

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
39,353	11,828
Bloomberg	BPCL IN
Equity Shares (m)	1,967
M.Cap.(INRb)/(USDb)	851.5 / 12.2
52-Week Range (INR)	429 / 239
1, 6, 12 Rel. Per (%)	8/9/-11
12M Avg Val (INR M)	2089
Free float (%)	46.7

**Financials & Valuations (Cons.) (INR b)**

Y/E March	2019	2020E	2021E
Sales	2,982	3,207	3,337
EBITDA	158	162	166
Adj. PAT	85	94	101
EPS (INR)	43.4	47.7	51.6
EPS Gr.%	-12.9	9.9	8.2
BV/Sh.INR	197.1	222.4	250.9
RoE (%)	22.6	22.7	21.8
RoCE (%)	11.8	11.4	10.7
Payout*(%)	51.3	47.0	44.7
<b>Valuation</b>			
P/E (x)	9.0	8.2	7.6
P/BV (x)	2.0	1.8	1.6
EV/EBITDA (x)	7.5	7.3	7.3

**Estimate change**

**TP change**

**Rating change**

**CMP: INR392 TP: INR452(+15%)**
**Buy**
**Impresses with higher refining throughput, all-time-high marketing margin**

- BPCL reported EBITDA of INR45.3b (+23% YoY; 23% beat) in 4QFY19. However, adjusted EBITDA (adj. for inventory and one-offs) stood at INR41.7b (+29% YoY, +22% QoQ), exceeding our estimate of INR20.1b, primarily due to an all-time-high marketing margin. The company reported a forex gain of INR2.8b, as against a gain of INR0.5b in 4QFY18 and INR1b in 3QFY19. PAT came in at INR31.2b (+17% YoY; 40% beat).
- **Core GRM stood at USD2.6/bbl** (our estimate: USD3.0; 4QFY18: USD5.6; 3QFY19: USD6.0). Core GRM was higher at Mumbai (USD3.03) and lower at Kochi (USD2.14) refineries. Refinery throughput of 8.2mmt (+5% YoY, +10% QoQ) was in line with our estimate.
- **Implied marketing margin**, inclusive of inventory gain, was at an all-time high of INR6.5/liter (v/s INR4.6 in 4QFY18 and INR2.9 in 3QFY19). Net of inventory gain, the marketing margin stood at INR6.3/liter. Domestic sales volumes were up ~6% YoY/QoQ at 11.4mmt in the quarter.
- **FY19 performance:** Adj. EBITDA stood at INR114b (+10% YoY) v/s INR103.5b in FY18. PAT of INR71.3b (-10% YoY) was lower than INR79.2b in the previous year due to higher interest and depreciation cost. Core GRM (throughput) stood at USD4.0/bbl (31.1mmt) v/s USD6.0/bbl (28.5mmt) in FY18.

**Valuation and view**

- BPCL Kochi refinery saw throughput of 4.4mmt (+11% YoY, +20% QoQ), in line with the expected stabilization. BPCL has a 10% stake in the prolific Offshore Area 1 in Mozambique. After almost a delay of 4-5 years, the final investment decision is likely to be concluded in 2019.
- BPCL is trading at 8.2x FY20E consol. EPS of INR47.7. We value BPCL at 1.8x FY21E PBV multiple. We reiterate **Buy** with a target price of INR452.

**Standalone - Quarterly Earning Model**

(INR Billion)

Y/E March	FY18				FY19				FY18	FY19	FY19	Var. vs
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>571.3</b>	<b>533.3</b>	<b>606.2</b>	<b>652.4</b>	<b>717.0</b>	<b>722.9</b>	<b>791.7</b>	<b>739.9</b>	<b>2,363.1</b>	<b>2,971.5</b>	<b>733.0</b>	<b>1%</b>
Total Expenditure	559.0	497.4	574.3	615.7	671.2	689.4	790.9	694.6	2,246.4	2,846.1	696.3	0%
<b>EBITDA</b>	<b>12.3</b>	<b>35.9</b>	<b>31.9</b>	<b>36.7</b>	<b>45.8</b>	<b>33.5</b>	<b>0.8</b>	<b>45.3</b>	<b>116.7</b>	<b>125.4</b>	<b>36.8</b>	<b>23%</b>
Margins (%)	2.1	6.7	5.3	5.6	6.4	4.6	0.1	6.1	4.9	4.2	5.0	
<b>EBITDA adj. for inventory and one-offs</b>	<b>26.3</b>	<b>29.0</b>	<b>15.9</b>	<b>32.2</b>	<b>19.0</b>	<b>19.1</b>	<b>34.1</b>	<b>41.7</b>	<b>103.5</b>	<b>114.0</b>	20.1	<b>107%</b>
Forex loss	-0.3	0.6	-0.8	-0.5	7.1	9.3	-6.6	-2.8	-1.0	7.0	-1.0	
Depreciation	5.9	6.4	6.8	7.4	7.4	7.6	7.8	9.1	26.5	31.9	8.0	14%
Interest	1.8	2.3	2.0	2.2	3.0	3.3	3.4	3.5	8.3	13.2	3.6	-1%
Other Income	6.3	8.0	6.4	8.3	5.5	5.4	9.7	10.6	29.0	31.1	7.2	47%
<b>PBT before EO expense</b>	<b>11.1</b>	<b>34.5</b>	<b>30.4</b>	<b>35.9</b>	<b>33.8</b>	<b>18.7</b>	<b>5.9</b>	<b>46.0</b>	<b>112.0</b>	<b>104.4</b>	<b>33.4</b>	<b>38%</b>
Tax	3.7	11.0	8.9	9.2	10.9	6.5	0.9	14.7	32.8	33.1	11.1	32%
Rate (%)	33.1	31.7	29.4	25.6	32.2	34.9	16.0	32.0	29.3	31.7	33.3	
<b>Reported PAT</b>	<b>7.4</b>	<b>23.6</b>	<b>21.4</b>	<b>26.7</b>	<b>22.9</b>	<b>12.2</b>	<b>5.0</b>	<b>31.2</b>	<b>79.2</b>	<b>71.3</b>	<b>22.3</b>	<b>40%</b>
<b>Adj PAT</b>	<b>7.4</b>	<b>23.6</b>	<b>21.4</b>	<b>26.7</b>	<b>22.9</b>	<b>12.2</b>	<b>5.0</b>	<b>31.2</b>	<b>79.2</b>	<b>71.3</b>	<b>22.3</b>	<b>40%</b>
Margins (%)	1.3	4.4	3.5	4.1	3.2	1.7	0.6	4.2	3.4	2.4	3.0	
<b>Key Assumptions</b>												
Refining throughput (mmt)	6.4	7.0	7.3	7.9	7.7	7.6	7.5	8.2	28.5	31.1	8.3	-1%
Reported GRM (USD/bbl)	4.9	8.0	7.9	6.5	7.5	5.6	2.8	2.7	6.9	7.5	4.5	-39%
Core GRM (USD/bbl)	6.9	6.5	4.9	5.6	4.2	3.3	6.0	2.6	6.0	4.0	3.0	-15%
Marketing GM incld inv (INR/litre)	3.1	4.3	3.8	4.6	4.9	4.9	2.9	6.5	3.9	4.8	4.4	46%

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**Exhibit 1: 4QFY19 earnings snapshot (INRm)**

	1QFY18	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	YoY (%)	QoQ(%)
<b>Key Operating Metrics</b>										
Brent (USD/bbl)	49.6	52.1	61.6	66.9	74.6	75.1	67.4	63.2	-6%	-6%
Fx rate (INR/USD)	64.5	64.3	64.7	64.3	67.0	70.2	72.3	70.6	10%	-2%
Marketing volume (mmt)	10.5	10.4	11.2	11.1	11.3	10.6	11.5	11.7	5%	2%
GRM (USD/bbl)	4.9	8.0	7.9	6.5	7.5	5.6	2.8	2.7	-58%	-1%
Reuters Singapore GRM (USD/bbl)	6.4	8.3	7.3	7.0	6.0	6.1	4.3	3.2	-54%	-26%
Refinery thr' put (mmt)	6.4	7.0	7.3	7.9	7.7	7.6	7.5	8.2	5%	10%
<b>Financial Summary (INRm)</b>										
<b>Net Sales</b>	<b>5,71,258</b>	<b>5,33,252</b>	<b>6,06,164</b>	<b>6,52,393</b>	<b>7,16,967</b>	<b>7,22,918</b>	<b>7,91,688</b>	<b>7,39,904</b>	13%	-7%
<b>Reported EBITDA</b>	<b>12,250</b>	<b>35,864</b>	<b>31,882</b>	<b>36,715</b>	<b>45,803</b>	<b>33,497</b>	<b>783</b>	<b>45,291</b>	23%	NM
Refining inventory gain	-6,780	4,990	10,310	3,460	12,750	8,960	-12,920	840		
Marketing inventory gain	-7,314	1,850	5,650	1,020	14,040	5,390	-20,410	2,720		
Net under recovery	0	0	0	0	0	0	0	0		
Other adjustments (loss)	0	0	0	0	0	0	0	0		
<b>Recurring EBITDA</b>	<b>26,345</b>	<b>29,024</b>	<b>15,922</b>	<b>32,235</b>	<b>19,013</b>	<b>19,147</b>	<b>34,113</b>	<b>41,731</b>	29%	22%
Forex gain/(loss)	0	-588	0	500	-7,050	-9,302	6,590	2,759	451%	-58%
<b>Reported EBITDA excld forex</b>	<b>12,250</b>	<b>35,276</b>	<b>31,882</b>	<b>37,216</b>	<b>38,752</b>	<b>24,194</b>	<b>7,374</b>	<b>48,050</b>	29%	NM
Depreciation	-5,892	-6,406	-6,774	-7,413	-7,392	-7,571	-7,781	-9,149	23%	18%
<b>EBIT</b>	<b>6,358</b>	<b>28,870</b>	<b>25,108</b>	<b>29,803</b>	<b>31,361</b>	<b>16,623</b>	<b>-408</b>	<b>38,901</b>	31%	NM
Interest	-1,789	-2,348	-2,002	-2,194	-3,018	-3,276	-3,369	-3,526	61%	5%
Other Income	6,566	8,004	7,274	8,329	5,480	5,380	9,672	10,576	27%	9%
<b>PBT b/f exceptionals</b>	<b>11,136</b>	<b>34,526</b>	<b>30,380</b>	<b>35,939</b>	<b>33,823</b>	<b>18,727</b>	<b>5,895</b>	<b>45,951</b>	28%	NM
Exceptionals										
<b>PBT</b>	<b>11,136</b>	<b>34,526</b>	<b>30,380</b>	<b>35,939</b>	<b>33,823</b>	<b>18,727</b>	<b>5,895</b>	<b>45,951</b>	28%	NM
Income Tax	-3,690	-10,952	-8,943	-9,202	-10,890	-6,540	-944	-14,702	60%	NM
Tax rate (%)	33.1%	31.7%	29.4%	25.6%	32.2%	34.9%	16.0%	32.0%		
<b>PAT</b>	<b>7,446</b>	<b>23,574</b>	<b>21,437</b>	<b>26,736</b>	<b>22,933</b>	<b>12,187</b>	<b>4,951</b>	<b>31,249</b>	17%	NM
PAT margin (%)	1.3%	4.4%	3.5%	4.1%	3.2%	1.7%	0.6%	4.2%		
<b>EPS</b>	<b>3.8</b>	<b>12.0</b>	<b>10.9</b>	<b>13.6</b>	<b>11.7</b>	<b>6.2</b>	<b>2.5</b>	<b>15.9</b>	17%	NM

Source: Company, MOFSL

**Valuation and view**

- Stable crude oil prices and exchange rate, coupled with the end of a politically sensitive period, indicate that the biggest risk to the OMCs is now behind.
- We may see structural changes in the pricing of LPG and kerosene, which may bid farewell to all under-recoveries in the petroleum sector.
- BPCL Kochi refinery saw throughput of 4.4mmt (+11% YoY, +20% QoQ), in line with the expected stabilization.
- BPCL has a 10% stake in the prolific Offshore Area 1 in Mozambique. After almost a delay of 4-5 years, the final investment decision is likely to be concluded in 2019.
- BPCL is trading at 8.2x FY20E consol. EPS of INR47.7 and 7.3x FY20E EV/EBTIDA. We value BPCL at 1.8x FY21 PBV multiple. We reiterate **Buy** with a target price of INR452.

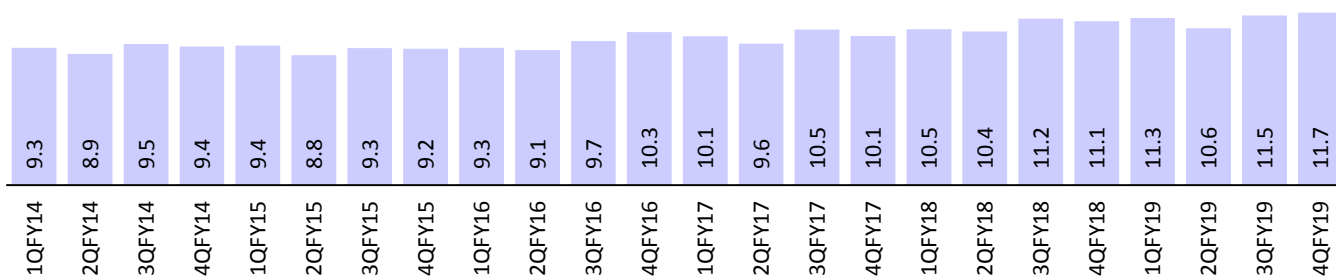
**Exhibit 2: Valuation table**

Target PBV (x)	1.8
FY21 BV (INR/share)	251
<b>Target price (INR/share)</b>	<b>452</b>

Source: Company, MOFSL

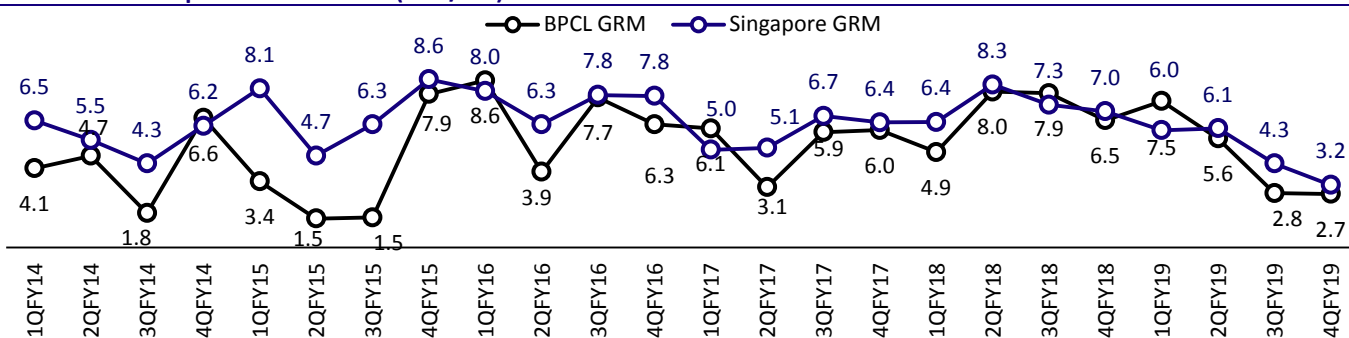
**Exhibit 3: BPCL's marketing volume trend**

Product Sales (mmt)



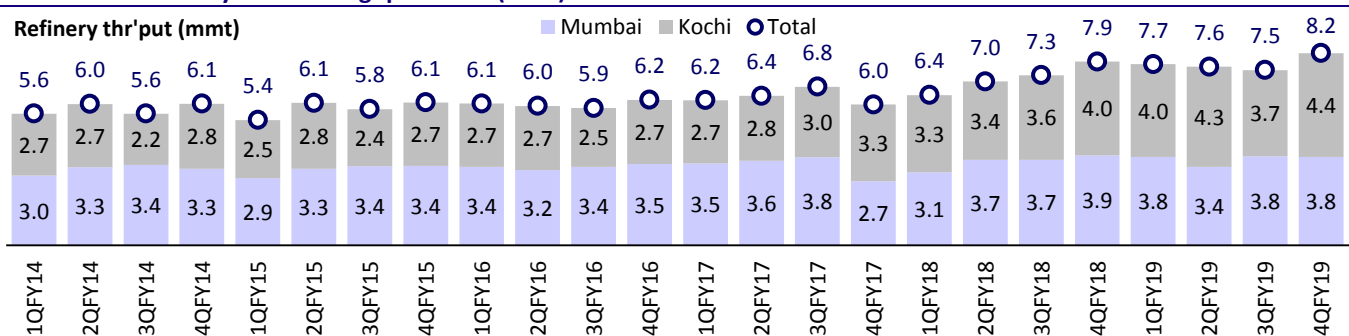
Source: Company, MOFSL

**Exhibit 4: BPCL's reported GRM trend (USD/bbl)**



Source: Company, MOFSL

**Exhibit 5: BPCL refinery-wise throughput trend (mmt)**



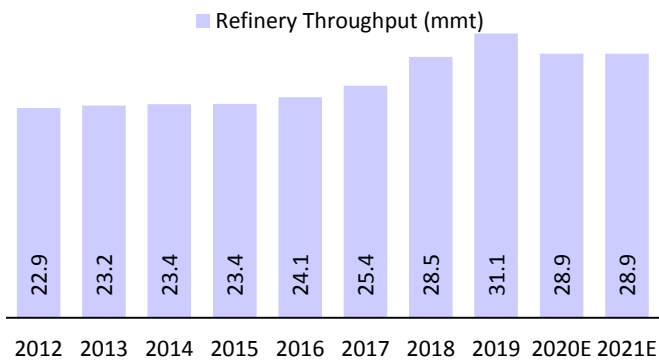
Source: Company, MOFSL

**Exhibit 6: BPCL – Key Assumptions**

Y End: March 31	2014	2015	2016	2017	2018	2019	2020E	2021E
Exchange Rate (INR/USD)	61	61	65	67	64	70	72	72
Crude cost (USD/bbl)	108	86	48	49	57	70	70	70
Domestic Market Sales (MMT)	34	34	37	38	41	43	45	47
YoY (%)	2%	1%	6%	3%	9%	5%	4%	1%
<b>Reported GRM (USD/bbl)</b>	<b>4.3</b>	<b>3.6</b>	<b>6.6</b>	<b>5.3</b>	<b>6.9</b>	<b>7.5</b>	<b>6.2</b>	<b>6.2</b>
Singapore GRM (USD/bbl)	5.6	6.4	7.5	5.8	7.3	4.9	6.0	6.0
Prem/(disc) (USD/bbl)	(1)	(3)	(1)	(1)	(0)	3	0	0
<b>Refining capacity (mmt)</b>	<b>21.5</b>	<b>21.5</b>	<b>21.5</b>	<b>24.5</b>	<b>27.5</b>	<b>27.5</b>	<b>27.5</b>	<b>27.5</b>
YoY (%)	0%	0%	0%	14%	12%	0%	0%	0%
<b>Refining capacity utilization (%)</b>	<b>109%</b>	<b>109%</b>	<b>112%</b>	<b>104%</b>	<b>104%</b>	<b>113%</b>	<b>105%</b>	<b>105%</b>
Refinery throughput (MMT)	23.4	23.4	24.1	25.4	28.5	31.1	28.9	28.9
YoY (%)	1%	0%	3%	5%	12%	9%	-7%	0%
<b>Pipeline throughput (mmt)</b>	<b>11.6</b>	<b>11.6</b>	<b>11.6</b>	<b>11.6</b>	<b>11.6</b>	<b>11.6</b>	<b>11.6</b>	<b>11.6</b>
<b>Marketing Margin (INR/ltr)</b>								
Blended gross marketing margin incld inventory	4.3	4.4	4.0	4.2	4.0	4.8	3.6	3.6
Blended gross marketing margin excld inventory	3.9	5.2	4.6	3.7	3.9	4.8	3.6	3.6
<b>Cons EPS</b>	<b>19.9</b>	<b>24.4</b>	<b>41.1</b>	<b>48.3</b>	<b>49.8</b>	<b>43.4</b>	<b>47.7</b>	<b>51.6</b>

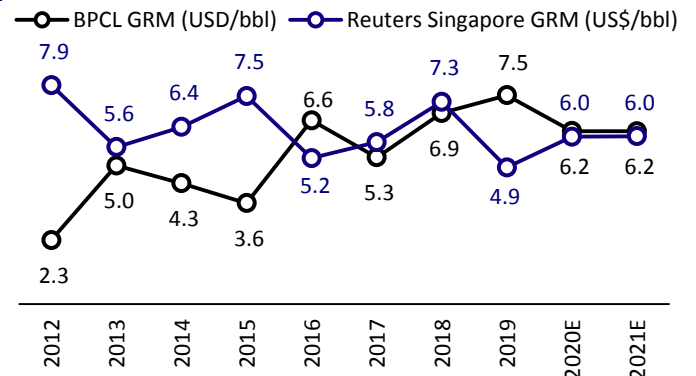
Story in charts

Exhibit 7: Refining throughput of BPCL



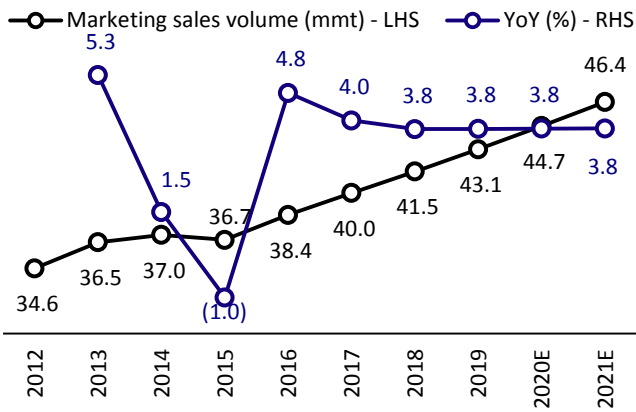
Source: Company, MOFSL

Exhibit 8: GRM trend of BPCL



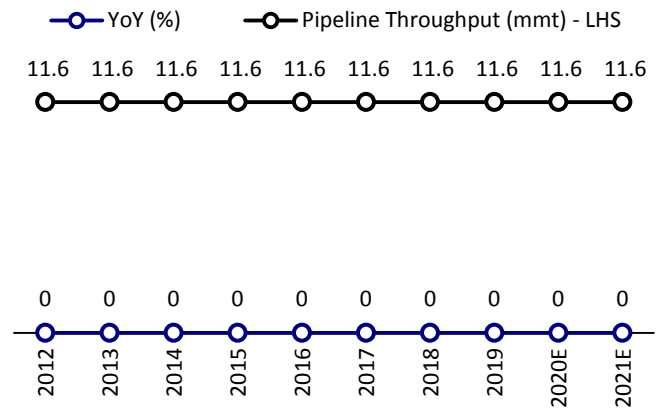
Source: Company, MOFSL

Exhibit 9: Marketing sales volume



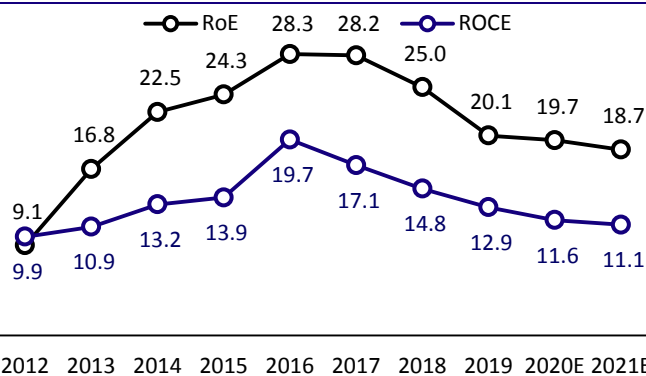
Source: Company, MOFSL

Exhibit 10: Pipeline throughput



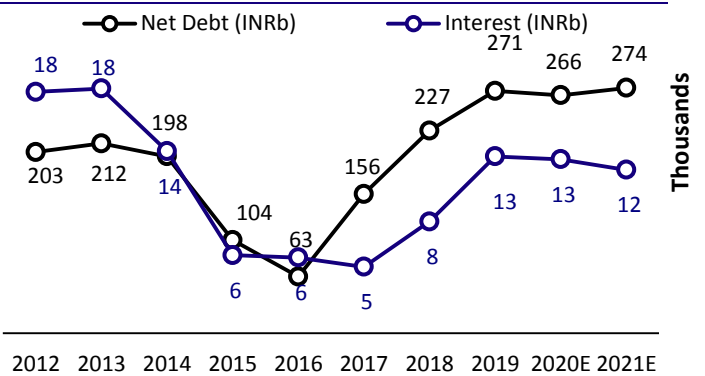
Source: Company, MOFSL

Exhibit 11: Standalone return ratios



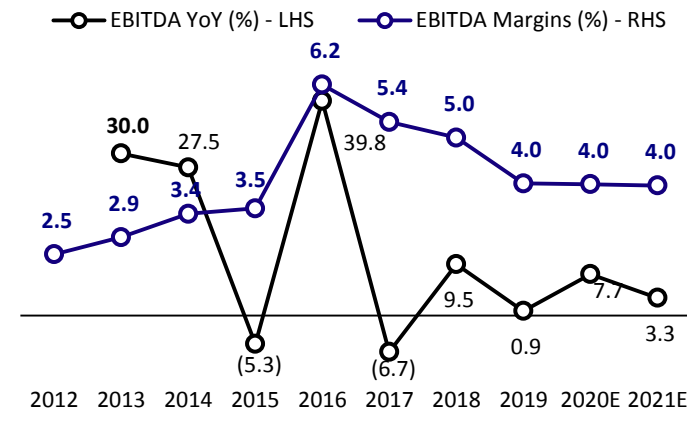
Source: Company, MOFSL

Exhibit 12: Debt and interest burden



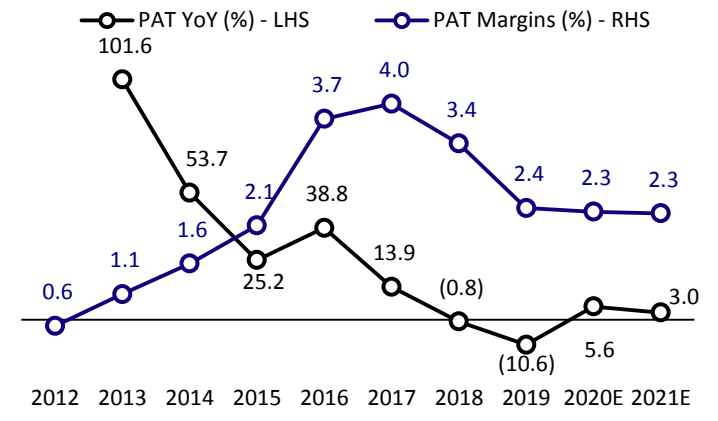
Source: Company, MOFSL

Exhibit 13: EBITDA growth and margins



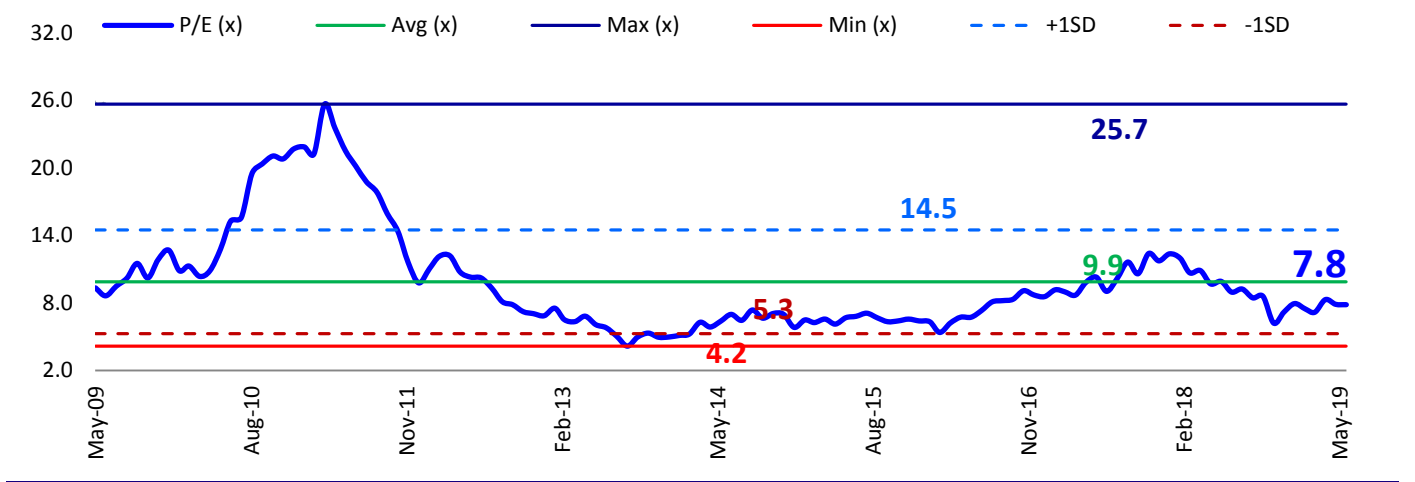
Source: Company, MOFSL

Exhibit 14: PAT growth and margins



Source: Company, MOFSL

Exhibit 15: P/E valuation



Source: Company, MOFSL

## Financials and Valuations

Consolidated - Income Statement							(INR Million)	
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>Total Income from Operations</b>	<b>26,44,066</b>	<b>24,25,985</b>	<b>18,78,146</b>	<b>20,12,507</b>	<b>23,57,698</b>	<b>29,82,256</b>	<b>32,06,959</b>	<b>33,36,830</b>
Change (%)	9.2	-8.2	-22.6	7.2	17.2	26.5	7.5	4.0
RM & Other Expenses	13,20,642	12,28,180	6,88,343	6,92,798	9,03,141	12,90,870	11,48,292	11,75,701
Finished Gds Purchase	10,70,857	9,38,728	9,02,403	10,21,312	11,17,976	13,20,554	17,22,048	18,14,131
Other Oper. Expenses	1,52,196	1,54,574	1,58,029	1,60,887	1,84,767	2,12,705	1,74,586	1,80,723
<b>Total Expenditure</b>	<b>25,43,696</b>	<b>23,21,482</b>	<b>17,48,775</b>	<b>18,74,997</b>	<b>22,05,884</b>	<b>28,24,130</b>	<b>30,44,925</b>	<b>31,70,554</b>
% of Sales	96.2	95.7	93.1	93.2	93.6	94.7	94.9	95.0
<b>EBITDA</b>	<b>1,00,370</b>	<b>1,04,503</b>	<b>1,29,371</b>	<b>1,37,510</b>	<b>1,51,814</b>	<b>1,58,126</b>	<b>1,62,034</b>	<b>1,66,276</b>
Margin (%)	3.8	4.3	6.9	6.8	6.4	5.3	5.1	5.0
Depreciation	26,109	30,267	20,719	21,076	28,850	34,178	34,646	35,666
<b>EBIT</b>	<b>74,261</b>	<b>74,236</b>	<b>1,08,652</b>	<b>1,16,433</b>	<b>1,22,964</b>	<b>1,23,948</b>	<b>1,27,387</b>	<b>1,30,609</b>
Net forex loss	6,780	4,490	-62	-261	88	7,004	0	0
Int. and Finance Charges	19,821	11,805	6,805	6,964	11,857	17,640	16,507	15,715
Other Income	13,998	18,963	15,896	17,832	17,827	20,375	17,996	17,351
<b>PBT bef. EO Exp.</b>	<b>61,657</b>	<b>76,905</b>	<b>1,17,806</b>	<b>1,27,562</b>	<b>1,28,846</b>	<b>1,19,681</b>	<b>1,28,876</b>	<b>1,32,245</b>
EO Items	0	0	0	0	0	0	0	0
<b>PBT after EO Exp.</b>	<b>61,657</b>	<b>76,905</b>	<b>1,17,806</b>	<b>1,27,562</b>	<b>1,28,846</b>	<b>1,19,681</b>	<b>1,28,876</b>	<b>1,32,245</b>
Total Tax	21,127	26,085	40,427	41,926	43,816	43,775	42,529	43,641
Tax Rate (%)	34.3	33.9	34.3	32.9	34.0	36.6	33.0	33.0
Minority Interest/Share of JVs/associates	-1,423	-2,754	3,510	9,434	12,889	9,373	7,416	12,829
<b>Reported PAT</b>	<b>39,107</b>	<b>48,066</b>	<b>80,889</b>	<b>95,070</b>	<b>97,919</b>	<b>85,279</b>	<b>93,762</b>	<b>1,01,434</b>
<b>Adjusted PAT</b>	<b>39,107</b>	<b>48,066</b>	<b>80,889</b>	<b>95,070</b>	<b>97,919</b>	<b>85,279</b>	<b>93,762</b>	<b>1,01,434</b>
Change (%)	107.9	22.9	68.3	17.5	3.0	-12.9	9.9	8.2
Margin (%)	1.5	2.0	4.3	4.7	4.2	2.9	2.9	3.0

Consolidated - Balance Sheet							(INR Million)	
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Equity Share Capital	7,231	7,231	6,556	13,113	19,669	19,669	19,669	19,669
Total Reserves	1,87,032	2,18,254	2,71,377	2,95,085	3,46,517	3,67,978	4,17,694	4,73,766
<b>Net Worth</b>	<b>1,94,263</b>	<b>2,25,485</b>	<b>2,77,933</b>	<b>3,08,198</b>	<b>3,66,186</b>	<b>3,87,647</b>	<b>4,37,363</b>	<b>4,93,435</b>
Minority Interest	11,469	12,998	16,783	19,582	19,051	20,700	70,416	15,866
Total Loans	3,27,985	2,10,177	2,11,216	3,14,729	3,69,973	4,29,145	4,50,603	4,73,133
Deferred Tax Liabilities	12,511	13,468	30,720	40,548	55,224	67,920	25,241	25,241
<b>Capital Employed</b>	<b>5,46,228</b>	<b>4,62,128</b>	<b>5,36,652</b>	<b>6,83,057</b>	<b>8,10,434</b>	<b>9,05,413</b>	<b>9,83,622</b>	<b>10,07,674</b>
Gross Block	5,00,437	5,44,607	5,65,537	7,88,315	9,62,043	10,38,923	10,48,315	11,08,315
Less: Accum. Deprn.	2,24,772	2,53,658	2,76,276	3,01,860	3,30,710	3,64,887	4,15,657	4,58,790
<b>Net Fixed Assets</b>	<b>2,75,665</b>	<b>2,90,950</b>	<b>2,89,261</b>	<b>4,86,455</b>	<b>6,31,334</b>	<b>6,74,036</b>	<b>6,32,658</b>	<b>6,49,525</b>
Goodwill on Consolidation	0	145	0	0	0	0	0	0
Capital WIP	93,717	1,57,873	1,74,589	1,68,339	98,747	1,36,545	2,43,277	2,90,743
<b>Total Investments</b>	<b>69,853</b>	<b>77,118</b>	<b>58,334</b>	<b>63,655</b>	<b>61,305</b>	<b>68,182</b>	<b>77,363</b>	<b>77,363</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>4,48,233</b>	<b>3,36,979</b>	<b>3,42,032</b>	<b>3,72,413</b>	<b>4,12,175</b>	<b>4,90,541</b>	<b>5,25,780</b>	<b>5,06,248</b>
Inventory	2,31,695	1,74,000	1,46,437	2,11,968	2,25,309	2,29,349	2,36,934	2,38,023
Account Receivables	45,437	29,484	22,169	48,038	52,093	69,063	65,082	58,576
Cash and Bank Balance	23,113	34,463	42,024	18,845	13,539	6,625	38,259	24,144
Loans and Advances	1,47,988	99,033	1,31,403	93,562	1,21,234	1,85,505	1,85,505	1,85,505
<b>Curr. Liability &amp; Prov.</b>	<b>3,41,241</b>	<b>4,00,937</b>	<b>3,27,566</b>	<b>4,07,805</b>	<b>3,93,127</b>	<b>4,63,891</b>	<b>4,95,456</b>	<b>5,16,205</b>
Account Payables	2,99,307	3,44,770	3,01,517	3,82,095	2,15,581	4,30,419	4,60,311	4,79,302
Provisions	41,934	56,166	26,049	25,710	1,77,546	33,472	35,145	36,902
<b>Net Current Assets</b>	<b>1,06,992</b>	<b>-63,958</b>	<b>14,467</b>	<b>-35,392</b>	<b>19,048</b>	<b>26,651</b>	<b>30,324</b>	<b>-9,956</b>
<b>Appl. of Funds</b>	<b>5,46,228</b>	<b>4,62,128</b>	<b>5,36,652</b>	<b>6,83,057</b>	<b>8,10,434</b>	<b>9,05,413</b>	<b>9,83,622</b>	<b>10,07,674</b>

E: MOFSL Estimates

## Financials and Valuations

### Ratios

Y/E March (INR)	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>EPS</b>	<b>19.9</b>	<b>24.4</b>	<b>41.1</b>	<b>48.3</b>	<b>49.8</b>	<b>43.4</b>	<b>47.7</b>	<b>51.6</b>
Cash EPS	33.2	39.8	51.7	59.1	64.5	60.7	65.3	69.7
BV/Share	98.8	114.6	141.3	156.7	186.2	197.1	222.4	250.9
DPS	17.0	8.3	11.4	21.7	21.0	19.0	19.1	19.7
Payout (%)	100.0	40.0	32.5	52.4	49.4	51.3	47.0	44.7
<b>Valuation (x)</b>								
P/E			9.5	8.1	7.9	9.0	8.2	7.6
Cash P/E			7.6	6.6	6.1	6.5	6.0	5.6
P/BV			2.8	2.5	2.1	2.0	1.8	1.6
EV/Sales			0.5	0.5	0.5	0.4	0.4	0.4
EV/EBITDA			7.3	7.8	7.4	7.5	7.3	7.3
Dividend Yield (%)	4.3	2.1	2.9	5.5	5.4	4.8	4.9	5.0
FCF per share	1.2	77.1	6.3	-30.2	-11.4	1.5	7.0	32.2
<b>Return Ratios (%)</b>								
RoE	21.6	22.9	32.1	32.4	29.0	22.6	22.7	21.8
RoCE	11.4	12.9	17.7	16.2	13.7	11.8	11.4	10.7
RoIC	13.8	17.8	31.4	22.5	15.2	11.8	12.9	14.1
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	5.3	4.5	3.3	2.6	2.5	2.9	3.1	3.0
Asset Turnover (x)	4.8	5.2	3.5	2.9	2.9	3.3	3.3	3.3
Inventory (Days)	32	26	28	38	35	28	27	26
Debtor (Days)	6	4	4	9	8	8	7	6
Creditor (Days)	41	52	59	69	33	53	52	52
<b>Leverage Ratio (x)</b>								
Current Ratio	1.3	0.8	1.0	0.9	1.0	1.1	1.1	1.0
Interest Cover Ratio	3.7	6.3	16.0	16.7	10.4	7.0	7.7	8.3
Net Debt/Equity	1.2	0.4	0.4	0.8	0.8	0.9	0.8	0.8

### Consolidated - Cash Flow Statement

(INR Million)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
OP/(Loss) before Tax	61,657	76,905	1,17,806	1,27,562	1,28,846	1,19,681	1,28,876	1,32,245
Depreciation	26,109	30,267	20,719	21,076	28,850	34,178	34,646	35,666
Direct Taxes Paid	-21,127	-26,085	-40,427	-41,926	-43,816	-43,775	-42,529	-43,641
(Inc)/Dec in WC	14,262	1,82,299	-70,863	26,680	-59,746	-14,516	27,960	26,166
<b>CF from Operations</b>	<b>80,901</b>	<b>2,63,386</b>	<b>27,234</b>	<b>1,33,393</b>	<b>54,134</b>	<b>95,567</b>	<b>1,48,953</b>	<b>1,50,437</b>
Others	-4,971	-1,798	20,762	19,262	27,565	22,069	-35,264	12,829
<b>CF from Operating incl EO</b>	<b>75,931</b>	<b>2,61,588</b>	<b>47,996</b>	<b>1,52,655</b>	<b>81,699</b>	<b>1,17,636</b>	<b>1,13,689</b>	<b>1,63,267</b>
(Inc)/Dec in FA	-73,645	-1,09,852	-35,602	-2,12,020	-1,04,137	-1,14,677	-1,00,000	-1,00,000
<b>Free Cash Flow</b>	<b>2,285</b>	<b>1,51,736</b>	<b>12,394</b>	<b>-59,365</b>	<b>-22,438</b>	<b>2,959</b>	<b>13,689</b>	<b>63,267</b>
(Pur)/Sale of Investments	4,845	-7,265	18,784	-5,320	2,350	-6,877	-9,181	0
<b>CF from Investments</b>	<b>-68,800</b>	<b>-1,17,117</b>	<b>-16,818</b>	<b>-2,17,340</b>	<b>-1,01,788</b>	<b>-1,21,554</b>	<b>-1,09,181</b>	<b>-1,00,000</b>
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	-618	-1,17,808	1,039	1,03,513	55,244	59,172	21,457	22,530
Dividend Paid	-39,120	-19,212	-26,326	-49,858	-48,324	-43,722	-44,047	-45,362
Others	27,223	3,898	1,670	-12,148	7,862	-18,446	49,715	-54,550
CF from Fin. Activity	-12,515	-1,33,122	-23,617	41,507	14,782	-2,995	27,126	-77,381
<b>Inc/Dec of Cash</b>	<b>-5,385</b>	<b>11,349</b>	<b>7,561</b>	<b>-23,178</b>	<b>-5,307</b>	<b>-6,913</b>	<b>31,634</b>	<b>-14,115</b>
Opening Balance	28,498	23,113	34,463	42,024	18,845	13,539	6,625	38,259
<b>Closing Balance</b>	<b>23,113</b>	<b>34,463</b>	<b>42,024</b>	<b>18,845</b>	<b>13,539</b>	<b>6,625</b>	<b>38,259</b>	<b>24,144</b>

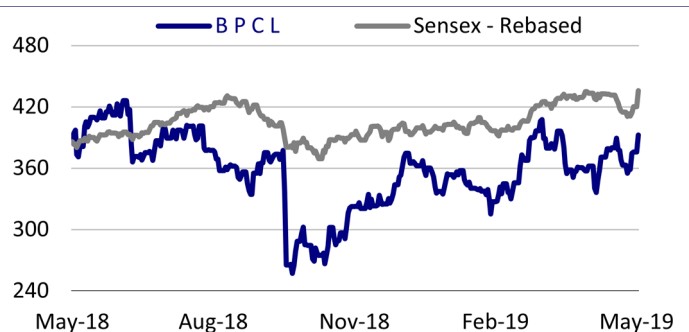
E: MOFSL Estimates

## Corporate profile

### Company description

A Fortune 500 company, BPCL has interests in oil refining and marketing of petroleum products. It is the third largest refining company in India with a capacity of 12mtpa at its Mumbai facility and 15mtpa at Kochi. BPCL has majority stake (63%) in Numaligarh Refineries, a 3mtpa refinery in the north-east. BPCL has investments in IGL (22.5%) and Petronet LNG (12.5%). BPCL is a public sector firm in which the government of India holds 53.89%.

### Exhibit 1: Sensex rebased



Source: MOSL/Bloomberg

### Exhibit 2: Shareholding pattern (%)

	Mar-19	Dec-18	Mar-18
Promoter	53.3	53.9	54.3
DII	16.2	16.8	10.9
FII	15.6	14.6	19.8
Others	14.9	14.7	15.0

Note: FII Includes depository receipts

Source: Capitaline

### Exhibit 3: Top holders

Holder Name	% Holding
BPCL Trust for Investment in shares	9.3
LIFE INSURANCE CORPORATION OF INDIA	5.9

Source: Capitaline

### Exhibit 4: Top management

Name	Designation
D Rajkumar	Chairman & Managing Director
N Vijayagopal	Director (Finance)
K Padmakar	Director (Human Resources)
Arun Kumar Singh	Director (Marketing)
R Ramachandran	Director (Refineries)
M Venugopal	Company Secretary

Source: Capitaline

### Exhibit 5: Directors

Name	Name
N Vijayagopal	Rajesh Mangal*
K Padmakar	Tamilisai Soundararajan*
Arun Kumar Singh	Vinay Sheel Oberoi*
R Ramachandran	Vishal Vinod Sharma*
J M Shanti Sundharam*	

\*Independent

### Exhibit 6: Auditors

Name	Type
ABK & Associates	Cost Auditor
Bandyopadhyaya Bhaumik & Co	Cost Auditor
Borkar & Muzumdar	Statutory
CVK & Associates	Statutory
Dholakia & Associates LLP	Secretarial Audit

Source: Capitaline

### Exhibit 7: MOSL forecast v/s consensus

EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)
FY20	47.7	40.9	16.6
FY21	51.6	47.7	8.2

Source: Bloomberg



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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