

**New Bina refinery started**

As per Media reports, BPCL's Bina refinery has begun crude processing at its 120,000 bpd (6 MTPA) refinery from 29 June 2010 (Tuesday).

This was reported to be indicated by Mr. U.N. Joshi (MD of Bharat Oman Refineries - BORL).

BORL, is a company promoted by BPCL with equity participation from Oman Oil Company Limited (OOCL) having a 26% stake.

Mr. Joshi expects full scale commissioning to take some time, possibly by end September 2010. The first batch of kerosene and LPG has already been sold to BPCL.

■ **Outlook and valuations: Bina refinery start-up positive; maintain 'REDUCE'**

The start-up of the Bina refinery is positive as it will ease BPCL's products purchase from imports/other refiners. Further, it will also add to its refining segment earnings. However, our BPCL consolidated estimates already incorporate contribution (~INR 5/share EPS) from this refinery assuming a similar mid-year start-up. Hence, we maintain our estimates on the company and our 'REDUCE' rating on the stock. At a CMP of INR 660/share, the stock trades at a P/E of 11.0x and EV/EBITDA of 6.2x our FY12E earnings.

Financials

Year to March	FY09	FY10	FY11E	FY12E
Net revenues (INR mn)	1,365,571	1,238,167	1,349,345	1,485,946
Revenue growth (%)	1.8	0.9	1.2	1.1
EBITDA (INR mn)	33,733	29,761	40,238	50,375
Net profit (INR mn)	7,326	17,200	16,968	22,776
Share outstanding (mn)	362	362	362	362
EPS (INR)	17.8	45.1	44.1	60.1
EPS growth (%)	(60.7)	154.2	(2.2)	36.2
P/E (x)	37.2	14.6	14.9	11.0
EV/EBITDA (x)	9.3	10.3	8.7	6.2
ROE (%)	4.9	11.6	10.4	13.1

July 2, 2010

Reuters: BPCL.BO Bloomberg: BPCL IN

EDELWEISS 4D RATINGS

Absolute Rating	REDUCE
Rating Relative to Sector	Underperformer
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Overweight

Note:

Please refer last page of the report for rating explanation

MARKET DATA

CMP	:	INR 660
52-week range (INR)	:	678 / 416
Share in issue (mn)	:	361.5
M cap (INR bn/USD mn)	:	239 / 5,129
Avg. Daily Vol. BSE/NSE ('000):	:	960.9

SHARE HOLDING PATTERN (%)

Promoters*	:	54.9
MFs, FIs & Banks	:	20.4
FIIIs	:	8.0
Others	:	16.7
* Promoters pledged shares (% of share in issue)	:	NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW O & G Index
1 month	12.7	3.7	8.2
3 months	20.6	(0.9)	9.1
12 months	50.9	19.7	18.3

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