RESULT REVIEW

BOBCAPS
TRUST | INNOVATION | EXCELLENCE

BUY
TP: Rs 163 | ⮝ 16%

INDIAN OIL CORP | Oil & Gas | 01 August 2026

Results above expectation driven by refining business

- **Revenue grew by 38.5%YoY driven by refining business; while EBITDA declined by 69.4%YoY impacted by negative marketing margins**
- **Positive on the volume growth. However, environment is challenging due to volatility in crude prices, cracks and negative retail margins**
- **Maintain BUY; considering challenging outlook on retail margins due to elevated crude prices, reduce TP to Rs163 from Rs173**

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Results above expectations: Indian Oil Corporation (IOCL)'s standalone revenue came at Rs2,624bn (+36.0%YoY,+26.2%QoQ) — 20.8% above our estimates. EBITDA came in at Rs19bn (-84.6%YoY, -90.6%QoQ) and was above our estimate of EBITDA loss. Consolidated revenue came in at Rs2,664bn (+38.5%YoY, +27.9%QoQ). EBITDA came in at Rs40bn (-69.4%YoY, -83.6%QoQ).

Refining segment performance: Crude brent price for Q1FY27 averaged USD105/bbl, up by USD37/bbl YoY. It was USD76/bbl in Q4FY26. Indian crude basket averaged US$100.7/bbl in Q1FY27 vs US$83.01/bbl in Q4FY26, up ~21% QoQ due to US-Iran/Middle East tensions. Reported GRM stood at US$15.6/bbl, net of SAED/export duty impact. Management indicated that GRM would have been ~US$35.7/bbl excluding SAED vs USD2.2 in Q1FY26.

Marketing business: Domestic sales volumes were 25.3mnt (+1.1%YoY, -3.1%QoQ). Exports volumes stood at 1.0mnt (-29.2%YoY, -25.0%QoQ). LPG under-recovery was around Rs665/cylinder in June, declined to Rs475/cylinder in July, and management expects it to average around Rs250/cylinder in Q2FY27.

Outlook and capex programme: Retail volume growth will likely be maintained for the medium term. IOCL has an ongoing capex programme of Rs1.6-1.8trn, targeted at refining expansion and petchem projects. We estimate the major benefit to kick in post FY29 only.

Maintain BUY; reduce TP: We are positive on the business growth that is being driven by a strong demand for petroleum products. Maintain BUY; considering challenging outlook on retail margins due to elevated crude prices, reduce TP to Rs163 from Rs173 based on 5.5x EV/EBITDA on June.28E EBITDA plus value of investments.

Key changes

Target	Rating
▼	◄ ►

Ticker/Price	IOCL IN/Rs 140
Market cap	US$ 20.3bn
Free float	49%
3M ADV	US$ 21.4mn
52wk high/low	Rs 189/Rs 130
Promoter/FPI/DII	52%/10%/9%

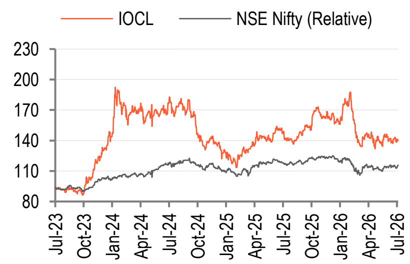
Source: NSE | Price as of 31 Jul 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	7,844,154	8,906,864	9,141,915
EBITDA (Rs mn)	770,616	425,817	561,288
Adj. net profit (Rs mn)	420,963	144,197	220,788
Adj. EPS (Rs)	30.6	10.5	16.0
Adj. ROAE (%)	20.7	6.5	9.5
Adj. P/E (x)	4.6	13.4	8.7
EV/EBITDA (x)	4.0	7.5	6.0
Adj. EPS growth (%)	258.0	(65.7)	53.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

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Important disclosures and analyst certifications are provided at the end of the report.

Fig 1 – Quarterly performance(Consol.)

(Rs mn)	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YoY (%)
Revenue	**2,664,073**	**2,082,893**	**27.9**	**1,923,407**	**38.5**
EBITDA	**40,620**	**248,038**	**(83.6)**	**132,675**	**(69.4)**
EBITDA margin (%)	1.5	11.9	(1038bps)	6.9	(537bps)
Depreciation	44,082	55,569	(20.7)	41,786	5.5
Interest	17,295	18,801	(8.0)	20,701	(16.4)
Other income	4,460	17,750	(74.9)	5,833	(23.5)
PBT	(16,297)	191,417	(108.5)	76,020	(121.4)
Tax	2,085	46,150	(95.5)	19,424	(89.3)
Reported PAT	**(16,307)**	**144,581**	**(111.3)**	**68,137**	**(123.9)**
PATM (%)	(0.6)	6.9	(755bps)	3.5	(415bps)
EPS (Rs)	**(1.15)**	**10.24**	**(111.3)**	**4.8**	**(123.9)**

Source: Company

Fig 2 – Quarterly performance (Standalone)

(Rs mn)	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YOY (%)
Revenue	2,624,355	2,078,832	26.2	1,929,706	36.0
EBITDA	19,468	207,156	(90.6)	126,072	(84.6)
PAT	(26,614)	113,775	(123.4)	56,886	(146.8)

Source: Company

Fig 3 – Q1FY27 Actual v/s estimate (Standalone)

Particulars	Q1 Actual	Estimate	VAR(%)
Revenue (Rs mn)	2,624,355	2,172,758	20.8
EBITDA (Rs mn)	19,468	(167,327)	-
EBITDA margin (%)	0.7	(7.7)	844bps
PAT (Rs mn)	(26,614)	(171,995)	(84.5)
EPS (Rs)	(1.9)	(12.2)	(84.5)

Source: Bloomberg

Fig 4 – Business performance

Particulars	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YoY (%)
Domestic sales (mnt)	25.3	26.1	(3.1)	25.0	1.1
Export sales (mnt)	1.0	1.3	(25.0)	1.4	(29.2)
Crude throughput (mnt)	19.2	19.7	(2.9)	18.7	2.6
Pipelines throughput (mnt)	28.5	27.7	3.2	26.3	8.7

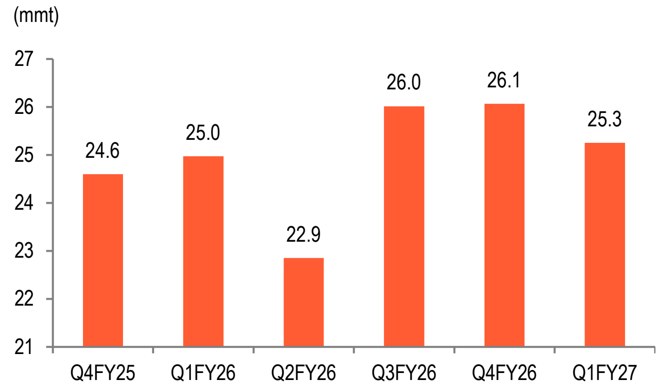
Source: Company

Fig 5 – Petchem details

Particulars	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YoY (%)
Revenue	95,169	80,108	18.8	67,641	40.7
EBIT	2,169	12,091	(82.1)	(10)	-
EBIT % margin	2.3	15.1	-	(0.0)	-

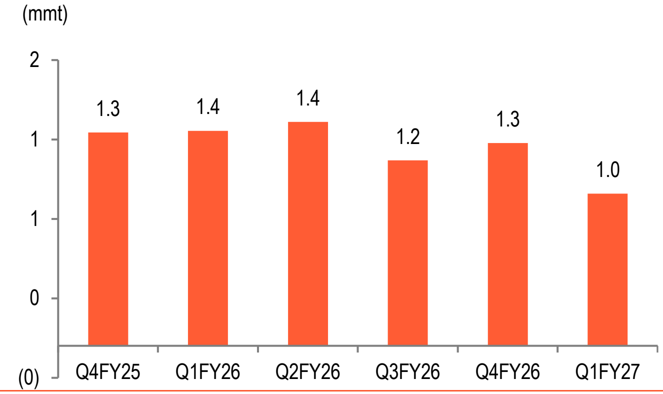
Source: Company

Fig 6 – Domestic Sales



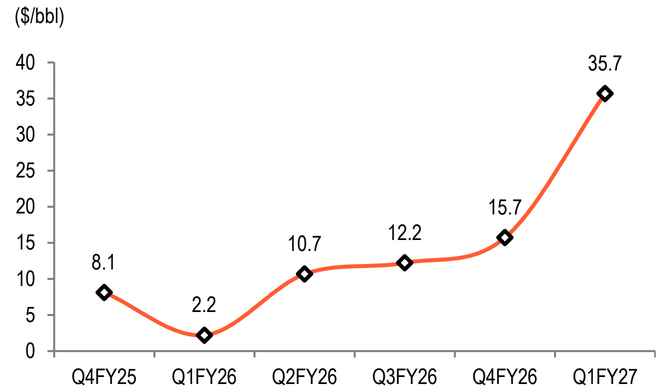
Source: Company

Fig 7 – Export Sales



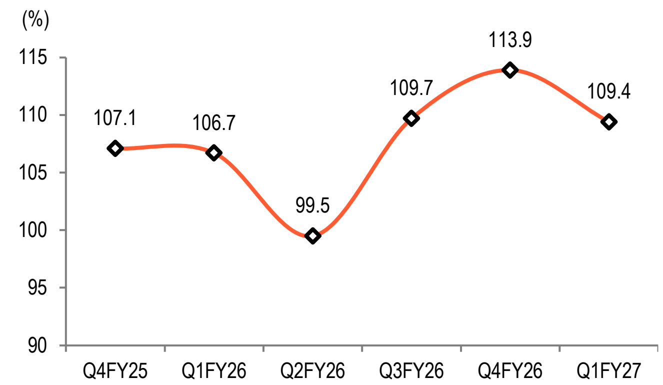
Source: Company

Fig 8 – GRM rebounds strongly, led by improved cracks



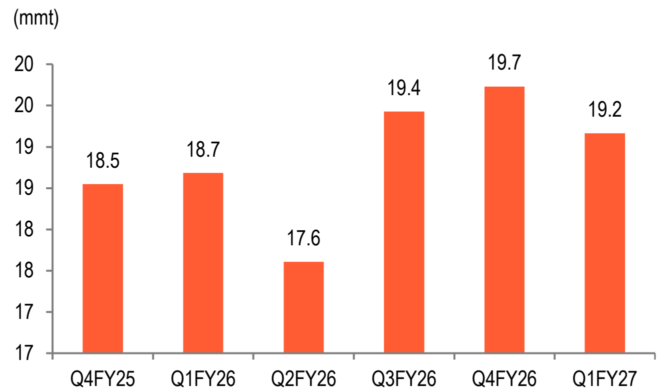
Source: Company

Fig 9 – Refinery utilisation normalise after strong Q4



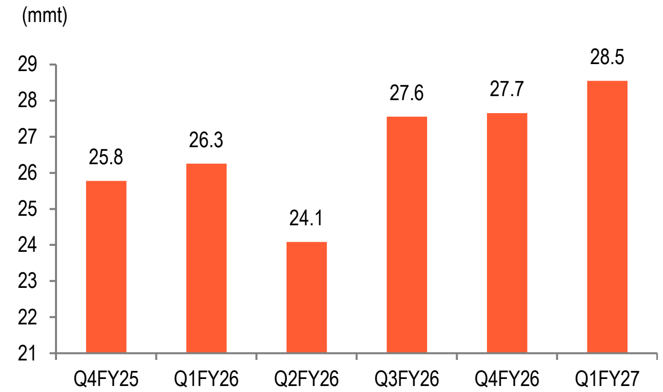
Source: Company

Fig 10 – Refineries throughput



Source: Company

Fig 11 – Pipeline throughput



Source: Company

Call Highlights

- **Marketing business: Reported GRM stood at US$15.59/bbl, net of SAED/export duty impact. Management indicated that GRM would have been ~US$36/bbl excluding SAED.** Marketing volumes declined QoQ, with total sales down 4.1% to 26.2mnt. Petroleum product sales fell 4.3% QoQ to 23.5mnt, led by lower exports at 0.9mnt, down 25.5% QoQ, and LPG volumes at 3.1mnt, down 22.8% QoQ. However, MS and HSD volumes improved 9.3% and 10.3% QoQ to 10.9mnt and 4.5mnt, respectively, while ATF was broadly flat at 1.3mnt. Petchem volumes declined 14.8% QoQ to 0.8mnt, mainly due to lower domestic sales.

- **Pipeline & Refinery business performance:** Refinery throughput declined 2.5% QoQ to 19.2mnt, with capacity utilisation moderating to 109.4% from 113.9% in Q4FY26. However, distillate yield improved to 80.2% from 79.0%, while fuel & loss marginally improved to 8.0% from 8.1%. Pipeline throughput increased 2.9% QoQ to 28.5mnt, with pipeline capacity utilisation improving to 79.9% from 78.3%. **Management expects throughput to rise to ~77mnt in FY27, ~85mnt in FY28, and ~90mnt in FY29, aided by refinery expansions.** IOCL increased crude sourcing diversification across Russia, Venezuela, Brazil, West Africa, Latin America and the US, reducing dependence on Middle East crude amid geopolitical disruptions.

- **Inventory:** IOCL had a crude inventory loss of US$3-4/bbl in Q1FY27. However, this was partly offset by finished goods inventory gains of around Rs150bn, which helped mitigate marketing losses.

- **Net debt:** Gross debt increased to Rs1,414bn on June 26 from gross debt of Rs1,106bn on Mar.2026 due to increase in working capital requirement. Net Debt/Equity stood at 0.5x.

- **Capex:** Q1FY27 capex stood at Rs64.6bn vs FY27 target of Rs327bn. Management expects annual capex of Rs300-400bn over the next 2-3 years, led by petchem, renewables, biofuels and shipping. .

Fig 12 – Expansion projects

Details	Expansion (mnt)	From	Capacity post expansion (mnt)	Estimated commissioning
Panipat Refinery	10.0	15.0	25.0	Dec.2026
Gujarat Refinery	4.3	13.7	18.0	Nov.2026
CPCL - CBR Nagapattinum Refinery	9.0	0.0	9.0	FY28
Barauni Refinery	3.0	6.0	9.0	Dec.2026
Total	**26.3**	**34.7**	**61.0**	

Source: Company

- **Petrochemical capacity and integration:** IOCL plans to ramp up petrochemical capacity to 13.2mntpa by 2030; and will be enhancing petrochemicals integration at Paradip, Panipat and Gujarat refineries. A key focus of this expansion would be the development of high-margin specialty chemicals. PX-PTA complex at Paradip: ~95% complete, expected to commission in the next one month. Polybutadiene rubber plant at Panipat: target Dec'26.

Valuation Methodology

We are positive on business growth that is driven by healthy demand for petroleum products and improved product cracks. However, the environment is challenging given the volatility in crude prices, cracks, logistics cost and weak marketing margins.

We revise our estimates downwards to account for weak retail margins amidst elevated crude prices

- We estimate marketing margin to be lower than estimated earlier. Estimate marketing margin for
  - Petrol at Rs700/Kl vs earlier Rs2,550 for FY27E; at Rs2,150/kl vs earlier Rs2,400 for FY28E and Rs2,250 vs earlier Rs2,500 for Fy29E
  - Diesel at Rs500/Kl vs earlier Rs2,500 for FY27E; at Rs1,800/kl vs earlier Rs2,325 for FY28E and Rs2,000 vs earlier Rs2,450 for FY29E
- No changes in GRM
- USD/INR assumption revised to Rs97 vs Rs95 for FY27E; FY28E and FY29E.

Fig 13 – Revision in Estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY26A	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	7,844,154	8,906,864	9,141,915	9,556,518	8,724,915	8,955,181	9,361,295	2.1	2.1	2.1
EBITDA	770,616	425,817	561,288	596,078	561,638	589,085	620,455	(24.2)	(4.7)	(3.9)
EBITDA % margin	9.8	4.8	6.1	6.2	6.4	6.6	6.6	(166bps)	(44bps)	(39bps)
PAT	420,963	144,197	220,788	232,541	250,092	245,559	254,778	(42.3)	(10.1)	(8.7)
EPS (Rs)	30.6	10.5	16.0	16.9	18.2	17.8	19	(42.3)	(10.1)	(8.7)

Source: Company, BOBCAPS Research

Fig 14 – Key assumptions

	FY25	FY26	FY27E	FY28E	FY29E
Refinery Utilisation (%)					
Standalone	98.0	110.0	92.0	98.0	93.0
CPCL	90.0	100.0	90.0	98.0	90.0
GRM (USD/bbl)					
Blended GRM	4.8	-	7.5	7.6	8.0
Marketing margin (Rs/KL)					
Petrol	2,500	2,650	700	2,150	2,250
Diesel	2,300	2,500	500	1,800	2,000
Growth in key products (%)					
Petrol	3.0	4.0	3.5	3.0	3.0
Diesel	2.5	3.0	2.5	2.5	2.5
Petchem business					
Sales volumes (mn t)	3.2	3.5	3.5	3.5	3.5
USD-INR rate	87.0	90.0	97.0	97.0	97.0
Brent (US$/bbl)	80.0	60.0	80.0	80.0	80.0

Source: Company, BOBCAPS Research

EV/EBITDA-based Valuation Rationale

Maintain BUY; considering challenging outlook on retail margins due to elevated crude prices, reduce TP to Rs163 from Rs173 based on 5.5x EV/EBITDA on June.28E EBITDA and value of investments. .

Fig 15 – Valuation summary

	June 28E EBITDA (Rs mn)	Multiple (x)	Rs mn	Value (Rs/share)
IOCL (Standalone)	536,789	5.5	2,952,339	214
Valuation of Investments				
ONGC				17
Petronet LNG				4
Oil India				3
GAIL				2
CPCL				7
Investments - Total				33
Net debt			1,156,745	84
Target price			**2,952,339**	**163**

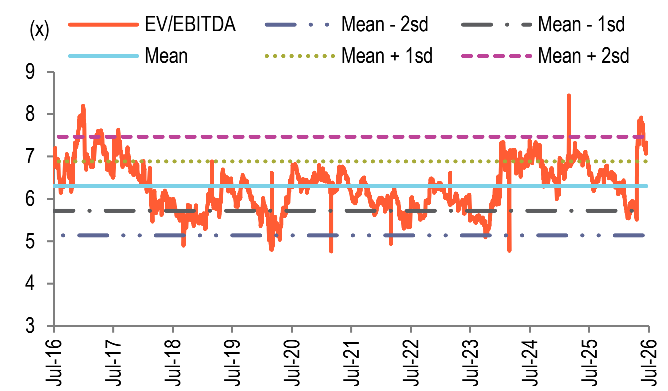
Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

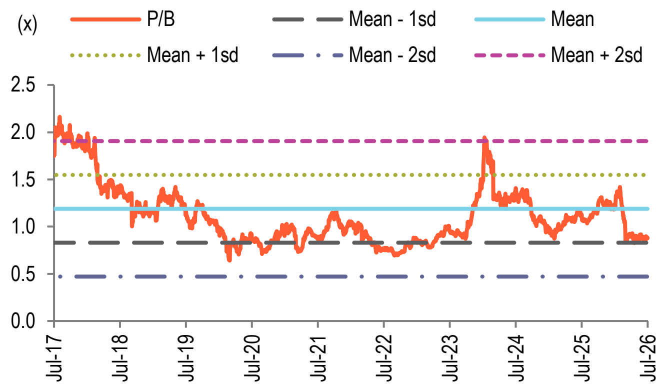
- **Projects-execution delay could raise costs and defer growth**: Previously, IOCL has faced delays and cost overruns on key projects. The expansion of its Panipat refinery was delayed, because of the delay in awarding PMC project management consultancy contracts, high tender quotations as well as the rise in steel prices — post the contract was awarded. As there are major projects in refinery expansion, along with petrochemicals and pipeline projects, execution pace would remain a concern.
- **Refining business:** Lower-than-estimated GRM in the refining business can affect its operational performance. Thus, low crude prices and robust cracks are key for performance. Any spike in crude prices or hit to product demand can impact refining margins.

Fig 16 – EV/EBITDA 1YF



Source: Bloomberg

Fig 17 – P/B 1YF



Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**7,581,058**	**7,844,154**	**8,906,864**	**9,141,915**	**9,556,518**
EBITDA	359,905	770,616	425,817	561,288	596,078
Depreciation	(167,773)	(184,202)	(211,207)	(247,688)	(270,728)
EBIT	227,269	628,044	257,072	356,912	369,528
Net interest inc./(exp.)	(92,619)	(83,079)	(99,183)	(97,895)	(95,333)
Other inc./(exp.)	35,137	41,630	42,462	43,312	44,178
Exceptional items	0	0	0	0	0
EBT	153,030	544,965	157,889	259,017	274,195
Income taxes	(32,746)	(137,948)	(38,779)	(63,617)	(67,345)
Extraordinary items	18,380	0	0	0	0
Min. int./Inc. from assoc.	19,514	45,566	35,019	35,319	35,623
Reported net profit	**135,978**	**420,963**	**144,197**	**220,788**	**232,541**
Adjustments	(18,380)	0	0	0	0
Adjusted net profit	**117,598**	**420,963**	**144,197**	**220,788**	**232,541**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	605,349	573,687	588,860	602,784	630,122
Other current liabilities	692,626	785,509	785,509	785,509	785,509
Provisions	100,127	105,061	105,061	105,061	105,061
Debt funds	1,425,599	1,200,891	1,525,891	1,553,891	1,588,891
Other liabilities	334,722	368,931	368,931	368,931	368,931
Equity capital	137,716	137,716	137,716	137,716	137,716
Reserves & surplus	1,727,158	2,057,460	2,129,558	2,239,952	2,356,223
Shareholders' fund	1,910,247	2,255,471	2,332,535	2,447,895	2,569,131
Total liab. and equities	**5,068,671**	**5,289,550**	**5,706,787**	**5,864,071**	**6,047,644**
Cash and cash eq.	33,049	44,147	45,053	47,406	50,928
Accounts receivables	185,510	146,348	259,185	279,667	307,354
Inventories	1,138,785	1,171,327	1,359,029	1,391,166	1,454,258
Other current assets	109,111	127,934	127,934	127,934	127,934
Investments	568,496	661,610	661,610	661,610	661,610
Net fixed assets	1,971,620	2,044,729	2,160,521	2,262,833	2,352,106
CWIP	737,404	828,968	828,968	828,968	828,968
Intangible assets	39,791	40,954	40,954	40,954	40,954
Deferred tax assets, net	0	0	0	0	0
Other assets	743,424	806,792	806,792	806,792	806,792
Total assets	**5,068,671**	**5,289,550**	**5,706,787**	**5,864,071**	**6,047,644**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**401,307**	**736,070**	**144,135**	**502,288**	**509,469**
Capital expenditures	(388,106)	(339,755)	(327,000)	(350,000)	(360,000)
Change in investments	(16,766)	(60,790)	0	0	0
Other investing cash flows	(9,473)	20,803	0	0	0
Cash flow from investing	**(414,345)**	**(379,743)**	**(327,000)**	**(350,000)**	**(360,000)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	191,063	(224,708)	325,000	28,000	35,000
Interest expenses	(92,619)	(83,079)	(99,183)	(97,895)	(95,333)
Dividends paid	(41,315)	(113,615)	(72,099)	(110,394)	(116,271)
Other financing cash flows	(42,613)	76,172	30,053	30,354	30,657
Cash flow from financing	**14,516**	**(345,230)**	**183,772**	**(149,935)**	**(145,947)**
Chg in cash & cash eq.	**1,479**	**11,097**	**906**	**2,353**	**3,522**
Closing cash & cash eq.	**33,049**	**44,147**	**45,053**	**47,406**	**50,928**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	9.9	30.6	10.5	16.0	16.9
Adjusted EPS	8.5	30.6	10.5	16.0	16.9
Dividend per share	3.0	8.3	5.2	8.0	8.4
Book value per share	135.4	159.4	164.6	172.7	181.1

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.4	0.4	0.4	0.4	0.4
EV/EBITDA	8.7	4.0	7.5	6.0	5.7
Adjusted P/E	16.4	4.6	13.4	8.7	8.3
P/BV	1.0	0.9	0.9	0.8	0.8

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	66.6	74.7	75.4	75.4	75.4
Interest burden (PBT/EBIT)	0.6	0.9	0.6	0.7	0.7
EBIT margin (EBIT/Revenue)	3.0	8.0	2.9	3.9	3.9
Asset turnover (Rev./Avg TA)	1.5	1.5	1.6	1.6	1.6
Leverage (Avg TA/Avg Equity)	2.7	2.6	2.5	2.5	2.4
Adjusted ROAE	6.4	20.7	6.5	9.5	9.5

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(2.4)	3.5	13.5	2.6	4.5
EBITDA	(52.4)	114.1	(44.7)	31.8	6.2
Adjusted EPS	(71.8)	258.0	(65.7)	53.1	5.3
Profitability & Return ratios (%)					
EBITDA margin	4.7	9.8	4.8	6.1	6.2
EBIT margin	3.0	8.0	2.9	3.9	3.9
Adjusted profit margin	1.6	5.4	1.6	2.4	2.4
Adjusted ROAE	6.4	20.7	6.5	9.5	9.5
ROCE	6.4	16.8	6.4	8.3	8.3
Working capital days (days)					
Receivables	9	7	11	11	12
Inventory	55	55	56	56	56
Payables	31	30	25	26	26
Ratios (x)					
Gross asset turnover	1.5	1.5	1.6	1.6	1.6
Current ratio	0.7	0.7	0.9	0.9	0.9
Net interest coverage ratio	2.5	7.6	2.6	3.6	3.9
Adjusted debt/equity	0.7	0.5	0.6	0.6	0.6

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

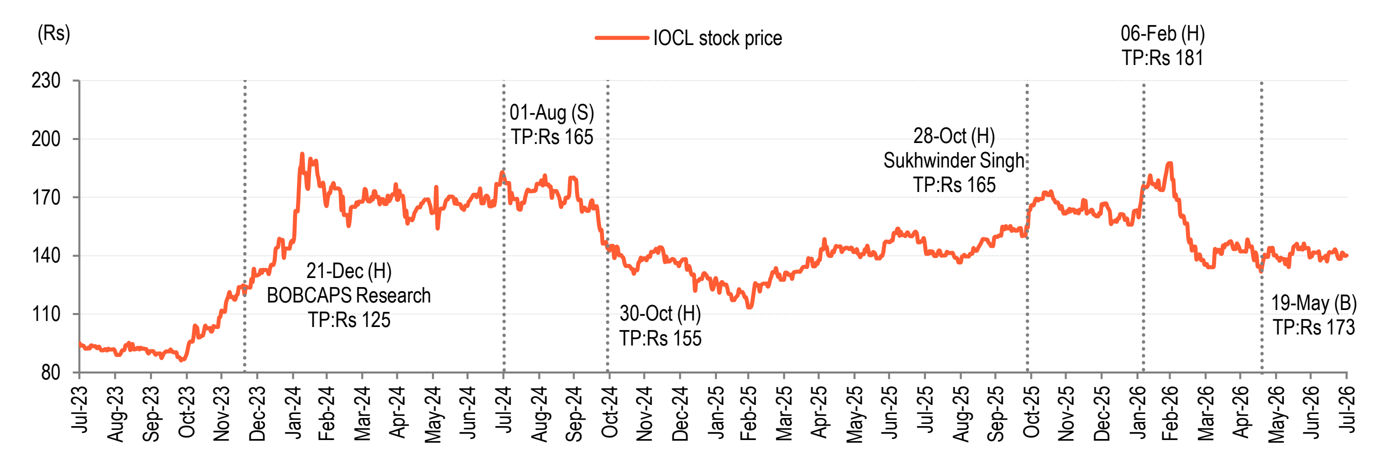
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): INDIAN OIL CORP (IOCL IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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