

# **BHARAT PETROLEUM CORPORATION LIMITED**

TRINAYAN DAS

## **General Overview:**

Bharat Petroleum Corporation (BPCL) was established in 1952. It is one of the leading company in the petroleum sector in India. The 1860s saw vast industrial development. A lot of petroleum refineries also came up. An important player in the South Asian market then was the Burmah Oil Company. Though incorporated in Scotland in 1886, the company grew out of the enterprises of the Rangoon Oil Company, which had been formed in 1871 to refine crude oil produced from primitive hand dug wells in Upper Burma. The search for oil in India began in 1886, when Mr. Goodenough of McKillop Stewart Company drilled a well near Jaypore in upper Assam and struck oil. In 1889, the Assam Railway and Trading Company (ARTC) struck oil at Digboi marking the beginning of oil production in India.

On 24th January 1976, the Burmah Shell Group of Companies was taken over by the Government of India to form Bharat Refineries Limited. On 1st August 1977, it was renamed Bharat Petroleum Corporation Limited. It was also the first refinery to process newly found indigenous crude (Bombay High), in the country.

## **Share Holding Pattern of the Company:**

Holder's Name	No of Shares	% Share Holding
NoOfShares	2169252744	100%
Promoters	1149183592	52.98%
ForeignInstitutions	269492096	12.42%
NBanksMutualFunds	355297954	16.38%
CentralGovt	18666666	0.86%
Others	72426687	3.34%
GeneralPublic	110435727	5.09%
FinancialInstitutions	150370997	6.93%
GDR	43379025	2%

## **Management of Bharat Petroleum Corporation Limited:**

The Board of Directors had appointed Shri Rajesh Kumar Mangal as an Independent Director of the Company for a term of three years with effect from 1st December 2015 in terms of directions from Govt. of India, subject to the approval

of members in the Annual General Meeting. The members at the 63rd Annual General Meeting held on 21st September 2016 had approved the appointment of Shri Rajesh Kumar Mangal as an Independent Director for a period of three years from 1st December, 2015 up to 30th November, 2018 or until further orders from Ministry of Petroleum & Natural Gas(MoP&NG), whichever is earlier.

In accordance with Section 149 of the Companies Act, 2013, an Independent Director is eligible for reappointment on passing a Special Resolution and disclosure of such appointment is required to be made in the Directors' Report.

Accordingly, the Board of Directors has approved the reappointment Shri Rajesh Kumar Mangal as an Independent Director of the Company with effect from 1st December 2018 to 30th November, 2019 or until further orders whichever is earlier, as per the directions from the Ministry of Petroleum & Natural Gas, subject to the approval of the shareholders.

Shri Rajesh Kumar Mangal fulfills the conditions specified in the Companies Act, 2013, rules made thereunder and under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for his reappointment as an Independent

Director of the Company and is independent of the management.

Shri Rajesh Kumar Mangal is a Chartered Accountant in practice by profession since the year 1992.

His brief resume containing his age, qualifications, expertise etc. is annexed herewith. He has attended four Board meetings held post his reappointment during the Financial Year 2018-19.

The Company has received a notice in writing from the Director under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Independent Director of the Company. The Board, accordingly recommends the passing of the proposed Special Resolution as contained in the Notice by Members of the Company.

Shri Rajesh Kumar Mangal is interested in the Resolution to the extent as it concerns his appointment. None of the other Directors or Key Managerial Personnel or their relatives has any concern or interest, financial or otherwise, in passing of the said Special Resolution.

## **Strengths, Weaknesses, Opportunities & Threats (SWOT) analysis of Bharat Petroleum Corporation Limited:**

### **Strengths in the SWOT Analysis of BPCL :**

**Brand Recall:** Almost everyone knows BPCL because of its strong reach. People can find their fueling stations almost everywhere and many people use their LPG cylinders. Thus they have gained great brand recall and high trust among the customers.

**Presence:** It has a network of around 1400 retail outlets and much more are in the stages of construction.

**Production Capacity:** It has huge refineries set up which gives them an extensive advantage over its competitors. This increases reliability and satisfaction of order fulfilment of customers.

**Product Portfolio:** BPCL has a large product portfolio and due to its R&D, it keeps on adding to the list.

**Extensive Research and Development:** R&D is a very important part of BPCL and lies at the very core of their business. It requires this to enhance its product portfolio to increase its profits and market share. For this, they continuously keep experimenting with the crude oil if they can extract any other useful products or enhance the performance of the already available ones. Few of their success include performance engine oil, semi-synthetic 4T engine oil, hydraulic oils etc.

**Non-Conventional Sources:** Apart from the conventional sources they understand that it is important to move away from it. They have taken steps in this direction as well. They are eyeing long-term strategy and gains from many non-conventional sources. They have projects like Project Triple one

related to Bio-diesel, Bio-fuel plantation, setting up of bio-diesel facilities, Solar farms, wind farms etc. This shows their strong footing for the future.

High Collaborations: They collaborate with the best minds of the country for R&D department. This gives them an edge. They tie-up with IITs, NITs, IISc Bangalore, Top petroleum universities, etc.

### **Weaknesses in the SWOT Analysis of BPCL :**

Government Regulations: Its operations is bound by government regulations. This forms a chain around them and they can't freely operate on its own and increase its profits like a private firm.

Employees: Being a government company it has more than needed employees to make its operations run. This means extra load on the company and decrease in its profits.

Environmental Issues: Refining creates a lot of pollution and waste that gets dumped into the environment. This reduces their brand image for all of this wrongdoing.

Operating Locations: They have their operations just limited to India and this make their target group very small. They can expand aggressively in the foreign markets. They are missing out on profits due to this concentration of operations.

### **Opportunities in the SWOT Analysis of BPCL :**

Increasing Demand: As the population is increasing the demand for vehicles and cooking gas are increasing as well. This shows that the market is growing at a very fast rate and BPCL can tap this.

Oil Well discovery: New oil well can be discovered as the prices of the petroleum products is going to increase in the future. This will give provide them more control.

Foreign Markets: They can expand their market on foreign soil and increase their revenues and profits. They can thus expand their petrochemical business overseas or form joint ventures with foreign companies.

Combining PSUs: The GOI in the Budget 2017 announced that they would combine all the public sector companies to make the business run smoother and profitable.

### **Threats in the SWOT Analysis of BPCL :**



















The decrease in Conventional Energy Usage: The world is becoming more environmentally friendly and also the conventional energy sources are depleting fast. People have taken this into account and have started to move to non-conventional sources.

High Losses: They have been operating mostly under high losses since its inception.

Fluctuations in the Global markets: The prices of the crude products are decided by OPEC. This makes it difficult to sustain profits for companies having high CAPEX and OPEX.

Competition: They have competition from other homegrown and government owned companies like IOCL, HPCL, ONGC and other private companies like Reliance, Essar, Shell, etc.

### **Competitive Analysis :**

			Padmakar Kappagantula Managing Director	82/100	11,249	\$0	\$38.4B
1			Mukesh Kumar Surana Chairman & CEO	77/100	9,696	--	\$35.8B
2			Shrikant Madhav Vaidya Chairman	79/100	85	\$176.3M	\$62.4B
3			CEO	--	1,684	--	\$6.5B
4			M Venkatesh CEO	66/100	1,144	--	\$9.5B
5			Subhash Kumar Managing Director	83/100	30,100	\$2.4B	\$9B
6			Mukesh Ambani Managing Director	96/100	26,488	--	\$73.6B
7			Prashant Ruia CEO	66/100	7,000	\$330M	\$14B
8			Vagit Alekperov President & CEO	68/100	101,000	--	\$83.6B

## Conclusion:

India finds itself facing an unprecedented, global reality that has arrested, but not fully halted, its many ambitious programs towards an economy that hits USD 5 trillion by 2024. With the continuing consequences of the COVID-19 pandemic, India - and BPCL as its main oil and gas provider – has had to reflect, innovate and stay resilient in its path to greater sustainable development, strong public health and equality for all. The Sustainable Development Goals (SDGs) continue to guide BPCL's mission to achieve those very things, and so we are happy to present the theme for this year: 'Resilience for a Better Tomorrow'.

The nation is taking necessary steps to address the public health crisis at hand. BPCL has taken on the challenge of addressing the nation's public health by employing a flexible 'work from home' model for its employees. The nation also continues to actively participate in initiatives like Swachh Bharat Mission, Cleaning of rivers, Zero Defect Zero Effect, Make in India, Smart Cities Mission and Housing for all. BPCL is at the forefront of participating in these initiatives and will continue to

do so. Through the government's Atmanirbhar Bharat initiative to create and then fortify a nation reliant on itself and its people, BPCL will venture completely into the realm of the private sector – bringing along with it the advances in technologies and major efficiency gains. Considering the significance of these changes at both the national and organizational levels and the gravity of the economic and social challenges made grave due to the COVID-19 pandemic, India needs to ride on its previous momentum towards sustainable, safe growth. The Energy sector has a pivotal contribution to make to catalyse the country's progress, and also its return to normalcy. As a leader in the sector, BPCL is determined to continue to fuel India's developmental journey and embolden its resilience to catastrophe.

A vision for the future, a large and dedicated employee base, global reach and satisfied customers are fundamental to BPCL's ability to become the good corporate citizen that it strives to be. BPCL is a business that emphasizes contributing equally to the betterment of People, Planet and Profit. We recognize our role in the building of the nation and see our commitment to robust corporate social responsibility, health and safety and care as profoundly important to that goal.