

28 November 2025

India | Equity Research | Sector Update

## Oil & Gas

### OMCs: Integrated margins, the key monitorable; we see limited downside risk from here

Recent trends among OMCs have provided a mixed picture, with robust GRMs being countered by the softening of retail fuel margins. Record strength seen in diesel spreads is reflecting in retail margins – slipping to an 18-month-low of negative INR 0.3/ltr in the third week of Nov'25, even as petrol spreads remain at strong levels (albeit lower than H1). We submit, while the discussion on marketing margins moves sentiment and stocks, the structure of earnings and an integrated margin trend provides comfort, as: 1) at the same time that retail margins slip, calculated GRMs for Q3 imply a USD 3-4/bbl jump QoQ; 2) reduction in LPG losses to INR 25bn/quarter and compensation of past losses boost marketing earnings; and 3) leverage and valuations remain comfortable. Reiterate **BUY** on HPCL – our top pick.

### Volatile margins, but refining strength helps offset retail weakness

Margin mix between refining and marketing is generally inversely correlated – in the past three years, there was only quarter (Q4FY23) where strength in one segment was complemented by strength in the other. In the current quarter, the record strength being seen in petrol/diesel spreads and the unchanged retail prices of both fuels have meant diesel retail margins have slipped to negative territory in Nov'25 (an 18-month low) and blended retail margins of INR 3.6/ltr (Q3FY26TD) are also 30% lower QoQ. At the same time, however, the implied GRMs for the three OMCs are hovering at USD 12–13/bbl, USD 3–4/bbl higher QoQ for Q3FY26, helping mitigate the losses.

### LPG losses decline; compensation of past losses, an added boost to overall marketing earnings

LPG loss for Q2, at INR 44.7bn, was down INR 34.7bn QoQ/INR 34bn YoY, with the sharp fall in LPG prices (USD 526/t in Q2, down 10% YoY). Further, with an estimated fall in H2 (futures prices imply average price of USD 483/t in H2), losses for FY26 are likely to be <INR 160bn, sharply below INR 400bn in FY25. With INR 300bn compensation for the cumulative losses to reflect partly in FY26 (5 months of equal payment), overall marketing earnings should show resilience.

### Integrated margins remain resilient, improving balance between refining: marketing helps hedge prospects

A more accurate way of viewing earnings, therefore, is to look at integrated margins for the period – our calculations imply that integrated margins for the three OMCs remain in the range of our base case estimates; and, in fact, could see some upside risk even in the current environment of soft retail margins. We believe that sentiment needs to be separated from numbers – numbers do not indicate a material risk to Street's EPS estimates at this time. We also note that the three OMCs have steadily expanded their refining capacity over the last 3–4 years, with the refining to marketing mix improving to 86% in FY28E vs. 82% in FY25. This will likely help mitigate/hedge margin volatility in refining or marketing over the next 18–24 months.

**Probal Sen**

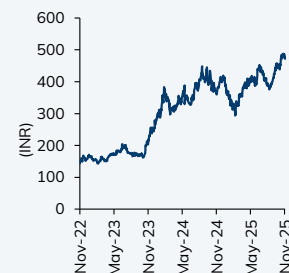
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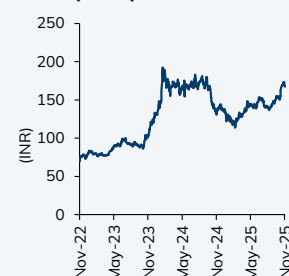
#### HPCL (BUY)



#### BPCL (BUY)



#### IOCL (BUY)



**Low leverage should help maintain dividend payout, and hence, yields**

Net DER for IOCL/BPCL/HPCL has seen substantial improvement over the last 2–3 years – even an INR 400bn loss of LPG did not manage to create any material stress on the balance sheets. FY25 still saw cumulative capex of INR 588bn across the three OMCs and dividend payout of INR 184.4bn. Going forward, we see net leverage remaining at reasonable levels of 0.6–1.3x for the three companies and dividend payout should also continue at levels that can maintain dividend yield of 3.7–4.2% (average seen over FY24–26E).

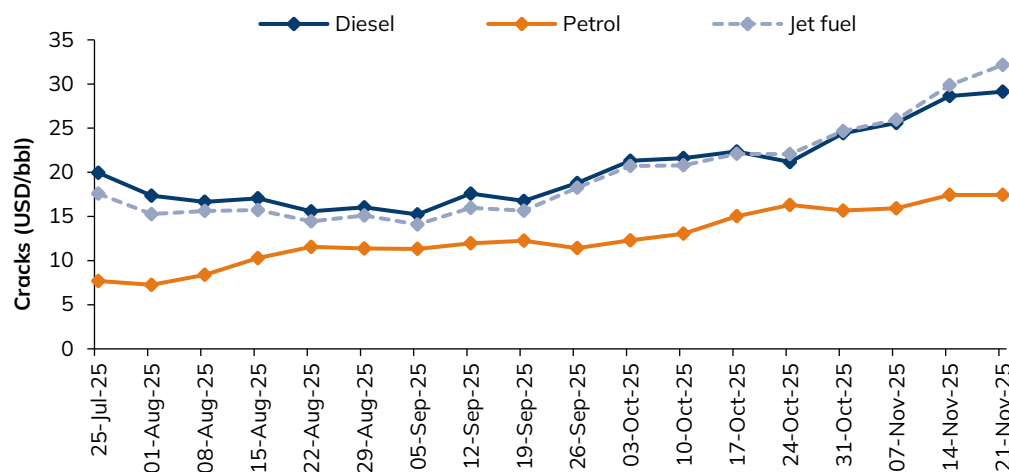
**While margin swings are material; the equation can easily swing the other way!**

We have tried to look at multiple scenarios regarding both GRMs, crude and retail margins to look at the impact on integrated margins and hence EBITDA for FY26E and FY27E. The sensitivity to a move of INR 1/ltr does remain higher vs. USD 1/bbl GRM movement. But given that the relative up-move in GRMs (vs. Q2 for instance) is higher than the dip in blended retail margins for Q3, the net impact remains within a narrow range and does not create material downside risk to our FY26E base case EPS.

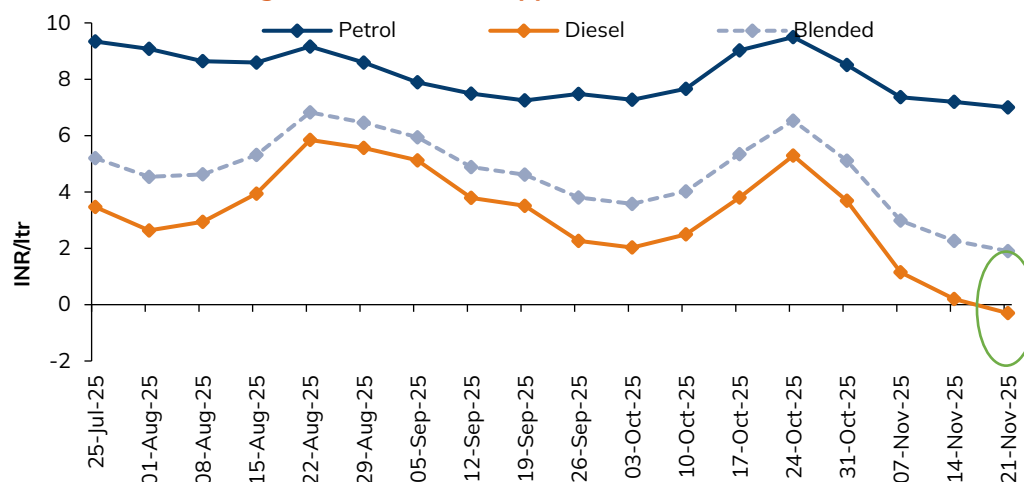
We also note that the current mix between retail margins and refining margins may not sustain at the same levels – any further reduction in crude may not ramp up spreads any more than now and this will likely reflect in improved retail margins while GRMs stay the same. We submit that the volatility inherent in crude/product spreads and product retail margins makes earnings visibility a challenge. But looking at reasonable trends from hereon makes us optimistic on overall earnings prospects over H2FY26E and FY27E.

**Valuations still attractive; HPCL remains the preferred pick**

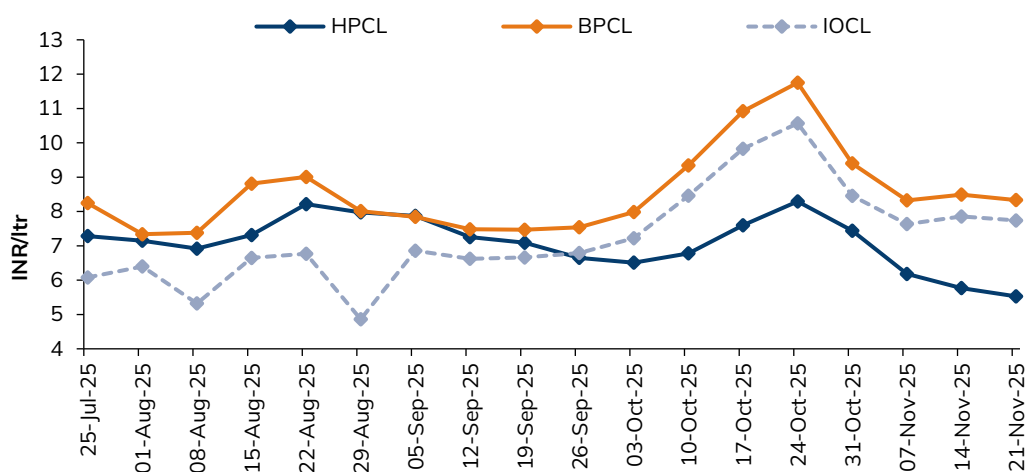
Notwithstanding the sensitivities and downside risks that are emerging, we remain sanguine on our EPS estimates for the next 12–18 months. Given that base, we believe current valuations of 7.8/8.2/5.8x FY28E PER and 5.7/5.7/4.7x FY28E EV/EBITDA for IOCL/BPCL/HPCL remain very attractive and provide material buffer for any variations in earnings in the near term. Coupled with comfortable leverage, improving return ratios and dividend yields of 3.5–4.9% (average over FY26–28E), we believe the three stocks will likely outperform over the next 12–18 months. We reiterate **BUY** on all 3 names, with HPCL, BPCL and IOCL the preferred pecking order.

**Exhibit 1: Key product spreads have seen expansion in last 2 months**

Source: I-Sec research, Company data, Bloomberg

**Exhibit 2: Retail margins have seen the opposite trend!**

Source: I-Sec research, Bloomberg, Company data

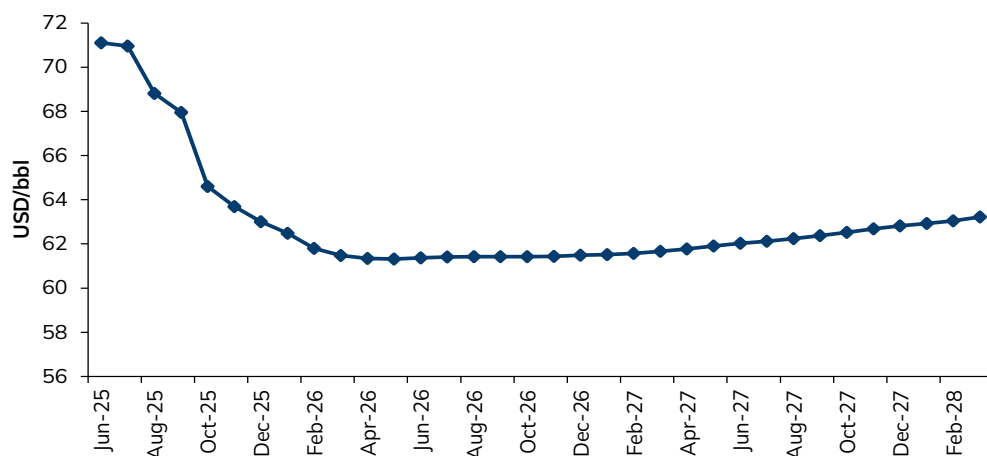
**Exhibit 3: Integrated margins, however, have remained resilient**

Source: I-Sec research, Bloomberg, Company data

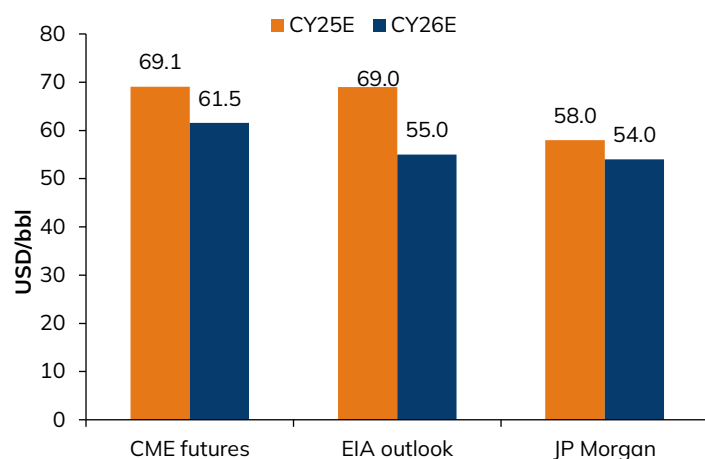
**Exhibit 4: Sensitivity of earnings based on current run rate of GRM and marketing margins vs. base case**

		FY26E Base case	H1FY26	Q3FY26TD	Q4FY26E	FY26E on basis 8M Actual
<b>IOCL</b>						
Standalone						
Refining Throughput	MMT	72.5	36.3	18.0	18.0	72.3
GRM	USD/bbl	7.0	6.3	12.2	10.9	8.6
Marketing Volume	MMT	103.1	50.6	26.3	26.6	103.4
Petrol	INR/ltr	7.0	9.3	8.0	7.0	8.4
Diesel	INR/ltr	5.0	6.3	1.9	1.0	3.9
Blended Integrated Margins ( marketing+ refining)	INR ltr	7.2	8.5	8.4	7.4	8.2
Total Gross Margins	INR mn	11,49,835	5,83,166	2,98,218	2,68,429	11,49,813
Total EBITDA	INR mn	5,19,140	2,71,904	1,38,587	1,08,799	5,19,290
PAT	INR mn	2,52,520	1,32,991			2,52,632
EPS	INR/sh	17.9				17.9
Change in earnings						0%
<b>BPCL</b>						
Standalone						
Refining Throughput	MMT	40.5	20.2	10.1	10.1	40.5
GRM	USD/bbl	8.4	7.8	11.9	10.6	9.2
Marketing Volume	MMT	55.1	27.1	14.0	14.2	55.3
Petrol	INR/ltr	7.0	9.3	8.0	7.0	8.4
Diesel	INR/ltr	5.0	6.3	1.9	1.0	3.9
Blended Integrated Margins ( marketing+ refining)	INR ltr	9.4	10.0	9.8	8.7	9.6
Total Gross Margins	INR mn	6,79,186	3,44,989	1,74,848	1,57,027	6,76,864
Total EBITDA	INR mn	3,70,891	1,94,404	99,555	81,735	3,75,693
PAT	INR mn	2,24,046	1,25,665			2,27,639
EPS	INR/sh	51.6				52.5
Change in earnings						2%
<b>HPCL</b>						
Consolidated						
Refining Throughput	MMT	25.8	13.2	6.6	6.6	26.5
GRM	USD/bbl	7.3	6.0	12.2	10.9	8.4
Marketing Volume	MMT	52.2	25.1	13.6	13.7	52.4
Petrol	INR/ltr	7.0	9.3	8.0	7.0	8.4
Diesel	INR/ltr	5.0	6.3	1.9	1.0	3.9
Blended Integrated Margins ( marketing+ refining)	INR ltr	7.4	8.1	7.7	6.8	7.7
Total Gross Margins	INR mn	5,20,857	2,61,646	1,35,107	1,21,057	5,17,810
Total EBITDA	INR mn	2,92,030	1,44,927	76,748	62,697	2,84,372
PAT	INR mn	1,28,589	82,012			1,22,859
EPS	INR/sh	60.4	38.5			57.7
Change in earnings						-4%

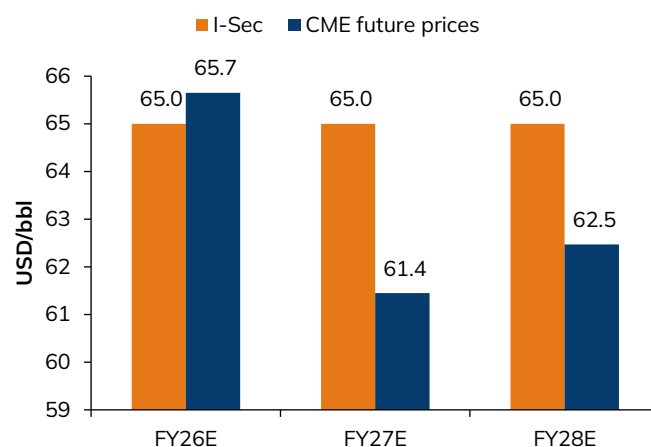
Source: I-Sec research, Company data

**Exhibit 5: Brent CME futures suggest declining trend**

Source: I-Sec research, CME future prices from Dec'25

**Exhibit 6: Brent estimates of various agencies**

Source: I-Sec research, Company data

**Exhibit 7: Brent estimates – I-Sec vs. CME**

Source: I-Sec research, Company data

**Exhibit 8: Refining – marketing mix has improved materially, creating natural hedges against volatility**

	FY25	FY26E	FY27E	FY28E
IOC	100.4	103.1	106.0	109.3
HPCL	49.8	52.2	54.4	56.7
BPCL	53.6	55.4	57.2	59.2
Total	203.8	210.7	217.6	225.3
IOCL	80.8	80.8	98.5	98.5
HPCL	50.8	59.8	59.8	59.8
BPCL	35.3	35.3	35.3	35.3
Total	166.9	175.9	193.6	193.6
IOCL	80%	78%	93%	90%
HPCL	102%	115%	110%	105%
BPCL	66%	64%	62%	60%
Overall	82%	83%	89%	86%

Source: I-Sec research, Company data

**Exhibit 9: Capex announced by OMCs could increase complexity index for refineries and petchem intensity**

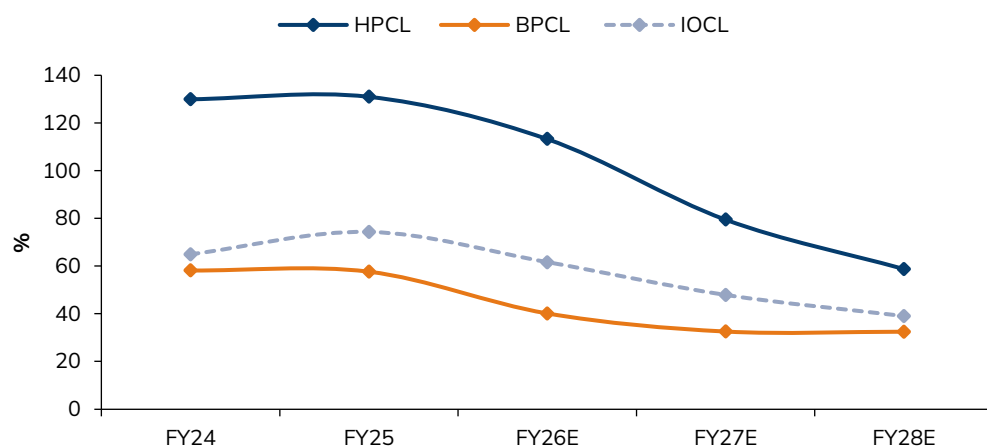
	Projects	INR bn
HPCL	HRRL - Rajasthan refinery - Setting up 9mmt capacity with 27% petchem intensity	730
	Lube modernisation and bottoms upgradation project at its Mumbai refinery (to come online in FY28)	47
BPCL	Announced petchem project at Bina to produce 1200 KTPA of ethylene and propylene - capex started in FY25 and should peak in 5th year. Refinery expansion from 7.8 to 11MMTPA includes petchem expansion – expected to complete by May'28	490
	Approved setting up of 400ktpa polypropylene plant at Bina refinery	50.4
	Setting up a new 9mt refinery in Andhra Pradesh with petchem intensity of 3-4mmt	950
	Plans to spend INR 1.5-1.7trn in 5-7 years	
IOCL	Panipat refinery capacity expansion from 15MMTPA to 25MMTPA (expected to complete by end of Jun'26)	380
	Petrochemical and Lube Integration Project at Gujarat Refinery (expected to complete by Jun'26)- refinery expansion 13,7 to 18MMTPA	190
	Barauni Refinery Capacity Expansion from 6MMTPA to 9MMTPA (expected to complete by Aug'26)	148
	Integrated Para Xylene (PX) and Purified Terephthalic Acid (PTA) Project at Paradip Refinery (to come online in FY26)	138
	Ethylene Glycol Project (MEG), Paradip Refinery	57
	Acrylics/ Oxo-Alcohol Project at Dumad, Gujarat	53
	Fuel Quality Upgradation Project at Paradip Refinery	34
	R&D-II Campus at Faridabad	32
	Naphtha Cracker Expansion Project at Panipat Refinery	16
	PX-PTA Expansion Project at Panipat Refinery and Petrochemical Complex	13

Source: Company data, I-Sec research

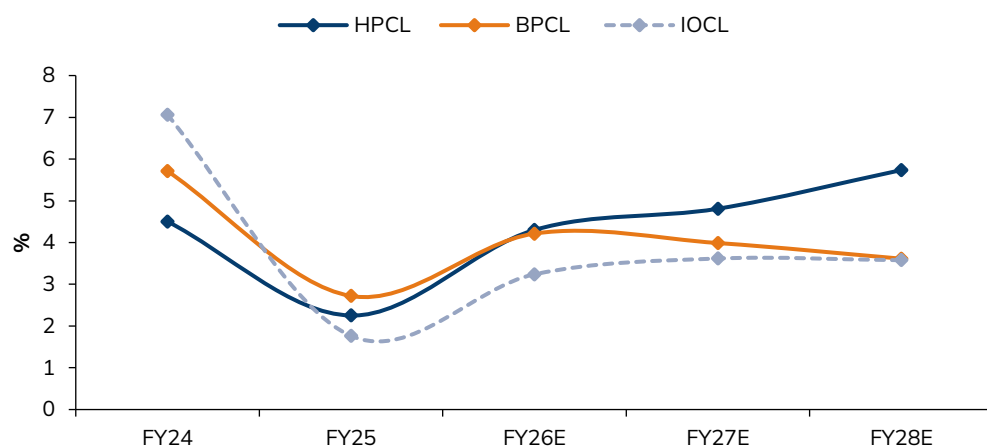
**Exhibit 10: Our GRM assumptions are conservative, but retail margin assumptions higher than current levels**

	FY25	FY26E	FY27E	FY28E
<b>GRMs (USD/bbl)</b>				
IOCL	4.8	7.0	8.0	8.7
HPCL	5.7	7.3	8.8	9.8
BPCL	6.8	8.4	9.4	10.5
<b>Retail fuel margins (INR/ltr)</b>				
Petrol	8.4	7.0	6.0	6.0
Diesel	5.4	5.0	4.0	4.0

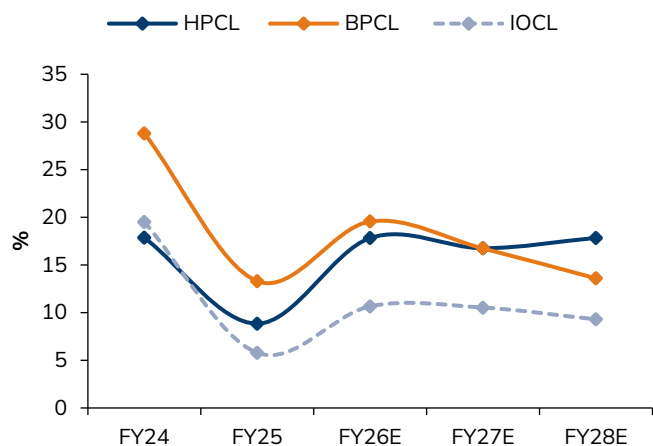
Source: Company data, I-Sec research

**Exhibit 11: Leverage has improved steadily**


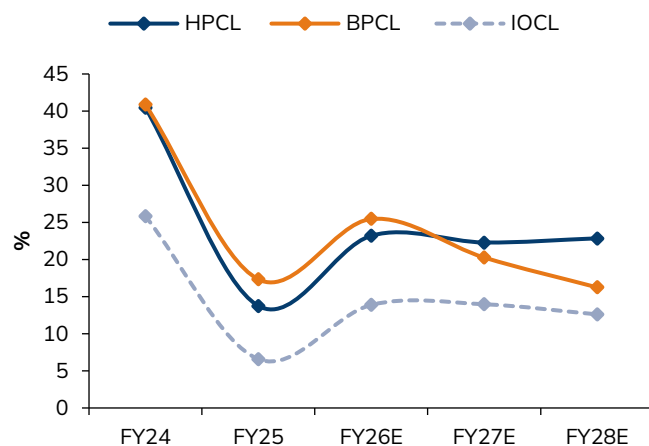
Source: I-Sec research, Company data

**Exhibit 12: Dividend yield is an added support**

Source: I-Sec research, Company data

**Exhibit 13: ROCE to improve after fall in FY25...**

Source: I-Sec research, Company data

**Exhibit 14: ... so shall RoE**

Source: I-Sec research, Company data

**Exhibit 15: Sensitivity of earnings for USD1/bbl change in GRM and INR 1/ltr change in marketing margins**

	Units	FY26E Base case	Change in GRM by USD1 /bbl	Change in marketing margin by INR1/t	FY27E Base case	Sensitivity FY27E
<b>IOCL</b>						
Standalone						
Refining Throughput	MMT	72.5	72.5	72.5	72.5	72.5
GRM	USD/bbl	7.0	6.0	7.0	8.0	8.5
Marketing Volume	MMT	103.1	103.1	103.1	106.0	106.0
Petrol	INR/ltr	7.0	7.0	6.0	6.0	6.5
Diesel	INR/ltr	5.0	5.0	4.0	4.0	2.0
Blended Integrated Margins (marketing+ refining)	INR ltr	7.2	6.9	6.7	7.1	6.7
Total Gross Margins	INR mn	11,49,835	11,05,461	10,81,623	12,00,540	11,42,399
Total EBITDA	INR mn	5,19,140	4,74,766	4,50,928	5,57,231	4,99,090
PAT	INR mn	2,52,520	2,19,315	2,01,477	2,82,092	2,38,585
EPS	INR/sh	17.9	15.5	14.3	20.0	16.9
Change in earnings			-13%	-20%		-15%
<b>BPCL</b>						
Standalone						
Refining Throughput	MMT	40.5	40.5	40.5	40.5	40.5
GRM	USD/bbl	8.4	7.4	8.4	9.4	10.0
Marketing Volume	MMT	55.1	55.1	55.1	56.9	56.9
Petrol	INR/ltr	7.0	7.0	6.0	6.0	6.5
Diesel	INR/ltr	5.0	5.0	4.0	4.0	2.0
Blended Integrated Margins (marketing+ refining)	INR ltr	9.4	9.0	8.7	9.2	8.7
Total Gross Margins	INR mn	6,79,186	6,54,391	6,34,115	6,88,748	6,51,470
Total EBITDA	INR mn	3,70,891	3,46,097	3,25,821	3,65,039	3,27,761
PAT	INR mn	2,24,046	2,05,492	1,90,319	2,12,017	1,84,123
EPS	INR/sh	51.6	47.4	43.9	48.9	42.4
Change in earnings			-8%	-15%		-13%
<b>HPCL</b>						
Consolidated						
Refining Throughput	MMT	25.8	25.8	25.8	25.8	25.8
GRM	USD/bbl	7.3	6.3	7.3	8.8	9.3
Marketing Volume	MMT	52.2	52.2	52.2	54.4	54.4
Petrol	INR/ltr	7.0	7.0	6.0	6.0	6.5
Diesel	INR/ltr	5.0	5.0	4.0	4.0	2.0
Blended Integrated Margins (marketing+ refining)	INR ltr	7.4	7.1	6.7	7.2	6.7
Total Gross Margins	INR mn	5,20,857	5,05,078	4,80,543	5,35,293	4,97,956
Total EBITDA	INR mn	2,92,030	2,76,252	2,51,717	2,95,025	2,57,688
PAT	INR mn	1,28,589	1,16,782	98,422	1,43,827	1,15,888
EPS	INR/sh	60.4	54.9	46.3	67.6	54.5
Change in earnings			-9%	-23%		-19%

Source: I-Sec research, Company data



## Financial Summary-HPCL

### Exhibit 16: Profit & Loss

(INR Mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Net Sales</b>	<b>43,41,062</b>	<b>38,42,916</b>	<b>40,47,084</b>	<b>42,87,817</b>
<b>EBITDA</b>	<b>1,65,512</b>	<b>2,92,030</b>	<b>2,95,025</b>	<b>3,22,171</b>
EBITDA Margin (%)	3.8	7.6	7.3	7.5
Depreciation & Amortization	61,541	65,157	71,877	78,597
EBIT	1,03,971	2,26,874	2,23,148	2,43,575
Interest expenditure	33,655	28,743	27,463	24,583
Other Non-operating Income	20,879	24,031	25,452	26,344
<b>PBT</b>	<b>91,195</b>	<b>2,22,162</b>	<b>2,21,137</b>	<b>2,45,335</b>
<b>Profit / (Loss) from Associates</b>	<b>(1,196)</b>	<b>(37,654)</b>	<b>(21,650)</b>	<b>(12,075)</b>
Less: Taxes	22,642	55,918	55,660	61,751
PAT	68,553	1,66,243	1,65,477	1,83,584
Less: Minority Interest	-	-	-	-
<b>Net Income (Reported)</b>	<b>67,357</b>	<b>1,28,589</b>	<b>1,43,827</b>	<b>1,71,509</b>
Extraordinaries (Net)	-	-	-	-
<b>Recurring Net Income</b>	<b>67,357</b>	<b>1,28,589</b>	<b>1,43,827</b>	<b>1,71,509</b>

Source Company data, I-Sec research

### Exhibit 17: Balance sheet

(INR Mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Total Current Assets</b>	<b>5,44,524</b>	<b>5,33,292</b>	<b>4,90,764</b>	<b>5,15,619</b>
of which cash & bank	2,538	21,847	57,372	79,653
<b>Total Current Liabilities &amp; Provisions</b>	<b>6,42,460</b>	<b>5,94,464</b>	<b>6,13,939</b>	<b>6,39,578</b>
<b>Net Current Assets</b>	<b>(97,937)</b>	<b>(61,172)</b>	<b>(1,23,175)</b>	<b>(1,23,959)</b>
Other Non Current Assets	-	-	-	-
<b>Net Fixed Assets</b>	<b>8,61,792</b>	<b>9,36,635</b>	<b>10,04,758</b>	<b>10,66,162</b>
Other Fixed Assets	-	-	-	-
Capital Work in Progress	1,79,672	1,80,000	1,80,000	1,80,000
Non Investment	3,28,935	3,28,935	3,28,935	3,28,935
Current Investment	32,525	32,525	32,525	32,525
Deferred Tax Assets	-	-	-	-
<b>Total Assets</b>	<b>13,04,986</b>	<b>14,16,923</b>	<b>14,23,043</b>	<b>14,83,663</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>7,05,582</b>	<b>7,31,582</b>	<b>6,41,582</b>	<b>5,87,582</b>
<b>Deferred Tax Liability</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Lease Liability	-	-	-	-
Other Liabilities	87,961	87,961	87,961	87,961
Equity Share Capital	21,282	21,282	21,282	21,282
Reserves & Surplus*	4,90,161	5,76,097	6,72,217	7,86,837
<b>Total Net Worth</b>	<b>5,11,443</b>	<b>5,97,379</b>	<b>6,93,499</b>	<b>8,08,119</b>
Minority Interest	-	-	-	-
<b>Total Liabilities</b>	<b>13,04,986</b>	<b>14,16,923</b>	<b>14,23,043</b>	<b>14,83,663</b>

Source Company data, I-Sec research

### Exhibit 18: Quarterly trend

(INR mn, year ending March)

	Dec-24	Mar-25	Jun-25	Sep-25
<b>Net Sales</b>	<b>11,05,054</b>	<b>10,94,924</b>	<b>11,07,674</b>	<b>10,07,811</b>
% growth (YOY)	-1%	-4%	-3%	1%
<b>EBITDA</b>	<b>59,702</b>	<b>58,038</b>	<b>76,018</b>	<b>68,910</b>
Margin %	5%	5%	7%	7%
Other Income	4,791	7,925	5,226	5,460
Extraordinaries	0	0	0	0
<b>Adjusted Net Profit</b>	<b>30,229</b>	<b>33,550</b>	<b>43,709</b>	<b>38,304</b>

Source Company data, I-Sec research

### Exhibit 19: Cashflow statement

(INR Mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Cash Flow from operation before working Capital</b>	<b>1,82,783</b>	<b>2,92,030</b>	<b>2,95,025</b>	<b>3,22,171</b>
Working Capital Changes	(44,359)	(17,456)	97,529	23,065
Tax	3,854	(55,918)	(55,660)	(61,751)
<b>Operating Cashflow</b>	<b>1,42,277</b>	<b>2,18,656</b>	<b>3,36,893</b>	<b>2,83,485</b>
Capital Commitments	(94,312)	(1,40,329)	(1,40,000)	(1,40,000)
<b>Free Cashflow</b>	<b>47,966</b>	<b>78,327</b>	<b>1,96,893</b>	<b>1,43,485</b>
Others CFI	(8,779)	(13,623)	3,802	14,269
<b>Cashflow from Investing Activities</b>	<b>(1,03,091)</b>	<b>(1,53,951)</b>	<b>(1,36,198)</b>	<b>(1,25,732)</b>
Inc (Dec) in Borrowings	25,910	26,000	(90,000)	(54,000)
Interest Cost	(43,930)	(28,743)	(27,463)	(24,583)
Others	(23,363)	(42,653)	(47,707)	(56,889)
<b>Cash flow from Financing Activities</b>	<b>(41,382)</b>	<b>(45,396)</b>	<b>(1,65,170)</b>	<b>(1,35,472)</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>(2,196)</b>	<b>19,309</b>	<b>35,525</b>	<b>22,282</b>
Closing cash & balance	2,538	21,847	57,372	79,653

Source Company data, I-Sec research

### Exhibit 20: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Per Share Data (INR)</b>				
Recurring EPS	31.7	60.4	67.6	80.6
Diluted EPS	31.7	60.4	67.6	80.6
Recurring Cash EPS	60.6	91.1	101.4	117.5
Dividend per share (DPS)	10.5	20.0	22.4	26.7
Book Value per share (BV)	240.4	280.7	325.9	379.8
Dividend Payout (%)	33.2	33.2	33.2	33.2
<b>Growth (%)</b>				
Net Sales	0.1	(11.5)	5.3	5.9
EBITDA	(33.6)	76.4	1.0	9.2
EPS	(57.9)	90.9	11.8	19.2
<b>Valuation Ratios (x)</b>				
P/E	14.7	7.7	6.9	5.8
P/CEPS	7.7	5.1	4.6	4.0
P/BV	1.9	1.7	1.4	1.2
EV / EBITDA	10.3	5.8	5.4	4.7
EV / Operating Income	13.6	6.8	6.4	5.6
Dividend Yield (%)	2.3	4.3	4.8	5.7
<b>Operating Ratios</b>				
EBITDA Margins (%)	3.8	7.6	7.3	7.5
Effective Tax Rate (%)	24.8	25.2	25.2	25.2
Net Profit Margins (%)	1.6	3.3	3.6	4.0
NWC / Total Assets (%)	(7.5)	(4.3)	(8.7)	(8.4)
Fixed Asset Turnover (x)	3.7	3.0	2.8	2.7
Working Capital Days	17.4	19.1	15.1	13.5
Net Debt / Equity %	131.1	113.4	79.6	58.8
<b>Profitability Ratios</b>				
RoCE (%)	6.6	13.3	12.5	13.3
RoCE (Pre-tax) (%)	8.8	17.8	16.8	17.8
RoE (%)	13.7	23.2	22.3	22.8

Source Company data, I-Sec research

## Financial Summary-BPCL

### Exhibit 21: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Net Sales</b>	<b>44,02,719</b>	<b>37,45,733</b>	<b>38,91,275</b>	<b>40,76,503</b>
<b>EBITDA</b>	<b>2,54,014</b>	<b>3,68,663</b>	<b>3,62,699</b>	<b>3,50,663</b>
EBITDA Margin (%)	5.8	9.8	9.3	8.6
Depreciation & Amortization	72,567	80,176	92,579	1,07,026
EBIT	1,81,447	2,88,488	2,70,120	2,43,637
Interest expenditure	35,914	32,107	31,254	33,190
Other Non-operating Income	26,847	29,532	26,000	28,000
<b>PBT</b>	<b>1,68,596</b>	<b>2,85,913</b>	<b>2,64,866</b>	<b>2,38,447</b>
<b>Profit / (Loss) from Associates</b>	<b>13,227</b>	<b>13,889</b>	<b>14,583</b>	<b>15,312</b>
Less: Taxes	48,458	71,964	66,667	60,017
PAT	1,20,138	2,13,948	1,98,199	1,78,430
Less: Minority Interest	-	-	-	-
<b>Net Income (Reported)</b>	<b>1,33,366</b>	<b>2,27,837</b>	<b>2,12,782</b>	<b>1,93,742</b>
Extraordinaries (Net)	(3,784)	-	-	-
<b>Recurring Net Income</b>	<b>1,36,197</b>	<b>2,27,837</b>	<b>2,12,782</b>	<b>1,93,742</b>

Source Company data, I-Sec research

### Exhibit 22: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Total Current Assets</b>	<b>7,30,090</b>	<b>6,28,537</b>	<b>6,62,440</b>	<b>6,81,802</b>
of which cash & bank	1,04,756	1,22,026	1,77,740	1,74,316
<b>Total Current Liabilities &amp; Provisions</b>	<b>6,76,049</b>	<b>6,08,106</b>	<b>6,26,786</b>	<b>6,35,262</b>
<b>Net Current Assets</b>	<b>54,041</b>	<b>20,430</b>	<b>35,654</b>	<b>46,540</b>
Other Non Current Assets	-	-	-	-
<b>Net Fixed Assets</b>	<b>8,86,281</b>	<b>9,87,960</b>	<b>11,35,381</b>	<b>12,83,354</b>
Other Fixed Assets	-	-	-	-
Capital Work in Progress	2,63,868	2,77,061	2,90,914	3,05,460
Non Investment	2,65,306	2,67,959	2,70,639	2,73,345
Current Investment	36,631	36,631	36,631	36,631
Deferred Tax Assets	-	-	-	-
<b>Total Assets</b>	<b>15,06,127</b>	<b>15,90,041</b>	<b>17,69,218</b>	<b>19,45,331</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>6,11,006</b>	<b>5,50,168</b>	<b>5,80,168</b>	<b>6,20,168</b>
<b>Deferred Tax Liability</b>	<b>81,280</b>	<b>65,409</b>	<b>65,409</b>	<b>65,409</b>
Lease Liability	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	42,726	42,726	42,726	42,726
Reserves & Surplus*	7,71,115	9,31,739	10,80,916	12,17,028
<b>Total Net Worth</b>	<b>8,13,841</b>	<b>9,74,464</b>	<b>11,23,641</b>	<b>12,59,754</b>
Minority Interest	-	-	-	-
<b>Total Liabilities</b>	<b>15,06,127</b>	<b>15,90,041</b>	<b>17,69,218</b>	<b>19,45,331</b>

Source Company data, I-Sec research

### Exhibit 23: Quarterly trend

(INR mn, year ending March)

	Dec-24	Mar-25	Jun-25	Sep-25
<b>Net Sales</b>	<b>11,31,358</b>	<b>11,11,790</b>	<b>11,25,147</b>	<b>10,49,125</b>
% growth (YOY)	-2%	-5%	-1%	2%
<b>EBITDA</b>	<b>75,804</b>	<b>77,649</b>	<b>96,631</b>	<b>97,772</b>
Margin %	7%	7%	9%	9%
Other Income	8,285	7,930	7,487	11,907
Extraordinaries	0	17,739	0	0
<b>Adjusted Net Profit</b>	<b>46,492</b>	<b>45,517</b>	<b>61,239</b>	<b>64,425</b>

Source Company data, I-Sec research

### Exhibit 24: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Cash Flow from operation before working Capital</b>	<b>2,67,607</b>	<b>3,68,663</b>	<b>3,62,699</b>	<b>3,50,663</b>
Working Capital Changes	9,068	35,009	40,490	(14,310)
Tax	(39,897)	(71,964)	(66,667)	(60,017)
<b>Operating Cashflow</b>	<b>2,36,778</b>	<b>3,31,708</b>	<b>3,36,523</b>	<b>2,76,336</b>
Capital Commitments	(1,51,037)	(1,95,048)	(2,53,853)	(2,69,546)
<b>Free Cashflow</b>	<b>85,741</b>	<b>1,36,660</b>	<b>82,670</b>	<b>6,790</b>
Others CFI	18,558	40,768	37,904	40,606
<b>Cashflow from Investing Activities</b>	<b>(1,32,480)</b>	<b>(1,54,280)</b>	<b>(2,15,949)</b>	<b>(2,28,940)</b>
Inc (Dec) in Borrowings	31,413	(60,837)	30,000	40,000
Interest Cost	(28,210)	(32,107)	(31,254)	(33,190)
Others	(65,609)	(67,214)	(63,605)	(57,630)
<b>Cash flow from Financing Activities</b>	<b>(62,406)</b>	<b>(1,60,158)</b>	<b>(64,859)</b>	<b>(50,820)</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>41,892</b>	<b>17,270</b>	<b>55,714</b>	<b>(3,423)</b>
Closing cash & balance	1,04,756	1,22,026	1,77,740	1,74,316

Source Company data, I-Sec research

### Exhibit 25: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Per Share Data (INR)</b>				
Recurring EPS	31.4	52.5	49.0	44.7
Diluted EPS	31.4	52.5	49.0	44.7
Recurring Cash EPS	48.1	71.0	70.4	69.3
Dividend per share (DPS)	10.0	15.5	14.7	13.3
Book Value per share (BV)	187.6	224.6	259.0	290.4
Dividend Payout (%)	31.9	29.5	29.9	29.7
<b>Growth (%)</b>				
Net Sales	(1.6)	(14.9)	3.9	4.8
EBITDA	(41.2)	45.1	(1.6)	(3.3)
EPS	(48.5)	67.3	(6.6)	(8.9)
<b>Valuation Ratios (x)</b>				
P/E	11.7	7.0	7.5	8.2
P/CEPS	7.6	5.2	5.2	5.3
P/BV	2.0	1.6	1.4	1.3
EV / EBITDA	8.1	5.4	5.4	5.7
EV / Operating Income	9.9	6.2	6.6	7.4
Dividend Yield (%)	2.7	4.2	4.0	3.6
<b>Operating Ratios</b>				
EBITDA Margins (%)	5.8	9.8	9.3	8.6
Effective Tax Rate (%)	28.7	25.2	25.2	25.2
Net Profit Margins (%)	2.7	5.7	5.1	4.4
NWC / Total Assets (%)	3.6	1.3	2.0	2.4
Fixed Asset Turnover (x)	3.5	2.7	2.5	2.2
Working Capital Days	20.7	20.4	21.8	21.8
Net Debt / Equity %	57.7	40.2	32.6	32.5
<b>Profitability Ratios</b>				
RoCE (%)	9.5	14.6	12.5	10.2
RoCE (Pre-tax) (%)	13.3	19.6	16.7	13.6
RoE (%)	17.3	25.5	20.3	16.3

Source Company data, I-Sec research

## Financial Summary-IOCL

### Exhibit 26: Profit & Loss

(INR bn, year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Net Sales</b>	<b>7,581</b>	<b>7,414</b>	<b>7,750</b>	<b>8,120</b>
<b>EBITDA</b>	<b>360</b>	<b>546</b>	<b>587</b>	<b>583</b>
EBITDA Margin (%)	4.7	7.4	7.6	7.2
Depreciation & Amortization	168	167	182	195
EBIT	192	379	405	388
Interest expenditure	93	84	90	95
Other Non-operating Income	35	62	84	105
<b>PBT</b>	<b>153</b>	<b>357</b>	<b>399</b>	<b>397</b>
<b>Profit / (Loss) from Associates</b>	<b>18</b>	<b>13</b>	<b>13</b>	<b>13</b>
Less: Taxes	33	90	100	100
PAT	120	267	299	297
Less: Minority Interest	2	7	8	9
<b>Net Income (Reported)</b>	<b>136</b>	<b>272</b>	<b>303</b>	<b>301</b>
Extraordinaries (Net)	18	-	-	-
<b>Recurring Net Income</b>	<b>122</b>	<b>272</b>	<b>303</b>	<b>301</b>

Source Company data, I-Sec research

### Exhibit 27: Balance sheet

(INR bn, year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Total Current Assets</b>	<b>1,606</b>	<b>1,519</b>	<b>1,773</b>	<b>2,046</b>
of which cash & bank	33	200	478	694
<b>Total Current Liabilities &amp; Provisions</b>	<b>1,429</b>	<b>1,404</b>	<b>1,452</b>	<b>1,492</b>
<b>Net Current Assets</b>	<b>177</b>	<b>115</b>	<b>321</b>	<b>554</b>
Other Non Current Assets	-	-	-	-
<b>Net Fixed Assets</b>	<b>2,011</b>	<b>2,111</b>	<b>2,171</b>	<b>2,207</b>
Other Fixed Assets	0	0	0	0
Capital Work in Progress	779	844	892	937
Non Investment	568	722	732	742
Current Investment	104	104	104	104
Deferred Tax assets	-	-	-	-
<b>Total Assets</b>	<b>3,640</b>	<b>3,896</b>	<b>4,220</b>	<b>4,544</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>1,523</b>	<b>1,575</b>	<b>1,673</b>	<b>1,771</b>
<b>Deferred Tax Liability</b>	<b>207</b>	<b>207</b>	<b>207</b>	<b>207</b>
Lease Liability	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	138	138	138	138
Reserves & Surplus*	1,727	1,924	2,142	2,359
<b>Total Net Worth</b>	<b>1,865</b>	<b>2,062</b>	<b>2,280</b>	<b>2,497</b>
Minority Interest	45	52	60	69
<b>Total Liabilities</b>	<b>3,640</b>	<b>3,896</b>	<b>4,220</b>	<b>4,544</b>

Source Company data, I-Sec research

### Exhibit 28: Quarterly trend

(INR mn, year ending March)

	Dec-24	Mar-25	Jun-25	Sep-25
<b>Net Sales</b>	<b>19,38,995</b>	<b>19,49,670</b>	<b>19,29,706</b>	<b>17,88,797</b>
% growth (YOY)	8%	-2%	-2%	-7%
<b>EBITDA</b>	<b>71,166</b>	<b>1,35,725</b>	<b>1,26,072</b>	<b>1,45,832</b>
Margin %	4%	7%	7%	8%
Other Income	18,817	11,734	6,132	15,228
Extraordinaries	6,797	11	0	0
<b>Adjusted Net Profit</b>	<b>23,107</b>	<b>72,640</b>	<b>56,886</b>	<b>76,105</b>

Source Company data, I-Sec research

### Exhibit 29: Cashflow statement

(INR bn, year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Cash Flow from operation before working Capital</b>	<b>385</b>	<b>546</b>	<b>587</b>	<b>583</b>
Working Capital Changes	(7)	229	71	(17)
Tax	(31)	(90)	(100)	(100)
<b>Operating Cashflow</b>	<b>347</b>	<b>685</b>	<b>558</b>	<b>466</b>
Capital Commitments	(343)	(331)	(290)	(277)
<b>Free Cashflow</b>	<b>690</b>	<b>1,017</b>	<b>848</b>	<b>743</b>
Others CFI	31	(79)	86	107
<b>Cashflow from Investing Activities</b>	<b>(311)</b>	<b>(410)</b>	<b>(204)</b>	<b>(170)</b>
Inc (Dec) in Borrowings	178	52	98	98
Interest Cost	(87)	(84)	(90)	(95)
Others	(125)	(76)	(85)	(84)
<b>Cash flow from Financing Activities</b>	<b>(34)</b>	<b>(108)</b>	<b>(76)</b>	<b>(81)</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>1</b>	<b>167</b>	<b>278</b>	<b>216</b>
Closing cash & balance	33	200	478	694

Source Company data, I-Sec research

### Exhibit 30: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
<b>Per Share Data (INR)</b>				
Recurring EPS	8.6	19.3	21.5	21.3
Diluted EPS	8.6	19.3	21.5	21.3
Recurring Cash EPS	20.5	31.1	34.4	35.1
Dividend per share (DPS)	2.9	5.4	6.0	5.9
Book Value per share (BV)	132.1	146.0	161.5	176.8
Dividend Payout (%)	34.0	27.8	27.9	27.8
<b>Growth (%)</b>				
Net Sales	(2.4)	(2.2)	4.5	4.8
EBITDA	(52.4)	51.8	7.5	(0.7)
EPS	(70.9)	124.1	11.3	(0.7)
<b>Valuation Ratios (x)</b>				
P/E	19.2	8.6	7.7	7.8
P/CEPS	8.1	5.3	4.8	4.7
P/BV	1.3	1.1	1.0	0.9
EV / EBITDA	10.3	6.6	5.8	5.7
EV / Operating Income	16.4	8.2	7.0	6.7
Dividend Yield (%)	1.8	3.2	3.6	3.6
<b>Operating Ratios</b>				
EBITDA Margins (%)	4.7	7.4	7.6	7.2
Effective Tax Rate (%)	21.4	25.2	25.2	25.2
Net Profit Margins (%)	1.6	3.7	3.9	3.7
NWC / Total Assets (%)	4.9	2.9	7.6	12.2
Fixed Asset Turnover (x)	2.6	2.4	2.3	2.2
Working Capital Days	36.2	35.1	36.7	36.8
Net Debt / Equity %	74.3	61.7	47.9	39.0
<b>Profitability Ratios</b>				
RoCE (%)	4.5	8.0	7.9	6.9
RoCE (Pre-tax) (%)	5.8	10.7	10.5	9.3
RoE (%)	6.6	13.9	14.0	12.6

Source Company data, I-Sec research

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