

# Research Report

## Bharat Petroleum Corporation Limited



Prepared For  
**SAHIL SHARMA**

# About

Bharat Petroleum Corporation Limited (BPCL) is an Indian public sector undertaking (PSU) under the ownership of the Ministry of Petroleum and Natural Gas, Government of India. It operates three refineries in Bina, Kochi and Mumbai. BPCL is India's second-largest government-owned downstream oil producer, whose operations are overseen by the Ministry of Petroleum and Natural Gas.

## Key Business

- Fuel & Services
- Bharatgas
- MAK Lubricants
- Refineries
- Gas
- Industrial & Commercial
- International Trade
- Proficiency Testing

## Synopsis of Financials

- Due to rising demand in factories and transportation.
- BPCL has registered the highest-ever quarterly EBITDA, profit after tax, and total equity in Q1 FY24.
- Revenue from operations in Q1 was Rs. 1,28,257 crores, and profit after tax was Rs. 10,551 crores.

## Stock data (as 2th November 2023)

Nifty Price	: 19,133.25
52 week High (in Rs.)	: 398
52 week Low (in Rs.)	: 299
Market Cap. (in Crore)	: 78,136
NSE Code	: <u>BPCL</u>

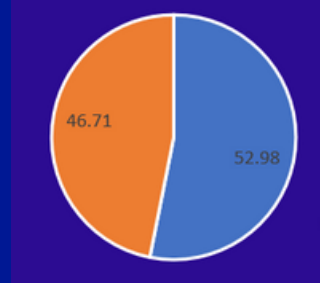
## Stock data



-NIFTY50

- Bharat Petroleum Corporation Limited

## Shareholding Pattern (June 2023)



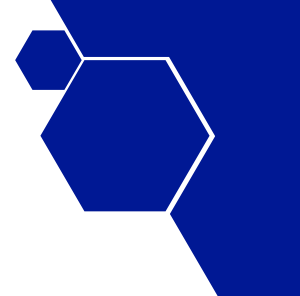
-PUBLIC GROUP

-PROMOTER GROUP

## Financial Summary

Particulars	March 2023	March 2022	March 2021
Sales	473,187	346,791	230,171
Sales Growth %	36.45%	50.67%	-19.12%
Operating Profit	10,899	19,137	21,001
OPM %	2%	6%	9%
Profit after tax	2,131	11,682	17,320
EPS in Rs	9.82	53.85	74.52

# Quarterly Results



Particular	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023
Sales	104,080	121,082	114,820	119,170	118,115	112,985	103,044
Expenses	98,126	126,906	113,406	114,957	107,031	97,200	90,104
Operating Profit	5,954	-5,824	1,415	4,213	11,085	15,785	12,941
OPM %	6%	-5%	1%	4%	9%	14%	13%
Other Income	1,131	615	673	415	344	800	694
Interest	752	710	937	1,128	970	869	973
Depreciation	1,603	1,617	1,561	1,586	1,605	1,614	1,605
Profit before tax	4,730	-7,537	-410	1,913	8,854	14,103	11,056
Tax %	41%	18%	17%	9%	22%	25%	25%
Net Profit	2,803	-6,148	-338	1,747	6,870	10,644	8,244

Source: Screener

## Key Ratios

Particulars	Unit	Numerator	Denominator	2022-23	2021-22	Variation (in %)	Reason for Variation*
Current ratio	times	Current Assets	Current Liability	0.77	0.81	(4.33)	
Debt Equity ratio	times	Total Debt excluding Lease Liabilities	Total Equity	0.69	0.65	5.94	
Debt service coverage ratio	times	Profit after tax + Finance cost <sup>^</sup> + Depreciation <sup>^</sup>	Finance cost <sup>^</sup> + Long term debt payment <sup>^</sup> + Finance Cost Capitalised	1.19	2.08	(42.57)	Lower profitability during the current year
Return on equity ratio	%	Profit after tax	Average Total Equity	3.61	21.40	(83.13)	Lower profitability during the current year
Inventory turnover ratio	times	Sale of Product	Average Inventory	13.26	12.51	6.02	
Trade receivables turnover ratio	times	Sale of Product	Average Trade Receivable	64.81	49.21	31.69	Higher revenue from Operations & lower trade receivables
Trade payables turnover ratio	times	Purchase of Stock in trade+Raw Material +other expenses	Average Trade Payable	16.75	14.33	16.90	
Net capital turnover ratio	times	Sale of Product	Average Working Capital	*	*	-	
Net profit ratio	%	Profit after tax	Revenue from Operations	0.35	2.63	(86.67)	Lower profitability during the current year
Return on capital employed	%	Profit before exceptional item, interest and tax	Average Capital Employed	7.80	20.01	(61.02)	Lower profitability during the current year
Return on investment							

Source: Annual Report

# Yearly Results

Particulars	Mar 2023	Mar 2022	Mar 2021
Share Capital	2,129	2,129	2,093
Reserves	51,393	49,776	51,462
Borrowings	69,376	64,534	54,532
Other Liabilities	65,210	71,089	52,891
Total Liabilities	1,88,109	1,87,529	1,60,978
Fixed Assets	86,675	83,901	64,098
CWIP	16,249	15,433	17,037
Investments	26,778	23,616	26,768
Other Assets	58,406	64,578	53,075
Total Assets	1,88,109	1,87,529	1,60,978

# Synopsis Quater Results

## Con-Call JUL 23: Key Highlights

### Financial Performance:

- BPCL has registered the highest-ever quarterly EBITDA, profit after tax, and total equity in Q1 FY24.
- Revenue from operations in Q1 was Rs. 1,28,257 crores, and profit after tax was Rs. 10,551 crores.
- BPCL's gross borrowings have improved, and the debt equity ratio is at 0.45 as of June 30, 2023.
- The board has approved a proposal to raise capital up to Rs. 18,000 crores through a rights issue.
- The company's dividend distribution policy aims to distribute 30% of profits or 5% of net worth as dividends.

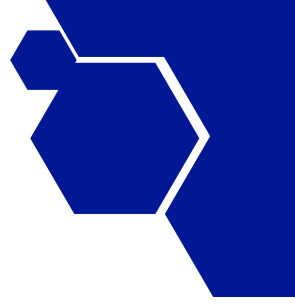
### Operational Performance:

- BPCL recorded a throughput of 10.36 MMT for Q1, higher than the nameplate capacity of 115%.
- The distillate yield was 84.09% in Q1 compared to 83.87% in the previous quarter.
- BPCL processed high sulfur crude of around 76% of total crude throughput in Q1.
- The capacity utilization for the petrochemicals complex at Kochi refinery was around 70% in Q1.
- BPCL GRM for Q1 was \$12.64 per barrel, a reduction from \$20.58 per barrel in Q4 FY23.
- BPCL registered a healthy growth in core retail fuels and gained market share in MS and HSD among PSUs.

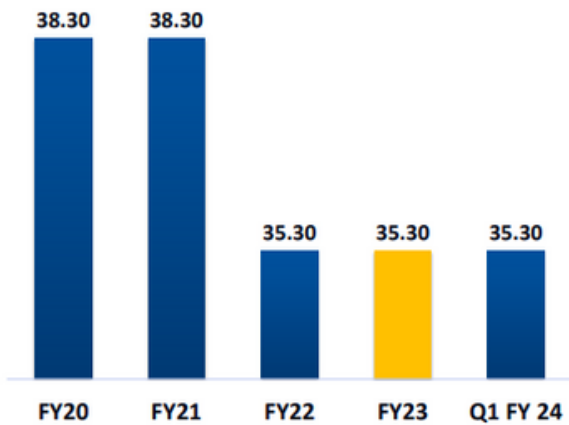
### Expansion and Investments:

- BPCL plans to add around 1,000 new retail outlets during FY23-24.
- BPCL has a total installed renewable energy capacity of 46 megawatts and plans to add more charging stations at its retail outlets.
- BPCL has emerged as a successful bidder in 25 GAs in the CGD sector and plans to invest approximately Rs. 48,000 crores over the life of these GAs.

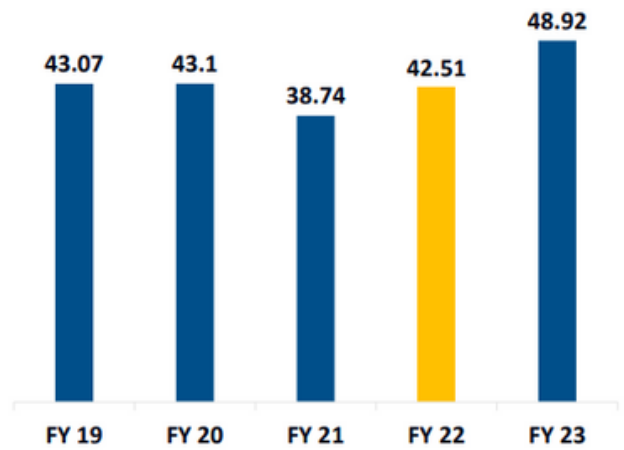
# Revenue Highlights



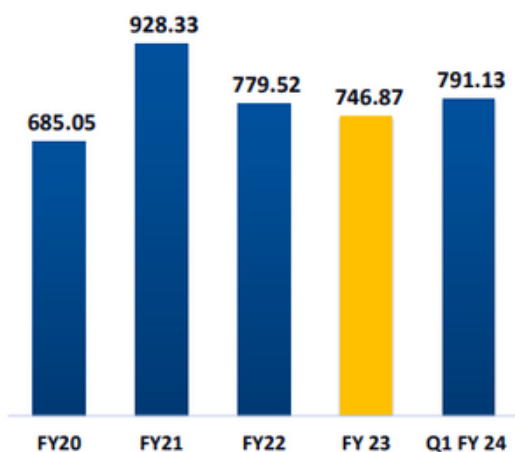
## REFINING CAPACITY (MMT)



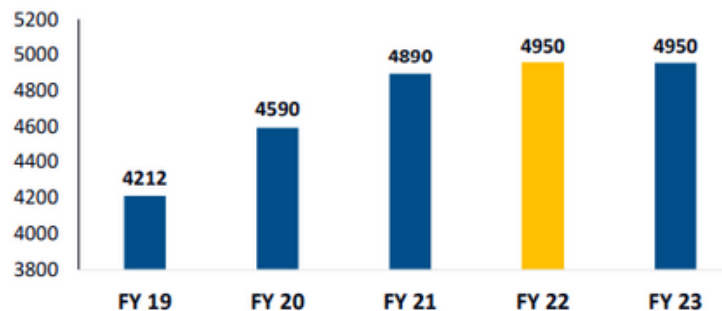
## MARKET SALES (MMT)



## Market Capitalization (INR billion)



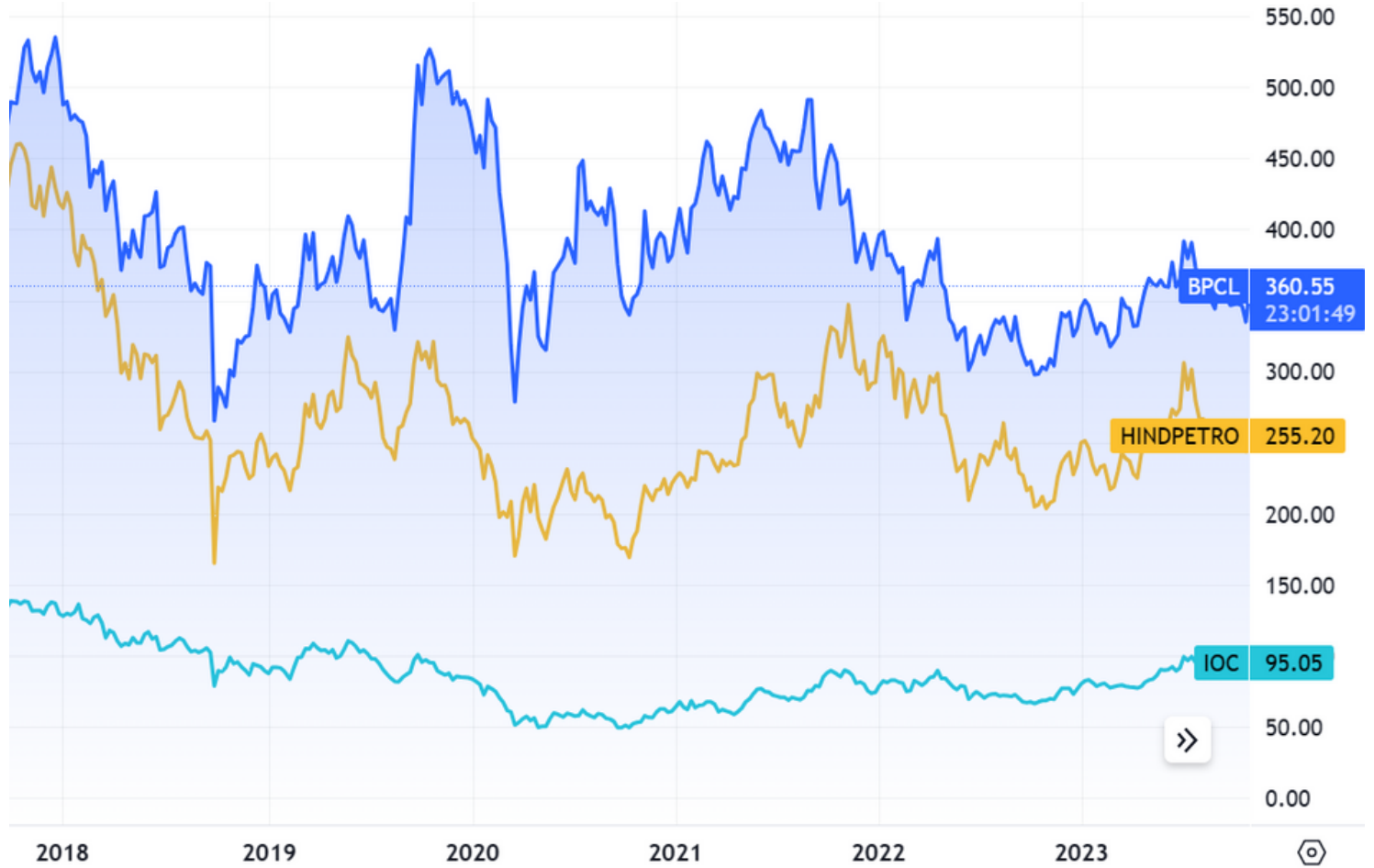
## LPG Bottling Capacity (TMTPA)



# Peer Comparison



## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

S.No.	Name	CMP Rs.	Mar Cap Rs.Cr.	Assets Rs.Cr.	Debt Rs.Cr.	NP 12M Rs.Cr.	Sales Rs.Cr.
1.	Reliance Industr	2319.85	1569536.19	1682215.00	316697.00	77269.00	869443.00
2.	IOCL	95.13	134335.42	457623.36	115418.18	40179.89	787384.03
3.	BPCL	360.45	78190.66	211003.45	56335.21	27505.33	453314.10
4.	HPCL	255.15	36194.32	161386.52	70671.02	8342.39	438286.06
5.	MRPL	104.25	18270.83	35567.62	14207.28	3792.05	92361.12

Source: Screener

# Final Outlook

**BPCL: HOLD | LTP: 360**

OMCs are expected to have generated gross margins of Rs 9.1 on gasoline and Rs 11.6 on diesel in the June quarter due to a decline in the price of crude oil to Rs 6,478 crore on the back of better refining margins and a recovery in fuel marketing margins, BPCL's marketing performance could improve even more in the next quarter.

For the March quarter, BPCL recorded a net profit more than doubling to Rs 6,478 crore, driven by improved refining and fuel marketing margins. The increase in net profit for the fourth quarter enabled the company to report a net profit for FY23 of Rs 1,870.10 crore, offsetting the losses incurred in the first half of the year due to maintaining the prices of gasoline, diesel, and LPG in spite of a spike in expenses. Notably, the price of Brent crude oil, which stood at the \$70-75 per barrel range in June, escalated to surpass \$95 per barrel by the close of September. Market analysts anticipate that these OMCs' share prices may surge in the near future due to several factors at play, including Israel-Hamas Conflict. Nuvama Institutional Equities said BPCL's operating cash flow declined 36 per cent YoY to Rs 13,400 crore on subdued operations. GRMs shall remain subdued in the near term on anticipated recession fears, it said.