

IIT Madras, B.Sc Data Science and Programming

Course - Business Data Management (BSCM2001)

An economic based summarization and analysis of Bharat Petroleum Corporation Limited's performance

Introduction

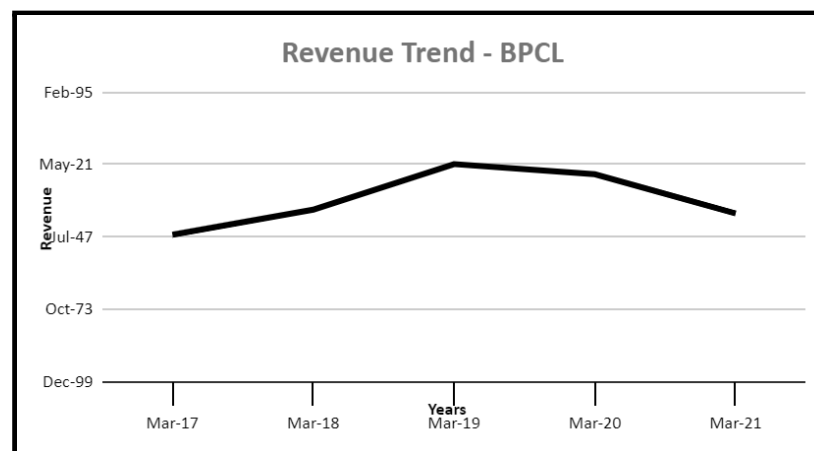
Bharat Petroleum Corporation Limited (BPCL) is an Indian government-owned oil and gas corporation. It was founded in 1952 and generates a revenue of 8.74 lakh crores (as of 2021). It comes under the refinery industry. The company's refineries consist of Mumbai Refinery, Kochi Refinery, Numaligarh Refinery and Bina Refinery.



Source - [Moneycontrol.com](https://www.moneycontrol.com)

1. Revenue trend over last 5 years

Year	Revenue
Mar-17	203,065
Mar-18	237,569
Mar-19	300,263
Mar-20	286,501

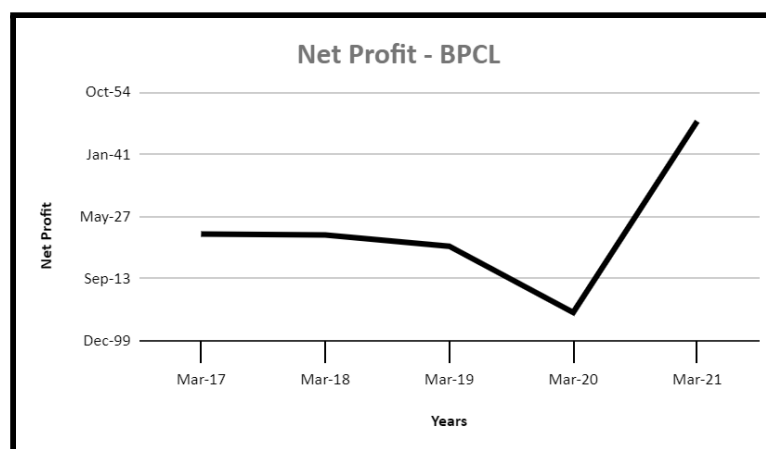


Mar-21	232,415
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An increase in revenue generation is seen from 2017-2019 but a decrease is seen from 2019-2021.

2. Net Profit trend over last 5 years

Year	Net Profit
Mar-17	8,563
Mar-18	8,503
Mar-19	7,590
Mar-20	2,265
Mar-21	17,645



Net profits witnessed a sudden decrease in 2020 but seemed to have recovered substantially in 2021.

3. Key Financial ratios over last 5 years

	Mar-21	Mar-20	Mar-19	Mar-18	Mar-17
Current Ratio	0.91	0.72	0.92	0.89	0.8
Acid Test/Quick ratio	0.44	0.35	0.49	0.39	0.35
Earnings per share	81.87	15.53	39.67	45.8	44.34
(Market Price)	449.45	381.1	491.55	362.75	517.7

	Mar-21	Mar-20	Mar-19	Mar-18	Mar-17
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Price earnings ratio	5.489800904	24.53960077	12.39097555	7.920305677	11.67568787
EV/EBITDA	5.16	11.57	7.13	7.18	7.5
Net profit	17,645.36	2,265.11	7,590.53	8,503.03	8,563.58
Net profit margin (%)	7.66	0.79	2.54	3.6	4.25
Return on capital employed (%)	18.46	6.83	16.38	18.87	21.77
Return on assets (%)	10.04	2.02	5.69	7.48	7.99
Asset turnover ratio (%)	142.96	188.62	217.79	195.99	184.48
Inventory turnover ratio	8.62	12.79	13	10.47	9.49
Debtor days	12.30420931	6.851549294	8.395240701	8.003498429	8.634509955
Total revenue	232,415.67	286,501.23	300,263.13	237,569.51	203,065.23
Trade receivables	7,834.77	5,378.02	6,906.25	5,209.28	4,803.75

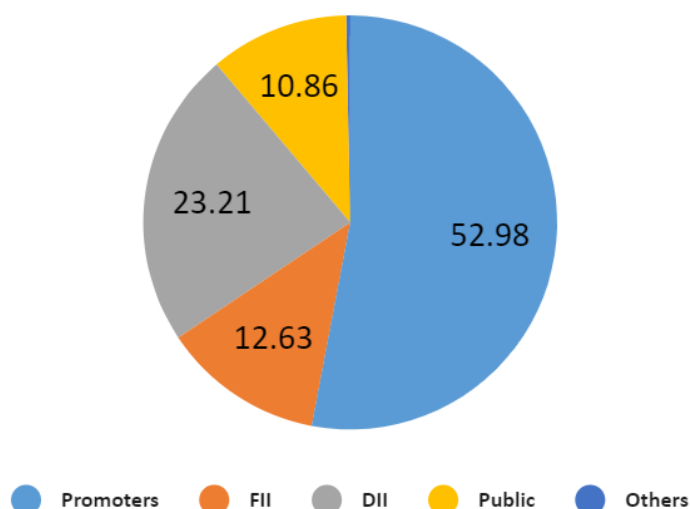
1. Current and quick ratios are less than 1 and show lack of liquidity in assets. The significant difference between current ratio and quick ratio implies that current assets of the company are highly dependent on inventory. Through the years the ratios have improved except the dip in 2020.
2. EPS has witnessed a sudden spike in 2021, increasing the company's profitability, while at the same time the price earnings ratio for 2021 decreases significantly and is lower as compared to the peers indicating that the company is undervalued.
3. The previous point is highlighted again with a decrease in the EV/EBITDA ratio.
4. Net profit and net profit margin have taken a significant hike in 2021 as compared to the previous years.
5. Return on capital employed has seen a decrease since 2017 till 2020 but seems to have recovered (though not completely) in 2021 indicating an increase in profitability. Return on assets also showcase a similar trend.
6. Asset turnover ratio increased till 2020 but has decreased thereafter indicating the company is unable to use its assets efficiently to generate sales. This is further emphasised by a low inventory turnover ratio indicating weak sales.

7. Debtor days have almost doubled in the last year which means the company has less cash available to use.

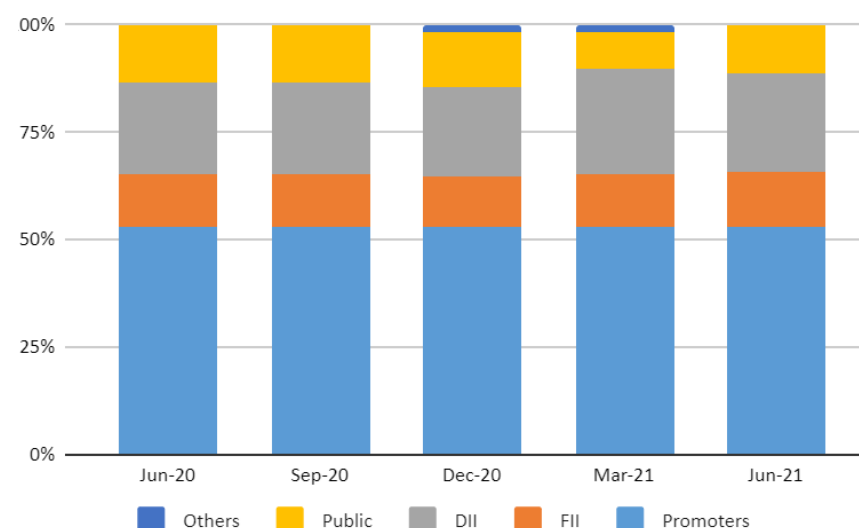
4. Shareholding and its variation

	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Promoters	52.98	52.98	52.98	52.98	52.98
FII	11.95	11.98	11.56	12.42	12.63
DII	21.34	21.42	20.92	24.17	23.21
Public	13.73	13.61	12.54	8.43	10.86
Others	0	0.01	2	2	0.32

Shareholder Trend for Jun-21



%age trend of shareholder over time



Majority of shares are held by promoters and the percentage has been constant throughout. The overall distribution of shares has been consistent with time.

5. Capital Structure over last 5 years

Period	Instrument	Authorized Capital (Rs. Cr)	Issued Capital (Rs. Cr)	Paidup		
				Shares (nos)	Face Value	Capital
2020-2021	Equity Share	2635	2,092.91	2,092,913,412	10	2,092.91
2019-2020	Equity Share	2635	1,966.88	1,966,880,000	10	1,966.88
2018-2019	Equity Share	2635	1,966.88	1,966,880,322	10	1,966.88
2017-2018	Equity Share	2500	1,966.88	1,966,880,322	10	1,966.88
2016-2017	Equity Share	2500	1,311.25	1,311,253,548	10	1,311.25

A steady growth is seen throughout the past years in the company's capital structure.

6. Comparison to peers

Company Name	Price	% Chg	MCap(Cr)	TTM PE	P/B	ROE(%)	1 Yr Perform(%)	Net Profit(Rs.)	Net Sales(Rs.)	Debt to Equity
BPCL	454.4	1.1	100231.04	5.9	1.87	30.18	31.71	17645	230162	0.75
IOC	131.55	-0.19	123843.26	4.85	1.1	19.34	71.96	20565	363949	0.97
HPCL	319.05	0.31	45258.78	4.35	1.19	28	81.28	10524	233248	1.12
MRPL	50.8	0.69	8903.2	-	2.1	-13.35	92.06	-764	32058	5.36
Chennai Petro	135.45	0.63	2017	45.76	1.25	15.96	100.22	231	22444	5.38

1. We see that though the P/B ratio of BPCL has seen a decline in the past years it is still more than most of its peers which indicates slightly overvalued stocks.
2. High ROE as compared to peers shows an efficient usage of equity capital on BPCL's part.
3. Net profit and sales have been promising and BPCL remains in the top 2 or 3 in the refinery sector.

4. Debt to equity ratio of BPCL is substantially low as compared to most of its peers which indicates less financing by debt and more by equity via shareholders. This keeps BPCL in the low risk bracket as compared to its peers.

7. Cost Components over last 5 years

	Mar-21	Mar-20	Mar-19	Mar-18	Mar-17
Cost Of Materials Consumed	78,778.04	121,896.01	130,693.29	90,110.77	75,112.16
Operating And Direct Expenses	0	0	0	0	0
Employee Benefit Expenses	4,856.35	4,020.51	3,984.81	3,748.53	3,669.52
Finance Costs	1,723.41	2,637.01	1,763.95	1,185.74	696.36
Depreciation And Amortisation Expenses	4,334.21	4,080.09	3,417.77	2,885.00	2,107.64
Other Expenses	16,611.15	19,610.24	17,986.10	14,753.90	12,424.54
TOTAL EXPENSES	214,923.88	282,939.98	288,295.08	224,684.87	190,309.01

Expenses have increased from 2017-2019 and have seen a decrease from 2020-2021 mainly owing to less cost of material consumed, finance and other expenses.

8. Price Performance over last 5 years

Year	2017	2018	2019	2020	2021
Open	426.69	518	361.05	492	381.1
High	551.55	523	549	510	503
Low	399.35	238.55	308.35	252	376.25
Close	517.7	362.75	491.55	381.1	449.45



An increase of 5.33% is witnessed in the market cap with a period high of 551.55 in 2017 and a period low of 238.55 in 2018.

9. Acquisition, Sales and Purchase of shares

The company recently acquired Bharat Oman refinery limited (BORL) for Rs.2400 crore. It already held 63.4% of the company's shares and went ahead to acquire the remaining 36.6%. This is expected to bring advantage to the company.

CONCLUSION

1. The company has shown promising growth in most areas in the past 5 years with an exception of decline in 2020, probably owing to the COVID pandemic.
2. The company is among the top in its industry and is in the low risk bracket compared to its peers.
3. The company can improve some of its ratios which would allow more liquidity by making more efficient use of its assets.

Excel Sheet - [Link](#)