

Evidence of Financial Performance of OGDCL based on Price Volatility, Credit Risk, and Operational Risk



By:

Sarah Rukhsar
Tehmina Javed

01-122141-026
01-122141-030

MBA

Supervisor:

SIR AJAB KHAN BURKI

Department of Management Science

Bahria University Islamabad

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ABSTRACT

This project focuses on the impact of oil crisis on the profitability and financial performance of Pakistan's biggest E&P company, OGDCL. Moreover, the global impact of the oil crisis has also been outlined in this project. The main objective was to examine the impact of hedging and cross hedging on OGDCL's profitability in wake of weakening oil prices, as well as analyze the credit and operational risks of the company. The data required for the financial workings of this project was obtained from both primary and secondary sources. These included firsthand data the company was willing to share, the annual reports, reports on energy production and other publications. This report magnifies the different areas OGDCL could improve in. It stresses upon the different tools and techniques the company could resort to for the purpose of mitigating the burden levied by price decline. OGDCL has been caught up in circular debt issue and subject to project delays. This project quantifies the opportunity costs of such problems. The report highlights how the profits could have been maximized if the company resorted to dollar accounts, if the projects were completed within the set deadlines, and the receivables were recovered in due time.

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ACRONYMS

ARAMCO	Arabian American Oil Company
ARL	Attock Refinery Limited
BP	British Petroleum
FKPCL	Fauji Kabirwala Power Company Limited
GIDC	Gas Infrastructure Development Cess
LPG	Liquefied Petroleum Gas
NRL	National Refinery Limited
OGDCL	Oil & Gas Production Company Limited
OPEC	Organization of Petroleum Exporting Countries
PARCO	Pakistan Arab Refinery Company
PIB	Pakistan Investment Bond
POL	Pakistan Oilfields Limited
PPL	Pakistan Petroleum Limited
PRL	Pakistan Refinery Limited
SNGPL	Sui Northern Gas Pipelines Limited
SSGCL	Sui Southern Gas Company Limited
TFC	Term Finance Certificates
UEPL	United Energy Pakistan Limited
USSR	Union of Soviet Socialist Republics
PSAC	Petroleum Services Association of Canada
PAPG	Pakistan Association of Petroleum Geoscientists