A Project Report on

Financial Statement Analysis of Indian Oil Corporation Limited.

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1. INTRODUCTION

Oil & Gas is one of the most important sources of energy and is considered the lifeline of any economy. Oil and gas sector constitutes about 40% of primary energy sources in India. Oil and gas is one of the six core industries in India and has a very significant forward linkage with the entire economy. India is the fifth largest consumer of petroleum in the world and ninth largest crude oil importer. Keeping in view the above facts, the usefulness of study becomes crucial for providing better understanding to the various stakeholders for their fruitful investments.

The present study will contribute to the enhancement of knowledge and ability of various stakeholders such as shareholders, investors, suppliers, creditors, government bodies, etc. analyze and understand the financial statements easily.

Financial analysis is essential for every firm/company to evaluate its performance in all financial aspects. It is the process of identifying the financial strength and weakness of the firm/company and a tool to compare with industry's financial health. One of the most important and powerful tools of financial analysis is ratio analysis. It indicates the effectiveness of long term as well as short-term financial policies of the firm/company.

Financial analysis of Indian Oil Corporation Limited and its financial position can be well judged by Solvency ratio (Debt-Equity ratio, Debt Ratio, proprietary ratio

CONCLUSION:

- The company has earned highest profitability ratio in the year 2021
- Decrease in reserves and surplus has reduced the shareholder's fund. Shareholders' fund must have a stable growth and debts must be controlled.
- A higher interest coverage ratio indicates stronger financial health – the company is more capable of meeting interest obligations.
- Net profit is unstable which is not favorable for future growth.
- A higher operating margin is more favorable compared with a lower ratio because this shows that the company is making enough money from its ongoing operations to pay for its variable costs as well as its fixed costs.
- A high gross profit margin indicates that a company is successfully producing profit over and above its costs.
- A company might have a negative cash flow from investing activities because management is investing in long-term assets that should help the company's future growth.
- A positive number for cash flow from financing activities means more money is flowing into the company than flowing out, which increases the company's assets.
- Companies with a healthy amount of cash and cash equivalents can reflect positively in their ability to meet their short-term debt obligations.
- Investors will often specifically look for companies with an upwardly trending cash flow from operating activities.
- Incomes are more than its expenses