

## Financial Performance of Indian Petroleum Companies: An Inquiry into Select Public Sector Firms

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### ABSTRACT

The petroleum industry is a major contributor to the revenue of the Indian economy and serves as the backbone of both manufacturing and service industries. The Indian petroleum industry consists of both public and private sector firms conducting active business. Public sector players like IOCL, BPCL, and HPCL dominate the industry. Hence, an inquiry into their financial performance in terms of sales, expenses, profits, and cash flows becomes relevant at this juncture. This article attempts to analyse the performance of the aforementioned firms using appropriate statistical tools and arrive at conclusions.

**Keywords:** Sales, Expenses, Operating Profit, Net Profit, Earnings Per Share, Public Sector, Petroleum Companies.

### Introduction

The Indian petroleum sector is one of the largest consumers of crude oil and refined petroleum products in the world. Public sector petroleum companies refine crude oil to produce petrol, diesel, kerosene, aviation fuel, and petrochemicals for both domestic use and for exports. This article examines into the financials of these companies, assess their financial strength, and provides a comparative analysis of their status in the petroleum sector overall and in the public sector specifically.

### Review of Literature

In order to know the performance of the petroleum industry, the following literature has been studied.

(Dr. Mohd Afjal, 2020) Discussed the performance of seven petroleum companies of India using various liquidity and profitability ratios and also used Altman Z score model. The study covered a period from 1991-2017.

(C.Ramshesh, 2019) Analysed the profitability of petroleum companies over a period seven years from 2010. The authors used various balance sheet and Profit and loss account ratios to measure the performance.

(Singh, 2023) Pointed out the various factors influencing the profitability of public sector petroleum companies using various ratios between the years 2018-2022.

### Objectives of the Study

- To study the financial performance of the public sector petroleum companies during the observation period using the financial parameters.
- To compare the financial performance of the companies during the observation period using suitable statistical tools.

**Hypothesis of the Study**

**H<sub>0</sub>** There is no significant difference between the financial performances of the public sector petroleum companies.

**H<sub>1</sub>** There is a significant difference between the financial performances of the public sector petroleum companies.

**Methodology of the Study**

- **Sources of Data:** The study considers published data collected from annual books of accounts of the companies.
- **Period of the Study:** The study has considered a period of five years starting from 2022 to 2026.
- **Plan of Analysis:** Performance metrics comprised sales, expenses, operational profit, net profit reported, profits per share, reserves produced, & cash flows from various activities. Additionally, the arithmetic mean, standard deviation, and covariance have been employed to measure these attributes. P values were determined with the chi-square test. A substantial difference between the petroleum companies' performances is marked by a P value below 0.2; a low substantial difference is shown by a P value between 0.5 and 0.2; and no significant difference is indicated by a P score of 0.5 or higher.

**Limitations of the Study**

The study has considered the performance of only five years. Additionally, the suggestions made are based on the P values derived from the chi-square test.

**Profile of the Companies**

- **IOCL:** Indian Refineries Limited and Indian Oil Company merged to form Indian Oil Corporation Limited (IOCL) in 1964. IOC's primary goals are to serve the country's interests in the oil and related sectors in accordance with and consistent with Indian government policies; to guarantee consistent and seamless supplies of petroleum products; to increase the nation's self-sufficiency in oil refining; and to develop expertise in the construction of pipelines for crude oil and petroleum products. Refining, pipeline transportation, marketing petroleum, petrochemicals, and natural gas, producing petrochemicals, and exploration and production of crude petroleum and gas are the main operations of Indian Oil Corporation Limited (IOCL), an integrated oil and gas major. The Company is also active in alternate energy and has a significant R&D focus.
- **BPCL:** By virtue of the BurmahShell (Acquisition of Undertaking in India) Act, 1976, the Government of India purchased the rights, title, and interest of BurmahShell Oil Storage & Distribution Company of India Ltd., creating Bharat Petroleum Corporation Limited (BPCL) in 1976. Its primary goal is to market and refine petroleum products. The Ministry of Petroleum and Natural Gas maintains administrative supervision over BPCL, a Scheduled Maharatna CPSE in the petroleum sector.
- **HPCL:** Esso Standard and Lube India were acquired by the Indian government in 1974, and Hindustan Petroleum Corporation Limited was subsequently established. Subsequently, HPCL & Caltex Oil Refining India Limited were merged. Among India's largest public sector oil and gas companies is Hindustan Petroleum Corporation Limited, or HPCL. The Ministries of Petroleum and Natural Gas oversee their operations. As a Maharatna Central Public Sector Enterprise, HPCL is crucial to the marketing of petroleum products, the supply of LPG, the operation of pipelines, the refinery of crude oil, and the maintenance of India's energy security.

**Results, Analysis and Findings**

- **Sales**

Sales in Crores								
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mean	SD	CV
IOCL	5,89,321	8,41,756	7,76,352	7,58,106	7,84,415	7,49,990	95,107	13
BPCL	3,46,791	4,73,187	4,48,083	4,40,272	4,55,228	4,32,712	49,551	11
HPCL	3,49,913	4,40,709	4,33,857	4,34,106	4,41,771	4,20,071	39,389	9

(Source: Annual report from company website), (Table compiled by author)

An insight into the sales table shows that IOCL has the highest mean sales, followed by the other two firms. But HPCL is more stable in terms of consistency, pointed to a CV of 9.

**Conclusion:** IOCL is the leader in terms of sales.

- **Chi-square Test for Sales**

Sales (Actual)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
IOCL	5,89,321	8,41,756	7,76,352	7,58,106	7,84,415	37,49,950
BPCL	3,46,791	4,73,187	4,48,083	4,40,272	4,55,228	21,63,561
HPCL	3,49,913	4,40,709	4,33,857	4,34,106	4,41,771	21,00,356
<b>Column</b>	12,86,025	17,55,652	16,58,292	16,32,484	16,81,414	80,13,867
Sales (Expected)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
IOCL	6,01,773	8,21,527	7,75,969	7,63,893	7,86,789	37,49,950
BPCL	3,47,197	4,73,986	4,47,701	4,40,733	4,53,943	21,63,561
HPCL	3,37,055	4,60,139	4,34,622	4,27,858	4,40,682	21,00,356
<b>Column</b>	12,86,025	17,55,652	16,58,292	16,32,484	16,81,414	80,13,867
Chi Square	<b>P=0</b>					

(Table compiled by author), (Significance of P value at 0.05)

The table displayed above shows that there is no noticeable difference between the actual and expected values.

**Conclusion:** Null hypothesis accepted.

- **Expenses**

Expenses in Crores								
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mean	SD	CV
IOCL	5,41,563	8,11,073	7,00,702	7,22,063	7,07,354	6,96,551	97,367	14
BPCL	3,27,654	4,62,288	4,04,001	4,14,870	4,14,026	4,04,568	48,588	12
HPCL	3,39,669	4,47,916	4,08,929	4,17,658	4,11,139	4,05,062	39,759	10

(Source: Annual report from company website), (Table compiled by author)

Analysis of the expenses of the companies shows that IOCL is the topper, whereas HPCL is the most consistent.

**Conclusion:** HPCL has the lowest mean expenses and is the most consistent among the companies.

- **Chi-square Test for Expenses**

Expenses (Actual)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
IOCL	5,41,563	8,11,073	7,00,702	7,22,063	7,07,354	34,82,755
BPCL	3,27,654	4,62,288	4,04,001	4,14,870	4,14,026	20,22,839
HPCL	3,39,669	4,47,916	4,08,929	4,17,658	4,11,139	20,25,311
<b>Column</b>	12,08,886	17,21,277	15,13,632	15,54,591	15,32,519	75,30,905
Expenses (Expected)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
IOCL	5,59,063	7,96,025	6,99,997	7,18,939	7,08,731	34,82,755
BPCL	3,24,713	4,62,344	4,06,569	4,17,571	4,11,642	20,22,839
HPCL	3,25,110	4,62,909	4,07,066	4,18,081	4,12,145	20,25,311
<b>Column</b>	12,08,886	17,21,277	15,13,632	15,54,591	15,32,519	75,30,905
Chi Square	<b>P=0</b>					

(Table compiled by author), (Significance of P value at 0.05)

An inquiry into the above table shows that there is no noteworthy difference among the expenses of the companies.

**Conclusion:** Null hypothesis accepted.

- **Operating Profit Earned**

Operating Profit in Crores								
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mean	SD	CV
IOCL	47,758	30,683	75,650	36,043	77,062	53,439	21,818	41
BPCL	19,137	10,899	44,082	25,401	41,202	28,144	14,235	51
HPCL	10,244	-7,207	24,928	16,448	30,633	15,009	14,670	98

(Source: Annual report from company website), (Table compiled by author)

Operating profit earned is an indicator of financial efficiency from core activities. IOCL has the highest mean net profit and it is also the most stable as pointed by the low CV in the group.

**Conclusion:** IOCL is the most stable operating profit making company.

- **Chi-square Test for Operating Profits**

Operating Profit (Actual)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
IOCL	47,758	30,683	75,650	36,043	77,062	2,67,196
BPCL	19,137	10,899	44,082	25,401	41,202	1,40,721
HPCL	10,244	-7,207	24,928	16,448	30,633	75,046
Column	77,139	34,375	1,44,660	77,892	1,48,897	4,82,963
Operating Profit (Expected)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
IOCL	42,677	19,018	80,032	43,093	82,376	2,67,196
BPCL	22,476	10,016	42,150	22,695	43,384	1,40,721
HPCL	11,986	5,341	22,478	12,103	23,137	75,046
Column	77,139	34,375	1,44,660	77,892	1,48,897	4,82,963
Chi Square	<b>P=0</b>					

(Table compiled by author), (Significance of P value at 0.05)

An observation into the above table shows that there is no noteworthy difference between the profits made by the companies during the given observation period.

**Conclusion:** Null hypothesis accepted.

- **Net Profit Earned**

Net Profit in Crores								
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mean	SD	CV
IOCL	25,727	11,704	43,161	13,789	43,677	27,612	15,391	56
BPCL	11,682	2,131	26,859	13,337	25,843	15,970	10,403	65
HPCL	7,294	-6,980	16,015	6,736	18,047	8,222	9,892	120

(Source: Annual report from company website), (Table compiled by author)

Under the net profit category also, IOCL has the highest mean profit, and also it is the most stable in its net profits.

**Conclusion:** IOCL has the highest mean net profit.

- **Chi-square Test for Net Profit**

EPS (Actual)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
IOCL	25,727	11,704	43,161	13,789	43,677	1,38,058
BPCL	11,682	2,131	26,859	13,337	25,843	79,852
HPCL	7,294	-6,980	16,015	6,736	18,047	41,112
Column	44,703	6,855	86,035	33,862	87,567	2,59,022
EPS (Expected)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
IOCL	23,827	3,654	45,856	18,048	46,673	1,38,058
BPCL	13,781	2,113	26,523	10,439	26,995	79,852
HPCL	7,095	1,088	13,655	5,375	13,899	41,112
Column	44,703	6,855	86,035	33,862	87,567	2,59,022
Chi Square	<b>P=0</b>					

(Table compiled by author), (Significance of P value at 0.05)

The net profit earned is a reflection of operating profit as well. Even under this category there is no noticeable deviation.

**Conclusion:** Null hypothesis accepted.

- **Earnings Per Share**

EPS in rupees								
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mean	SD	CV
IOCL	17.78	6.93	29.55	9.63	29.81	19	11	57
BPCL	26.93	4.91	61.91	30.74	59.57	37	24	65
HPCL	34.28	-32.8	75.26	31.66	84.81	39	46	120

(Source: Annual report from company website), (Table compiled by author)

Earnings per share is the total revenue generated per share of equity; in this criterion, HPCL is the topper followed by BPCL and IOCL.

**Conclusion:** HPCL has the highest earnings per share.

- **Chi-square Test for Earnings per Share**

EPS (Actual)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
IOCL	17.78	6.93	29.55	9.63	29.81	94
BPCL	26.93	4.91	61.91	30.74	59.57	184
HPCL	34.28	-32.8	75.26	31.66	84.81	193
Column	79	-21	167	72	174	471
EPS (Expected)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
IOCL	16	-4	33	14	35	94
BPCL	31	-8	65	28	68	184
HPCL	32	-9	68	30	71	193
Column	79	-21	167	72	174	471
<b>Chi Square</b>	<b>P=0</b>					

(Table compiled by author), (Significance of P value at 0.05)

The above table is an indicator of an insignificant difference between the earnings per share among the companies.

**Conclusion:** Null hypothesis accepted.

- **Reserves Created**

Reserves in crores								
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mean	SD	CV
IOCL	1,24,354	1,25,949	1,69,645	1,72,716	2,05,746	1,59,682	34,558	22
BPCL	49,776	51,393	73,499	77,112	95,898	69,536	19,285	28
HPCL	39,985	30,844	45,502	49,016	63,428	45,755	12,028	26

(Source: Annual report from company website), (Table compiled by author)

IOCL has the highest accumulated reserves of profits, and it is also most consistent in creating profit reserves.

**Conclusion:** IOCL is the most consistent.

- **Chi-square Test for Cash Flow from Operating Activities**

Reserves (Actual)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
IOCL	1,24,354	1,25,949	1,69,645	1,72,716	2,05,746	7,98,410
BPCL	49,776	51,393	73,499	77,112	95,898	3,47,678
HPCL	39,985	30,844	45,502	49,016	63,428	2,28,775
Column	2,14,115	2,08,186	2,88,646	2,98,844	3,65,072	13,74,863
Reserves (Expected)						
	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Row
IOCL	1,24,341	1,20,898	1,67,622	1,73,545	2,12,004	7,98,410
BPCL	54,146	52,646	72,993	75,572	92,320	3,47,678
HPCL	35,628	34,642	48,030	49,727	60,747	2,28,775
Column	2,14,115	2,08,186	2,88,646	2,98,844	3,65,072	13,74,863
<b>Chi Square</b>	<b>P=0</b>					

(Table compiled by author), (Significance of P value at 0.05)

It is observed that there is no noticeable difference between the companies with respect to reserve creation.

**Conclusion:** Null hypothesis accepted.

#### **Suggestions**

- Petroleum companies have to strive hard to maintain stable sales over a longer period.
- Expenses also have increased steadily which is a matter of concern, major expenses have to be screened and efforts to decrease them have to be taken.
- Operating profit is the indicator of profitability from primary activities which has to strengthen over a period of time.
- Net profit is the reflection of overall profitability, which has to be improved consistently.
- EPS is the direct pointer of value given to the shareholder, which is to be balanced properly to create a positive image.
- Reserves have to be utilised productively for business expansion and also for research and development.

#### **Conclusion**

Indian public sector companies have performed significantly in the times of global crisis by the end of March 2026. This consistency in their performance has to be continued to make them the best in the sector.

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