



## **A STUDY ON FINANCIAL PERFORMANCE OF BHARAT PETROLEUM CORPORATION LTD**

**Mr.P. Kanagaraj<sup>1</sup>, Mr.S. Gokulprasath<sup>2</sup>**

<sup>1</sup>Assistant Professor in Department of Commerce with PA, Dr.N.G.P Arts & Science College, Coimbatore

<sup>2</sup>Student, III BCOM PA, Dr.N.G.P Arts & Science College, Coimbatore

### **ABSTRACT**

*Financial performance of Bharat Petroleum Corporation Limited (BPCL) indicates that the company has shown a steady growth in revenue and profitability over the years. In the last fiscal year (2021), BPCL's revenue was INR 2.79 trillion and its net profit was INR 128.83 billion. The company's financial ratios, such as Return on Equity (ROE) and Return on Assets (ROA), have also been consistently above industry averages. BPCL's financial performance can be attributed to its diverse portfolio of products, focus on operational efficiency, and strategic investments in technology and infrastructure. However, the company also faces challenges such as volatile crude oil prices, regulatory changes, and competition in the market. Overall, BPCL's financial performance indicates a strong and stable company with a potential for growth in the future.*

### **INTRODUCTION**

Finance is the nerve centre and life line of any economic activity and therefore omnipresent in every sphere of economic and business life. It plays an extremely crucial role in the continuity and growth of a business. Ratio analysis is one of the basic analyses of examining the financial position and performance of the companies. Financial analysis is a process of considering the financial strength and weakness of a firm by forming strategic relationship between the item of profit and loss account, balance sheet and other financial statement. Financial statement analysis is an analysis that highlights the important relationship in the financial statements of the company. Financial statements are prepared primarily for decision making. Ratio analysis is a scientific endeavor which is used to analyze the performance of an industry or sector in identification to its companion. This analysis is used to computation and identification of ratios which are borrowed from the reports of the company's financial statement. In fundamental analysis ratio analysis is the keystone. The aim of this study is the comparative assessment of financial information to promote perceptible financing, attention and organizational resolutions.

### **STATEMENT OF THE PROBLEM**

The strong rebound in economic activity in the year 2021 led to a sharp rise in energy demand which grew by around 5.8%, exceeding the 2019 levels by around 1.3%. The growth was led by renewables which continued its rising trend, driven by strong expansion in solar and wind energy. In comparison to 2019, the growth in primary energy demand was entirely attributed to renewables, while the consumption of fossil fuels remained largely unchanged, with lower oil demand offset by higher coal and natural gas consumption.

### **OBJECTIVES OF THE STUDY**

- To investigate the profitability and overall financial performance of Bharat Petroleum Corporation Limited during the period of study.
- To find out the efficiency of assets utilization in Bharat Petroleum Corporation Limited.
- To study the solvency capacity of the Bharat Petroleum Corporation Limited during the period of study

### **METHODOLOGY OF THE STUDY**

Analytical research design is chosen for the study. This research is conducted to find out facts about given topic from the answers obtained develop new and useful ways during things



## REVIEW OF LITERATURE

- **Anis Ali (2022)**, COVID-19 changed the shape and size of the business and industry and lowered the multidimensional performances of the firms, globally. The study analyzes the pre and post-COVID-19 financial performance of Indian oil and gas firms and tries to get the impact of the financial performances. The analysis is based upon the secondary financial data while ratio analysis and statistical measures are applied to get financial performances, mutual absolute and relational variations of financial performances pre- and post- COVID-19. Based on the analysis and interpretations it is that there is absolute growth in the total revenues, total expenses, and profits post COVID-19 pandemic period. To enhance the profitability of larger scale production oil and gas companies need to improve their cost and managerial efficiency.
- **Dhruti G Jani (2022)**, A business needs profit not only for its existence but also for expansion and diversification. The objective of this paper was to evaluate and analyze financial performance of Coal India Limited after disinvestment during the period from 2011-12 to 2019-20 using three step & five step DuPont model and assets utilization. The various statistical tools were used for analysis. It was found that assets turnover ratio should be in increasing trend in general but in our case, it is showing decreasing trend (0.63 to 0.59). Among all the five factors of DuPont model, Equity Multiplier was the only one which showed upward trend from 2.44 to 4.66 resulting in positive ROE.

## ANALYSIS AND INTERPRETATION

Year	Operating Profit	Current Ratio	Quick Ratio	Cash Ratio	ROA	ROE	Net Profit
2022	5.52	0.746	0.239	2.70	4.69	412.72	0.46
2021	9.12	0.913	0.444	13.98	11.83	909.82	0.61
2020	3.15	0.718	0.349	1.93	1.78	136.42	0.47
2019	5.07	0.918	0.487	1.27	5.21	362.61	0.39
2018	6.49	0.886	0.394	2.95	6.63	405.53	0.48

## FINDINGS, SUGGESTIONS AND CONCLUSION FINDINGS

- Operating Profit ratio of the bank was highest 9.12 in the year 2021 and lowest 3.15 in the year 2020. It is not growing every year so it's not satisfactory.
- The standard ratio of current ratio is 2:1 and the bank highest current ratio is 0.913 in the year 2021. It is not growing every year but it is satisfactory because there was no huge difference.
- The standard ratio of Quick ratio is 1:1 and the bank has highest 0.487 in the year 2019. It is not growing every year but it is satisfactory because there was no huge difference.
- The Cash ratio of the bank has highest 13.98 in the year 2020-2021 and lowest 1.27 in the year 2018-2019. It is not growing every year so it is not satisfactory.
- Return on asset ratio of the bank was highest 11.83 in the year 2021 and lowest 1.78 in the year 2020. It is not growing every year so it is not satisfactory.
- Return on equity ratio of the bank was highest 909.82 in the year 2021 and lowest 136.42 in the year 2020. It is growing every year so it is satisfactory.
- Net Profit ratio of the bank was highest 0.61 in the year 2021 and lowest 0.39 in the year 2019. It is growing and declining so it is not satisfactory.

## SUGGESTIONS

1. The company must continue to focus on improving its operational efficiency, diversifying its revenue streams, and managing its risks to sustain its financial performance in the long run.
2. The Effective utilization of sales should be improved.
3. The bank should review the managerial performance to improve the efficiency of management in the future and increase generating revenue from its assets because it has the lowest Asset turnover ratio.
4. It's important for the bank to mobilize the cash effectively.

## CONCLUSION

Overall, the study suggests that BPCL has performed well financially and has the potential to continue its growth trajectory in the future. However, the company must continue to focus on improving its operational efficiency, diversifying its revenue streams, and managing its risks to sustain its financial performance in the long run. The findings of this study can be useful for investors, stakeholders, and policymakers to make informed decisions regarding their investment in BPCL. The study also highlights the importance of financial performance analysis in understanding the strengths and weaknesses of a company, which can help in



formulating effective strategies for sustainable growth.

## REFERENCE

1. Anis Ali (2022), "**Pre and Post COVID-19 Disparity of Financial Performance of Oil and Gas Firms: An Absolute and Relational Study**", *International Journal of Energy Economics and Policy*, ISSN: 2146-4553, | Vol 12, Issue 6, 2022, pp.no. 396- 403.
2. Dhruvi G Jani (2022), "**A Detailed Study Of Financial Performance Of Coal India Limited Post Disinvestment Using Dupont Analysis**", *A Global Journal of Interdisciplinary Studies*, ISSN – 2581-5628, Volume – V, Issue 1, 2022, pp.no. 37-44.

## BOOKS

*Management Accounting and Financial Control – Dr. S. N. Maheshwari*  
*Management Accounting – M.Y. Khan and P.K. Jain*

## WEBSITE

[www.moneycontrol.com](http://www.moneycontrol.com) [www.bharatpetroleum.in](http://www.bharatpetroleum.in)