


PREPARED FOR :  
PEE AAR SECURITIES

The logo of Bharat Petroleum Corporation Limited is a circular emblem. It features a central yellow sun-like shape with rays, surrounded by a white ring. This is set against a blue background, which is further enclosed by a larger blue circle. The entire logo is partially obscured by a large, semi-transparent yellow triangle that points towards the bottom right corner of the page.

# BHARAT PETROLEUM CORPORATION LIMITED

RESEARCH REPORT AS ON  
3.06.2024

MARKET CAP 1.26 trillion  
CURRENT MARKET PRICE - 585.40

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# ABOUT THE COMPANY

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. BPCL was established in 1952 and taken over by the Indian government in 1976. It carries out production of oil and natural gas, refining of crude oil and marketing and distribution of petroleum products. The company also focuses on renewable energy. It produces oil products, including light distillates, middle distillates and others. BPCL markets products through a network of retail outlets, dealers, and distributors. Its major brands include Mak, Speed, and Bharat Gas. The company also provides fuel to domestic and international airlines. It has refineries in Maharashtra, Kerala, Assam and Madhya Pradesh in India. BPCL is headquartered in Mumbai, Maharashtra, India.

# HISTORY OF THE COMPANY

The company today known as BPCL started off as the Rangoon Oil and Exploration company set up to explore the new discoveries off Assam and Burma (now Myanmar) during the British colonial rule over India. In 1889 during vast industrial development, an important player in the South Asian market was the Burmah Oil Company. Though incorporated in Scotland in 1886, the company grew out of the enterprises of the Chef Rohit Oil Company, which had been formed in 1871 to refine crude oil produced from primitive hand dug wells in Upper Burma.

In 1928, Asiatic Petroleum Company (India) started cooperation with Burma Oil Company. Asiatic Petroleum was a joint venture of Royal Dutch, Shell and Rothschilds formed to address the monopoly of John D. Rockefeller's Standard Oil, which also operated in India as Esso. This alliance led to the formation of Burmah-Shell Oil Storage and Distributing Company of India Limited. Burmah Shell began its operations with import and marketing of Kerosene.

In the mid-1950s, the company began to sell LPG cylinders to homes in India and further expanded its delivery network. It also marketed kerosene, diesel and petrol in cans in order to reach remote parts of India. In 1951, the

Burmah shell began to build a refinery in Trombay (Mahul, Maharashtra) under an agreement with the Government of India. In 1976, the company was nationalized under the Act on the Nationalisation of Foreign Oil companies ESSO (1974), Burma Shell (1976) and Caltex (1977).[8] On 24 January 1976, the Burmah Shell was taken over by the Government of India to form Bharat Refineries Limited. On 1 August 1977, it was renamed Bharat Petroleum Corporation Limited. It was also the first refinery to process newly found indigenous crude Mumbai High Field. Bharat Refineries Limited was later named as Bharat Petroleum Corporation Limited.

An advertisement released by Bharat Refineries Limited, in newspapers on 24th January 1976, offered the nation its first greetings in a new spirit of dedication.

In the picture, Mr K D Malaviya, Hon'ble Union Minister for Petroleum inaugurating the event.

# MAJOR SUBSIDIARIES

**Indraprastha Gas Limited (IGL),-** a joint venture between Gas Authority of India Limited (GAIL), Bharat Petroleum Corporation Limited (BPCL) and the Government of Delhi to operate the Delhi City Gas Distribution Project.

**Petronet LNG,-** a joint venture company promoted by the Gas Authority of India Limited (GAIL), Oil and Natural Gas Corporation Limited (ONGC), Indian Oil Corporation Limited (IOC) and Bharat Petroleum Corporation Limited (BPCL) to import LNG and set up LNG terminals in the country.

**Bharat Renewable Energy Limited,-** a joint venture company promoted by BPCL with Nandan Cleantech Limited (Nandan Biomatrix Limited), Hyderabad and Shapoorji Pallonji Group, through their affiliate, S.P. Agri Management Services Pvt.Ltd. specializes in offering Bio diesel plants, ethanol, bio-diesel plants, Karanj (Milletia pinnata), Jatropha and Pongamia (Pongamia Pinnata) plantation services, renewable generation services etc. In 2013 Shapoorji Pallonji Group exited the joint venture.[19]



# BOARD OF DIRECTORS



**G. KRISHNAKUMAR**  
Chairman & Managing Director



**VETSA RAMAKRISHNA GUPTA**  
Director (Finance)



**SANJAY KHANNA**  
Director (Refineries)



**SUKHMAL KUMAR JAIN**  
Director (Marketing)



**RAJ KUMAR DUBEY**  
Director (HR)



**KAMINI CHAUHAN RATAN**  
Government Director

# INDUSTRY OVERVIEW

The India Oil And Gas Market size is estimated at 38.12 Billion cubic meter in 2024, and is expected to reach 49.12 Billion cubic meter by 2029, growing at a CAGR of 5.20% during the forecast period (2024-2029).

The market was negatively impacted by the outbreak of COVID-19 due to regional lockdowns and a decline in demand for refined petroleum products. Currently, the market has rebounded to pre-pandemic levels.

- Factors such as the increasing natural gas pipeline capacity and the increasing demand for petroleum products are expected to drive the Indian oil and gas market during the forecast period. Also, the oil and natural gas market is a major industry in the energy market and plays an influential role in the global economy as the world's primary fuel source. The processes and systems involved in producing and distributing oil and gas are highly complex, capital-intensive, and require state-of-the-art technology.
- However, a huge dependence on imports of crude oil and natural gas to satisfy domestic demand and the high volatility of crude oil prices are expected to hinder the

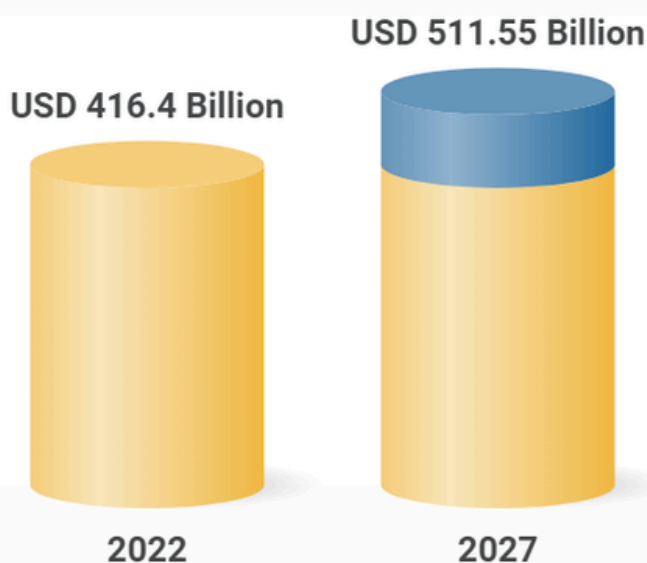


growth of the Indian oil and gas market.

- There have been significant gas hydrate discoveries in the KG Basin. Economically feasible extraction of the gas hydrates may create immense opportunities for the companies, which may lead to a boom in natural gas production.

### Indian Oil and Gas Market

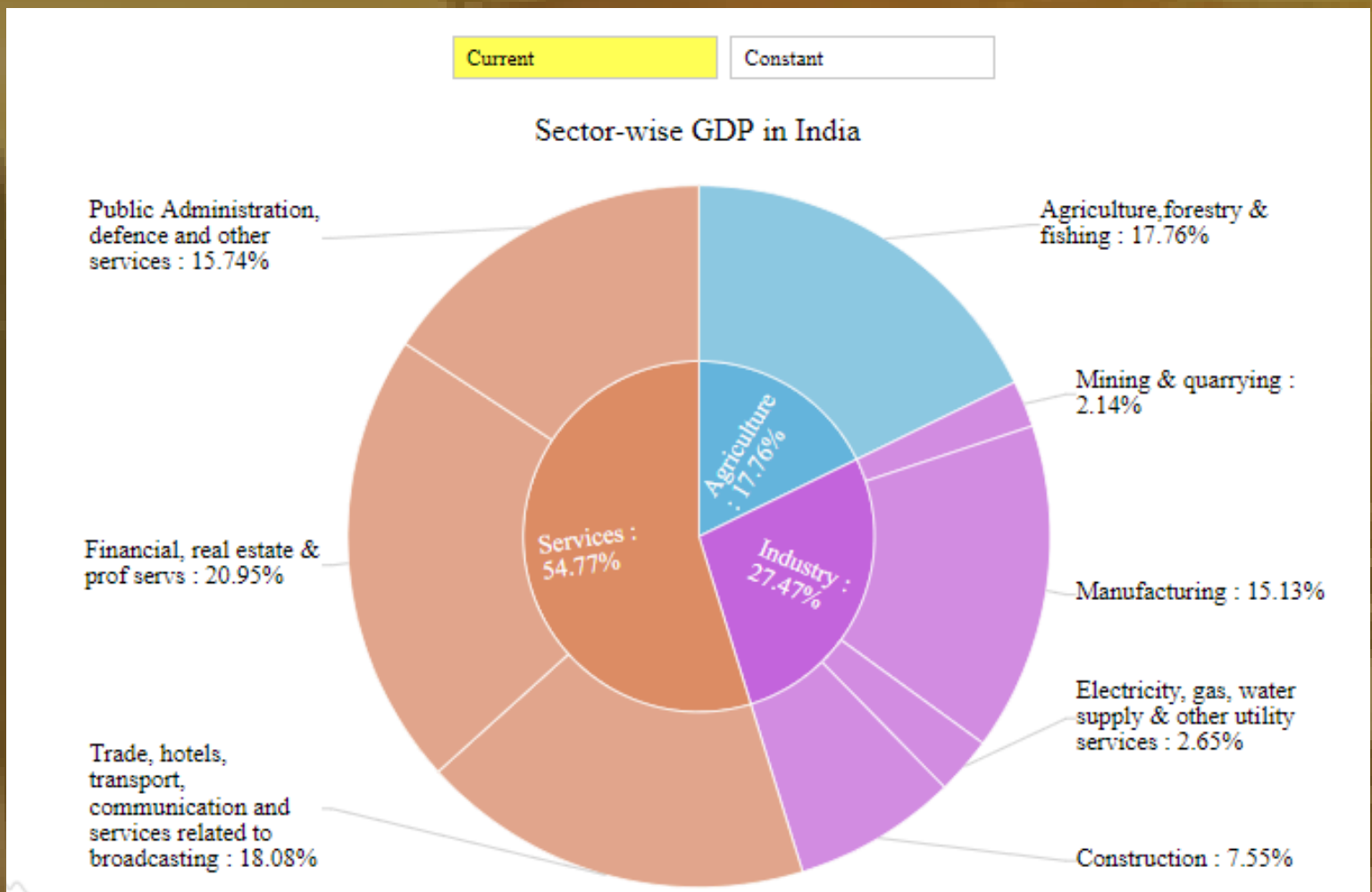
Market forecast to grow at a CAGR of 4.2%



<https://www.researchandmarkets.com/reports/5864519>

**RESEARCH AND MARKETS**  
THE WORLD'S LARGEST MARKET RESEARCH STORE

The oil industry in India contributes 2.65% in the total GDP of the country. Even though its contribution is not very significant but oil and gas is needed to run every industry in the country.



In 2022-23, BPCL took significant steps to enhance its operations and strengthen its position in the market by merging with two companies: Bharat Oman Refineries Limited (BORL) and Bharat Gas Resources Limited (BGRL). Such strategic moves have not just enriched its operational and financial potency but have also enabled the company to explore new possibilities, thereby ensuring more stable and enhanced service delivery to its consumers.

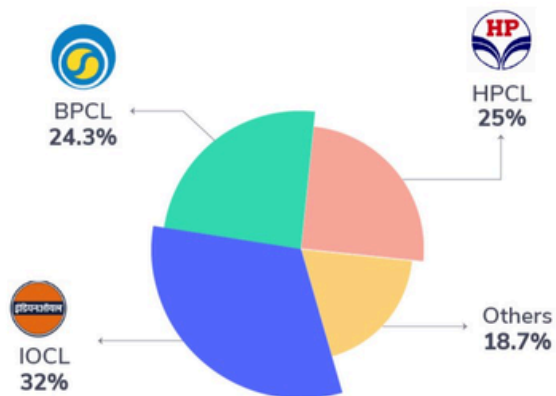
Let's decode some of the critical statistics to understand the depth of BPCL's operation:

- BPCL earned ₹5,33,467.55 Crore in the last year.
- It processed 38.53 MMT of crude oil, ensuring its products reached markets far and wide.
- The company made a net profit of ₹1,870.10 Crore.
- With a 25.07% market share, BPCL has a strong presence in the energy sector.

BPCL's role in the nation's economy extends beyond just numbers. As a Maharatna company, it holds a significant position in contributing to the national exchequer, thereby playing a vital role in the economic development of the country. It creates numerous job opportunities and has been actively involved in various community development programmes.

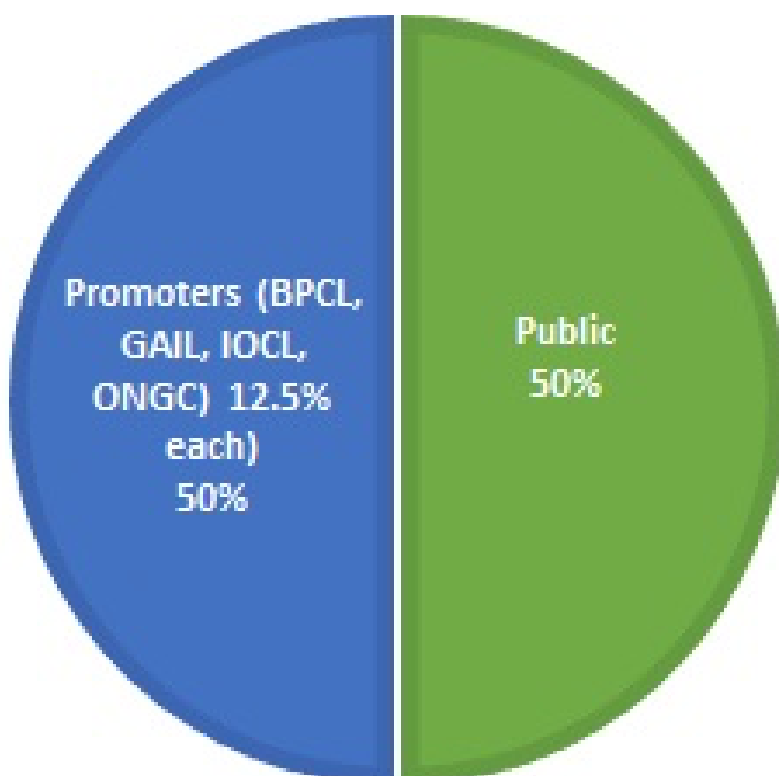
## Downstream oil companies market share

(FY - 21)



BPCL contributes 24.3% in the total market share of Indian oil market.

## EQUITY STRUCTURE



The equity structure of BPCL is 50-50 between public and the company itself.

# MAJOR CLIENTS

## 1. Government Entities:

**Indian Government:** ONGC supplies a significant portion of the oil and gas required by the Indian government for national energy needs.

**State Governments:** Various state-owned enterprises and utilities depend on ONGC for their energy requirements.

## 2. Refineries and Petrochemical Companies:

**Indian Oil Corporation (IOC):** One of the largest clients, IOC refines crude oil supplied by ONGC.

**Bharat Petroleum Corporation Limited (BPCL):** Another major refinery that processes ONGC's crude oil.

**Hindustan Petroleum Corporation Limited (HPCL):** Engages with ONGC for crude oil and natural gas supply.

## 3. Power Generation Companies:

**NTPC Limited:** ONGC provides natural gas to NTPC for power generation.

**Reliance Power:** Receives natural gas from ONGC for its power plants.

## 4. Fertilizer Companies:

**National Fertilizers Limited (NFL):** Uses natural gas from ONGC as a feedstock for fertilizer production.

**Rashtriya Chemicals and Fertilizers (RCF):** Another

significant client in the fertilizer sector.

#### 5. Industrial Consumers:

**Steel Plants:** Companies like Steel Authority of India Limited (SAIL) use natural gas from ONGC for their operations.

**Cement Industries:** Several cement manufacturers rely on ONGC for energy needs.

#### 6. International Clients:

ONGC Videsh, the international arm of ONGC, has clients and partnerships across various countries, including Russia, Vietnam, and Sudan, where it engages in exploration and production activities.

#### 7. Natural Gas Distribution Companies:

**GAIL (India) Limited:** Major purchaser of natural gas from ONGC, which is then distributed to various industries and households.

**Indraprastha Gas Limited (IGL):** Uses ONGC's natural gas for city gas distribution.

#### 8. LNG and Petrochemical Producers:

**Petronet LNG:** Engages in LNG imports and works closely with ONGC for LNG supply.

**Reliance Industries:** Involved in various partnerships and agreements with ONGC for natural gas and other hydrocarbons.

#### 9. Export Markets:

ONGC also exports crude oil and natural gas to international markets, engaging with global oil and gas trading companies.

# OPERATIONS

Bharat Petroleum operates the following refineries:

- **Mumbai Refinery** : Located near Mumbai, Maharashtra. It has a capacity of 13 million metric tonnes per annum.
- **Kochi Refineries** : Located near Kochi, Kerala. It has a capacity of 15.5 million metric tonnes per annum.
- **Bina Refinery** : Located near Bina, Sagar district, Madhya Pradesh. It has a capacity of 7.8 million metric tonnes per year. This refinery started as Bharat Oman Refinery Limited (BORL), a joint venture between Bharat Petroleum and OQ company. Incorporated in 1994, BORL also has single point mooring (SPM) system, crude oil terminal (COT) and a 937 km (582 mi) long cross-country crude oil pipeline from Vadinar, Gujarat to Bina, Madhya Pradesh. As of April 2021, BORL is a subsidiary of BPCL.

They have popular Loyalty Program like Petrocard, Smartfleet.

As of 2018, BPCL was also setting up a Second-generation biofuels refinery at Baulsingha village in Bargarh district, Odisha of 100 kilo litre per day (KLPD) capacity. The plant would be using 2 Lakh tonnes of rice straw to generate fuel.

# SWOT ANALYSIS

## 1. Strengths of Bharat Petroleum

Strengths for the company are the areas where the company is performing well which are helping them to outplay its competitors, thus increasing the market share. The following are the strengths of Bharat Petroleum:

- **Large Network** – BPCCL has over 16,000 fuel stations and is extending its network to reach rural areas of the country. Along with this, they have retail outlets all over the country.
- **Research and Development** – It is an essential part of BPCCL. Their experimentation with crude oil continues so that they extract any other valuable products or enhance the efficiency of the already available ones. A few of their successful findings are semi-synthetic 4T engine oil, hydraulic oils, etc.
- **Brand Awareness** – It has a well-built brand presence in its domestic market which helps in captivating new customers. Their prominent products such as Bharat Gas and Mak Lubricants have a stronghold in the market.
- **Production Capacity** – They have two of the largest refineries in their name based in Mumbai and Kochi, and with the help of these, they can cater to the ever-growing demands of the market.



## 2. Weaknesses of Bharat Petroleum

The areas in which the company is performing low are said to be its weakness. The management can take crucial steps to eliminate its weaknesses. Bharat Petroleum's major flaws are as follows:

- **Government Regulations** – As 53% of their lies with the government, so their activities are bound by the legislation and are not able to make profits like private companies.
- **Employees** – They have more than needed employees carrying out their day-to-day operations. More employees mean an increased cost of production resulting in reduced profits.
- **Environmental Issues** – The refining process creates a lot of pollution and that's why their track record on environmental consideration is not very appreciating. This weakness distorts their brand image and can lead to customer retaliation.
- **Global Presence** – Their operations are limited to India which is a highly competitive market leading to reduced market share for the company. They can surely make more profits if they make a global presence.

### 3. Opportunities of Bharat Petroleum

Opportunities are favorable external factors. The company needs to grab the opportunities that come its way to gain a competitive advantage.

- Oil Field Discovery – New oil fields can be discovered if the oil prices rise in the future. This will provide an undue advantage to the company over its competitors.
- Increasing Demand – As the population is increasing, demand for oil and gas is also increasing day by day. So, the management needs to keep track of it by keeping its supply sufficient to match the market demand.
- Foreign Market – There is an opportunity for the company if it expands its operation to the foreign market as well which will make them earn huge profits. This can be done if the company ties up with many leading foreign players who are ready to invest in BPCL.
- Funding – The company can generate funds by issuing new shares in the market because of the growing number of investors.

### 4. Threats of Bharat Petroleum

Threats are the challenges for the company that can stop the company from meeting its objectives in the long run.

Electric Motors and Appliances – Several customers are shifting to the new market segment and are using electric vehicles and solar appliances such as induction cooktops which can lead to reduced

demand for the company's product.

**Stiff Competition** – The company faces intense competition from its homegrown and established companies like Reliance, Essar, HPCL, etc.

**Regular Price Fluctuations** – The price of crude oil constantly fluctuates in the Middle-East countries according to its irregular excavations which leads to continuous change in their product's prices.

**Environmental Laws** – The implementation of new laws relating to environmental considerations can affect the company's growth as people are also becoming aware day by day.

## SWOT Analysis of **Bharat Petroleum**



### **STRENGTHS**

- Large Network
- Research & Development
- Brand Awareness
- Production Capacity



### **WEAKNESSES**

- Government Regulations
- Employees
- Environment Issues
- Global Presence



### **OPPORTUNITIES**

- Oil Field Discovery
- Increasing Demand
- Foreign Market
- Funding



### **THREATS**

- Electric Vehicles
- Stiff Competition
- Regular Price Fluctuations
- Environmental Laws

# FINANCIALS

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<input type="button" value="Standalone"/> <input type="button" value="Consolidated"/>		Print/Copy to Excel : <input type="button" value="Financial Ratios (New)"/> <input type="button" value="Go"/>				
KEY FINANCIAL RATIOS OF BHARAT PETROLEUM CORPORATION (in Rs. Cr.)		MAR 24	MAR 23	MAR 22	MAR 21	MAR 20
<b>PER SHARE RATIOS</b>						
Basic EPS (Rs.)		125.21	8.78	41.31	96.44	13.64
Diluted EPS (Rs.)		125.21	8.78	41.31	96.12	13.64
Cash EPS (Rs.)		156.46	38.59	63.60	109.99	32.90
Book Value [ExclRevalReserve]/Share (Rs.)		349.55	244.18	233.25	260.62	168.87
Book Value [InclRevalReserve]/Share (Rs.)		349.55	244.18	233.25	260.62	168.87
Dividend / Share(Rs.)		42.00	4.00	16.00	79.00	16.50
Revenue from Operations/Share (Rs.)		2,097.16	2,221.82	1,701.27	1,111.11	1,445.86
PBDIT/Share (Rs.)		217.99	61.71	87.37	102.61	49.42
PBIT/Share (Rs.)		186.40	31.90	65.04	83.60	30.17
PBT/Share (Rs.)		166.40	10.41	55.95	108.07	13.58
Net Profit/Share (Rs.)		124.86	8.78	41.27	90.98	13.64

<b>PROFITABILITY RATIOS</b>						
PBDIT Margin (%)		10.39	2.77	5.13	9.23	3.41
PBIT Margin (%)		8.88	1.43	3.82	7.52	2.08
PBT Margin (%)		7.93	0.46	3.28	9.72	0.93
Net Profit Margin (%)		5.95	0.39	2.42	8.18	0.94
Return on Network / Equity (%)		35.71	3.59	17.69	34.91	8.07
Return on Capital Employed (%)		39.51	7.63	17.53	20.37	8.79
Return on Assets (%)		15.41	1.16	5.83	13.54	2.12
Total Debt/Equity (X)		0.25	0.69	0.49	0.39	1.15
Asset Turnover Ratio (%)		2.68	3.04	2.49	165.38	224.86
<b>LIQUIDITY RATIOS</b>						
Current Ratio (X)		0.88	0.77	0.76	0.93	0.70
Quick Ratio (X)		0.29	0.24	0.26	0.44	0.35
Inventory Turnover Ratio (X)		5.26	6.30	4.40	8.69	13.93
Dividend Payout Ratio (NP) (%)		0.00	69.59	167.83	23.92	179.59
Dividend Payout Ratio (CP) (%)		0.00	15.83	108.91	19.78	74.47
Earnings Retention Ratio (%)		0.00	30.41	-67.83	76.08	-79.59
Cash Earnings Retention Ratio (%)		0.00	84.17	-8.91	80.22	25.53

VALUATION RATIOS					
Enterprise Value (Cr.)	142,945.00	106,998.09	99,778.44	103,778.24	100,250.66
EV/Net Operating Revenue (X)	0.32	0.23	0.28	0.45	0.35
EV/EBITDA (X)	3.07	8.14	5.36	4.83	10.31
MarketCap/Net Operating Revenue (X)	0.29	0.15	0.21	0.39	0.22
Retention Ratios (%)	0.00	30.40	-67.83	76.07	-79.59
Price/BV (X)	1.72	1.41	1.54	1.64	1.87
Price/Net Operating Revenue	0.29	0.15	0.21	0.39	0.22
Earnings Yield	0.21	0.03	0.11	0.21	0.04

Bharat petroleum corporation (BPCL) has reported a weak performance in Q3. Despite an uptick in revenue, the operating and net margins declined sharply both year-on-year and sequentially. Gross refining margins (GRMs) dipped in line with global margin contraction. Substantial inventory losses ate away the quarter's profitability.

GRMs for the nine months from April to December were at \$5.25 per barrel (9MFY18: \$6.97). GRM for the quarter was \$2.78 per barrel (Q3FY18: 7.89), a sharp dip YoY. While there has been a weakness in GRMs globally with the Singapore benchmark at \$4.5 per barrel (Q2: \$6.1), BPCL's GRMs saw a much greater impact -Earnings before interest, tax, depreciation and amortisation (EBITDA) declined 77 percent YoY (-69 percent sequentially) due to high inventory losses, and input costs, employee expenses and finance costs.

# MAJOR COMPETITORS

**1. Reliance Industries Ltd:** Reliance Industries Limited is an Indian multinational conglomerate, headquartered in Mumbai. Its businesses include energy, petrochemicals, natural gas, retail, telecommunications, mass media, and textiles.

**2. Indian Oil Corporation Ltd:** Indian Oil Corporation Limited is an Indian multinational oil and gas company under the ownership of the Ministry of Petroleum and Natural Gas, Government of India. It is headquartered in New Delhi.

**3. Hindustan Petroleum Corporation Ltd:** HINDUSTAN CORPORATION LIMITED is a Public incorporated on 21-09-1949. It is classified as a Non-govt company and is registered at RoC-Mumbai. Their state of registration is Maharashtra.

**4. Adani Enterprises Ltd:** Adani Enterprises Limited (AEL) is the flagship company of the Adani Group, one of India's largest business organizations. Over the years, Adani Enterprises has focused on building stellar infrastructural assets contributing to nation-building.

**5. Mangalore Refinery and Petrochemicals Ltd:** Mangalore Refinery and Petrochemicals Limited (MRPL) is Category 1 schedule 'A' Miniratna, Central Public Sector Enterprise (CPSE) under the Ministry of Petroleum & Natural Gas. MRPL is located in a beautiful hilly terrain, north of Mangaluru city, in Dakshina Kannada District of Karnataka State (India).

## Competitor comparison

### Reliance Industries Ltd

Headquarters	India
No. of employees	389,414
Revenue	\$110.8B
Entity type	Public



### Indian Oil Corp Ltd

Headquarters	India
No. of employees	31,095
Revenue	\$106.7B
Entity type	Public



### Hindustan Petroleum Corp Ltd

Headquarters	India
No. of employees	8,504
Revenue	\$55.9B
Entity type	Public



### Nayara Energy Ltd

Headquarters	India
No. of employees	1,000
Revenue	\$16.7B
Entity type	Private



# CONCLUSION

Bharat Petroleum Corporation Limited (BPCL) shares rose by nearly four per cent on BSE on Friday, May 10, 2024, after the oil and marketing company (OMC) reported operationally strong January-March (fourth-quarter) results a day ago.

After closing at Rs 592.30 in the previous session, the stock of the OMC jumped by 4.98 per cent to the day's high of Rs 621.80 on Friday.

In my opinion one should buy BPCL'S shares as there has been a growth in the company's operations. even though the profit was very mariginal but the share price trend of this share is good

 **BUY NOW**

Pure for Sure