INTRODUCTION

We live today in age of oil, for the products of petroleum are inseparable from our daily life. It is impossible to think of a civilized living now-a-days without the use of oil. India had major resources of petroleum products. India's oil industry until then was dominated by three international private oil companies Burma Shell, Standard Vacuum and Caltex. The country was entirely dependent on refined petroleum products imported to India by these oil majors. After independence development activities picked up resulting in increased demands of petroleum products. The country clearly needed its own refining capacity and therefore, the government called upon these companies to set up refineries in India. At this juncture the Government realized the need for self-sufficiency in oil and then Prime Minister Pandit Jawaharlal Nehru declared in Indian Parliament on May, 26 1956.

The Indian Oil company Ltd was set up in 1959 to establish an effective marketing network of petroleum products. Both these companies were managed on 1st September, 1964 to form Indian Oil Corporation Ltd. Since then the company has always given its best to provide fuel for development of the country. Over these years Indian Oil has became a symbol of public sector success in India. Today, Indian Oil is the largest commercial organization of the country and the only Indian company to figure in "Fortune-500" list.

Recently it is decided and declared by the OPEC to reduce the production of crude oil per day 15 lakh barrels, which is one of the market oppose decision because in the present market crude's prices are going up and demand is going to increase day to day. The high prices of crude oil have created the biggest problem for the world economy.
In the present Brent market it is also noted that crude oil price is continuously increased in last four years. Crude oil prices in Brent market was $33.25 / bbl in April 2004, which increased to $52.91 / bbl in March 2005, $62.10 / bbl in March 2006, $62.15 / bbl in March 2007, $103.66 / bbl in March 2008 and in August 2008 it was stood at $113.03 / bbl. This shows that crude oil prices increased continuously. So, the refinery should reduce its cost of production so that refinery can provide petroleum products to the society with reasonable price.

The development of oil refinery also effect to the development and existence of other related industries too, because oil refineries provide their products to these industries which uses oil products as a raw material. From this point of view, the development of oil refineries is become most necessary.

The globalization policies being pursued by the Government of India is on the threshold of explosive growth and is all set to join the band of fast growing economics in the world. So, I have undertaken this research work for further prospects to oil industry and Government.

**Objectives Of the Study:**

The major objectives of this study are as under:

1. To know the origin and growth of selected refineries of IOCL in India.
2. To evaluate the financial performance of refineries.
3. To compare the financial performance between selected refineries.
4. To compare the financial position of refineries with the help of DuPont Charts.
5. To derive conclusions and suggest measures for improving their performance.
**Research Methodology:**

To undertake the study on the topic of “AN EMPIRICAL STUDY OF THE FINANCIAL PERFORMANCE OF SELECTED REFINERIES OF INDIAN OIL CORPORATION LTD. IN INDIA” have been selected 7 out of 11 refineries working in India. Which is consist 64% of total refineries of IOCL, are Guwahati Refinery, Barauni Refinery, Gujarat Refinery, Haldia Refinery, Mathura Refinery, Panipat Refinery and Head Office, New Delhi and there districts covered by them along with their head offices are given in the thesis.

The study is mainly based on the secondary data and supported by the primary data. The secondary data are extracted from the sources like Annual Reports, Financial Appraisal Year Books and Consolidated Profit and Loss Accounts, websites, books and journals of selected refineries of IOCL. For collecting the primary data a special telephonic talking is done by the researcher with the top executives of the IOCL.

Over and above, the researcher has arranged tours and visits the refineries of IOCL to solicit their views to know their problems. The researcher has also made an attempt to meet few divisional managers of refineries and to know their opinion in relation to the profitability and working result of refineries of Indian Oil Corporation Limited.

**Scheme of Chapterisation:**

The work has been divided in to seven chapters.

The first chapter on “Genesis and Growth of Oil Industry” is highlights the origin and growth of oil and oil industry in India. This chapter focuses the origin of Petroleum, Petroleum Products and details on oil industry. The researcher has discussed the Oil Industry in India, such as Assam Oil Company, Attock Oil Company, The Kbaur Field, The Dbulian Field, The Jaya Mair Field etc.

The second chapter “Review of Literature” is focus on available literature which is useful in this research works. The selection of the topic for the study has been undertaken after a brief review of literature and research available on the subject. The purpose of referring to the research papers, project reports, case studies, thesis and dissertation is to derive supporting evidence for some of the findings of the study. An attempt has been made to refer to some of the national as well as international journals.
The third chapter entitled “Conceptual Framework and Profile of Refineries of IOCL” presents the theoretical concept of selected financial analysis techniques for the research work. The researcher has tried to find out financial performance of selected refineries and IOCL with the help of following techniques.

1. Comparative Financial Statements
2. Common size Financial Statements
3. Trend Percentages
4. Ratio Analysis
5. Du-Pont Chart Analysis
6. Working Capital Analysis

This chapter focuses on the historical background and profile, various departments, production procedure and various petroleum products at various levels. This chapter also gives details regarding recruitment and selection policy, training and development, promotion and transfer policy, job description at managerial level, wage and salary administration, employee welfare and services, provident fund, etc.

The researcher has also discussed subsidiary companies of IOCL, as under:

1. Lanka IOCL Limited (LIOC)
2. Indian Oil Mauritius Ltd. (IOML).
3. IBP Co. Limited (IBP)
4. Indian Oil Technologies Limited (ITL)
5. Chennai Petroleum Corporation Limited (CPCL)
6. Bongaigaon Refinery and Petrochemicals Limited (BRPL)

The fourth chapter named “Analysis and Comparison of Financial Performance of Selected Refineries of IOCL”. The researcher has prepared various types of tables and charts, Income & Expenditure for, to find out profitability trends and working efficiency.

The fifth chapter is on “Ratio Analysis” an attempt has been made to find out financial performance of selected refineries of IOCL with the help of various ratios. The hypothesis testing, f-test and t-test as a research tools has been applied in this chapter.
The sixth chapter is on "Analysis of Financial Performance with the help of Du-Pont Charts" has been used Du-Pont Chart Analysis technique and Rate of Return on Investment. This chart was originally developed by Du-Pont de Nemours & Company Wilmington, U.S.A. and was put in 1921. The Du-Pont Company of the US pioneered a system of financial analysis which has received widespread recognition and acceptance.

By using these analysis techniques the researcher has prepared various types of Du-Pont Charts of selected refineries of IOCL and Refineries Division of IOCL and overall IOCL.

The seventh chapter is on "Findings and Suggestions", wherein the major findings of the study and few suggestions are made to improve the financial performance of the selected refineries of IOCL.