Comparative Financial Performance of Selected Oil Refineries in India: A Study during the Period 2005-2018

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ABSTRACT

The present study makes an attempt to provide an insight into the comparative financial performance between two selected oil refineries in India. It also makes an endeavour to observe and test the inter-firm comparison. The objective is to analyse and discuss whether there is any significant difference in financial position and performance between sample firms or not during the period under study. Appropriate financial ratios are selected into a uniform boundary to compare their performance. The data were collected from the secondary sources covering a period from 2005 to 2018. Statistical tools such as mean and variance were applied and F test hypothesis has been done to draw significant conclusions.

Keywords: Comparative study; Financial performance; Ratio analysis; F test; Oil refineries.

1.0 Introduction

Production of Oil and Gas is the standard for the growth of a country in many ways and works as the backbone of the Indian economy. It is a product of a large and complex industry having strong forward-backward linkages in terms of materials flow and income generation. Different oil and gas companies in India have been strongly contributing towards the fast growth of the economy of India. Most of the oil and gas companies in the country are Public Sector Undertakings (PSU) organised by Government of India. Bharat Petroleum Corporation Ltd. (BPCL) and Hindustan Petroleum Corporation Ltd (HPCL) are the biggest players in oil refining industry out of the existing companies with significant interconnection.

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Comparative statements focus on exceptions and variations. It helps to make a judgment about interpreted data in various ways and it also provides several advantages. A Comparative Financial analysis is a process of identifying the financial strengths and weaknesses by correctly establishing relationships between the firms from the items of standard financial statements. With a view to examining comparative financial performance, it is necessary to analyze on the basis of fixed criteria for such comparison. Simply stating that a number is more meaningfully evaluated and interpreted when it relates to a comparable measure.

2.0 Review of Literature

A research paper inked by Yadav et al., (2001) assessed the effect of working capital management on the liquidity of the three large public sector oil companies in India-BPCL, HPCL and IOCL. The study related to the period 1987-88 to 1991-92. The purpose of the study was to analyze that the average current ratio and quick ratio of the three selected companies were better in the post-liberalization period as compared to those of, the pre-liberalization period. The study concluded that HPCL was best performer in receivable management followed by BPCL and IOCL respectively in that order and the liquidity position of BPCL was lesser satisfactory in post-liberalization period as compared to the other selected companies. Narware and Sharma (2004) conducted a study on the efficiency of liquidity management of Hindustan Petroleum Corporation Limited for the period 1995-96 to 2000-01. The data were taken from secondary sources. Various ratios have been used to analysis the efficiency of liquidity management and also found that the liquidity position of the company was alarming during the study period. However this study reflected the problem of inefficiency in the management of inventories and recommended better inventory management to increase credibility and liquidity of the company.

Mandal and Goswami (2010) made a study on the impact of working capital management on liquidity, profitability and non-insurable risk of ONGC for the period 1998-99 to 2006-07. The data were taken from the published annual reports. The study mentioned the short-term debt capability of the company was satisfactory during the study period. However, a notable result of the study was that the company maintained its bank balances at a higher level as compared to other components of current asset. The study considered that ONGC possessed a high degree of positive correlation between liquidity and profitability during the period under study. Kulkarni (2011) has examined how economic factors affect the performance of ONGC in his article, “A Study on
fundamental Analysis of ONGC”. The study has done into deep rather than day to day movement in its share price. According to him company performance depends not only on its own efforts but also on the industry and economic factors. An article authored by Singh and Kumar (2014) entitled, ‘Capital structure analysis of oil industry - An empirical study of HPCL, IOCL & BPCL. In the study, the researchers mainly focus on capital structure and examine the performance of debt and equity among the competitors. Various ratios have been used to analysis the capital structure and also found that the selected companies are performing well. In specific, the researchers have suggested increasing capital with the help of debt capital rather than share capital to maximize the shareholder's wealth. A research paper by Jena (2015) entitled, ‘Profitability analysis: A study of Hindustan Petroleum Corporation Limited’ covers the petroleum industry of India with regard to financial performance. The study focused on the analysis of overall profitability with the help of profitability position, financial system, profit margin and expenses ratio. The researcher has found that overall profitability position is good and suggested that HPCL is required good strategies for maintaining the profitability in future.

From the above empirical works, it is clear that, many studies have been conducted to analyse the financial performance of petroleum industry. However, researchers couldn’t come across how to evaluate the comparison in respect of financial performance of oil industries in recent past. Therefore, to cover the gap in earlier studies, the present study is undertaken. Detailed examination with respect to performance indicator ratios employs to give an insight into the comparative financial performance and identifying the association between BPCL and HPCL.

3.0 Objectives of the Study

- To compute performance indicator ratios of selected firms with the help of financial data.
- To analyse the financial position of selected firms.
- To compare the association of financial parameters between selected firms.

4.0 Materials and Method

The present study is based on the two biggest players in public sector oil refining industry in India. These two enterprises are Bharat Petroleum Corporation Ltd. (BPCL) and Hindustan Petroleum Corporation Ltd (HPCL). The study covered a period of fourteen years from 2004-05 to 2017-18. The data for the study were collected from
secondary sources. Besides, the facts, figures and findings in similar earlier studies and publications are also used to supplement the secondary data. The available data has been analysed through six selected performance parameter ratios, namely (i) Net profit to Net worth, (ii) Manpower cost to Total cost, (iii) Profit before depreciation, interest and taxes to Capital employed, (iv) Profit before interest and taxes to turnover and (v) Earnings per share for assessment. The reason for selection as because said ratios are considered to assess eligibility criteria to obtained prestigious status of public sector undertakings. Statistical tools such as mean and variance has been calculated based on selected ratios. Further, statistical F- test has been applied to test the hypothesis and draw meaningful conclusion.

5.0 Data Analysis and Findings

Ratio analysis gives a guideline to evaluate numerical relationships of financial data and interpretation of performance. Five financial ratios, representing five financial dimensions respectively, were computed from the financial statements of two firms for each of the years of predetermined time 2005 to 2018.

5.1 Net profit to net worth

Net profit to Net Worth ratio reveals the rate of earning capacity of the business. It also indicates whether the Proprietor’s Fund has been used properly or not. The higher the ratio, the greater will be the return for the owners and the better the profitability. It can be calculated as:

Net Profit to Net worth = \((\text{Net Profit} ÷ \text{Net Worth}) \times 100\)

From Table 1(i) it is seen that the Net profit on Net worth of BPCL ranged between 3.21 percent in 2006 and 27.36 percent in 2016 with an average rate of 13.99 percent. In HPCL the Net profit on Net worth ranged between 4.64 percent in 2006 and 30.51 percent in 2017 with an average rate of 16.00 percent. Moreover the said firms had not maintained a stable rate in whole years of research period. The variance of BPCL is 60.76 in comparison to 56.77 of HPCL; it means there is a fluctuation in Net Profit to Net Worth.

Further, F test applied at 5% level of significance for testing Null hypothesis \((H_0)\) based on the equality of two variances drawn from Table No. 1(i) has been presented in Table 1(ii). Since the calculated value of F (1.07) is less than the table value (2.57), Null hypothesis \(H_0\) is fail to reject and we conclude that there is no significance difference of Net Profit to Net Worth among two sample variances.
Table 1(i): Net Profit to Net worth of BPCL and HPCL for the Period under Study
(from 31.03.2005 to 31.03.2018)

| Year | BPCL       | HPCL       |
|------|------------|------------|
|      | Net Profit (in Rs. Crore) | Net Worth (in Rs. Crore) | Net Profit to Net worth (%) | Net Profit (in Rs. Crore) | Net Worth (in Rs. Crore) | Net Profit to Net worth (%) |
| 2005 | 965.8      | 6,388.43   | 15.11 | 1,277.33 | 8,440.85 | 15.13 |
| 2006 | 291.65     | 9,077.88   | 3.21 | 405.63 | 8,735.74 | 4.64 |
| 2007 | 1,805.48   | 10,273.54  | 17.57 | 1,571.17 | 9,598.65 | 16.36 |
| 2008 | 1,580.56   | 11,676.84  | 13.53 | 1,134.88 | 10,563.29 | 10.74 |
| 2009 | 735.9      | 12,128.11  | 6.06 | 574.98 | 10,730.63 | 5.35 |
| 2010 | 1,537.62   | 13,086.71  | 11.74 | 1,301.37 | 11,557.97 | 11.25 |
| 2011 | 1,546.68   | 14,057.62  | 11.00 | 1,539.01 | 12,545.81 | 12.26 |
| 2012 | 1,311.27   | 14,913.86  | 8.79 | 911.43 | 13,122.52 | 6.94 |
| 2013 | 2,642.90   | 16,634.02  | 15.88 | 904.71 | 13,726.40 | 6.59 |
| 2014 | 4,060.88   | 19,458.76  | 20.86 | 1,733.77 | 15,012.16 | 11.54 |
| 2015 | 5,084.51   | 22,467.48  | 22.63 | 2,733.26 | 16,022.09 | 17.05 |
| 2016 | 7,431.88   | 27,158.69  | 27.36 | 3,862.74 | 18,356.10 | 21.04 |
| 2017 | 8,039.30   | 29,668.38  | 27.09 | 6,208.80 | 20,347.41 | 30.51 |
| 2018 | 7,919.34   | 34,152.00  | 23.18 | 6,357.07 | 23,948.22 | 26.54 |

Source: Compiled from www.moneycontrol.com

Table 1 (ii): F-Test Two-Sample for Variances (Net Profit to Net worth of BPCL and HPCL)

|          | BPCL        | HPCL        |
|----------|-------------|-------------|
| Mean     | 13.99571    | 16.00071    |
| Variance | 60,76886    | 56,77371    |
| Observations | 14    | 14    |
| df       | 13          | 13          |
| F        | 1.07037     | 2.576927    |

Decision: Null hypothesis is not Rejected

Source: Compiled from www.moneycontrol.com

5.2 Manpower cost to total cost

The percentage of manpower cost to total cost reveals the size and significance of the manpower cost in the total cost incurred by the firm. The average manpower cost is said to be effective only when it goes on declining with a consecutive increase in total cost. However a lower ratio is an indicator of better control over the manpower cost.
It can be calculated as:

\[
\text{Manpower Cost to Total Cost} = \left( \frac{\text{Manpower Cost}}{\text{Total Cost}} \right) \times 100
\]

From Table 2(i) it is seen that the Manpower Cost to Total Cost of BPCL ranged between 1.07 percent in 2007 and 1.84 percent in 2011 with an average rate of 1.16 percent. In HPCL the Manpower Cost to Total Cost ranged between 0.80 percent in 2007 to 1.62 percent in 2017 with an average rate of 1.39 percent. The ratio showed fluctuating trend during the study period.

The variance of HPCL is 0.076 in comparison to 0.070 of BPCL; it proves that there is a stable difference among the variance in Manpower Cost to Total Cost. Further, \( F \)-test is applied at 5% level of significance for testing Null hypothesis \( H_0 \) based on the equality of two variances drawn from Table No. 2(i) has been presented in Table 2(ii). Since the calculated value of \( F \) (1.07) is less than the table value (2.57), Null hypothesis \( H_0 \) fails to reject and we conclude that there is no significant difference of Manpower Cost to Total Cost among two sample variances.

Table 2(i): Manpower Cost to Total Cost ratio of BPCL and HPCL for the Period under Study (form 31.03.2005 to 31.03.2018)

| Year | BPCL | | | HPCL | |
|------|------|------|------|------|------|
|      | Manpower Cost (in Rs. Crore) | Total Cost (in Rs. Crore) | Manpower Cost to Total Cost (%) | Manpower Cost (in Rs. Crore) | Total Cost (in Rs. Crore) | Manpower Cost to Total Cost (%) |
| 2005 | 793.09 | 57,771.43 | 1.37 | 671.64 | 58,088.59 | 1.15 |
| 2006 | 881.61 | 75,186.55 | 1.17 | 690.77 | 72,022.25 | 0.95 |
| 2007 | 1,003.70 | 93,044.50 | 1.07 | 729.42 | 87,441.56 | 0.80 |
| 2008 | 1,297.21 | 106,664.67 | 1.21 | 867.66 | 104,817.59 | 0.82 |
| 2009 | 1,884.88 | 127,956.92 | 1.47 | 1,137.19 | 119,796.96 | 0.94 |
| 2010 | 2,141.12 | 120,722.28 | 1.77 | 1,617.32 | 107,236.82 | 1.50 |
| 2011 | 2,763.63 | 150,149.54 | 1.84 | 1,981.84 | 133,344.13 | 1.48 |
| 2012 | 2,261.07 | 208,707.72 | 1.08 | 1,583.10 | 175,428.46 | 0.90 |
| 2013 | 2,768.87 | 235,480.74 | 1.17 | 2,525.56 | 201,887.69 | 1.25 |
| 2014 | 2,896.35 | 254,004.61 | 1.37 | 2,030.30 | 218,581.47 | 0.92 |
| 2015 | 2,085.60 | 225,258.91 | 1.17 | 2,414.66 | 196,170.79 | 1.23 |
| 2016 | 2,879.05 | 177,522.65 | 1.62 | 2,314.53 | 169,908.66 | 1.36 |
| 2017 | 3,429.46 | 196,958.88 | 1.74 | 2,946.08 | 180,900.91 | 1.62 |
| 2018 | 3,430.98 | 224,323.64 | 1.52 | 2,858.52 | 207,856.13 | 1.37 |

Source: Compiled from www.moneycontrol.com
Table 2 (ii): F-Test Two-Sample for Variances (Manpower Cost to Cost of Production of BPCL and HPCL)

|       | HPCL     | BPCL     |
|-------|----------|----------|
| Mean  | 1.163571 | 1.397857 |
| Variance | 0.076117 | 0.070895 |
| Observations | 14 | 14 |
| df     | 13       | 13       |
| F      | 1.073658 |          |
| F Critical one-tail | 2.576927 |          |
| Decision: | Null hypothesis is not Rejected |          |

5.3 Profit before depreciation interest and tax (PBDIT) to capital employed

It is a measure of profitability and efficiency of capital employed. A higher ratio would imply efficient use of the capital employed by the firm. In general it is considered good for a firm to have a return in the range of 5% to 15%. It can be calculated as:

\[ \text{PBDIT to Capital Employed} = \left( \frac{\text{PBDIT}}{\text{Capital Employed}} \right) \times 100 \]

From Table 3(i) it is seen that the PBDIT to Capital Employed of BPCL ranged between 4.93 percent in 2006 and 17.19 percent in 2016 with an average rate of 17.19 percent. Moreover, the company had not maintained stable percent in whole years of research period.

Table 3(i): PBDIT to Capital Employed Ratio of BPCL and HPCL for the Period under Study (form 31.03.2005 to 31.03.2018)

| Year | BPCL | HPCL |
|------|------|------|
|      | PBDIT (in Rs. Crore) | Cap. Emp. (in Rs. Crore) | PBDIT to CE (%) | PBDIT (in Rs. Crore) | Cap. Emp. (in Rs. Crore) | PBDIT to CE (%) |
| 2005 | 2,097.25 | 20,507.44 | 10.23 | 2,390.02 | 10,626.20 | 17.19 |
| 2006 | 1,405.81 | 28,491.87 | 4.93 | 1,137.28 | 15,399.57 | 7.38 |
| 2007 | 4,268.79 | 34,060.21 | 12.53 | 3,099.73 | 20,116.18 | 15.40 |
| 2008 | 4,242.59 | 43,064.72 | 9.85 | 2,780.03 | 27,349.99 | 10.16 |
| 2009 | 4,241.89 | 47,993.64 | 8.84 | 3,787.71 | 33,485.80 | 11.31 |
| 2010 | 4,674.75 | 54,316.54 | 8.61 | 4,197.38 | 32,860.34 | 12.77 |
| 2011 | 5,167.32 | 55,875.95 | 9.25 | 4,651.98 | 36,174.90 | 12.85 |
| 2012 | 5,568.63 | 65,606.98 | 8.49 | 5,156.93 | 40,601.77 | 12.70 |
| 2013 | 7,787.03 | 66,987.39 | 11.62 | 5,364.02 | 46,184.67 | 11.61 |
| 2014 | 9,554.88 | 72,427.41 | 13.19 | 6,212.18 | 46,942.21 | 13.23 |
| 2015 | 10,514.63 | 69,728.88 | 15.08 | 6,835.00 | 33,077.73 | 20.66 |
| 2016 | 13,068.42 | 75,989 | 17.19 | 9,043.19 | 31,001.18 | 29.17 |
| 2017 | 13,379.29 | 91,989.63 | 14.54 | 12,076.28 | 37,517.97 | 32.18 |
| 2018 | 14,704.10 | 100,222.54 | 14.67 | 12,578.06 | 43,541.18 | 28.88 |

Source: Compiled from www.moneycontrol.com
In HPCL the PBDIT to Capital Employed ranged between 7.38 percent in 2006 and 32.18 percent in 2017 with an average rate of 11.35 percent. The PBDIT to Capital Employed ratio of selected firms depicts a fluctuating trend during the year between 2005 and 2018. The variance of HPCL is 11.16 in comparison to 64.13 of BPCL, it proves a fair difference among the variance of PBDIT to Capital Employed. Further, F test applied at 5% level of significance for testing Null hypothesis (H₀) based on the equality of two variances drawn from Table No. 3(i) has been presented in Table 3(ii).

Table 3(ii): F-Test Two-Sample for Variances (PBDIT to Capital Employed of BPCL and HPCL)

|       | BPCL       | HPCL       |
|-------|------------|------------|
| Mean  | 17.19929   | 11.35857   |
| Variance | 64.13784   | 11.16807   |
| Observations | 14     | 14         |
| df    | 13         | 13         |
| F     | 5.742963   |            |
| F Critical one-tail | 2.576927 |            |

Decision: Null hypothesis is Rejected

Since the calculated value of F (5.74) is more than the table value (2.57), Null hypothesis H₀ is rejected and we conclude that there is a significant difference of PBDIT to Capital Employed among two sample variances.

5.4 Profit before interest and tax (PBIT) to net sales

It is a measure of profitability in sales over a specific time period. This ratio gives information on a firm’s earnings ability. The higher margin reflects the more efficient cost management. This indicator is very useful to compare against other firms in the same industry. It can be calculated as:

\[ \text{PBIT to Net Sales} = \frac{\text{PBIT}}{\text{Net Sales}} \times 100 \]

From Table 4(i) it is seen that the PBIT to Net Sales of BPCL ranged between 0.84 percent in 2006 and 5.92 percent in 2016 with an average rate of 3.16 percent. In HPCL the PBIT to Net Sales ranged between 0.62 percent in 2006 and 4.46 percent in 2017 with an average rate of 2.47 percent.
Table 4(i): PBIT to Net Sales Ratio of BPCL and HPCL for the Period under Study
(form 31.03.2005 to 31.03.2018)

| Year | BPCL | | | HPCL | | |
|------|------|------|------|------|------|------|
|      | PBIT (in Rs. Crore) | Net Sales (in Rs. Crore) | PBIT to Net Sales (%) | PBIT (in Rs. Crore) | Net Sales (in Rs. Crore) | PBIT to Net Sales (%) |
| 2005 | 1,501.21 | 57,877.40 | 2.59 | 1,731.64 | 60,164.55 | 2.87 |
| 2006 | 637.8 | 75,533.30 | 0.84 | 448.31 | 71,430.62 | 0.62 |
| 2007 | 3,364.68 | 96,556.85 | 3.48 | 2,395.73 | 89,725.03 | 2.67 |
| 2008 | 3,144.38 | 110,208.13 | 2.85 | 1,929.21 | 104,312.99 | 1.84 |
| 2009 | 3,166.36 | 134,073.43 | 2.36 | 2,806.42 | 124,935.02 | 2.24 |
| 2010 | 3,432.43 | 120,217.08 | 2.85 | 3,032.98 | 107,300.57 | 2.82 |
| 2011 | 3,511.92 | 151,639.45 | 2.31 | 3,245.03 | 133,671.82 | 2.42 |
| 2012 | 3,683.76 | 211,972.97 | 1.73 | 3,444.00 | 178,335.82 | 1.93 |
| 2013 | 5,860.93 | 240,115.75 | 2.44 | 3,380.50 | 206,731.26 | 1.63 |
| 2014 | 7,308.06 | 260,060.53 | 2.81 | 4,010.24 | 232,423.01 | 1.72 |
| 2015 | 7,998.61 | 238,086.90 | 3.35 | 4,856.24 | 217,306.92 | 2.23 |
| 2016 | 11,214.12 | 189,303.33 | 5.92 | 6,383.75 | 198,034.40 | 3.22 |
| 2017 | 11,487.97 | 202,210.57 | 5.68 | 9,541.00 | 213,869.82 | 4.46 |
| 2018 | 12,055.62 | 236,313.10 | 5.10 | 9,825.31 | 244,085.12 | 4.02 |

Source: Compiled from www.moneycontrol.com

The ratio showed a fluctuating trend in the year between 2005 and 2018 in case of both of the firms which is considered not an acceptable performance. The variance of BPCL is 2.13 in comparison to 0.97 of HPCL; it means there is more fluctuation in PBIT to Net Sales. Further, F test applied at 5% level of significance for testing Null hypothesis ($H_0$) based on the equality of two variances drawn from the Table No. 4(i) has been presented in Table 4(ii).

Table 4 (ii): F-Test Two-Sample for Variances
(PBIT to Net Sales of BPCL and HPCL)

|          | BPCL     | HPCL     |
|----------|----------|----------|
| Mean     | 3.165    | 2.477857 |
| Variance | 2.139812 | 0.97991  |
| Observations | 14       | 14       |
| df       | 13       | 13       |
| $F$      | 2.183681 |          |
| $F$ Critical one-tail | 2.576927 |

Decision: Null hypothesis is not Rejected
Since the calculated value of F (2.18) is less than the table value (2.57), Null hypothesis \( H_0 \) fails to reject and we conclude that there is no significant difference of PBIT to Net Sales among two sample variances.

5.5 Earnings per share (EPS)

Earnings per share serve as an indicator of a firm’s profitability. EPS is the portion of profit available to shareholders on per-share basis which is the most important variable in determining a share’s price. It is widely used as a way to track a company’s performance. Two firms could generate the same EPS, but one could do so with fewer net assets.

From Table 5(i) it is seen that the EPS ranged between – Rs.26.74 in 2005 and Rs.102.78 in 2016 with an average return of Rs.41.17. EPS showed an increase in trend during the last four years of the study period of BPCL. In HPCL the EPS ranged between Rs.11.95 in 2006 and Rs.114.07 in 2016 with an average return of Rs.45.19. The variance of BPCL is 866.72 in comparison to 701.90 of HPCL; it means there is more fluctuation in EPS. Moreover the said firms had not maintained a balanced EPS during the study period and which is considered not a satisfactory performance.

Table 5(i): EPS of BPCL and HPCL for the Period under Study
(from 31.03.2005 to 31.03.2018)

| Year | BPCL         | HPCL         |
|------|--------------|--------------|
| 2005 | (26.74)      | 37.64        |
| 2006 | 9.72         | 11.95        |
| 2007 | 49.94        | 46.30        |
| 2008 | 43.72        | 33.51        |
| 2009 | 20.35        | 16.98        |
| 2010 | 42.53        | 38.43        |
| 2011 | 42.78        | 45.45        |
| 2012 | 36.27        | 26.92        |
| 2013 | 36.55        | 26.72        |
| 2014 | 56.16        | 51.20        |
| 2015 | 70.32        | 80.72        |
| 2016 | 102.78       | 114.07       |
| 2017 | 55.59        | 61.12        |
| 2018 | 36.51        | 41.72        |

Source: Compiled from www.moneycontrol.com
Further, F test applied at 5% level of significance for testing Null hypothesis (H₀) based on the equality of two variances drawn from Table No. 5(i) which has been presented in Table 5(ii).

**Table 5 (ii): F-Test Two-Sample for Variances**  
(EPs in Rs. of BPCL and HPCL)

|             | BPCL       | HPCL       |
|-------------|------------|------------|
| Mean        | 41.17714   | 45.195     |
| Variance    | 866.7247   | 701.9091   |
| Observations| 14         | 14         |
| df          | 13         | 13         |
| F           | 1.23481    |            |
| F Critical one-tail | 2.576927 |            |

Decision: Null hypothesis is not Rejected

Since the calculated value of F (1.23) is less than the table value (2.57), Null hypothesis H₀ is fail to reject and we conclude that there is no significant difference of PBIT to Net Sales among two sample variances.

### 6.0 Conclusion

It is a known fact that the financial decision of any firm is a complex affair that involves the analysis of different variables. There is variation in the financial facts reported by the above firms. Both the firms should keep an eye on the Net Profit to Net Worth ratio as it is showed a fluctuating tendency at a high percentage. BPCL should reduce its Manpower cost gradually so as to remove the burden of operating expenses. There should be a more efficient utilization of Employed Capital by the BPCL and the requirement should be properly assessed. During the study period, profitability measured on the basis of PBIT to Net Sales had declined from time to time, which shows that the financial structure of the company failed to increase profitability. High fluctuation has been observed in case of EPS and these shortcomings can impact the enterprise market value adversely. On the basis of above analysis, it is clear that the selected ratios on which the study has been made are not similar for the two firms but the results supported the null hypothesis and proved that both the companies were approaching the same in their financial performance.
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