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# FINANCIAL PERFORMANCE OF PUBLIC ENTERPRISES AT BHARAT PETROLEUM CORPORATION LTD

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**ABSTRACT:** Businesses in the public sector are essential to the development of a thriving economy, as they contribute to the expansion of new industries, jobs, and tax revenue. Bharat Petroleum Corporation Limited (BPCL) is a significant public sector oil and gas corporation in India and is a critical component of the energy sector. The purpose of this investigation is to evaluate the financial performance of BPCL over a specific time frame by emphasizing critical variables, including operational efficacy, liquidity, solvency, and profitability. The study evaluates fluctuations in sales, net profit, return on investment, and other pertinent financial metrics by examining financial statements, including the income statement, balance sheet, and cash flow statement. Despite the research's emphasis on BPCL's operational performance and revenue generation, it also identifies obstacles that affect profitability, including the unpredictable global oil price and operational expenses. Additionally, the report offers suggestions for enhanced strategic planning and financial management, in addition to describing BPCL's sustainability and financial health. The results are intended to serve as a benchmark for the evaluation of the efficacy and impact of public sector enterprises by policymakers, investors, and other stakeholders in India's energy sector, according to researchers.

**Keywords:** *Public Sector Enterprises, Bharat Petroleum Corporation Limited (BPCL), Financial Performance, Profitability, Liquidity, Solvency, Operational Efficiency,*

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## 1. INTRODUCTION

Financial performance is employed by analysts and investors to evaluate comparable organizations within the same industry or to investigate entire sectors or industries. The term is also employed to denote the overall financial well-being of a company over a specific period of time.

Public firms are essential to the economic development of a nation, as they guarantee a consistent supply of essential goods and services, foster industrialization, and create employment opportunities. In contrast to for-profit enterprises, these organizations are predominantly owned and controlled by the state, and their primary objectives are the promotion of social and national objectives in addition to financial gain. The evaluation of their financial performance is essential for comprehending the effectiveness of their management of public funds, cost control, and the attainment of social and economic objectives.

Many indicators, including operational efficiency, liquidity, solvency, and profitability, are taken into account when evaluating the fiscal health of government agencies. These metrics can be employed by the public at large, legislators, and investors to evaluate the

organization's success in meeting its objectives within the allocated budget. Regular evaluation of financial performance also ensures that public firms make the most effective contributions to national development by providing insights for policy formation, strategic planning, and enhancing accountability.

A business's financial success is contingent upon these five factors: assets, liabilities, revenue, expenditures, equity, and profitability. A thorough examination of the organization's financial statements is implemented. Accountants evaluate a company's annual report, income statement, balance sheet, and cash flow statement.

- A company's capacity to manage its finances is quantified by its financial performance. Companies intend to enhance cash flow, decrease expenses, increase income, and fortify their capital structure in response to the findings.
- The financial performance of an organization is indicative of its proficiency in financial management. Assets, liabilities, income, expenses, equity, and profitability are all critical components of a business's evaluation.
- Financial ratios are indispensable. A company's financial condition is assessed through its financial statements.
- Financial performance metrics encompass a variety of metrics, such as working capital, net profit margin, return on equity, return on asset, total asset turnover, inventory turnover, working capital to equity, debt-to-equity ratio, equity multiplier, and operating cash flow.

## 2. LITERATURE SURVEY

Ramadhan, Y., Ramdani, N. A., S., & Roviuddin, R. (2025). This study examines the potential applications of Bank Neo Commerce's financial statements from 2023 in the context of investor decision-making. They implemented quantitative methodologies, including investor surveys and financial ratio analyses. The results indicated that profitability, liquidity, and solvency indices had a significant impact on investor confidence and judgments. This research underscores the significance of credible financial reporting in the development of trust between financial institutions and their constituents.

Letty Risanli, V., Safitri, J., & Yuniarti, R. (2025). The role of trustworthy financial reporting as a mediator between business practices and stock price is the subject of this investigation. The study employs statistical modeling to ascertain whether and by what extent reporting accuracy enhances investor confidence, utilizing a cross-section of industries and business categories.

Lawal, T. (2024). The objective of this investigation is to investigate the impact of the COVID-19 pandemic on the timely financial reporting of publicly traded businesses. The research determined that report submissions were significantly delayed as a result of lockdowns, remote operations, and regulatory extensions. The research indicates that investors were unimpressed by the extended reporting delays, which implies a lack of confidence in the transparency of companies.

Gokhale, M., & Pillai, D. (2024). This paper offers a thorough examination of profit management strategies in developing economies, with an emphasis on variables at the firm and national levels. It classifies the factors that contribute to profit manipulation, such as the

efficacy of the board, the concentration of ownership, regulatory frameworks, and cultural effects. In countries with inadequate investor protections and feeble regulatory frameworks, researchers discovered that profits management is more prevalent.

Trisnaningsih, S., & Pitaloka, R. (2023). This article examines the preparation of financial statements through the lens of behavioral accounting. Some of the behavioral and psychological aspects that are examined in relation to their impact on accounting systems include cognitive bias, decision-making tendencies, and perception. The study discovered that the impartiality and reliability of financial accounts are influenced by human error.

Lessambo, F. I. (2022). This work offers a thorough comprehension of financial statements and their application in financial analysis, reporting, and valuation. It provides an explanation of the fundamentals of generating income, balance, and cash flow statements that are consistent with international accounting standards. This book explores the subject of financial statements, which are utilized by analysts, investors, and managers to evaluate the performance of companies and make informed decisions.

### 3. TYPES OF FINANCIAL ANALYSIS

The most well-known sorts of monetary investigation are:



#### **Vertical Analysis:**

This financial analysis divides the pay statement into its component parts and then examines the income portion in order to convey the results as a rate.

A comparison to other companies in the same or similar industry may shed light on the efficacy with which the company is conducting its operations.

#### **Horizontal Analysis:**

In order to determine a development rate, even for an examination, a substantial quantity of financial data must be gathered and compared.

This information can be employed by an inspector to identify trends and evaluate the health of a company.

#### **Leverage Analysis:**

Leverage ratios are among the most well-known methods by which auditors evaluate the efficacy of a company's operations.

In the same way as total obligation, a single financial metric may not be particularly insightful on its own. Consequently, it is beneficial to compare it to the company's total value in order to obtain a comprehensive understanding of the capital structure.

### **Growth Rates:**

The examination of actual and projected development rates is a significant component of the responsibilities of a financial investigator.

### **Profitability Analysis:**

One type of salary declaration test is productivity, which entails an expert assessing the financially enticing aspects of a business.

### **Liquidity Analysis:**

The accounting report serves as the foundation for this financial analysis method, which emphasizes an organization's ability to fulfill short-term obligations that will be due within a year.

### **Efficiency Analysis:**

A solid financial analysis is incomplete without proficiency ratios. These ratios enable one to evaluate the efficiency of a business in managing its resources and converting them into currency.

### **Cash Flow:**

The financial sector frequently asserts that cash is the monarch, which is why the ability of a company to generate income is highly regarded.

Various kinds of financial experts dedicate a significant amount of time and energy to the examination of companies' revenue profiles.

### **Rates of Return:**

The ultimate objective of the majority of financial enthusiasts, moneylenders, and money specialists is to achieve a risk-adjusted rate of return through an investment.

Consequently, it is imperative for the organization to oversee the ROI rate. The following are a few examples of rates of return metrics:

- Return on equity (ROE),
- Return on Assets (ROA)
- ROIC, or return on invested capital
- Potential Earnings
- Earnings from the Investment
- The rate at which money is generated in the field of accountancy
- The internal rate of return, or IRR,

### **Valuation Analysis:**

Financial models are developed in Excel by specialists in the field, as the calculation of a company's value is a critical component of financial research. This process requires a significant amount of effort.

Experts in the field must implement a diverse array of methodologies to evaluate the value of a company in order to obtain an impartial evaluation.

### **Cost Approach**

- The cost of construction or repair
- Value-based commercial strategy

- Comparative analysis of entities that are similar
- Swaps in relative perspectives
- Value at Birth
- Examining low-income households

### **Scenario and Sensitivity Analysis:**

Scenario and response analyses are also included in financial demonstration and valuation as a method of assessing risk.

The development of a model to value a firm is fundamentally fraught with inherent doubt, as it entails an attempt to predict the future.

A business can prepare for the future by conducting a responsiveness study and developing scenarios, which can be beneficial or detrimental.

Such scenarios are frequently developed by financial planning and analysis (FP&A) administrators to aid their customers in the development of financial plans and statistics.

### **Variance Analysis:**

The gold standard for comparing real outcomes to predetermined objectives or hypotheses is fluctuation analysis.

In particular, financial and accounting professionals depend on it as a fundamental component of their organization's strategic planning and preparation processes.

## **4. POLICY IMPACT ON PUBLIC ENTERPRISES' PERFORMANCE**

### **Financial Reforms and Profitability**

The profitability of public enterprises is immediately impacted by government policies, including subsidies, tax benefits, and price controls. Earnings are enhanced while expenses are reduced by advantageous enhancements. In contrast, the potential for strict government oversight to reduce competitiveness and squeeze profit margins exists.

### **Investment and Capital Allocation**

Sustainability is ultimately enhanced by policies that prioritize infrastructure, technology, and modernization expenditures. Government investments facilitate the expansion of businesses. Conversely, development may be restricted by inadequate allocations or delayed funds.

### **Autonomy and Decision-Making**

A policy change that increases the amount of discretion available to management enhances accountability and efficiency. Companies that exhibit robust autonomy in decision-making tend to thrive in dynamic marketplaces. Things become inefficient and sluggish when there is an excessive amount of bureaucracy.

**Privatization and Disinvestment Policies** Policies that advocate for partial privatization or disinvestment have an impact on ownership composition and financial stability.

### **Regulatory Environment**

Operational expenses are influenced by stringent compliance mandates, including those established by environmental, labor, and public safety laws. Stability and an enhanced reputation are the results of regulatory policies that are beneficial. However, the frequent

occurrence of policy changes has an impact on planning, resulting in an increase in uncertainty.

**Globalization and Trade Policies**

Publicly traded companies are subject to competition from around the globe as a result of government trade and liberalization programs. Beneficial trade agreements can facilitate the expansion of new markets and the enhancement of income.

**Technology and Innovation Policies**

The efficacy and delivery of services are enhanced by policies that promote innovation, research and development, and digitization. Competitiveness is enhanced by government assistance in the implementation of contemporary technologies. Conversely, enterprises may become obsolete if governments neglect to prioritize innovation.

**Social Welfare and Employment Policies**

A prevalent expectation of public companies is that they will be able to generate revenue while simultaneously making a positive impact on society by implementing initiatives such as employment creation. Welfare-focused policies may result in an increase in social trust, but they may also lead to a decrease in fiscal efficiency. Sustainability is ultimately determined by the ability to maintain a balance between monetary and social objectives.

**5. DATA ANALYSIS AND INTERPRETATION**

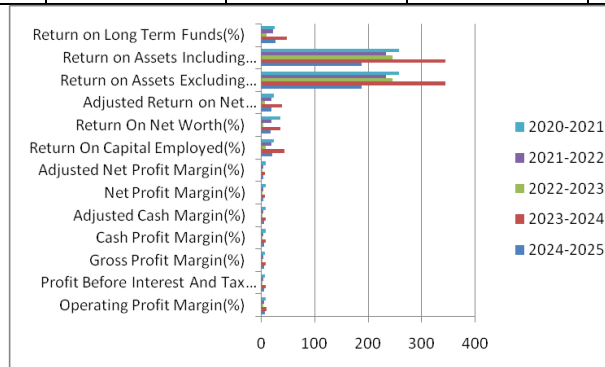
**CASH FLOW OF BPCL**

Cash Flow	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021
Net Profit Before Tax	17664.33	35548.37	2216.7	11913.44	22617.58
Net Cash From Operating Activities	23604.83	35762.21	10664.05	20049.25	20128.43
Net Cash (used in)/from Investing Activities	-18795.63	-11661.16	-6397.31	-7167.07	2071.41
Net Cash (used in)/from Financing Activities	-4916.09	-25466.04	-3665.87	-18697.08	-15622.27
Net (decrease)/increase In Cash and Cash Equivalents	-106.89	-1364.99	600.87	-5814.9	6577.57
Opening Cash & Cash Equivalents	516.33	1881.32	1280.45	6478.94	-98.63
Closing Cash & Cash Equivalents	409.44	516.33	1881.32	664.04	6478.94

**PROFITABILITY RATIOS**

Profitability Ratios	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021
Operating Profit Margin(%)	5.78	9.85	2.31	4.46	7.36
Profit Before Interest And Tax Margin(%)	4.11	8.3	0.96	3.13	5.55

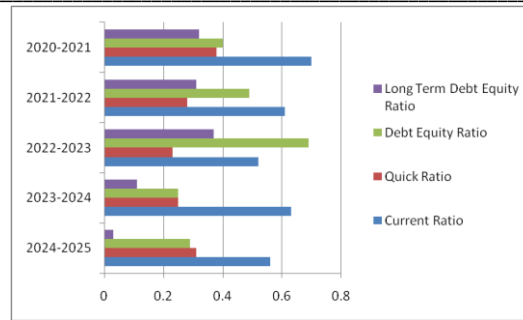
Gross Profit Margin(%)	4.14	8.34	0.97	3.15	5.65
Cash Profit Margin(%)	5.02	7.81	2.01	3.73	6.99
Adjusted Cash Margin(%)	5.02	7.81	2.01	3.73	6.99
Net Profit Margin(%)	3.01	5.95	0.39	2.42	8.18
Adjusted Net Profit Margin(%)	2.99	5.92	0.39	2.4	8.03
Return On Capital Employed(%)	20.45	42.61	7.73	18.77	23.08
Return On Net Worth(%)	16.39	35.71	3.59	17.69	35.46
Adjusted Return on Net Worth(%)	18.58	38.12	6.21	17.84	23.45
Return on Assets Excluding Revaluations	186.61	344.24	244.18	233.25	256.52
Return on Assets Including Revaluations	186.61	344.24	244.18	233.25	256.52
Return on Long Term Funds(%)	25.65	47.88	9.5	21.25	24.74



**INTERPRETATION:** The profitability ratios exhibit substantial fluctuations over the past five years, which is indicative of evolving market conditions and operational efficiency. From their zenith in 2023–2024 to 2024–2025, operating, gross, and net profit margins all experienced a decline, indicating a decrease in profitability. Despite the fact that they are lower than previous highs, net worth, long-term funds, and returns on capital employed are all above average, suggesting that resources are being used efficiently.

### LIQUIDITY AND SOLVENCY RATIOS

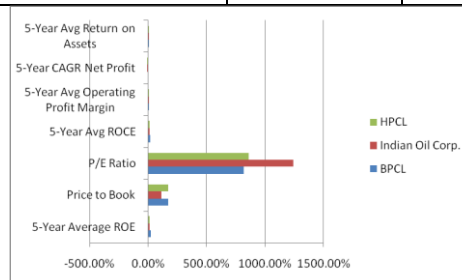
Liquidity And Solvency Ratios	2024-2025	2023-2024	2022-2023	2021-2022	2020-2021
Current Ratio	0.56	0.63	0.52	0.61	0.7
Quick Ratio	0.31	0.25	0.23	0.28	0.38
Debt Equity Ratio	0.29	0.25	0.69	0.49	0.4
Long Term Debt Equity Ratio	0.03	0.11	0.37	0.31	0.32



**INTERPRETATION:** The firm's liquidity ratios decreased to 0.31 and 0.56 in 2024–2025, respectively, which is below the target level of 1.0. This suggests that the company's short-term finances are in a precarious state. This implies that the current liquid assets are insufficient to satisfy the current liabilities. The solvency ratios demonstrate a low dependence on debt, as evidenced by a debt-to-equity ratio of 0.29 and a long-term debt-to-equity ratio of 0.03. Thus, the financial structure is robust. The company's short-term liquidity management requires improvement, despite its robust financial position.

### FINANCIAL PERFORMANCE METRICS

Metric	BPCL	Indian Oil Corp.	HPCL
5-Year Average ROE	21.71%	15.04%	14.26%
Price to Book	1.74	1.12	1.72
P/E Ratio	8.15	12.4	8.59
5-Year Avg ROCE	17.66%	14.60%	10.86%
5-Year Avg Operating Profit Margin	6.54%	7.44%	3.54%
5-Year CAGR Net Profit	-3.77%	-8.87%	-8.78%
5-Year Avg Return on Assets	7.36%	4.94%	4.12%



**INTERPRETATION:** BPCL's 5-year average ROE (21.71%) and ROCE (17.66%) are higher than those of its competitors, indicating its efficient use of capital and strong profitability. The operating profit margin of the company is slightly lower than that of Indian Oil Corp., indicating moderate operational efficiency. However, the company is adequately valued, with a reasonable price-to-earnings and price-to-book ratio. Despite the fact that BPCL has a negative 5-year net profit CAGR, it has stronger returns on equity and assets than HPCL and Indian Oil combined, which suggests that it will have greater long-term financial success.

## 6. CONCLUSION

In conclusion, the financial success of public enterprises is a critical determinant of their efficacy, longevity, and contribution to the expansion of the nation's economy. Inefficient bureaucracy, low innovation rates, and budget overruns are common obstacles that companies in this sector encounter. However, with the appropriate strategic planning, these obstacles can be surmounted, and they can achieve significantly superior results. Public firms can achieve operational efficiency and profitability by concentrating on income diversification, stringent cost management, sound financial planning, and smart asset use. Investing in staff performance and training cultivates a productive and innovative work environment, while enhancing governance, transparency, and accountability secures the support of stakeholders.

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