International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

Financial Performance of Bharat Petroleum Corporation Limited

[A] Vincent Richardson and [B] Dr. S. Prasanna Kumar

[A] Student, Department of Commerce, Loyola College, Chennai
[B] Assistant Professor, Department of Commerce, Loyola College, Chennai

ABSTRACT

In order to assess their money related status and discover chances to extend execution, businesses must do money related execution examination. Companies can learn more almost their productivity, proficiency, liquidity, dissolvability, and other monetary components by dissecting their budgetary explanations and utilizing diverse monetary ratios and pointers. Within the occurrence of BPCL, a budgetary execution think about can offer critical experiences into the company's budgetary wellbeing, focal points, and impediments. One may decide how proficiently a firm is utilizing its assets, overseeing its obligation, creating benefits, and using its settled resources by looking at its money related proportions, such as the debt-to-equity proportion, net benefit edge, net benefit edge, and settled resource turnover proportion.

KEYWORDS: BPCL, financial performance

INTRODUCTION

The oil and gas industry incorporates the examination, extraction, refining and advancing of petroleum things, tallying unpleasant oil and common gas. These resources are utilized to advance action stream, deliver control and get unrefined materials for diverse businesses. Oil and gas examination incorporates trying to find underground oil and gas supplies. When a store is found, it is removed utilizing boring strategies and brought to the surface for taking care of. The refining handle separates the diverse components of grungy oil into particular things such as gasoline, diesel oil, and fly fuel. Scattering of oil and gas incorporates transportation through pipelines, tankers and ships. These things are at that point sold to clients through gas stations and other retail outlets. The oil and gas industry joins a major impact on the around the world economy and is an basic source of imperativeness for various countries. Be that because it may, it as well has characteristic and social impacts that must be carefully directed. (GOYAL, 2013)

Petroleum industry

Petroleum is a naturally occurring, non-renewable fossil fuel that forms from the remains of ancient plants and animals that lived millions of years ago. It is the most widely used source of energy in the world and is used for transportation, electricity production and production of various products such as plastics, fertilizers and pharmaceutical. Many countries have developed strategies to reduce their dependence on oil and switch to more sustainable energy sources such as renewable energy and electric vehicles. The process of oil extraction involves drilling wells into underground reservoirs and then extracting the oil, which is transported and refined.

ABOUT FINANCIAL PERFORMANCE

Financial execution refers to how well a company is doing fiscally in terms of benefit, cash stream and administration of resources and liabilities. The financial execution of the company can be measured by different money related proportions and pointers that provide a thought of the monetary position and result of the company. Money related comes about are vital since they offer assistance financial specialists, lenders and other partners evaluate the budgetary condition and solidness of the company, which can impact speculation choices and loaning choices. A company with solid money related comes about is ordinarily seen as a great speculation, whereas a company with destitute monetary comes about is seen as a hazardous risky unsafe hazardous Synonyms speculation.

OBJECTIVE'S OF THE STUDY

1. To know the company's financial situation.
2. Suggest ways to improve your ability to borrow money.
3. Understand the company's liquidity and solvency situation from 17-18 to 21-22

4. To help interested parties invest in this company or not to use ratios
5. Analyzing the company's weather with appropriate evaluation methods.

METHODOLOGY OF THE STUDY

He think approximately is based on assistant data collected from Bharat Petroleum Corporation's annually reports for the past seven a long time (2017-18 to 2021-22). Department of Petroleum Confined and Annually. Collected data was categorized and inspected to achieve the reason Think about examination utilizing key financial extents such as current extent, quick extent, Elite Extent: Commitment esteem extent, Net Advantage Extent, settled turnover extent, net advantage extent.

REVIEW OF LITERATURE

Has presented "a report on financial analysis of Hindustan Unilever Limited". The study has been subjected to company analysis (ratio and trend analysis) as well as industry analysis. The report evaluated the impact of GST and demonetization on HUL's financial status. The report indicates that the industry will develop since it is dependent on rising intermarket demand and the availability of essential raw materials, which provides FMCG companies with a competitive edge. (Nivetha, 2013)17

A comparative analysis on Hindustan Unilever Limited". The researcher's keywords include FMCG, liquidity, profitability, and efficiency. According to the report, HUL's inventory ratio climbed from 8.99% to 13.61% between 2010 and 2016, and it is stated that HUL is India's largest FMCG Company. (HABIBA, 2017)16"

The effect of liquidity, dissolvability and proficiency markers on speculation return was investigated by analysts after investigating "Investigation of Money related Execution of Bharat Petroleum Company Constrained". In expansion, different relapse investigation of his SPPS was utilized in this think about to test the theory. Analyse the company's budgetary execution and discover it sensible. Productivity must be a beat administration need (Ahmad, 2016)14

The oil and gas businesses don`t have a process in put to form modern PSS, the creators of the report found. Moreover, it shows up that there's no require for a technique for this specific industry, which associations in this division may advantage from applying a few strategies from existing strategies.(Gamber, 2011)

The noteworthy contrast in liquidity proportions over the Vehicle businesses was inspected utilizing the one-way ANOVA test at the 0. The chosen vehicle firms` outright fluid proportions within the Indian car division shifted essentially from one another. (Abarna.J, 2014)

According to the investigate, liquidity is additionally noteworthy but does not essentially compare to productivity since benefit can regularly be changed over into a fluid resource. Productivity is more pivotal, in spite of the fact that. . (Walt, 2009)

(Don, 2009) While recognizing the relative importance of both, we believe liquidity is more important as it relates to the immediate viability of the business. The liquidity management dilemma is how to achieve the desired trade-off between liquidity and profitability

(Gupta, S., 2012)Their paper explored issues related to current practices used by ONGC to price crude oil, natural gas and value-added products, as well as the various types of direct and indirect taxes that companies impose and pay. Related issues are highlighted.

(M. Yameen, 2015) “Impact of Corporate Governance practices related to the financial performance of Hindustan Petroleum Corporation Limited. They have tested corporate his governance practices to improve organizational performance, financial efficiency, and shareholder value. Furthermore, Hindustan Petroleum Corporation Limited's overall financial performance has been found to be positively impacted by the company's governance

(P. Valand, 2015)“The challenges and Future Prospects of India’s Petroleum Product Refineries”. He has generally cantered his ponders on the major issues confronting India's petroleum industry.

OBJECTIVES OF THE STUDY

The primary goals of this work are to examine bpcl financial performance during a 5 period from 2017-2018 to 2012-2022 and to provide appropriate recommendations .to examine the short term and long term solvency , as well as the liquidity and profitability situation. To examine a company's financial health: The research tries to evaluate a company's financial performance in order to estimate its present and future financial health. O discovers opportunities for improvement: The research tries to identify areas where the company's financial performance might be improved, such as cost reduction, revenue growth, or cash flow improvement. To compare financial performance with industry benchmarks and determine how the firm is doing in comparison to its rivals, the research will compare the company's financial performance with industry benchmarks. To determine if financial plans are effective: The goal of the research is to assess the company's financial plans' efficacy and decide if they were successful in reaching the company's objectives. By assessing the company's financial performance and prospects for future growth, the research tries to give information for investors who are thinking about investing in it.

ANALYSIS OF DATA.

The company's financial accounts should be examined. This entails identifying important financial variables, such as sales, costs, profits, assets, and liabilities, by looking at the income statement, balance sheet, and cash flow statement. Ratio analysis is the process of comparing several financial measures against one another in order to spot trends and patterns. Liquidity ratios (such as current ratio and quick ratio), profitability ratios (such as return on investment and profit margin), and debt ratios are common financial ratios used in ratio analysis (such as debt-to-equity ratio and interest coverage ratio).Benchmarking: Comparing an organization's financial performance to that of other, comparable firms in the same industry is known as benchmarking. This makes it easier to spot areas where the company may be outperforming its competitors. Finding trends and patterns: The next stage is to find trends and patterns in the financial performance data after doing ratio analysis and benchmarking. This entails monitoring important financial measures over time for changes and figuring out possible explanations. Providing recommendations: Recommendations can be made to enhance the organization's financial stability and health based on the study of financial performance data. These suggestions can include of techniques for lowering expenses, boosting profitability, raising money, or paying off debt.

1. 1. CURRENT RATIO

A money related proportion called the current proportion gages a company's capacity to cover its short-term liabilities with its short-term resources. It is computed by partitioning the current resources of a enterprise by the current liabilities. (PATEL, 2016)

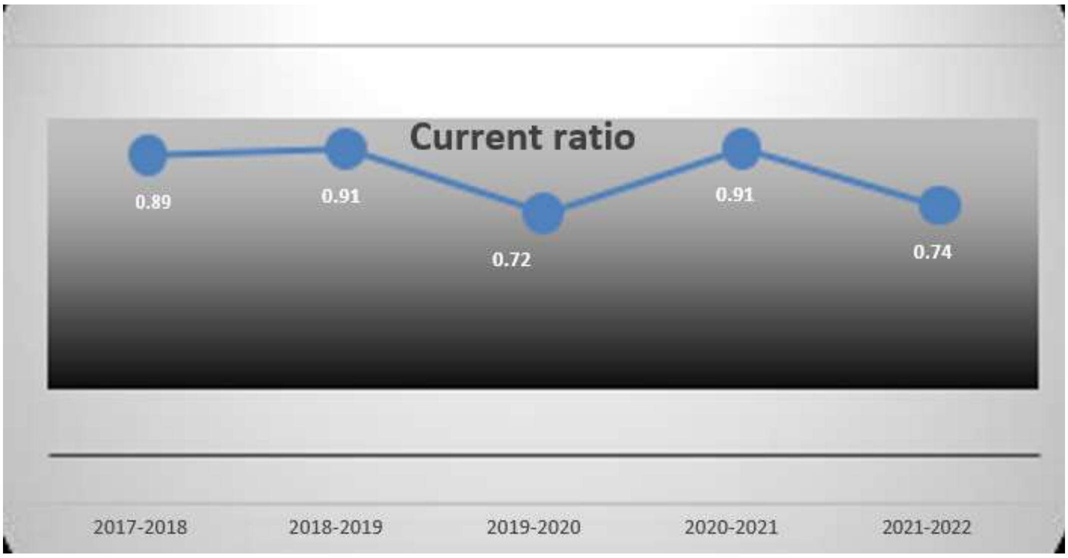
FORMULA =current assets / current liabilities

TABLE 1.1

Year	Current assets	Current liabilities 0	Current ratio
2017-2018	40,601.51	45,810.16	0.89:1
2018-2019	48,781.59	53,109.72	0.91:1
2019-2020	43,251.75	60,221.50	0.72:1
2020-2021	51,982.49	56,930.38	0.91:1
2021-2022	61,999.36	83,068.47	0.74:1

(Rs. in Crore)

CHART 1.2



INTERPRETION; the current ratio may be a broadly utilized money related measurement that assesses a company's liquidity and dissolvability within the brief term. The capacity of the trade to cover its current liabilities with its current resources is measured. A organization with a current proportion of 2: 1 has twice as numerous current resources as current liabilities, showing that it can pay its short-term commitments. Since it appears a company's capacity to control its short-term obligations and protect liquidity, the next current proportion is regularly favored over a lower one .

2. QUICK RATIO

The quick proportion, commonly alluded to as the acid-test proportion, may be a monetary proportion that surveys a company's capacity to cover its most fluid resources against its short-term commitments. It is comparable to the current proportion but does not incorporate stock as current resources since it may be difficult to change over stock to cash within the close future. A company's fast resources are separated by its current liabilities to decide its fast proportion. (PATEL, 2016)

FORMULA=quick assets/ current liability

Table 2.1

Year	Quick asset	Current liability	Quick Ratio
2017-2018	17865.96	45,810.16	0.39:1
2018-2019	25492.67	53,109.72	0.48:1
2019-2020	20475.31	60,221.50	0.34:1
2020-2021	25049.20	56,930.38	0.44:1
2021-2022	19105.75	83,068.47	0.23:1

(Rs. in Crore)

CHART 2.2

INTERPRETION; the quick proportion of 1:1 is ideal for a trade since it appears that the substance has satisfactory fluid resources to meet its short-term commitments. The quick proportion may be a gage of an organisation's short-term dissolvability and liquidity, and a better speedy proportion ordinarily indicates a more grounded liquidity circumstance. Over time, the company's speedy proportion has changed. The fast proportion expanded from 0.39:1 to 0.48:1, which appears a more grounded liquidity circumstance for the company. The capacity of the organization to pay its short-term commitments with its most fluid resources has, in any case, supposedly diminished, as the fast proportion has dropped from 0.44:1 to 0.23:1.

3. PROPRIETORY RATIO

The proprietary ratio is a financial metric that expresses how much of a company's assets are funded by equity from its owners as opposed to debt. It reveals the degree to which a company's shareholders possess its assets. The net worth ratio or equity ratio are further names for the proprietary ratio. (Khatik, 2013)

FORMULA= SHAREHOLDER"S FUND / TOTAL ASSETS

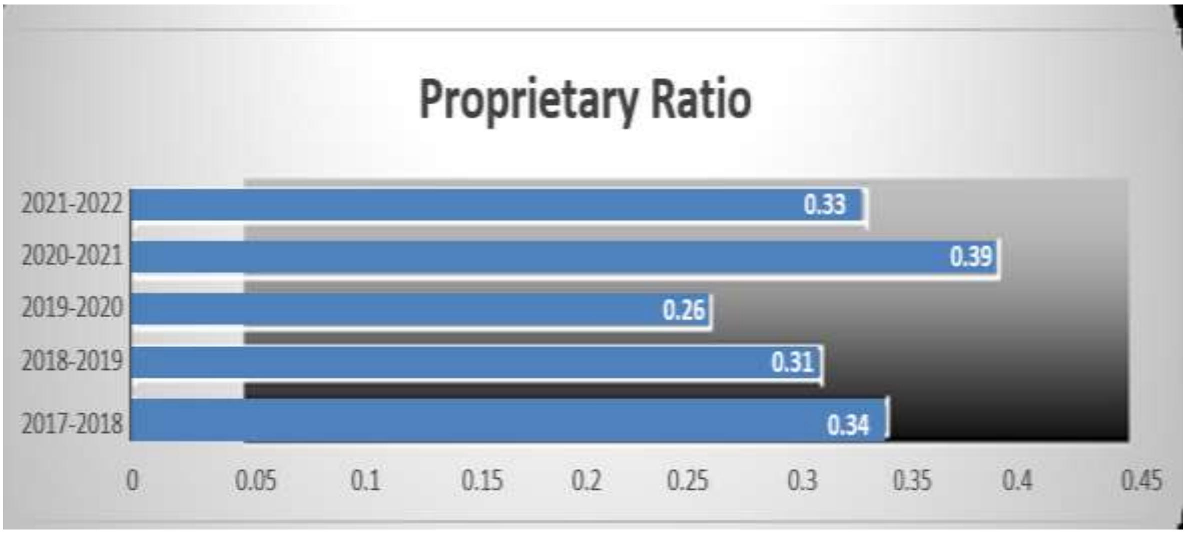
TABLE 3.1

Year	Shareholder’s fund	Total Asset	Proprietary Ratio
2017-2018	34,131.49	100,131.17	0.34:1
2018-2019	36,737.68	115,627.25	0.31:1
2019-2020	33,214.38	126,468.98	0.26:1

2020-2021	54,544.55	140,604.49	0.39:1
2021-2022	49,669.78	150,512.56	0.33:1

(Rs. in Crore)

CHART 3.1



INTERPRETION A 0.5:1 proprietary ratio is recommended. It is evident from the above table that the organization has obtained the appropriate proprietary ratio. Over the past five years, the organization has maintained a constant proprietary ratio. 2017-2018, BPCL's ownership ratio was 0.34:1, which means that 34% of its balance sheet was financed by equity. However, the following year, the ownership ratio fell to 0.31:1, suggesting that equity financed a smaller portion of the company's assets. ,In 2019-2020 ownership ratio fell further to 0.26:1, indicating that only 26% of BPCL's balance sheet was financed by equity. This decline may have been influenced by factors such as changes in the company's capital structure, changes in the value of assets or liabilities, or changes in the economic environment. In 2020-2021, BPCL's ownership ratio improved significantly to 0.39:1, which showed that the company's financial independence and stability improved when it was financed through equity capital. Factors such as changes in the company's capital structure, changes in the value of assets or liabilities, or changes in the economic environment could have contributed to this decline.

4. DEBT EQUITY RATIO

He proportion figure illustrates the proportionate claims of proprietors and third parties on the company's resources. Getting a common picture of the stores exterior of once the company is exchanged is the objective of this. The financing of the company's resources ought to ordinarily comprise of a blend of proprietor cash and exterior subsidizing (Khatik, 2013)

FORMULA=TOTAL DEBT / TOTAL SHAREHOLDERS' FUNDS

TABLE4.1

Year	Total debt	Total shareholders' Fund	Debt equity ratio
2017-2018	23350.67	34,131.49	0.68:1
2018-2019	29099.30	36,737.68	0.79:1
2019-2020	47818.69	33,214.38	1.44:1
2020-2021	34160.33	54,544.55	0.63:1
2021-2022	32717.07	49,669.78	0.66:1

(Rs. in Crore)

CHART 4.2

INTERPRETIO: The debt-to-equity proportion may be broadly utilized money related pointer that sheds light on a firm's money related use by appearing how much of the company is financed through obligation as restricted to stock. A tall D/E ratio frequently suggests that a company features a tall sum of debt financing, which might raise the hazard for speculators and loan specialists. The information within the occurrence of BPCL uncovers that the company's D/E proportion has changed over the past five a long time, which focuses to alterations within the financing procedure. For occurrence, the company had a comparatively moo D/E proportion of 0.68:1 in 2017–2018, showing a lower degree of obligation financing. The D/E proportion, be that as it may, developed within the a long time that taken after, appearing that the company's dependence on obligation financing rose.

5. GROSS PROFIT RATIO

The rate of deals salary that's cleared out over after subtracting the fetched of items sold ismeasured by the net benefit proportion, a money related proportion that uncovers the productivity of a trade. By partitioning net benefit by net deals income and duplicating the result by 100 to create a rate, the net benefit proportion is decided. . (Khatik, 2013)

GPR=Gross Profit/Net Sales X 100

TABLE 5.1

YEAR	GROSS PROFITM	NET SALES	GROSS PROFIT RATIO
2017-2018	13938.97	236,421.41	5.9
2018-2019	13628.90	297,275.05	4.56
2019-2020	6457.93	284,382.95	2.23
2020-2021	26595.63	232,545.12	11.4
2021-2022	16667.71	362,276.77	4.6

Rs. in Crore)

CHART 5.2

INTERPRETION The net edge may be a money related pointer that evaluates a company's capacity to direct the fetched of things sold and the viability of its generation prepare. It represents the parcel of deals income that's still accessible after the fetched of products sold, which incorporates coordinate costs like crude materials and coordinate labour, has been subtracted. The far reaching agreement among financial specialists and partners is that a firm with a bigger net edge % is making more cash from its deals after deducting the fetched of merchandise sold. An association may be having inconvenience controlling its fabricating costs or setting competitive costs, on the other hand, in the event that it's net edge % is littler.

6. NET PROFIT RATIO

The net benefit proportion, moreover known as the net benefit edge, could be a money related marker that appears what extent of a company's wage remains as benefit after all costs, such as working costs, intrigued, charges, and devaluation, have been subtracted. It gives data on a company's capacity to control costs and make wage as well as how beneficial its operations are overall (Khatik, 2013)

NPR= Net Profit after tax /Net sales

TABLE 6.1

YEAR	NET SALES AFTER TAX	NET SALES	NET RATIO
2017-2018	7,976.30	236,421.41	0.033
2018-2019	7,132.02	297,275.05	0.029
2019-2020	2,683.19	284,382.95	0.009
2020-2021	9,041.67	232,545.12	0.039
2021-2022	8,788.73	362,276.77	0.024

CHART 6.2

INTERPRETION The net benefit or net benefit edge proportion, frequently known as net edge, could be a productivity pointer that decides what extent of each dollar made by a company closes up as benefit at the conclusion of the year. It reflects management's adequacy in making, regulating, and offering things. It is decided by isolating net benefit after assess by sales. The net benefit proportion, as we are able see, changes from year to year. In 2017-2018, the net benefit proportion was 3.3%, while it was fair 0.9% in 2019-2020. The most prominent net benefit proportion, 3.9%, was gotten in 2020-2021. It's moreover worth saying that, after expanding from 2017-2018 to 2020-2021, net benefit after assess fell in 2021-2022. Additionally, net deals climbed continuously from 2017-2018 to 2019-2020, but at that point fell from 2020-2021 to 2021-2022 sometime recently rising once more.

7. FIXED TURNOVER RATIO

A monetary measurement called the settled turnover proportion, regularly called the settled resource turnover proportion, surveys how well a enterprise employments its settled resources to create deals. It appears how regularly the trade employments its settled resources, such as its property, plant, and hardware, to deliver wage. Net deals are separated by the normal settled resource esteem to induce the proportion. A better settled turnover proportion suggests that the company is using its resources more viably, because it produces more deals per dollar contributed in settled resources. (Khatik, 2013)

Formula = NET SALES /AVERAGE FIXED ASSETS

TABLE 7.1

YEAR	NET SALES	AVERAGE FIXED ASSETS	FIXED TURNOVER ASSETS
2017-2018	236,421.41	47,435.95	4.98
2018-2019	297,275.05	53,553.85	5.55
2019-2020	284,382.95	66,455.83	4.28
2020-2021	232,545.12	71,388.63	3.26
2021-2022	362,276.77	72,824.61	4.97

CHART 7.2

INTERPRETION The fixed asset turnover ratio can help a company determine even if its fixed assets are being used efficiently to generate net sales. The fixed asset turnover ratio is calculated by dividing net sales by the period's average fixed asset balance. Despite the ratio is useful for comparing firms over time or against other companies, it does not identify unprofitable enterprises. The ratios show that the company had the highest fixed asset turnover in 2018-2019 with a ratio of 5.55, indicating that the company generated 5.55 in sales for every dollar invested in fixed assets. In contrast, the lowest ratio was in 2020-2021 with a ratio of 3.26, which suggests that the company was less efficient in generating sales with its fixed assets during that year. The fixed asset turnover ratio, also known as the fixed turnover ratio, is a financial ratio that measures a company's efficiency in generating sales from its fixed assets. Overall, the trend shows that the fixed asset turnover ratio fluctuated over the years, but has generally remained above 4, indicating that the company has been utilizing its fixed assets efficiently to generate sales. The increase in the ratio in 2021-2022 may indicate improved efficiency in the use of fixed assets or an increase in sales

8. INVENTORY TURNOVER RATIO

The inventory turnover ratio is a financial ratio that measures how efficiently a company is managing its inventory by showing how many times a company sells and replaces its inventory during a given period. It is calculated by dividing the cost of goods sold (COGS) by the average inventory for the same period. (Khatik, 2013)

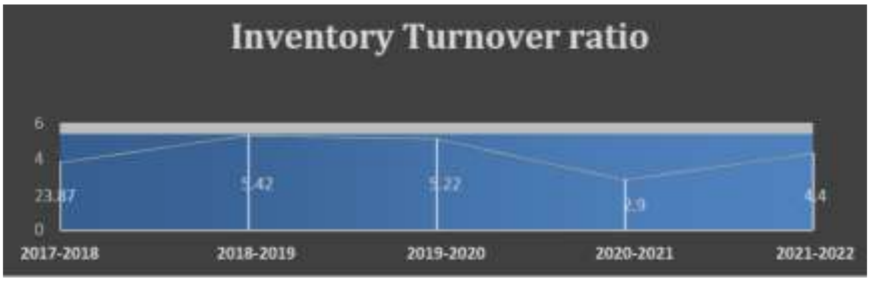
FORMULA = COST OF GOODS SOLD / AVERAGE VALUE OF INVENTORY

TABLE8. 1

Year	cost of goods sold	average value of inventory	Inventory Turnover ratio
2017-2018	2,120,722	547990.1	3.87
2018-2019	2,727,003	5,03,137.1	5.42
2019-2020	2,667,146	5,10,947.5	5.22

2020-2021	2,032,498	7,008.6	2.90
2021-2022	3,174,644	7,21,510	4.40

CHART 8.2



INTERPRETION; The ratio at which inventory is sold and replaced is referred to as inventory turnover. The inventory turnover ratio is calculated by dividing the cost of items by the average inventory for the same time period. A higher ratio suggests strong sales, whereas a lower ratio indicates poor sales.

Inventory management measures how efficiently a company manages its inventory. higher ratio indicates that the company is selling its inventory faster, which is generally considered cheaper. From the given data, it can be seen that the inventory turnover ratio has increased from 3.87 in 2017-2018 to 5. 2 in 2018-2019, which indicates that the company has improved its inventory management during this period The ratio remained relatively stable in 2019-2020 and 2021-2022, but dropped significantly in 2020-2021, which may indicate problems with inventory management that year. It is also worth noting that the average inventory varies significantly from year to year, which can affect the inventory turnover ratio. For example, in 2018-2019 and 2019-2020, the average inventory was more than 500,000, but in 2020-2021, it was only about 7,000.

FINDINGS

1. For the five years between 2017-18and 2021-22, the company was not successful in achieving the ideal current ratio.

2. The business achieved the ideal quick asset ratio and demonstrates a negative trend.

3. The bharat petroleum corporation limited strong financial position and decrease level of security for its creditors is reflected in the proprietary ratio.

4. The liquidity position of Bharat Petroleum Corporation limited is not acceptable.

5. The find the profitability of the bharat petroleum

SUGGESTIONS:

1. The Company want to increase the financial growth of the company.

2. The Company as To Increase Capital and Reduce the Expenses of the Materials

3. The Company Made To Increase The Value Of The Goodwill.

4. The Company as To Increase the Shareholder Fund and Raise the capital of the company

CONCLUSION AND RECOMMENDATION

We altogether inspected the consider subject utilizing down to earth concepts, observational information, measurable Apparatuses and methods. Based on the comes about, we may gather that BPCL is more beneficial and productive beneath government control. A Monetary Execution Report may be a rundown of a Company's monetary execution that highlights the company's money related wellbeing and helps different speculators and partners in making speculation choices.

REFERENCES

1. B. R. (2011). Profitability Analysis Of Hindustan Petroleum Corporation Limited And Bharat Petroleum Corporation Limited: A Comparative Study. Indian Journal Of Accounting.

2. Abarna.J, S. A. (2014). A Study On Measuring The Financial Soundness Of Bharath Petroleum Corporation Limited. International Journal Of Multidisciplinary Research And Development, 2, 100.

3. Ahmad, I. (2016). A Study On Financial Performance Of Bharat. Epra International Journal Of Multidisciplinary Research, 7(7), 3.

4. Don. (2009). A Study On Measuring The Financial Soundness Of Bharath Petroleum Corporation Limited. International Journal Of Multidisciplinary Research And Development, 2.

5. G. S. (2012). Profitability Analysis Of Hindustan Petroleum Corporation Limited And Bharat Petroleum Corporationlimited. Indian Journal of Accounting, 149.

6. Gamber, B. R. (2011). Profitability Analysis Of Hindustan Petroleum Corporation Limited And Bharat Petroleum Corporation Limited: A Comparative Study. Indian Journal Of Accounting, 50.

7. Goyal, A. K. (2013). Financial Performance Analysis Of Bharat Petroleum Corporation Limited. International Journal Of Research In Computer Application & Management, 15.

8. Habiba, A. (2017). A Study On Financial Performance Of Bharat. Epra International Journal Of Multidisciplinary Research, 7(7), 3.

9. Khatik. (2013). Capital Structure Analysis Of Oil Industry – A Case Study Of. International Academic Journal Of Development, 1, 129.

10. Nivetha, P. (2013). A Study On Financial Performance Of Bharat. Epra International Journal Of Multidisciplinary Research, 15.

11. Patel, M. V. (2016). Liquidity Performance Of Bharat Petroleum. International Journal Of Research In Humanities & Soc. Sciences, 4(4), 8.

12. Walt. (2009). A Study On Measuring The Financial Soundness Of Bharath Petroleum Corporation Limited. International Journal Of Multidisciplinary Research And Development, 2, 100

WEBSITES

1. http://ijrcm.org.in/

2. www.bharatpetroleum.com

3. www.bpcl.com

4. www.moneycontrol.com/financials/indianoilcorporation/ratios/IOC

5. Wikipedia