RESULT REVIEW

HOLD
TP: Rs 181 | ⮝ 3%

INDIAN OIL CORP | Oil & Gas | 06 February 2026

Results above expectation on better volumes growth and GRM

- **Revenue grew by 5.7%YoY; EBITDA grew by 200.4%YoY; driven by volume growth of 5.0% and GRM growth of 319.9%YoY, respectively**
- **Positive outlook on business growth, given the demand in petroleum products and improvement in product cracks**
- **Due to improved performance; maintain HOLD and revise TP to Rs181 from Rs165, based on 6.0x EV/EBITDA on Dec'27 EBITDA**

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Results above expectation: Revenue came in at Rs2,051bn (+5.7%YoY, +14.9%QoQ); 7% above our estimates. EBITDA came in at Rs227bn (+200.4%YoY, +40.0%QoQ) and was 9% above estimates, due to IOCL's better-than-expected performance in its refining segment.

Refining segment performance: GRM came at USD12.2/bbl in Q3FY26 vs USD2.9/bbl in Q3FY25 — a growth of 319.9%YoY on higher product cracks. Crude brent price averaged USD62/bbl, down USD12/bbl YoY. Cracks improved YoY: Petrol cracks stood at USD13.0/bbl in Q3FY26 vs USD11.4 in Q3FY25. HSD (Diesel) cracks at USD21.0 in Q3FY26 vs USD14.7 in Q3FY25.

Marketing business: Domestic sales volumes increased to 26.0mnt(+5.0%YoY; +13.8%QoQ). Exports volumes increased to 1.2mnt(-13.7%YoY, -17.2%QoQ).

Outlook and capex programme: Retail volume growth will likely be maintained. In terms of cost, Venezuela crude oil should result in a low cost input opportunity, given its heavy, sour nature; thus, available at a discount to Brent. IOCL has an ongoing capex programme of Rs1.6-1.8trn, targeted at refining expansion and petchem projects. Considering the delays in construction and stabilisation of operations of large-scale projects, we estimate the major benefit to kick in post FY28 only. Incurred a capex of Rs243bn in 9MFY26. Net Debt/Equity is ~0.7x.

Maintain HOLD and raise TP: We remain positive on business growth that is driven by the improvement in product cracks and likely sustainability. Considering the strong performance, we maintain HOLD and revise TP to Rs181 from Rs165, based on 6.0x EV/EBITDA on Dec'27 EBITDA.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	IOCL IN/Rs 175
Market cap	US$ 26.6bn
Free float	49%
3M ADV	US$ 23.3mn
52wk high/low	Rs 181/Rs 111
Promoter/FPI/DII	52%/7%/10%

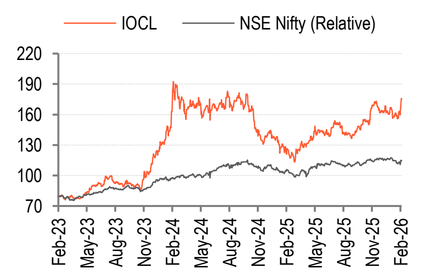
Source: NSE | Price as of 6 Feb 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	7,581,058	7,794,317	8,476,356
EBITDA (Rs mn)	359,905	660,741	589,034
Adj. net profit (Rs mn)	135,978	333,566	258,413
Adj. EPS (Rs)	9.9	24.2	18.8
Consensus EPS (Rs)	9.9	22.2	18.5
Adj. ROAE (%)	7.4	17.1	12.3
Adj. P/E (x)	17.7	7.2	9.3
EV/EBITDA (x)	10.0	5.7	6.6
Adj. EPS growth (%)	(67.4)	145.3	(22.5)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance

(Rs mn)	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Revenue	2,051,574	1,786,282	14.9	1,940,145	5.7	5,761,262	5,628,355	2.4
EBITDA	227,454	162,450	40.0	75,727	200.4	522,579	209,612	149.3
EBITDA margin (%)	11.1	9.1		3.9		9.0	3.7	
Depreciation	44,575	42,272	5.4	42,841	4.0	128,633	124,520	3.3
Interest	20,880	22,697	(8.0)	24,579	(15.0)	64,278	70,841	(9.3)
Other income	11,605	6,443	80.1	10,216	13.6	23,880	22,759	4.9
PBT	173,603	103,924	67.0	18,523	837.2	353,548	37,010	855.3
Tax	43,246	29,129	48.5	6,191	598.5	91,798	15,976	474.6
Reported PAT	130,069	78,176	66.4	21,473	505.7	276,382	55,063	401.9
Exceptional item	0	0	NA	6,797	(100.0)	0	18,370	(100.0)
Adj. PAT	130,069	78,176	66.4	14,677		276,382	36,693	653.2
Adj. PATM (%)	6.3	4.4		0.8		4.8	0.6	
EPS (Rs)	9.21	5.54	66.4	1	786.2	19.57	2.60	653.2

Source: Company

Fig 2 – Q3FY26 Actual v/s estimate

Particulars	Q3 Actual	Estimates	VAR (%)
Revenue (Rs mn)	2,051,574	1,915,740	7.1
EBITDA (Rs mn)	227,454	208,828	8.9
EBITDA margin (%)	11.1	10.9	NA
PAT (Rs mn)	130,069	111,756	16.4
EPS (Rs)	9.2	7.9	16.4

Source: Bloomberg

Fig 3 – Business performance

Particulars	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Domestic sales (mnt)	26.0	22.9	13.8	24.8	5.0	73.8	70.8	4.3
Export sales (mnt)	1.2	1.4	(17.2)	1.4	(13.7)	3.9	2.4	65.1
Crude throughput (mnt)	19.4	17.6	10.3	18.1	7.3	55.7	53.0	5.1
Pipelines throughput (mnt)	27.6	24.1	14.4	24.9	10.7	77.9	74.7	4.3
Average gross refining margin (USD/bbl)	12.2	14.6	16.0	2.9	319.9	8.4	3.7	126.6

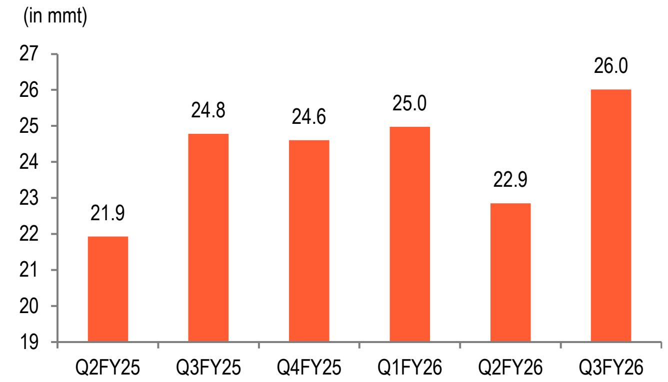
Source: Company

Fig 4 – Petchem details

Particulars	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)	9MFY26	9MFY25	YoY (%)
Revenue	69,358	63,914	8.5	72,019	(3.7)	200,912	208,046	(3.4)
EBIT	(3,615)	1,684	(314.6)	(1,549)	(133.4)	(1,941)	(2,346)	17.2
EBIT % margin	(5.2)	2.64	-	(2)	-	(1.0)	(1.1)	-

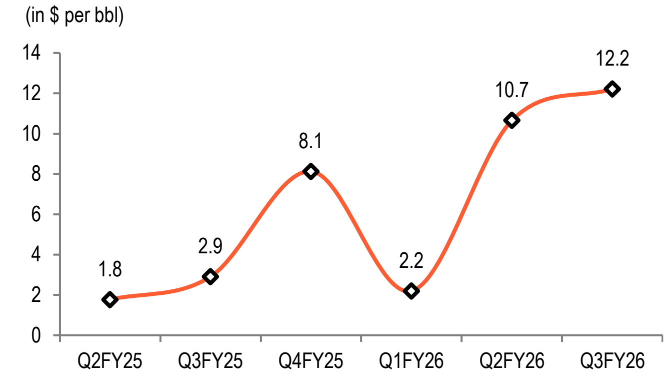
Source: Company

Fig 5 – Domestic Sales



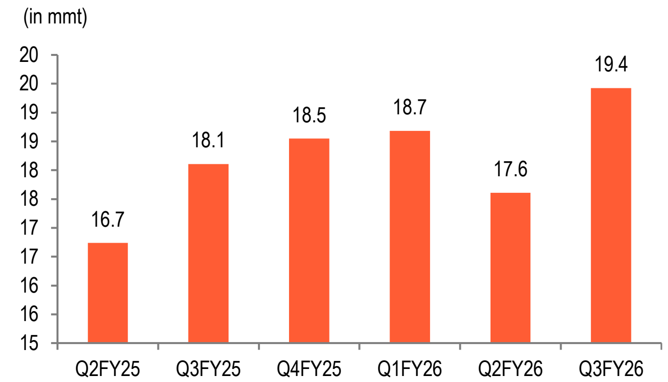
Source: Company

Fig 6 – Average GRM



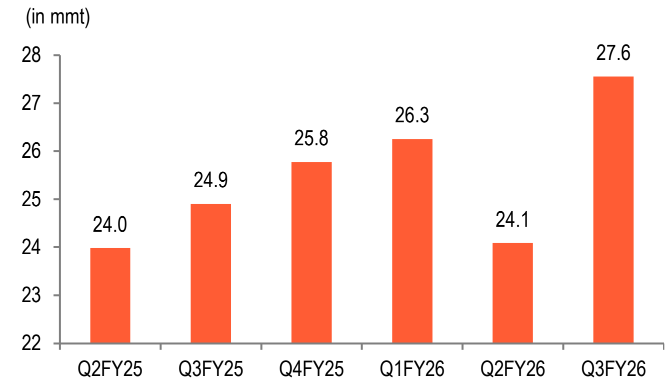
Source: Company

Fig 7 – Refineries throughput



Source: Company

Fig 8 – Pipeline throughput



Source: Company

Other Highlights

- **Refining performance:** Refinery margin performance was strong due to higher product cracks and improvement in refinery efficiency. Utilisation stood at 110% in Q3FY26 vs 100% in Q2FY26. GRM came in at USD12.2 vs USD2.9 in Q3FY25 and USD10.7 in Q2FY26. Cracks improved YoY: Petrol cracks stood at USD13.0/bbl vs USD11.4 in Q3FY25. HSD (Diesel) cracks at USD21.0 vs USD14.7 in Q3FY25.

- **Marketing business:** Domestic volumes remained healthy, growing 5% YoY and 13.8% QoQ, with petro product demand expected to remain strong on the back of broad-based economic activity. Added 634 outlets during Q3, taking the total to 41,887 retail outlets.

- **Pipeline business performance:** IOCL achieved pipeline throughput of 28mnt in Q3FY26 — higher by 10.7%YoY. Pipeline capacity utilisation was at 76.0% vs 66.7% in Q2FY26.

- **Net debt:** Standalone debt reduced to Rs1,159bn in Dec'25 from a debt of 1,282bn in Sept'25. The Net Debt/Equity stood at 0.7x.

- **Capex:** IOCL incurred a capex of Rs243bn in 9MFY26 and guided a capex of Rs347bn for FY26E. 9MFY26 capex includes Rs123bn for refining, Rs73bn for marketing, Rs13bn for the pipeline business and Rs21bn for Petchem business. IOCL plans to invest Rs1.6-1.8trn over the next 5 years on various projects. It will be Rs300-350bn investment per year. Major projects accounting for Rs1.1trn of investments: 1) refinery expansion – Rs600bn; petrochemicals – Rs280bn and pipeline projects – Rs190bn.

- IOCL is ramping up the overall capacity by 26mnt from 81mnt to 107mnt, along with the associated value-added projects by FY28. Expansion would be at Panipat refinery, Gujarat refinery, Barauni refinery and at Nagapattinum under JV with Chennai Petroleum (CPCL).

Fig 9 – 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	Aug.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. In this, it 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.

- **Pipeline projects:** Key pipelines are Mundra-Panipat crude pipeline and Kandla-Gorakhpur LPG pipeline. Execution of these projects over the long term would drive business growth and value-added projects will likely drive margin expansion.

Valuation Methodology

We are positive on the business growth that is driven by a strong demand for petroleum products and improved product cracks. Considering strong 9MFY26 performance, we revise financial numbers,

Key changes in assumptions:

- We estimate GRM of USD8.5/bbl vs the previous USD7.0 for FY26E; GRM of USD8.3 vs the earlier USD7.5 for FY27E and USD8.0 vs the earlier USD7.8 for FY28E. .
- USD-INR assumption revised to Rs89.0 vs Rs87.0 earlier for FY26E, Rs91.0 vs the previous Rs87.0 for FY27E and Rs91.0 vs the earlier Rs87.0 for FY28E.

Fig 10 – Revision in Estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY25A	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	7,581,058	7,794,317	8,476,356	8,676,846	7,563,071	8,016,609	8,217,858	3.1	5.7	5.6
EBITDA	359,905	660,741	589,034	606,053	551,628	548,990	584,108	19.8	7.3	3.8
EBITDA % margin	4.7	8.5	6.9	7.0	7.3	6.8	7.1	-	-	-
PAT	135,978	333,566	258,413	248,330	242,794	228,036	238,469	37.4	13.3	4.1
EPS (Rs)	9.9	24.2	18.8	18.0	17.6	16.6	17.3	37.4	13.3	4.1

Source: Company, BOBCAPS Research

Fig 11 – Key assumptions

	FY24	FY25	FY26E	FY27E	FY28E
Refinery Utilisation (%)					
Standalone	105	98	110	95	95
CPCL	100	100	100	98	98
GRM (USD/bbl)					
Blended GRM	12.1	4.8	8.5	8.3	8.0
CPCL	7.0	6.0	7.0	6.8	6.5
Marketing margin (Rs/KL)					
Petrol	5,000	2,500	2,650	2,575	2,600
Diesel	500	2,300	2,500	2,500	2,600
Growth in key products (%)					
Petrol	6.0	3.0	4.0	3.5	3.0
Diesel	4.0	2.5	3.0	2.5	2.5
Petchem business					
Sales volumes (mn t)	3.1	3.2	3.5	3.5	3.5
USD-INR rate	82.8	87.0	89.0	91.0	91.0
Brent (US$/bbl)	80.0	80.0	60.0	60.0	60.0

Source: Company, BOBCAPS Research

EV/EBITDA-based Valuation Rationale

Due to strong 9MFY26 performance, we maintain HOLD rating and revise TP to Rs181 from Rs165 based on 6.0x EV/EBITDA on Dec'27 EBITDA and value of investments.

Fig 12 – Valuation summary

	Dec.27E EBITDA (Rs mn)	Multiple (x)	Rs mn	Value (Rs/share)
IOC (Standalone)	571,806	6.0	3,442,270	250
Valuation of Investments				
ONGC				19
Petronet LNG				4
Oil India				3
GAIL				2
CPCL				5
Investments - Total				32
Net debt			1,392,550	101
Target price			**3,442,270**	**181**

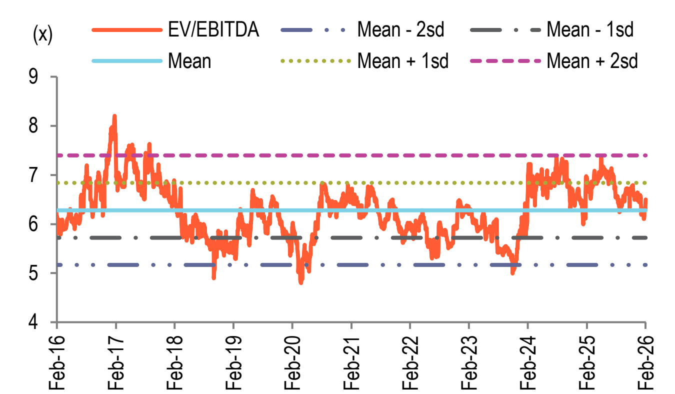
Source: Company, BOBCAPS Research

Key Risks

Key downside risks to our estimates:

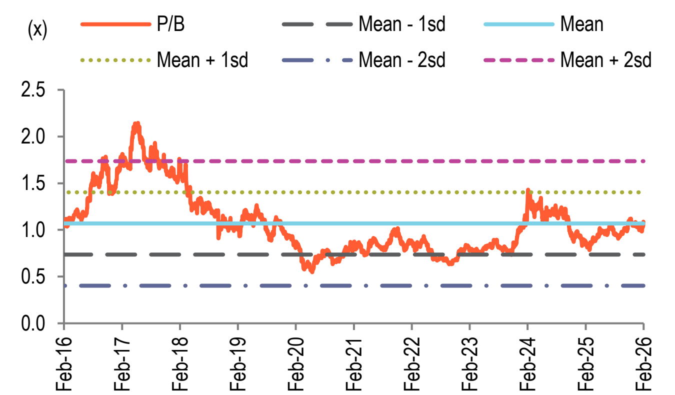
- **Projects-execution delay could raise cost and defer growth**: Previously, IOC has faced delays and cost overruns on key projects. Its Panipat refinery expansion was delayed given a delay in awarding PMC project management consultancy contracts, high tender quotations and rise in steel prices, post the contract being awarded. As there are major projects in refinery expansion, along with petrochemicals and pipeline projects, execution pace would remain a 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 13 – EV/EBITDA 1YF



Source: Bloomberg

Fig 14 – P/B 1YF



Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	**7,763,519**	**7,581,058**	**7,794,317**	**8,476,356**	**8,676,846**
EBITDA	755,951	359,905	660,741	589,034	606,053
Depreciation	(158,661)	(167,773)	(172,505)	(200,520)	(220,870)
EBIT	635,675	227,269	524,076	425,071	422,472
Net interest inc./(exp.)	(78,257)	(92,619)	(95,436)	(97,101)	(107,316)
Other inc./(exp.)	38,386	35,137	35,840	36,557	37,288
Exceptional items	0	0	0	0	0
EBT	557,419	153,030	428,640	327,970	315,156
Income taxes	(141,266)	(32,746)	(107,889)	(82,550)	(79,325)
Extraordinary items	0	18,380	0	0	0
Min. int./Inc. from assoc.	29,774	19,514	22,746	22,924	23,103
Reported net profit	**417,297**	**135,978**	**333,566**	**258,413**	**249,003**
Adjustments	0	0	0	0	0
Adjusted net profit	**417,297**	**135,978**	**333,566**	**258,413**	**249,003**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	594,541	605,349	508,294	552,772	565,847
Other current liabilities	696,609	692,626	692,626	692,626	692,626
Provisions	106,283	100,127	100,127	100,127	100,127
Debt funds	1,234,536	1,425,599	1,590,599	1,718,599	1,788,599
Other liabilities	310,022	334,722	334,722	334,722	334,722
Equity capital	137,716	137,716	137,716	137,716	137,716
Reserves & surplus	1,696,447	1,727,158	1,893,941	2,023,147	2,147,648
Shareholders' fund	1,881,630	1,910,247	2,081,995	2,216,167	2,345,634
Total liab. and equities	**4,823,620**	**5,068,671**	**5,308,364**	**5,615,014**	**5,827,556**
Cash and cash eq.	31,571	33,049	46,934	47,669	61,677
Accounts receivables	138,315	185,510	199,517	243,301	262,529
Inventories	1,213,758	1,138,785	1,173,091	1,275,742	1,305,917
Other current assets	92,055	109,111	109,111	109,111	109,111
Investments	551,620	568,496	568,496	568,496	568,496
Net fixed assets	1,921,595	1,971,620	2,149,115	2,308,596	2,457,726
CWIP	573,169	737,404	737,404	737,404	737,404
Intangible assets	38,372	39,791	39,791	39,791	39,791
Deferred tax assets, net	0	0	0	0	0
Other assets	706,058	743,424	743,424	743,424	743,424
Total assets	**4,823,620**	**5,068,671**	**5,308,364**	**5,615,014**	**5,827,556**

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	**784,972**	**401,307**	**443,323**	**441,084**	**527,688**
Capital expenditures	(417,153)	(388,106)	(350,000)	(360,000)	(370,000)
Change in investments	(133,514)	(16,766)	0	0	0
Other investing cash flows	(14,636)	(9,473)	0	0	0
Cash flow from investing	**(565,303)**	**(414,345)**	**(350,000)**	**(360,000)**	**(370,000)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(166,613)	191,063	165,000	128,000	70,000
Interest expenses	(78,257)	(92,619)	(95,436)	(97,101)	(107,316)
Dividends paid	(165,259)	(41,315)	(166,783)	(129,206)	(124,502)
Other financing cash flows	201,063	(42,613)	17,780	17,958	18,138
Cash flow from financing	**(209,064)**	**14,516**	**(79,439)**	**(80,349)**	**(143,680)**
Chg in cash & cash eq.	**10,604**	**1,479**	**13,884**	**735**	**14,008**
Closing cash & cash eq.	**31,570**	**33,049**	**46,934**	**47,669**	**61,677**

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	30.3	9.9	24.2	18.8	18.1
Adjusted EPS	30.3	9.9	24.2	18.8	18.1
Dividend per share	12.0	3.0	12.1	9.4	9.0
Book value per share	133.2	135.4	147.5	156.9	165.9

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	0.5	0.5	0.5	0.5	0.5
EV/EBITDA	4.8	10.0	5.7	6.6	6.6
Adjusted P/E	5.8	17.7	7.2	9.3	9.7
P/BV	1.3	1.3	1.2	1.1	1.1

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.7	78.6	74.8	74.8	74.8
Interest burden (PBT/EBIT)	0.9	0.6	0.8	0.8	0.7
EBIT margin (EBIT/Revenue)	8.2	3.0	6.7	5.0	4.9
Asset turnover (Rev./Avg TA)	1.7	1.5	1.5	1.6	1.5
Leverage (Avg TA/Avg Equity)	0.0	0.0	0.0	0.0	0.0
Adjusted ROAE	25.8	7.4	17.1	12.3	11.2

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(7.8)	(2.4)	2.8	8.8	2.4
EBITDA	146.2	(52.4)	83.6	(10.9)	2.9
Adjusted EPS	326.2	(67.4)	145.3	(22.5)	(3.6)
Profitability & Return ratios (%)					
EBITDA margin	9.7	4.7	8.5	6.9	7.0
EBIT margin	8.2	3.0	6.7	5.0	4.9
Adjusted profit margin	5.4	1.8	4.3	3.0	2.9
Adjusted ROAE	25.8	7.4	17.1	12.3	11.2
ROCE	19.4	6.4	13.7	10.3	9.7
Working capital days (days)					
Receivables	7	9	9	10	11
Inventory	57	55	55	55	55
Payables	31	31	26	26	26
Ratios (x)					
Gross asset turnover	1.7	1.5	1.5	1.6	1.5
Current ratio	0.7	0.7	0.7	0.8	0.8
Net interest coverage ratio	8.1	2.5	5.5	4.4	3.9
Adjusted debt/equity	0.6	0.7	0.7	0.7	0.7

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

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HOLD – Expected return from -6% to +15%
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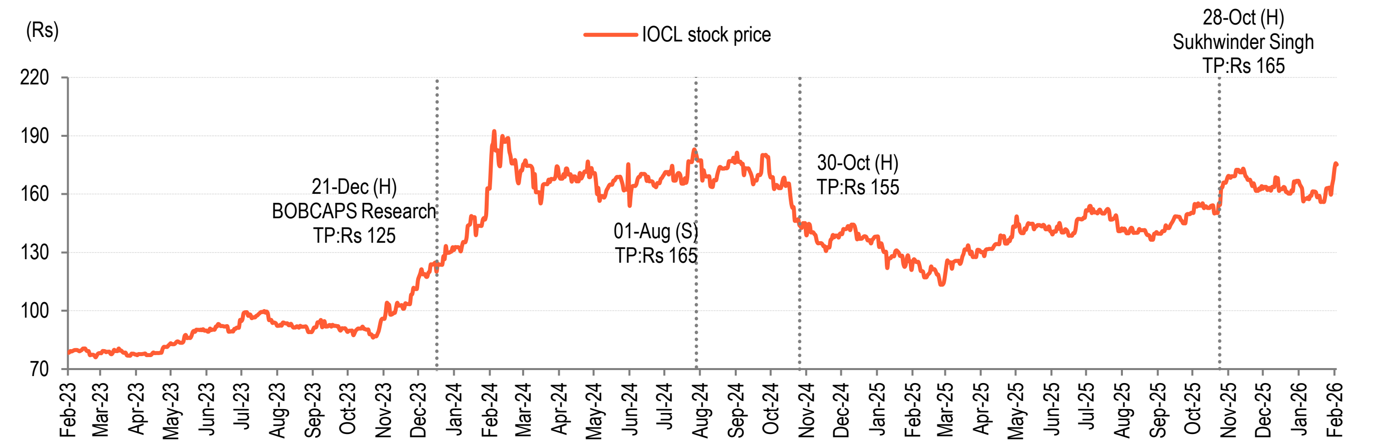
Note: Recommendation structure changed with effect from 21 June 2021

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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