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A Study on Financial Performance of Indian Oil Corporation in India

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Abstract: The Present Study Of The Research Entitled "A STUDY ON FINANCIAL PERFORMANCE OF INDIAN OIL CORPORATION IN INDIA". The study was based on secondary data. The scope of the study is to analyze the financial position of the Indian oil corporation limited and the ratio analysis is the process of identifying the financial accuracy and cost effectiveness of the firm. The study concluded that the financial position of the company is satisfactory.
Keywords: Oil and Gas, Ratio Analysis, Liquidity position.

I. INTRODUCTION

The oil and gas sector is among the eight core industries in India and plays a major role in influencing decision making for all the other important sections of the economy. India's economic growth is closely related to energy demand; therefore the need for oil and gas is projected to grow more, thereby making the sector quite conducive for investment. The Government of India has adopted several policies to fulfill the increasing demand. The government has allowed 100 per cent Foreign Direct Investment (FDI) in many segments of the sector, including natural gas, petroleum products, and refineries, among others. Today, it attracts both domestic and foreign investment, as attested by the presence of Reliance Industries Ltd (RIL) and Cairn India. India was the fourth-largest Liquefied Natural Gas (LNG) importer in 2017 after Japan, South Korea and China. LNG imports increased to 26.11 bcm in 2017-18 from 24.48 bcm in 2016-17.

II. OBJECTIVES OF THE STUDY

A. To measure, the liquidity position of the Indian oil corporation.
B. To identify the financial position of the Indian oil corporation.

III. REVIEW OF LITERATURE

S. Chandrakumarmangalam and P. Govindasamy (2010) investigate the relationship between the leverage (financial leverage, operating leverage and combined leverage) and the earning per share, and this study also explains the relationship between the Debt equity ratio and Earning per Share and how effectively the firm be able debt financing, the results suggest that the leverage and profitability and growth are related and the leverage is having impact on the profitability of the firm.

Chakraborty (2010) employed two performance measures, including ratio of profit before interest, tax and depreciation to total assets and ratio of cash flows to total assets and two leverage measures, including ratio of total borrowing to assets and ratio of liability and equity, and reported a negative relation between these ones.

Hajihassani (2012) presented A Comparison of Financial Performance in Cement Sector in Iran. This study presents comparison of financial performance for the period 2006–2009 by using financial ratios and measures of cement companies working in Iran. Financial ratios are divided into three main categories and measures including two indicators. This work concludes that the performance of cement companies on the basis of profitability ratio is different than on the basis of liquidity ratio, leverage financial.

A. Profile Of The Select Company

Indian Oil Corporation Limited (briefly identified as Indian Oil) is an Indian state-owned oil and gas firm with its headquarters located in New Delhi. This company is the world's 88th largest companies, as per the Fortune Global 500 list, and the largest in category of public corporation in India when ranked by revenue. It is the Oil and Gas Company that operates the largest and the extensive network of fuel stations all over India, totaling about 20,575. Other brands possessed by this are Auto Gas – Automotive

Natural Gas, Extra Premium – Automotive Premium Petrol, Extra Mile – Automotive Premium Diesel, Indane Gas – Domestic and Industrial Gas and Servo – Lubricants and Greases.

In the first position we have Indian Oil Corporation. This company was started in the year 1959. The company's headquarters is located in New Delhi, India. It has 28 Billion Dollar turnover and more than 35000 employees. It is another public sector undertaking and has its business spread across the globe. It also has its subsidiaries in Sri Lanka, Mauritius and UAE. These are the major players in the oil and natural gas companies of India 2017. It is highly important to preserve our resource and also make the best use of it. Top Companies involved in business of the Oil & Gas sector not only funds towards the growth of economy through its production but also provides great range of employment prospects to the suitable talents. This sector holds large production process and large base of officials involved for the best outcome in oil and gas production.

B. *Sampling Method*

The study is based on convenience sampling method.

C. *Period Of The Study*

The period of this study covered ten years from 2013-14 to 2017-18.

D. *Data Collection*

The data used in this study are secondary in nature, The Financial data of the companies belonging to the oil and gas companies are taken from the Money control.com.

E. *Data Analysis*

The collected data have been analyzed by making use of Ratio analysis, Mean, standard deviation and Co-efficient of variation.

Ratio Analysis Of Indian Oil Corporation Limited

YEAR	CR	QR	INTR	DR	ATR	ROA
2008-2009	0.73	0.32	12.21	1.02	235.39	2.26
2009-2010	0.86	0.33	7.40	0.88	184.28	6.99
2010-2011	1.01	0.50	6.66	0.91	188.90	4.28
2011-2012	1.01	0.54	7.01	1.22	189.87	1.88
2012-2013	1.03	0.56	7.54	1.28	199.60	2.23
2013-2014	1.99	0.51	7.31	1.22	188.11	2.79
2014-2015	0.99	0.52	9.61	0.73	199.01	2.39
2015-2016	0.88	0.40	8.96	0.48	157.44	5.09
2016-2017	0.72	0.24	5.78	0.51	138.85	7.37
2017-2018	0.76	0.28	6.49	0.50	151.04	7.60
Mean	0.998	0.42	7.897	0.875	183.249	4.288
Median	0.935	0.45	7.355	0.895	188.505	3.535
Standard deviation	0.368806	0.119722	1.890432	0.311849	27.908	2.319127

1) *Findings:* From the above data analysis it has been found that, the profitability ratio of the company is satisfactory and the short term liquidity position is not satisfactory because current ratio and Quick ratio level is below and it promptly maintained their inventory, investment and Debtors.

IV. CONCLUSION

The efficiency of a firm depends upon the working operations of the concern. Profit earning is considered essential for survival of the business. The Profitability ratios prove the efficiency of the company. The financial positions of the Indian oil corporation are satisfactory. But the company must improve their short term solvency position.

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LIST OF ABBREVIATION

CR - CURRENT RATIO
QR - QUICK RATIO
DR - DEBIT EQUITY RATIO
ATR - ASSET TURNOVER RATIO
INTR - INVESTMENT TURNOVER RATIO
ROA – RETURN ON ASSET