

Retail Equity Research

Indian Oil Corporation Ltd.

Sector: Oil, Gas & Consumable Fuels

09th January, 2026

BUY

Key Changes						Target	Rs. 179
Rating						Rating	Rs. 157
Earnings						Earnings	+14%
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 157
Large Cap	IOCL:IN	84,181	IOC	530965	12 Months	Return	+14%

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

Company Data			
Market Cap (Rs.cr)			221,064
52 Week High — Low (Rs.)			174 - 111
Enterprise Value (Rs. cr)			364,401
Outstanding Shares (cr)			1,412.1
Free Float (%)			26.5
Dividend Yield (%)			5.1
6m average volume (cr)			1.2
Beta			1.3
Face value (Rs.)			10.0
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
<i>Growth (%)</i>	<i>-2.4</i>	<i>-0.7</i>	<i>3.5</i>
EBITDA	33,240	57,372	55,063
<i>EBITDA Margin (%)</i>	<i>4.4</i>	<i>7.6</i>	<i>7.1</i>
Adj. PAT	11,267	27,906	25,003
<i>Growth (%)</i>	<i>-71.8</i>	<i>147.7</i>	<i>-10.4</i>
Adj. EPS	8.0	19.8	17.7
<i>Growth (%)</i>	<i>-71.8</i>	<i>147.7</i>	<i>-10.4</i>
P/E	16.4	8.6	9.6
P/B	1.0	1.2	1.1
EV/EBITDA	9.8	6.7	7.0
<i>ROE (%)</i>	<i>7.3</i>	<i>13.8</i>	<i>11.4</i>
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

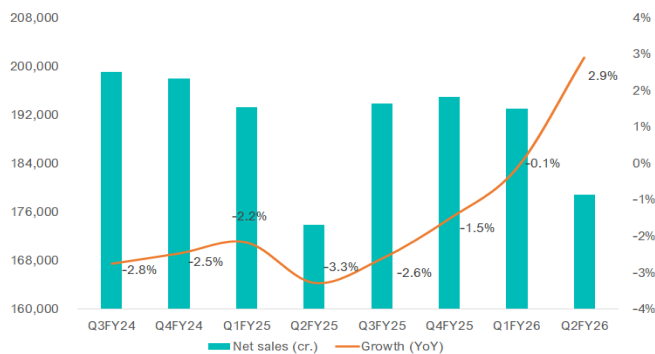
Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	178,880	173,848	2.9	192,971	-7.3	371,850	367,083	1.3
EBITDA	14,592	3,602	305.1	12,608	15.7	27,200	12,473	118.1
Margin (%)	8.2	2.1	610bps	6.5	170bps	7.3	3.4	390bps
EBIT	10,720	-116	n.m.	8,766	22.3	19,486	4,999	289.8
PBT	10,066	173	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



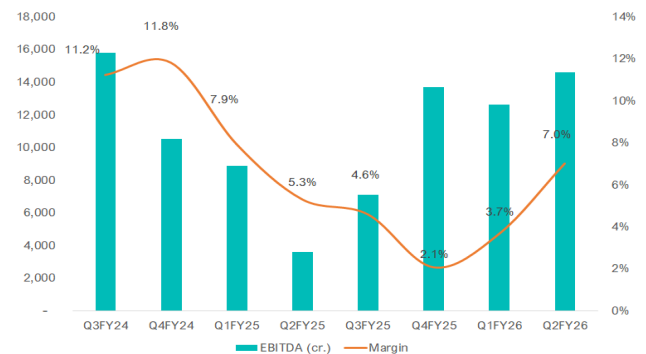
Key concall and other highlights

- 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

	Old estimates		New estimates		Change (%)	
Year / Rs cr	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

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

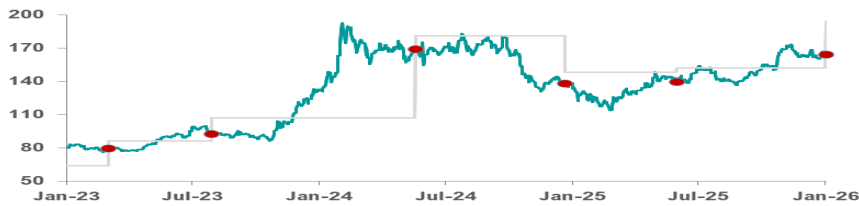
Balance Sheet

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 As-sets	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

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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