations

The government of India (GoI) has [approved](#) INR 300bn compensation to OMCs in respect of LPG under-recoveries to help them meet their capex, debt servicing, etc. The amount is payable in 12 tranches but the government has not clarified the timeframe over which it will be disbursed. This is a significant positive for OMCs as it far exceeds the expectation of INR 100bn-150bn and is equivalent to ~9.1%/7.3%/5.5% of market cap for HPCL/ IOCL/BPCL. Despite the lack of clarity, we believe that INR 300bn is meant to compensate OMCs for their FY25 LPG under-recoveries of INR 413bn; it may partly be for their FY26 estimated LPG under-recoveries of ~INR 206bn as well. Separately, GoI has also [approved](#) INR 120bn LPG subsidy for FY26 for PMUY LPG consumers; this is neutral for OMCs as the PMUY LPG under-recoveries is fully compensated by the government every year.

We upgrade our rating on IOCL to HOLD from SELL (revised TP of INR 135) on valuation grounds as it is trading at ~0.9x FY27 PB (in line with historical average) after the recent correction; further, it's likely to see strong earnings growth over FY27-28 due to refining capacity expansion by 18mmtpa or 25% in next 12 months. We maintain HOLD on BPCL (revised TP of INR 305) as it is trading at ~1.3x FY27 PB (not at a significant premium to its historical multiple of ~1.2x); however, its aggressive capex plan (~INR 1,500bn capex over 5 years) prevents us from taking a constructive view. We maintain SELL on HPCL as: a) it is trading at a significant premium to historical valuations (1.35x FY27 PB vs historical average of ~1.1x); b) its huge INR 730bn Rajasthan refining project may earn single-digit RoCE due to significant time/cost escalation; and c) we believe OMCs' integrated refining cum marketing margin will normalise around historical levels as the government may retain the benefit of any sustained fall in crude price via excise duty hike and/or fuel price cut.

- **GoI approves INR 300bn compensation to OMCs in respect of LPG under-recoveries; to support OMCs meet their critical requirements like capex, debt servicing, etc.:** GoI has approved INR 300bn compensation to OMCs (oil marketing companies) in respect of LPG under-recoveries as global LPG prices remained high "during FY25 and continues to remain high". It added that this compensation will be paid in 12 tranches, but didn't clarify the timeframe. Further, GoI said that this compensation will allow OMCs to continue meeting their critical requirements such as crude and LPG procurement, servicing of debt, and sustaining their capex, underlining its commitment to protect consumers from volatility in global energy markets while maintaining the financial health of OMCs. Separately, in an interview, India's Information and Broadcasting Minister said that this support is being given keeping in mind the current geopolitical scenario and uncertainties in the oil and gas sector.
- **Significantly +ve for OMCs as INR 300bn compensation exceeds expectation of INR 100bn-150bn; equivalent to ~9.1%/7.3%/5.5% of market cap for HPCL/ IOCL/BPCL:** This approved LPG compensation of INR 300bn is a significant positive for OMCs as it exceeds the consensus expectation of INR 100bn-150bn compensation, given that OMCs earned ~INR 250bn-300bn extra auto-fuel marketing margin in FY25 as **a)** their FY25 auto-fuel marketing was higher at ~INR 6.5/ltr (vs. historical INR 3.5/ltr) and **b)** their FY25 integrated auto-fuel marketing was also higher at ~INR 14.1/ltr (vs. historical INR 12.1/ltr) despite factoring in lower GRM – **Exhibit 3**. Our calculations suggest that this compensation (of INR 300bn) is likely to be distributed among OMCs as: **a)** ~INR 145bn to IOCL (equivalent to 7.3% of its current market cap); **b)** ~INR 79bn compensation to HPCL (equivalent to 9.1% of its current market cap); and **c)** ~INR 76bn compensation for BPCL (equivalent to 5.5% of BPCL's current market cap) – **Exhibit 1**.
- **INR 300bn is for compensation of OMCs' FY25 LPG under-recoveries of INR 413bn; may also be partly for their FY26 estimated LPG under-recoveries of ~INR 206bn:** There is lack of clarity on whether this INR 300bn compensation is solely to cover the LPG under-recoveries of FY25 or also towards potential FY26 LPG under-recoveries. We believe this is largely to compensate for FY25 LPG under-recoveries of INR 413bn; however, this may

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also be to partly compensate for FY26 estimated LPG under-recoveries of ~INR 206bn (1QFY26 LPG under-recovery is likely to be ~INR 86bn based on HPCL's 1QFY26 results; FY26 under-recovery is likely at ~INR 206bn assuming that the current low global LPG price continues and domestic LPG price is unchanged- **Exhibit 1**). Earlier in Oct'22, Gol had announced INR 220bn compensation to OMCs for LPG under-recoveries of INR 283bn incurred between Jun'20 and Jun'22.

- **Gol also approves INR 120bn LPG subsidy for FY26 for PMUY LPG consumers; neutral for OMCs as the PMUY LPG under-recoveries are fully compensated by Gol every year:** Separately, Gol also announced an LPG subsidy of INR 120bn for FY26 under Pradhan Mantri Ujjwala Yojana (PMUY), continuing the INR 300/cylinder subsidy given to 103.3mn PMUY households (for upto 9 cylinders p.a.). Please note that this scheme was launched in May'16 to provide deposit-free LPG connections to adult women from economically weaker households. However, this is neutral for OMCs as these LPG under-recoveries are fully compensated by Gol every year.
- **Upgrade IOCL from SELL to HOLD on valuation ground; maintain HOLD on BPCL and maintain SELL on HPCL:** We have raised our FY26 EBITDA estimates by ~30% for IOCL and BPCL, and by ~39% for HPCL to account for the INR 300bn LPG compensation in FY26 while the estimate for FY27-28 is largely unchanged. Hence, our TP has increased by 3-6% to INR 135 (from INR 130) for IOCL; to INR 305 (from INR 295) for BPCL; and to INR 350 (from INR 330) for HPCL. We **upgrade our rating on IOCL to HOLD (from SELL)** on valuation grounds as its trading at ~0.9x FY27 PB (in line with historical average) after the recent correction; further, it's likely to see strong earnings growth over FY27-28 due to refining capacity expansion by 18mmtpa or 25% in next 12 months. We **maintain HOLD on BPCL** as it is trading at ~1.3x FY27 PB (not at a significant premium to its historical multiple of ~1.2x); however, its aggressive capex plan (~INR 1,500bn capex over 5 years) prevents us from taking a constructive view on the stock at this valuation. We **maintain SELL on HPCL** as: **a)** it is trading at a significant premium to historical valuations (1.35x FY27 PB vs. historical average of ~1.1x); **b)** its huge INR 730bn Rajasthan refining project may earn single-digit RoCE due to significant time/cost escalation; and **c)** we believe OMCs' integrated refining cum marketing margin will normalise around historical levels as the government may retain the benefit of any sustained fall in crude price via excise duty hike and/or fuel price cut to pass on the benefit of lower crude price to end-consumers.

LPG and Marketing margin exhibits

Exhibit 1. OMCs FY25 and FY26E LPG under-recovery break-up; and likely break-up of INR 300bn compensation and what it implies as % of OMCs market cap

	1QFY25	2QFY25	3QFY25	4QFY25	FY25	1QFY26E	2QFY26E	3QFY26E	4QFY26E	FY26E	Likely Breakup of Rs300bn LPG compensation (INR bn)
Standalone EBITDA (INR Mn)											
IOCL	86	38	71	136	331						
BPCL	57	45	76	78	255						
HPCL	21	27	60	58	166						
Reported LPG under-recovery (INR bn)											
IOCL	52	37	55	56	199	43	20	20	20	103	145
BPCL	20	21	31	32	105	22	10	10	10	52	76
HPCL	24	21	31	33	109	22	10	10	10	52	79
Total	96	79	117	121	413	86	40	40	40	206	300
Computation of LPG under-recovery/per cylinder											
No of cylinders consumed (assumed) (bn)	0.5	0.5	0.5	0.5	2.1	0.5	0.5	0.5	0.5	2.1	
Implied LPG under-recovery/cylinder (Rs)	187	153	227	235	200	167	78	78	78	100	
OMCs Current Mkt Cap (INR bn)											
IOCL											1,980
BPCL											1,386
HPCL											871
Total											4,237
Announced LPG compensation as % of total market cap											
IOCL											7.3%
BPCL											5.5%
HPCL											9.1%
Total											7.1%
Net consolidated Debt excl lease liability (INR Mn)											
IOCL											1,393
BPCL											406
HPCL											662

Source: Company, PIB, JM Financial Note: a) 1QFY26E LPG under-recovery assumed based on HPCL actual 1QFY26 LPG under-recovery; b) For 2Q/3Q/4QFY26 assumed LPG UR based on HPCL mgmt commentary of ~Rs100bn UR in 2QFY26 and similar UR in 3QFY26 and 4QFY26 (assuming global LPG price and domestic LPG price remains unchanged)

Exhibit 2. OMCs net negative LPG buffer was at ~INR 413bn at end FY25; IOCL, HPCL and BPCL has 48%, 26% and 25% share

	INR Bn	Implied domestic LPG market share (%)
IOCL	199.3	48%
HPCL	108.9	26%
BPCL	104.5	25%
Total	412.7	100%

Source: JM Financial

Exhibit 3. FY25 auto-fuel marketing was higher at ~INR 6.5/lt (vs. historical INR 3.5/lt) and FY25 integrated auto-fuel marketing was also higher at ~INR 14.1/lt (vs. historical INR 12.1/lt)

	1QFY25	2QFY25	3QFY25	4QFY25	FY25	1QFY26	2QFY26TD	On spot crude price and spot product crack*
OMCs gross marketing margin (GMM, INR/lt)								
Diesel GMM (INR/lt)	3.5	6.0	9.0	6.3	6.2	10.1	4.2	7.7
Petrol GMM (INR/lt)	2.7	7.2	9.9	8.5	7.1	11.1	8.1	10.8
Wt Avg GMM for Diesel & Petrol (INR/lt)	3.3	6.4	9.3	7.0	6.5	10.5	5.5	8.7
Historical average GMM (INR/lt)	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
OMCs diesel/petrol refining product crack & Russian crude discount trend (USD/bbl)								
Diesel refining product crack (USD/bbl)	13.9	12.8	14.7	14.6	14.0	15.6	19.7	16.8
Petrol refining product crack (USD/bbl)	13.3	10.7	11.4	9.3	11.2	12.0	10.2	9.8
Russian discount benefit to GRM (USD/bbl)	1.2	1.2	1.2	1.1	1.2	1.2	1.2	1.2
Historical average diesel/petrol product crack (USD/bbl)	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
OMCs integrated auto-fuel gross refining and marketing margin incl Russian crude disc benefit but before LPG losses (INR/lt of marketing volume) – assuming 1:1 marketing vs refining volume								
Diesel integrated gross margin (INR/lt)	11.5	13.4	17.5	14.8	14.3	19.2	15.6	17.6
Petrol integrated gross margin (INR/lt)	10.3	13.4	16.6	14.1	13.6	18.2	14.3	16.9
Wt Avg integrated auto-fuel gross margin for Diesel & Petrol (INR/lt)*	11.1	13.4	17.2	14.6	14.1	18.9	15.2	17.4
Historical average integrated auto-fuel gross margin for Diesel & Petrol (INR/lt)	12.0	12.0	12.1	12.2	12.1	12.2	12.3	12.4
OMCs integrated auto-fuel gross refining and marketing margin incl Russian crude disc benefit adjusted for LPG losses (INR/lt of marketing volume)								
Quarterly LPG losses reported by OMCs (INR Bn)	96	79	117	122	413	75	60	60
India's quarterly petrol/diesel sales (Bn lt)	44	38	43	42	167	42	66	42
OMCs quarterly petrol/diesel sales assuming ~90% market share (Bn lt)	39	34	39	38	150	38	60	38
OMCs LPG losses per litre of auto-fuel sales volume (INR/lt)	2.5	2.3	3.0	3.2	2.7	2.0	1.0	1.6
OMCs Wt Avg integrated gross margin for Diesel & Petrol adjusted for LPG loss (INR/lt)*	8.6	11.1	14.2	11.4	11.3	16.9	14.2	15.8
India retail auto-fuel price and Brent crude price in USD/bbl and INR/lt								
Brent crude price (USD/bbl)	85.1	78.8	73.8	75.1	78.2	66.6	69.5	66.3
Brent crude price (INR/lt)	7,094	6,603	6,230	6,499	6,607	5,696	5,987	5,803
INR/USD exchange rate	83.4	83.8	84.4	86.6	84.5	85.5	86.2	87.5

Source: Company, JM Financial Note: *Margin is based on spot Brent price of ~USD 66.3/bbl and current diesel crack of ~USD17/bbl and petrol crack of ~USD10/bbl

Exhibit 4. Historical changes in excise duty on diesel/petrol (INR/ltr)

Date	Diesel		Petrol		Brent	Diesel price	Petrol price
	Excise duty	Hike/(cut) in duty	Excise duty	Hike/(cut) in duty		INR/ltr	INR/ltr
01-May-08	3.7		13.8		105	31.8	45.5
01-Mar-10	3.7	0.0	13.8	0.0	75.3	35.5	47.4
01-Mar-11	4.7	1.0	14.8	1.0	110	37.8	58.4
01-May-12	2.1	-2.6	14.8	0.0	115.4	40.9	65.6
01-Oct-12	3.5	1.4	9.1	-5.8	109	47.0	68.5
1-Mar-14	3.6	0.1	9.5	0.4	106.4	55.5	72.4
01-Oct-14	5.1	1.6	11.0	1.5	92	59.0	67.9
01-Nov-14	6.1	1.0	13.3	2.3	83.1	53.4	66.7
01-Dec-14	10.3	4.1	17.5	4.1	71	52.5	63.3
01-Dec-15	10.7	0.4	19.1	1.6	43.5	46.6	60.5
01-Apr-16	17.3	6.7	21.5	2.4	37	48.3	59.7
04-Oct-17	15.3	-2.0	19.5	-2.0	56.3	57.0	68.4
04-Oct-18	13.8	-1.5	18.0	-1.5	85	75.5	84.0
06-Jul-19	15.8	2.0	20.0	2.0	64.5	64.3	70.5
14-Mar-20	18.8	3.0	23.0	3.0	33	62.7	70.0
06-May-20	31.8	13.0	33.0	10.0	22.9	69.4	71.3
04-Nov-21	21.8	-10.0	28.0	-5.0	80	86.7	104.0
22-May-22	15.8	-6.0	20.0	-8.0	113.9	96.7	105.4
7th Apr'25	17.8	2.0	22.0	2.0	64	87.7	94.8

Source: JM Financial

Assumptions and Estimates

Exhibit 5. IOCL key assumptions

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	Comments
Marco assumptions								
Brent (USD/bbl)	80.0	95.4	83.1	78.9	70.0	70.0	70.0	
Exchange rate (INR/USD)	75.2	80.4	82.8	84.6	87.1	88.8	90.6	
Implied integrated Reported EBITDA margin (INR/ton of marketing sales volume)	3,980	1,996	6,939	2,767	5,191	3,866	3,947	Based on reported EBITDA of both refining & marketing segment divided by marketing sales volume
Refining segment								
Margins (USD/bbl)								
Singapore Dubai GRM	5.0	10.8	6.6	3.8	5.5	5.5	5.5	GRM to normalise from FY26
Reported GRM excluding Paradip refinery	11.3	20.6	12.3	3.7	6.1	6.2	6.2	
Reported GRM for Paradip refinery	11.0	15.0	11.0	9.0	9.0	9.0	9.0	Assumed at ~USD 9/bbl based on complexity
Reported GRM including Paradip refinery	11.3	19.5	12.1	4.8	6.7	6.7	6.7	
Implied inventory gain/(loss) on refining	3.6	-0.4	0.6	0.3	0.0	0.0	0.0	Not factoring any inventory loss/gain going forward
Implied core GRM	7.6	20.1	11.4	4.5	6.7	6.7	6.7	
Reported GRM differential to Spore Dubai GRM	6.3	8.8	5.5	1.0	1.2	1.2	1.2	
Core GRM differential to Spore Dubai GRM	2.6	9.4	4.9	0.7	1.2	1.2	1.2	
Crude throughput (mmtpa)								
Total standalone	67.7	72.5	73.3	71.6	75.2	81.4	87.0	
CPCL refinery	9.0	11.3	11.6	11.6	11.6	11.6	11.6	
Consolidated	76.7	83.8	84.9	83.2	86.8	93.0	98.6	
Refining capacity (mmtpa)								
Total standalone	70.1	70.1	70.3	70.3	70.3	87.6	87.6	
CPCL refinery	10.5	10.5	10.5	10.5	10.5	10.5	10.5	
Consolidated	80.6	80.6	80.8	80.8	80.8	98.1	98.1	
Refinery utilisation								
Consolidated	95%	104%	105%	103%	108%	95%	101%	
Marketing segment								
Margins								
Implied gross marketing margin on autofuel (INR/litre)	2.2	(5.8)	5.2	6.8	4.2	4.2	4.2	Margin to normalise at INR4.2/ltr from FY26 onwards
Implied gross marketing margin overall (INR/ton)	2,520	(3,319)	5,015	3,920	5,705	4,278	4,276	FY26 margin higher due to factoring in of LPG compensation of ~INR145bn
Implied net marketing margin overall (INR/ton)	(130)	(4,940)	3,093	2,672	3,774	2,342	2,334	
Volume								
Volume break-up (mmtpa)								
HSD sales volume	32.7	39.1	37.1	36.7	37.4	38.1	38.9	
MS sales volume	12.3	14.3	14.8	15.5	16.2	16.8	17.5	
Other product sales volume	34.6	35.6	36.6	37.5	38.2	39.2	40.6	
Total sales volume	79.6	89.0	88.5	89.7	91.8	94.2	97.0	
Petchem segment								
Sales volume (mmtpa)	2.9	2.2	3.1	3.2	3.3	3.4	3.5	
EBITDA Margin (INR/ton)	19,675	6,275	8,086	7,157	7,864	8,591	9,338	
Pipeline segment								
Throughput (mmtpa)	83.2	95.1	98.6	99.6	100.6	101.6	102.6	
EBITDA (INR/mmt of throughput)	760	729	761	816	874	937	1,004	Assumed gradual recovery in margins after recent decline

Source: JM Financial

Exhibit 6. BPCL key assumptions

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	Comments
Marco assumptions								
Brent (USD/bbl)	80.0	95.4	83.1	78.9	70.0	70.0	70.0	
Exchange rate (INR/USD)	74.5	80.4	82.8	84.6	87.1	88.8	90.6	
Implied integrated Reported EBITDA margin (INR/ton of marketing sales volume)	4,389	2,182	8,447	4,766	6,083	4,699	4,712	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	5.5	5.5	5.5	
GRM for consolidated business	9.7	20.2	14.1	6.8	7.7	7.7	7.7	
Implied inventory gain/(loss) on refining	1.9	-1.0	0.0	-0.5	0.0	0.0	0.0	0.0 Not factoring any inventory loss/gain going forward Assumed core GRM is -USD 1.9/bbl higher than Spore Dubai GRM
Implied consolidated core GRM	7.8	21.2	14.1	7.3	7.7	7.7	7.7	7.7 due to higher complexity of MR and Bina refinery
Consolidated reported GRM differential to Spore Dubai GRM	4.7	9.5	7.6	3.0	2.2	2.2	2.2	
Consolidated core GRM differential to Spore Dubai GRM	2.8	10.5	7.6	3.5	2.2	2.2	2.2	
Crude throughput (mmtpa)								
Total consolidated	37.2	38.5	39.9	40.5	41.3	42.1	43.0	
Refining capacity (mmtpa)								
Total consolidated	31.4	31.4	35.3	35.3	35.3	35.3	35.3	
Refinery utilisation (%)								
Overall utilisation	119	123	113	115	117	119	122	
Refining cover (%)	83%	77%	76%	76%	74%	73%	72%	
Marketing segment								
Margins								
Implied gross marketing margin on autofuel (INR/litre)	2.1	-5.0	5.3	7.4	4.2	4.2	4.2	4.2 Margin to normalise at INR 4.2/ltr from FY26 onwards FY26 margin higher due to factoring in of LPG compensation of
Implied gross marketing margin overall (INR/ton)	2,490	(3,044)	5,321	5,072	5,779	4,377	4,373	-INR76bn
Implied net marketing margin overall (INR/ton)	432	(4,944)	3,420	3,141	3,870	2,466	2,459	
Volume								
Volume break-up (mmtpa)								
MS sales volume	8.1	9.6	10.1	10.8	11.2	11.6	12.1	
HSD sales volume	18.8	22.8	23.2	23.3	23.6	24.0	24.3	
Other product sales volume	17.7	17.8	18.9	19.6	21.2	22.1	23.1	
Total sales volume	44.6	50.2	52.2	53.6	56.0	57.7	59.6	
Volume growth (YoY)								
MS sales volume	13.1%	17.9%	5.3%	6.3%	4.0%	4.0%	4.0%	Steady volume growth going forward
HSD sales volume	7.6%	21.4%	1.5%	0.4%	1.5%	1.5%	1.5%	
Other product sales volume	10.4%	0.7%	6.3%	3.6%	8.0%	4.5%	4.5%	
Total sales volume	9.7%	12.5%	3.9%	2.7%	4.4%	3.1%	3.2%	

Source: JM Financial

Exhibit 7. HPCL key assumptions

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	Comments
Marco assumptions								
Brent (USD/bbl)	80.0	95.4	83.1	78.9	70.0	70.0	70.0	
Exchange rate (INR/USD)	74.5	80.4	82.8	84.6	87.1	88.8	90.6	
Implied integrated Reported EBITDA margin (INR/ton of marketing sales volume)	2,909	-1,932	5,283	3,290	5,774	4,253	4,276	Based on reported EBITDA of both refining & marketing segment divided by marketing sales volume
Refining segment								
Margins (USD/bbl)								
Singapore Dubai GRM	5.0	10.8	6.6	3.8	5.5	5.5	5.5	GRM to normalise from FY26
GRM for Mumbai refinery	7.6	14.8	10.4	5.9	6.0	6.0	6.0	
GRM for Visakh refinery	6.9	9.2	8.1	5.6	7.5	7.5	7.5	
GRM for standalone business	7.2	12.1	9.1	5.7	6.9	6.9	6.9	
Implied inventory gain/(loss) on refining	2.6	-1.6	0.2	-0.3	0.0	0.0	0.0	Not factoring any inventory loss/gain going forward
Implied standalone core GRM	4.6	13.6	8.9	6.1	6.9	6.9	6.9	Assumed core GRM is -USD 1/bbl higher than Spore Dubai GRM due to VR bottom upgradation unit
Standalone reported GRM differential to Spore Dubai GRM	2.2	1.3	2.5	1.9	1.4	1.4	1.4	
Standalone core GRM differential to Spore Dubai GRM	-0.4	2.9	2.3	2.3	1.4	1.4	1.4	
GRM for Bhatinda refinery	13.1	23.7	17.5	9.3	11.0	12.5	12.5	Assumed based on complexity
GRM for consolidated business	9.0	14.9	10.9	6.4	7.7	6.6	6.6	
Consolidated GRM differential to Spore Dubai GRM	4.0	4.2	4.3	2.6	2.2	1.1	1.1	
Crude throughput (m mtpa)								
Mumbai refinery	5.6	9.8	9.6	10.0	10.2	10.4	10.6	
Visakh refinery	8.4	9.3	12.7	15.3	16.8	17.2	17.5	
Total standalone	14.0	19.1	22.3	25.3	27.0	27.5	28.1	
Bhatinda refinery (HPCL's 49% share)	6.4	6.2	6.2	6.2	6.2	6.2	6.2	
Total consolidated	20.4	25.3	28.5	31.4	33.2	40.4	40.9	
Refining capacity (m mtpa)								
Mumbai refinery	9.5	9.5	9.5	9.5	9.5	9.5	9.5	
Visakh refinery	8.3	8.3	12.0	15.0	15.0	15.0	15.0	
Total standalone	17.8	17.8	21.5	24.5	24.5	24.5	24.5	
Bhatinda refinery (HPCL's 49% share)	5.5	5.5	5.5	5.5	5.5	5.5	5.5	
Total consolidated	23.3	23.3	27.0	30.0	30.0	36.7	36.7	
Refinery utilisation								
Mumbai refinery	59%	103%	101%	105%	107%	109%	111%	
Visakh refinery	101%	112%	106%	102%	112%	115%	117%	
Bhatinda refinery	78%	107%	104%	103%	110%	112%	115%	
Overall utilisation	87%	108%	105%	105%	110%	110%	112%	
Refining cover (%)	52%	58%	61%	63%	65%	77%	75%	
Marketing segment								
Margins								
Implied gross marketing margin on autofuel (INR/litre)	3.3	-4.6	4.9	6.7	4.2	4.2	4.2	Margin to normalise at -INR 4.2/ltr from FY26 onwards ex of LPG losses
Implied gross marketing margin overall (INR/ton)	3,865	-2,331	5,450	4,533	6,376	4,842	4,851	FY26 margin higher due to factoring in of LPG compensation of ~INR79bn
Implied net marketing margin overall (INR/ton)	1,188	-3,784	3,712	2,606	4,446	2,910	2,919	
Sales volume								
Volume break-up (m mtpa)								
HSD	16.6	19.3	20.1	20.5	20.9	21.3	21.7	
MS	7.5	8.7	9.2	9.8	10.2	10.6	11.1	
Other product	15.1	15.5	17.6	19.5	20.1	20.8	21.5	
Total	39.1	43.5	46.8	49.8	51.2	52.7	54.3	
Volume growth (YoY)								
HSD	4.2%	16.4%	4.0%	2.1%	2.0%	2.0%	2.0%	Steady volume growth going forward
MS	10.9%	16.0%	5.9%	7.0%	4.0%	4.0%	4.0%	
Other product	8.2%	2.7%	13.3%	11.0%	3.1%	3.3%	3.3%	
Total	7.0%	11.0%	7.7%	6.4%	2.8%	2.9%	2.9%	

Source: JM Financial

Exhibit 8. Changes in estimates and TP

	Revenue (INR mn)			EBITDA (INR mn)			PAT (INR mn)			EPS (INR)			TP (INR)	Rating
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E		
IOCL														
New	7,703,510	8,045,873	8,429,153	599,682	500,112	532,367	334,174	235,120	277,827	23.7	16.7	19.7	135	HOLD
Old	7,637,588	7,978,632	8,360,568	461,875	493,429	525,551	226,708	233,507	276,405	16.1	16.5	19.6	130	SELL
Change	0.9%	0.8%	0.8%	29.8%	1.4%	1.3%	47.4%	0.7%	0.5%	47.4%	0.7%	0.5%	4%	
BPCL														
New	4,103,992	4,269,793	4,442,293	340,572	271,279	280,599	203,356	145,111	144,003	47.6	34.0	33.7	305	HOLD
Old	4,103,992	4,269,793	4,442,293	262,317	271,279	280,599	144,665	145,111	144,003	33.9	34.0	33.7	295	HOLD
Change	0.0%	0.0%	0.0%	29.8%	0.0%	0.0%	40.6%	0.0%	0.0%	40.6%	0.0%	0.0%	3%	
HPCL														
New	4,076,656	4,279,610	4,493,239	283,073	208,504	216,342	163,236	105,638	109,581	76.7	49.6	51.5	350	SELL
Old	4,076,656	4,279,610	4,493,239	203,882	208,428	216,262	103,961	105,581	109,522	48.8	49.6	51.5	330	SELL
Change	0.0%	0.0%	0.0%	38.8%	0.0%	0.0%	57.0%	0.1%	0.1%	57.0%	0.1%	0.1%	6%	

Source: JM Financial

Valuation

Exhibit 9. IOCL SOTP valuation

Valuation			Value (INR Bn)	Value (INR/share)	Comment
	FY27 EBITDA (INR Bn)	EV/EBITDA multiple (x)			
Core business					
Standalone core business					
Refining segment	144	5.5	789	56	Refining EBITDA based on GRM of USD 6.7/bbl (vs historical GRM of USD 5.5-6.5/bbl)
Marketing segment	221	5.5	1,213	86	Marketing EBITDA based on auto-fuel GMM of INR 4.2/ltr
Petchem segment	29	5.5	162	11	
Pipeline segment	95	5.5	524	37	
Standalone core business			2,688	190	
Less: Net debt			1,133	80	
Standalone core business equity value			1,555	110	
CPCL (51.9% stake)			40	3	At 20% discount to CMP
Total core business (a)			1,595	113	
Other investments	No of shares (Mn)	CMP less 20% discount			
ONGC (7.84% stake)	987	186	184	13	At 20% discount to CMP
PLNG (12.5% stake)	188	218	41	3	At 20% discount to CMP
Oil India (4.93% stake)	80	346	28	2	At 20% discount to CMP
GAIL (2.5% stake)	82	137	11	1	At 20% discount to CMP
Treasury shares (2.5% stake)	350	112	39	3	At 20% discount to CMP
Total other investments (b)			303	22	
Equity value (a+b)				135	

Source: JM Financial

Exhibit 10. BPCL SOTP valuation

SOTP Valuation			Value (INR Bn)	Value (INR/share)	Comment
	FY27 EBITDA (INR Bn)	EV/EBITDA multiple (x)			
Core business					
Refining segment	129	5.5	709	167	Refining EBITDA based on GRM of USD 7.7/bbl (vs historical GRM of USD 6-7/bbl)
Marketing segment	142	5.5	783	184	Marketing EBITDA based on historical auto-fuel GMM of INR 4.2/ltr
Core business			1,492	350	
Less: Net debt			339	80	
Core business equity value (a)			1,153	271	
Other investments	No of shares (Mn)	CMP less 20% discount			
PLNG (12.5% stake)	188	218	41	10	At 20% discount to CMP
IGL (22.5% stake)	158	162	26	6	At 20% discount to CMP
Oil India (2.47% stake)	40	345	14	3	At 20% discount to CMP
MNGL (22.5% stake)			21	5	Valued at 15x FY24 PAT
Sabarmati Gas (49.94% stake)			23	5	Valued at 15x FY24 PAT
CUGL (25% stake)			3	1	Valued at 15x FY24 PAT
Total other investments (e)			127	34	
Equity value (d+e)				305	

Source: JM Financial

Exhibit 11. HPCL SOTP valuation

			Value (INR Bn)	Value (INR/share)	Comment
	FY27 EBITDA (INR Bn)	EV/EBITDA multiple (x)			
Core business					
Standalone core business					
Refining segment	71	5.5	389	183	Refining EBITDA based on GRM of USD 6.9/bbl (vs historical GRM of USD 5-6/bbl)
Marketing segment	153	5.5	844	396	Marketing EBITDA based on auto-fuel GMM of INR 4.2/ltr
Standalone core business			1,233	579	
Less: Net debt			568	267	
Standalone core business equity value (a)			665	312	
Bhatinda refinery JV (49% stake)					
EV	34	5.5	188	89	Bhatinda EBITDA based on GRM of USD 12.5/bbl
Less: Net debt			161	76	
Bhatinda refinery equity value (b)			28	13	
Total core business (c= a+b)			693	325	
Other investments					
	No of shares (Mn)	CMP less 20% discount			
MRPL (16.96% stake)	297	101	30	14	At 20% discount to CMP
Oil India (2.47% stake)	40	346	14	7	At 20% discount to CMP
Sub-total (d)			44	25	
Equity value				350	

Source: JM Financial

Exhibit 12. OMCs' current P/B valuation at CMP vs. historical P/B valuation

CMP (INR)	Consolidated Book Value (INR)			Implied P/B at CMP			OMCs historical average P/B			OMCs historical peak P/B			OMCs historical trough P/B		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	3 year	5 year	Since May'14	3 year	5 year	Since May'14	3 year	5 year	Since May'14
IOCL 141	132	147	158	1.06	0.95	0.89	0.88	0.82	1.06	1.46	1.46	1.90	0.57	0.55	0.55
BPCL 316	190	213	234	1.66	1.49	1.35	1.25	1.40	1.80	1.83	2.02	2.83	0.91	0.91	1.02
HPCL 404	240	272	303	1.68	1.49	1.34	1.08	1.04	1.27	1.76	1.76	2.70	0.66	0.60	0.59

Source: JM Financial

Exhibit 13. OMCs' valuation table

Company	Rating	TP (INR)	Upside/ (downside)	P/E (x)			P/B (x)			EV/EBITDA (x)			ROE (%)		
				FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
IOCL	HOLD	135	-3%	14.2	6.0	8.5	1.1	1.0	0.9	9.5	5.4	6.4	7.6	16.9	10.9
BPCL	HOLD	305	-5%	9.9	6.7	9.4	1.7	1.4	1.3	6.8	4.9	6.4	17.5	23.1	14.6
HPCL	SELL	350	-15%	12.7	5.3	8.1	1.7	1.4	1.3	9.6	5.3	7.1	13.7	28.9	16.2

Source: JM Financial

OMCs' valuation sensitivity to auto-fuel marketing margin

If FY27 auto fuel gross marketing margin (GMM) changes by +/- INR 0.5/ltr, FY27 consolidated EBITDA will change by 6.8%, 8.2% and 9.5% for IOCL, BPCL and HPCL respectively

Exhibit 14. IOCL's valuation (INR/share) sensitivity to marketing business parameters

		FY27 Auto fuel marketing sales volume (mmtpa)						
FY27 Auto fuel GMM (INR/ltr)		47	49	52	55	58	60	63
	7.2	192	200	207	215	222	230	238
	6.2	170	176	182	188	195	201	207
	5.2	147	152	157	162	167	172	177
	4.2	125	128	132	135	139	143	146
	3.2	102	104	107	109	111	113	116
	2.2	80	81	81	82	83	84	85
	1.2	57	57	56	56	55	55	55

Source: Company, JM Financial

Exhibit 16. BPCL's valuation (INR/share) sensitivity to marketing business parameters

		FY27 Auto fuel marketing sales volume (mmtpa)						
FY27 Auto fuel GMM (INR/ltr)		30.3	32.0	33.8	35.6	37.4	39.2	41.0
	4.2	427	443	460	476	492	509	525
	6.2	379	392	405	419	432	446	459
	5.2	330	341	351	362	372	383	393
	4.2	281	289	297	305	312	320	328
	3.2	233	238	243	247	252	257	262
	2.2	184	186	188	190	192	194	196
	1.2	136	135	134	133	132	131	131

Source: Company, JM Financial

Exhibit 18. HPCL's valuation (INR/share) sensitivity to marketing business parameters

		FY27 Auto fuel marketing sales volume						
FY27 Auto fuel GMM (INR/ltr)		27.2	28.8	30.4	32.0	33.5	35.1	36.7
	7.2	570	600	629	658	687	717	746
	6.2	483	507	531	555	579	604	628
	5.2	396	415	434	453	472	491	510
	4.2	308	322	336	350	364	378	392
	3.2	221	230	239	247	256	265	274
	2.2	134	138	141	145	148	152	156
	1.2	47	45	44	42	41	39	37

Source: Company, JM Financial

Exhibit 15. IOCL's FY27 EBITDA (INR Bn) sensitivity to marketing business parameters

		FY27 Auto fuel marketing sales volume (mmtpa)						
FY27 Auto fuel GMM (INR/ltr)	INR Bn	46	48	51	55	56	59	62
	7.2	646	666	685	704	724	743	763
	6.2	588	604	620	636	652	668	684
	5.2	530	543	556	568	581	593	606
	4.2	473	482	491	500	509	518	528
	3.2	415	420	426	432	438	444	449
	2.2	357	359	362	364	366	369	371
	1.2	299	298	297	296	295	294	293

Source: Company, JM Financial

Exhibit 17. BPCL's FY27 EBITDA (INR Bn) sensitivity to marketing business parameters

		FY27 Auto fuel marketing sales volume (mmtpa)						
FY27 Auto fuel GMM (INR/ltr)	INR Bn	29.6	31.3	33.1	35.6	36.5	38.3	40.0
	4.2	366	379	391	404	417	429	442
	6.2	329	339	349	360	370	381	391
	5.2	291	299	307	316	324	332	340
	4.2	253	259	265	271	277	283	289
	3.2	216	220	223	227	231	235	238
	2.2	178	180	181	183	184	186	187
	1.2	141	140	139	139	138	137	137

Source: Company, JM Financial

Exhibit 19. HPCL's FY27 EBITDA (INR Bn) sensitivity to marketing business parameters

		FY27 Auto fuel marketing sales volume						
FY27 Auto fuel GMM (INR/ltr)	INR Bn	26.5	28.0	29.6	32.0	32.7	34.2	35.8
	7.2	294	305	316	328	339	350	362
	6.2	260	269	279	288	297	307	316
	5.2	226	234	241	248	256	263	270
	4.2	192	198	203	209	214	219	225
	3.2	159	162	165	169	172	176	179
	2.2	125	126	128	129	130	132	133
	1.2	91	91	90	89	89	88	88

Source: Company, JM Financial

OMCs' valuation sensitivity to refining margin

Exhibit 20. Spore GRM declined to ~USD 4.0/bbl in 2QFY26TD, though key diesel cracks (from Indian refiners' perspective) continue to be robust at ~USD20/bbl

	Aug-25TD	Jul-25	Jun-25	2QFY26TD	1QFY26	4QFY25	3QFY25	2QFY25	1QFY25	FY25	FY24	FY23	FY22	FY21	FY20	FY19	FY18	FY17
S'pore GRM (USD/bbl)	3.5	4.0	6.4	4.0	5.6	3.1	5.0	3.6	3.5	3.8	6.6	10.8	5.0	0.5	3.2	4.9	7.2	5.8
Product cracks (USD/bbl)																		
Diesel	18.0	19.9	17.7	19.9	15.6	14.6	14.6	12.8	13.9	14.0	20.5	35.7	10.5	4.7	13.6	14.4	13.2	11.3
Petrol	9.8	10.3	13.5	10.3	12.0	9.3	11.4	10.7	13.3	11.2	16.2	19.1	13.7	4.6	10.0	8.4	14.6	13.9
Naptha	-6.5	-6.2	-4.1	-6.2	-3.5	-3.9	-2.8	-5.6	-9.9	-5.6	-11.8	-12.1	1.6	-0.8	-5.4	-3.9	0.2	0.1
LPG	-25.9	-24.7	-21.1	-24.7	-21.0	-22.9	-19.6	-23.5	-31.6	-24.4	-29.7	-36.3	-15.1	-6.9	-22.2	-22.3	-13.2	-11.4
Jet Kero	17.1	17.9	16.2	17.9	15.1	14.4	14.8	13.3	13.6	14.0	21.2	33.1	9.3	1.4	13.0	14.9	13.3	11.5
Fuel Oil/others	-4.5	-4.1	1.6	-4.1	1.9	-1.4	-2.8	-6.0	-5.5	-3.9	-9.4	-18.4	-6.5	-2.2	-6.9	-1.5	-3.2	-5.4
Brent (USD/bbl)	68.8	69.2	71.5	69.2	67.9	75.7	74.6	80.3	84.9	78.9	83.0	94.7	80.0	44.7	60.9	70.2	57.6	49.0

Source: Bloomberg

If FY27 core GRM changes by +/- USD 1/bbl, FY27 consolidated EBITDA will change by 10.6%, 10.1% and 11.9% for IOCL, BPCL and HPCL respectively.

Exhibit 21. IOCL's valuation (INR/share) sensitivity to refining business parameters

		FY27 Crude Throughput (mmtpa)						
		91.5	92.0	92.5	93.0	93.5	94.0	94.5
FY27 Core GRM (USD/bbl)	5.2	104	104	104	104	104	105	105
	5.7	114	114	114	115	115	115	115
	6.2	124	124	125	125	125	126	126
	6.7	134	135	135	135	136	136	136
	7.2	145	145	145	146	146	147	147
	7.7	155	155	156	156	157	157	158
	8.2	165	165	166	166	167	168	168

Source: Company, JM Financial

Exhibit 22. IOCL's FY27 EBITDA (INR bn) sensitivity to refining business parameters

		FY27 Crude Throughput (mmtpa)						
		85.3	85.8	86.3	93.0	87.3	87.8	88.3
FY27 Core GRM (USD/bbl)	5.2	419	420	420	420	421	421	422
	5.7	445	446	446	447	448	448	449
	6.2	471	472	473	474	474	475	476
	6.7	497	498	499	500	501	502	503
	7.2	524	525	526	527	528	529	530
	7.7	550	551	552	553	554	556	557
	8.2	576	577	578	580	581	583	584

Source: Company, JM Financial

Exhibit 23. BPCL's valuation (INR/share) sensitivity to refining business parameters

		FY27 Crude Throughput (mmtpa)						
		32.6	33.1	33.6	34.1	34.6	35.1	35.6
FY27 Core GRM (USD/bbl)	6.2	247	249	250	251	253	254	255
	6.7	265	266	268	269	270	272	273
	7.2	282	283	285	287	288	290	292
	7.7	299	301	303	305	306	308	310
	8.2	316	318	320	322	324	327	329
	8.7	333	335	338	340	342	345	347
	9.2	350	353	355	358	360	363	365

Source: Company, JM Financial

Exhibit 24. BPCL's FY27 EBITDA (INR bn) sensitivity to refining business parameters

		FY27 Crude Throughput (mmtpa)						
		32.0	32.5	33.0	34.1	34.0	34.5	35.0
FY27 Core GRM (USD/bbl)	6.2	227	228	229	230	231	232	233
	6.7	240	241	243	244	245	246	247
	7.2	254	255	256	258	259	260	261
	7.7	267	268	270	271	273	274	276
	8.2	280	282	283	285	287	288	290
	8.7	293	295	297	299	301	302	304
	9.2	307	309	311	313	315	316	318

Source: Company, JM Financial

Exhibit 25. HPCL's valuation (INR/share) sensitivity to refining business parameters

		FY27 Crude Throughput (mmtpa)						
		38.9	39.4	39.9	40.4	40.9	41.4	41.9
FY27 Core GRM (USD/bbl)	5.4	252	252	252	252	252	252	252
	5.9	282	283	284	285	285	286	287
	6.4	312	314	316	317	319	321	322
	6.9	342	345	348	350	353	355	358
	7.4	373	376	379	383	386	390	393
	7.9	403	407	411	416	420	424	428
	8.4	433	438	443	448	453	459	464

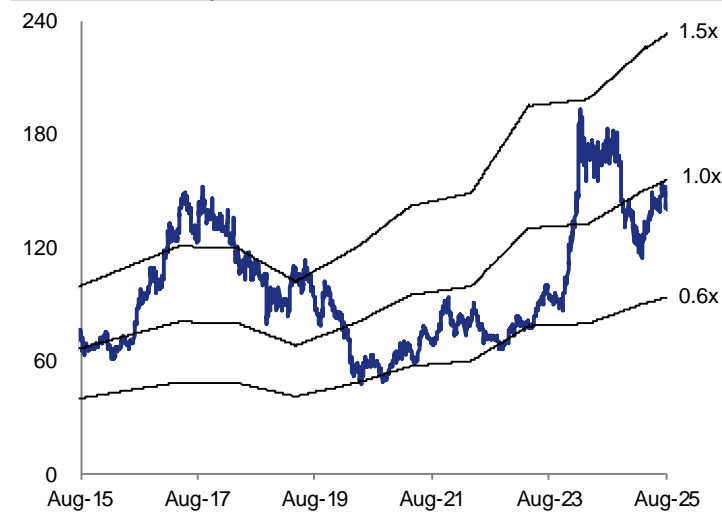
Source: Company, JM Financial

Exhibit 26. HPCL's FY27 EBITDA (INR bn) sensitivity to refining business parameters

		FY27 Crude Throughput (mmtpa)						
		31.7	32.2	32.7	40.4	33.7	34.2	34.7
FY27 Core GRM (USD/bbl)	5.4	171	171	171	171	171	171	171
	5.9	183	183	183	184	184	184	185
	6.4	194	195	195	196	197	197	198
	6.9	206	207	208	209	209	210	211
	7.4	217	218	220	221	222	223	225
	7.9	228	230	232	233	235	237	238
	8.4	240	242	244	246	248	250	252

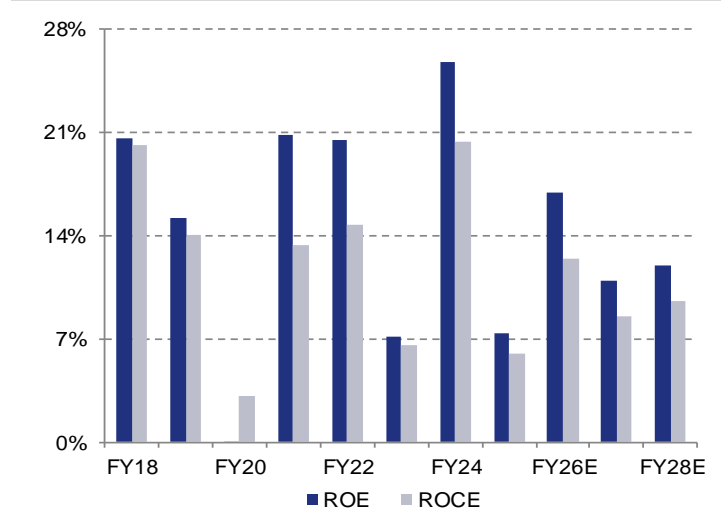
Source: Company, JM Financial

Exhibit 27. IOCL: 1-year forward consolidated PB Chart



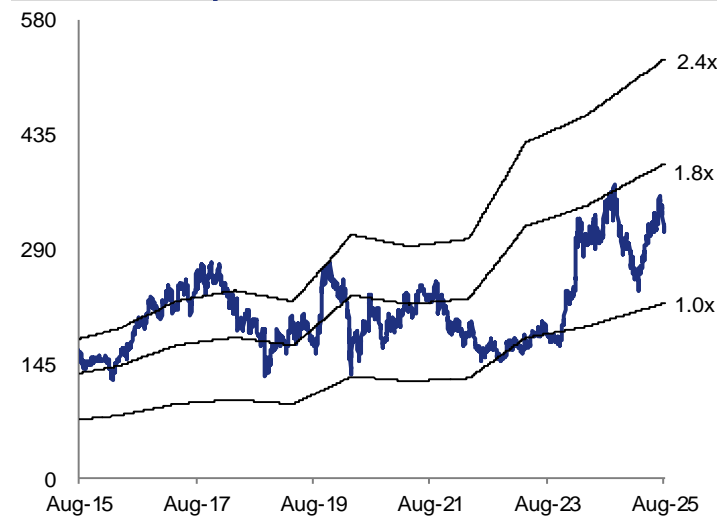
Source: JM Financial, Company

Exhibit 28. IOCL ROE and ROCE



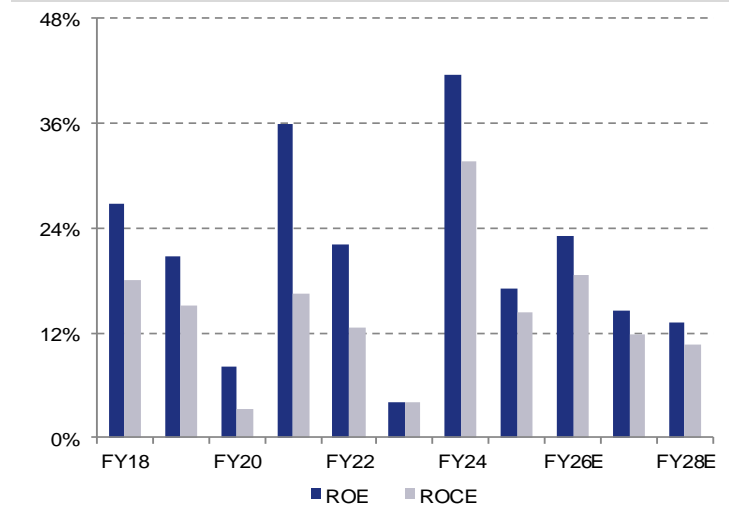
Source: JM Financial, Company

Exhibit 29. BPCL: 1-year forward consolidated PB Chart



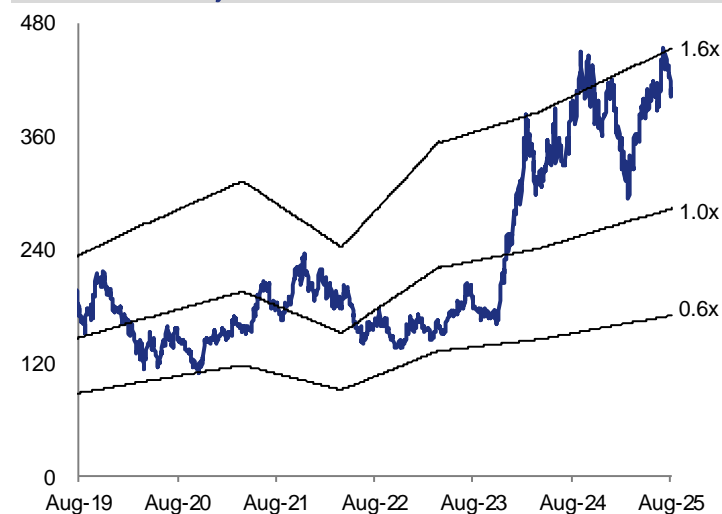
Source: JM Financial, Company

Exhibit 30. BPCL ROE and ROCE



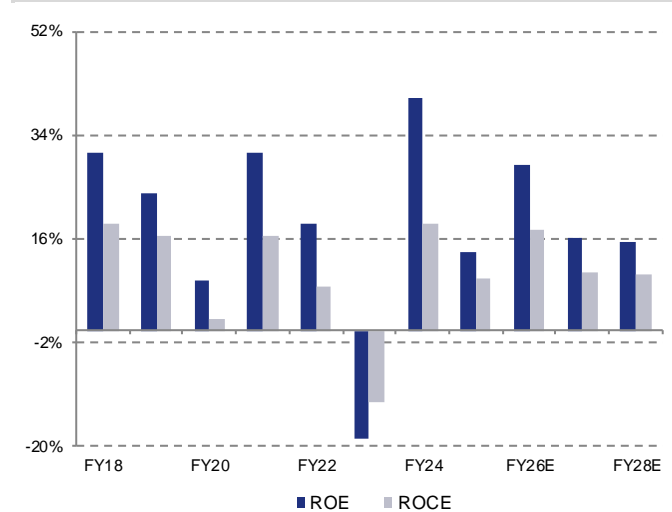
Source: JM Financial, Company

Exhibit 31. HPCL: 1-year forward consolidated PB Chart



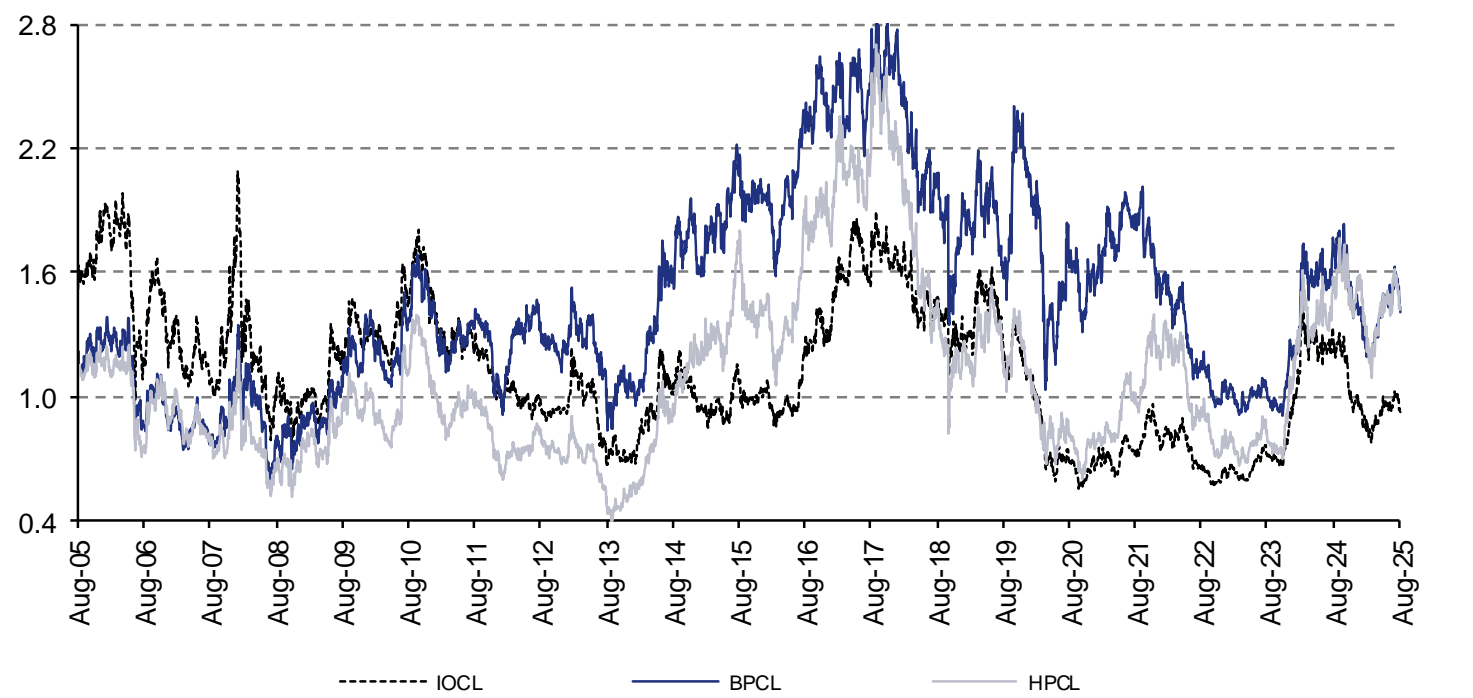
Source: JM Financial, Company

Exhibit 32. HPCL ROE and ROCE



Source: JM Financial, Company

Exhibit 33. OMCs combined 1-year forward consolidated PB chart



Source: JM Financial

IOCL Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	88,12,355	85,93,627	87,32,434	91,20,525	95,54,999
Sales Growth	-7.4%	-2.5%	1.6%	4.4%	4.8%
Other Operating Income	0	0	0	0	0
Total Revenue	88,12,355	85,93,627	87,32,434	91,20,525	95,54,999
Cost of Goods Sold/Op. Exp	0	0	0	0	0
Personnel Cost	0	0	0	0	0
Other Expenses	0	0	0	0	0
EBITDA	7,55,951	3,59,905	5,27,864	4,20,842	5,32,367
EBITDA Margin	8.6%	4.2%	6.0%	4.6%	5.6%
EBITDA Growth	146.2%	-52.4%	46.7%	-20.3%	6.4%
Depn. & Amort.	1,58,661	1,67,773	1,75,959	1,93,209	1,73,454
EBIT	5,97,290	1,92,132	3,51,905	2,27,632	3,58,912
Other Income	38,386	35,137	47,445	45,037	44,946
Finance Cost	78,257	92,619	64,276	66,856	67,023
PBT before Excep. & Forex	5,57,419	1,34,650	3,35,074	2,05,814	3,36,835
Excep. & Forex Inc./Loss(-)	0	18,380	0	0	0
PBT	5,57,419	1,53,030	3,35,074	2,05,814	3,36,835
Taxes	1,41,266	32,746	62,753	39,333	63,512
Extraordinary Inc./Loss(-)	0	18,380	0	0	0
Assoc. Profit/Min. Int.(-)	1,145	15,694	17,456	18,035	18,835
Reported Net Profit	4,45,926	1,58,178	2,75,564	1,70,427	2,77,827
Adjusted Net Profit	4,45,926	1,39,798	2,75,564	1,70,427	2,77,827
Net Margin	5.1%	1.6%	3.2%	1.9%	2.9%
Diluted Share Cap. (mn)	14,121.2	14,121.2	14,121.2	14,121.2	14,121.2
Diluted EPS (INR)	31.6	9.9	19.5	12.1	19.7
Diluted EPS Growth	355.4%	-68.6%	97.1%	-38.2%	18.2%
Total Dividend + Tax	1,69,455	42,364	83,211	49,311	84,247
Dividend Per Share (INR)	12.0	3.0	5.9	3.5	6.0

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	5,72,878	1,70,635	3,45,423	2,16,804	3,48,505
Depn. & Amort.	1,58,661	1,67,773	1,75,959	1,93,209	1,73,454
Net Interest Exp. / Inc. (-)	45,814	59,938	16,831	21,818	22,077
Inc (-) / Dec in WCap.	62,562	-7,333	1,33,398	1,710	2,013
Others	-9,401	-13,080	0	0	0
Taxes Paid	-1,19,050	-30,941	-62,753	-39,333	-63,512
Operating Cash Flow	7,11,464	3,46,993	6,08,859	3,94,209	4,82,538
Capex	-3,71,754	-3,48,499	-3,53,107	-3,55,013	-3,50,013
Free Cash Flow	3,39,711	-1,507	2,55,751	39,196	1,32,525
Inc (-) / Dec in Investments	12,594	-13,524	30,451	28,928	27,482
Others	44,044	43,541	47,445	45,037	44,946
Investing Cash Flow	-3,15,115	-3,18,482	-2,75,212	-2,81,047	-2,77,586
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-1,78,303	1,78,144	9,563	11,395	-17,986
Others	-2,15,544	-2,12,389	-1,47,487	-1,16,166	-1,51,270
Financing Cash Flow	-3,93,846	-34,245	-1,37,923	-1,04,771	-1,69,256
Inc / Dec (-) in Cash	2,502	-5,734	1,95,723	8,391	35,696
Opening Cash Balance	9,964	12,466	6,732	2,02,455	2,93,848
Closing Cash Balance	12,466	6,732	2,02,455	2,10,846	3,29,545

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	18,34,163	18,64,873	20,41,619	21,48,497	24,10,423
Share Capital	1,37,716	1,37,716	1,37,716	1,37,716	1,37,716
Reserves & Surplus	16,96,447	17,27,158	19,03,903	20,10,781	22,72,707
Preference Share Capital	0	0	0	0	0
Minority Interest	47,467	45,373	50,348	55,279	60,295
Total Loans	12,34,536	14,25,599	14,35,162	14,46,558	14,28,571
Def. Tax Liab. / Assets (-)	1,89,607	2,06,650	2,06,650	2,06,650	2,06,650
Total - Equity & Liab.	33,05,773	35,42,495	37,33,779	38,56,983	41,05,939
Net Fixed Assets	25,70,302	27,90,635	29,67,782	31,29,585	33,06,144
Gross Fixed Assets	28,15,054	30,34,271	33,49,271	36,64,271	39,72,271
Intangible Assets	10	10	10	10	10
Less: Depn. & Amort.	8,55,087	10,22,860	11,98,819	13,92,029	15,65,483
Capital WIP	6,10,324	7,79,213	8,17,320	8,57,332	8,99,346
Investments	5,70,725	5,94,814	5,46,624	5,01,344	4,57,055
Current Assets	16,82,593	16,83,222	16,59,060	17,32,685	19,24,484
Inventories	12,13,758	11,38,785	10,69,074	10,74,260	10,80,079
Sundry Debtors	1,38,315	1,85,510	1,15,798	1,20,985	1,26,804
Cash & Bank Balances	12,466	6,732	2,02,455	2,10,846	3,29,545
Loans & Advances	30,799	38,522	28,632	70,888	1,18,222
Other Current Assets	2,87,255	3,13,674	2,43,101	2,55,707	2,69,835
Current Liab. & Prov.	15,17,848	15,26,175	14,39,687	15,06,631	15,81,744
Current Liabilities	5,94,541	6,05,349	5,80,835	6,05,142	6,32,369
Provisions & Others	9,23,307	9,20,826	8,58,851	9,01,489	9,49,376
Net Current Assets	1,64,745	1,57,047	2,19,373	2,26,054	3,42,740
Total - Assets	33,05,773	35,42,495	37,33,779	38,56,983	41,05,939

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	5.1%	1.6%	3.2%	1.9%	2.9%
Asset Turnover (x)	2.8	2.5	2.4	2.4	2.4
Leverage Factor (x)	2.0	1.9	1.9	1.8	1.7
RoE	27.6%	7.6%	14.1%	8.1%	12.0%

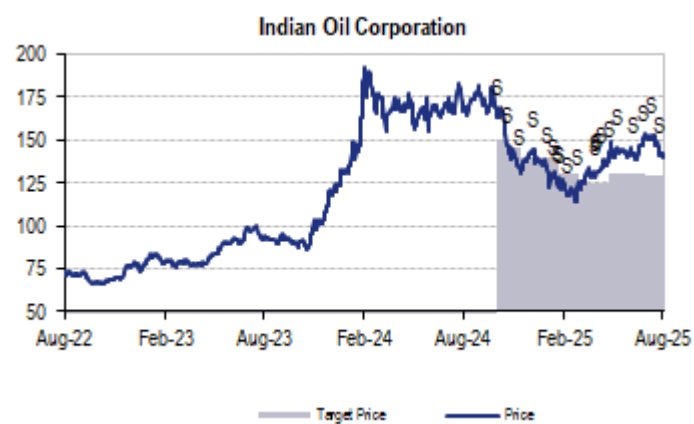
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	129.9	132.1	144.6	152.1	170.7
ROIC	18.1%	5.7%	10.4%	6.4%	9.6%
ROE	27.6%	7.6%	14.1%	8.1%	12.0%
Net Debt/Equity (x)	0.7	0.7	0.6	0.6	0.5
P/E (x)	4.4	14.1	7.2	11.6	7.1
P/B (x)	1.1	1.1	1.0	0.9	0.8
EV/EBITDA (x)	4.3	9.5	6.2	7.8	5.9
EV/Sales (x)	0.4	0.4	0.4	0.4	0.3
Debtor days	6	8	5	5	5
Inventory days	50	48	45	43	41
Creditor days	27	27	26	25	26

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
7-Oct-24	Sell	150	
28-Oct-24	Sell	145	-3.6
18-Nov-24	Sell	140	-3.7
13-Dec-24	Sell	140	0.1
7-Jan-25	Sell	140	-0.2
17-Jan-25	Sell	140	0.0
27-Jan-25	Sell	130	-6.9
29-Jan-25	Sell	130	0.0
14-Feb-25	Sell	130	-0.1
5-Mar-25	Sell	125	-4.0
6-Apr-25	Sell	125	0.2
7-Apr-25	Sell	125	0.0
8-Apr-25	Sell	125	0.0
17-Apr-25	Sell	125	0.0
30-Apr-25	Sell	130	4.1
18-May-25	Sell	130	0.1
15-Jun-25	Sell	130	0.0
3-Jul-25	Sell	130	-0.5
16-Jul-25	Sell	130	0.1
2-Aug-25	Sell	130	0.0

Recommendation History



BPCL Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	50,69,926	50,05,175	41,03,992	42,69,793	44,42,293
Sales Growth	-5.0%	-1.3%	-18.0%	4.0%	4.0%
Other Operating Income	0	0	0	0	0
Total Revenue	50,69,926	50,05,175	41,03,992	42,69,793	44,42,293
Cost of Goods Sold/Op. Exp	0	0	0	0	0
Personnel Cost	0	0	0	0	0
Other Expenses	0	0	0	0	0
EBITDA	4,40,820	2,54,014	3,40,572	2,71,279	2,80,599
EBITDA Margin	8.7%	5.1%	8.3%	6.4%	6.3%
EBITDA Growth	304.9%	-42.4%	34.1%	-20.3%	3.4%
Depn. & Amort.	67,713	72,567	79,694	87,064	94,434
EBIT	3,73,108	1,81,447	2,60,878	1,84,215	1,86,164
Other Income	22,347	26,847	31,479	32,109	32,751
Finance Cost	41,489	35,914	21,091	23,717	29,106
PBT before Excep. & Forex	3,53,966	1,72,380	2,71,266	1,92,606	1,89,809
Excep. & Forex Inc./Loss(-)	-2,677	-3,784	0	0	0
PBT	3,51,289	1,68,596	2,71,266	1,92,606	1,89,809
Taxes	93,356	48,458	67,816	48,152	47,452
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	10,655	13,227	-93	656	1,646
Reported Net Profit	2,68,588	1,33,366	2,03,356	1,45,111	1,44,003
Adjusted Net Profit	2,71,265	1,37,150	2,03,356	1,45,111	1,44,003
Net Margin	5.4%	2.7%	5.0%	3.4%	3.2%
Diluted Share Cap. (mn)	4,272.6	4,272.6	4,272.6	4,272.6	4,272.6
Diluted EPS (INR)	63.5	32.1	47.6	34.0	33.7
Diluted EPS Growth	616.5%	-49.4%	48.3%	-28.6%	-0.8%
Total Dividend + Tax	89,724	42,726	71,207	50,559	49,825
Dividend Per Share (INR)	21.0	10.0	16.7	11.8	11.7

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	3,51,289	1,68,596	2,71,266	1,92,606	1,89,809
Depn. & Amort.	67,713	72,567	79,694	87,064	94,434
Net Interest Exp. / Inc. (-)	27,256	19,744	-10,388	-8,392	-3,645
Inc (-) / Dec in WCcap.	-12,047	9,068	52,937	-7,543	-7,848
Others	12,082	6,701	0	0	0
Taxes Paid	-86,595	-39,897	-67,816	-48,152	-47,452
Operating Cash Flow	3,59,696	2,36,778	3,25,693	2,15,585	2,25,299
Capex	-88,386	-1,33,426	-1,99,789	-2,45,152	-2,92,260
Free Cash Flow	2,71,310	1,03,352	1,25,903	-29,568	-66,962
Inc (-) / Dec in Investments	-38,872	1,58,877	2,151	2,108	2,066
Others	21,716	-2,17,252	31,479	32,109	32,751
Investing Cash Flow	-1,05,543	-1,91,800	-1,66,159	-2,10,936	-2,57,444
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-1,54,911	47,275	22,002	60,720	1,09,036
Others	-99,362	-1,09,681	-92,298	-74,276	-78,931
Financing Cash Flow	-2,54,273	-62,406	-70,296	-13,556	30,105
Inc / Dec (-) in Cash	-120	-17,428	89,237	-8,907	-2,040
Opening Cash Balance	23,127	23,007	5,579	94,816	85,909
Closing Cash Balance	23,007	5,579	94,816	85,909	83,868

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	7,56,351	8,13,841	9,46,083	10,39,978	11,32,510
Share Capital	21,363	42,726	42,726	42,726	42,726
Reserves & Surplus	7,34,988	7,71,115	9,03,357	9,97,253	10,89,785
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	4,54,849	5,10,609	5,32,611	5,93,331	7,02,367
Def. Tax Liab. / Assets (-)	79,757	82,927	82,927	82,927	82,927
Total - Equity & Liab.	12,90,957	14,07,377	15,61,620	17,16,236	19,17,804
Net Fixed Assets	10,70,021	11,50,149	12,70,244	14,28,332	16,26,158
Gross Fixed Assets	12,11,684	13,02,551	14,32,551	15,62,551	16,92,551
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	3,43,702	4,16,269	4,95,964	5,83,028	6,77,462
Capital WIP	2,02,040	2,63,868	3,33,657	4,48,810	6,11,070
Investments	2,63,256	3,27,852	3,25,701	3,23,594	3,21,528
Current Assets	6,90,900	7,05,821	7,21,434	7,31,605	7,49,414
Inventories	4,28,361	4,52,652	3,93,551	4,09,450	4,25,991
Sundry Debtors	83,420	93,390	78,867	82,047	85,355
Cash & Bank Balances	23,007	5,579	94,816	85,909	83,868
Loans & Advances	0	0	0	0	0
Other Current Assets	1,56,111	1,54,200	1,54,200	1,54,200	1,54,200
Current Liab. & Prov.	7,33,220	7,76,446	7,55,759	7,67,295	7,79,296
Current Liabilities	2,83,058	3,06,341	2,85,654	2,97,190	3,09,191
Provisions & Others	4,50,162	4,70,105	4,70,105	4,70,105	4,70,105
Net Current Assets	-42,320	-70,625	-34,325	-35,689	-29,882
Total - Assets	12,90,957	14,07,377	15,61,620	17,16,236	19,17,804

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	5.4%	2.7%	5.0%	3.4%	3.2%
Asset Turnover (x)	4.0	3.7	2.8	2.6	2.4
Leverage Factor (x)	1.9	1.7	1.7	1.7	1.7
RoE	42.0%	17.5%	23.1%	14.6%	13.3%

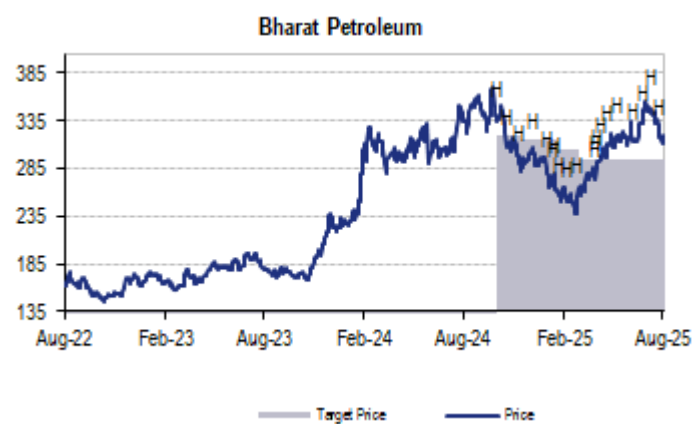
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	177.0	190.5	221.4	243.4	265.1
ROIC	30.2%	13.5%	19.1%	12.1%	10.5%
ROE	42.0%	17.5%	23.1%	14.6%	13.3%
Net Debt/Equity (x)	0.5	0.5	0.4	0.4	0.5
P/E (x)	5.0	9.9	6.7	9.4	9.5
P/B (x)	1.8	1.7	1.4	1.3	1.2
EV/EBITDA (x)	3.9	6.9	4.9	6.4	6.6
EV/Sales (x)	0.3	0.3	0.4	0.4	0.4
Debtor days	6	7	7	7	7
Inventory days	31	33	35	35	35
Creditor days	22	24	28	27	27

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
7-Oct-24	Hold	320	
25-Oct-24	Hold	320	0.0
18-Nov-24	Hold	315	-1.5
13-Dec-24	Hold	315	0.0
7-Jan-25	Hold	315	-0.1
17-Jan-25	Hold	315	0.0
22-Jan-25	Hold	305	-3.1
29-Jan-25	Hold	305	0.0
14-Feb-25	Hold	305	0.0
5-Mar-25	Hold	295	-3.4
6-Apr-25	Hold	295	0.0
7-Apr-25	Hold	295	0.0
8-Apr-25	Hold	295	0.0
17-Apr-25	Hold	295	0.0
29-Apr-25	Hold	295	0.0
18-May-25	Hold	295	0.2
15-Jun-25	Hold	295	0.0
3-Jul-25	Hold	295	-0.1
16-Jul-25	Hold	295	0.0
2-Aug-25	Hold	295	0.0

Recommendation History



HPCL Financial Tables (Consolidated)

Income Statement						(INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	43,38,565	43,41,062	40,76,656	42,79,610	44,93,239	Shareholders' Fund	4,69,214	5,11,443	6,19,792	6,85,662	7,52,140
Sales Growth	-1.6%	0.1%	-6.1%	5.0%	5.0%	Share Capital	14,189	21,282	21,282	21,282	21,282
Other Operating Income	0	0	0	0	0	Reserves & Surplus	4,55,024	4,90,161	5,98,510	6,64,380	7,30,858
Total Revenue	43,38,565	43,41,062	40,76,656	42,79,610	44,93,239	Preference Share Capital	0	0	0	0	0
Cost of Goods Sold/Op. Exp	38,75,516	39,48,989	36,98,922	38,83,071	40,76,905	Minority Interest	0	0	0	0	0
Personnel Cost	34,697	33,812	37,194	40,913	45,004	Total Loans	6,28,131	6,64,289	6,92,778	7,07,054	7,22,232
Other Expenses	1,79,074	1,92,749	57,467	1,47,122	1,54,987	Def. Tax Liab. / Assets (-)	69,329	77,077	77,077	77,077	77,077
EBITDA	2,49,278	1,65,512	2,83,073	2,08,504	2,16,342	Total - Equity & Liab.	11,66,674	12,52,808	13,89,647	14,69,792	15,51,449
EBITDA Margin	5.7%	3.8%	6.9%	4.9%	4.8%	Net Fixed Assets	9,95,354	10,38,414	10,95,488	11,48,491	11,97,342
EBITDA Growth	0.0%	-33.6%	71.0%	-26.3%	3.8%	Gross Fixed Assets	11,02,629	12,27,696	13,47,696	14,70,096	15,94,944
Depn. & Amort.	55,964	61,541	66,481	73,022	79,695	Intangible Assets	0	0	0	0	0
EBIT	1,93,314	1,03,971	2,16,592	1,35,482	1,36,647	Less: Depn. & Amort.	3,08,053	3,68,953	4,35,434	5,08,456	5,88,151
Other Income	19,169	20,879	24,889	25,636	26,405	Capital WIP	2,00,778	1,79,672	1,83,226	1,86,852	1,90,550
Finance Cost	25,560	33,655	33,669	34,781	35,547	Investments	2,46,625	2,40,988	2,52,147	2,63,844	2,76,105
PBT before Excep. & Forex	1,86,923	91,195	2,07,813	1,26,337	1,27,506	Current Assets	5,85,704	6,68,044	7,36,763	7,84,929	8,39,867
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	Inventories	3,42,115	3,83,253	3,36,864	3,53,545	3,71,103
PBT	1,86,923	91,195	2,07,813	1,26,337	1,27,506	Sundry Debtors	93,241	1,17,807	1,10,719	1,16,239	1,22,049
Taxes	44,857	22,642	52,263	31,772	32,066	Cash & Bank Balances	4,734	2,538	1,24,734	1,50,700	1,82,269
Extraordinary Inc./Loss(-)	0	0	0	0	0	Loans & Advances	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	18,080	-1,196	7,686	11,074	14,142	Other Current Assets	1,45,614	1,64,446	1,64,446	1,64,446	1,64,446
Reported Net Profit	1,60,146	67,357	1,63,236	1,05,638	1,09,581	Current Liab. & Prov.	6,61,010	6,94,638	6,94,751	7,27,472	7,61,866
Adjusted Net Profit	1,60,146	67,357	1,63,236	1,05,638	1,09,581	Current Liabilities	2,73,000	2,98,008	2,80,179	2,94,063	3,08,677
Net Margin	3.7%	1.6%	4.0%	2.5%	2.4%	Provisions & Others	3,88,010	3,96,630	4,14,571	4,33,409	4,53,189
Diluted Share Cap. (mn)	2,128.4	2,128.4	2,128.4	2,128.4	2,128.4	Net Current Assets	-75,306	-26,594	42,012	57,457	78,001
Diluted EPS (INR)	75.2	31.6	76.7	49.6	51.5	Total - Assets	11,66,674	12,52,808	13,89,647	14,69,792	15,51,449
Diluted EPS Growth	0.0%	-57.9%	142.3%	-35.3%	3.7%	Source: Company, JM Financial					
Total Dividend + Tax	44,697	22,348	47,201	28,695	28,961						
Dividend Per Share (INR)	21.0	10.5	22.2	13.5	13.6						

Source: Company, JM Financial

Cash Flow Statement						(INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	1,86,923	91,195	2,07,813	1,26,337	1,27,506	Net Margin	3.7%	1.6%	4.0%	2.5%	2.4%
Depn. & Amort.	55,964	61,541	66,481	73,022	79,695	Asset Turnover (x)	4.0	3.6	3.1	3.0	3.0
Net Interest Exp. / Inc. (-)	21,405	29,837	29,118	30,094	30,719	Leverage Factor (x)	2.8	2.5	2.3	2.2	2.1
Inc (-) / Dec in WCap.	-27,718	-44,359	53,590	10,521	11,025	RoE	40.4%	13.7%	28.9%	16.2%	15.2%
Others	4,780	209	0	0	0						
Taxes Paid	-2,835	3,854	-52,263	-31,772	-32,066						
Operating Cash Flow	2,38,519	1,42,277	3,04,739	2,08,201	2,16,878						
Capex	-1,00,712	-95,793	-1,23,554	-1,26,026	-1,28,546						
Free Cash Flow	1,37,806	46,484	1,81,184	82,176	88,332						
Inc (-) / Dec in Investments	-39,493	-18,845	-11,159	-11,697	-12,261						
Others	10,014	9,072	4,551	4,687	4,828						
Investing Cash Flow	-1,30,192	-1,05,566	-1,30,163	-1,33,035	-1,35,980						
Inc / Dec (-) in Capital	0	0	0	0	0						
Dividend + Tax thereon	0	0	0	0	0						
Inc / Dec (-) in Loans	-58,139	28,385	28,489	14,276	15,178						
Others	-62,001	-67,292	-80,870	-63,476	-64,507						
Financing Cash Flow	-1,20,140	-38,908	-52,380	-49,200	-49,329						
Inc / Dec (-) in Cash	-11,814	-2,196	1,22,196	25,966	31,569						
Opening Cash Balance	16,548	4,734	2,538	1,24,734	1,50,700						
Closing Cash Balance	4,734	2,538	1,24,734	1,50,700	1,82,269						

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	3.7%	1.6%	4.0%	2.5%	2.4%
Asset Turnover (x)	4.0	3.6	3.1	3.0	3.0
Leverage Factor (x)	2.8	2.5	2.3	2.2	2.1
RoE	40.4%	13.7%	28.9%	16.2%	15.2%

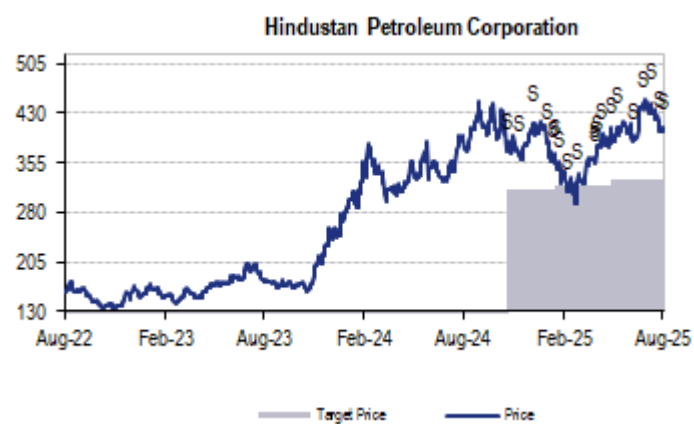
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	220.5	240.3	291.2	322.1	353.4
ROIC	18.0%	8.8%	17.4%	10.6%	10.3%
ROE	40.4%	13.7%	28.9%	16.2%	15.2%
Net Debt/Equity (x)	1.3	1.3	0.9	0.8	0.7
P/E (x)	5.4	13.0	5.3	8.3	8.0
P/B (x)	1.9	1.7	1.4	1.3	1.2
EV/EBITDA (x)	6.3	9.7	5.3	7.2	6.8
EV/Sales (x)	0.4	0.4	0.4	0.3	0.3
Debtor days	8	10	10	10	10
Inventory days	29	32	30	30	30
Creditor days	24	26	27	26	26

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
26-Oct-24	Sell	315	
18-Nov-24	Sell	315	0.1
13-Dec-24	Sell	315	0.0
7-Jan-25	Sell	315	-0.2
17-Jan-25	Sell	315	0.0
23-Jan-25	Sell	320	1.8
29-Jan-25	Sell	320	0.0
14-Feb-25	Sell	320	0.0
5-Mar-25	Sell	320	0.0
6-Apr-25	Sell	320	0.0
7-Apr-25	Sell	320	-0.2
8-Apr-25	Sell	320	0.0
17-Apr-25	Sell	320	0.0
6-May-25	Sell	330	3.3
18-May-25	Sell	330	-0.2
15-Jun-25	Sell	330	0.0
3-Jul-25	Sell	330	0.1
16-Jul-25	Sell	330	0.0
2-Aug-25	Sell	330	-0.1
7-Aug-25	Sell	330	0.3

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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