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CONTENTS

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REVIEW OF LITERATURE
NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
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PROFITABILITY ANALYSIS OF HINDUSTAN PETROLEUM CORPORATION LIMITED

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ABSTRACT
The profitability has been considered as one of the important aspect of any commercial business. A company should earn profits to survive and grow over a long period. It is a fact that sufficient profit must be earned to sustain the operations of to be able to obtain funds from investors for expansion and diversification and to contribute forward the social overheads for the welfare of society. The higher the profit the more efficient is the business considered, so profit is useful measure of overall efficiency of the business. Profitability Analysis helps the enterprises in finding actual and true picture of profitability position. This analysis is also useful for stakeholders of the concerning Enterprise. Profitability Analysis of Public sector Oil Companies is very essential to know about general profitability and overall profitability. Profit of the oil companies is completely depend upon the ups and downs of international crude oil prices and on the incurred cost of crude oil The objectives of the study is to find out the Profitability of the organization to examines relationship between different Profitability Ratios. This study is based on the secondary data, which is collected from the Annual Reports of Hindustan Petroleum Corporation. Ratio analysis as a tool is used for data analysis. Under analysis, General Profitability Ratios and Overall Profitability Ratios are calculated to know about the said objectives. In General profitability Ratios Gross profit, Net profit, Operating profit and Cash profit is calculated and graphically presented and in overall profitability Ratios, Return on Investment, Return on shareholders' investment is calculated and graphically presented. At last t-test used for Hypothesis, testing is accepted i.e. there is no significant difference in the Net Profit of Hindustan Petroleum Corporation in the five years of study. The study suggested to management to concentrate on decreasing operating cost and increasing operating profit for profitability of the Hindustan Petroleum Corporation Limited. Company's average operating Ratio was 94.85% this shows high operating cost during five year of study, which is not good for the Hindustan Petroleum Corporation profitability because low operating cost always desirable for companies. Therefore, it is suggested to do efforts on decreasing their operating cost.

KEYWORDS
crude oil, Efficiency, Profitability.

INTRODUCTION
Profit is the difference between revenue and expenses over a period (usually one year). Profit is the ultimate "output" of a company and it will have no future if it is fails to make sufficient profit earnings. Therefore, the financial manager should continuously evaluate the efficiency of the company in terms of profit. Profitability analyses are essential for fulfilling social goals as well as find the sources of finance for the growth of business. Economic and business conditions do not remain same at all times. There may be adverse business conditions like recession, depression, competition etc. A business will be able to survive under unfavorable situations only if it has some past earnings to repay upon. Profitability analysis helps to find out the profitability of business in future as well as past. The Profitability Ratios have calculated to measure the operating efficiency of the company. Beside management of the company, creditors and owners are also interested in the profitability of the organization. Profitability ratios are divided into two types: margins and returns. Ratios that show margins represent the firm's ability to translate sales dollars into profits at various stages of measurement. Ratios that show returns represent the firm's ability to measure the overall efficiency of the firm in generating returns for its shareholders Creditors want to get interest and repayment of principal regularly. Owners want to get a required rate of return on their investment. This is possible only when the company earns enough profit. We can conclude that, profitability is a barometer for measuring efficiency and economic prosperity of business enterprise. Generally, two major types of profitability ratios have calculated under Profitability Analysis. General profitability ratio, they are related to sales. Overall profitability ratio, they are related to investments.

COMPANY PROFILE
According to the Annual reports, Hindustan Petroleum Corporation is an undertaking of Government of India and it is one of the major integrated oil refining and marketing companies in India. It is a Mega Public Sector Undertaking (PSU) with NAVRATNA status and a Fortune 500 and Forbes 2000 company, with an annual turnover of Rs. 1, 90,048 Crores and sales/income from operations of Rs 2, 15,675 Crores (US$ 39.726 Billion) HPCL owns the country's largest Lube Refinery with a capacity of 335,000 Metric Tonnes which amounts to 40% of the national capacity of Lube Oil production. HPCL has given India a firm ground in this sector with its world-class standard of Lube Base Oils. Presently HPCL produces over 300 plus grades of Lubes, specialties and Greases. In HPCL around 11000 Employees are working in various refining and marketing locations in India Company has been used innovative techniques to enhance the effectiveness of employees. Company engaged in products like Petrol, Diesel, Lubricants, and Aviation Turbine fuel. HPCL, along with its joint ventures, will be a fully integrated company in the hydrocarbons sector of exploration and production, refining and marketing; focusing on enhancement of productivity, quality and profitability; caring for customers and employees; caring for environment protection and cultural heritage. It will also attain scale dimensions by diversifying into other energy related fields and by taking up transnational operations. To be a World Class Energy Company known for caring and delighting the customers with high quality products and innovative services across domestic and international markets with aggressive growth and delivering superior financial performance. The Company will be a model of excellence in meeting social commitment, environment.

REVIEW OF LITERATURE
Vivek Sharma (1996) under the study, Comparative financial analysis of public sector Enterprises of Madhya Pradesh, the researcher has taken 10 years secondary data of 30 SLPEs (State level enterprises of public sector), an attempt has been made in this study to analyze the capital structure Analysis, Working capital Analysis, Profitability analysis. The study concluded with suggestions that each and every SLPE in state should establish independent objectives to be achieved. It is also suggested that all the SLPEs should be used financial management tool of social cost benefits analysis further, The study suggested to follow the technique of MOU

as a tool of control and composite financial Index (FI) To give a review of work, we may suggest that researcher must use the tool comparative analysis and trend analysis of SLPEs which helps in comparison between various items of financial statement and trends of SLPEs under the period of study.

Preeti Mishra (2009) has comparatively studies working capital Management of HPCL and BPCL The sources of data collection is secondary collected from the annual reports of HPCL and BPCL from 2003-2007.The objectives of study was to examine the overall working capital Management, to known the weakness and strength of the both firms and to make to forecast about the future prospects and to examine how BPCL and HPCL has performed in managing the working capital in the competitive Environment. Financial tool like Ratio analysis Trend Analysis and Comparative statement Analysis has been used in the study. At last the Researcher has concluded with suggestions that companies have to meet, the present working capital needs to identify and locate the idle assets of the firm and dispose of the same at competitive prices.

Asha Sharma (2012) compares the financial performance, of India's five leading oil and petroleum companies i.e. Oil and Natural Gas Corporation, Reliance Petroleum Limited, Oil India Limited, Hindustan Petroleum Corporation and Cairn India Limited. She used ratio analysis as a financial tool to analyze the profitability, solvency position and liquidity position of companies and to identify the net profit and EPS growth rate performance of companies. The major findings of the study are profitability decline, Financial strength is not highly satisfactory, Financing was mainly through owners fund It is concluded that the overall performance of Oil and Natural Gas Corporation found highly satisfactory in net profit, growth on the profitability level, short term liquidity position, efficiency level, solvency capacity and investment analysis.

A.Vijayakumar, P.Gomathi (2013) has done Empirical Analysis of the Profitability of Indian Oil Refineries like Reliance Industries Ltd and Chennai Petroleum Corporation Ltd, Mangalore Refinery Petrochemicals Ltd and Essar Oil Ltd Hindustan Petroleum Corporation Ltd, Bharat Petroleum Corporation Ltd.The researcher has used Profitability ratios. Various statistical tools such as mean, standard deviation, variance, compound annual growth rate, regression have been used in the study. The study concludes that the operating efficiency of selected oil refineries in India was satisfactory and the management generally succeeded in investing capital funds. The performance of Reliance Industries Ltd and Chennai Petroleum Corporation Ltd was good during the study period. Mangalore Refinery Petrochemicals Ltd and Essar Oil Ltd have not performed well during the period of study.

Arush Bhutani (2013) has comparatively studied the IOCL with its competitor like BPCL and HPCL. Researcher used secondary data of last 5 years. Tools of Financial analysis like comparative analysis and Ratio analysis have been used to understand the position and status of IOCL in the industry. An attempt has been made in this study to analyze the Porter's 5 forces model used for SWOT analysis of IOCL with its competitors. Study concluded that, the overall position and profitability position of IOCL is better in comparison to HPCL an BPCL, but there are some grey areas where it needs to improve which are P/E ratio, EPS Ratio and Return on Capital employed

IMPORTANCE OF STUDY
Every company is concerned with its profitability. One of the most frequently used tools of financial ratio analysis is profitability ratios, which are used to determine the company's bottom line and its return to its investors. Profitability measures are important to each and every stake holder Profitability ratios show a company's overall efficiency and performance. The profitability has been considered as one of the most important aspect of any commercial business. Economic and business conditions do not remain same at all times. There may be adverse business conditions like recession, depression, competition etc. Therefore such kind of studies are must for corporate sector, they will be able to survive under unfavourable situations only if they have some past earnings to repay upon. This study is very beneficial for the companies those who want to take decision for expansion and growth. As we all know that there is cut throat competition in the market so for facing challenges and surviving in the market, studies and research to know about earning capacity is very important for companies. It is a fact that these types of studies help in decision making about sufficient profit must be earned to sustain the operations of to be able to obtain funds from investors for expansion and diversification and to contribute forward the social overheads for the welfare of society.

STATEMENT OF THE PROBLEM
Every Business undertaking is depend upon Profit earning capacity and return on Investments. The main requirement of the companies is to maintain and retain the earnings. Therefore corporate have to find out financial position of the business and Profitability status to analyze the Financial Statements through financial analysis. Ratio analysis is an important tool under financial analysis where profitability ratios are calculated to find out the Gross Profit, Net Profit, Return on Investment etc. In this Study, the statement of the Problem is to analyze the profitability of Hindustan Petroleum Corporation Limited during the five years of study. Through this study, the company can understand the actual position of the company and can take corrective measures for further improvement. The study suggested to management to concentrate on decreasing operating cost and increasing operating profit for the profitability of the Company.

OBJECTIVES OF THE STUDY
1. To find out the Profitability of the organization.
2. To examines relationship between different Profitability Ratios.

HYPOTHESIS
There is no significance difference in the Net Profit of HPCL.

RESEARCH METHODOLOGY
Research is a scientific and systematic research for pertinent information on a specific topic. In fact, Research is an art of scientific investigation. Research Methodology is a way to systematically solve the research problems. Research means Re-Search again and again till the extension of knowledge. The proposed study would be descriptive in nature and it is purely based on secondary data. The data has been collected by readily available sources and other published data available at Hindustan Petroleum Corporation like Annual Reports, Schedules etc. Secondary data will also be gathered from Journals, Magazines and published research papers. The data has been mainly collected by financial statements of Hindustan Petroleum Corporation Limited that is balance sheet and Profit and Loss accounts and their schedules along with the information some data has also been collected through personnel observations of emporium offices, management, administration etc. The data pertaining to consecutive tenure of 05 years (2008-9 to 2012-13) would be analyzed to attain the said objectives. Analysis techniques like Ratio Analysis have been used, to reach appropriate conclusion regarding the profitability and overall efficiency of the company and t-test has been applied for Hypothesis Testing. In the analysis General profitability Ratios and overall profitability Ratios are calculated like Gross profit ratio, Net profit Ratio, Cash profit Ratio, Operating Ratio and ROI, return on shareholder's investment or net worth, Proprietors Capital Employed Ratio

RESULTS AND DISCUSSIONS
PROFITABILITY ANALYSIS

A. GENERAL PROFITABILITY RATIO

GROSS PROFIT RATIO

The first profitability ratio is related to sales is the Gross profit ratio. It measures the relationship of Gross profit to Net sales and is usually represents as a percentage. Thus, it is calculated by dividing gross profit by sales. The formula of calculating gross profit ratio is follows:

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$$

Here; Gross profit = Net sales — Cost of goods sold

The ratio indicates spread between the cost of goods sold and sales revenue. a high gross profit margin related to the industry average implies that the firm is able to produce at relatively lower cost. The gross profit is found by deducting cost of goods sold from the net sales. Higher the gross profit ratio betters the result. A lower gross profit margin may reflects higher cost of goods sold due to the firm's inability to purchase raw material at favorable terms, and insufficient utilization of plant and machinery over investments etc. There are no standard norms for gross profit ratio and it may vary from business to business, but the gross profit should be adequate to cover operating expenses and to provide for fixed charges, dividends and accumulation of reserves.

GROSS PROFIT RATIO

TABLE 1

Year	Gross Profit (in crores)	Net Sales (in crores)	Ratio (in percentage)
2008-09	3776.36	131802.65	2.86
2009-10	4193.18	114888.63	3.64
2010-11	4637.09	142336.49	3.25
2011-12	5156.44	188130.95	2.74
2012-13	5428.31	215675.49	2.51

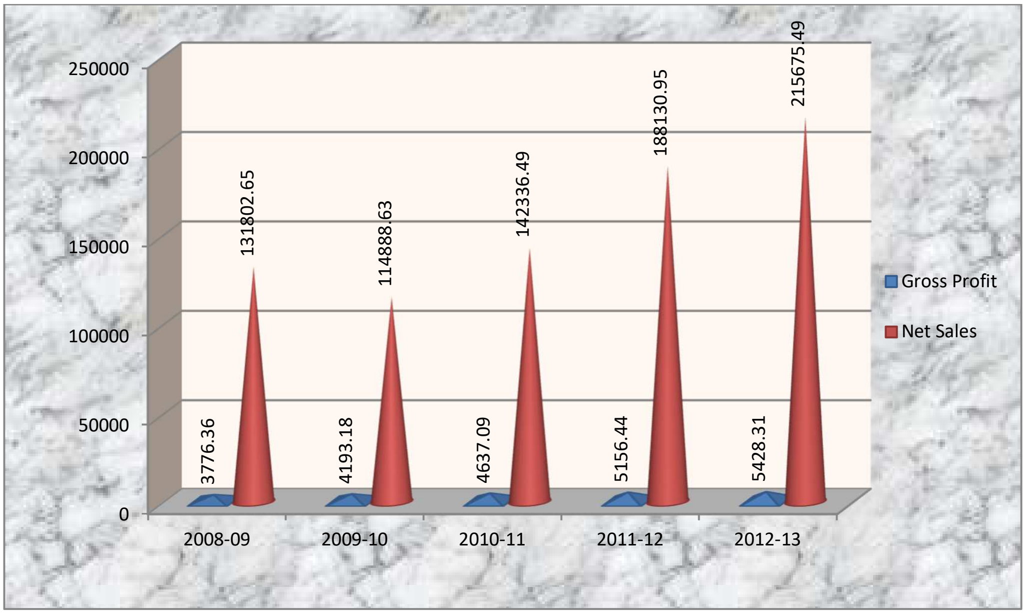
Source: Published annual report of HPCL 2008-13

ANALYSIS AND INTERPRETATION

The gross profit ratio of Hindustan Petroleum Corporation Ltd. remained at an average of 2.6% during 5 year of the study. In 2008-09 the gross profit ratio was 2.86% and in 2009-10 the gross profit ratio was 3.64% was slightly increased in 2010-11, it was 3.25% and in these two years ratio was highest but 2011-12 the ratio was 2.74% and in 2012-13 it was 2.51%. It was the lowest during the five year of the study. In addition, here both net sales and profit has increased but profit has not increased in the same proportion as the net sales have increased. A high gross profit ratio is the sign of good management system and higher gross profit shows the efficiency with which the firm carries out its operations.

GROSS PROFIT RATIO

FIG. 1



GROSS PROFIT RATIO (in %)

FIG. 2

OPERATING RATIO

Operating ratio establish the relation between cost of goods sold and other operating expenses on one hand and sales on other hand. In other words, it measures the cost of operation per rupee of sales. The ratio has calculated by dividing operating cost, which has cost of good, sold and operating expenses by net sales is expressed percentage. The formula of calculating operating ratio is follows:

$$\text{Operating Ratio} = \frac{\text{Operating Cost}}{\text{Net Sales}} \times 100$$

This ratio indicates the percentage of net sales, which has absorbed by the operating cost. A high operating ratio indicates that only a small margin of sales is available to meet the expenses in the form of interest, dividends, and other non- operating expenses. As such, low operating costs will always be desirable. There is no rule of thumb for the ratio as it depends on nature of business. However, 75% to 85% can be considering good ratio in case of manufacturing concern.

OPERATING RATIO

TABLE 2

Year	Operating Cost (in millions)	Net Sales (in crores)	Ratio (in percentage)
2008-09	110412.39	131802.65	83.77
2009-10	123109.21	114888.63	107.15
2010-11	132489.51	142396.49	93.04
2011-12	178141.67	188130.95	94.60
2012-13	206472.45	215675.49	95.70

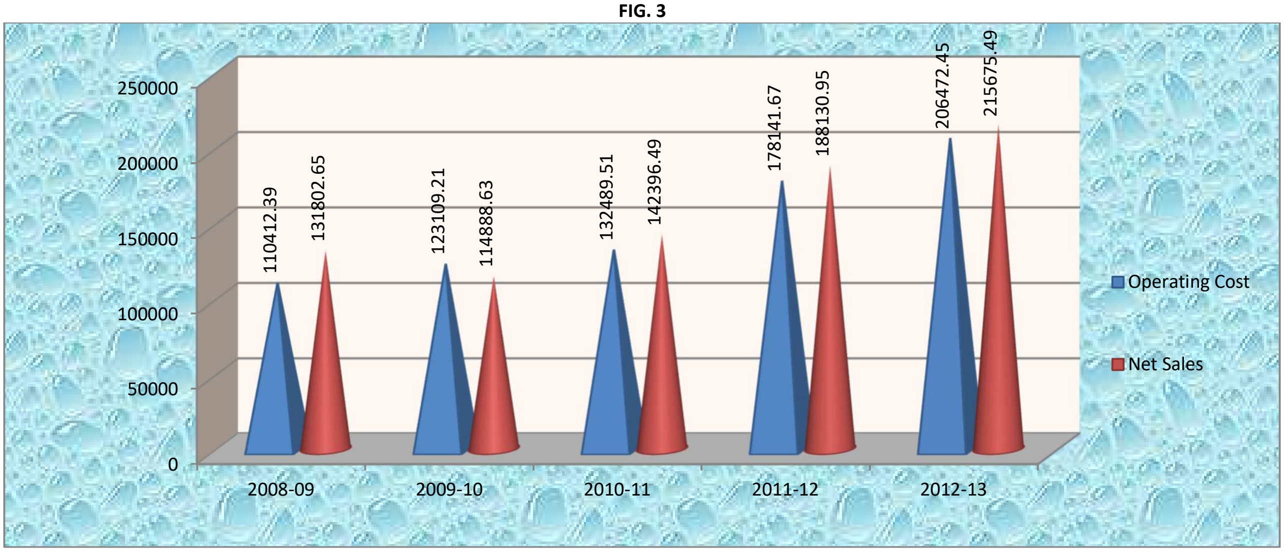
Source: Published annual report of HPCL 2008-13

ANALYSIS AND INTERPRETATION

The operating ratio of Hindustan Petroleum Corporation Ltd. remained at an average of 94.85% during the five year of the study, which is quite high as compared to what standard. It means only 10% - 20% were available to come interest income tax and dividend etc. and this situation is not very good. In the year 2008-09, the operating ratio was 83.77%, which is increase in the year 2009-10 by 107.15%. This is the highest share during the five year of study. In 2010-11, the ratio has slightly decreased by 93.04%, but again it has increased in 2011-12 – 964.6% and 2012-13, 95.77%. A low operating profit ratio is the sign of good efficiency with which the firm carries out its operations operating ratio has a fluctuation trend because sales were continuously increased but operating cost not increased as sales.

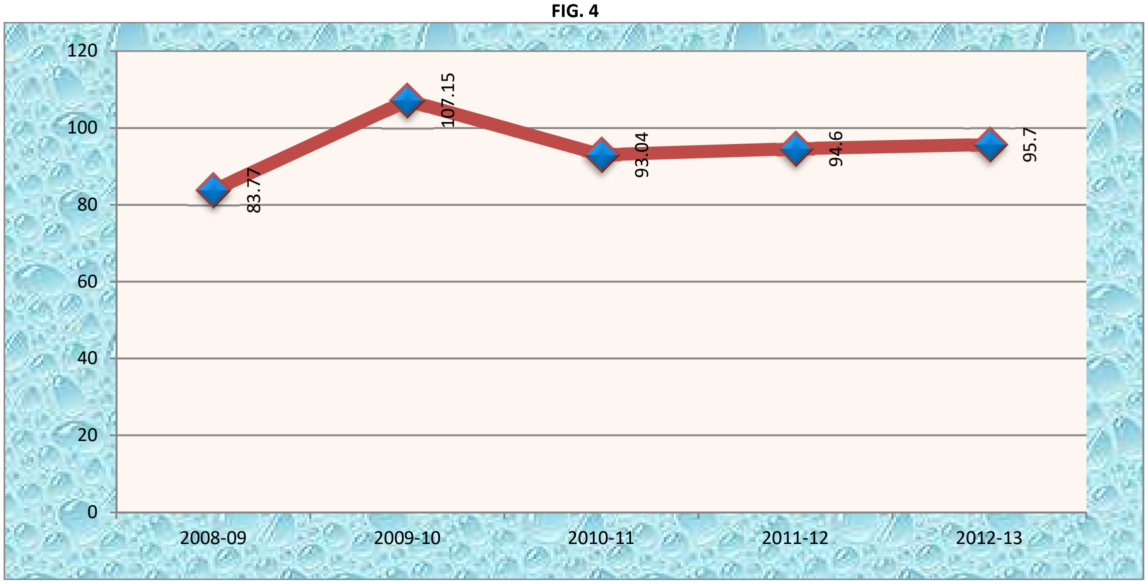
OPERATING RATIO

FIG. 3



OPERATING RATIO (in %)

FIG. 4



NET PROFIT RATIO

Net Profit Ratio is establishes a relationship between Profit after tax and Net sales, and indicate the efficiency of the management in manufacturing, selling, administrative and other activities of the company. This ratio is overall measures the company's profitability. In other words Net profit s obtained when operating expenses, interest and taxes had subtracted from the gross profit. It shows the portion of sales has left to the proprietors after all cost; charges and expenses have been deducted. The formula of calculating net profit ratio is follows: This ratio is widely used as a measure of overall efficiency and is very useful to the proprietors. There is no particular norms to interpret the ratio, however highest the ratio; the better is the profitability, but while interpreting the ratio is should be kept in mind that the performance of the profit is must also be seen in relation to investment or capital of the company.

$$\text{Net Profit Ratio} = \frac{\text{Net Profit (after tax)}}{\text{Net Sales}} \times 100$$

NET PROFIT RATIO

TABLE 3

Year	Net Profit (in millions)	Net Sales (in millions)	Ratio (in percentage)
2008-09	574.98	131802.65	0.43
2009-10	1301.37	114888.63	1.13
2010-11	1539.01	142396.49	1.08
2011-12	911.43	188130.95	0.48
2012-13	904.71	215675.49	0.42

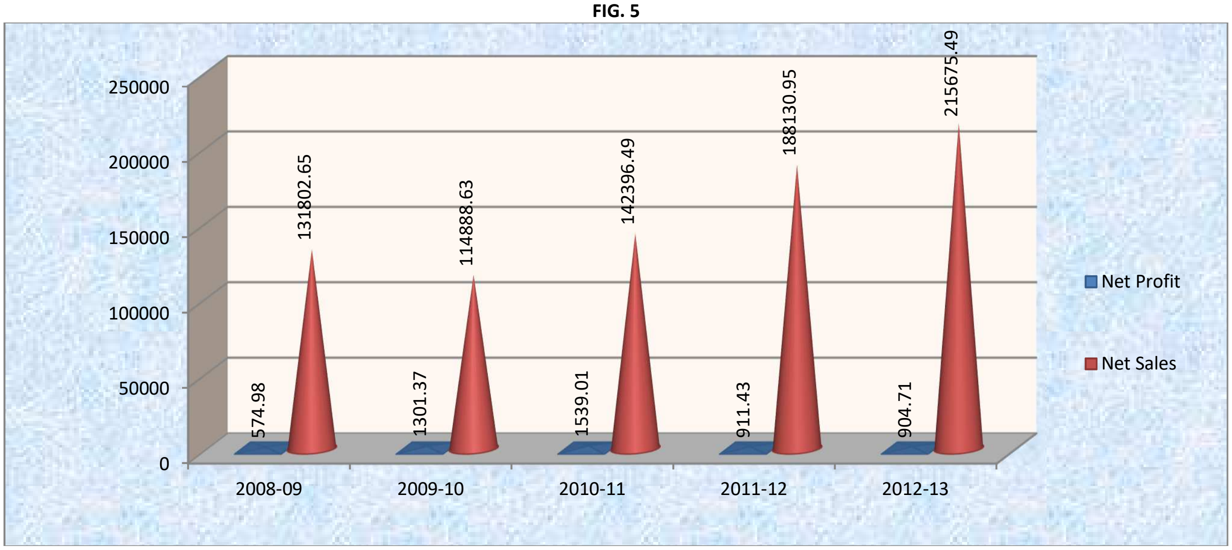
Source: Published annual report of HPCL 2008-2013

ANALYSIS AND INTERPRETATION

The net profit ratio is calculated for Hindustan Petroleum Corporation Ltd. has range of 0.42% to 1.13% during the five year of the study. The average of this ratio was 0.70%. The ratio was 0.43%, in the year 2008-09 It was increased in rent two years 1.13% and 1.08%. This was the highest ratio during the five year of study. In the year 2011-12, it was decreases up to 0.48% because their net sales increases but net profit increases similarly in the year 2012-13. Net profit again decreases and net sales increases and this is the lowest ratio during the study of five years. The highest ratio shows the better profitability because if the profit is not sufficient the firm shall not be able to achieve a satisfactory return on investment.

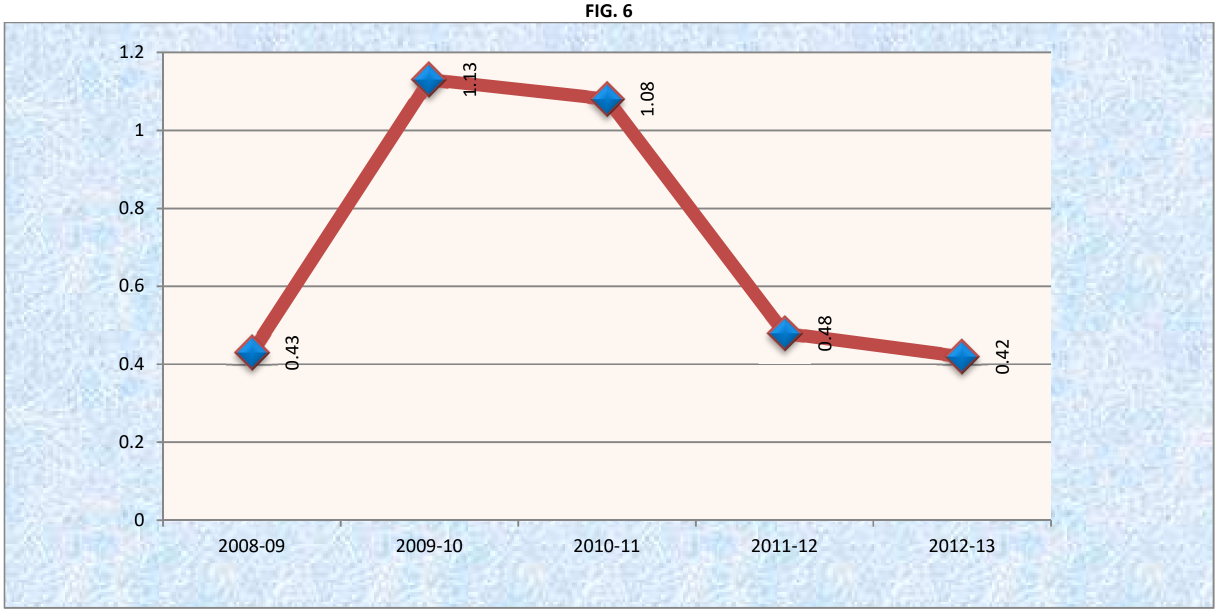
NET PROFIT RATIO

FIG. 5



NET PROFIT RATIO (in %)

FIG. 6



CASH PROFIT RATIO

The net profit of the company are effected by amount / method of depreciation charged. Further, depreciation being non-cash expenses, it is better to calculate cash profit ratio. The formula of calculating net profit ratio is follows:

$$\textbf{Cash Profit Ratio} = \frac{\textbf{Cash Profit}}{\textbf{Net Sales}} \times 100$$

Here, Cash Profit = Net Profit + Depreciation.

Because depreciation is none each expenses and we have to add depreciation in the net profit which is already subtracted from net sales as expenditure, so it is better to calculate cash profit ratio to find out actual situation of cash in the company.

CASH PROFIT RATIO

TABLE 4

Year	Net Profit (in millions)	Net Sales (in millions)	Ratio (in percentage)
2008-09	1556.27	131802.65	1.18
2009-10	2465.77	114888.63	2.14
2010-11	2945.96	142396.49	2.06
2011-12	2624.36	188130.95	1.39
2012-13	2839.13	215675.49	1.31

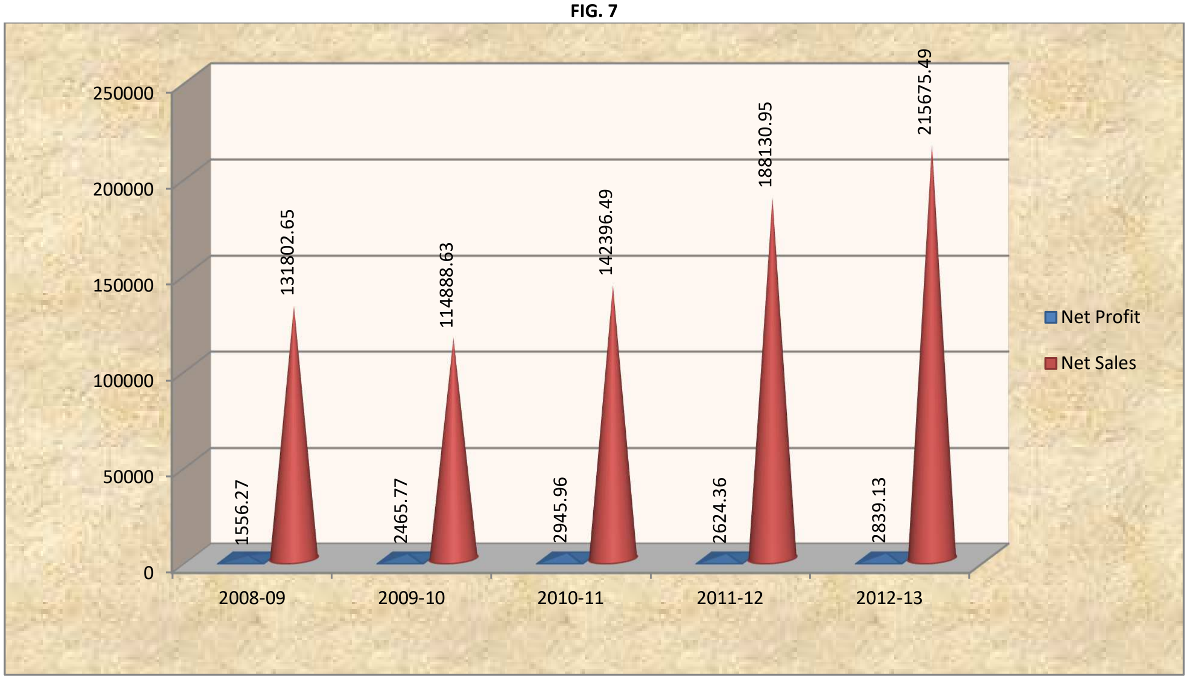
Source: Published annual report of HPCL 2008-2013

ANALYSIS AND INTERPRETATION

The average of cash profit ratio was 1.61% during the five year of the study. In the year 2008-09, there was lowest ratio i.e. 1.18%. But it has increased in next two years 2009-10 i.e. 2.14% and in 2010-11 i.e. 2.06%. In the year 2011-12, the ratio was 1.39% decline and similarly in 2012-13 it was 1.31% because net sales has increased but cash profit has not be increased.

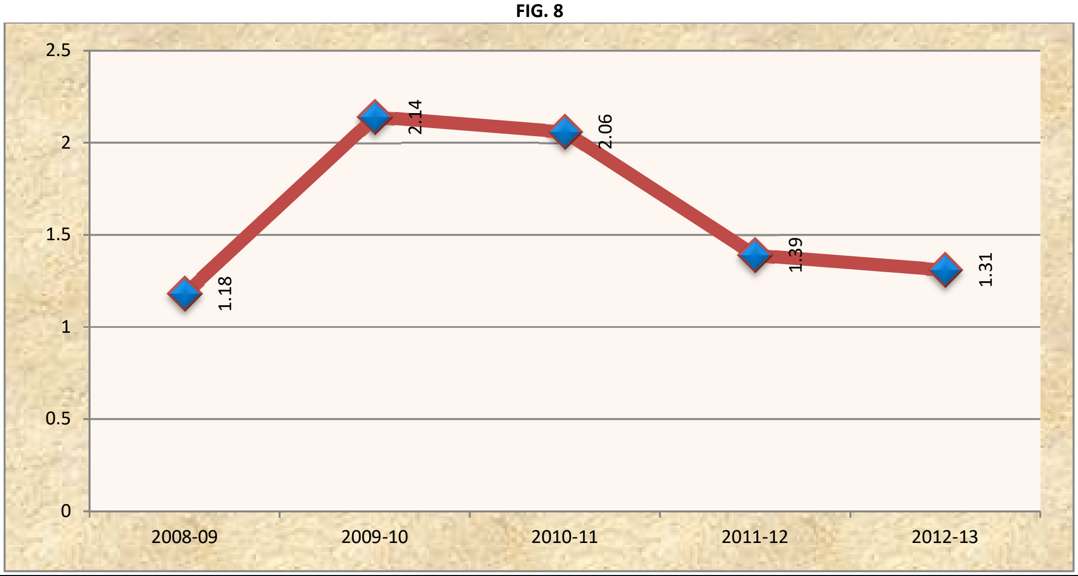
CASH PROFIT RATIO

FIG. 7



CASH PROFIT RATIO (in %)

FIG. 8



B. OVERALL PROFITABILITY RATIO

RETURN ON SHAREHOLDER'S INVESTMENT OR NET WORTH

The term investment may refer to the total assets or net assets. The funds employed in net assets are known as capital employed. The two basic components of this ratio are Net profit and Shareholder's fund. Shareholder's funds equity share capital, preference share capital, free reserves such as share premium, revenue reserve, capital reserve, retained earnings and surplus less accumulated loss if any. Net profit is visualized from the viewpoint of owners that is shareholders. Thus, net profit is arrived at after deducting interest on long-term borrowing and income tax, because those will be the only profit available for shareholders. The formula of calculating Return on shareholder's funds ratio is follows:

$$\text{Return on Shareholder's} = \frac{\text{Net Profit (after Tax)}}{\text{Investments Shareholders fund}} \times 100$$

To sum up: Shareholder's investments =Equity share capital +Preference share capital + Reserve and Surplus — accumulated loss (if any).

This ratio is one of the most important ratios used for measuring the Overall efficiency of the company. This ratio indicates the extent to which the primary objective earning maximization is being achieved.

TABLE 5: RETURN ON SHAREHOLDER'S INVESTMENT OR NET WORTH

Year	Net Profit after tax (in crore)	Shareholder's funds (in crore)	Ratio (in percentage)
2008-09	574.98	10730.63	5.35
2009-10	1301.37	11557.97	11.25
2010-11	1539.01	12545.80	12.26
2011-12	911.43	13133.51	6.93
2012-13	904.71	13737.39	6.58

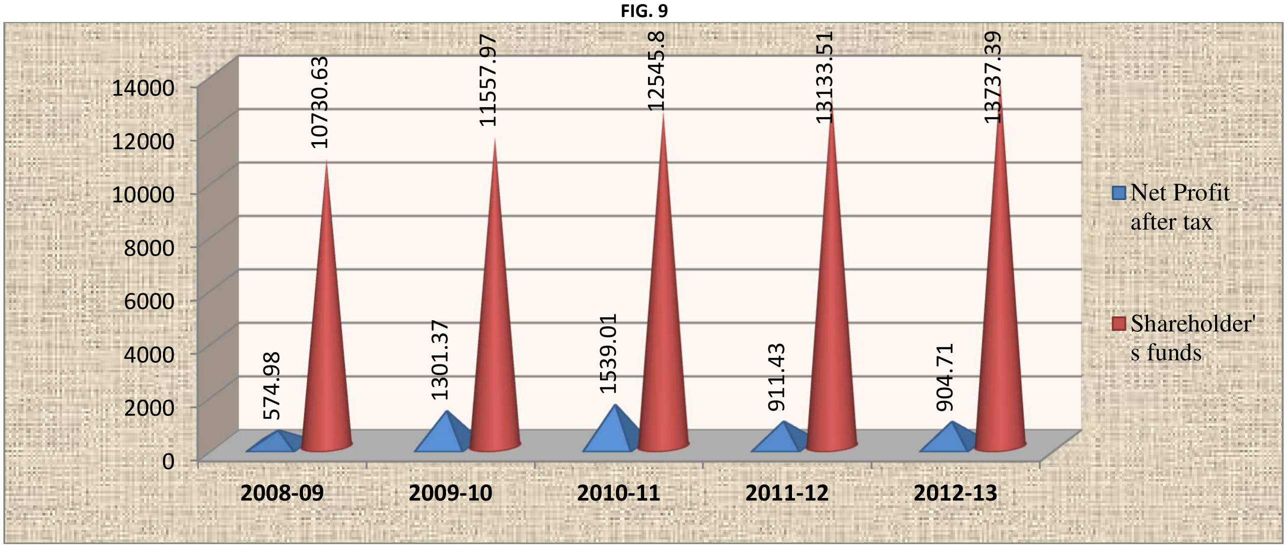
Source: Published annual report of HPCL from 2008-13

ANALYSIS AND INTERPRETATION

The average of Return on shareholder's investment was 8.474%. In the year 2008-09, the ratio was 5.35% and in the next two year, the ratio has increased up to 11.25% in the year 2009-10 and 12.26% in the year 2010-11. It was the highest ratio during the five year of the study because the net profit and shareholders both has increased; however, after it has decreased in the year 2011-12 and 2012-13 was 6.93% and 6.58%, respectively. Because the net, profit decreased against shareholder's fund. The company should try to keep high rate of return on shareholder's fund, it shows the better profitability of the company. The increased ratio is the sign of efficient operational quality of the company.

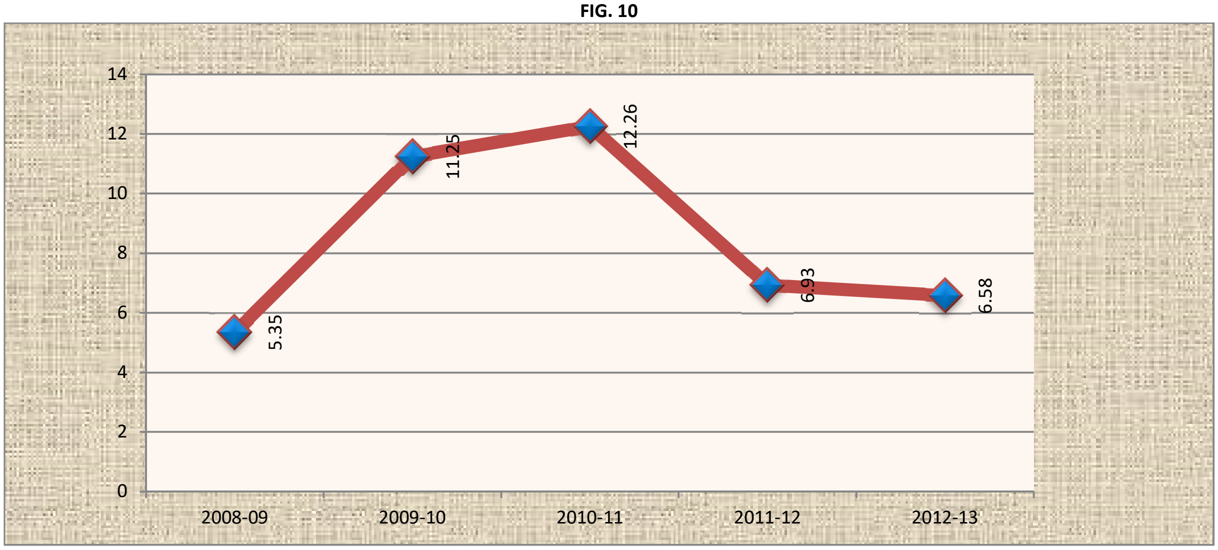
RETURN ON SHAREHOLDERS FUND RATIO

FIG. 9



RETUNE ON SHAREHOLDERS FUND RATIO (in %)

FIG. 10



PROPRIETOR'S CAPITAL EMPLOYED

Proprietor's Capital Employed means shareholders' funds or investments in the business. This term is same as Return on shareholders' Investments (ROI) or Return on Capital Employed. The formula of calculating Proprietor's Net capital employed ratio is follows:

$$ROI = \frac{\text{Operating Profit}}{\text{Net Capital Employed}} \times 100$$

Here; Proprietor's Net Capital Employed = Fixed Assets + Current Assets – Outside Liabilities

For the purpose of this study Net capital Employed and Operating profit has been taken in to account. There is no particular norm to interpret this ratio; the more efficient company is the company in using funds entrusted to it and better economic condition of the enterprise.

PROPRIETOR'S CAPITAL EMPLOYED

TABLE 6

Year	Operating Profit	Net Capital Employed	Ratio (in percentage)
2008-09	21390.26	4237.22	504.81
2009-10	8220.58	4086.83	201.17
2010-11	9906.98	6984.37	141.83
2011-12	9989.27	28406.99	35.16
2012-13	9203.04	32982.08	27.90

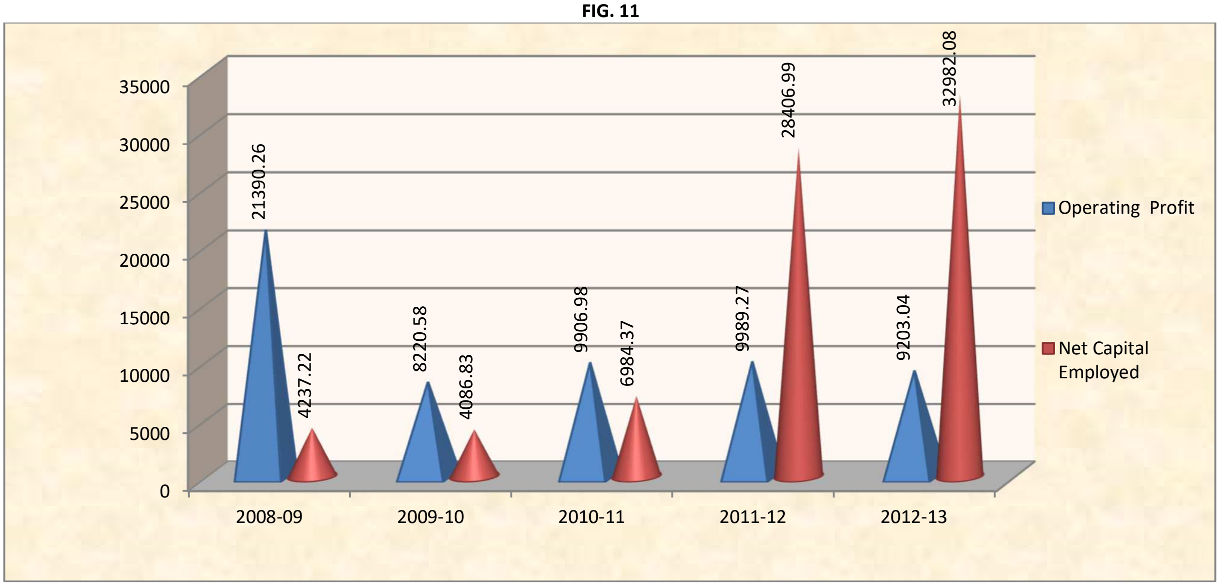
Source: Published annual report of HPCL from 2008-2013

ANALYSIS AND INTERPRETATION

The average of return on proprietor's net capital employed was 182.04%. In the year 2008-09, the ratio was 504.81%, it was the highest ratio during the five year of the study, because there was net profit and proprietor's net capital employed both has increased but net profit much increased than proprietor's net capital employed after it has decreased in the year 2010-11 and 2011-12 was 141.83% and 35.16% respectively, because the net profit of the company has not as increased as net capital employed by proprietor's or invested in the business in that particular year. In the last year 2012-13 the net profit decreased against proprietor's net capital employed that's why it was the lowest ratio during the five year of study. It means they could not get that much profit which net capital they had invested. Thus, company should try to keep high rate of return on net capital employed it shows the efficiency with which management has effectively utilized funds provided by owners and long term creditors.

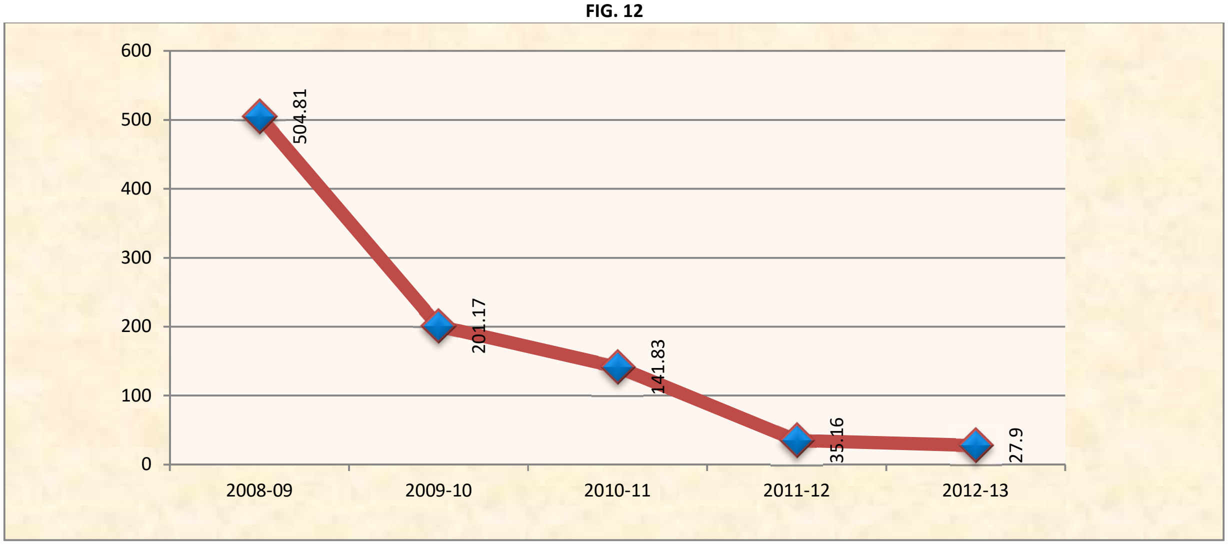
PROPRIETORS CAPITAL EMPLOYED RATIO

FIG. 11



PROPRIETORS CAPITAL EMPLOYED RATIO (in %)

FIG. 12



HYPOTHESIS TESTING

Hypothesis of the study is:

Ho -There is no significance difference in the Net Profit of HPCL

For the calculation of t-test, we have to calculate the value of r = 0.69. By applying t-test, the calculated value is 4.05 and from the t distribution with 3 degrees of freedom for a 5%, level of significance the table value is 5.841. Then we compare the table and calculated value, we find that, table value is more than calculated value i.e. 5.841> 4.05 Thus we concluded that, this r of 0.69 for n=5 are not significantly different from zero

Hence, null hypothesis is accepted.

TABLE 7

Value of r	Table value at 5% level of significance	Calculated value	Interpretation	Result
0.69	5.841	4.05	5.841>4.05	Null Hypothesis accepted

FINDINGS & SUGGESTION

1. Companies net profit (after tax) does not show the increasing trend of profit and it is decreasing continuously in the year 2011-12 and 2012-13, which is an indication of improving condition of business,. Because it shows the efficiency of the management in manufacturing selling, administrative and other expenses and it is obtained when operating expenses, interest and taxes are subtracted from the gross profit. Therefore, it is suggested to management to concentrate on decreasing operating cost and increasing operating profit for profitability of the Hindustan Petroleum Corporation Limited.
2. Company's average operating Ratio was 94.85% this shows high operating cost during five year of study, which is not good for the profitability because low operating cost always desirable for companies. Therefore, it is suggested to HPCL to do efforts on decreasing their operating cost.
3. Company is suggested to keep try high returns on capital invested by owners and creditors, because the high returns on capital employed or total assets turnover has indicated the operational efficiency of the business.

LIMITATIONS OF THE STUDY

- This study is based on secondary data.
- The reliability of data is totally depended on the audit reports available.
- This study has specific and limited time period 2008-9 to 2012-13

SCOPE FOR FURTHER RESEARCH

Scope means the area or the coverage of the study where the work done will be useful for further research and developments. The study, profitability analysis of Hindustan Petroleum Corporation limited is very helpful for the oil and gas industry. It gives an idea to petroleum companies about their grey areas and how to improve their financial weaknesses. On the basis of the study future researcher may study other aspects like capital structure analysis, financial appraisal, working capital analysis etc. This study is also beneficial for all stakeholders like shareholders, Investors, Creditors, general public and Government. The study is also helpful for researchers who want to know about the study and its conclusion for further research.

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19. Annual Report of H.P.C.L. of the year 2008-09
20. Annual Report of HPC in the year 2011-12
21. Annual Report of HPC in the year 2012-13
22. Annual Report of HPCL Ltd. of the year 2009-10
23. Annual Report of HPCL year 2010-11

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