

Retail Equity Research



Indian Oil Corporation Ltd.

BUY

Sector: Oil, Gas & Consumable Fuels

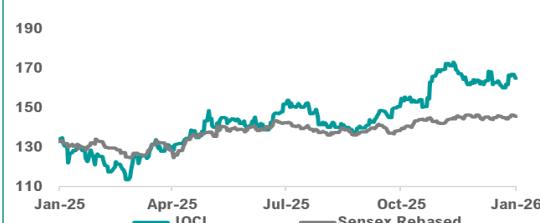
09th January, 2026

| Key Changes | | Target | Rating | Earnings | Target | Rs. 179 |
|-------------|----------------|--------|----------|----------|------------|-------------|
| Stock Type | Bloomberg Code | Sensex | NSE Code | BSE Code | Time Frame | CMP |
| Large Cap | IOCL:IN | 84,181 | IOC | 530965 | 12 Months | Return +14% |

Data as of: 08-Jan-2026, 18:00 hrs

| Company Data | | | |
|-------------------|---------|---------|--------|
| Shareholding (%) | Q4FY25 | Q1FY26 | Q2FY26 |
| Promoters | 51.5 | 51.5 | 51.5 |
| FII's | 7.4 | 7.5 | 7.7 |
| MFs/Institutions | 10.1 | 10.4 | 10.5 |
| Public | 8.6 | 8.2 | 7.9 |
| Others | 22.4 | 22.4 | 22.4 |
| Total | 100.0 | 100.0 | 100.0 |
| Promoter Pledge | Nil | Nil | Nil |
| Price Performance | 3 Month | 6 Month | 1 Year |
| Absolute Return | 7% | 7% | 24% |
| Absolute Sensex | 4% | 2% | 10% |
| Relative Return | 3% | 5% | 14% |

*over or under performance to benchmark index



| Y.E March (cr) | FY25A | FY26E | FY27E |
|-------------------|---------|---------|---------|
| Sales | 755,950 | 750,564 | 776,693 |
| Growth (%) | -2.4 | -0.7 | 3.5 |
| EBITDA | 33,240 | 57,372 | 55,063 |
| EBITDA Margin (%) | 4.4 | 7.6 | 7.1 |
| Adj. PAT | 11,267 | 27,906 | 25,003 |
| Growth (%) | -71.8 | 147.7 | -10.4 |
| Adj. EPS | 8.0 | 19.8 | 17.7 |
| Growth (%) | -71.8 | 147.7 | -10.4 |
| P/E | 16.4 | 8.6 | 9.6 |
| P/B | 1.0 | 1.2 | 1.1 |
| EV/EBITDA | 9.8 | 6.7 | 7.0 |
| ROE (%) | 7.3 | 13.8 | 11.4 |
| D/E | 0.8 | 0.7 | 0.7 |

Expansion and SPRINT project to support growth

Indian Oil Corporation Ltd (IOCL) manufactures petroleum and petroleum products and is engaged in the exploration and refining of crude oil. Its products include lubricating oils, liquid petroleum gas, aviation turbine fuel, etc. IOCL's presence across the entire hydrocarbon value chain allows it to create sustainable business outcomes.

- IOCL's standalone net sales was up 2.9% YoY in Q2FY26 to Rs. 178,880cr, driven by growth in the petroleum product segment.
- Revenue from petroleum products, increased 3.4% YoY to Rs. 189,425cr, due to rise in average gross refining margin.
- Revenue from petrochemicals declined 6.2% YoY to Rs. 6,391cr as the segment's key products remained at subdued levels on account of weak global demand.
- EBITDA soared 305.1% YoY to Rs. 14,592cr in Q2FY26 and EBITDA margin widened 610bps YoY to 8.2%, mainly due to a drop in the cost of materials consumed.
- The cost of materials consumed decreased 7.8% YoY to Rs. 89,939cr owing to cost optimisation measures across the segment.
- PAT stood at Rs. 7,610cr vs Rs. 180cr, driven by higher EBITDA, other income and drop in finance costs.
- In Q2FY26, the company reported a standalone Refinery Operations Throughput of 17.6 MMT and a Pipeline Operations Throughput of 24.1 MMT.

Outlook & Valuation

Based on strong demand for petroleum products, improvement in IOCL's Q3 and Q4 performance is expected, driven by its aligned investments, government support, and cost-reduction initiatives like Project SPRINT. The company's ambitious target of achieving 31GW of renewable capacity by CY30 via Terra Clean, funded through a combination of equity participation and project-level joint ventures, is also a positive catalyst. IOCL's diversified business model, strong operational capabilities, and strategic initiatives are expected to drive long-term growth and profitability. Therefore, we upgrade our rating on the stock to BUY, with a target price of Rs. 179, based on our sum-of-the-parts (SOTP) valuation.

Quarterly Financials Standalone

| Rs.cr | Q2FY26 | Q2FY25 | YoY (%) | Q1FY26 | QoQ (%) | H1FY26 | H1FY25 | YoY (%) |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Sales | 178,880 | 173,848 | 2.9 | 192,971 | -7.3 | 371,850 | 367,083 | 1.3 |
| EBITDA | 14,592 | 3,602 | 305.1 | 12,608 | 15.7 | 27,200 | 12,473 | 118.1 |
| Margin (%) | 8.2 | 2.1 | 610bps | 6.5 | 170bps | 7.3 | 3.4 | 390bps |
| EBIT | 10,720 | -116 | n.m. | 8,766 | 22.3 | 19,486 | 4,999 | 289.8 |
| PBT | 10,066 | 173 | 5724.0 | 7,405 | 35.9 | 17,470 | 3,626 | 381.9 |
| Rep. PAT | 7,610 | 180 | 4127.8 | 5,689 | 33.8 | 13,299 | 2,823 | 371.1 |
| Adj PAT | 7,619 | -1,147 | n.m. | 5,690 | 33.9 | 13,309 | 1,732 | 668.6 |
| Adj. EPS (Rs) | 5.4 | -0.8 | n.m. | 4.0 | 33.9 | 9.4 | 1.2 | 668.6 |



Key concall and other highlights

- The average profit margin for refining oil from April to September 2025 was \$6.32 per barrel, which was higher than the \$4.08 per barrel average profit margin for the same period in 2024.
- Petchem sales were at 0.77 MMT in Q2FY26 (vs. 0.83 MMT YoY), with H1FY26 volumes rising to 1.6 MMT (+5% YoY), aided by higher plant availability, though margins remained weak.
- The Rs. 14,000cr PX/PTA project at the Paradip refinery is targeted for commissioning by Q3FY27, while the Rs. 3,000cr polybutadiene rubber plant at Panipat is due by June 2026.
- The planned capex for FY26 is Rs. 33,000cr, with Rs. 15,890cr spent in H1. Major ongoing projects include expansion of refineries at Panipat, Gujarat and Barauni.
- Cost optimisation of Project SPRINT launched in April 2025 targets a 20% reduction in operating costs and capex efficiency improvement over three years, with early results expected by end-Q3FY26.
- The borrowing levels of Indian Oil as on 30 September 2025 have increased by about Rs. 6,692 crore, reaching a total of Rs. 1,28,239 crore, compared with Rs. 1,31,547 crore as on 30 June 2025.

Revenue



EBITDA



Sum of the parts (SOTP) Valuation

| Particulars | Methodology | Multiple | Year | Value (Rs Cr) | Value/share (Rs) |
|--|--------------|----------|-------|---------------|-------------------------|
| IOCL | EV/EBITDA | 6.5x | FY27E | 357,910 | 254 |
| Less: Net debt | | | | 145,154 | 103 |
| Total | | | | 151 | |
| CPCL | Market price | | | 8,474 | 6 |
| Investments | | | | 40,773 | 29 |
| - Lanka IOC | Market price | | | 1,512 | 1 |
| - Petronet LNG | Geojit TP | | | 5,719 | 4 |
| - ONGC | Geojit TP | | | 26,629 | 19 |
| - GAIL | Geojit TP | | | 3,435 | 2 |
| - Oil India | Market price | | | 3,477 | 2 |
| 20% holding discount to investments and CPCL | | | | | -7 |
| | | | | | Target Price 179 |

Change in Estimates

| Year / Rs cr | Old estimates | | New estimates | | Change (%) | |
|--------------|---------------|---------|---------------|---------|------------|--------|
| | FY26E | FY27E | FY26E | FY27E | FY26E | FY27E |
| Revenue | 660,362 | 712,908 | 750,564 | 776,693 | 13.7 | 8.9 |
| EBITDA | 46,677 | 51,559 | 57,372 | 55,063 | 22.9 | 6.8 |
| Margins (%) | 7.1 | 7.2 | 7.6 | 7.1 | 50bps | -10bps |
| Adj. PAT | 19,586 | 21,953 | 27,906 | 25,003 | 42.5 | 13.9 |
| Adj. EPS | 13.9 | 15.5 | 19.8 | 17.7 | 42.5 | 13.9 |

Standalone Financials

Profit & Loss

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|--|----------------|----------------|----------------|----------------|----------------|
| Sales | 839,472 | 774,349 | 755,950 | 750,564 | 776,693 |
| % change | 40.3 | -7.8 | -2.4 | -0.7 | 3.5 |
| EBITDA | 22,556 | 69,669 | 33,240 | 57,372 | 55,063 |
| % change | -47.7 | 208.9 | -52.3 | 72.6 | -4.0 |
| Depreciation | 11,859 | 14,510 | 15,284 | 15,560 | 16,076 |
| EBIT | 10,697 | 55,159 | 17,956 | 41,812 | 38,988 |
| Interest | 6,930 | 7,328 | 8,732 | 9,160 | 9,747 |
| Other Income | 5,932 | 4,513 | 6,658 | 4,054 | 3,657 |
| PBT | 9,698 | 52,344 | 15,882 | 36,706 | 32,898 |
| % change | -69.4 | 439.7 | -69.7 | 131.1 | -10.4 |
| Tax | 1,456 | 12,725 | 2,921 | 8,809 | 7,896 |
| Tax Rate (%) | 15.0 | 24.3 | 18.4 | 24.0 | 24.0 |
| Reported PAT | 8,242 | 39,619 | 12,962 | 27,897 | 25,003 |
| PAT att. to common shareholders | 8,242 | 39,619 | 12,962 | 27,897 | 25,003 |
| Adj.* | 303 | 268 | -1,695 | 9 | - |
| Adj. PAT | 8,545 | 39,887 | 11,267 | 27,906 | 25,003 |
| % change | -64.5 | 366.8 | -71.8 | 147.7 | -10.4 |
| No. of shares (cr) | 1412.1 | 1412.1 | 1412.1 | 1412.1 | 1412.1 |
| Adj EPS (Rs.) | 6.1 | 28.2 | 8.0 | 19.8 | 17.7 |
| % change | -65.3 | 366.8 | -71.8 | 147.7 | -10.4 |
| DPS (Rs.) | 3.0 | 12.0 | 3.0 | 6.2 | 7.1 |

Balance Sheet

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| Cash | 773 | 832 | 516 | 491 | 577 |
| Accts. Receivable | 15,667 | 12,779 | 17,813 | 18,553 | 19,068 |
| Inventories | 113,853 | 112,507 | 105,612 | 101,771 | 102,997 |
| Other Cur. Assets | 19,455 | 19,979 | 22,152 | 25,950 | 27,254 |
| Investments | 47,358 | 61,557 | 60,901 | 68,090 | 76,215 |
| Gross Fixed Assets | 244,196 | 278,794 | 311,667 | 351,073 | 391,803 |
| Net Fixed Assets | 162,647 | 177,619 | 182,389 | 206,234 | 230,888 |
| CWIP | 47,201 | 53,889 | 60,243 | 67,860 | 75,732 |
| Intangible Assets | 4,628 | 5,289 | 6,223 | 8,109 | 10,253 |
| Def. Tax -Net | 1,847 | 1,799 | 1,532 | 2,202 | 1,579 |
| Other Assets | 6,472 | 10,989 | 22,619 | 19,212 | 7,202 |
| Total Assets | 419,901 | 457,241 | 480,000 | 518,473 | 551,765 |
| Current Liabilities | 126,602 | 135,665 | 136,331 | 136,763 | 159,446 |
| Provisions | 910 | 918 | 884 | 909 | 934 |
| Debt Funds | 139,324 | 123,257 | 141,437 | 143,828 | 145,832 |
| Other Liabilities | 18,308 | 20,686 | 22,671 | 34,636 | 26,979 |
| Equity Capital | 13,772 | 13,772 | 13,772 | 13,772 | 13,772 |
| Res. & Surplus | 120,986 | 162,943 | 164,905 | 188,566 | 204,803 |
| Shareholder Funds | 134,758 | 176,715 | 178,677 | 202,337 | 218,575 |
| Minority Interest | - | - | - | - | - |
| Total Liabilities | 419,901 | 457,241 | 480,000 | 518,473 | 551,765 |
| BVPS | 95 | 125 | 127 | 143 | 155 |

Cashflow

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| Net inc. + Depn. | 20,143 | 53,791 | 28,099 | 41,571 | 38,935 |
| Non-cash adj. | 8,175 | 6,197 | 4,790 | 14,097 | 18,154 |
| Other adjustments | - | - | - | - | - |
| Changes in W.C | -7,332 | 8,109 | 281 | -1,934 | 3,751 |
| C.F. Operation | 20,985 | 68,097 | 33,170 | 53,734 | 60,839 |
| Capital exp. | -30,446 | -34,598 | -32,873 | -39,406 | -40,730 |
| Change in inv. | -822 | -4,377 | -7,401 | -3,348 | -3,515 |
| Other invest.CF | 5,982 | 9,274 | 11,012 | | |
| C.F - Investment | -25,286 | -29,702 | -29,261 | -42,754 | -44,245 |
| Issue of equity | - | - | - | - | - |
| Issue/repay debt | 13,581 | -19,884 | 13,735 | 2,391 | 2,004 |
| Dividends paid | -3,309 | -11,022 | -9,642 | -4,236 | -8,765 |
| Other finance.CF | -6,318 | -7,389 | -8,203 | -9,160 | -9,747 |
| C.F - Finance | 3,954 | -38,294 | -4,110 | -11,005 | -16,508 |
| Chg. in cash | -347 | 101 | -201 | -25 | 86 |
| Closing Cash | 773 | 832 | 516 | 491 | 577 |

Ratios

| Y.E March | FY23A | FY24A | FY25A | FY26E | FY27E |
|--------------------------------|-------|-------|-------|-------|-------|
| Profitab. & Return | | | | | |
| EBITDA margin (%) | 2.7 | 9.0 | 4.4 | 7.6 | 7.1 |
| EBIT margin (%) | 1.3 | 7.1 | 2.4 | 5.6 | 5.0 |
| Net profit mgn. (%) | 1.0 | 5.1 | 1.7 | 3.7 | 3.2 |
| ROE (%) | 6.1 | 22.4 | 7.3 | 13.8 | 11.4 |
| ROCE (%) | 3.9 | 18.4 | 5.6 | 12.1 | 10.7 |
| W.C & Liquidity | | | | | |
| Receivables (days) | 6.7 | 5.9 | 8.5 | 8.9 | 8.8 |
| Inventory (days) | 54.1 | 62.6 | 57.5 | 58.2 | 56.3 |
| Payables (days) | 23.1 | 28.7 | 28.5 | 27.0 | 28.8 |
| Current ratio (x) | 0.7 | 0.7 | 0.7 | 0.7 | 0.6 |
| Quick ratio (x) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Turnover & Leverage | | | | | |
| Gross asset T.O (x) | 3.7 | 3.0 | 2.6 | 2.3 | 2.1 |
| Total asset T.O (x) | 2.1 | 1.8 | 1.6 | 1.5 | 1.5 |
| Int. covge. ratio (x) | 1.5 | 7.5 | 2.1 | 4.6 | 4.0 |
| Adj. debt/equity (x) | 1.0 | 0.7 | 0.8 | 0.7 | 0.7 |
| Valuation | | | | | |
| EV/Sales (x) | 0.3 | 0.5 | 0.4 | 0.5 | 0.5 |
| EV/EBITDA (x) | 11.0 | 5.2 | 9.8 | 6.7 | 7.0 |
| P/E (x) | 12.9 | 5.9 | 16.4 | 8.6 | 9.6 |
| P/B (x) | 0.8 | 1.3 | 1.0 | 1.2 | 1.1 |

Recommendation Summary (Last 3 years)


| Dates | Rating | Target |
|-----------|--------|--------|
| 02-Jun-22 | HOLD | 84 |
| 05-Aug-22 | REDUCE | 64 |
| 08-Mar-23 | HOLD | 86 |
| 04-Aug-23 | BUY | 107 |
| 24-May-24 | HOLD | 181 |
| 26-Dec-24 | HOLD | 148 |
| 05-Jun-25 | HOLD | 152 |
| 09-Jan-25 | BUY | 179 |

Investment Rating Criteria

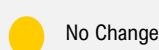
| Ratings | Large caps | Midcaps | Small Caps |
|-------------|----------------------------|---------------------------|---------------------------|
| Buy | Upside is above 10% | Upside is above 15% | Upside is above 20% |
| Accumulate | - | Upside is between 10%-15% | Upside is between 10%-20% |
| Hold | Upside is between 0% - 10% | Upside is between 0%-10% | Upside is between 0%-10% |
| Reduce/sell | Downside is more than 0% | Downside is more than 0% | Downside is more than 0% |

Not rated/Neutral

Definition: **Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:


Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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