Edelweiss
Ideas create, values protect

Date: 24.03.2018

TO WHOMSOEVER IT MAY CONCERN

Project Certificate

This is to certify that **Ms. NAZAMA ANGADI, USN: 1AY16MBA46**, MBA in Finance from The Acharya Institute of Technology, Bangalore has successfully completed project work on "**A Study on Fundamental Analysis of Selected Oil and Gas Companies at Edelweiss Broking Limited, Bangalore.**" under the guidance of **Mr. SATYANDRAKUMAR** Sales Manager at Edelweiss Broking Limited, Bangalore from 15.01.2018 to 24.03.2018.During her stay at Edelweiss Broking Limited, his character was found good.

We wish **Ms. NAZAMA ANGADI,** ALL THE BEST in his future endeavors

Edelweiss Broking Ltd. Bangalore

Authorized Signatory

ACHARYA INSTITUTE
OF TECHNOLOGY
(Affiliated to Visvesvaraya Technological University, Belagavi, Approved by AICTE, New Delhi and Accredited by NBA and NAAC)

Date: 26/05/2018

CERTIFICATE

This is to certify that **Ms. Nazama Angadi** bearing **USN 1AY16MBA46** is a bonafide student of Master of Business Administration course of the Institute 2016-18 batch, affiliated to Visvesvaraya Technological University, Belgaum. Project report on **"A Study on Fundamental Analysis of Selected Oil and Gas Companies at Edelweiss Broking Ltd" Bangalore** is prepared by her under the guidance of **Dr. Virupaksha Goud G,** in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belgaum, Karnataka.

Signature of Internal Guide

Signature of HOD
Head of the Department
Department of MBA
Acharya Institute of Technology
Soldevanahalli, Bangalore

29 Mar 18
Signature of Principal
PRINCIPAL
ACHARYA INSTITUTE OF TECHNOLOGY
Soldevanahalli Bangalore-560 107

DECLARATION

I, NAZAMA ANGADI bearing USN 1AY16MBA46 hereby declare that the project report with reference to " A study on fundamental analysis of selected oil and gas companies at edelweiss broking ltd " prepared by me under the guidance of Dr. Virupaksha Goud Faculty of MBA, Acharya Institute Of Technology and external assistance by Satyendrakumar, sales manager Edelweiss broking ltd.

I also declare that this project work is towards the partial fulfillment of the university regulations for the award of degree of Masters of Business Administration by Visvesvaraya Technological University, Belgaum.

I have undergone project for a period of ten weeks. I further declare that this report is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other university/Institution.

Place: Bangloae
Date: 29-05-2018

Signature of the student

ACKNOWLEDGEMENT

I deem it a privilege to thank our Principal Dr. Sharanabasava C Pilli, Dr. Mahesh, Dean Academics and our HOD Dr. Nijaguna for having given me the opportunity to do the project, which has been a very valuable learning experience.

I am truly grateful to my internal research Guide Dr. Virupakasha Goud, MBA, Acharya Institute Of Technology and external guide Sathyendra kumar, sale manger, Edelweiss broking ltd Bangalore, , for their research guidance, encouragement and opportunities provided.

I wish to thank all the respondents from the firms who spent their valuable time in discussing with me and giving valuable data by filling up the questionnaire.

My sincere and heartfelt thanks to all my teachers at the department of MBA, Acharya Institute Of Technology for their valuable support and guidance.

Last, but not least, I want to express my deep appreciation to my parents for their unstinted support.

TABLE OF CONTENT

LIST OF TABLES

4.26	Operating profit ratio of IOCL
4.27	Profit before tax of IOCL
4.28	Dividends of IOCL
4.29	Revenue of IOCL
4.30	Net worth of IOCL
4.31	EPS of OIL
4.32	Operating profit of OIL
4.33	Operating profit ratio of OIL
4.34	Profit before tax of OIL
4.35	Profit before tax ratio of OIL
4.36	Dividends of OIL
4.37	Revenue of OIL
4.38	Net worth of OIL

List of graphs

4.26	dividends of HPCL
4.27	revenue of HPCL
4.28	Net worth of HPCL
4.29	EPS of ONGC
4.30	Operating profit of ONGC
4.31	Operating profit ratio of ONGC
4.32	Profit before tax of ONGC
4.33	Profit before tax ratio of ONGC
4.34	Dividends of ONGC
4.35	Revenue of ONGC
4.36	Net worth of ONGC
4.37	EPS of IOCL
4.38	Operating profit of IOCL
4.39	Operating profit ratio of IOCL
4.40	Profit before tax of IOCL
4.41	Dividends of IOCL
4.42	Revenue of IOCL
4.43	Net worth of IOCL
4.44	EPS of OIL
4.45	Operating profit of OIL
4.46	Operating profit ratio of OIL
4.47	Profit before tax of OIL
4.48	Profit before tax ratio of OIL
4.49	Dividends of OIL
4.50	Revenue of OIL

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Executive summary:

The project report of “Fundamental analysis of selected oil and gas companies” is to analysis about the economic, industry, performance of selected companies. The selected companies are BPCL, HPCL, ONGC, IOCL, OIL.

The main objectives of the study is to know performance of selected oil and gas industries in the stock market and to know future potential performance of selected oil and gas companies.

To analyze all the scripts, fundamental analysis is used. In the fundamental analysis, economic indicators, oil and gas industry analysis, ratios of the companies are studies. These are studied to interpret to take investment decisions.

Since petroleum resources are concentrated in few countries market is control by oil producing countries through the cartel formation. If the prices increases then petroleum exploration companies such as ONGC, OIL make profit else petroleum distribution companies such as BPCL, HPCL, and IOCL make profit.

1.1 Introduction:

Indian government has built large number of PUS's since 1950 and then companies have undergone privatization since 1991. Then companies are appear to have huge assets with them. However stock market performance of these companies are not up to the expectations. Our project is intended to take study in depth about these valuable companies to identify the value involved in it.

1.2 Industry profile:

The oil and gas industries play a positive role within the worldwide political and financial state of affairs. It caters to 60% of the world's energy demand. Crude oil, coal, natural gas, nuclear energy and hydropower contributed 38%, 29%, 25%, 2% and 6% of the world's energy demand respectively, with 1% coming from solar, wind, wood, tidal and geothermal sources. India ranks 4th in phrases of oil and petroleum consumption and imports after America, China and Japan. India is taking powerful and efficient steps to broaden diverse renewable energy assets (EIA, June 2014). It is envisioned that oil and natural gas occupy the first and second positions respectively and will become the sector's top power resources through 2040. Global demand for natural fuel will exceed 60%. The increase in oil and gas demand for is anticipated to return from developing international locations like India and China whose oil consumption is expected to increase by 3.8% and a couple of 4% respectively. Therefore, people are trying to take a look at the monetary reputation of decided on oil and gas companies in India.

PROFILE OF SELECTED COMPANIES:

Bharat Petroleum Corporation Ltd (BPCL):

Bharat Petroleum Ltd. is the India's 2nd largest oil company in terms of market share. It has been a front-runner in alternate fuels segmentation. It came in to existence the year 1976 by the reason of Burma shell oil storage and distribution companies' merger. BPCL concentrated on production of Petroleum and petroleum merchandise (byproducts). The Strategic business unit's (SBU) is divided into refinery, retail, Commercial, Lubricating, LPG and Aviation sectors.

In 2001-02 Gas Turbine and Heat Recovery Steam generator the project mission at the cost of Rs. 1750 million. Refinery Modernization projects are being implemented at the cost of Rs. 1.831 billion. In addition this project improves the distillate yield and energy efficiency of the company. BPCL have Allied Retail Business (ARB) and part of regular business. Making it not only the largest supply of non-fuel income in the oil industry but also major leading retail networks in the country, provide quite a number offerings, from the C stores, quick service restaurant gives financial and travel related offerings.

In 2001-02, the cost of production of gas turbines and heat recovery steam generator tasks was Rs. 17.Five million. Refinery modernization initiatives are being applied at the cost of Rs. 18.31 billion. The mission not only increases the organization’s distillate production and electricity performance. BPCL has a Allied Retail Business (ARB), in addition to regular enterprise. It isn't always best the biggest non fuel sales generator within the oil industry, however additionally the main retail network in the country, supplying a number services starting from C shops Quick Service Restaurants to financial and travel related offerings. A general of eight In & Out convenience stores have fashioned the 'Millionaire Club' by using deliberating the average income Rs. 1 million in step with month. ATM remains seemed as the focus 38 by way of the agency and belongs to the ARB plan beneath the alliance control approach. The 222 ATMs within the community are the result of an alliance with 22 banks. In view of the speedy growth of the tourism industry in the country, specially the private tourism industry, BPCL launched the “‘In & Out e-Traveler” in 2006-07, which is a one-stop service for one-prevent tourism and reception wishes. In & Out passengers supplying rail, air and bus tickets and hotel lodging in e-ticketing / e-booking facilities set up an alliance network with the satisfactory journey provider issuer. BPCL has been the primary to introduce high-overall performance motor sporting activity via the high-end gas flagship Speed. In 2006-07, the company spent Rs. 75.05 million.

Hindustan petroleum corporation ltd (HPCL) :

A corporation engaged in refining and marketing operations has been referred to as Hindustan Petroleum Co., Ltd. (HPCL) since 1974. Before it was referred to as Standard Vacuum Refining Company, it became ESSO India. When ESSO and Indian Lubricants have been nationalized, the company was renamed as HPCL. Fortune 500 businesses are

certainly one of India's leading incorporated refining and advertising oil industries. This is a Public Sector Undertaking (PSU) with Navratna fame. The organization has coastal refineries in Western and Eastern costs, accounting for 10.3% of the nations refining capacity. The west coast of Mumbai has a production capability of 5.5 million tons/yr and the other one at the east coast of Visakhapatnam has a potential of 7.5 million tons/yr. HPCL also owns and operates the country’s largest lubricant oil refinery, generating the worldwide standard Lube Base Oils (LOB). Capacity is 335,000 metric tons. The refinery debts for more than 40% of the country’s total lubricant base oil production. In addition, HPCL owns a joint mission refinery, off-avenue pipelines and an intensive community of terminals, warehouses, bottling flowers and aviation provider facilities in Mangalore.
Caltex Oil Company nationalized it in 1976 and ultimately merged with the organization in 1978. The following yr, Kosan Gas Company and Natural Gas Corporation (HPCL's franchise operator inside the home LPG market) promised to merge with the company. ‘Guru Go bind Singh Refineries’ established in December 2000 and is an entirely-owned subsidiary of the enterprise. The corporation has completed a pipeline mission of Rs 378 core from vijayawada to Secunderabad which became positioned in March 2002. The new LNG bottling plant forty 44. 43 TMTPA become established in Kota. The company implemented 15 corporation tank trunk sin 2004. Between 2004 and 2005, the company had finished new base warehouses constructed in Anole, Bareilly and Uttar pradesh for a total value of 10.25 crores. The corporation also finished creation of every other new grass-roots station in Ramamandam, Andhra Pradesh, with a complete value of Rs. 11.47 crore. The warehouse has 7,974 KL of MS, HSD and SKO tanks, as well as tank wagons receiving products through Vijayawada Marina. In addition, the enterprise has commissioned a complete of 13100 KL extra tanks at various places at some stage in a year.

Indian oil corporation ltd (IOCL) :

Indian Oil Corporation (IOCL) is India's biggest business ISO9002 certification organisation and is India's main public sector organisation. It is the best ranking Indian company amongst Fortune Global 500 corporations. IOCL is the second one largest oil organisation inside the world. Indian Petroleum Co., Ltd. Turned into hooked up in 1964 and became installed in 1964 by using the merger of India Refinery Co., Ltd. (Est. 1958). It became first registered as IOCL in 1964. Indian Petroleum and its subsidiaries account for forty seven% of India's oil product marketplace, forty.4% of its refining ability and 67% of its downstream pipeline potential. IOCL is a traditional producer of refined petroleum merchandise that offers globally formidable new petroleum merchandise for petrochemical, herbal gas, exploration and manufacturing, distant places operations, consulting, bio fuels and hydrogen. The Indiana Group owns and operates 10 of India's 19 oil refineries and has an annual refining capacity of 60.2 million heaps (MMTPA, or 1.2 million barrels in keeping with day). Including two refineries Chennai Petroleum Co.,Ltd. (CPCL) and Bongaigaon Refining & Petrochemical Co., Ltd. (BRPL). India Petroleum supplies valuable petroleum products to millions of people every day thru a nationwide community of approximately 32,500 factors of sale. They are supported with the aid of one hundred seventy huge warehouse terminals and warehouses, one hundred and one aviation gasoline stations and 89 Indane LPG bottling plant life. The 10 refineries are located in Guwahati, Barani, Koiali, Haldia, Mathura, Digboi, Panipat, Chennai, Narimanam and Bongaigaon.

Oil and Natural Gas Corporation Limited (ONGC):

(Founded on June 23, 1993) is India's nation-owned oil and gasoline employer ranked 152 many of the pinnacle 500 worldwide corporations, accounting for 77% of India's crude oil manufacturing and eighty one% of India's natural gasoline production. This is India's most worthwhile company. It become set up as a committee on August 14, 1956. Indian authorities holds 74.14% stake in the organization.

ONGC is one of the biggest and maximum lively oil exploration and manufacturing businesses in Asia. It participates in the exploration and exploitation of hydrocarbons in 26 sedimentary basins in India. It generates approximately 30% of Indian crude oil demand. It owns and operates extra than eleven,000 kilometers of pipelines in India. The loose economy policy followed by way of the Indian government in July 1991 attempted to do away with the deregulation and cancellation of the center sectors (such as the oil zone) and in part withdrew the government’s share of public sector commitments and other measures. Therefore, consistent with the employer invoice of February 1994, ONGC turned into reorganized right into a restricted corporation. In 2002-03, ONGC took over MRPL from A V Birla Group and entered the downstream industry. ONGC is ready to enter the retail enterprise. ONGC also entered the global field via its subsidiary ONGC

Videsh Ltd. (OVL). ONGC has made most important investments in Vietnam, Sakhalin and Sudan, and received the first hydrocarbon earnings from funding in Vietnam.

Oil India limited (OIL):

The story of Oil India Limited (OIL) strains and symbolizes India's improvement and increase Indian oil corporation. From the crude oil located within the Far East of Dig boi India, Assam's modern reputation in 1889 as a completely integrated upstream oil enterprise, oil agency Go a protracted manner and glide many milestones. February 18, 1959, Oil India Private Limited modified into hooked up In order to expand and make bigger the newly located Naharkatiya and Moran fields, North East India. In 1961 it have become a joint venture between India Government and British Burmah Petroleum Co., Ltd. In 1981, OIL have become a very-owned organization Indian Government Enterprise. Today, OIL is a main Indian countrywide oil commercial enterprise company In the exploration, development and production of crude oil and natural fuel, Transport crude oil and convey liquefied petroleum gas. OIL moreover offers an expansion of E&P related Served and held a 26% stake in Numaligarh Refinery Limited. The enterprise's legal percentage capital. Balance of 21.57% The percentage capital is held via the usage of special people. OIL has more than a hundred,000 rectangular kilometers of PEL/ML region 17 Exploration and manufacturing sports, maximum of which might be within the northeastern place of India, also are the purpose for this The entire crude oil manufacturing and most of the fuel production. Rajasthan is any other place The oil accounted for 10% of the whole herbal gas production. In addition, the exploration of OIL The sports activities are allotted in the Ganga Valley and on the seashores of Mahanadi. Oil also has Participated within the NENP exploration block in Mahanadi Offshore, Mumbai Deepwater, Krishna Godavari Deepwater and so forth., further to Libya, Gabon, Iran, Nigeria and Sudan. OIL grow to be rated as one of the pinnacle five within the cutting-edge CRISIL-India Today survey The nice important establishments and one of the 3 high-quality electricity vicinity PSUs in the India.

1.3 COMPANY PROFILE:

Edelweiss Capital Limited (www.Edelcap.Com) established on November 21, 1995 and is now one of the leading diversified financial offerings organizations in India. The Edelweiss Group gives considered one of the largest range of products and services across distinct asset instructions and various customer groups. The Group's products are broadly divided into funding banking, brokerage offerings, asset control and financing. The enterprise's research-orientated approach and its steady capability to take advantage of emerging market trends have allowed it to establish strong relationships among groups, institutions and HNI customers. The Edelweiss Group now employs greater than 1,300 humans and leverages a companion culture and unique employee ownership model. It has 123 offices in 60 cities in India. Edelweiss lately finished the acquisition of Anagram Capital Limited, which introduced 139 places of work, 122 franchise workplaces and greater than 1,three hundred sub-agents to allow it to increase its retail commercial enterprise. The Edelweiss Group is now an integrated organization of forty six entities, which include 39 subsidiaries and 6 associates (June 10th), which can be engaged in imparting an expansion of financial services. It is a listed organization in view that December 2007 and is marked with NSE: EDELWEISS, BSE:532922 and Bloomberg: EDEL.IN. Edelweiss Broking Limited was publicly registered on February 7, 2008, and considering that then Edelweiss Group has been in 2008. Obtained final regulatory approval from the Securities and Exchange Commission of India (SEBI) and started out its mutual fund business. The stockbroker obtained Anagram Capital Limited, a retail dealer, in January 2010. On December 12, 2012, the organization was listed at the country wide inventory trade below the registration quantity INE231311631.

1.3.1 PROMOTERS:

- Rashesh Chandrakant Shah
- M/S ShahFamily discretionary Trust
- Sejal Premal Parekh
- Spire Investment Advisors LLP
- Venkatchalam Ramaswamy
- Vidya Rashesh Shah

- Aparna T C
- Kaavya Arakoni Venkat
- Sneha Sripad Desai
- Shilpa Urvish Mody
- Arakoni Venkatchalam Ramaswamy

1.3.2 VISION, MISSION, QUALITY POLICY

VISION:

- To be a high quilty organization
- Recognized as the most reliable and trusted advisers
- To be one of the most exciting work place into country.

MISSION:

To provide high quality practical and solution oriented financial advisory services to the companies, institutions, and government bodies.

QUALITY POLICY:

Over the past decade, the Edelweiss brand has expressed its appreciation for high ranges of mindfulness, respect and reputation. “Idea introduction, price safety” represents our notion that every concept, if it's miles productive or attractive, has to be reliably strengthened with the aid of solid and supportable nice preparations.

1) We will recollect the company. We will constantly convey "ideology" to the whole thing we do. Our clients and our very own prosperity depend upon our ability to apply extra outstanding thoughts and greater creativity in our method.

2) We will treat our clients, our group of workers and each companion pretty. We want our customers and our representatives to be "rich" for their courting with us.

3) We will take right care of our human beings. Our association - whether or not it is a soul or a letter, will guarantee the straightness of the line and equal open doors. We will pass past the everyday purpose of attracting, registering, keeping and compensating for first-

rate abilities. We will make sure that everybody has Edelweiss opportunities to obtain their most potential.

4) We will operate as internal and external partners. Although people are often excellent. We believe that collaborative and coordinated efforts will reliably guarantee a better and more calibrated association. We will demonstrate that young people treat our customers as an accomplice and show them similar views and ideas to our internal colleagues.

1.3.3 PRODUCT /SEVICE PROFILE:

- Investment banking
- Institution equities
- Assets management
- Wealth management
- Private client broking
- Financing

1.3.4 AREAS OF OPERATION:

- Edelweiss trust that relies upon our sect awareness will catalyse a transformational exchange at a bigger level. Edelweiss has prioritized training, livelihood and women empowerment as the areas that edelweiss would love to paintings on the most and invests in.
- EDUCATION: edelweiss cutting-edge investment in education reflects the need to transport beyond literacy and enrolment to upgrades in the public transport machine specially with respects to the results on children's studying outcomes competencies and flow in their attitudes and aspirations
- LIVELIHOOD: underneath edelweiss livelihoods portfolio they recognition on models that create a hyperlink among training and employability and fashions that decrease tyre social and financial vulnerability of rural committees.

1.3.5 INFRASTRUCTURE FACILITIES:

Edelweiss broking limited is located in the M G Road, Richmond circle, near St. Marks road and the office is in second floor of the building .they will provide the facilities to the employees as well as interns. Non working staff will provide the service of cleaning and refreshment to the employees and as well interns.

Inside the office will get the some article books about the stock broking washroom facilities good infrastructure, with computer facilities to intern also. We can see the various departments in the organization that is sales department and trading department and also ESOP team.

Every Saturday we interns had a meeting with HR manager and twice in a week we they will provide the training to employees and ads well as interns at the conference room.

Every festival they will celebrate in the office and they will conducts the games and cultural programs in the office by employees.

1.4 Competitors:

- Wealth first
- Motilal oswal
- Kotak securities
- HDFC securities
- Aditya birla money
- Amrapali fincap
- Garanet internationals
- Anandrathi
- Sharekhan
- Karvya
- ICICI securities

1.5 SWOT ANALYSIS:

STRENGTHS

- Large labour Force
- Large work Force
- Multiplicity in Experience
- Ownership of new technology

- Domestic market
- Existing distribution and sales networks
- Reduced labour cost
- Skilled workforce

WEAKNESS

- Limited facilities
- Poor coordination
- Labour problem
- High investment in research and development

OPPORTUNITIES

- Utilization of latest construction technology method
- Organization with large projects like real estate
- Environmental focus
- Income level is at constant increase
- New acquisitions
- Growth rate and profitability
- Global markets
- Growing economy

THREATS

- Financial capacity
- Increasing costs
- Increasing in labour costs

1.6 FUTURE G ROWTH AND PROSPECTS

Edelweiss broking limited partnership with the Indian Olympic association (IOA) for the support of the Indian commonwealth games in 2018, and also Asian Games and the 2020 Olympic Games. And also for the national games which will be held on 2018 and 2019 in that order edelweiss provide all the support to them.

2. THEORETICAL BACKGROUND AND LITERATURE REVIEW :

2.1 Theoretical background:

Introduction to the fundamental analysis:

The fundamental analysis is the research of the essential forces that affecting properly being of the Economy, Industry agencies and organizations. Like maximum analyzes, the intention is to enlarge one expect destiny charge modifications and earnings. At the company degree the primary evaluation. This may additionally include reviewing financial statistics, management, enterprise standards and opposition. Father, at the enterprise degree, the deliver and call for of merchandise can be checked. For the countrywide economic system, fundamental analysis can consciousness on economic statistics to evaluate Current and future monetary growth.

In order to expect destiny stock prices, essential analysis combines the economic system, enterprise, and business enterprise analysis to arrive on the fair cost of the inventory, i,e intrinsic value. If the truthful cost isn't same to the contemporary inventory price, the fundamental analyst thinks the inventory value is just too excessive or too low. Since the contemporary marketplace price will subsequently generally tend to truthful value, the honest cost ought to be predicted to determine whether to buy securities. By wondering that costs do not appropriately reflect all of the available information, fundamental analysts will bear in mind the use of price variations.

Fundamental analysis is a way of assessing safety by means of trying to measure security By analyzing the underlying economic, monetary, and other intrinsic values of great and intrinsic value Quantitative factors. Basic analysts try and look at the whole lot that may be affected The price of protection, together with macroeconomic elements (which include the general economy and enterprise Conditions) and individual unique elements (along with economic role and management of companies).

Fundamental evaluation is a technique that tries to determine the stock when speaking approximately the inventory Maintain the cost of security via focusing at the underlying elements that have an effect on the employer’s real commercial enterprise Its destiny prospects. In a broader context, you can carry out simple evaluation of the industry Or the complete economy. This term without a doubt refers back to the analysis of economic welfare Financial entities, not just their price adjustments.

Fundamental analysis can solve follow-up issues, such as:

- Is the agency's sales growing?
- Is it really profitable?
- Is it possible to beat competitors in fate?
- Can it pay off debt?
- Does management try to "cook books?"

On the route, these issues are very complicated and there are almost other problems. There may be one company. This all boils down to a trouble: the company's stock is a good fund? Think of basic analysis as a toolbox to help you solve this problem.

Fundamental Analysis: Qualitative Factors - The Company

The simple evaluation ambitions to determine the intrinsic fee of the organisation's stock. But due to By definition, qualitative factors constitute the business enterprise's enterprise problems Or it isn't always feasible to quantify and include this statistics in the charge assessment report Quite difficult. On the opposite hand, as we have already verified, you cannot ignore the less tangible matters The corporation's traits. In this section, we will cognizance on a few enterprise-precise qualitative factors you need to recognise.

Business Model

Even study the company's monetary statements or conduct any studies in advance than traders. The maximum important query that ought to be requested is: What has the organization completed? This is referred to as the business version of the business enterprise - how the agency makes cash. You can get desirable facts approximately the enterprise's industrial agency edition with the aid of looking at their internet website or internet site. Read the main a part of its 10-K file. Sometimes the enterprise model is simple to identify. Take McDonald's as an example, it sells hamburgers, fries, tenders, salads and espresso, no matter what new products they introduce. This is a simple model, it is very simple for anyone's information. In other cases, you may be surprised how complicated. Boston Chicken Company is a good example. As early as the 1990s, its stock was the darling of shares on Wall Street. The leading government of the agency bragged that he became the "first newcomer"

Taking into account the facts of 1969, fast-food retailers have already achieved $1 billion in sales. The trouble is that they no longer make chicken cash. Instead, they make money from royalties and high prices. Loans to franchisees. Boston Chicken is just a huge franchisee. In this respect, the right of control over its sales is too high. Once it was found that all franchisees were losing money, the cardboard house had collapsed and the institution went bankrupt. At the very least, you must understand the business model of the company you spend. "Omaha's Oracle" Warren Buffett seldom invests in tech stocks because most traders are like this and he does not recognize them in time. This does not always mention that the technical branch is not good, but this is not the case. Buffett’s information field; he feels uncomfortable investing in this neighborhood. Similarly, unless you acknowledge the employer’s commercial business version, you don’t know the drivers of future growth and you are as blind as Boston shareholders.

Competitive Advantage

Another commercial consideration for traders is aggressive benefit. Long-time period of a organization It depends to a massive volume on its ability to maintain a competitive gain and preserve its fulfillment. Strong competitive gain, including the Coca-Cola emblem call and Microsoft’s The dominance of the private pc working device, developing a moat around the enterprise, allows it to keep its function as a competitor and experience boom and income. When the agency can To achieve a competitive gain, its shareholders can get a terrific go back for decades Harvard Business School Professor Michael Porter Division Strategy Positioning and operational benefits. Operational performance approach a employer Competitive advantage manner that the agency’s competition is better than its competition Perform better than competition by carrying out special activities or appearing comparable sports one of a kind way. Investors have to recognise that few agencies can compete efficaciously As lengthy as they and their competitors do the equal aspect.

Professor Porter believes that overall, sustainable competitive advantage depends on:

• Unique competitive position

• Clear trade-offs and choices compared to competitors

• Activities tailored to corporate strategy

• High degree of adaptability across activities (active systems, not guaranteed parts) Sustainability)

• High operational efficiency

Management

Just as an navy desires a trendy to lead a victory, a business enterprise is predicated on management to obtain Lead it to monetary fulfillment. Some people assume that control is the most essential factor Invest in a organization. This makes experience - even if the nice business model is doomed, if Company leaders failed to implement the plan efficiently. So how do ordinary traders determine the control of a enterprise? Compared to this, that is one of the areas where people are truly at a downside. Professional investor. If you want to put money into one, you can't meet with the control Thousands of bucks. On the alternative hand, in case you are a fund supervisor who's interested in investing Millions of dollars, this is a terrific possibility so one can arrange face-to-face conferences. The corporation's top brass. Each listed organization has a company statistics phase on its internet site. Usually there might be a brief advent to the work enjoy and training stage of every executive Background and any relevant achievements. Do not expect to discover useful things here. Allow us to To be honest: We are looking for blemishes, no company may have negative information on it Corporate internet site.

Fundamental Analysis:

Introduction to financial statements

The big range of figures in the business enterprise's financial statements may be confusing and cause many buyers to panic. On the other hand, in case you know how to research them, monetary statements are the gold mine for statistics. Financial statements are the medium for the organisation’s disclosure of relevant records and its financial performance. Followers of basic evaluation use quantitative statistics accrued from the economic statements to make funding selections. Before we bounce into the three most important economic statements - unique details of the earnings statement, stability sheet and cash float declaration - we can in brief describe the specifics of each economic assertion's traits and in which they can be located.

The Major Statements:

1. The Balance Sheet

The balance sheet represents the business enterprise's record of assets, liabilities, and fairness at a particular point in time. The balance sheet is a reality that balances the financial shape of the organisation inside the following approaches:

Assets = Liabilities + Shareholders' Equity

Assets constitute the assets that an agency owns or controls at a given point in time. This consists of objects such as cash, inventory, equipment and construction. The other facet of the equation represents the total amount of financing the corporation used to accumulate those assets. Financing is due to liabilities or fairness. Liabilities constitute debt (that's debt) Of route it should be repaid, and the whole price of money represented by way of the proprietor's currency Contributed to the commercial enterprise - such as retained earnings, which is profitable preceding years

2. The Income Statement:

Although the stability sheet used a picture method at the same time as analyzing the industrial organization, the profits assertion measures the enterprise's overall performance over a selected term. Technically, you could have a balance sheet for a month or perhaps an afternoon, but you simplest see indexed agencies reporting quarterly and yearly.

3. Statement of Cash Flows:

The statement of cash flows represents a record of a enterprise' cash inflows and outflows over a time frame. Typically, a declaration of coins flows makes a speciality of the subsequent coins-related activities:

• Operating Cash Flow (OCF): Cash generated from day-to-day business operations

• Cash from investing (CFI): Cash used for investing in assets, as well as the proceeds from the sale of other businesses, equipment or long-term assets

• Cash from financing (CFF): Cash paid or received from the issuing and borrowing of Funds

Objectives of fundamental analysis:

Predicting the progress of the national economy as a result of economic activity that affects corporate income, investor attitudes and expectations in the national financial system, and ultimately the price of securities.

• Technical and fundamental analysis of selected securities

• Study various basic analysis theories

• Understand and analyze the factors that affect the stock price changes in the Indian stock market.

Phases of fundamental analysis:

1) Understand the macroeconomic environment and improvement (Economic analysis)

2) Analysis of the possibilities of the company's enterprise (Industry analysis)

3) Assessing the Company's Expected Results (Company Analysis)

The 3 phases of fundamental analysis is known as EIC (Economic- Industry - company analysis) framework or top-down approach.

Here the economic analyst first makes forecasts for the economic system, then for industries and eventually for groups. The industry forecasts are primarily based at the forecasts for the economy and in turn, the agency forecasts are primarily based on the forecasts for each the enterprise and the economic system. Also in this approach, enterprise corporations are in comparison in opposition to other enterprise groups and organizations towards different groups. Usually, agencies are in comparison with others inside the same group. For instance, a telecom operator (Spice) would be compared to any other telecom operator no longer to an oil company.

Therefore, the fundamental analysis is a three-stage analysis

1. Economy

2. Industries and

3. Companies

PHASE	NATURE OF ANALYSIS	PURPOSE	TOOLS AND TECHNIQUES
FIRST	Economic analysis	To get the country's overall economic status.	Economic indication
SECOND	Industry analysis	Access to the prospects of various industry groups.	Industry life cycle analysis, competitive analysis of industries
THIRD	Company analysis	Analyze the company's financial and non-financial aspects to determine whether to buy, sell or hold the company's shares.	Financial Analysis: Sales, Profitability, EPS, etc. Non-financialanalysis: management of corporate image, product quality, etc.

2.2 LITERATURE REVIEW

Literary remark manual researchers step by step advanced Understand the strategies used to limit the diverse estimates available Programs and databases, in addition to clean causes and mediations Conflicting effects. In addition, a evaluation of empirical research explores this point Future and present day techniques to research related to topics. If there are conflicting and surprising outcomes, research can take steps The understanding benefit of their researchers is best thru the media Their posted works. Some studies has been done Different factors of overall performance appraisal through researchers, economists and economists Indian and overseas academicians. Different authors examine Performance in a different perspective. The overview of those analyzes isIt is important to increase a technique that may be used in context Indian automobile enterprise research. So, this bankruptcy Review of empirical studies associated with extraordinary aspects of finance effectiveness.

(PANY, 1991)

Pany attempts to find out the factors that have an effect on the corporate economic performance. There are already vital commercial characteristics Industry group researchers use it as a monetary determinant of financial Performance is focused, market share, industry growth, research and Development Expenditure, Advertising Strength and Firm Size enterprise. These characteristics may additionally put the enterprise in a extra favorable position Successful implementation in their method and profitability. Therefore, the employer Due to favorable enterprise might also mirror higher overall performance Features.

(GAGAN MOHAN RAO, 1993)

In ‘Financial appraisal of Indian Automotive Tire Industry’ studied India's financial evaluation Automotive tire enterprise. The observe ambitions to discover finance Indian tire industry conditions –and their economic strength and weakness. This end the modest try to measure and examine the financials Inter-company and inter-departmental analysis of a given performance For a while (1981-1988). The main studies result is the utilization of fixed belongings Many tire companies are not as productive as predicted Inventory management is pretty precise. Tire enterprise universal income Performance is laid low with inconsistencies and inefficiencies.

(KALLU RAO, 1993)

Kallu rao studied the company's economic evaluation Review and Prospect of Tea Industry. In this area has made an try Research and evaluation of the important variables inside the tea enterprise and future projections for the next 10 years, the fashion of income and profits in the wish help selection-makers make the proper selections. Various monetary ratios Has been calculated to investigate the monetary function of the enterprise. This Tea manufacturing enterprise income and earnings forecast shows that, Indian tea enterprise has a shiny future. Recent adjustments in India Economic policy will boost foreign exchange earnings, so as to be Benefit those organizations that export to hard currency.

(PAI VDIVEL AND KAMAL, 1995)

Pai studied varied businesses and organizations Financial overall performance: a observe. Work tough to look at this courting The Relationship among Diversified Businesses and Their Financial Performance. Seven big companies have special products in their portfolio, including associated merchandise and other products analyzed the operation in unique industries. A set of overall performance measures/ Rations, and used to decide the level of financial performance. This effects display that the varied companies studied are in appropriate monetary situation performance. However, the performance changes from one organization to every other has been discovered and information set up.

(VIJAYKUMAR, 1996)

In the "Corporate Liquidity Assessment – a Discrimination (vijayakumar, 1996) Analysis Act" has shown the boom fee of income, Leverage, current ratio, operating expenses, income and vertical integration Important variables that decide a employer's profitability Sugar enterprise. In addition, I also studied quick-term liquidity Cooperating and privately owned amongst 28 decided on sugar factories department. Discrimination analysis has been used to distinguish among items Venture companies primarily based on liquidity and liquidity for low-threat companies Ration With the assist of Z, the discrimination of the "Z" rating turned into calculated Discrimination characteristic, based totally on business enterprise's 'Z' score Sort by mobility.

(M. YAMEEN AND I AHMAD, 1998)

M Yammen and I. Ahmad entitled "The Impact of Corporate Governance Practices at the Financial Performance of Hindus tine Oil Company Limited". They have examined the position of corporate governance practices in improving the business enterprise's enterprise performance, monetary performance and shareholder wealth. It also found that corporate governance has a effective impact on the general economic overall performance of Hindustan Oil Company Limited.

(ARTTA BANDHU , 2015)

He entitled Profitability Analysis: A Study of Hindustan Oil Company Limited. In his studies, he targeted on reading profitability, financial structures, profitability and price ratios. He found the general profitability was top and counseled HPCL's future strategy of keeping profitability. Specifically, researchers have dealt with the monetary performance of the Indian oil industry when it comes to the oil industry.

(HARVINDER SINGH AND PRAVEEN KUMAR, 2014)

They entitled Capital Structure Analysis of the Oil Industry - An Empirical Study of HPCL, IOCL and BPCL. The researchers within the examine targeted mainly at the capital shape and looked at the overall performance of debt and equity the various equal organizations. Various ratios had been used to research capital shape, including debt fairness ratio, proprietary ratio, solvency ratio, fixed Interest insurance and economic leverage ratio. The researchers found that these businesses completed well and proposed elevating funds with the assist of debt capital in place of fairness capital, as those companies have high earnings and reserve rates compared with interest quotes. For the identical studies, these can maximize shareholder wealth.

(PRATIK P. VALAND, 2014)

Pratik entitled "Challenges and Future Prospects of Indian Petroleum Products Refineries". In his research, he focuses in most cases on the important thing demanding situations of the Indian oil industry.

(MUHAMMAD TAQI, 2013)

He entitled "Financial Evaluation and Analysis of Mineral and Metal Trading Companies" (MMTC). In his studies, he used the liquidity ratio, profitability and interest ratio to measure monetary overall performance. In phrases of liquidity ratios, researchers use the modern-day ratio, contemporary ratio, cash position ratio and liquidity turnover ratio. In terms of profitability ratio, he focuses on gross earnings margin, running profit margin, internet profit margin, return on shareholder capital and return on capital employed. In addition, the cutting-edge study covers inventory turnover, debtor turnover, fixed asset turnover, and overall asset turnover in phrases of interest ratios. To examine the economic performance of MMTC, researchers used numerous statistical equipment, the Student's t-take a look at and spearman's rank-related take a look at. The normality of the information has been checked by means of descriptive data. On the alternative hand, with the help of SPSS 20, a pattern t-test was implemented to test for enormous variations within the diverse economic ratios of MMTCs. Also, the boom of diverse ratios become judged by using a pattern t take a look at, of which 95% was sizable.

(SUGANDHARAJ KULKARNI, 2011)

Sugandharaj Kulkarni entitled "ONGC Fundamental Analytical Studies", this observe examines the economic factors that at once or indirectly have an effect on ONGC's performance. According to his research, the basic method that a corporation's financial health. Fundamental evaluation has been deep into the inventory fee, rather than each day workout. Those are equity traders who're inquisitive about knowing the intrinsic cost of the company's inventory. According to this observe, the logical and systematic method to estimating destiny income and organization overall performance relies upon not best on its personal efforts however also on enterprise and financial factorsSugandharajKulkarni (2011) entitled "ONGC Fundamental Analytical Studies", this observe examines the economic factors that at once or indirectly have an effect on ONGC's performance. According to his research, the basic method that a corporation's financial health. Fundamental evaluation has been deep into the inventory fee, rather than each day workout. Those are equity traders who're inquisitive about knowing the intrinsic cost of the company's inventory. According to this observe, the logical and systematic method to estimating destiny income and organization overall performance relies upon not best on its personal efforts however also on enterprise and financial factors.

(KAKANI, 2001)

Kakani tested the determinants of firm overall performance for 566 Indian device. They tool ROA, ROCE, cash go with the flow ratio, Sales to asset, gross earnings fifty two margin, internet earnings margin, go back on Net well worth etc., as based variable and length, age, leverage, working capital ratio, enterprise group affiliation and so forth., as determinants of company performance and observed that length, market expenditure and international diversification had a high quality relation with marketplace valuation for corporations. A corporations ownership composition, in particular the extent of fairness ownership through homefinancial Institutions and Dispersed public shareholders, and the leverage of the firm have been vital elements affecting its monetary overall performance.

(BalaRamaswmy, Darrylong and MattewC.H. Yang , 2005)

located Empirical evidence suggests that firm size and company possession are crucial determinants Financial Performance of Malaysia's Palm Oil Industry - Findings Support Industry analysts pressure the better profitability of the personal area the corporation.

(NANDI, 2010)

Nandi tries to investigate the overall performance of public zone organizations Through extraordinary performance measures in the course of the observe duration from 1999-2000 to 2007-08 Parameters including profitability, contribution to the relevant treasury, generation of internal sources,Value-delivered, job creation and greater. Analyze the overall performance of CPSEs in China India's profitability, internal aid generation, Contribution to principal treasury, introduced cost and foreign exchange profits In the manner of creating employment, a downward trend has been located.

(GOSWAMI AND SARKAR, 2011)

They try to uncover enterprise dangers, Financial threat, monetary breakeven factor and general risk of calculating risk The diploma of correlation among leverage and return on net belongings all through the 2000-01 have a look at period By 2009-10 years. The look at concluded that the employer's working danger is better Financial risk in the course of the have a look at.

(SARKAR AND SARKAR, 2013)

They analyzed capital structure, leverage, and financing decisions Selected public sector oil and gas businesses in India in the course of the 2000-01 study length2009-10. Efforts had been made to discover enterprise dangers, financial dangers, Assess general risk and monetary ruin-even factors by assessing the volume of the association Relationship among DOLs, DFLs and DTLs and ROEs of selected corporations during the examine length period. The look at underlined that IOCL, BPCL, and HPCL have higher degrees in the course of DOL and DFL During the entire study. The look at indicates that OIL and ONGC may additionally use extra quantities The outside capital within the destiny capital structure, the result is after-tax blessings may be Because the return on external investment vendors is tax deduction charges.

3. RESEARCH DESIGN

3.1 Statement of the problem

Even though fundamental analysis is one of the highly researched topic. Research related to fundamental analysis of PSU's of Oil and Gas company stocks is limited. This project is undertaken to fill the research gaps and contribute to knowledge related to PUS's stocks (Oil and Gas companies) performance.

3.2 Need of the study:

- A literature research gap on fundamental analysis of Indian Petroleum Industry in the changed scenario
- Application of Academic concepts on real market practices
- Future forecasting of Indian Petroleum Industries

3.3 Objectives

- To analysis the performance of selected oil and gas companies in the stock market.
- To determine a oil and gas industries growth prospects
- To forecast the future of selected oil and gas companies stocks
- To compare the selected stocks performance of Petroleum companies

3.4 SCOPE

1) This study gives an general idea on of BPCL, HPCL, IOCL, ONGC, OIL which help to investors while taking investment decisions.

2) This study consists of Economic Industry andCompany framework of analysis with the following aspects-

a) Economic analysis includes various variables such as inflation, interest rates, exchange rates, infrastructure, monsoons, economic and political stability.

b) Industry analysis including demand, potential market, targeted industrial growth.

c) Company Analysis Including Financial Statements, Financial Statement Analysis, Corporate Prospects, Growth and Corporate Governance Committee

3.5 Research Methodology:

The present is based on the secondary data sources which includes-

1. The annual report ofBPCL, HPCLIOCL,ONGC for the year 2009-2010 to interpret the ratios of the company.
2. Books on portfolio management and financial management.

Data Collection:

Data for the study is collected through the secondary data. Such as financial statements of the companies performance, from NSE, MONEYCONTROL, EDELWEISS TRAING APP,

3.6 Limitations:

- Research is limited to one specific area.
- Research is more limited to used data.
- The study assumes no change in the country's tax rate.
- The study was conducted for a short period of time and this may not be established for a long time.
- Because the scope is defined by the researcher, limiting the number of variables affecting the industry

3.7 Chapter Scheme:

CHAPTER 1: INTRODUCTION

The first chapter gives the information about introduction about the oil and gas industries and company profiles of BPCL, HPCL, ONGC, IOCL, and OIL and about the brief description about edelweiss broking ltd which consists of company profile, company promoters, vision mission and quality policy, products or service profile, infrastructure facility. Even it provides competitors information, SWOT analysis and future growth and prospectus of company.

CHAPTER 2: CONCEPTUAL BACKGROUND AND LITERATURE REVIEW

This chapter gives information of theoretical background of fundamental analysis and about the literature review.

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CHAPTER 3 RESEARCH DESIGN

This chapter consists of the information about the research methodology that is about the statement of theproblem, need of the study, main objectives of the learning and scope of the study, sources of information like data sources, research methodology and limits of the study.

CHAPTER 4 ANALYSIS AND INTERPRETATION

This chapter consists of data of economic, oil industries, and the financial information of BPCL, HPCL, ONGC, IOCL, and OIL and their interpretation.

CHAPTER 5 FINDINGS CONCLUSION AND SUGGESTION

This chapter explains about summary of findings and suggestion of the report.

4. DATA ANALYSIS AND INTERPRETATION:

4.1 Data Analysis and Interpretation:

Economic analysis:

Economic evaluation includes the analyzing of Indian financial system with admire to few macroeconomic variables. Fundamental analysis is a method of assessing safety, seeking to measure its intrinsic value with the aid of analyzing relevant monetary, economic, and other qualitative and quantitative elements.

India is the seventh largest economies inside the global by way of GDP nominal (2015)and 1/3 largest by means of shopping strength parity (PPP). In the long time attitude, India has the potential to turn out to be the world's 0.33 biggest financial system by the following decade. Even the short term increase is likewise true according to the IMF. When the economy expands most of the industries and so the groups also are predicted to develop. Hence, to predict the share fee an investor has to spend time on those factors running inside the universal economic system.

1. GDP growth rate:

Gross domestic product (GDP) is a monetary measure of the value of all final products and services that a country produces in a given year.

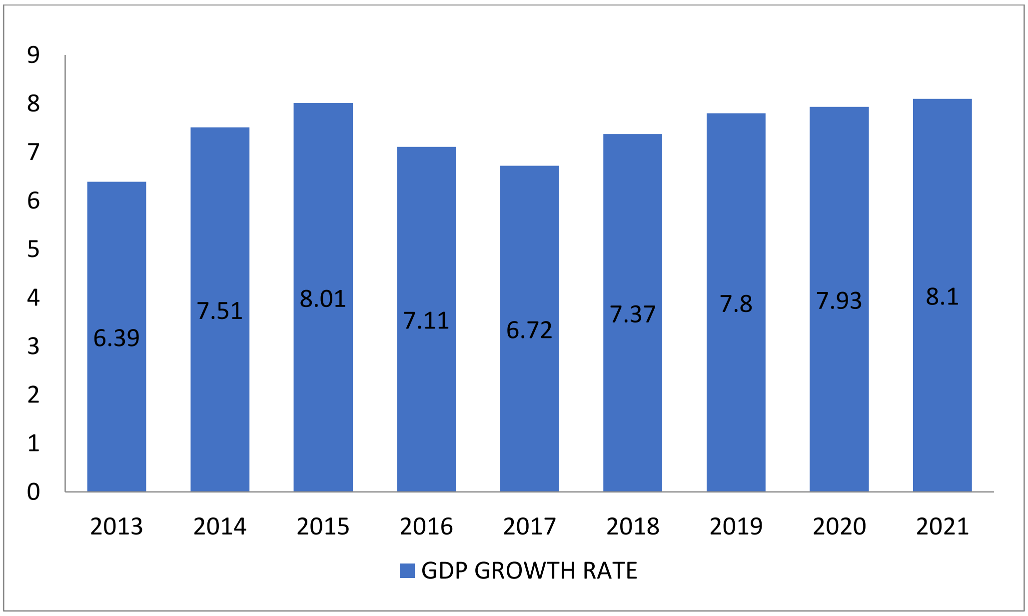


Figure 4.1

2. Inflation rate:

Inflation is generally defined as a upward thrust within the charges of products and services over a time frame, whilst deflation reflects the decline in those expenses. Inflation is an essential financial indicator of a rustic. Inflation is the charge at which charges inside the economic system, the level of products and services normally upward push, and the way it influences the price of residing for humans living in a country. It impacts financial savings and mortgage fees, however it additionally affects the Indian's pension and welfare ranges. For example, a four% increase in inflation in 2011 manner that individuals need four% greater than what they sold in 2010.

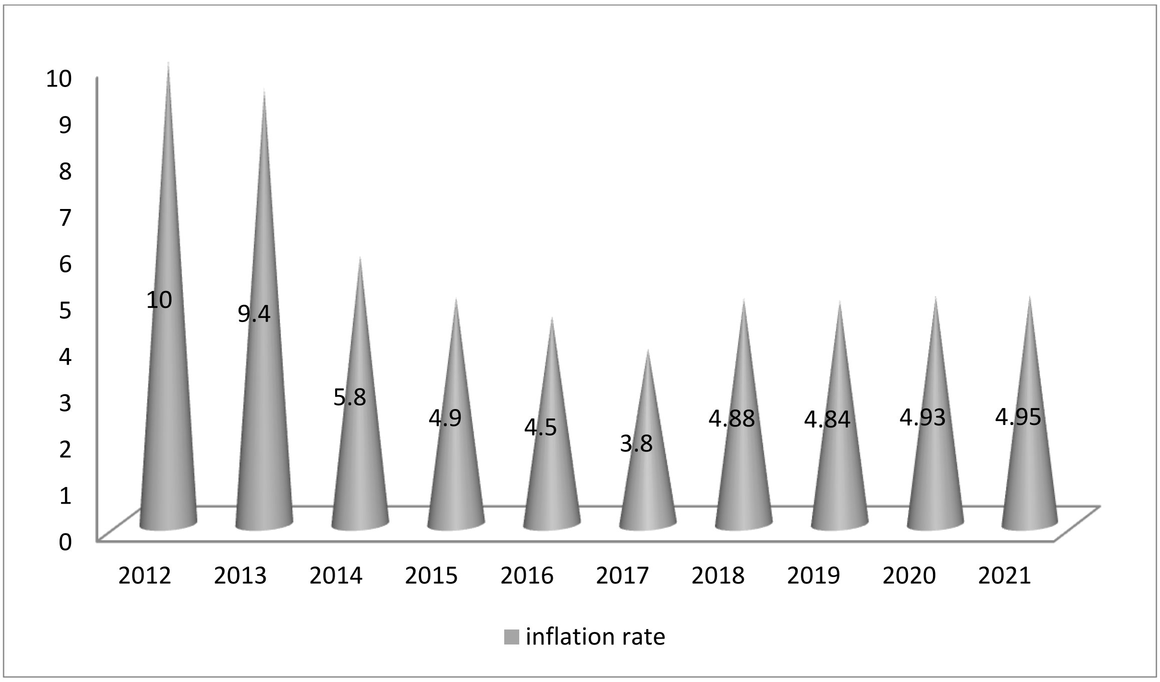


Figure 4.2

Statistics display India's inflation charge between 2012 and 2017 and it's miles forecasted till 2022. The inflation fee is calculated via defining the price increase of the product basket. This product basket consists of products and services that normal clients spend on at some point of the 12 months. They include groceries, apparel, hire, energy, telecommunications, leisure sports and uncooked materials (which include natural gas, oil) in addition to federal expenses and taxes. In 2017, India's inflation charge was approximately 3.8% in comparison to the previous year.

FDI INVESTMENT IN PETROLEUM AND GAS IN INDIA

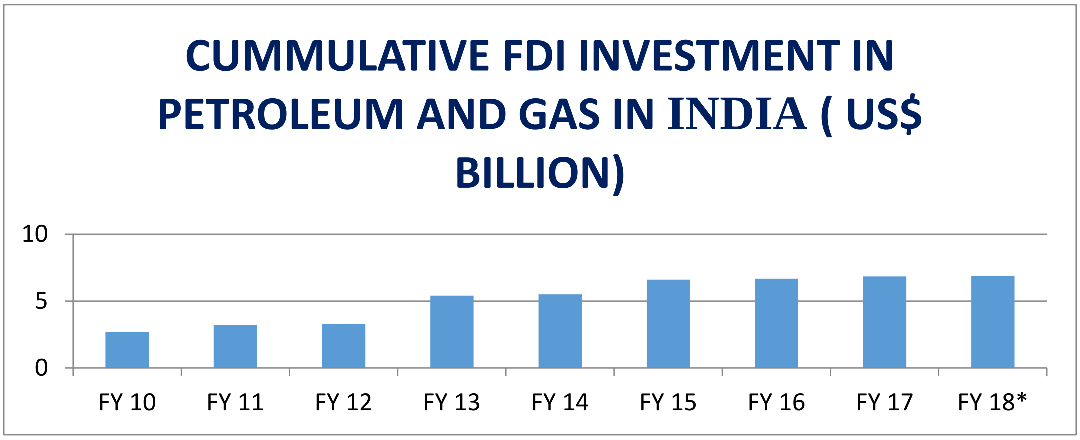


figure 4.3

- Between April 2000 and December 2017, India's collected FDI inflows from the oil and gas quarter were US$68.7699 billion (1.87% of overall overseas direct funding).
- From FY 2010 to FY 2017 (April 2009 to March 2017), the compound annual growth rate of foreign direct funding within the oil and fuel enterprise was 14.22%.

Industry analysis:

Outlook:

In the mid-2000s, global oil demand was at its peak. As oil manufacturing and supply are insufficient to fulfill call for, oil expenses have improved exponentially. From 2011 to 2014, the rate of oil fluctuates round $a hundred in line with barrel. During this era, power corporations noticed worthwhile opportunities and started out to extract oil from hard-to-drill areas. Drilling technology has been stepped forward, which has caused the prosperity of oil manufacturing. However, the scenario modified in September 2014. Oil call for in Asia and Europe has weakened, specifically in China, Japan and Germany. Despite this, oil groups retain to perform oil exploration sports.

Due to the weakened demand and elevated supply delivered about by the shale gasoline revolution, oil costs commenced to fall. This also can be seen from bad market sentiment. From the peak of June, the price of oil dropped from US$a hundred and fifteen to US$sixty five-70 in step with barrel. In the fight to guard market share, OPEC contributors refused to reduce oil production. This led humans to believe that oil charges will remain at around US$60 in 2015. Although oil costs are detrimental to the market, we agree with the oil and gasoline industry continues to be worthwhile. In the past few years, funding and acquisition of shale belongings and oil sands have been the principle recognition of oil and gas corporations. As mentioned in advance, upstream exploration and manufacturing are excessive, and the downstream sectors can not keep up with demand. Hence looking ahead into 2015, funding will shift to midstream from upstream region. This consists of refinery operations and petrochemical facilities. This spending shift is already typical in the expenditure budgets of those oil and fuel businesses. According to the Oil and Gas Journal’s 2013 projection, upstream E&P capital spending stayed flat during the last year. From 2012 to 2013, spending for upstream activities had most effective accelerated via 0.Eleven%, from US$354.Four billion to US$354.8 billion. On the other hand, midstream spending elevated from US$12.8 billion to US$46.Four billion from 2012 to 2013, an boom of 263%. Downstream spending had additionally growth by using eleven% to USD 24.7 billion in 2013.

Key Performance Indicators (KPI):

Oil and gas industry key performance indicators can be divided into two forms – one for the exploration industry and the other for the production industry.

Exploration Industry:

For the exploration industry, it's far essential to assess the amount and first-rate of the seismic information generated and the time required to attain the statistics. Next, the great of interpretation of these seismic statistics and the time it takes to manner the records are particularly critical in the exploration manner, as this will result in field plan development, that's a blueprint for all other downstream exploration activities. Another indicator that won't be generally used is downtime, that is the quantity of time misplaced because of device failure or interference from stakeholders.

Production Industry:

For the manufacturing industry, some KPIs include productivity signs, which can be primarily based on the range of barrels of oil produced consistent with day, commonly in tens of millions, and are typically known as mbpd consistent with day. Second, the manufacturing cost per barrel is also the important thing to assessing overall performance and efficiency. A commonplace indicator not unusual to each the production and exploration industries is downtime due to system failure or interference from stakeholders. Another indicator this is every now and then used, but now not frequently used, is the variety of environmental issues, together with oil leaks because of system failure, technical screw ups, or maybe the sinking of tanks on the ocean.

Unique Characteristics of Oil & Gas Industry:

High Operational Capital

Oil and gasoline exploration, acquiring the important allows and the actual drilling manner make this enterprise a especially capital-intensive enterprise characterized through "excessive-danger, even higher rewards."

The process of manufacturing oil and herbal gas commenced with organizations concerned in geological and geophysical surveys (G&G), which used seismic, sonic, and satellite tv for pc images to pinpoint the surface situations recognized to provide oil under the Earth's surface. This generally money owed for 30% of the price of producing oil, and the average value of marine surveys is even better (40% of oil manufacturing charges). After potential properly purchases, licenses are received from the authorities or other groups that have no longer but advanced the concession. Then drilling, which accounts for 50% of the value of oil production. This manner can be finished in approaches, particularly traditional vertical fracturing or recently carried out horizontal fracturing. Vertical fracturing is chargeable for extracting huge amounts of oil reserves; but, it leaves a number of the perimeter cracks intact. Horizontal fracturing is corrected via allowing horizontal drilling at precise angles, allowing greater oil and gasoline to be extracted. As more gas-bearing shale is invaded, it's far horizontal fracturing and is answerable for the shale gasoline top arm that currently ruled the natural fuel market.

The overall fee of the technique is difficult to expect because the procedure usually takes 1 to 3 years to complete the extraction and includes many variables. However, a enterprise can expect hundreds of thousands of humans to be inhaled into any single well. However, if a well may be successfully extracted, it's far expected to generate an average of up to $one hundred seventy five million in revenue, depending on oil production.

After oil is delicate, it's miles sold to downstream organizations who refine, sell, and distribute merchandise. This debts for as much as 17% of the fee of manufacturing to be had petroleum products. The cost of every barrel of oil is broken down as follows.

Dominated by State-Owned Enterprises:

Oil production and various upstream approaches are ruled through nation-owned companies (SOEs). The pinnacle five producers are Russia, Saudi Arabia, the USA, Iran, and China. Among them, oil producing countries are one of the most well-known cartels, and the Petroleum and Petroleum Exporting Countries Organization (OPEC) controls 88% of the oil production of different nation-owned firms. There are also six "great specialties" outdoor the country-owned corporations, consisting of BP, Chevron, Exxon Mobil, Royal Dutch Shell, Total and ConocoPhillips.

Oil to remain as a Staple Energy Source:

With the increasing awareness of the need for sustainable development, renewable energy has made great progress. With the widespread use of renewable energy and more economical production costs, oil is still the main raw material.

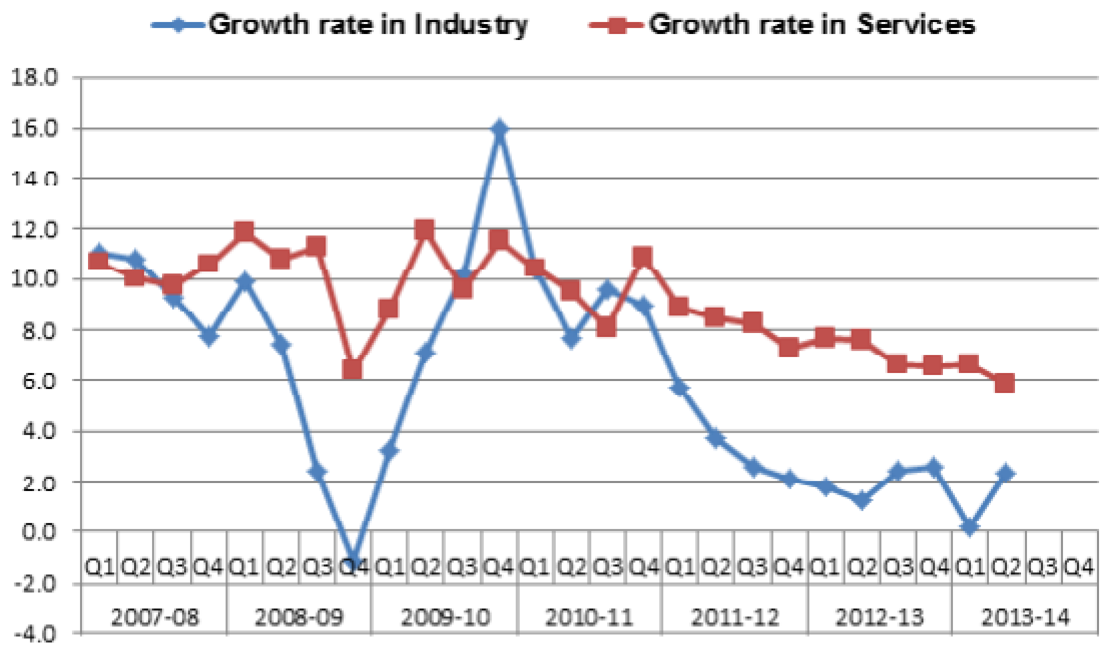
According to Forbes, this statement is translated into actual figures:

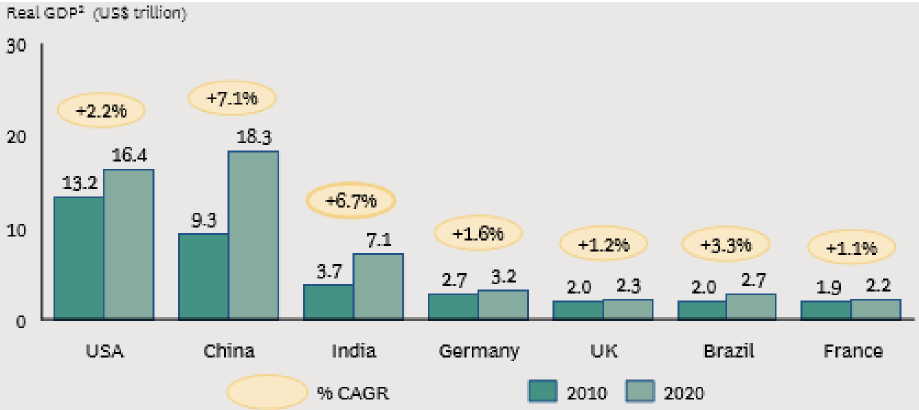
A. The world oil production in 2010 was 82 million barrels per day. About 6 gw per barrel, which is equivalent to about 5.7 megawatts of power generation.
B. World wind power generation in 2010 was 0.3 kWh. The average year is equivalent to about 34 GW
C. World solar power generation in 2010 was 0.03 watt-hours. The average year is equivalent to about 3.4 GW.

In the present day country of power manufacturing, oil-most effective energy production in the world is two orders of significance better than wind energy, and 3 orders of significance better than sun strength. With such big variations, we will begin to suppose greater about opportunity electricity assets. This remains a tremendously long time. Therefore, it's far'clear that in the foreseeable destiny, oil will continue to be the pillar of the strength industry.

In current years, with the appearance of hydraulic fracturing and horizontal drilling, the shale fuel revolution has allowed oil prospectors to gain previously impervious fuel (shale fuel) trapped through low permeability shale rock. With a international reserve of about 7,299 trillion cubic toes of shale gasoline and its accompanying 345 billion barrels of tight oil distributed in 137 shale layers in forty two international locations, the capability for unexcavated surface of the web page has won high prestige. According to current estimates, the world has enough shale fuel reserves to meet the cutting-edge call for for the following 230 years. China's big'est reserves are in the Tarim Basin, the Ordos Basin and the Sichuan Basin.

However, shale brings a few unfavorable factors that can cause its final decline and show that it is best a style. First, despite the fact that the price of manufacturing shale fuel thru an cheaper upstream process is tons lower; its sales is also substantially reduced compared to standard oil, and the value of extracting offshore shale fuel within the United Kingdom is envisioned to exceed US$2 hundred in keeping with barrel of oil equivalent. Second, the manufacturing of shale fuel brings large environmental issues. Compared with different options, photochemical smog and terrestrial toxicity are higher. Water and underground aquifers can be infected by way of heavy metals. Hydraulic fracturing regularly generates microseismic activities. Drawing stage and reportedly, as of the give up of 2012, there had been 3 sufficient earthquakes for the Americans to experience massive enough. Finally, because of shale gasoline manufacturing and conversion to LNG, the problem of oversupply will further pressure down LNG costs.





Sources: Census of India 2001, Population projections 2001–2026 (December 2006); TeamLease India Labour Report 2006; United Nations; EIU; Euromonitor; BCG analysis.
¹Population between 20–59 years old.
²Real GDP, purchase power parity at US 2005 prices (US$ trillion).

Industry overview:

In 2016, India have become the fourth biggest strength purchaser in the world, with oil and herbal gasoline accounting for 37% of general consumption. Annual intake is 4 million barrels (MBPD) of oil and 49 billion cubic meters (natural gasoline) of herbal gasoline in keeping with day. By 2035, India's energy call for is predicted to increase from 723.9 lots in 2016 to one,516 tons in 2035. According to the International Energy Agency (IEA), it is predicted that by way of 2040, India's strength demand will account for nearly one-third of worldwide strength call for.

India has validated oil reserves of 600 million metric tons (MMT) and natural gasoline reserves of 1.2 trillion cubic meters. In 2016-17, India's cru'e oil and herbal gas production have been respectively 720,000 barrels and 31 billion cubic meters, however because of the low manufacturing base, the usa continues to be a internet energy importer. From April to January 2017, the output of crude oil and natural gas reached six hundred thousad barrels and 26.7 million barrels respectively.

India's cru'e oil refining industry is booming. As of 2017, its annual production capacity is 247.566 million tons. In 2017, India's pub'ic and private sector refineries processed 157.8 million tons of crude oil and 91.622 million tons of crude oil. The public and private sector refinery throughput reached 27.7 million tons and 15.14 million tons during January and February 2018.

The Indian government has taken some initiatives, including the launch of the National Natural Gas Hydrate Project (NGHP), a coalition of national exploration and production (E&P) companies and research institutes to use natural gas hydrates as an alternative energy source. It allows 100% of E&P projects/company's foreign direct investment (FDI) and 49% automatic route refining.

Oil and gas supply and demand:

- Oil consumption has expanded at a CAGR of 2.98 per cent during FY2008–17E to reach 4.13 mbpd by 2017.
- Due to increase in demand for oil, so India's dependency on oil imports is likely to increase.
- Due to rapid increase in the economic growth there by increases the demand of oil for production.
- With rising income levels, demand for automobile is estimated to increase, in turn leading to augmented demand for oil and gas.

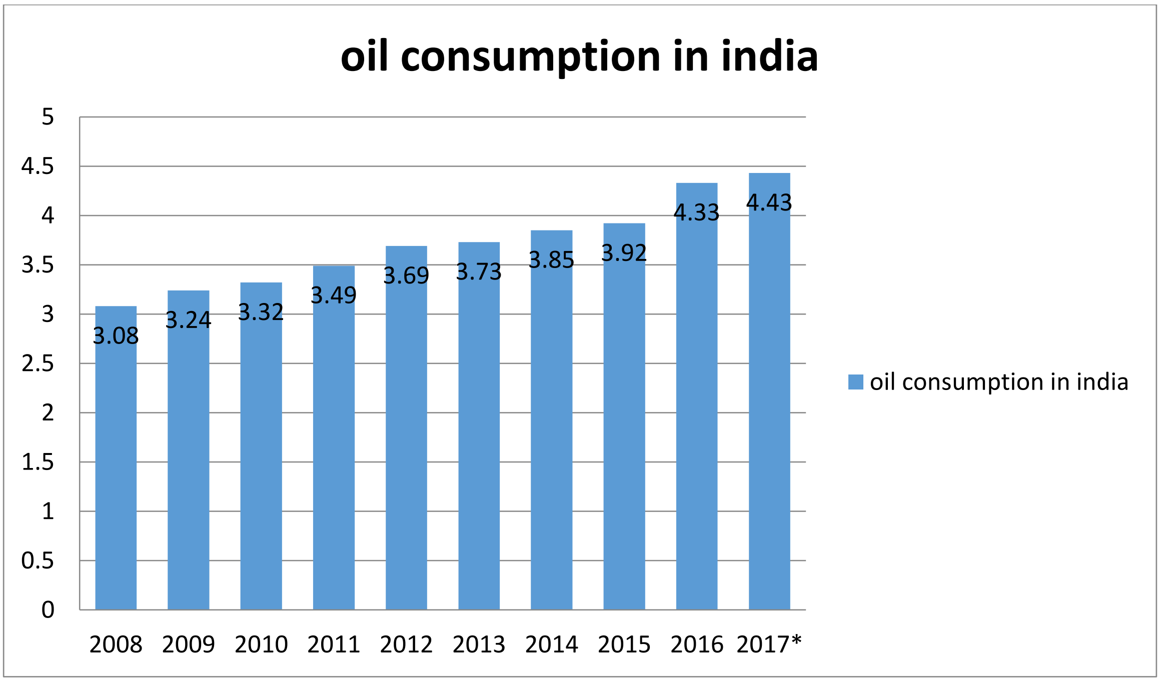


Figure 4.4

Oil Production in India:

• In fiscal year 2017, total crude oil imports were US$80.3 billion, compared with US$70 billion in FY2016. In fiscal year 2017, imports accounted for 82% of the country's total oil demand. For the 18th fiscal year ending in January, crude oil imports were 4.04 million barrels.

• In March 2017, the United Arab Emirates Strategic Reserves of India (ISPRL) and Abu Dhabi National Oil Company (ADNOC) signed an agreement to fill the ISPRL storage facility in Mangalore, Karnataka There were 810,000 barrels of crude oil or 58,600,000 barrels of crude oil.

• According to the Organization of Petroleum Exporting Countries (OPEC), global oil demand will increase by 1.26 million barrels per day (million barrels/day). In addition, most of the world's oil demand is expected to come from India.

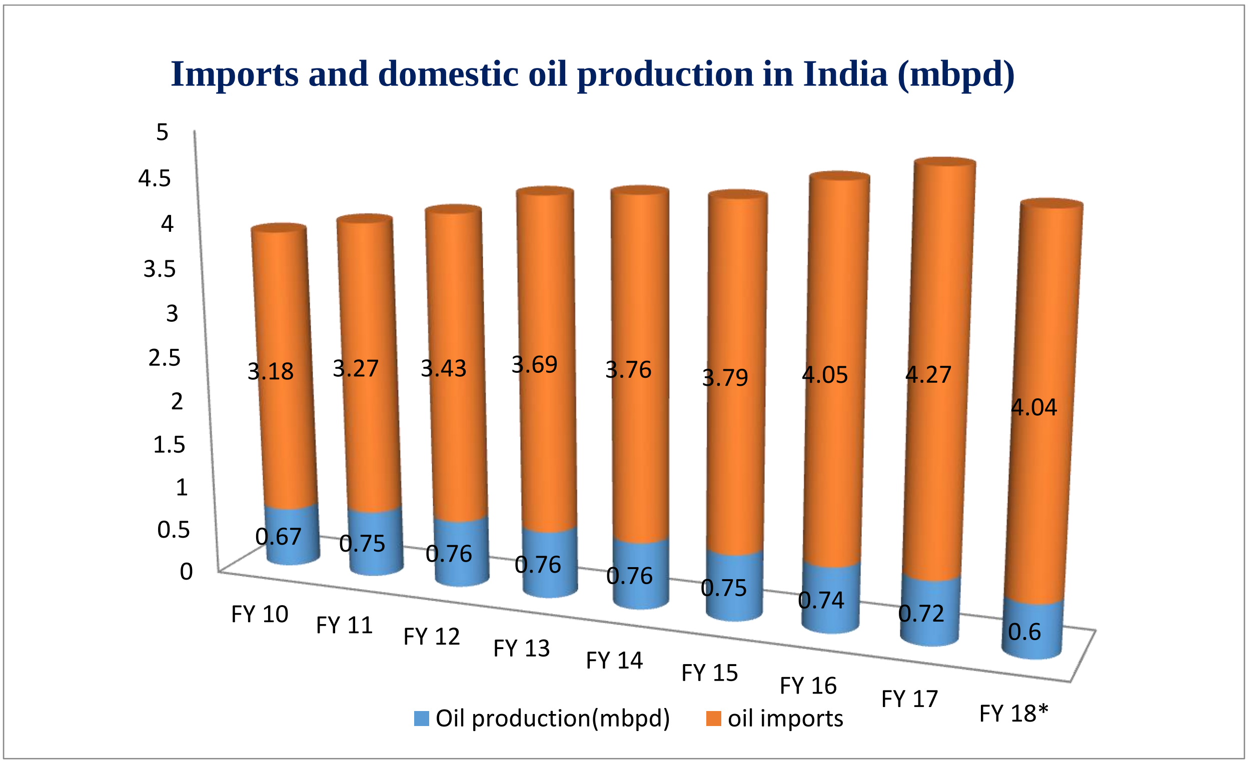


Figure 4.5

GAS SUPPLY AND DEMAND IN INDIA:

Natural gas consumption in India compounded at a compound annual growth rate of 2.3% from 2007 to 2016

By 2021-2022, natural gas consumption is expected to increase by 2 billion cubic meters.

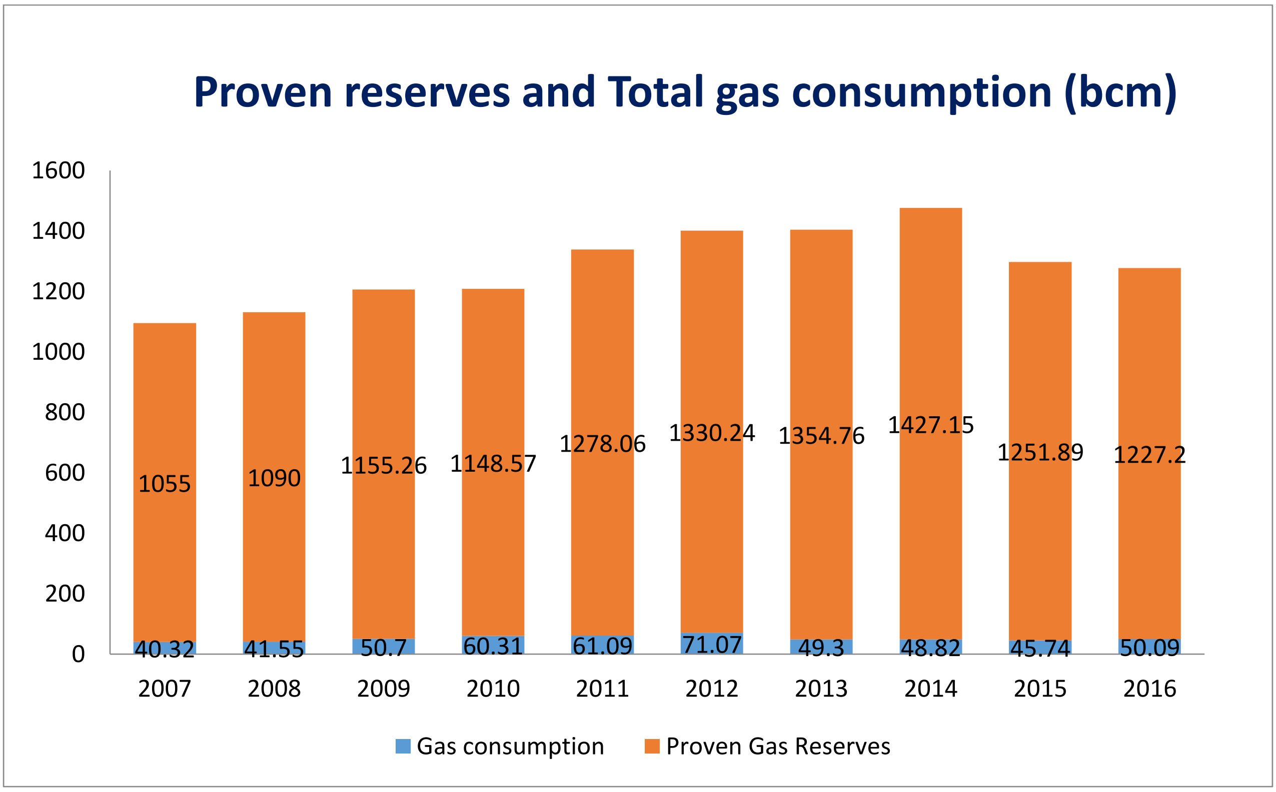


Figure 4.6

Domestic gas production and imports

• Domestic production exceeds 3/4 of total natural gas consumption in the country.

• The demand for economic growth is also expected to increase.

• In India, sales of the automotive LPG industry increased by 4.9% to 346 tons in 2016-17. From April to December 2017, the consumption of LPG vehicles increased by 10.7%

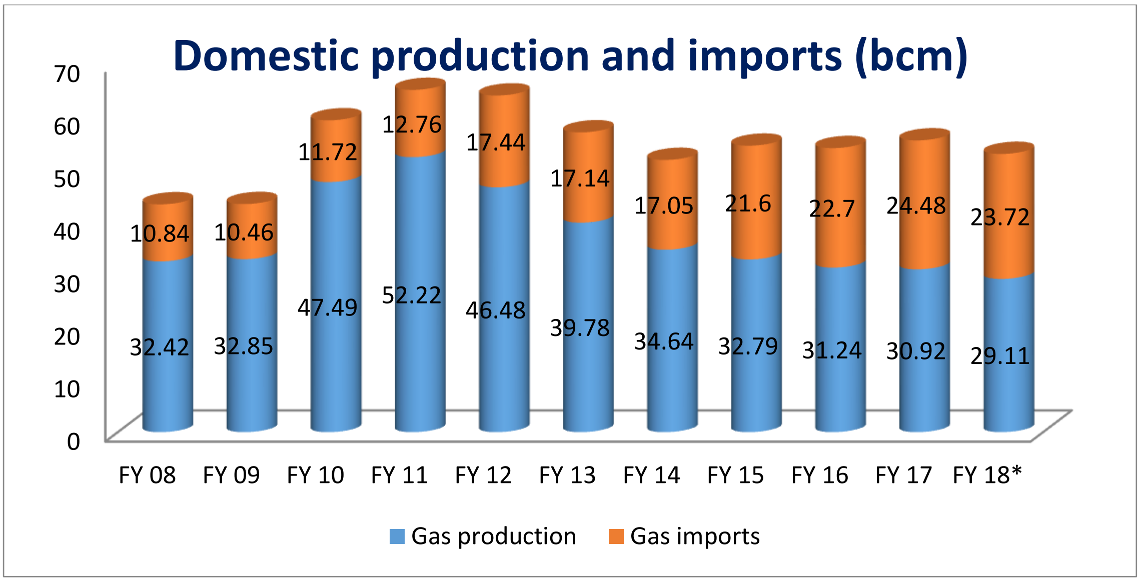


Figure 4.7

ANNUAL CRUDE OIL AND GAS PRODUCTION ("000" TONNES)

ANNUAL CRUDE OIL PRODUCTION:

In 2016-17, the output of crude oil was 36.09 million.

ONGC accounts for 61.7% of India's total crude oil production.

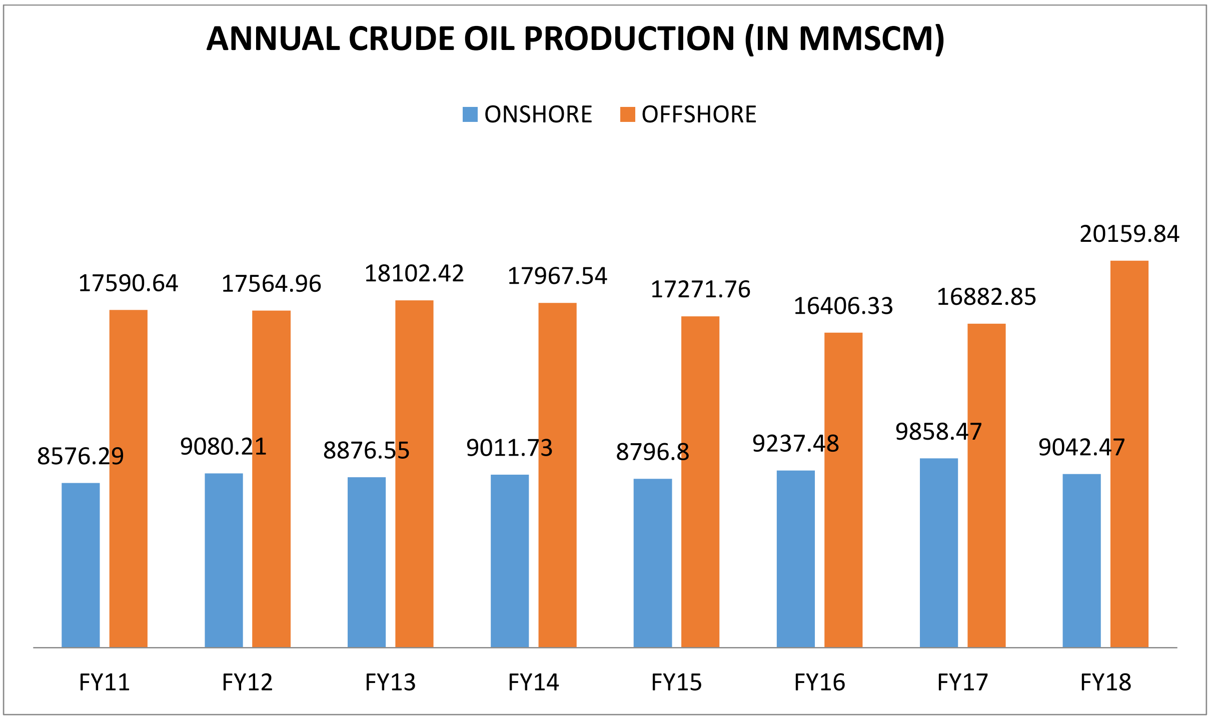


Figure 4.8

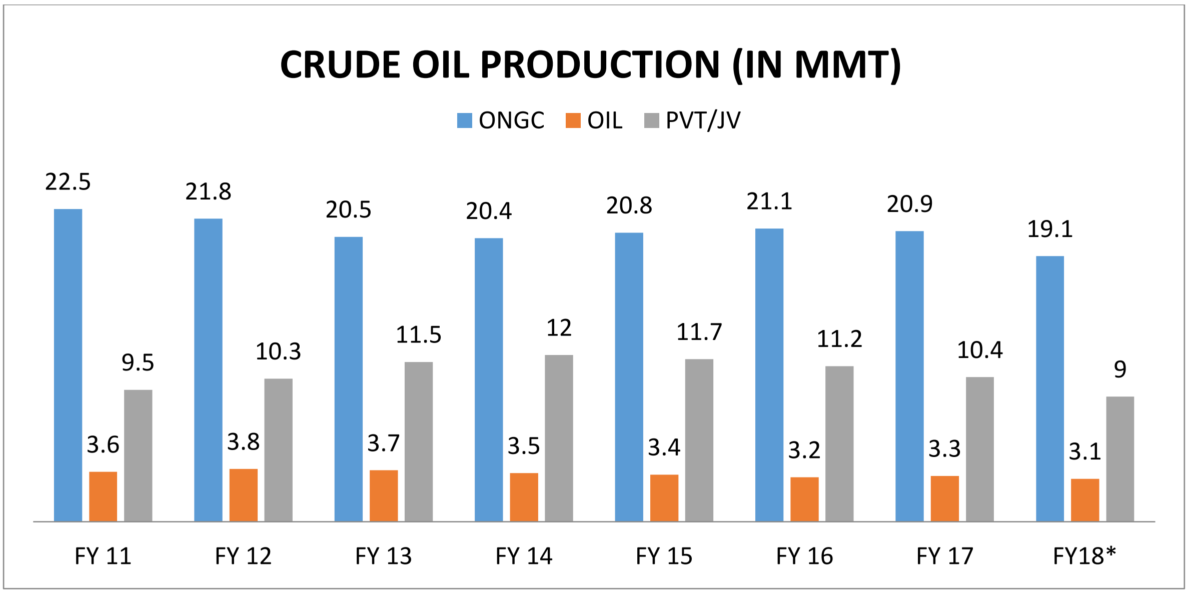


Figure 4.9

ANNUAL GAS PRODUCTION (MILLION METRIC STANDARD CUBIC METER)

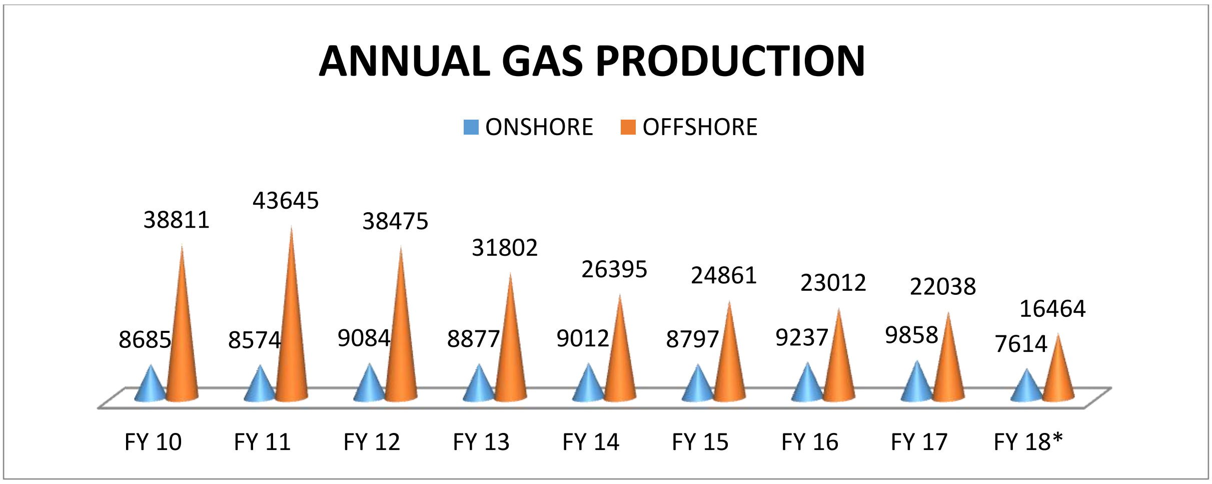


Figure 4.10

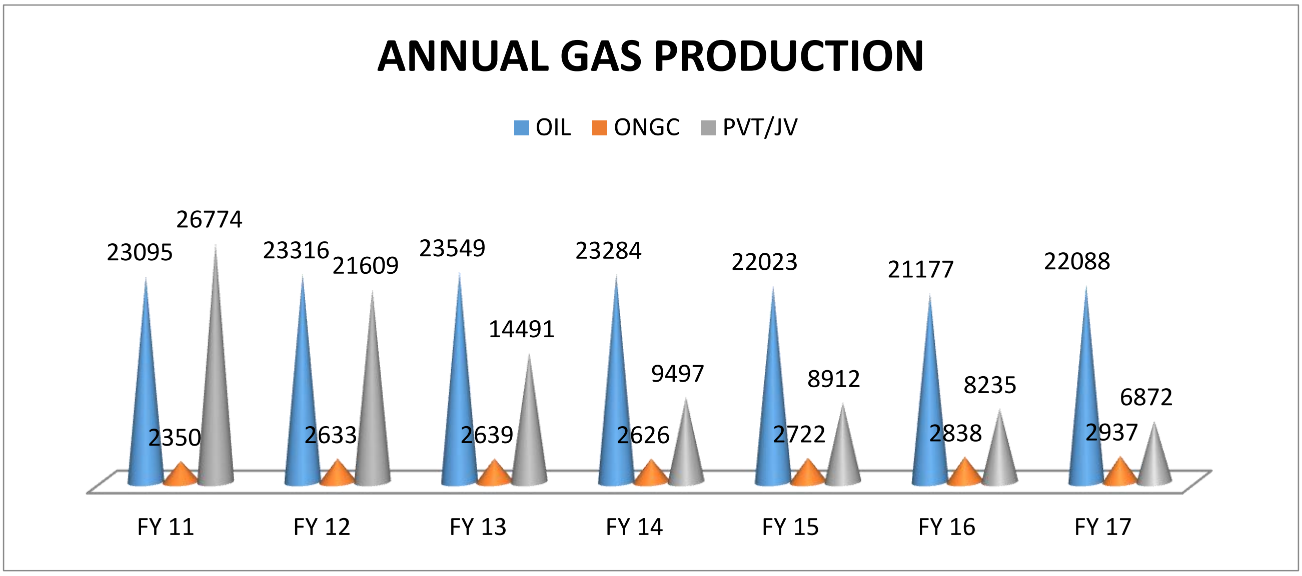


Figure 4.11

- Total gas production was 31.897bcm in the financial year 2017**.**

EXPLORTION AND DEVELOPMENT ACTIVITIES:

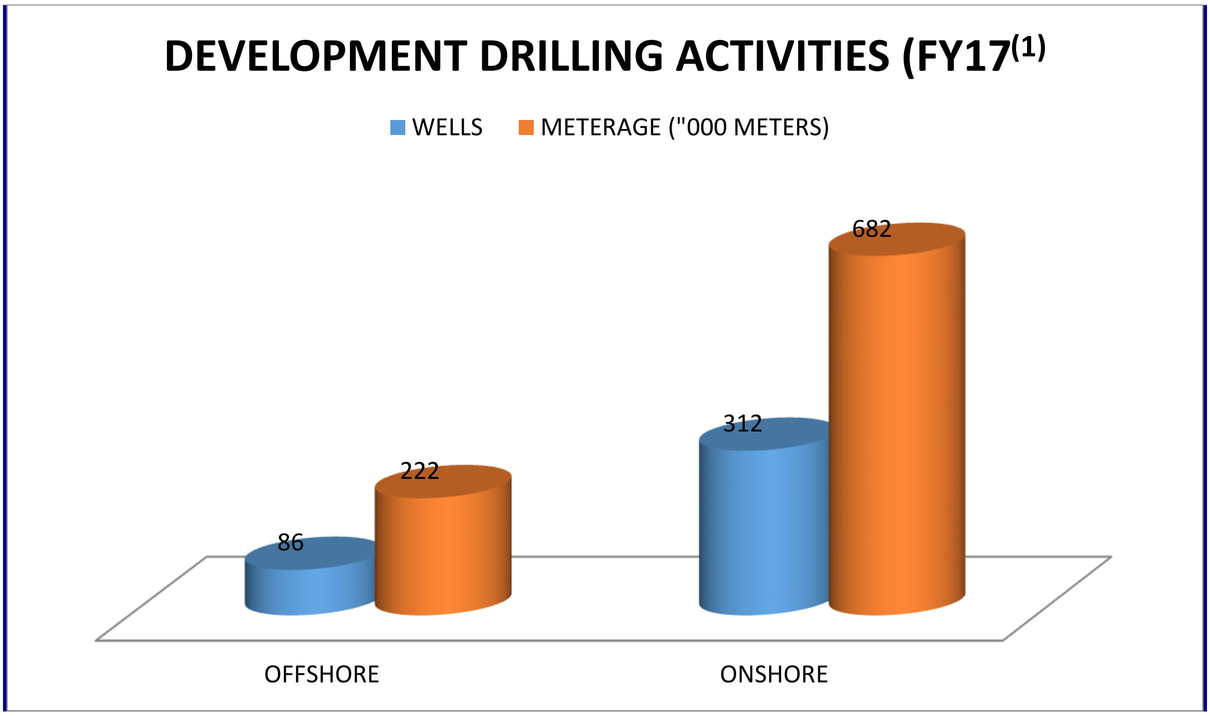


Figure 4.12

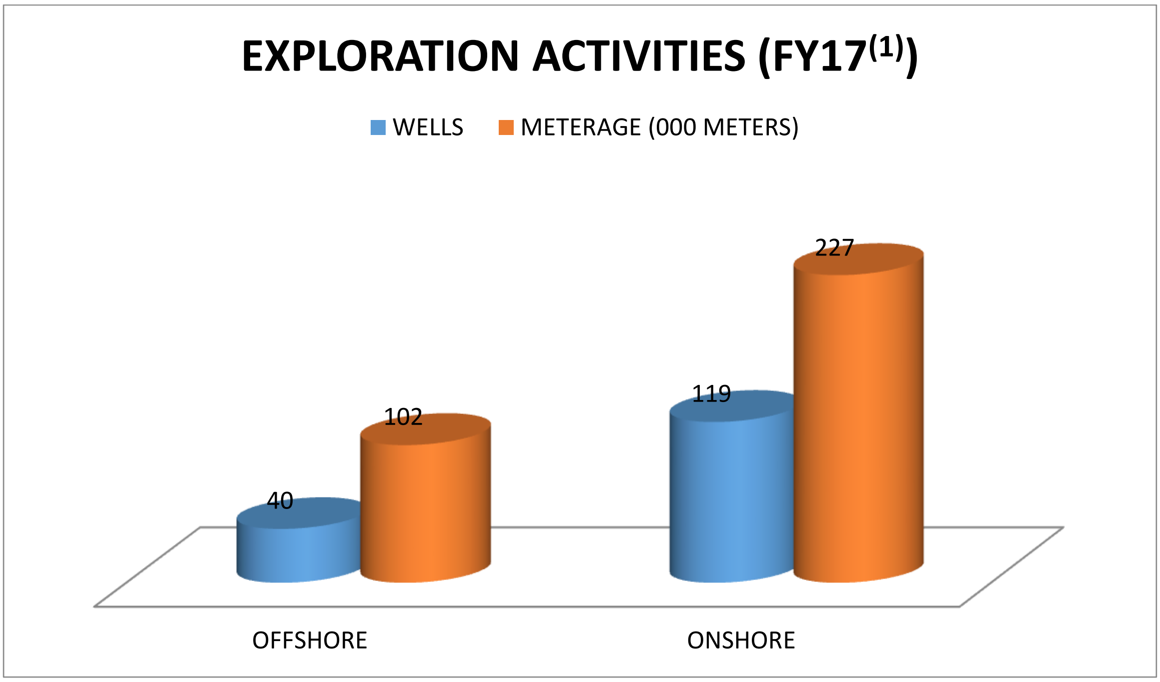
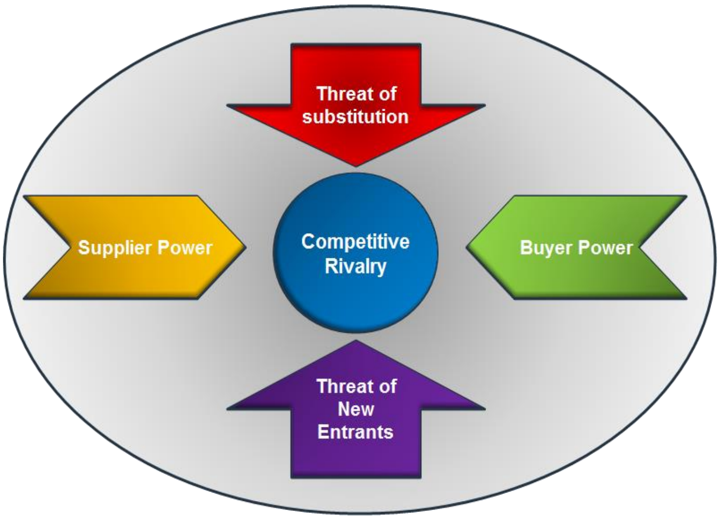


Figure 4.13

- During the fiscal year 17 (1) period, 1.245 million meters of wells were drilled and developed, and 540 wells were drilled in the country.
- State-owned oil companies maximize the use of upstream drilling and exploration
- In January 2018, after an eight-year gap, the central authorities auctioned 55 exploration blocks and submitted an oil and fuel exploration report.
- This is the first auction under OALP allowing companies to increase their selected neighbourhoods to explore about 2.8 million square kilometres of undeveloped areas in the country.

PORTER'S FIVE FORCES FRAMEWORK ANALYSIS:



THREAT OF SUBSTITUTION

- The threat isn't always first-rate, as solar, wind, coal and hydroelectric strength are much less evolved. Pressure from different assets may additionally boom in the future.

Substitute services and products restriction the firm's income potential and source of value create. This is in particular because of the reality that oil is cheaper in comparison to other fuel types. With drilling And mining technology are becoming increasingly more complex and are growing hastily. Fuel prices, oil can also continue to be one of the most inexpensive energy inside the coming years. Despite this, as soon as crude oil cost upward push sharply, oil substitutes becomes a threat. The Most of the alternative fuels used are organized in the following order: coal, herbal gasoline, renewable energy (wind, sun) Energy, bio fuels, hydropower, tidal power, etc.) and nuclear electricity.

It is expected that the worldwide coal intake will account for a mild decrease inside the total energy Consumption is mainly because of the truth that sources are specifically concentrated in some countries and regions. Become more and more complicated and faraway from important markets. Development and use prices due to environmental rules, coal usage will only growth inside the coming years. Such as the "Kyoto Protocol."

COMPETITIVE RIVALRY

- In the upstream, in the midstream and downstream markets, only one or two employees compete, so the competitors are very low.
- Although some private operators have entered the enterprise in the beyond few years, at gift they do not pose any primary threats.

First, the COMPETITAVE ENVIRONMENT of the oil industry may be described as several major and effective players and numerous smaller players with smaller powers. Although the larger competition are extraordinary, a number of them represent primary international corporations that have constrained oil-specific control rights, however have complicated technical expertise, and however, are the country wide oil businesses with oil reserves (managed 88% of the arena (EIA, 2008)), however much less attention to technology17. Most of these countrywide oil businesses are beneath the protection of OPEC, which means they operate as a single entity - cartel, thus lowering rivalary or competition between these businesses. However, the rivalary amongst big-scale producers has turn out to be an increasing number of fierce, because the demand for replacing the dry feilds has delivered superb strain because new discoveries are difficult to acquire. Second, the gradual boom of the enterprise has additionally exacerbated rivalary amongst competitors. Recent The researcher's Study 6 shows that oil and gas exploration is turning into less and much less fruitful, and that “clean-to-access oil and fuel elements will now not fulfill demand.” Since the start of this century, the 5 fundamental oil companies have changed 82% in their reserves. In addition, inside the beyond two a long time, there have been almost no new refineries in the United States.

THREAT OF NEW ENTRANTS:

- The threat of new entrants remains low due to the capital-extensive nature of the industry and economies of scale.

The threat of new entrants refers back to the power of new ability competitors in the industry Can attack the business enterprise's profits. There is no doubt that the brand new entity has entered the oil industry, although the industry is appealing, the enterprise isn't always crucial.

First of all, there are large **capital requirements** for activities with important activities Oil businesses, maximum of which are in vertical positions in almost all upstream, midstream and ports downstream activities in the enterprise. Need massive constant in advance investment Oil field improvement or established order of production facilities. The cost incurred for setting up of business cannot be borne by everyone.

Another common hurdle right here is the **economies of scale**. Due to the boom in unit price Oil exploration and manufacturing can handiest be acquired through huge oil groups and refineries the benefits of economies of scale (and scope) can survive. This makes things very hard It is also volatile for brand new players due to the fact they normally can't get quite a few oil Reserves can once in a while no longer even have those reserves overseas. The latter is like this For many oil-wealthy international locations besides the United States, Canada, Brazil, and Norway (IEA, 2008).

The need for **distribution channel** also creates obstacles to access. Normally Only major oil companies (home and international) have perfect channels Whether it is upstream, downstream or two segments.

No **product differentiation** due to the fact oil is a commodity; not The prices faced by customers when switching to exclusive providers. However, this It does not alternate the fact that new entrants inside the industry are going through extreme barriers. Stop them from endangering mounted business and their profits.

BARGAINING POWER OF SUPLIERS

- Although there are few individuals to operate, the bargaining power is mild. The government every so often delays offering subsidies to oil businesses and will increase losses.

Large oil corporations like Petro bras or ExxonMobil have complicated supplier chains ranging from oil (discipline) providers to engineering suppliers, on-website improvement management, pipeline installations, precise system and materials, and even scientific researchers.

The general picture of the distribution of strength between oil groups and their suppliers is that each one this depends at the sort of dealer. When analyzing more traditional substances and service providers, impression is a huge oil agency that could play a function because of its place. However, when searching at the "suppliers" of the oil fields, the state of affairs is completely distinctive. The OPEC nations, as a concrete instance, have most of the arena's effortlessly on hand oil reserves. Due to the exhaustion of the employer's contemporary oil reserves, the guidelines of those international locations might also surely motive the employer to shut down.

BARGAINING POWER OF BUYERS:

- Customers have low/non existent bargaining strength □ Customers are PRICE-TAKER now not a PRICE-MAKER.

It is suggested that customers can influence the profitability of the industry due to the fact they could bid the prices or bargaining thru competitors requires better quality or greater services. However, the oil industry is a specific device for determining crude oil prices At the worldwide stage, based at the monetary relationship among international demand and supply oil. This particular oil global price usually refers back to the spot rate of light crude oil traded. New York Mercantile Exchange (NYMEX). On the opposite, this is also very common Oil trades are at the over counter between the two parties however are also traded at worldwide prices. Primarily based on this regard, the **willingness to pay** is more or much less the most effective bargaining strength possessed by the buyer.

COMPANY ANALYSIS:

The last analysis of fundamental analysis is company analysis. The following selected companies are selected for the analysis.

Bharth petroleum corporation ltd (BPCL)

BPCL is the biggest public sector unit company in India. It carries its functions in refining and retailing of products of petroleum. Under the companies act 1913 BPCL incorporated and is in the business of refining, storing, marketing and disturbing of petroleum products.

Operating profit:

Operating earnings is an accounting determines that measures the organization’s ongoing income from center business operations, and therefore deducts hobby and taxes. This value also does now not consist of any profits derived from the enterprise's funding, consisting of the organization’s revenue from the enterprise's partial interest.

Table showing operating profit of BPCL

Year	Operating profit
2016	11056.26
2015	8314.67
2014	8086.22
2013	6106.8
2012	3866.85

Table 4.1

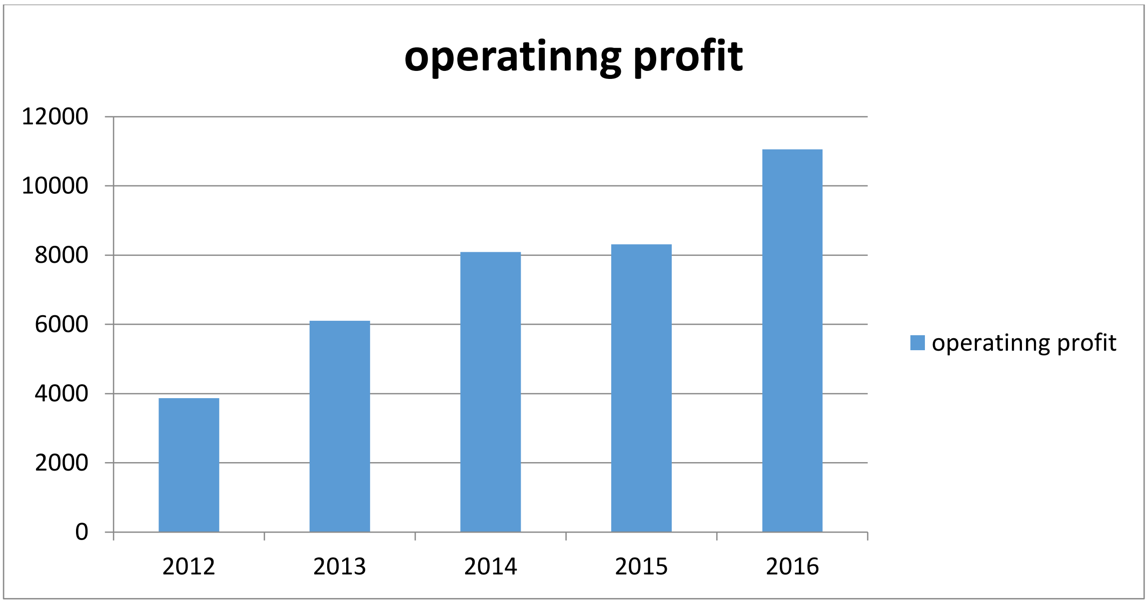


Figure 4.14

Operating profit ratio:

The ratio of operating profitability represents the earnings earned through a corporation after paying variable prices which includes wages, uncooked materials, and so forth. It is also expressed as a percentage of sales, and then indicates that the efficiency of the enterprise controlling charges and charges is related to commercial enterprise operations.

Table showing operating profit ratio of BPCL

Year	Operating profit margin
2013	2.54
2014	3.1
2015	3.49
2016	5.89
2017	5.35

Table 4.2

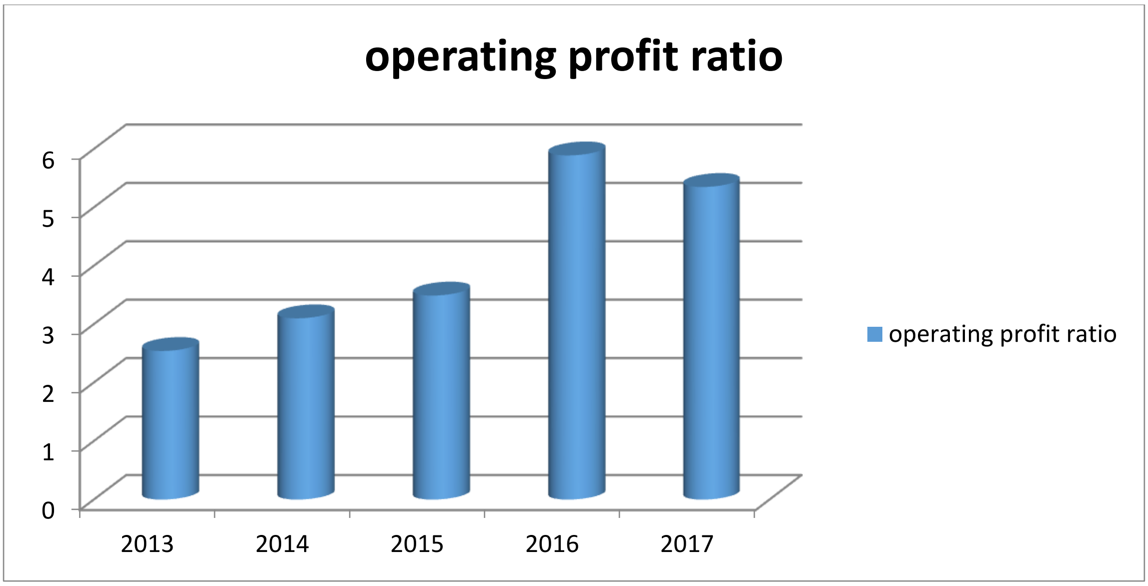


Figure 4.15

Analysis: the operating profit of the company has been increasing since the year 2013 to 2016 but in the year 2017 there is a decrease in the operating profit margin. Since there is continuous increase till 2016 because the company's operating profit and sales have been increasing step by step, but there is a slight decrease in the year 2017 this is because there is an inefficient use of operating expenses. In that year 2017 sales has increased but operating expense has decreased. Operating may increase if government allows international market based pricing. If government intense to keep price during upcoming election then Petroleum companies may be pushed into the financial problem. Hence we advice investors to be very cautions on government petroleum policies in the coming year. If petroleum prices increases then distribution companies like BPCL may incur more loss than petroleum producing companies.

Profit before tax:

Profit before tax (PBT) is a degree of profitability. Before the employer need to pay company profits tax, it assessments the earnings of the enterprise, internet of profits tax profits, which include hobby expenses and running charges, except for earnings tax. Also referred to as "pre-tax profits" or "profit before tax."

Table showing Profit before tax of BPCL

Year	PBT
2017	11042.79
2016	10651.18
2015	7415.51
2014	5948.98
2013	4035.69

Table 4.3

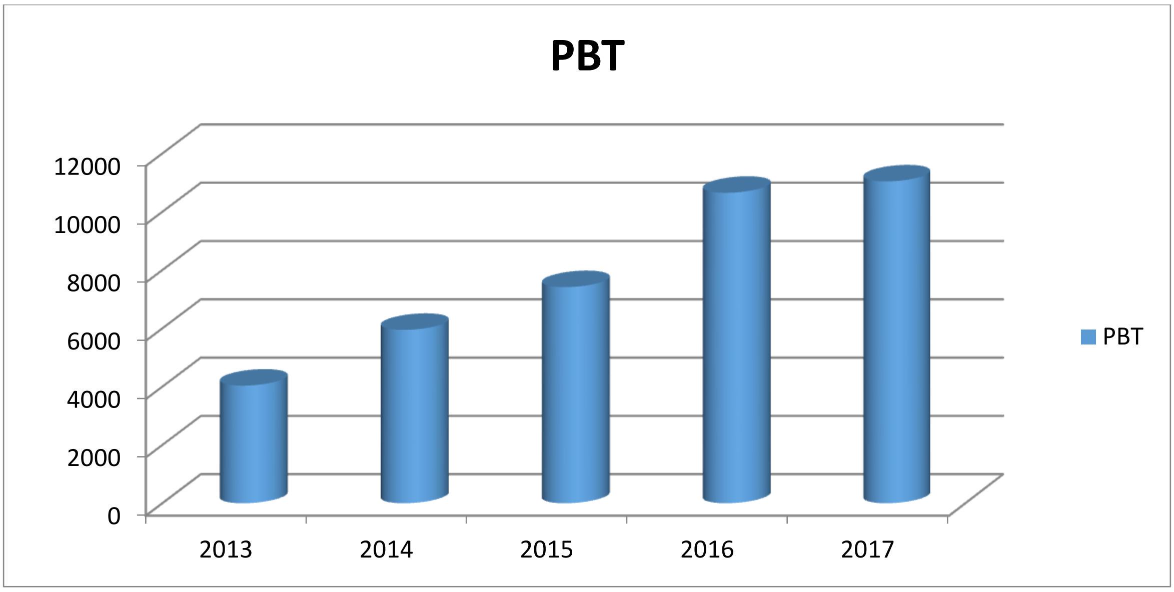


Figure 4.16

Profit before tax ratio:

Table showing Profit before tax ratio of BPCL

Year	PBT
2016	4.36
2015	4.80
2014	2.41
2013	2.23
2012	1.72

Table 4.4

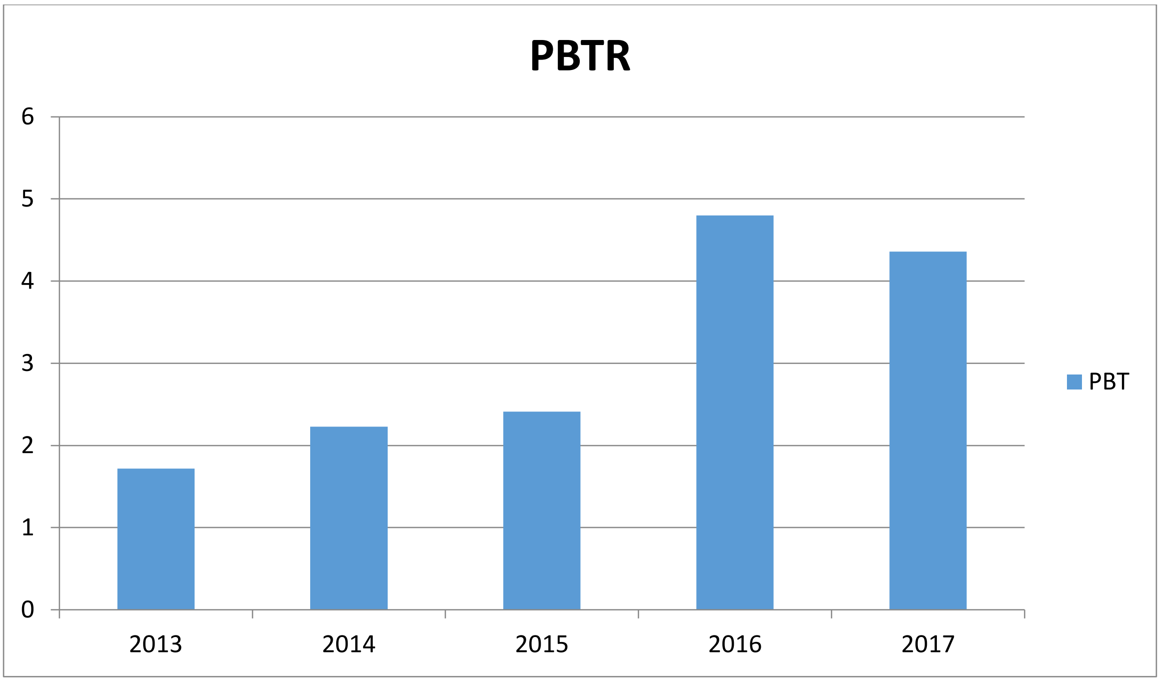


Figure 4.17

The above graph shows healthy increase in profits since 2013. This is majorly because of decreasing trend of petroleum prices at international market. If the petroleum prices decreases then Distribution companies make more profit in the Indian market. However since December 2018, Petroleum product price started to rise again in the northward direction hence PBT may under the pressure. Observing the changes in the prices we advice cautious decision with reference to customer investments.

Dividends:

Dividends are payments made via the organisation to shareholders, normally profit distribution. When the agency makes a income or a surplus, the employer can reinvest the profits within the business (known as retained income) and pay a part of the profits as dividends to the shareholders.

Equity share dividend:

When a organization distributes dividends to its shareholders, the fee of the dividend is deducted from its retained earnings. Even if dividends are issued as additional stocks, the price of the inventory can be deducted.

Tax on dividend:

Dividend tax is the tax agency's tax on dividends received by shareholders (shareholders) of the company.

Table showing dividends of BPCL

Year	Equity share dividend	Tax dividend
2017	4555.43	828.23
2016	2241.56	390.99
2015	1626.94	294.27
2014	1229.24	196.58
2013	795.39	127.47

Table 4.5

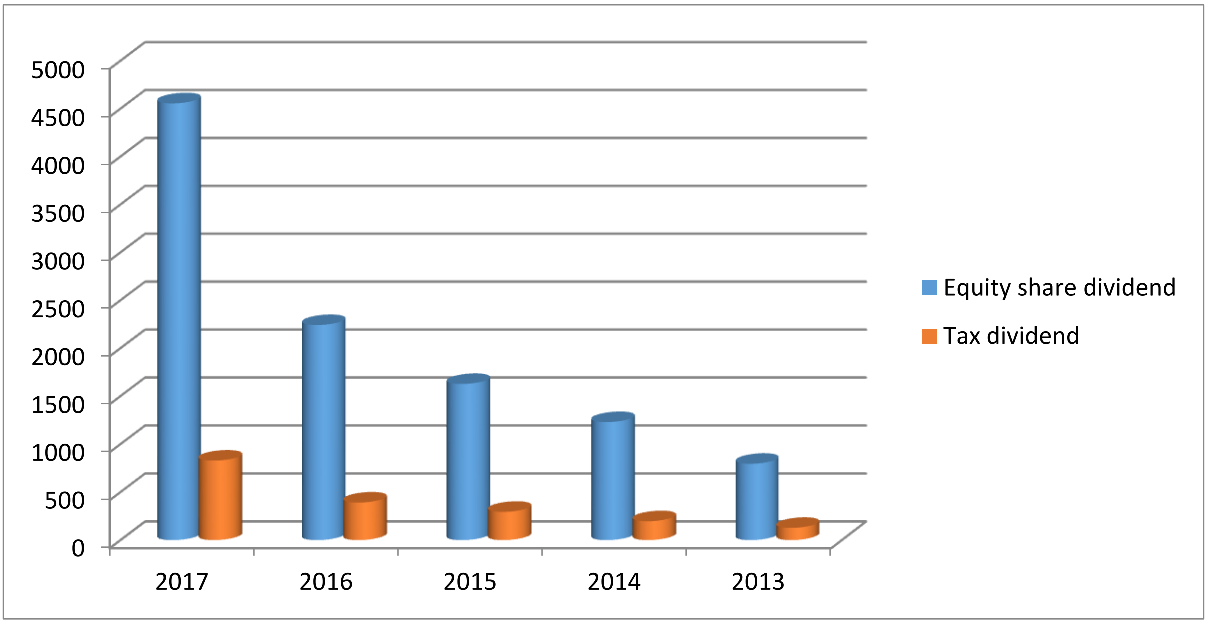


Figure 4.18

The above chart shows healthy sign on dividend distribution to shareholders. This Dividend is the direct result of higher profit due to low oil prices in the international market. Indian government policies facilitated Oil companies to earn more profit keeping the prices at higher level. Indian Government is the biggest benefitary due to higher profit to oil distribution companies. This dividend may decrease if oil prices increase in the international market. The strong carltel of oil exporting countries may ensure oil prices at higher level. Hence investors need to more cautious.

Revenue :

Revenue refers to the quantity definitely received by way of the agency inside a distinct time period, along with discounts and deductions for again goods. It is the highest line or general revenue determines this is deducted from the fee to determine internet earnings.

Table showing revenue of BPCL

Table 4.6

Year	REVENU
2017	204811.25
2016	191315.49
2015	240286.86
2014	261529.19
2013	241795.98

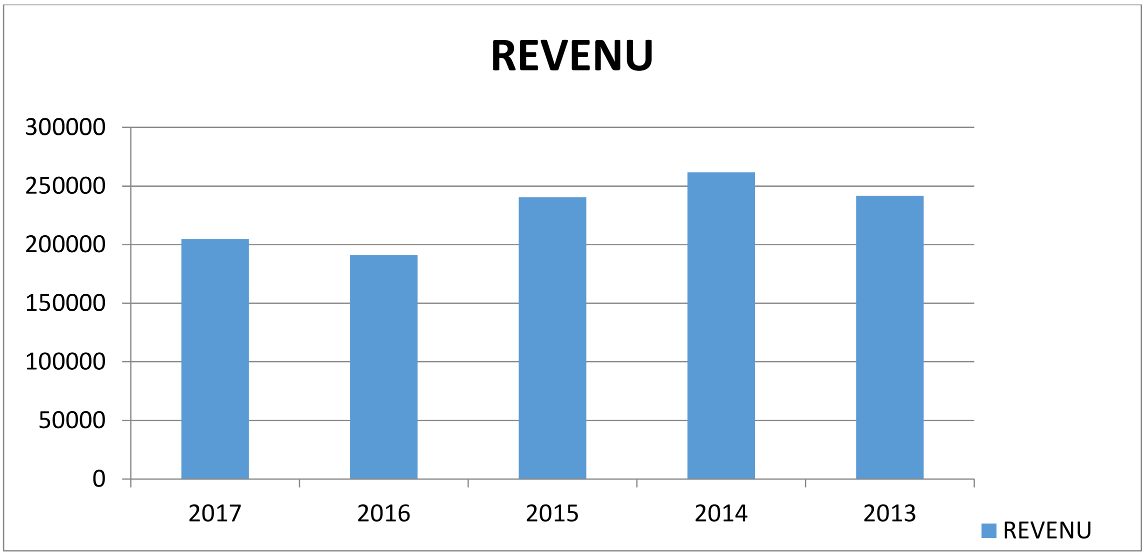


Figure 4.19

The below graph shows Reduction in the revenue. This is mainly due to Petroleum products price volatility. During 2014 prices were at peak level hence the revenue was more. However due to decrease in prices of petroleum products over revenue has come down. This phenomenon helped the government to reduce the subsidy burden on it. Above graph shows revenue not directly correlated to the profit of the company. Investors need to be very cautious while taking investment decision.

NETWORTH:

Net worth is a concept that applies to individuals and organizations and is a key indicator for measuring the price of the entity. A sustained increase in internet really worth suggests an awesome economic role; alternatively, the net worth can be exhausted by an annual running loss or a big decline inside the asset's price relative to the legal responsibility.

Table 4.7

Year	Net worth
2016	27158.69
2015	22467.48
2014	19458.76
2013	16634.76
2012	14913.86

Table showing network of BPCL

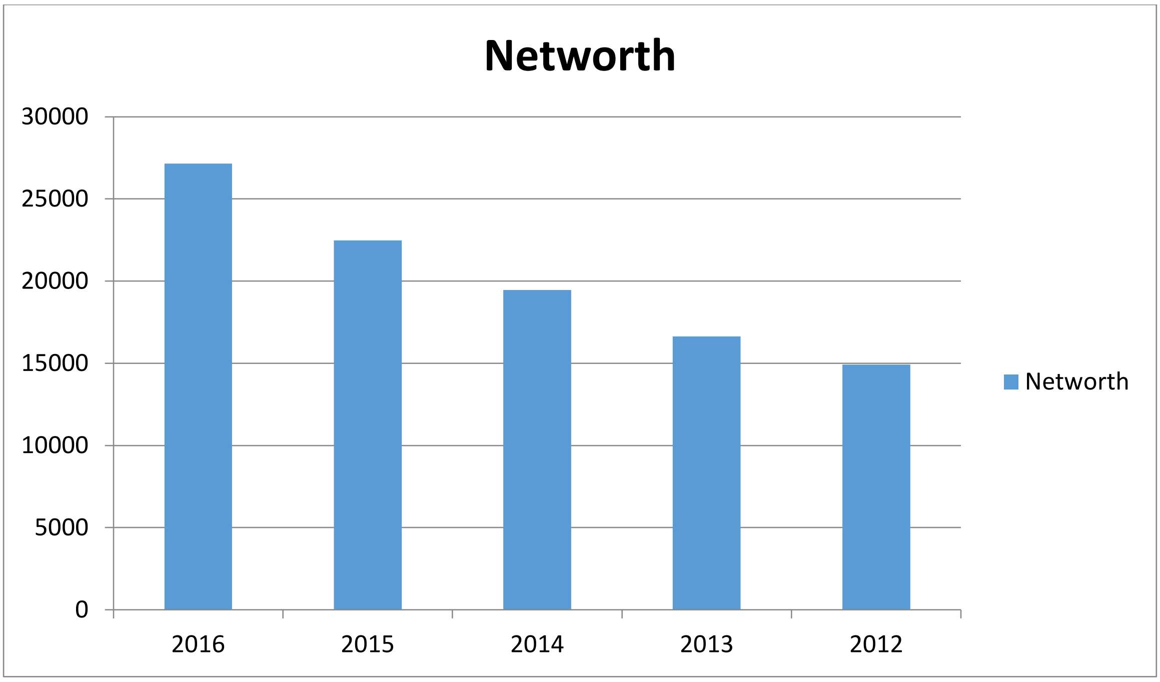


Figure 4.20

The above graph shows that healthy increase in the networth this is due to the increase in the capital investment.

EARNING PER SHARE :

Table showing EPS of BPCL

Year	EPS
2016	102.78
2015	70.32
2014	56.16
2013	36.55
2012	36.27

Table 4.8

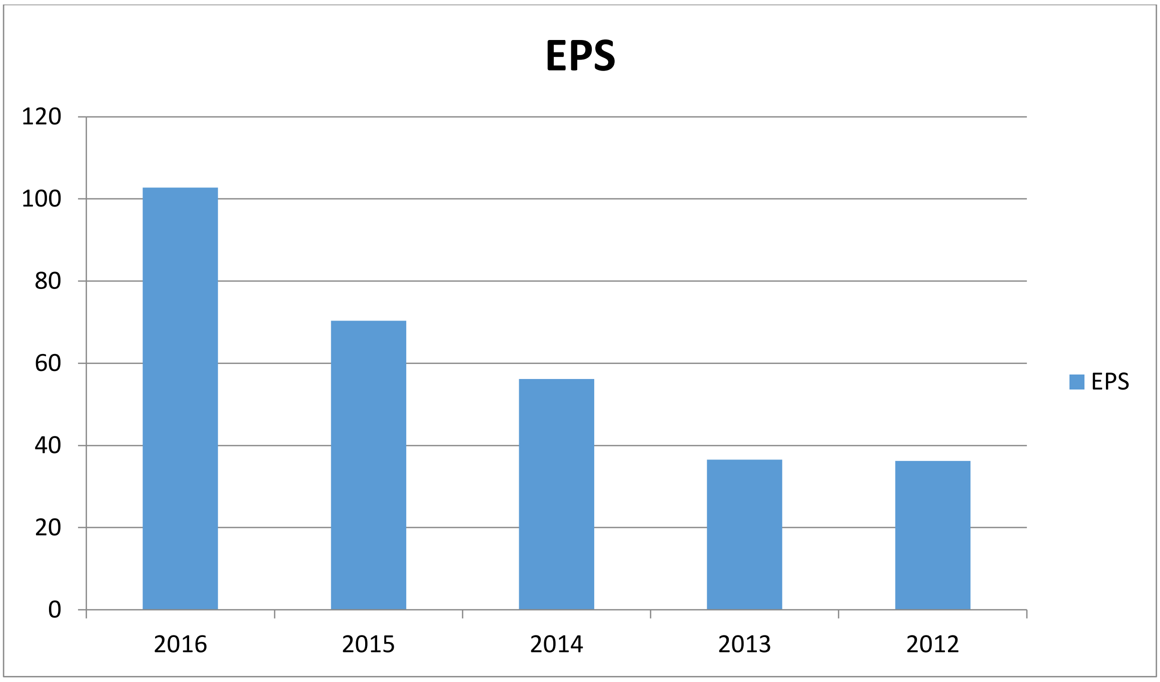


Figure 4.21

Earning per share of the company is gradually increased from the year 2013 to 2016 but in the year 2017 it decreased from 2016 to 2017. Investors need to be cautious while taking investment decision.

HPCL:

HPCL is an Indian government company with Navratna fame, and Forbes 2000 and Global Fortune 500 agencies. It become in the beginning a business enterprise integrated below the Indian Companies Act 1913. Both in BSE(Bombay stock exchange) and NSE (national stock exchange) it is listed. HPCL has the second one largest product pipeline in India, over 3,370 km of pipeline community for the transportation of petroleum merchandise, and an intensive advertising and marketing network of thirteen nearby offices and 106 nearby places of work in most important towns. Supply and distribution infrastructure terminals, pipeline networks, air service stations, liquefied petroleum gasoline bottling plant life, inland transit stations and retail shops, distribution of lubricants and liquefied petroleum gasoline.

EPS:

Table showing EPS of HPCL

Year	2017	2016	2015	2014	2013
EPS	61.12	114.07	80.72	51.2	26.72

Table 4.9

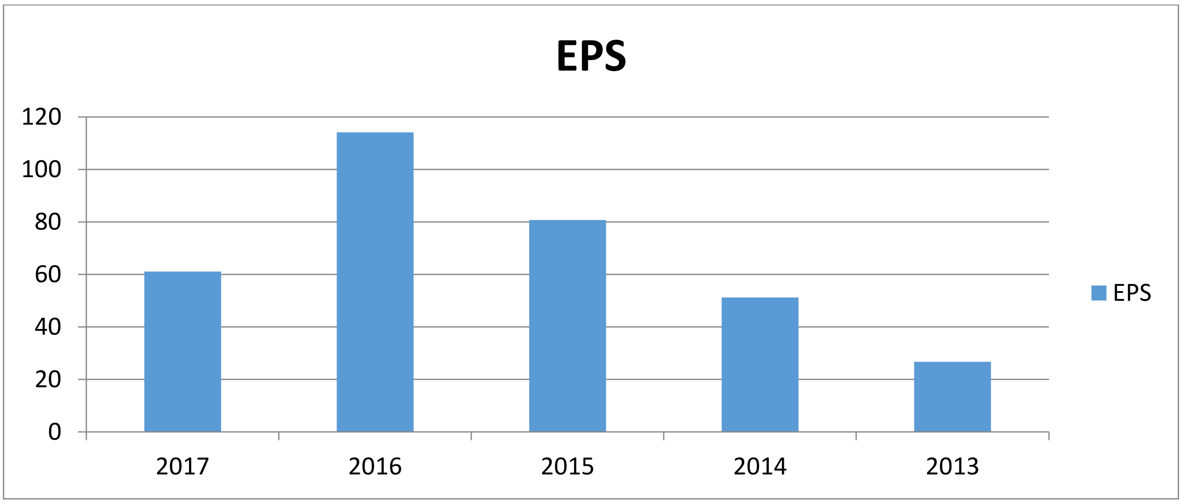


Figure 4.22

Earnings per share of the company is gradually increased from the year 2013 to 2016 but in the year 2017 it decreased from 2016 to 2017. EPS started to decrease from 2017 onwards hence Investors need to be cautious while taking investment decision.

Operating profit:

Table showing Operating profit of HPCL

Year	Operating profit
2017	10577.05
2016	7905.14
2015	5666.59
2014	5237.73
2013	4261.66

Table 4.10

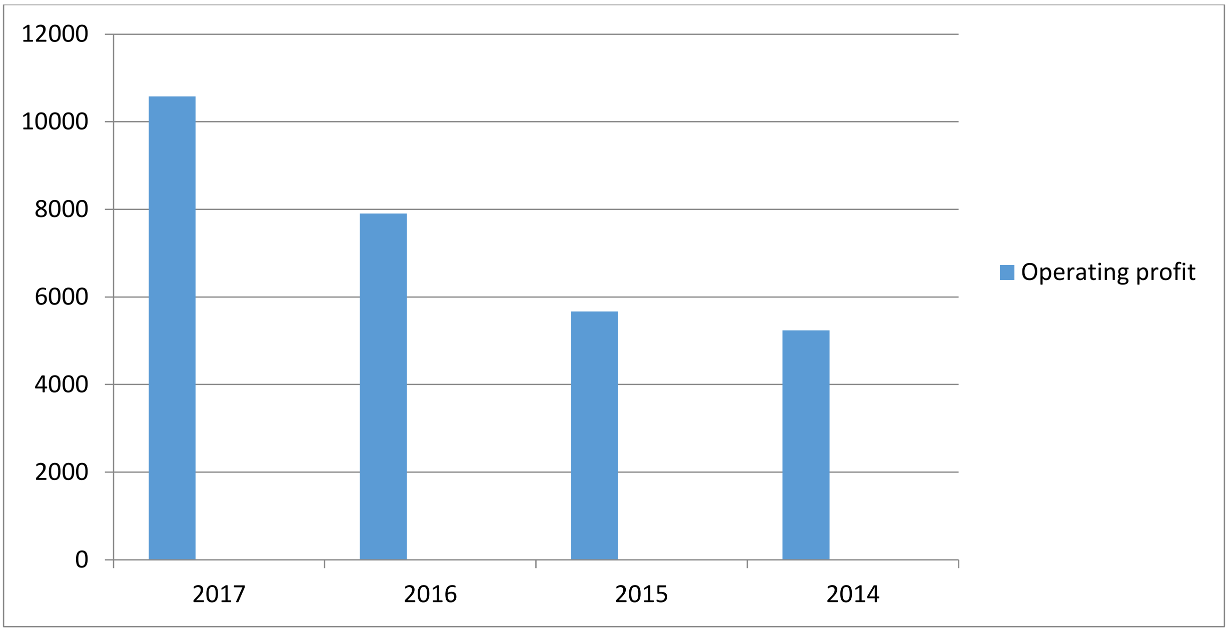


Figure 4.23

Operating profit ratio:

Table showing Operating profit ratio of HPCL

Year	Operating profit ratio
2017	5.65
2016	4.4
2015	2.74
2014	2.34
2013	2.06

Table 4.11

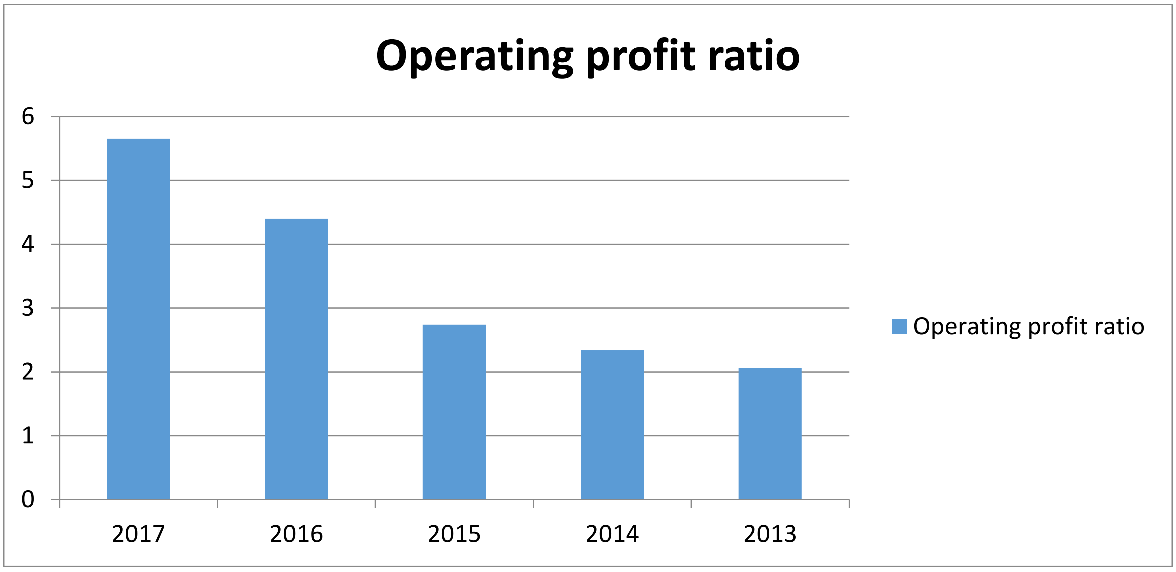


Figure 4.24

The operating profit of the company has been increasing continuously since from the year 2013 to 2017. Because the company utilize its operating expenses effectively. And the company's operating profit and sales have been increasing step by step. Operating may increase if government allows international market based pricing. If government invest to keep price during upcoming election then Petroleum companies may be pushed into the financial problem. Hence, we advice the investors to be very cautious on government petroleum policies in the coming year. If petroleum prices increases then distribution companies like BPCL may incur more loss than petroleum producing companies.

Profit before tax:

Table showing profit before tax of HPCL

Year	PBT
2017	9020.84
2016	5743.61
2015	4149.65
2014	2673.88
2013	1361.17

Table 4.12

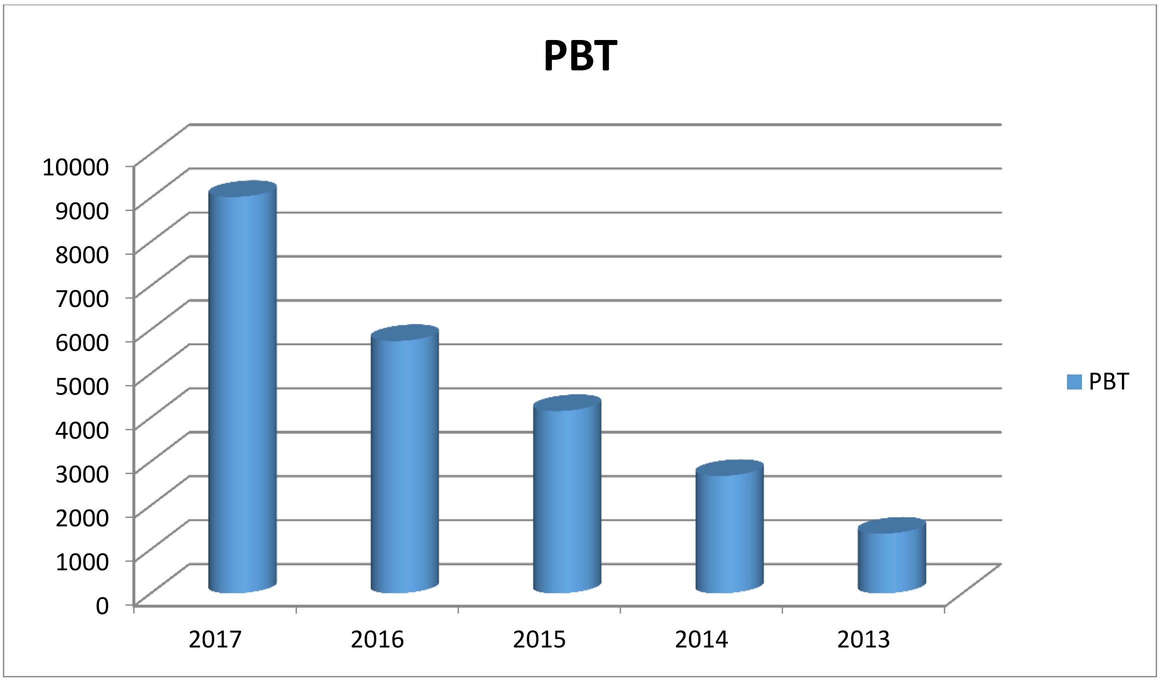


Figure 4.25

The above graph shows healthy increase in profits since 2013. This is majorly because of decreasing trend of petroleum prices at international market. If the petroleum prices decreases then Distribution companies make more profit in the Indian market. However since December 2017, Petroleum product price started to rise again in the northward direction hence PBT may under the pressure. Observing the changes in the prices we advice cautious decision with reference to customer investments.

DIVIDENDS:

Table showing dividends of HPCL

Year	Equity share dividend	Tax dividend
2017	2935.89	597.69
2016	1168.26	237.83
2015	829.64	168.89
2014	524.87	89.20
2013	287.83	48.92

Table 4.13

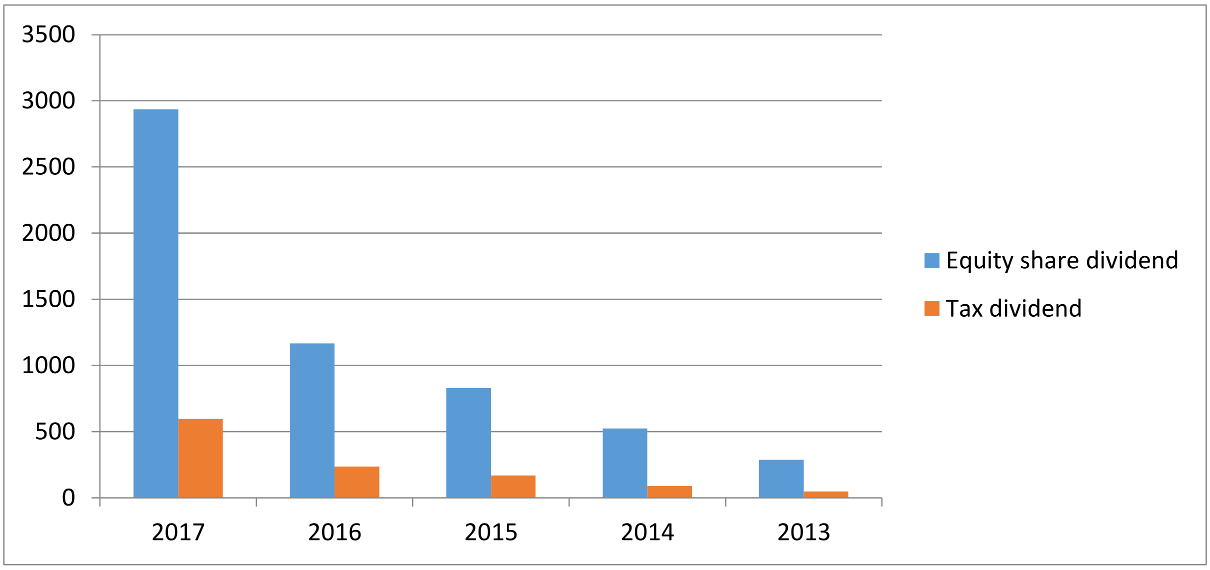


Figure 4.26

The above chart shows healthy sign on dividend distribution to shareholders. This Dividend is the direct result of higher profit due to low oil prices in the international market. Indian government policies facilitated Oil companies to earn more profit keeping the prices at higher level. Indian Government is the biggest beneficiary due to higher profit to oil distribution companies. This dividend may decrease if oil prices increase in the international market. The strong cartel of oil exporting countries may ensure oil prices at higher level. Hence investors need to more cautious.

REVENUE:

Table showing revenue of HPCL

Year	REVENUE
2017	188538.43
2016	180709.24
2015	207794.59
2014	224245.58
2013	207833.62

Table 4.14

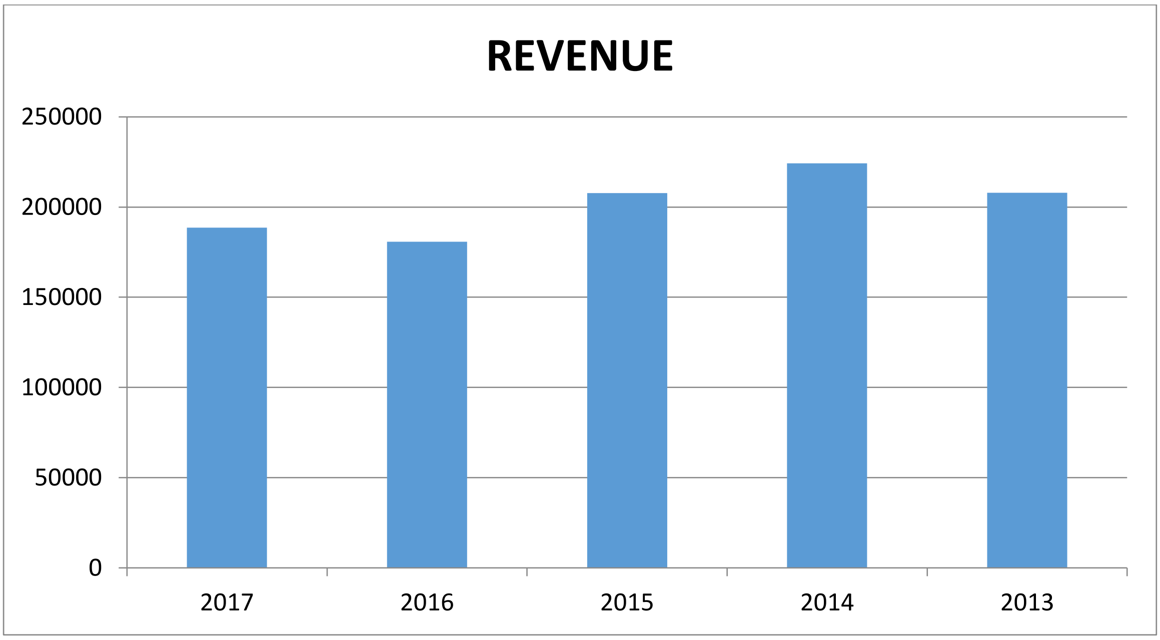


Figure 4.27

The above graph shows that increase in the 2013 to 2014 this is due to the increase petroleum prices but it has decreased in the year 2015 and 2016 this is due to decrease in the prices of petroleum products. But it again there is increase in 2017. Investors need to be very cautious while making the investment decisions.

NETWORTH:

Table showing Ne tworth of HPCL

Year	NETWORTH
2017	20347.41
2016	18356.10
2015	16022.09
2014	15012.16
2013	13726.40

Table 4.15

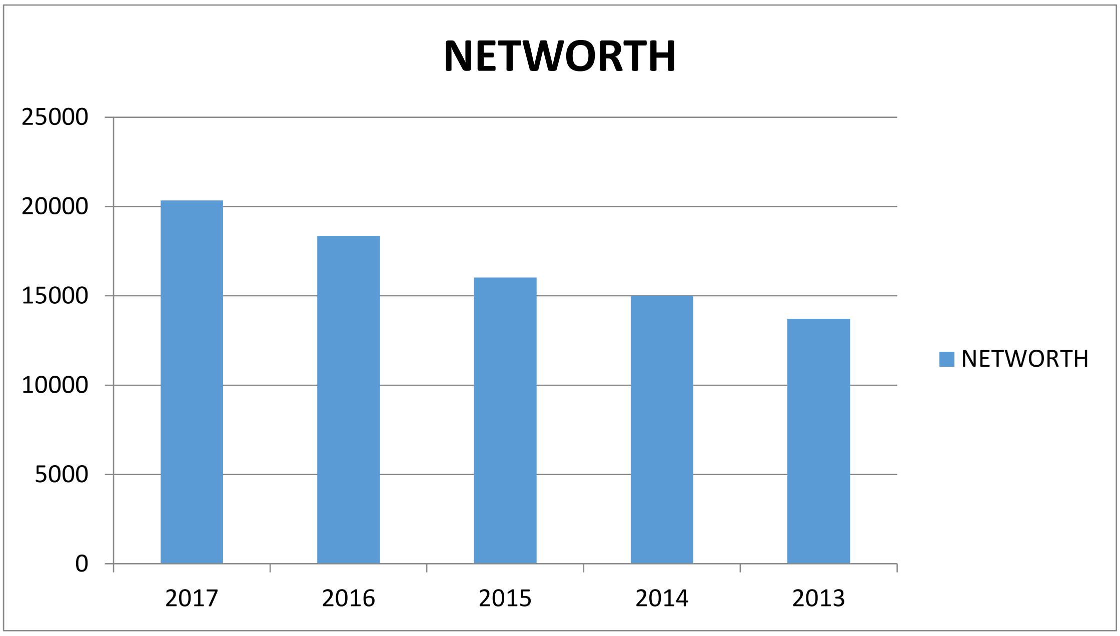


Figure 4.28

The above graph shows healthy increase in the net worth of the company since from the last 5 year i,e from 2013 to 2017 this is because increase in the capital investment.

ONGC:

ONGC is India's biggest manufacturer of crude oil and natural gasoline, accounting for about 70% of India's home production. Crude oil is utilized by downstream groups which include IOC, BPCL, and HPCL to produce petroleum merchandise (together with fuel, diesel, kerosene, naphtha, and cooking fuel LPG). ONGC is the top energy company in India and holds 20th ranks among the global energy majors.

EARNINGS PER SHARE:

Table showing EPS of ONGC

Year	EPS
2013	24.46
2014	25.83
2015	20.73
2016	18.71
2017	13.95

Table 4.16

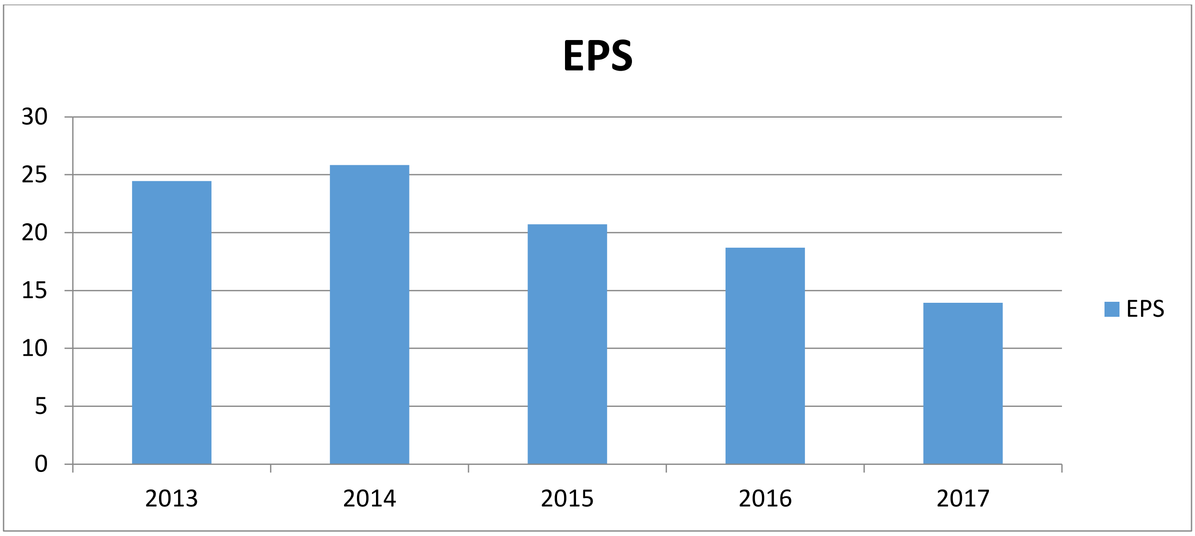


Figure 4.29

The earnings per share of the company is not so high in all the years and as well as the EPS of the company is also decreasing since from the year 2013 to 2017. Due to High Prices ONGC was making good profit during 2014, however due to decrease in petroleum prices ONGC profits decreased along with petroleum prices. Hence there is volatility in the EPS of ONGC

Operating profit:

Table showing Operating profit of ONGC

Year	Operating profit
2017	31078.66
2016	37609.73
2015	43556.14
2014	43969.55
2013	43582.44

Table 4.17

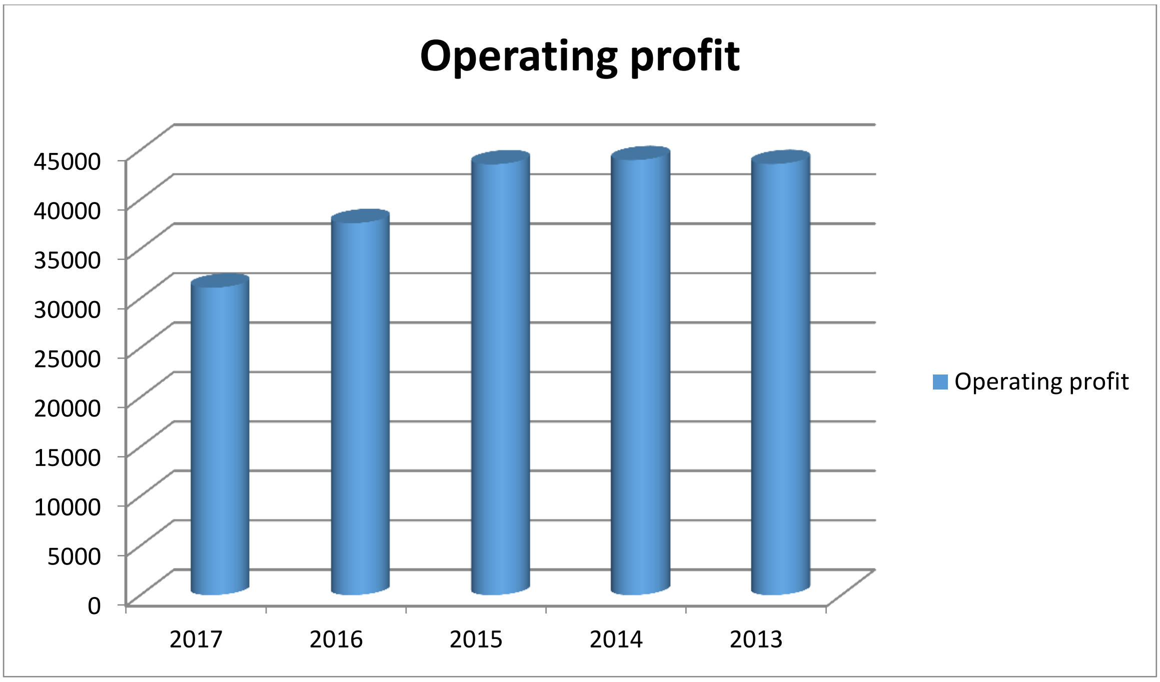


Figure 4.29

Operating profit ratio:

Table showing Operating profit ratio of ONGC

Year	Operating profit ratio
2017	39.99
2016	47.99
2015	52.55
2014	52.41
2013	52.50

Table 4.18

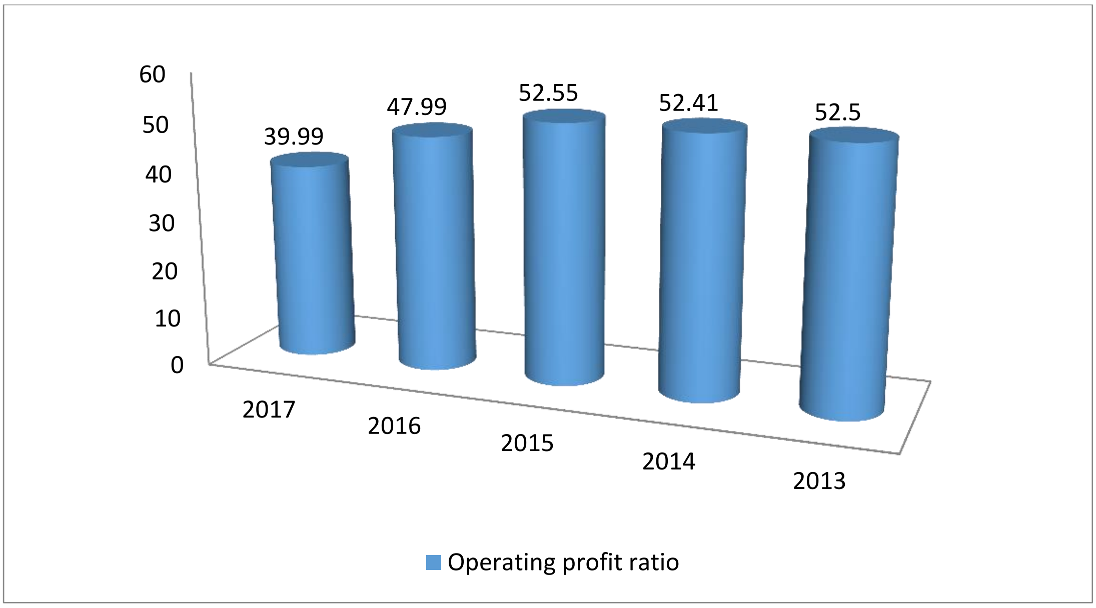


Figure 4.30

The operating profit ratio of the company slightly decrease in the year 2014 compared to the year of 2014 but again there is a slight increase in the year 2015. But from the year 2015 there is decrease in operating profit ratio. There is a huge difference from the year 2013 to 2017. This is because there is inefficient utilization of the operating expenses and increase in the sales but decrease in the profit.

Profit before tax:

Table showing Profit before tax of ONGC

Year	PBT
2017	24916.70
2016	23390.31
2015	26939.15
2014	31920.82
2013	30574.87

Table 4.19

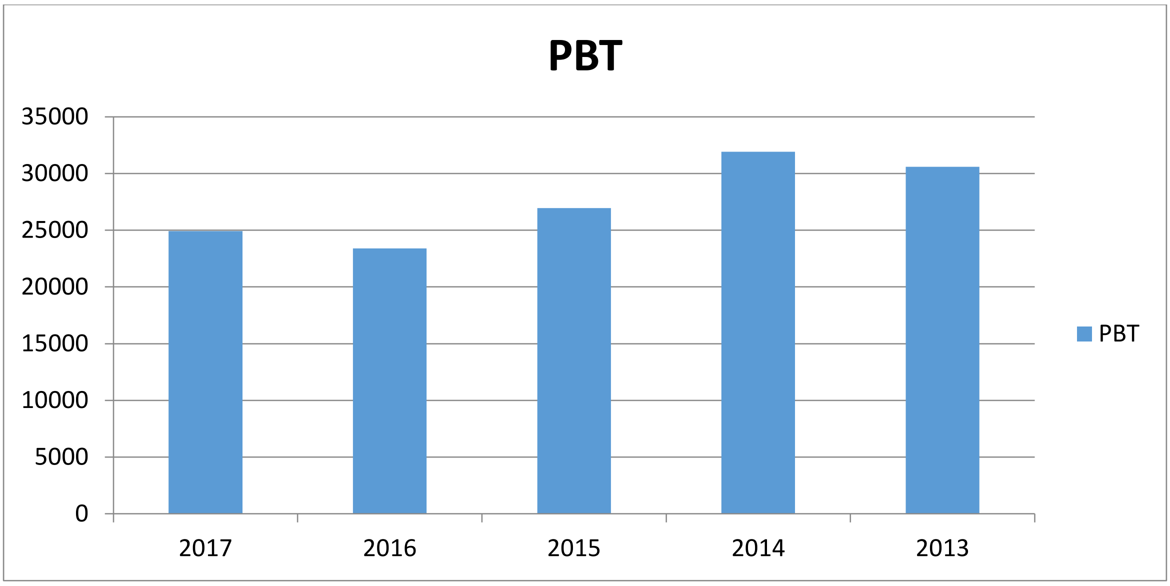


Figure 4.31

Profit before tax ratio:

Table showing Profit before tax ratio of ONGC

Year	PBTR
2017	22.15
2016	30.73
2015	36.37
2014	36.47
2013	39.81

Table 4.20

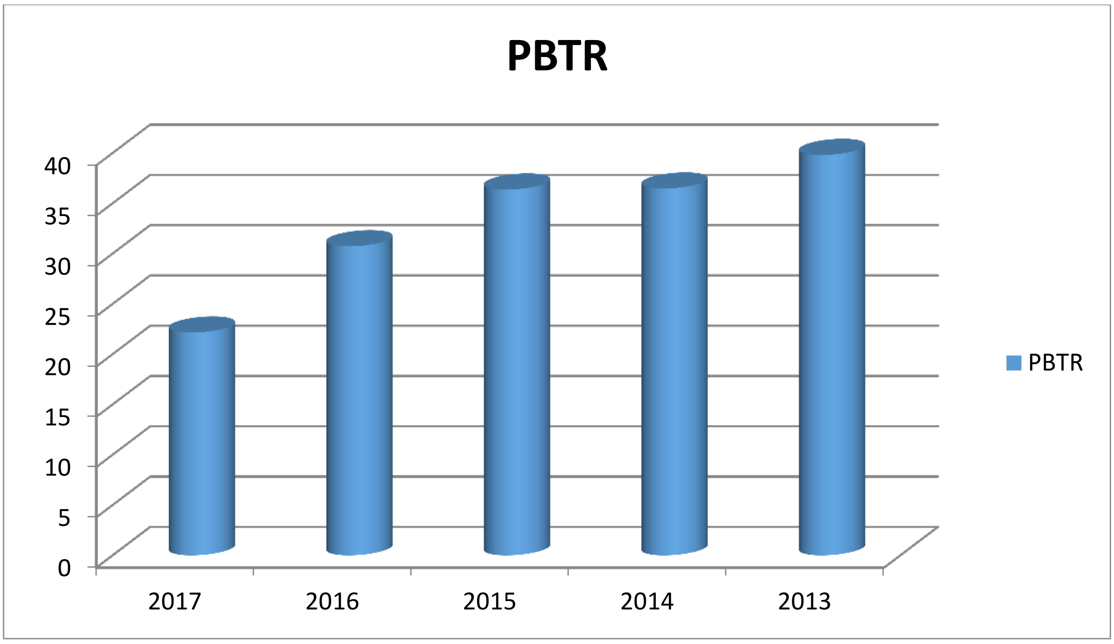


Figure 4.32

The above graph shows decrease in profits since 2013. This is due to low the prices of the crude oil and increase in the cost of production of crude oil. The company suffered from lower price realization from its crude oil sold from joint venture fields and a write-off on dry wells drilled.

Dividends :

Table showing dividends of ONGC

Year	Equity share dividend	Tax dividend
2017	9517.99	1935.35
2016	7272.18	1479.50
2015	8127.72	162563
2014	8127.72	1380.72
2013	8127.72	1301.16

Table 4.21

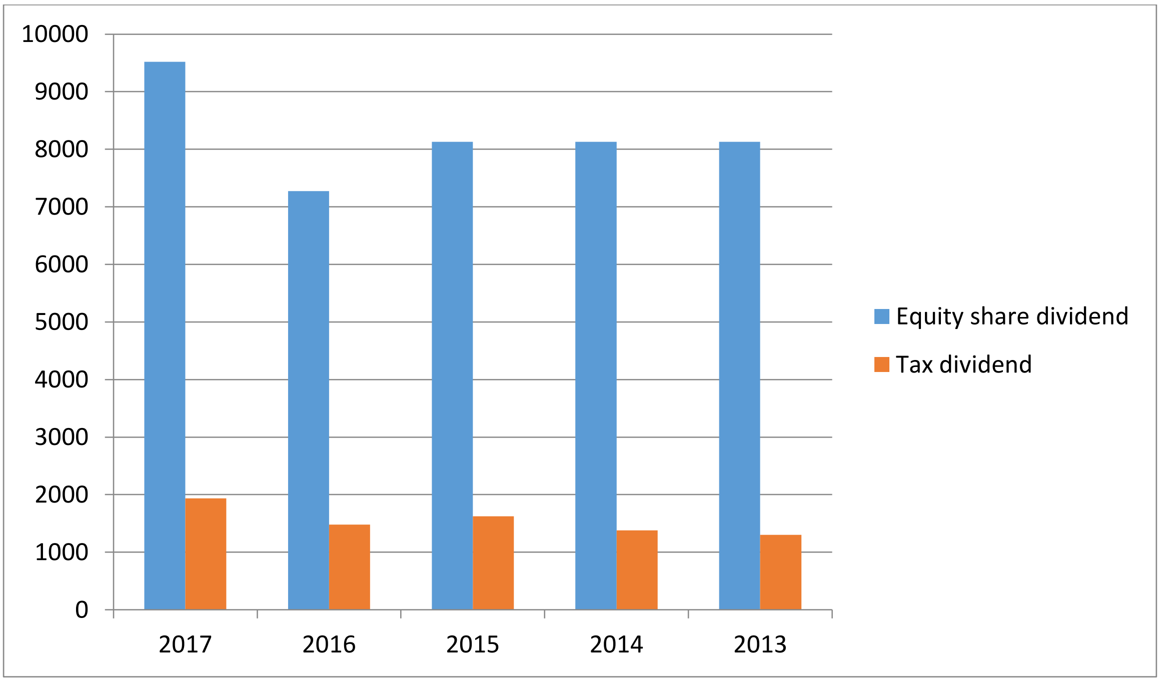


Figure 4.33

The above graph shows healthy increase in the dividends of the company year by year. ONGC has taken a positive decision on dividend distribution to its stakeholders. This may be because of Its main stakeholder (Government of India) pressure.

Revenue:

Table showing Revenue of ONGC

Year	Revenue
2017	85246.60
2016	84560.24
2015	88237.53
2014	90603.47
2013	88442.08

Table 2.22

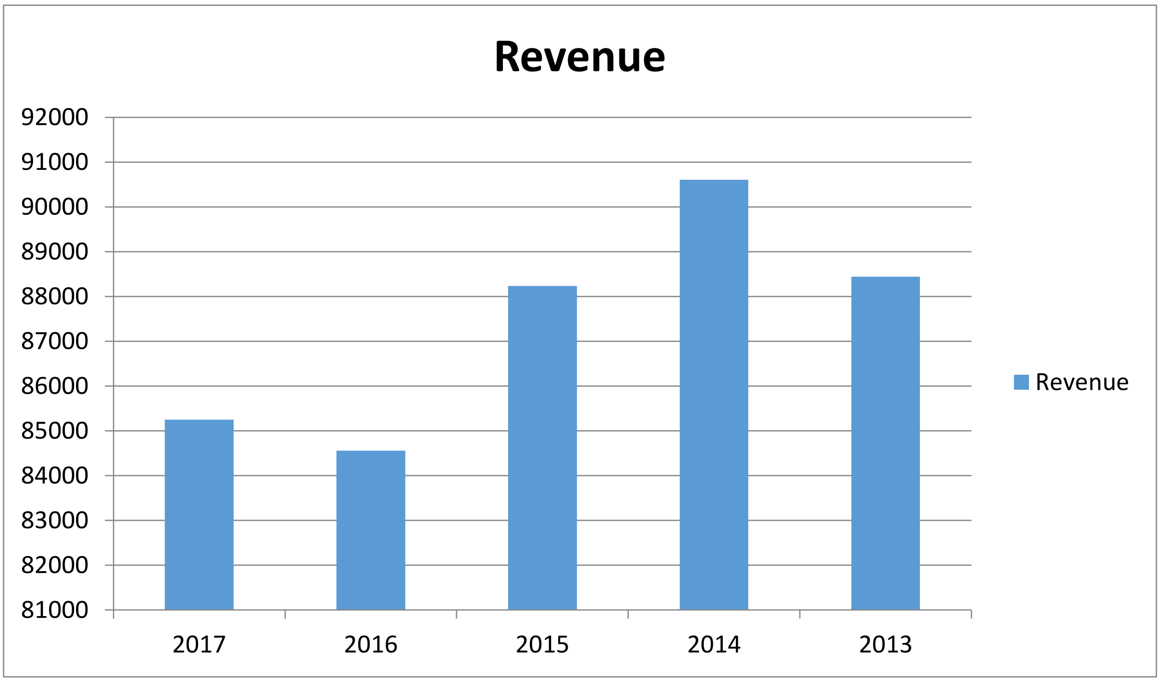


figure 4.34

The above graph show that there is increase in the revenue of the company this is due to the increase in the petroleum prices during 2014. But it has been decreased from the year 2014 to 2016 this is because of decrease in the petroleum price. But since the prices of petroleum has increased in 2017 so the revenue has been increased. So the investors need to be very cautious about the volatility of the prices.

Net worth :

Table showing Networth of ONGC

Year	Net worth
2017	185538.38
2016	151852.70
2015	145993.98
2014	136725.01
2013	124453.22

Table 4.23

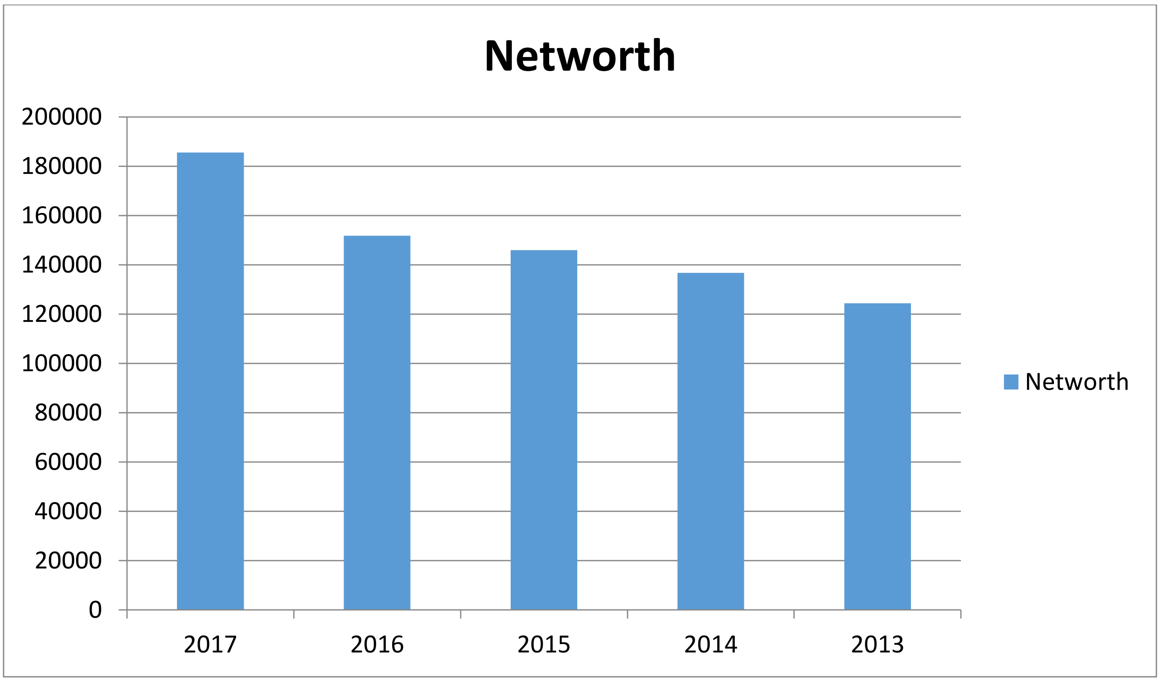


Figure 4.35

The above graph shows that there is continues increase in the net worth of the company. This is due to increase in the capital investment.

IOCL:

Indian Oil Corporation (IOCL: IOC, BSE: 530965), commonly called Indian Oil Corporation, is an Indian state-owned oil and fuel company with a registered workplace in Mumbai and its primary headquarters is in New Delhi. It is the country biggest business corporation and has a net earnings of Rs. 19,106 crore ($2.848 billion) for the 2016-17 monetary 12 months. It ranked first within the 2016 Fortune 500 listing, and ranked 168th in the “Global 500” listing of the world’s biggest corporations within the 2017 economic yr. As of March 31, 2017, the quantity of personnel of the oil agency in India was 33,one hundred thirty five, of whom 16,545 have been inside the government.

Earning per share:

Table showing Earning per share of IOCL

Year	Earnings per share
2013	20.61
2014	28.91
2015	21.72
2016	47.44
2017	40.31

Table 4.24

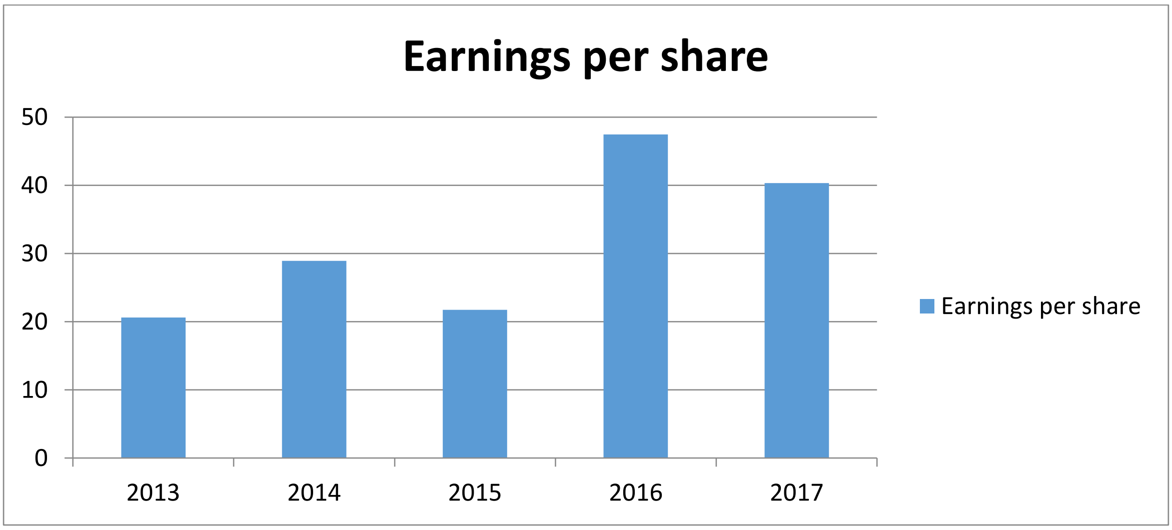


Figure 4.36

The earnings per share of the company is increased due to decrease petroleum prices. Since 2016 again a small amount of increase in the prices of petroleum products hence EPS slightly reduced in the year 2017.

Operating profit:

Table showing Operating profit of IOCL

Year	Operating profit
2013	13736.85
2014	15702.23
2015	10154.64
2016	21048.59
2017	31781.06

Table 4.25

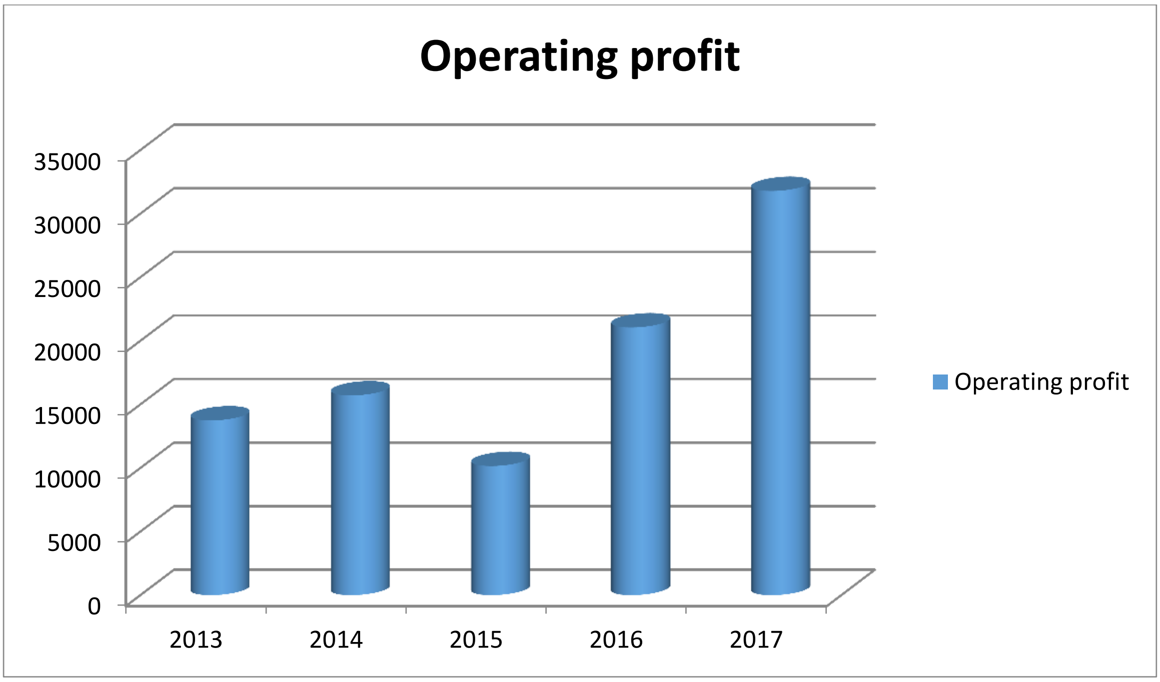


Figure 4.37

Operating profit ratio:

Table showing operating profit ratio of IOCL

Year	Operating profit ratio
2013	3.07
2014	3.31
2015	2.32
2016	6.06
2017	8.83

Table 4.26

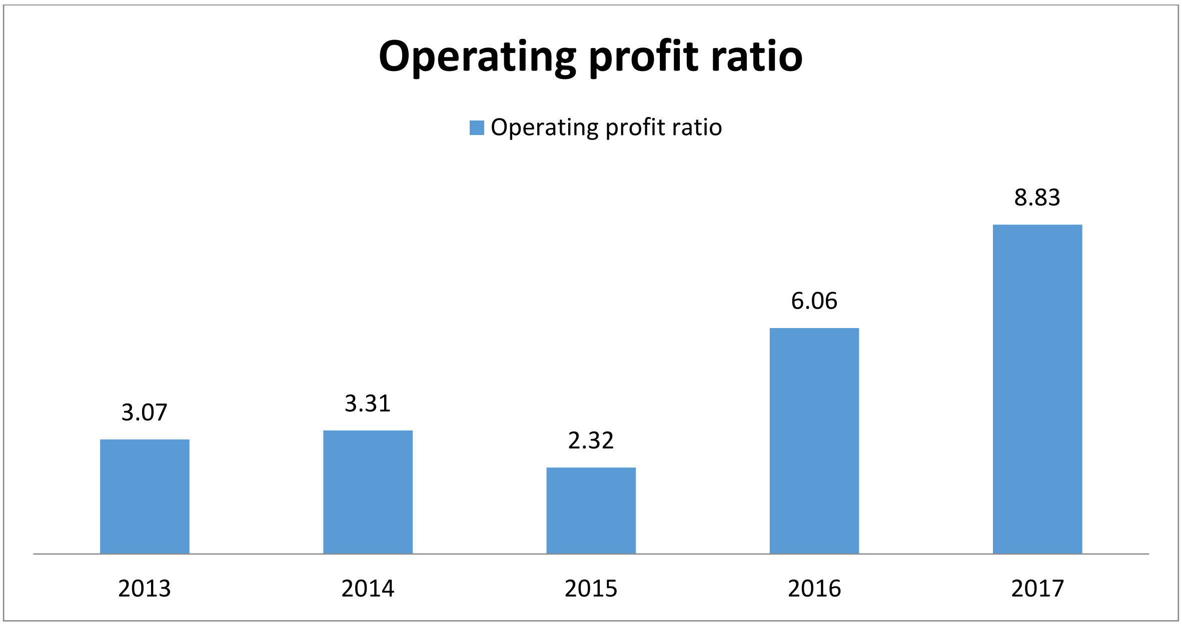


Figure 4.38

The operating profit ratio of the company has been slightly increased from the year 2013 to 2014 but there is a decrease in the ratio in the year 2015 this is because the utilization of operating expenses was not effective. But the ratio has been increasing tremendously in the year 2016 and 2017. This is due to the decrease in the petroleum prices. So it is good indicator for the investors for taking investment decisions.

Profit before tax :

Table showing profit before tax of IOCL

Year	PBT
2013	5641.50
2014	10021.81
2015	8002.85
2016	16826.54
2017	26321.24

Table 4.27

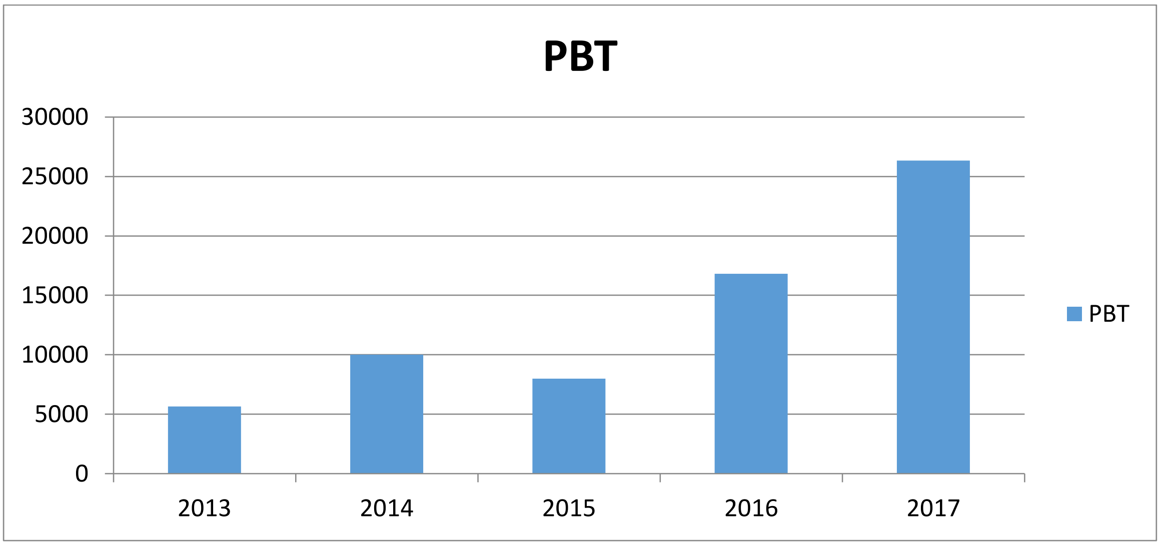


Figure 4.39

The above graph shows continuous increase in the profit before tax. This is due to the decrease in the prices of crude oil. So it a good indicator for the investors to take investment decisions.

Dividends:

Table showing dividends of IOCL

Year	Equity share dividend	Tax dividend
2013	1505.33	255.83
2014	2112.32	358.99
2015	1602.45	326.22
2016	2867.53	585.74
2017	10545.42	2177.09

Table 4.28

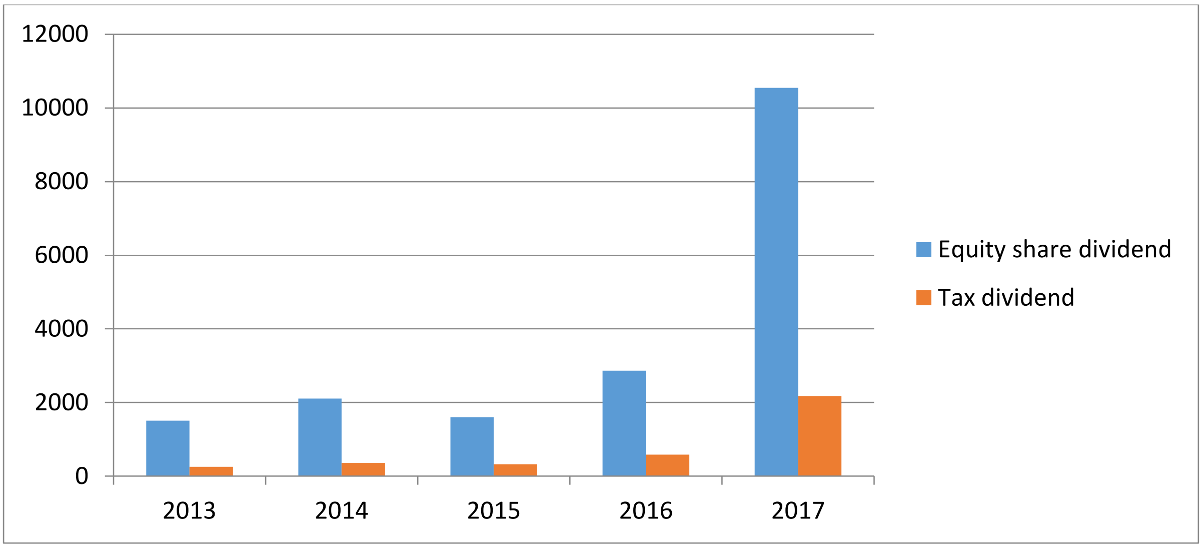


Figure 4.40

The above graph shows healthy increase in the dividend of the company. This is due the sudden increase in the profit of the company.

Revenue:

Table showing Revenue of IOCL

Year	Revenue
2013	450611.2
2014	476627.38
2015	441670.18
2016	349498.59
2017	364081.74

Table 4.29

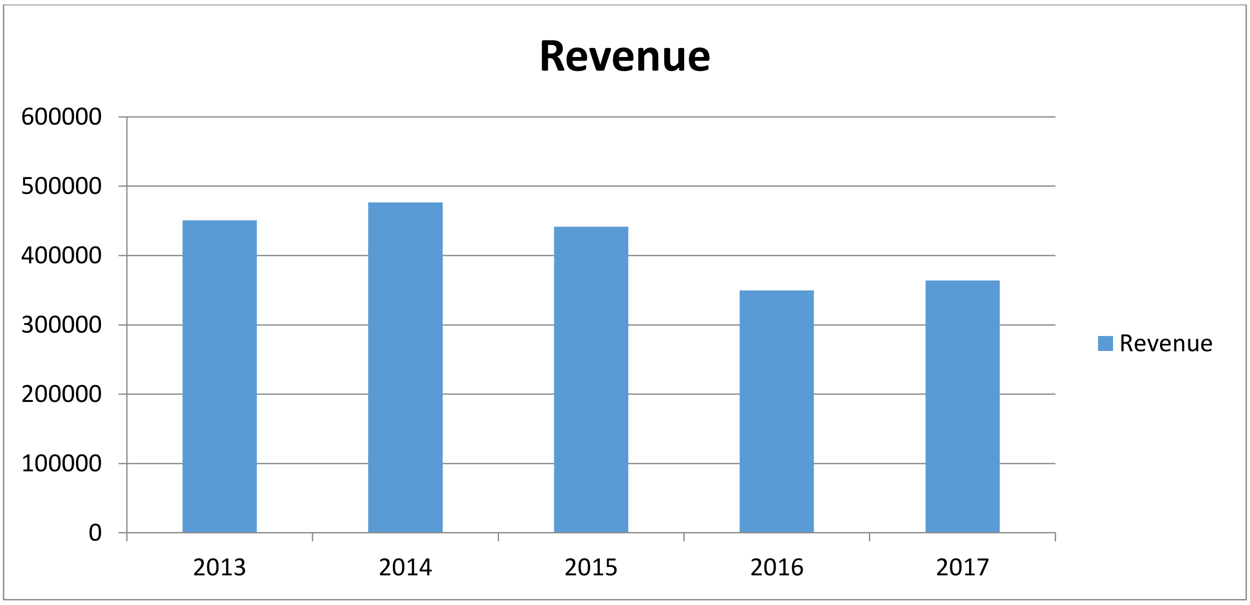


Figure 4.41

The above graph shows that the increase in the revenue in the year 2014 but started to decrease from the year 2014 to 2016. This fluctuation is due to the variation in the petroleum prices. When the prices of petroleum decrease the revenue decreases and if the price of petroleum increase revenue also increase.

Net worth:

Table showing net worth of IOCL

Year	Net worth
2017	99728.72
2016	88134.31
2015	67951.30
2014	65968.74
2013	61107.22

Table 4.30

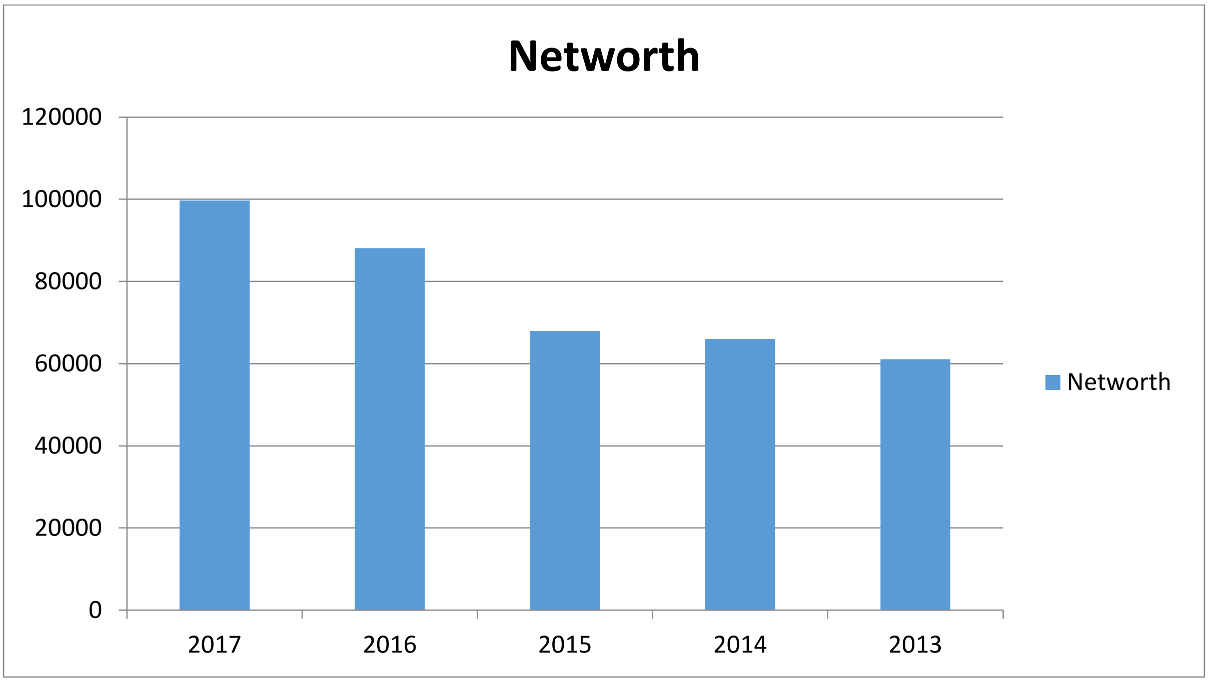


Figure 4.42

The net worth of the company shows a healthy increase. This is due to increase in the capital investment.

Oil India Limited:

The story of the Oil India Limited (OIL) production line symbolizes the improvement and prosperity of India's oil enterprise. The discovery of crude oil from the Far East of India's Digboi, Assam as a comprehensive recognition integrated into the upstream oil employer in 1889, the oil enterprise took a road and promoted many milestones. On February 18, 1959, Oil India Private Limited was replaced by using Naharkatiya and Moran oil fields to increase and expand the newly found northeastern India. In 1961, it became a joint project between the Indian authorities and British Burmah Petroleum Co., Ltd. In 1981, OIL have become a completely owned Indian government corporation.

EPS:

Table showing Earning per share of OIL

Year	**EPS**
2017	19.32
2016	38.29
2015	41.76
2014	49.59
2013	59.71

Table 4.31

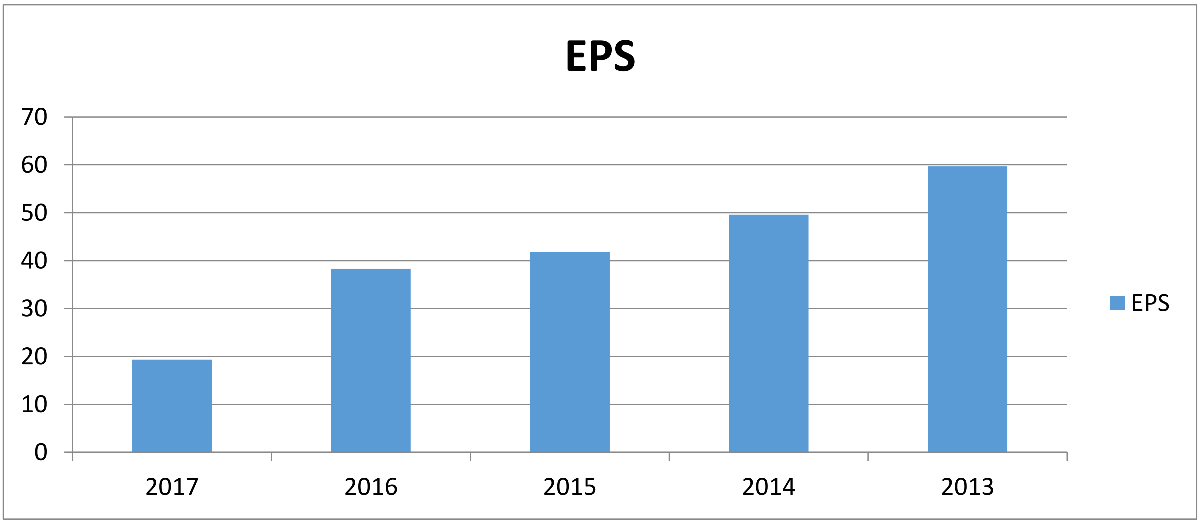


Figure 4.43

The above graph shows continuous decrease increase in the earning per share of the company. Due to High Prices OIL was making good profit during 2014, however due to decrease in petroleum prices OIL profits decreased along with petroleum prices. Hence there is volatility in the EPS of OIL.

Operating profit:

Table showing operating profit of OIL

Year	**Operating profit**
2017	3104.81
2016	3588.24
015	3530.39
2014	4027.6
2013	4614.71

Table 4.32

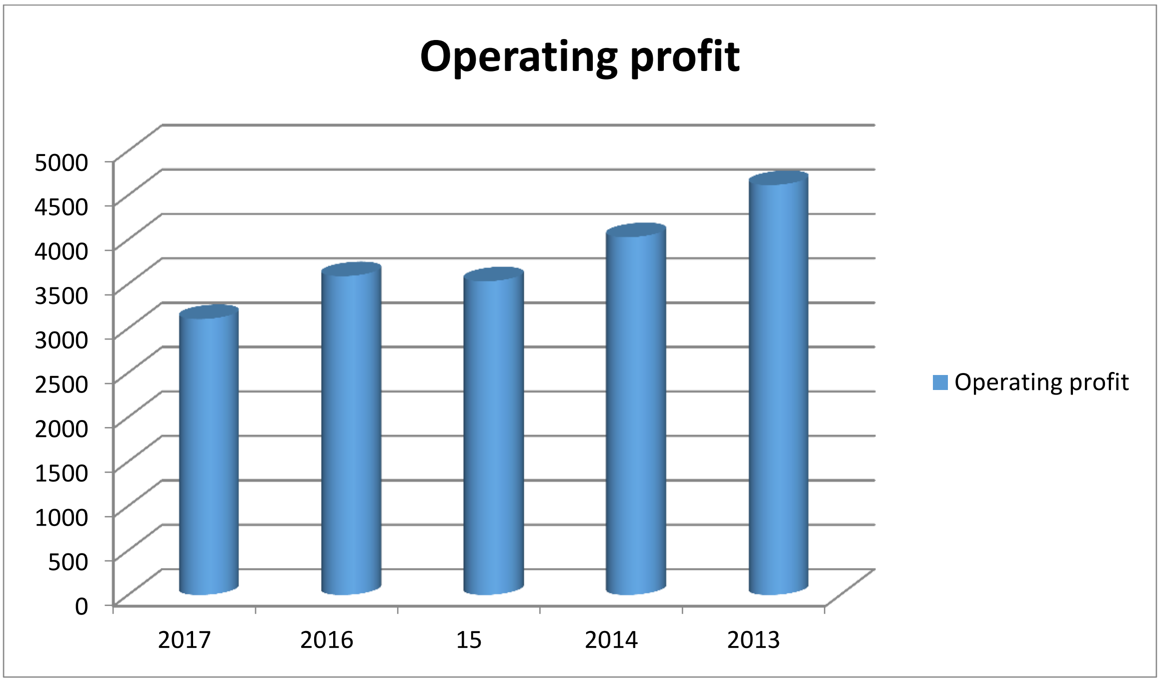


Figure 4.44

Operating profit ratio:

Table showing operating profit ratio of OIL

Year	Operating profit ratio
2017	32.64
2016	36.74
2015	36.21
2014	41.89
2013	46.36

Table 4.33

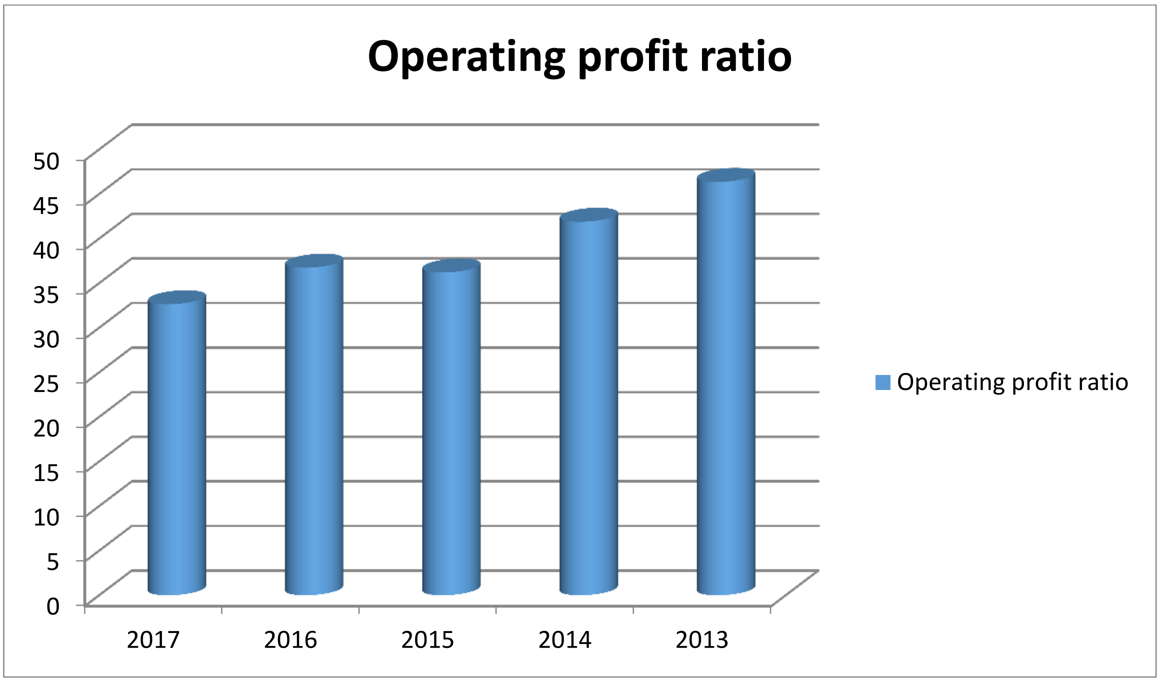


Figure 4.45

The operating profit of the company is decreasing since, from the year 2013. This is because there is inefficient utilization of the operating expenses and increase in the sales but decrease in the profit. This is because of decease in the petroleum products.

Profit before tax:

Table showing profit before tax of OIL

Year	PBT
2017	2146.32
2016	3440.57
2015	3728.7
2014	4410.44
2013	5283.22

Table 4.34

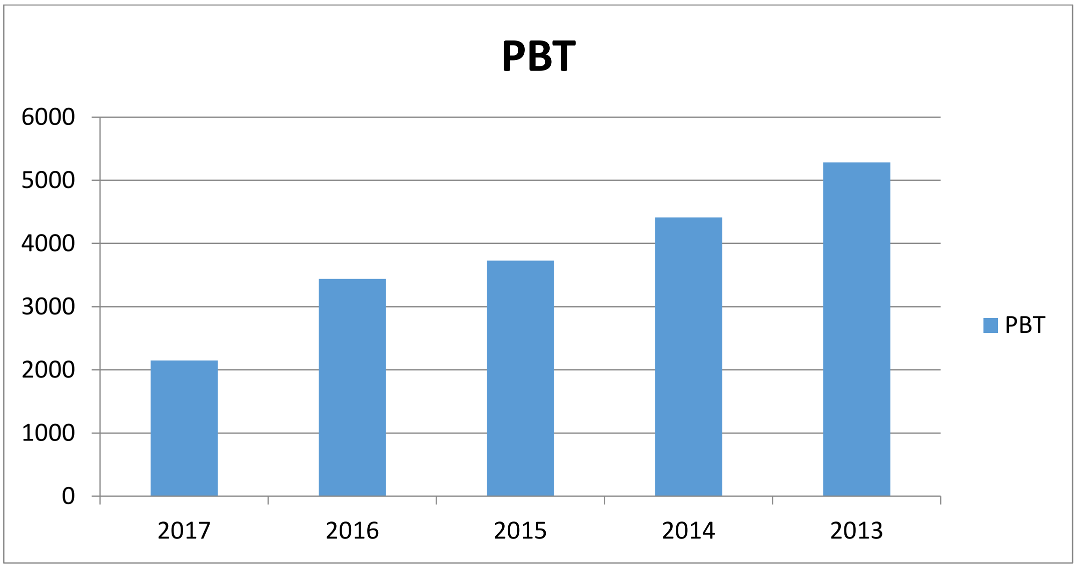


Figure 4.46

Profit before tax ratio:

Table showing profit before tax ratio of OIL

Year	PBTR
2017	17.99
2016	23.71
2015	25.38
2014	25.35
2013	32.96

Table 4.35

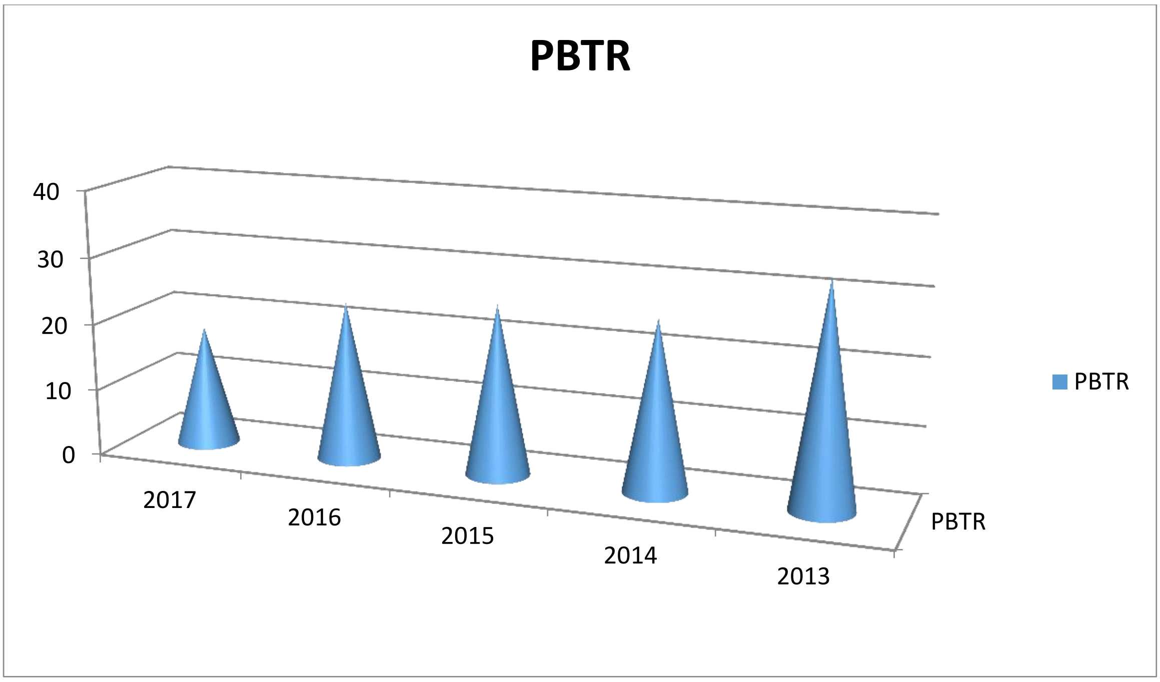


Figure 4.47

The profit of the company is constantly decreasing since from 2013 this may be due to the increase in the cost of production. And due to the decrease in the petroleum prices. So the investors need to be very cautious while taking the investment decisions.

Revenue :

Year	Revenue
2017	11191.07
2016	11158.63
2015	11019.86
2014	11241.34
2013	11456.32

Table 4.36

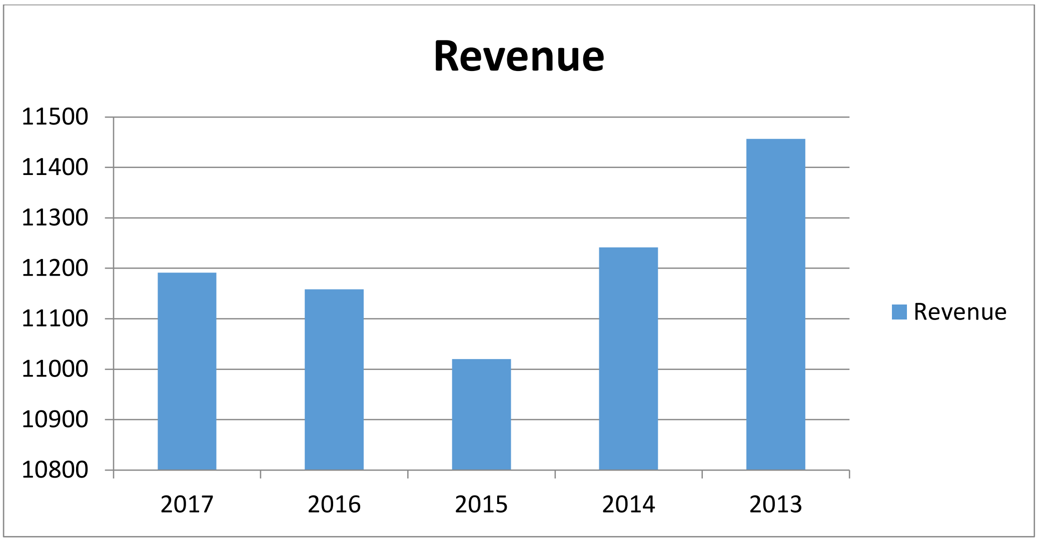


Figure 4.48

The above graph depicts that the revenue of the company is not constant. It shows a fluctuation in the revenue of the company. This is due to the fluctuations in the prices of the crude oil. Since the decrease in the petroleum prices the revenue has decreased. But again when the prices stared to increase the revenue stared to increase. But from the year 2015 it shows a healthy increase of revenue.

Dividends:

Year	Equity dividend	Tax on dividend
2017	1495.26	0
2016	1302.33	0
2015	1202.38	242.57
2014	1292.45	219.65
2013	1803.41	295.80

Table 4.37

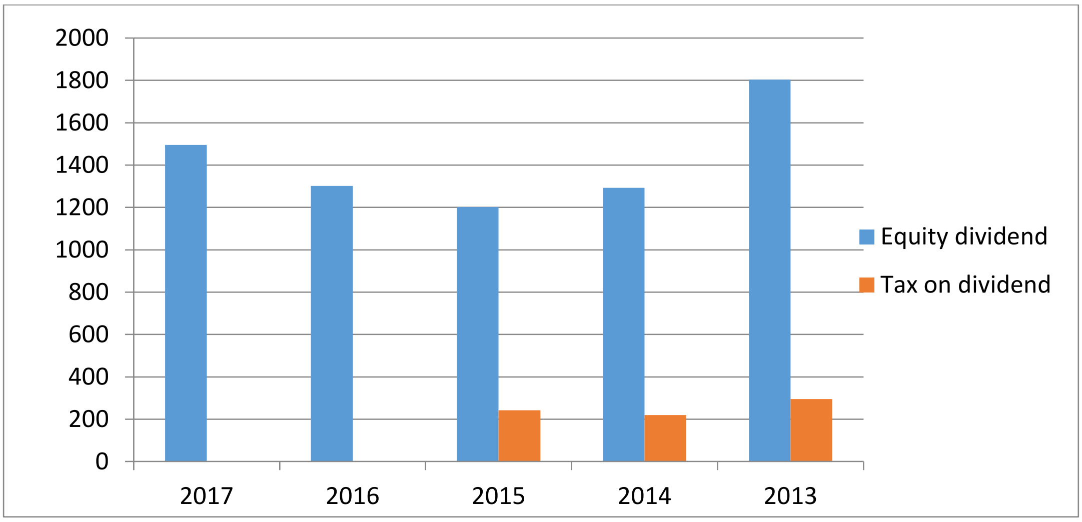


Figure 4.49

The above graph shows that high dividend in the year 2013 but it has started to decrease till the year 2015 this is because decrease in the petroleum prices but again it started to increase from 2015 to 2017 this is due to the increase in the prices of petroleum products.

Net worth:

Year	Net worth
2017	2909.49
2016	24919.45
2015	21514.31
2014	20708.18
2013	19211.48

Table 4.38

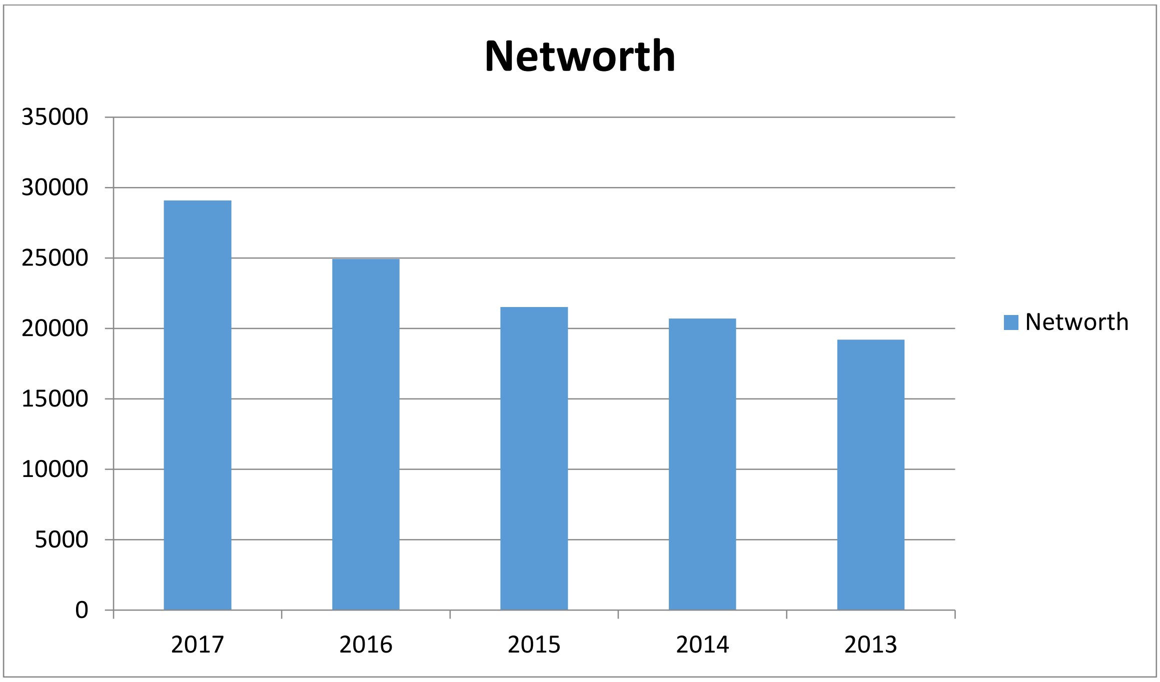


Figure 4.50

The above graph shows the healthy increase in the net worth of the company since from 2013. Net worth of the company is increasing due to the increase in the capital investment.

5.1 Summary of findings:

- The GDP of the country is increasing and forcasted to be increase by 2020 at the rate of 7.93.
- The inflation of the country in the year 2017 was at 3.8 and forcasted to be at the rate 4.93 by 2020 and 4.95 by 2021
- Indian crude oil refining industry is booming, as of 2017 its annual production capacity is 247.566 million tons
- Oil consumption in india has been increasing from 2008 to 2017 from 3.08 to 4.13mbpd.
- India produces gas at around 30.92 billion cubic meters in FY17
- Indian's energy consumption mix pattern expected in 2035 is coal 42%, petroleum 24%, solid biomass and waste 15%, natural gas 11%, nuclear and other renewable 8%.
- India is the the 3rd world's largest energy consumers.
- Between April 2000 and December 2017, India's collected FDI inflows from the oil and gas quarter were US$68.7699 billion (1.87% of overall overseas direct funding).
- During the Financial year 17[(1)] length, 1.245 million meters of wells have been explored and developed, and 540 wells were drilled in the country.
- By analysing the Porter's five force model we found out that threat of new entrants is low, threat from substitute is also low, bargaining power of the buyers is low, competitive rivalry is low but bargaining power of suppliers id medium.
- The profit of the ONGC and OIL increase when the petroleum product price increases. Decrease when the price of petroleum product decreases.
- The profits of the BPCL, HPCL, IOCL increases when the price of the petroleum product decreases.

5.2 Conclusion:

Indian petroleum is the one of the highly politically sensitive and economically important industry. Since majority of petroleum products are imported from abroad entire industry depend on international market price. Indian government is the major shareholder in petroleum companies and control the market government also heavily subsidies the industry for various political and social reasons.

Since petroleum resources are concentrated in few countries market is control by oil producing countries through the cartel formation. If the prices increases then petroleum exploration companies such as ONGC, OIL make profit else petroleum distribution companies such as BPCL, HPCL, and IOCL make profit.

5.3 Suggestions:

- Indian Petroleum Industry is grossly dependent International Petroleum market and Indian Government Subsidy decisions. Cartel by petroleum producing countries is the other character of the industry. The Entire industry is controlled by OPEC countries. Politically Instability within in the oil producing countries has worsened the industry stability. Hence Investors should be very cautious about the Investment decision with reference to Petroleum Companies.
- If the Petroleum Prices increasing, this research advises investors to invest in ONGC and OIL.
- IF The Petroleum prices increasing, This research advises investors to not to invest in BPCL, HPCL and IOCL
- If the Petroleum Prices decreasing, this research advices the investors not to invest in ONGC and OIL.
- If the petroleum prices decreasing, thus research advices investors to invest in BPCL, HPCL and IOCL.

ACHARYA INSTITUTE OF TECHNOLOGY

DEPARTMENT OF MBA

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INTERNSHIP WEEKLY REPORT (16MBAPR407)

Name of the Student: NAZAMA ANGADI

Internal Guide: Dr. Virupaksha Goud

USN No: 1AY16MBA46

Specialization: Finance and Human Resource

Title of the Project: A Study on fundamental analysis of selected Oil and Gas companies at Edelweiss broking ltd.

Company Name: Edelweiss broking Limited, Bangalore.

Week	Work Undertaken	External Guide Signature	Internal Guide Signature
16-01-2018 to 22-01-2018	Introduction about EDELWEISS BROKING LTD and its operation		
23-01-2018 to 29-01-2018	Learning about the different operations and product by EDELWEISS BROKING LTD		
30-01-2018 to 5-02-2018	Orientation and gathering information about the growth of the company		
6-02-2018 to 12-02-2018	Orientation with functional department of the organisation and detailed study of Department.		
13-02-2018 to 19-02-2018	Research problem identification		

20-02-2018 to 26-02-2018	Preparation of the research instrument for data collection		
27-02-2018 to 5-03-2018	Theoretical background of the study		
6-02-2018 to 12-03-2018	Data collection and data analysis		
13-03-2018 to 19-03-2018	Interpretation of the data gathered during the survey		
20-03-2018 to 26-03-2018	Final report preparation and submission		

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Signature of HOD

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