Bharat Petroleum Corporation Limited

November 28, 2019

Material Event Update

The Cabinet Committee on Economic Affairs (CCEA) in its meeting dated November 20, 2019 has given its nod for 'in-principle' strategic disinvestment in Bharat Petroleum Corporation Limited (BPCL). The Government of India (GoI) as on date holds 53.29% stake in BPCL and has decided to sell its entire stake along with transfer of management control to a strategic player. This disinvestment will exclude Numaligarh Refinery Limited (NRL) where BPCL holds 61.65%.

The ratings assigned to the debt instruments of BPCL majorly derive strength from parentage of, and continuation of its strategic importance to and support from GoI. Now, with the announcement related to GoI's stake sale in BPCL, the credit profile of the new promoter as well as the timeline for the entire process to be completed would be crucial factors from the credit perspective.

CARE will be continuously monitoring the further developments in this regard and take action depending upon the same.

Please refer following link for the Press Release published on November 05, 2019.
http://www.careratings.com/upload/CompanyFiles/PR/Bharat%20Petroleum%20Corporation%20Limited-11-05-2019.pdf

Analytical approach: For arriving at the ratings, CARE has considered consolidated financial statements of the company owing to financial and operational linkages between the parent and subsidiaries, and joint ventures (JVs).

Applicable Criteria
Criteria on assigning 'Outlook' and 'credit watch' to Credit Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
CARE's methodology for manufacturing companies
Financial ratios - Non-Financial Sector
Rating Methodology: Factoring Linkages in Ratings

About the company:
Bharat Petroleum Corporation Limited (BPCL), a GOI undertaking (53.29% holding) & a Fortune 500 company was originally incorporated as Bharat-Shell Refineries Limited (BSRL) on November 03, 1952, by Shell Petroleum Company Limited and subsequently in 1977 the name was changed to BPCL.
BPCL is an integrated oil refining and marketing company. It is India's second-largest Oil Marketing Company (OMC) with domestic sales volume of over 43.70 MMT (million metric tonne) in FY19 and India's second-largest refining company with a total refining capacity of 38.3 MMT (27.50 Standalone capacity + 3MT Numaligarh capacity + 7.8 MT Bharat Oman Refinery) representing around 15% of India's total refining capacity as on March 31, 2019. With 14,802 retail outlets (as on March 31, 2019), BPCL has third largest marketing set up in the country for the sale of petroleum products.
BPCL through its wholly owned subsidiary Bharat Petro Resources Limited (BPRL) has Participating Interest (PI) in twenty six Blocks of which 13 are in India and 13 overseas along with equity stake in two Russian entities holding the license to four producing blocks in Russia. Seven of the thirteen blocks in India were acquired under different rounds of New Exploration Licensing Policy (NELP), five blocks were awarded under Discovered Small Fields Bid Round 2016 and 1 block was awarded during the year 2018-19 under the Open Acreage Licensing Policy Bid Round I. Out of thirteen overseas blocks, six are in Brazil, two in United Arab Emirates and one each in Mozambique, Indonesia, Australia, Israel and Timor Leste. The blocks of BPRL are in various stages of exploration, appraisal, pre-development and production phase and the total area of all these blocks is about 31,487 sq km, of which approximately 62% is offshore acreage.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments

Name of the Instrument	Date of Issuance	ISIN No.	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Debentures-Non Convertible Debentures	Mar 2017	INE029A07075	7.35%	Mar 2022	550.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	Jan 2018	INE029A08040	7.69%	Jan 2023	750.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	Mar 2019	INE029A08057	8.02%	Mar 2024	1000.00	CARE AAA; Stable
Debentures-Non Convertible Debentures (Proposed)	-	-	-	-	500.00	CARE AAA; Stable
Commercial Paper	-	-	-	-	4500.00	CARE A1+

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Debentures-Non Convertible Debentures	LT	1000.00	CARE AAA; Stable	1)CARE AAA; Stable (27-Sep-19)	1)CARE AAA; Stable (03-Oct-18)	1)CARE AAA; Stable (01-Nov-17) 2)CARE AAA; Stable (27-Sep-17)	1)CARE AAA; Stable (23-Feb-17) 2)CARE AAA (26-Oct-16)
2.	Debentures-Non Convertible Debentures	LT	750.00	CARE AAA; Stable	1)CARE AAA; Stable (27-Sep-19)	1)CARE AAA; Stable (27-Feb-19) 2)CARE AAA; Stable (03-Oct-18)	1)CARE AAA; Stable (01-Nov-17) 2)CARE AAA; Stable (27-Sep-17)	1)CARE AAA; Stable (23-Feb-17)
3.	Commercial Paper	ST	4500.00	CARE A1+	1)CARE A1+ (05-Nov-19) 2)CARE A1+ (27-Sep-19)	1)CARE A1+ (03-Oct-18) 2)CARE A1+ (27-Jul-18)	-	-
4.	Debentures-Non Convertible Debentures	LT	500.00	CARE AAA; Stable	1)CARE AAA; Stable (27-Sep-19)	1)CARE AAA; Stable (27-Feb-19)	-	-
5.	Debentures-Non Convertible Debentures	LT	550.00	CARE AAA; Stable	1)CARE AAA; Stable (27-Sep-19)	-	-	-

Annexure – 3: List of entities in consolidated financials as on March 31, 2019

Name of Company	Country of Incorporation	Shareholding (%)
Subsidiaries		
Numaligarh Refinery Limited (NRL)	India	61.65
Bharat Gas Resources Limited (BGRL)	India	100
Bharat PetroResources Limited (BPRL)	India	100
Bharat PetroResources JPDA Limited	India	100
BPRL International BV	Netherlands	100
BPRL International Singapore Pte Ltd.	Singapore	100
BPRL Ventures BV	Netherlands	100
BPRL Ventures Mozambique BV	Netherlands	100
BPRL Ventures Indonesia BV	Netherlands	100
BPRL International Ventures BV	Netherlands	100
Joint Venture Companies (JVCS)		
Bharat Oman Refineries Limited	India	50
Central UP Gas Limited	India	25
Maharashtra Natural Gas Limited	India	22.5
Sabarmati Gas Limited	India	49.94
Bharat Stars Services Private Limited	India	50
Bharat Renewable Energy Limited	India	33.33
Matrix Bharat Pte. Ltd.	Singapore	50
Delhi Aviation Fuel Facility Pvt. Limited	India	37
IBV (Brasil) Petroleo Ltda.	Brazil	50
Mumbai Aviation Fuel Farm Facility Private Limited	India	25
Kochi Salem Pipeline Private Limited	India	50
BPCL-KIAL Fuel Farm Private Limited	India	74
Haridwar Natural Gas Pvt. Ltd.	India	50
Goa Natural Gas Private Limited	India	50
DNP Limited	India	26
Taas India Pte Ltd.	Singapore	33
Vankor India Pte Ltd.	Singapore	33
Falcon Oil & Gas BV	Netherlands	30
Ratnagiri Refinery & Petrochemicals Limited	India	25
LLC TYNGD	Russia	9.87
Urja Bharat Pte. Ltd.	Singapore	50
Assam Bio Refinery (P) Ltd.	India	50
Indradhanush Gas Grid Ltd.	India	20
Associates		
Indraprastha Gas Limited	India	22.5
Petronet LNG Limited	India	12.5
GSPL India Gasnet Limited	India	11
GSPL India Transco Limited	India	11
Kannur International Airport Limited	India	21.68
Petroleum India International	India	18.18
Petronet India Limited	India	16
Petronet CI Limited	India	11
FINO Paytech Limited	India	20.73
Brahmaputra Cracker and Polymer Limited	India	10
Mozambique LNG 1 Pte. Ltd.	Singapore	10
JSC Vankorneft	Russia	7.89

Annexure-4: Detailed explanation of covenants of the rated instrument / facilities – Not applicable

Note on complexity levels of the rated instrument: *CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.*

Contact Us

Media Contact
Name: Mr. Mradul Mishra
Tel: 022 6837 4424
Email ID: mradul.mishra@careratings.com

Analyst Contact
Name: Ms. Sharmila Jain
Tel: 022 6754 3638
Email ID: sharmila.jain@careratings.com

Relationship Contact
Name: Ms. Rashmi Narvankar Shah
Tel: 022 6754 3429
Email ID: rashmi.narvankar@careratings.com

About CARE Ratings:
CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**