

**BUY**  
 TP: Rs 173 | ▲ 28%

**INDIAN OIL CORP**

| Oil & Gas

| 19 May 2026

**Results above expectation on higher volumes and lower cost**

- Revenue grew by 6.7%YoY on the back of volume growth of 6.0%; while EBITDA grew by 65.0%YoY
- Positive on volume growth, given the demand for petroleum products However environment is challenging on crude supply & elevated prices
- Raise to BUY from HOLD. However, considering challenging environment – reduce TP to Rs173 from Rs181

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**Results above expectations:** Indian Oil Corporation (IOCL)’s standalone revenue came at Rs2,078bn (+6.6%YoY,+1.7%QoQ) in Q4FY26 — 3.3% above our estimates. EBITDA came in at Rs207bn (+52.6%YoY, -0.5%QoQ) and was 13.8% above our estimates. Consolidated revenue came in at Rs2,082bn (+6.7%YoY, +1.5%QoQ). EBITDA came in at Rs248bn (+65.0%YoY, +9.0%QoQ). The above-expectation performance is due to IOCL’s lower-than-expected cost and higher product spreads in its refining segment.

**Refining segment performance:** IOC has not disclosed GRM in Q4FY26. Crude Brent price for Q4FY26 averaged USD76/bbl; up by USD1/bbl YoY. It was USD62/bbl in Q3FY26. Cracks improved YoY; Petrol cracks stood at USD18.0/bbl vs USD9.4 in Q3FY25. HSD (Diesel) cracks at USD27.8 vs USD14.7 in Q4FY25.

**Marketing business:** Domestic sales volumes increased to 26.0mnt (+6.0%YoY; +0.2%QoQ). Exports volumes rose to 1.3mnt (-4.9%YoY, +9.3%QoQ).

**Outlook and capex programme:** Retail volume growth will likely be maintained for the medium term. In terms of cost, Venezuela crude oil should result in a low-cost input opportunity, given its heavy, sour nature; and 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. We estimate the major benefit to kick in post FY29 only. IOCL Incurred a capex of Rs243bn in FY26. Net Debt/Equity is ~0.5x.

**Revise to BUY from HOLD:** We are positive on the business growth that is being driven by a strong demand for petroleum products. However, the environment is challenging, given the limited crude supply and elevated prices. We revise the rating to BUY from HOLD. However, considering the challenging outlook, we reduce TP to Rs173 from Rs181; based on 5.5x EV/EBITDA on Mar.28E EBITDA.

**Key changes**

<b>Target</b>	<b>Rating</b>
▼	▲

Ticker/Price	IOCL IN/Rs 135
Market cap	US\$ 19.7bn
Free float	49%
3M ADV	US\$ 31.6mn
52wk high/low	Rs 189/Rs 130
Promoter/FPI/DII	52%/10%/9%

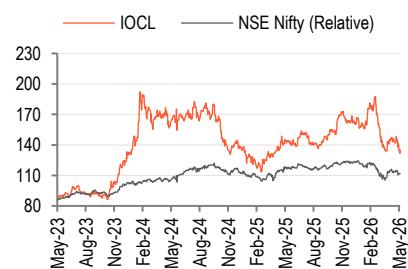
Source: NSE | Price as of 19 May 2026

**Key financials**

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	7,844,154	8,724,915	8,955,181
EBITDA (Rs mn)	770,616	561,638	589,085
Adj. net profit (Rs mn)	420,963	250,092	245,559
Adj. EPS (Rs)	30.6	18.2	17.8
Adj. ROAE (%)	20.7	11.1	10.3
Adj. P/E (x)	4.4	7.4	7.6
EV/EBITDA (x)	4.0	5.5	5.4
Adj. EPS growth (%)	258.0	(40.6)	(1.8)

Source: Company, Bloomberg, BOBCAPS Research

**Stock performance**



Source: NSE



**Fig 1 – Quarterly performance(Consol.)**

Rs mn	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
Revenue	2,082,893	2,051,574	1.5	1,952,703	6.7	7,844,154	7,581,058	3.5
EBITDA	248,038	227,454	9.0	150,293	65.0	770,617	359,905	114.1
EBITDA margin (%)	11.9	11.1	82 bps	7.7	421 bps	9.8	4.7	508 bps
Depreciation	55,569	44,575	24.7	43,254	28.5	184,202	167,773	9.8
Interest	18,801	20,880	(10.0)	21,778	(13.7)	83,079	92,619	(10.3)
Other income	17,750	11,605	53.0	12,378	43.4	41,630	35,137	18.5
PBT	191,417	173,603	10.3	97,640	96.0	544,965	134,650	304.7
Tax	46,150	43,246	6.7	16,770	175.2	137,948	32,746	321.3
Reported PAT	144,581	130,069	11.2	83,676	72.8	420,963	138,739	203.4
Exceptional item	0	0	NA	11	(100.0)	0	18,380	(100.0)
Adj. PAT	144,581	130,069	11.2	83,666		420,963	120,359	249.8
Adj. PATM (%)	6.9	6.3	60 bps	4.3	266 bps	5.4	1.6	378 bps
EPS (Rs)	10.24	9.21	11.2	6	72.8	29.81	8.52	249.8

Source: Company

**Fig 2 – Quarterly performance (Standalone)**

(Rs mn)	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YOY (%)	FY26	FY25	YOY (%)
Revenue	2,078,832	2,044,244	1.7	1,949,670	6.6	7,841,579	7,559,496	3.7
EBITDA	207,156	208,240	(0.5)	135,725	52.6	687,299	330,962	107.7
PAT	113,775	121,259	(6.2)	72,649	56.6	368,024	129,616	183.9

Source: Company

**Fig 3 – Q4FY26 Actual v/s estimate (Standalone)**

Particulars	Q4 Actual	Estimate	VAR(%)
Revenue (Rs mn)	2,078,832	2,012,496	3.3
EBITDA (Rs mn)	207,156	181,987	13.8
EBITDA margin (%)	10.0	9.0	92 bps
PAT (Rs mn)	113,775	97,671	16.5
EPS (Rs)	8.1	6.9	16.5

Source: Bloomberg

**Fig 4 – Business performance**

Particulars	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
Domestic sales (mnt)	26.1	26.0	0.2	24.6	6.0	99.9	95.4	4.7
Export sales (mnt)	1.3	1.2	9.3	1.3	(4.9)	5.2	4.9	6.0
Crude throughput (mnt)	19.7	19.4	1.6	18.5	6.4	75.5	71.6	5.4
Pipelines throughput (mnt)	27.7	27.6	0.4	25.8	7.3	105.6	100.5	5.1

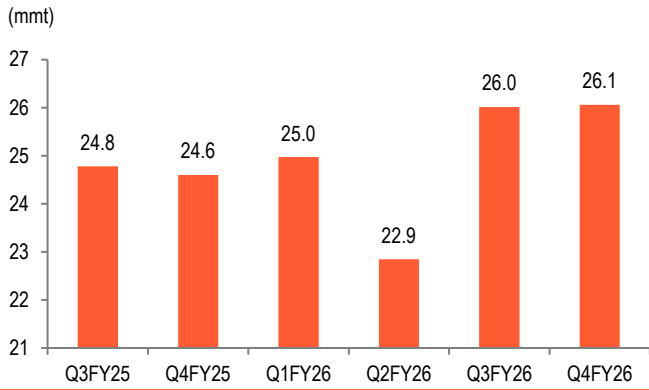
Source: Company

**Fig 5 – Petchem details**

Particulars	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
Revenue	80,108	69,358	15.5	72,259	10.9	281,020	280,305	0.3
EBIT	12,091	-3,615	434.5	(2,057)	687.8	10,150	(4,403)	330.5
EBIT % margin	15.1	-5.21	NA	(3)	NA	3.6	(1.6)	NA

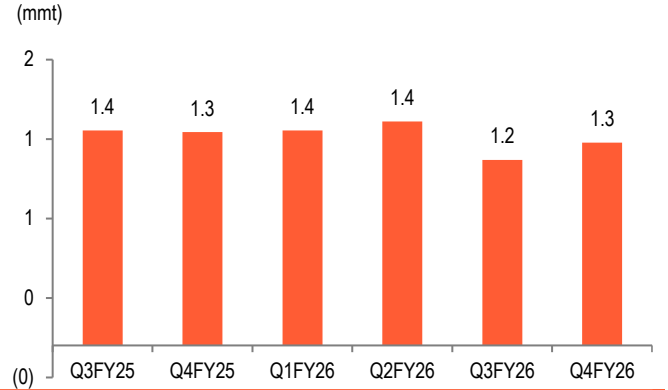
Source: Company

**Fig 6 – Domestic Sales**



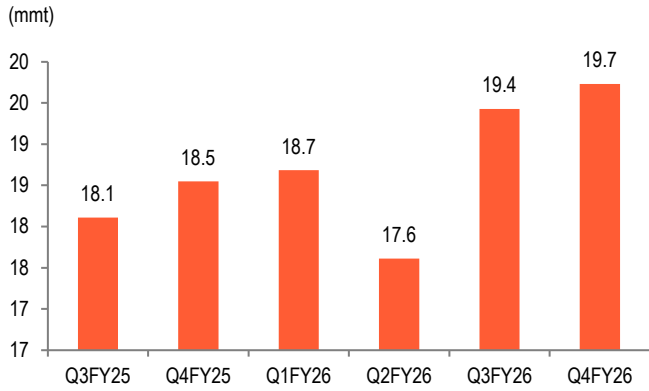
Source: Company

**Fig 7 – Export Sales**



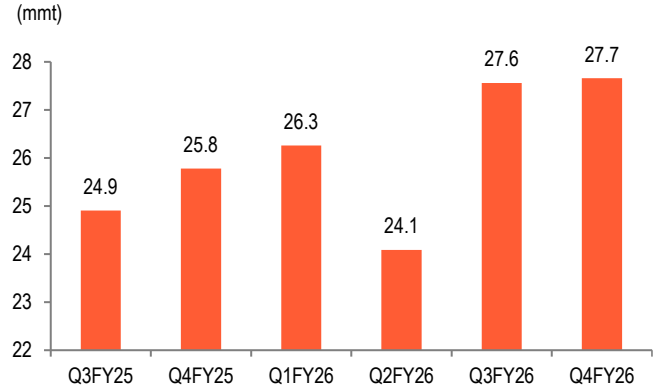
Source: Company

**Fig 8 – Refineries throughput**



Source: Company

**Fig 9 – Pipeline throughput**



Source: Company

## Other Highlights

- **Marketing business:** Domestic volumes remained healthy growing at 6% YoY and 0.2% QoQ, with the demand for petro products expected to stay strong, on the back of broad-based economic activity.
- **Pipeline business performance:** IOCL achieved pipeline throughput of 28mnt in Q4FY26 — higher by 7.3%YoY. Utilisation was 78% in Q4FY26 vs 76% in Q3FY26.
- **Net debt:** Net debt reduced to Rs1,157bn on Mar.26 from a net debt of 1,392bn on Mar.25 due to improved cashflows. The Net Debt/Equity stood at 0.5x.
- **Capex:** IOCL incurred a capex of Rs243bn in FY26 vs Rs298bn in FY25. Guided a capex of RS327bn for FY27E. 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 FY28E. The expansion would be at Panipat refinery, Gujarat refinery, Barauni refinery and at Nagapattinum under the JV with Chennai Petroleum (CPCL).

**Fig 10 – 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
<b>Total</b>	<b>26.3</b>	<b>34.7</b>	<b>61.0</b>	

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.
- **Pipeline projects:** Key pipeline is Mundra-Panipat crude pipeline, target to be commissioned in June 2026.

## Valuation Methodology

We are positive on volume growth that is being driven by a strong demand for petroleum products and improved product cracks. However, the environment is challenging given the limited crude supply, elevated prices as well as marketing margins.

### We revise our estimates downwards to account for FY26 performance and a challenging environment

- We estimate GRM of USD7.5/bbl vs the earlier USD8.3 for FY27E and USD7.6 vs the earlier USD8.0 for FY28E.
- USD/INR assumption revised to Rs95 vs Rs91 for FY27E, FY28E and FY29E.

**Fig 11 – Revision in Estimates**

(Rs mn)	Actual	New			Old			Change (%)		
	FY26A	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	7,844,154	8,724,915	8,955,181	9,361,295	8,476,356	8,676,846	-	2.9	3.2	-
EBITDA	770,616	561,638	589,085	620,455	589,034	606,053	-	(4.7)	(2.8)	-
EBITDA % margin	9.8	6.4	6.6	6.6	6.9	7.0	-	-51 bps	-41 bps	-
PAT	420,963	250,092	245,559	254,778	258,413	248,330	-	(3.2)	(1.1)	-
EPS (Rs)	30.6	18.2	17.8	18.5	18.8	18.0	-	(3.2)	(1.1)	-

Source: Company, BOBCAPS Research

**Fig 12 – Key assumptions**

	FY25	FY26	FY27E	FY28E	FY29E
<b>Refinery Utilisation (%)</b>					
Standalone	98.0	110.0	92.0	98.0	93.0
CPCL	90.0	100.0	90.0	98.0	90.0
<b>GRM (USD/bbl)</b>					
Blended GRM	4.8	-	7.5	7.6	8.0
<b>Marketing margin (Rs/KL)</b>					
Petrol	2,500	2,650	2,550	2,400	2,500
Diesel	2,300	2,500	2,500	2,325	2,450
<b>Growth in key products (%)</b>					
Petrol	3.0	4.0	3.5	3.0	3.0
Diesel	2.5	3.0	2.5	2.5	2.5
<b>Petchem business</b>					
Sales volumes (mn t)	3.2	3.5	3.5	3.5	3.5
USD-INR rate	87.0	90.0	95.0	95.0	95.0
Brent (US\$/bbl)	80.0	60.0	80.0	80.0	80.0

Source: Company, BOBCAPS Research

### EV/EBITDA-based Valuation Rationale

We are positive on the business growth that is being driven by a strong demand for petroleum products. Raise to BUY from HOLD. However, considering the challenging outlook, we cut TP to Rs173 from Rs181, based on 5.5x EV/EBITDA on Mar.28E EBITDA and value of investments. The revision in TP considers the subdued outlook, reduction in multiple from 6.0x to 5.5x.

**Fig 13 – Valuation summary**

	Mar.28E EBITDA (Rs mn)	Multiple (x)	Rs mn	Value (Rs/share)
IOCL (Standalone)	556,673	5.5	3,061,701	222
<b>Valuation of Investments</b>				
ONGC				21
Petronet LNG				4
Oil India				3
GAIL				2
CPCL				5
Investments - Total				34
Net debt			1,156,745	84
<b>Target price</b>			<b>3,061,701</b>	<b>173</b>

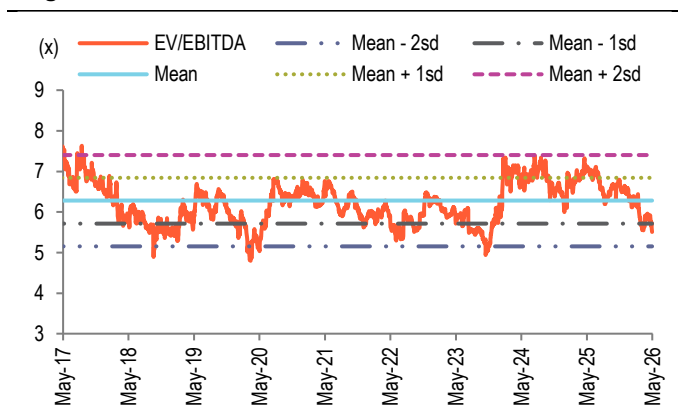
Source: Company, BOBCAPS Research

### Key Risks

Key downside risks to our estimates:

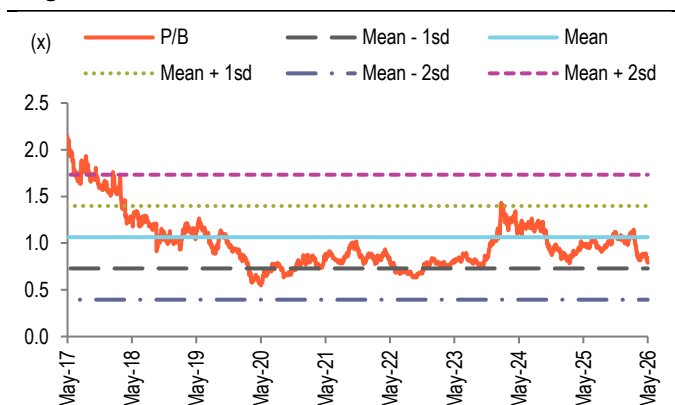
- **Projects-execution delay could raise costs and defer growth:** Previously, IOCL has faced delays and cost overruns on key projects. The expansion of its Panipat refinery was delayed, because of the delay in awarding PMC project management consultancy contracts, high tender quotations as well as the 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 14 – EV/EBITDA 1YF**



Source: Bloomberg

**Fig 15 – P/B 1YF**



Source: Bloomberg

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Total revenue</b>	<b>7,581,058</b>	<b>7,844,154</b>	<b>8,724,915</b>	<b>8,955,181</b>	<b>9,361,295</b>
EBITDA	359,905	770,616	561,638	589,085	620,455
Depreciation	(167,773)	(184,202)	(211,207)	(247,688)	(270,728)
EBIT	227,269	628,044	392,894	384,709	393,905
Net interest inc./(exp.)	(92,619)	(83,079)	(94,633)	(92,855)	(90,233)
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	298,261	291,854	303,672
Income taxes	(32,746)	(137,948)	(73,256)	(71,683)	(74,585)
Extraordinary items	18,380	0	0	0	0
Min. int./Inc. from assoc.	19,514	45,566	35,019	35,319	35,623
<b>Reported net profit</b>	<b>135,978</b>	<b>420,963</b>	<b>250,092</b>	<b>245,559</b>	<b>254,778</b>
Adjustments	(18,380)	0	0	0	0
<b>Adjusted net profit</b>	<b>117,598</b>	<b>420,963</b>	<b>250,092</b>	<b>245,559</b>	<b>254,778</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	605,349	573,687	576,831	590,472	617,250
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	1,455,891	1,473,891	1,503,891
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	2,182,506	2,305,286	2,432,675
Shareholders' fund	1,910,247	2,255,471	2,385,483	2,513,228	2,645,583
<b>Total liab. and equities</b>	<b>5,068,671</b>	<b>5,289,550</b>	<b>5,677,705</b>	<b>5,837,092</b>	<b>6,026,224</b>
Cash and cash eq.	33,049	44,147	49,028	54,556	65,494
Accounts receivables	185,510	146,348	253,890	273,954	301,075
Inventories	1,138,785	1,171,327	1,331,267	1,362,750	1,424,550
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
<b>Total assets</b>	<b>5,068,671</b>	<b>5,289,550</b>	<b>5,677,705</b>	<b>5,837,092</b>	<b>6,026,224</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
<b>Cash flow from operations</b>	<b>401,307</b>	<b>736,070</b>	<b>266,507</b>	<b>522,809</b>	<b>527,904</b>
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
<b>Cash flow from investing</b>	<b>(414,345)</b>	<b>(379,743)</b>	<b>(327,000)</b>	<b>(350,000)</b>	<b>(360,000)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	191,063	(224,708)	255,000	18,000	30,000
Interest expenses	(92,619)	(83,079)	(94,633)	(92,855)	(90,233)
Dividends paid	(41,315)	(113,615)	(125,046)	(122,780)	(127,389)
Other financing cash flows	(42,613)	76,172	30,053	30,354	30,657
<b>Cash flow from financing</b>	<b>14,516</b>	<b>(345,230)</b>	<b>65,374</b>	<b>(167,281)</b>	<b>(156,965)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>1,479</b>	<b>11,097</b>	<b>4,881</b>	<b>5,528</b>	<b>10,939</b>
<b>Closing cash &amp; cash eq.</b>	<b>33,049</b>	<b>44,147</b>	<b>49,028</b>	<b>54,556</b>	<b>65,494</b>

### Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	9.9	30.6	18.2	17.8	18.5
Adjusted EPS	8.5	30.6	18.2	17.8	18.5
Dividend per share	3.0	8.3	9.1	8.9	9.3
Book value per share	135.4	159.4	168.5	177.4	186.6

### Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.4	0.4	0.4	0.4	0.3
EV/EBITDA	8.5	4.0	5.5	5.4	5.2
Adjusted P/E	15.8	4.4	7.4	7.6	7.3
P/BV	1.0	0.8	0.8	0.8	0.7

### 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	0.8	0.8	0.8
EBIT margin (EBIT/Revenue)	3.0	8.0	4.5	4.3	4.2
Asset turnover (Rev./Avg TA)	1.5	1.5	1.6	1.6	1.6
Leverage (Avg TA/Avg Equity)	2.7	2.6	2.4	2.4	2.4
Adjusted ROAE	6.4	20.7	11.1	10.3	10.2

### Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
<b>YoY growth (%)</b>					
Revenue	(2.4)	3.5	11.2	2.6	4.5
EBITDA	(52.4)	114.1	(27.1)	4.9	5.3
Adjusted EPS	(71.8)	258.0	(40.6)	(1.8)	3.8
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	4.7	9.8	6.4	6.6	6.6
EBIT margin	3.0	8.0	4.5	4.3	4.2
Adjusted profit margin	1.6	5.4	2.9	2.7	2.7
Adjusted ROAE	6.4	20.7	11.1	10.3	10.2
ROCE	6.4	16.8	9.8	9.0	8.9
<b>Working capital days (days)</b>					
Receivables	9	7	11	11	12
Inventory	55	55	56	56	56
Payables	31	30	26	26	26
<b>Ratios (x)</b>					
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	4.2	4.1	4.4
Adjusted debt/equity	0.7	0.5	0.6	0.5	0.5

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%

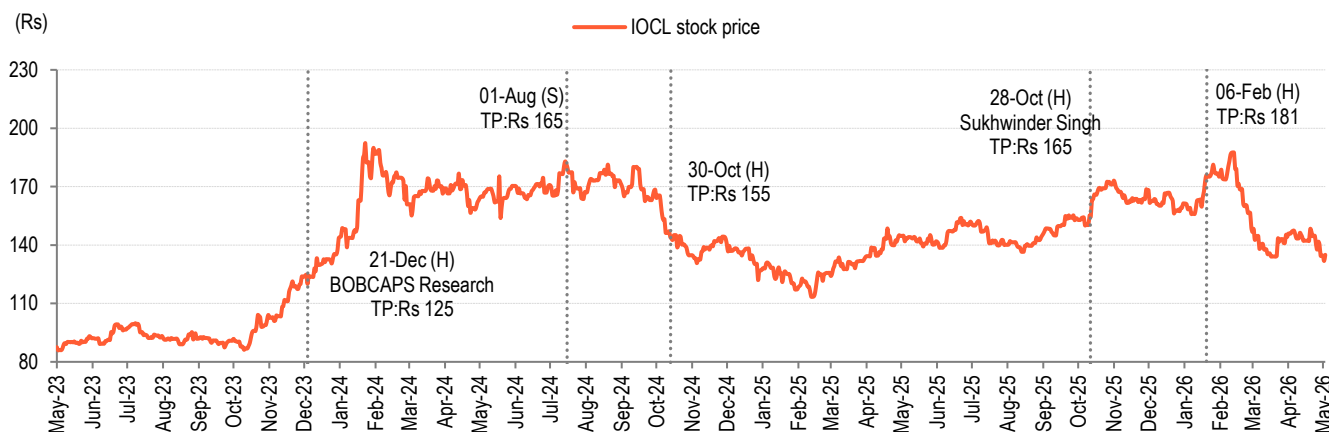
**HOLD** – Expected return from -6% to +15%

**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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