Bharat Petroleum Corporation Limited

July 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Non Convertible Debentures	500.00	CARE AAA; Stable	Reaffirmed
Non Convertible Debentures	1,995.20	CARE AAA; Stable	Reaffirmed
Non Convertible Debentures	435.61	CARE AAA; Stable	Reaffirmed
Non Convertible Debentures	500.00	CARE AAA; Stable	Reaffirmed
Non Convertible Debentures	69.19	CARE AAA; Stable	Reaffirmed
Commercial paper	2,500.00	CARE A1+	Reaffirmed
Commercial paper	4,000.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to instruments of Bharat Petroleum Corporation Limited (BPCL) continue to derive strength from its strong parentage being a Maharatna Central Public Sector Enterprise (CPSE) controlled by the Government of India (GoI) and its high strategic importance to the GoI. Ratings also factor in the company's strong market position with domestic sales volume of over 52.40 MMT (million metric tonne) and market share of ~27% in FY25 (refers to April 01 to March 31) among public sector undertakings (PSUs), backed by sizeable oil refining capacity, broad-based marketing and distribution network, and superior processing capabilities of its refineries as reflected by high Nelson Complexity Index (NCI).

Ratings also derive strength from the company's healthy scale of operations supported by high throughput of 40.51 million metric tonne (MMT; 39.93 MMT in FY24) in FY25. The operating margin moderated in FY25, as envisaged, due to moderation in gross refining margins (GRM) from exceptionally high level of FY24 and significant liquefied petroleum gas (LPG) under recoveries, partly offset by healthy marketing margin of motor spirit (MS) and high-speed diesel (HSD). Moderation in GRM from USD 14.14 per barrel in FY24 to USD 6.82 per barrel in FY25, was considering moderation in product cracks and lower discount on Russian crude oil, in line with expectations of CARE Ratings Limited (CareEdge Ratings). The financial performance is expected to remain healthy supported by expected reduction in LPG under recoveries, slight moderation in GRM amid healthy marketing margins.

However, the rating strengths are tempered by the inherent vulnerability of the company's profits to the volatility in crack spreads and foreign exchange fluctuations, apart from project-implementation risks due to the sizeable capital expenditure (capex) plans and susceptibility to inherent regulatory risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Not applicable

Negative factors

- Dilution in GOI's stake in BPCL to less than 51% or reduction in its strategic importance to GoI.
- Sustained weakening of operational performance, marked by lower throughputs and GRMs.

Analytical approach: Consolidated

For arriving at ratings, CareEdge Ratings has considered the consolidated financials of BPCL, owing to the financial and operational linkages and fungible cash flows between the parent and subsidiaries/joint ventures (JVs). The list of entities consolidated is placed at **Annexure-6.** Moreover, owing to BPCL's parentage and strategic importance to the GoI, government notching has also been considered.

Outlook: Stable

The 'Stable' outlook on the rating reflects that the rated entity shall continue to remain a dominant player in the oil refining and marketing business underpinning its strategic importance to the GoI, which should help it to maintain its strong credit profile.

Detailed description of key rating drivers:

Key strengths

Strong parentage and strategic importance to the GoI

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

BPCL is majority owned by the GoI (52.98% as on March 31, 2025) and is strategically important to the GoI for achieving its socio-economic goals. Oil marketing companies (OMCs) have a dominant position in the domestic market for key petroleum products such as HSD, MS, superior kerosene oil (SKO), and LPG. OMCs serve critical policy functions for fuel supply throughout the country and these companies have been consistently supported by the GoI by way of absorbing a good portion of their sales-related under-recoveries through subsidies. In FY23, the GoI supported BPCL through a one-time grant of ₹5,582 crore for under recoveries suffered by the company in its marketing segment.

Strong market position in oil refining and marketing business with geographical diversification
BPCL (on a consolidated basis) has three major refineries, spread across Mumbai, Kochi, and Madhya Pradesh, with a total refining capacity of 35.30 MMTPA as on March 31, 2025. BPCL is India's second-largest OMC, with a domestic sales volume of over 52.40 million metric tonne in FY25 and market share of 27.44% and is India's fourth-largest refining company, representing ~14% of India's total refining capacity. The company is also a market leader in terms of throughput per outlet. With 23,642 retail outlets as on March 31, 2025 (21,840 retail outlets as on March 31, 2024), BPCL has the third-largest nationwide marketing set up in the country for the sale of petroleum products.
In LPG as well, BPCL had a market share of 27.49% in FY25 and a network of over 6,269 distributors & 54 LPG bottling plants across the country with a domestic customer base of ~8.50 crore connections. BPCL achieved highest ever bottling volume of 8.3 MMT in FY25.
BPCL, through its subsidiary –Bharat Petro Resources Limited (BPRL), has presence in the upstream exploration and production business, with ownership of 15 blocks in six countries as on March 31, 2025.

Healthy operational performance in FY25 despite moderation in GRM
The capacity utilisation for the company's refineries has consistently remained high and above 100% over past three years ended FY25, indicating strong operating efficiency. In terms of nelson complexity index (NCI), its Bina refinery has the highest NCI of 11.76 among the public sector refineries in India, which enables it to process heavy oil and oil of various APIs with high quality. The refineries at Mumbai and Kochi are near the coast, which provides an advantage to the company in terms of saving transportation costs.
In FY25, the GRM reduced to USD 6.82/ bbl from USD 14.14/ bbl in FY24, mainly considering narrowing discount on Russian basket of crude and a reduction in product cracks. Historically, the refining margins for BPCL have been significantly higher than the benchmark GRM. BPCL had highest distillate yield at 84.33% in FY25 among PSU refineries.

Comfortable financial risk profile
Overall gearing ratio continues to remain comfortable at 0.77x as on March 31, 2025, against 0.74x as on March 31, 2024. While the overall debt level increased as on March 31, 2025, steady accretion of profit to reserves provided for a comfortable capital structure. Going forward, despite projected availment of debt for its capex plans, overall gearing is expected to remain below unity on the back of strong net worth base and scheduled repayment of debt. Debt coverage indicators continue to remain healthy despite slight moderation owing to lower profitability. Interest coverage for FY25 was 7.44 against 11.12x in FY24 and total debt to gross cash accruals (GCA) of 2.91x as on March 31, 2025, against 1.63x as on March 31, 2024.

Liquidity: Strong
The liquidity of BPCL remained strong with ₹14,139 crore as cash and liquid investments (including ~₹3,663 crore GoI oil bonds) as on March 31, 2025. The company has investments in the quoted equity shares of Oil India Limited (rated 'CARE AAA; Stable/ CARE A1+'), which provides additional comfort to its liquidity.
The company has undrawn working capital limits of ~₹17,000 crore and its internal accruals are expected to be sufficient to meet its debt repayments obligations of ~₹10,000-11,000 crore p.a. over the next three years. For capex requirement, the company plans to avail the debt on a need basis.
Apart from its strong market position, BPCL also derives strong financial flexibility from its parentage of GoI, which provides it easy access to funds at attractive rates.
Company generated healthy cash flow from operations of ₹19,475 crore in FY25 and its operating cycle has remained comfortable at below 20 days over past three years.

Key weaknesses
Sizeable capex plans
BPCL has planned large capex of ~₹1.70 lakh crore to be implemented over five years despite a part of capex is non-committed in nature. One of the major capex is towards expansion of the Bina refinery's capacity from current 7.8 MMTPA to 11 MMTPA and setting up of 2.2 MMTPA capacity of bulk Petchem plant over a period of four years at a total cost of ~₹50,000 crore.
Having expended ₹16,400 crore in FY25, the company is expected to incur capex of ~₹20,000-21,000 crore in FY26 where ₹5,900 crore shall be towards refinery projects, ₹2,400 crore towards pipelines, ₹5,600 crore shall be towards marketing infrastructure,

₹2,500 crore towards RO expansion and ₹2,000 crore towards CGD infrastructure among others and equity infusion of ~₹2,700 crore in its subsidiary towards upstream projects. Going forward, capex requirement shall increase to ₹25,000-30,000 crore p.a., and the same is expected to peak in FY28, which shall be mainly towards expansion of Bina refinery.
There is no specific funding pattern/debt envisaged for the projected capex and shall depend on the availability of cash accruals. The capex is planned to be funded largely through available cash, liquid investments, internal accruals, and debt and there is no risk expected from funding side given the sovereign ownership of the entity and strong financial risk profile. The timely execution of projects within the estimated costs and economic ramp-up of operations post completion of the projects will remain key monitorable. However, this risk is mitigated to an extent due to BPCL's vast experience in successfully undertaking such large projects in the past.

Exposure to volatility of crack spreads and foreign exchange rates
The crude oil prices and crack spreads are a function of many dynamic markets and fundamental factors, such as the global demand-supply dynamics, geopolitical stability in countries with oil reserves, policies of the Organization of the Petroleum Exporting Countries (OPEC), and foreign exchange rates, among others. These factors have translated into a high level of volatility in oil prices and cracks. Being an oil refining and marketing company, the pricing of major petroleum products naturally hedge crude purchase prices to a large extent. Thus, the company's profitability is exposed to the volatility of crack spreads, and foreign exchange fluctuations.
BPCL's profitability was impacted in FY23 due to the stagnant retail prices against high crude prices. Even though average crude oil prices reduced in FY24 from FY23, the retail prices were unchanged since April 2022, resulting in a higher marketing margin in FY24. In FY25, the profitability was impacted owing to lower crack spread and narrowing Russian crude discount.

Regulatory risk
The GoI's policy and decisions with respect to finished product pricing, subsidy sharing, windfall taxes, duties, cess, and dividend payments can have a significant bearing on BPCL's profitability, cash flows, and liquidity position. During elevated crude prices, GoI may choose to pass on the fiscal burden by sharing of profits of PSUs through higher fiscal levies, higher dividend declaration or providing discounts to OMCs which has the potential to impact BPCL's income and accruals. Moreover, refiners are required to comply with the increasingly stringent product specifications (such as equivalent of Bharat Stage VI) as stipulated by regulators.

Industry outlook
In FY26, OMCs are expected to experience lower refining margins due to a weak global demand scenario for end products, whereas their fuel retailing margins are expected to expand on the back of lower crude oil prices, while pump prices remain largely stable. LPG under-recoveries are also expected to decline materially in FY26, following the recent price hike per cylinder. At the same time, reduction in LPG under-recoveries in FY26 would also critically depend on a reduction in LPG sourcing cost.
While Brent crude oil prices are expected to remain volatile due to geopolitical tensions globally, overall profitability for OMCs are expected to be healthy in the near term.

Environment, social, and governance (ESG) risks

Risk factors	Compliance and action by company
Environmental	• Oil refining and transportation operations at BPCL are inherently prone to oil spills due to their complex and high-risk nature. These spills can occur in transportation or storage of oil. BPCL has implemented an oil spill management system focused on prevention, containment, and remediation. • Renewable energy capacity stood at 154 MW operational with 176 MW under construction as on March 31, 2025. Till March 31, 2025, over 12000 retail outlets have been solarised. • BPCL undertakes steps towards energy conservation and carbon reduction. • Around 50% of its Mumbai refinery raw water consumption is met through the usage of sewage treated water, recycling of effluent treatment plant (ETP) water, and rainwater harvesting.
Social	• Employee satisfaction enhancement (ESE) department has been set up by BPCL to make the company 'A Great Place to Work'. • Around 96% of the company's non-management employees are represented through 20 registered trade unions in BPCL across regions and refineries. • Of the total CSR allocation of ₹315.68 crore for FY24, ₹158.19 crore was spent. The amounts allocated to ongoing programs to the tune of ₹157.49 crore (including unspent amount of the previous three financial years) remained unspent, because several projects were approved across FY24.

Governance	• Following the completion of the tenure of Independent Directors on November 12, 2024, the Board did not have the required number of Independent Directors as per SEBI (LODR) Regulations and other guidelines. The Ministry of Petroleum and Natural Gas has approved the re-appointment of Independent Directors on the Board of BPCL as on March 28, 2025. • As on March 31, 2025, BPCL has five executive directors, two nominee directors, and four independent directors. • The company has a dedicated investor grievance redressal mechanism and healthy disclosures.

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Government Support
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Energy	Oil, gas & consumable fuels	Petroleum products	Refineries & marketing

BPCL, a GoI undertaking (52.98% holding as on March 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 second-largest OMC. It is India's fourth-largest oil refining company, with a total refining capacity of 35.30 MMT (including the Bina Refinery), representing ~14% of India's total refining capacity. With ~23,642 retail outlets as on March 31, 2025, BPCL has the third-largest marketing set up in the country for the sale of petroleum products. BPCL, through its wholly owned subsidiary BPRL, has participating interest (PI) in 15 oil and gas blocks spread across countries. Apart from stakes in eight blocks in India, BPRL also has PI in seven blocks in Mozambique, Brazil, Indonesia, and UAE along with equity stake in two Russian entities.

Brief Consolidated Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Abridged)
Total operating income	449,149	441,595
PBILDT	45,231	26,724
PAT	26,859	13,337
Overall gearing (times)	0.74	0.77
Interest coverage (times)	11.12	7.44

A: Audited Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)#	Proposed	.	-	-	2500.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)#	Proposed	-	-	-	4000.00	CARE A1+
Debentures-Non-convertible debentures	Proposed	NA	NA	NA	500.00	CARE AAA; Stable
Debentures-Non-convertible debentures	Proposed	NA	NA	NA	69.19	CARE AAA; Stable
Debentures-Non-convertible debentures	INE029A08073	17-Mar-2023	7.58	17-Mar-2026	935.61	CARE AAA; Stable
Debentures-Non-convertible debentures	INE029A08065	06-Jul-2020	6.11	06-Jul-2025	1995.20	CARE AAA; Stable

#There is no CP outstanding as on June 23, 2025.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Debentures-Non-convertible debentures	LT	-	-	-	1)Withdrawn (05-Jul-24)	1)CARE AAA; Stable (10-Aug-23) 2)CARE AAA; Stable (23-Jun-23)	1)CARE AAA; Stable (24-Jun-22)
2	Debentures-Non-convertible debentures	LT	-	-	-	-	1)Withdrawn (23-Jun-23)	1)CARE AAA; Stable (24-Jun-22)
3	Commercial Paper-Commercial Paper (Standalone)	ST	2500.00	CARE A1+	-	1)CARE A1+ (05-Jul-24)	1)CARE A1+ (10-Aug-23) 2)CARE A1+ (23-Jun-23)	1)CARE A1+ (24-Jun-22)
4	Debentures-Non-convertible debentures	LT	500.00	CARE AAA; Stable	-	1)CARE AAA; Stable (05-Jul-24)	1)CARE AAA; Stable (10-Aug-23) 2)CARE AAA; Stable	1)CARE AAA; Stable (03-Mar-23) 2)CARE AAA; Stable

							(23-Jun-23)	(24-Jun-22)
5	Debentures-Non-convertible debentures	LT	-	-	-	-	-	1)Withdrawn (24-Jun-22)
6	Debentures-Non-convertible debentures	LT	1995.20	CARE AAA; Stable	-	1)CARE AAA; Stable (05-Jul-24)	1)CARE AAA; Stable (10-Aug-23) 2)CARE AAA; Stable (23-Jun-23)	1)CARE AAA; Stable (24-Jun-22)
7	Commercial Paper-Commercial Paper (Standalone)	ST	4000.00	CARE A1+	-	1)CARE A1+ (05-Jul-24)	1)CARE A1+ (10-Aug-23) 2)CARE A1+ (23-Jun-23)	1)CARE A1+ (24-Jun-22)
8	Debentures-Non-convertible debentures	LT	435.61	CARE AAA; Stable	-	1)CARE AAA; Stable (05-Jul-24)	1)CARE AAA; Stable (10-Aug-23) 2)CARE AAA; Stable (23-Jun-23)	1)CARE AAA; Stable (03-Mar-23) 2)CARE AAA; Stable (24-Jun-22)
9	Debentures-Non-convertible debentures	LT	500.00	CARE AAA; Stable	-	1)CARE AAA; Stable (05-Jul-24)	1)CARE AAA; Stable (10-Aug-23) 2)CARE AAA; Stable (23-Jun-23)	1)CARE AAA; Stable (03-Mar-23) 2)CARE AAA; Stable (24-Jun-22)
10	Debentures-Non-convertible debentures	LT	69.19	CARE AAA; Stable	-	1)CARE AAA; Stable (05-Jul-24)	1)CARE AAA; Stable (10-Aug-23) 2)CARE AAA; Stable (23-Jun-23)	-

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Debentures-Non-convertible debentures	Simple

Annexure-5: Lender details

Not applicable

Annexure-6: List of entities consolidated (As on March 31, 2025)

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Bharat PetroResources Ltd.	Full	Subsidiary
2	Bharat Petro Resources JPDA Ltd.	Full	Subsidiary
3	BPRL International BV	Full	Subsidiary

4	BPRL International Singapore Pte Ltd.	Full	Subsidiary
5	BPRL Ventures BV	Full	Subsidiary
6	BPRL Ventures Mozambique BV	Full	Subsidiary
7	BPRL Ventures Indonesia BV	Full	Subsidiary
8	BPRL International Ventures BV	Full	Subsidiary
9	BPCL Ankur Trust	Full	Subsidiary
10	Central UP Gas Ltd.	Moderate	Joint venture
11	Sabarmati Gas Ltd.	Moderate	Joint venture
12	Matrix Bharat Pte. Ltd.	Moderate	Joint venture
13	Delhi Aviation Fuel Facility Private Ltd.	Moderate	Joint venture
14	Mumbai Aviation Fuel Farm Facility Private Ltd	Moderate	Joint venture
15	Kochi Salem Pipeline Private Ltd.	Moderate	Joint venture
16	Haridwar Natural Gas Pvt Ltd.	Moderate	Joint venture
17	Goa Natural Gas Pvt Ltd.	Moderate	Joint venture
18	Ratnagiri Refinery & Petrochemicals Ltd.	Moderate	Joint venture
19	Bharat Stars Services Private Ltd. (including Bharat Stars Services (Delhi) Private Ltd.)	Moderate	Joint venture
20	Maharashtra Natural Gas Ltd.	Moderate	Joint venture
21	BPCL-KIAL Fuel Farm Pvt. Ltd. (BKFFPL)	Moderate	Joint venture
22	IBV (Brasil) Petroleo Ltd	Moderate	Joint venture
23	Taas India Pte Ltd.	Moderate	Joint venture
24	Vankor India Pte Ltd.	Moderate	Joint venture
25	Falcon Oil & Gas BV	Moderate	Joint venture
26	Urja Bharat Pte Ltd	Moderate	Joint venture
27	IHB Ltd	Moderate	Joint venture
28	LLC TYNGD	Moderate	Associates
29	Petronet LNG Ltd. (including Petronet Energy Ltd.)	Moderate	Associates
30	FINO Paytech Limited (including FINO Payments Bank)	Moderate	Associates
31	GSPL India Gasnet Ltd.	Moderate	Associates
32	GSPL India Transco Ltd.	Moderate	Associates
33	Indraprastha Gas Ltd.	Moderate	Associates
34	Mozambique LNG 1 Holding Co. Ltd.	Moderate	Associates
35	Mozambique LNG 1 Company Pte Ltd.	Moderate	Associates
36	Mozambique LNG 1 Financing Company Ltd.	Moderate	Associates
37	Mozambique LNG 1 Co. Financing, LDA	Moderate	Associates
38	JSC Vankorneft (Associate of Vankor India Pte Ltd.)	Moderate	Associates
39	Kannur International Airport Limited	Moderate	Associates

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Ranjan Sharma Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3453 E-mail: ranjan.sharma@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Hardik Manharbhai Shah Director **CARE Ratings Limited** Phone: +91-22-6754 3591 E-mail: hardik.shah@careedge.in Richa Bagaria Associate Director **CARE Ratings Limited** Phone: +91-33-4018 1600 E-mail: richa.jain@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information, please visit www.careratings.com