

## BPCL (BPCL) – BUY

### Result Update

Current Market Price (CMP) <b>Rs.472</b>	Target Price <b>Rs.550</b>
---	-------------------------------

**Our fair value of Rs.550 offers an upside of 16.5% from current market price.**

### Rationale:

- Normalized result below expectations due to lower realized marketing margins.
- The privatization process seems to be inching forward gradually.
- Sum-of-the-parts fair value is Rs550.
- Improving refining outlook, normalization of marketing margins & privatization.

### Q4FY21 Earnings update:

#### **Positives:**

- Crude throughput increased sequentially on expected lines.
- Normalized refining margins at US\$2.5/bbl, at a premium to benchmark.
- Adj. net income of Rs5329.9 cr (EPS of Rs25.5) was up 71% qoq.
- BPCL declared final dividend of Rs58.

#### **Negatives:**

- Normalized operating profit was below our estimate at ~Rs2140 cr in Q4FY21.
- Underlying marketing margins declined 24% qoq to Rs5,298/ton.

[Click here](#)

For detailed report dated 28th May 2021. Note: CMP & valuation may differ due to difference in dates.



This is a synopsis of the Research report issued by Kotak Securities Limited. This is not a comprehensive report and before taking any investment decision we request you to refer the detailed report including disclaimers by clicking here: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months. Disclaimer: <http://bit.ly/2n5AxIE>