

March 10, 2026

## Bharat Petroleum Corporation Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures	1,000.00	1,000.00	[ICRA]AAA (Stable); reaffirmed
<b>Total</b>	<b>1,000.00</b>	<b>1,000.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating continues to factor in the strategic importance of Bharat Petroleum Corporation Limited (BPCL) in the domestic energy sector, the high financial flexibility arising from its large sovereign ownership [(52.98% stake owned by the government of India (GoI)], and a significant portfolio of liquid investments, including GoI bonds and investments in Oil India Limited and Cochin International Airport Limited. The rating also factors in BPCL's well-known brand name and its established position in the domestic oil marketing business with sales of over ~52.4 MMT<sup>[1]</sup> and a market share of ~27% in FY2025. The rating takes into account the diversified location of the company's refineries, translating into sizeable capacities, and a ~14% share in the domestic refining sector.

The rating also factors in the company's strong operational efficiencies with its refineries operating at consistently high-capacity utilisation levels. Its average gross refining margin (GRM) for 9M FY2026 improved to \$9.68 per barrel, compared with \$5.95 per barrel in the corresponding period last year. This has been supported by relatively low crude oil prices and healthy marketing margins, driven by fixed retail prices and lower crude costs, with the blended margins estimated at Rs. 6-7 per litre. Although there has been an abnormal surge in crude prices due to geopolitical tensions surrounding the Iran-USA nuclear treaty situation, diesel and petrol cracks continue to be strong at around \$15 per barrel and \$3-4 per barrel, respectively. The rating also factors in the vulnerability of the company's profitability to the global refining margin cycle, import duty protection and INR-USD parity levels. BPCL will continue to be subjected to risks related to the pricing of sensitive petroleum products in an elevated crude oil price environment; however, the past track record of the GoI to ensure low under-recovery levels for PSU OMCs provides comfort from a credit perspective. Any adverse change in the GoI's policy in this regard, resulting in a sustained weakening of the key credit metrics of BPCL, will be a key rating sensitivity.

BPCL is exposed to project execution risks as it is implementing large-scale projects spanning the entire downstream value chain as well as through subsidiaries and joint ventures (JVs). BPCL is expected to incur annual capex of about Rs. 25,000–30,000 crore over the next four to five years, including around Rs. 16,000 crore in the current fiscal. This forms part of a broader Rs. 1.7-lakh-crore investment plan focused on major refinery-petchem upgrades such as the Bina expansion, the Kochi polypropylene unit and the Mumbai PRFCC project, which together are expected to raise the petrochemical contribution to 7-8% from 1-2%. In addition, the company is progressing on the proposed 9–12 MMTPA greenfield Andhra Pradesh refinery, with phased capex of about Rs. 90,000–1,00,000 crore, further strengthening the long-term refining and petrochemical integration. Accordingly, the debt coverage metrics might moderate over the next three to four years, especially if the refining and marketing margins turn weaker from the current position. Any material time or cost overruns that could lead to larger-than-estimated funding requirements would be a key monitorable.

The Stable outlook on the [ICRA]AAA rating reflects ICRA's opinion that BPCL will continue to benefit from its established position in the domestic energy sector and its strategic importance to the GoI.

<sup>[1]</sup> Million metric tonnes

## Key rating drivers and their description

### Credit strengths

**Strategic importance to GoI in domestic energy sector** – The GoI has provided dedicated support to cushion the OMCs from high under-recoveries in the past by institutionalising a subsidy-sharing framework, wherein it bears a large part of the under-recoveries through budgetary allocation. The company holds significant strategic importance for the GoI as it helps in meeting the socio-economic objectives of the Government through control on prices of sensitive products like subsidised liquefied petroleum gas (LPG) and superior kerosene oil (SKO).

**Established position in domestic refining and marketing business** – The company is one of the three leading public OMCs, with a ~27% market share (including private players) as of FY2025. BPCL also has the third-largest refining capacity, comprising ~14% of India's total refining capacity.

**Diversified location base of refineries** – The company is a large downstream player with a refining capacity of 35.3 MMTPA (consolidated), making it the third-largest in terms of refining capacity in the country. The company owns and operates three refineries at Mumbai, Bina and Kochi and these refineries are strategically located to give it a logistical advantage.

**Considerable liquidity and financial flexibility derived from investment portfolio and significant sovereign ownership** – BPCL continues to enjoy high financial flexibility that has enabled it to borrow from the domestic and overseas banking system and the capital markets at competitive rates to fund its large working capital requirements and for project finance. The financial flexibility is supported by BPCL's strong parentage with the GoI owning a 52.98% stake. Besides, the company has investments in the equity shares of Oil India and Cochin International Airport Limited, which also provide financial flexibility and support the company's liquidity.

### Credit challenges

**Vulnerability of profitability to global refining margin cycle, import duty protection and INR-USD parity levels** - Given the nature of its business, the company would remain exposed to the movements in the commodity price cycle and the volatility in crude prices. Any adverse change in the import duty on its products would also have an impact on the company's profitability on domestic sales. BPCL's profitability is also exposed to forex rates (INR- $\text{\$}$ ) as its business is primarily conducted on dollar terms, crude procurement and forex loans owing to the time difference in the pass-through of fluctuations. Further, the marketing margins are subject to the company's ability to pass on the escalation in prices of auto fuel like motor spirit (MS) and high-speed diesel (HSD) to consumers, which may not always be possible as witnessed in the previous fiscal.

**Significant capex planned in medium term** - BPCL is expected to incur an annual capex of Rs. 25,000–30,000 crore over the next four to five years, including around Rs. 16,000 crore in the current fiscal. This forms part of a broader Rs. 1.7-lakh-crore investment plan focused on major refinery–petchem upgrades such as the Bina expansion, the Kochi polypropylene unit and the Mumbai PRFCC project, which together are expected to raise the petrochemical contribution to 7-8% from 1-2%. In addition, the company is progressing on the proposed 9–12 MMTPA greenfield Andhra Pradesh refinery, with phased capex of about Rs. 90,000-1,00,000 crore. The company also plans to enter renewable power projects as part of its long-term plans. Any further material time or cost overruns in Group projects could increase the company's borrowing levels and weaken the credit metrics.

**Exposed to regulatory risks related to under-recoveries in an elevated crude oil price environment** - Higher crude oil prices have led to a material increase in the gross under-recoveries (GURs) and consequently raised the working capital requirements and short-term debt levels of OMCs in FY2025, thereby negatively impacting their profitability. Additionally, there have been instances in the past when in an elevated crude oil price environment, the GoI had intervened in the pricing of MS and HSD, which negatively impacted the marketing profitability of the OMCs. Accordingly, there remains regulatory risks related to the pricing of sensitive petroleum products and auto fuels in an elevated crude oil price environment. However, the past track

record of the GoI to ensure low under-recovery levels for PSU OMCs provides comfort from a credit perspective. Any adverse change in the GoI's policy in this regard, resulting in a sustained weakening of the key credit metrics of BPCL, will be a key rating sensitivity.

## Environment and social risks

BPCL is exposed to the risks of tightening regulations on environment and safety. BPCL continues to advance its sustainability agenda with a target to achieve Net Zero Scope 1 & 2 emissions by 2040, supported by a detailed decarbonisation roadmap and climate risk mitigation actions. The company has expanded its renewable energy base to 154.86 MW with another 171 MW under development and solarised over 12,000 retail outlets, contributing to a 4.76% renewable share in electricity consumed. The strong progress in green hydrogen includes commissioning a 5-MW plant at Bina and developing biomass-based hydrogen units under the SIGHT scheme, reinforcing compliance with India's emerging green-hydrogen policy framework.

BPCL also strengthened its biofuel footprint through 16.35% ethanol blending, development of 26-CBG plants and commissioning a 200-KLPD 2G+1G biorefinery — all aligned with national biofuel regulations and E20 guidelines. On environmental compliance, BPCL maintains zero waste to landfill certification, adheres to MoEF & CC, CPCB, and SPCB norms for waste and water management, and recycles over 10,000 TKL of wastewater annually.

The company also complies with OISD, PNGRB, and statutory safety standards through multi-tier HSE governance and extensive regulatory audits. The governance remains robust, with BPCL ranked No. 10 globally on DJSI, operating under comprehensive board-level oversight and strong compliance frameworks covering human rights, ethics, disclosures, and risk management. Nonetheless, BPCL remains exposed to the longer term risk of the ongoing shift towards a future that is less dependent on fossil fuels. But this is a risk that will play out only over the distant future as India remains heavily dependent on oil and gas imports. BPCL's ability to adapt its business model, including diversification into new segments, would be a key rating driver from a long-term credit perspective.

## Liquidity position: Strong

BPCL had a cash balance of Rs. ~14,165 crore (including liquid investment and encumbered cash; Rs. 17,430 crore as on September 30, 2025) as on March 31, 2025. The company has ready access to the capital markets and high financial flexibility due to its sovereign ownership. Besides, the company has investments in the equity shares of Oil India and Cochin International Airport Limited, which also provide financial flexibility and support the company's liquidity.

## Rating sensitivities

**Positive factors** – NA

**Negative factors** – Weakening linkage with the GoI would be a negative trigger for BPCL's rating. A materially large debt-funded capex/acquisition, resulting in a deterioration of the credit profile, would weigh on the rating. Any material increase in the net under-recoveries due to changes in Government policies on pricing/subsidy sharing on sensitive petroleum products, exerting pressure on BPCL's profitability and cash flows, can also trigger a downgrade.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Refining and Marketing</a> <a href="#">Corporate Credit Rating Methodology</a>
Parent/group Support	ICRA has factored in the support from the GoI as the parent, given the 52.98% ownership in BPCL and the strategic importance of the company in ensuring the energy safety of the country
Consolidation/standalone	ICRA has considered the consolidated financials of the entity for arriving at the ratings

## About the company

BPCL, a GoI undertaking (52.98% holding as on December 31, 2025) and a Fortune 500 company, was originally incorporated as Bharat Shell Refineries Limited (BSRL) on November 03, 1952, by Shell Petroleum Company Limited, and subsequently in 1977, the name was changed to BPCL. BPCL is an integrated oil refining and marketing company. It is India's third-largest oil refining company, with a total refining capacity of 35.30 MMT (including the Bina Refinery), representing around 14% of India's total refining capacity. It is India's second-largest OMC, with domestic sales volume of over ~53.6 MMT in FY2025. With around 24,801 retail outlets as on January 2026, BPCL has the second-largest marketing set-up in the country for the sale of petroleum products. BPCL, through its wholly-owned subsidiary Bharat Petro Resources Limited (BPRL), has participating interest (PI) in 15 blocks across seven countries.

## Key financial indicators (audited)

BPCL Consolidated	FY2024	FY2025	H1FY2026
<b>Operating income</b>	4,48,083.0	4,40,271.9	2,17,497.7
<b>PAT</b>	25,793.3	12,013.8	11,284.5
<b>OPBDITA/OI</b>	9.9%	5.8%	8.9%
<b>PAT/OI</b>	5.8%	2.7%	5.2%
<b>Total outside liabilities/Tangible net worth (times)</b>	1.7	1.7	1.4
<b>Total debt/OPBDITA (times)</b>	1.2	2.4	1.4
<b>Interest coverage (times)</b>	10.7	7.1	12.2

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: Not applicable**

### Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Mar 10, 2026	Date	Rating	Date	Rating	Date	Rating
<b>NCD</b>	Long term	1,000.0	[ICRA]AAA (Stable)	Mar 11, 2025	[ICRA]AAA (Stable)	12-Mar-2024	[ICRA]AAA (Stable)	14-Mar-2023	[ICRA]AAA (Stable)
<b>NCD</b>	Long term	0.0	-			12-Mar-2024	[ICRA]AAA (Stable); Withdrawn	14-Mar-2023	[ICRA]AAA (Stable)

## Complexity level of the rated instruments

Instrument	Complexity indicator
NCD	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

### Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE322J08040	NCD	26-Oct-21	6.27%	26-Oct-26	1,000.00	[ICRA]AAA (Stable)

Source: Company

### Annexure II: List of entities considered for consolidated analysis

Company name	BPCL ownership*	Consolidation approach
Bharat PetroResources Ltd	100.00	Full
Bharat PetroResources JPDA Ltd	100.00	Full
BPCL-KIAL Fuel Farm Pvt Ltd	74.00	Proportionate
BPRL International BV	100.00	Full
BPRL International Singapore Pte Ltd	100.00	Full
BPRL International Ventures BV	100.00	Full
BPRL Ventures BV	100.00	Full
BPRL Ventures Indonesia BV	100.00	Full
BPRL Ventures Mozambique BV	100.00	Full
Bharat Renewable Energy Ltd	33.33	Proportionate
Bharat Stars Services Pvt Ltd	50.00	Proportionate
Central UP Gas Ltd	25.00	Proportionate
Delhi Aviation Fuel Facility Pvt Ltd	37.00	Proportionate
FINO Paytech Ltd	21.10	Financial investment
Goa Natural Gas Pvt Ltd	50.00	Proportionate
GSPL India Gasnet Ltd	11.00	Financial investment
GSPL India Transco Ltd	11.00	Financial investment
Haridwar Natural Gas Pvt Ltd	50.00	Proportionate
IHB Pvt Ltd	25.00	Proportionate
Indraprastha Gas Ltd	22.50	Financial investment
Kannur International Airport Ltd	16.20	Financial investment
Kochi Salem Pipeline Pvt Ltd	50.00	Proportionate
Maharashtra Natural Gas Ltd	22.50	Proportionate
Matrix Bharat Pte Ltd	50.00	Proportionate
Mumbai Aviation Fuel Farm Facility Pvt Ltd	25.00	Proportionate
Petronet CI Ltd	11.00	Financial investment
Petronet India Ltd	16.00	Financial investment
Petronet LNG Ltd	12.50	Financial investment
Ratnagiri Refinery & Petrochemicals Ltd	25.00	Proportionate

<b>Sabarmati Gas Ltd</b>	49.94	Proportionate
<b>Falcon Oil &amp; Gas BV</b>	30.00	Proportionate
<b>IBV (Brasil) Petroleo Ltda</b>	63.23	Proportionate
<b>JSC Vankorneft</b>	7.89	Financial investment
<b>LLC TYNGD</b>	9.87	Financial investment
<b>Mozambique LNG 1 Company Pte Ltd</b>	10.00	Financial investment
<b>Moz LNG1 Holding Co Ltd</b>	10.00	Financial investment
<b>Moz LNG1 Financing Company Ltd</b>	10.00	Financial investment
<b>Mozambique LNG1 Co Financing LDA</b>	10.00	Financial investment
<b>Taas India Pte Ltd</b>	33.00	Proportionate
<b>Urja Bharat Pte Ltd</b>	50.00	Proportionate
<b>Vankor India Pte Ltd</b>	33.00	Proportionate

\*- In percentage      Source – Annual Report FY2025

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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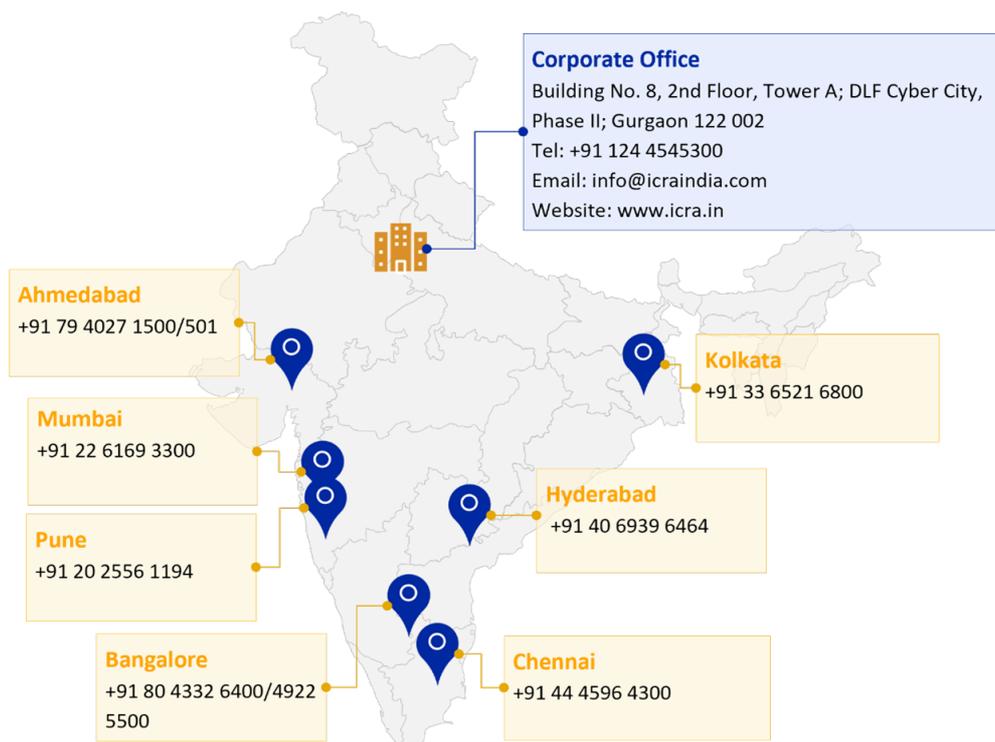


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### Branches



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