BUY
TP: Rs 171 | ▲ 31%

INDIAN OIL CORP

Oil & Gas | 31 October 2026

Results above expectation driven by better refining margins

- **Revenue grew by 42.2%YoY aided by volume growth of 4.9% while GRM was strong at USD36.7/bbl vs USD10.7 in Q2FY26**
- **Positive on the volume growth. However, environment is challenging due to volatility in crude prices and product cracks**
- **Maintain BUY; considering improved performance and rollover to Sept.28; raise TP to Rs171 from Rs163 based on 5.5xEV/EBITDA**

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Results above expectations: Indian Oil Corporation (IOCL)'s standalone revenue came at Rs2,503bn (+40.0%YoY,-4.6%QoQ) — 10% above our estimates. EBITDA came in at Rs302bn (+107.8%YoY, +1,456.2%QoQ) and was 189% above our estimate. Consolidated revenue came in at Rs2,539bn (+42.2%YoY,-4.7%QoQ) EBITDA came in at Rs338bn (+108.0% Consolidated YoY, +732.0%QoQ). Numbers came above estimates, due to better-than-expected refining margins and volume growth.

Refining segment performance: GRM came at USD36.7/bbl vs USD10.7/bbl in Q2FY26 — a growth of 244%YoY due to higher product cracks. GRM was USD35.7 in Q1FY27. Crude brent price for Q2FY27 averaged USD94/bbl vs USD68/bbl in Q2FY26, up by USD26/bbl on YoY. It was USD98/bbl in Q1FY27. Cracks improved YoY: Petrol cracks stood at USD34.0/bbl vs USD12.3 in Q2FY26. HSD (Diesel) cracks at USD62.0 vs USD19.0 in Q2FY26.

Marketing business: Domestic sales volumes were 24.0mnt (+4.9%YoY, -5.0%QoQ). Exports volumes stood at 1.3mnt (-11.3%YoY, +30.4%QoQ).

LPG under-recovery: Rs184 per cylinder in September, Rs229 in October, about Rs309 expected for November and about Rs370 for December.

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; raise TP: We are positive on the business growth that is being driven by a strong demand for petroleum products. Maintain BUY; considering improved performance and rollover to Sept.28E; raise TP to Rs171 from Rs163 on 5.5xEV/EBITDA on Sept.28E EBITDA plus value of investments.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	IOCL IN/Rs 130
Market cap	US$ 18.9bn
Free float	49%
3M ADV	US$ 12.0mn
52wk high/low	Rs 189/Rs 125
Promoter/FPI/DII	52%/10%/9%

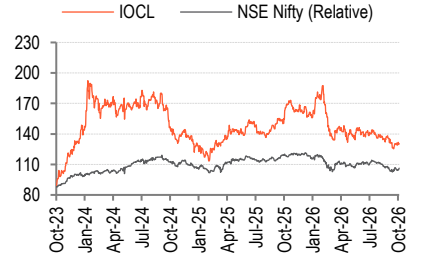
Source: NSE | Price as of 30 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	7,844,154	9,465,707	9,256,971
EBITDA (Rs mn)	770,616	667,802	590,840
Adj. net profit (Rs mn)	420,963	227,131	224,985
Adj. EPS (Rs)	30.6	16.5	16.3
Adj. ROAE (%)	20.7	10.1	9.5
Adj. P/E (x)	4.3	7.9	8.0
EV/EBITDA (x)	3.9	4.5	5.3
Adj. EPS growth (%)	258.0	(46.0)	(0.9)

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Quarterly performance (Consol.)

(Rs mn)	Q2FY27	Q1FY27	QoQ (%)	Q2FY26	YoY (%)	H1FY27	H1FY26	YoY (%)
Revenue	**2,539,669**	**2,664,073**	**(4.7)**	**1,786,282**	**42.2**	**5,203,742**	**3,709,688**	**40.3**
EBITDA	**337,975**	**40,620**	**732.0**	**162,450**	**108.0**	**378,595**	**295,125**	**28.3**
EBITDA margin (%)	*13.3*	*1.5*	*1178 bps*	*9.1*	*421 bps*	*7.3*	*8.0*	*(68 bps)*
Depreciation	44,297	44,082	0.5	42,272	4.8	88,379	84,059	5.1
Interest	24,993	17,295	44.5	22,697	10.1	42,288	43,397	(2.6)
Other income	6,736	4,460	51.0	6,443	4.5	11,195	12,276	(8.8)
PBT	275,420	(16,297)	1790.0	103,924	165.0	259,123	179,945	44.0
Tax	56,879	2,085	2628.0	29,129	95.3	58,964	48,552	21.4
Reported PAT	**214,079**	**(16,307)**	**NA**	**78,176**	**173.8**	**197,771**	**146,313**	**35.2**
PATM (%)	*8.4*	*(0.6)*	*904 bps*	*4.4*	*405 bps*	*3.8*	*3.9*	*(14 bps)*
EPS (Rs)	**15.16**	**(1.15)**	**NA**	**5.5**	**173.8**	**14.01**	**10.36**	**35.2**

Source: Company

Fig 2 – Quarterly performance (Standalone)

(Rs mn)	Q2FY27	Q1FY27	QoQ (%)	Q2FY26	YoY (%)	H1FY27	H1FY26	YoY (%)
Revenue	2,503,610	2,624,355	(4.6)	1,788,797	40.0	5,127,965	3,718,503	37.9
EBITDA	302,974	19,468	NA	145,832	107.8	322,442	271,904	18.6
PAT	216,300	(26,614)	NA	76,105	184.2	189,687	132,991	42.6

Source: Company

Fig 3 – Q2FY27 Actual v/s estimate (Standalone)

Particulars	Q2 Actual	Estimate	VAR(%)
Revenue (Rs mn)	2,503,610	2,283,126	9.7
EBITDA (Rs mn)	302,974	104,956	188.7
EBITDA margin (%)	12.1	4.6	750 bps
PAT (Rs mn)	216,300	27,718	680.4
EPS (Rs)	15.3	2.0	680.4

Source: Bloomberg

Fig 4 – Business performance

Particulars	Q2FY27	Q1FY27	QoQ (%)	Q2FY26	YoY (%)	H1FY27	H1FY26	YoY (%)
Domestic sales (mnt)	24.0	25.3	(5.0)	22.9	4.9	49.2	47.8	2.9
Export sales (mnt)	1.3	1.0	30.4	1.4	(11.3)	2.2	2.8	(20.1)
Crude throughput (mnt)	18.1	19.2	(5.5)	17.6	2.8	37.3	36.3	2.7
Pipelines throughput (mnt)	25.3	28.5	(11.2)	24.1	5.2	53.9	50.3	7.1
Average GRM ($/bbl)	**36.6**	**35.7**	**2.7**	**10.7**	**244.0**	**36.2**	**6.4**	**462.8**

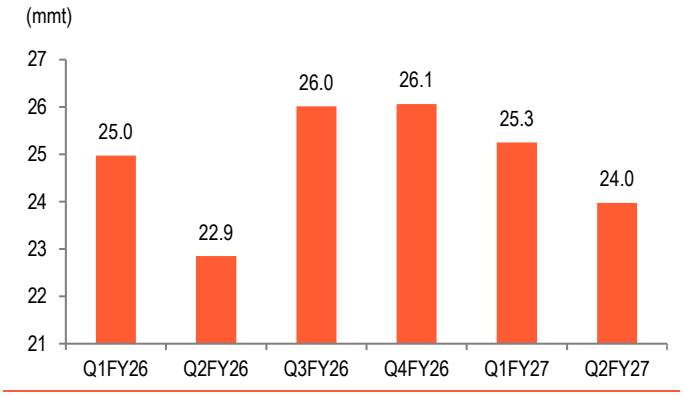
Source: Company

Fig 5 – Petchem details

Particulars	Q2FY27	Q1FY27	QoQ (%)	Q2FY26	YoY (%)	H1FY27	H1FY26	YoY (%)
Revenue	100,413	95,169	5.5	63,914	57.1	195,583	131,555	48.7
EBIT	5,284	2,169	143.7	1,684	213.7	7,453	1,674	345.2
EBIT % margin	5.3	2.3	298Bps	2.6	263Bps	3.8	1.3	254Bps

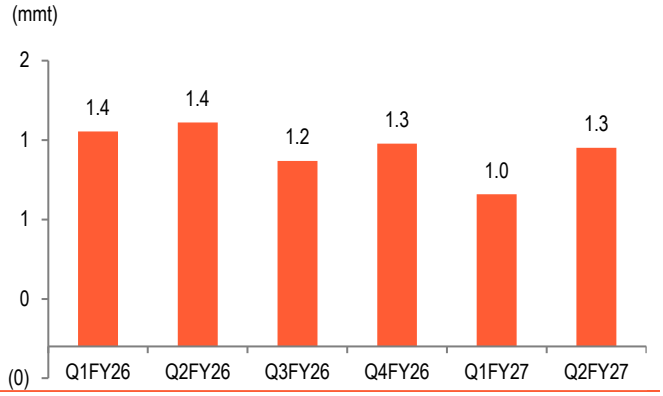
Source: Company

Fig 6 – Domestic Sales



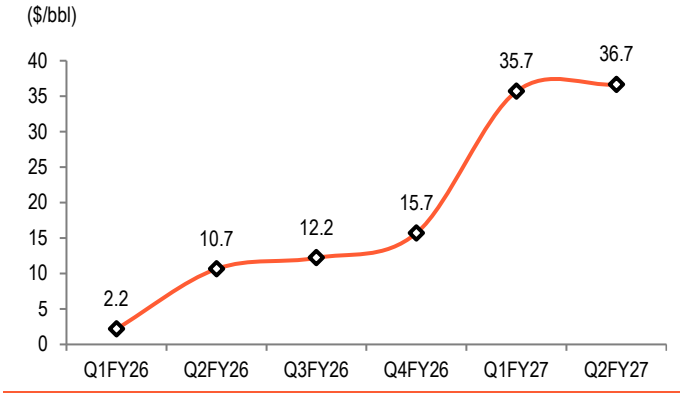
Source: Company

Fig 7 – Export Sales



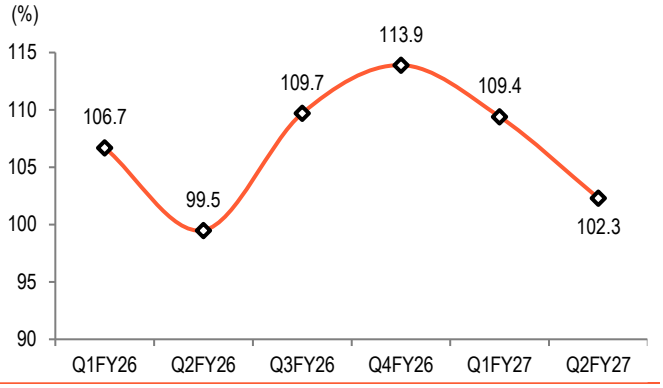
Source: Company

Fig 8 – GRM rebounds strongly, led by improved cracks



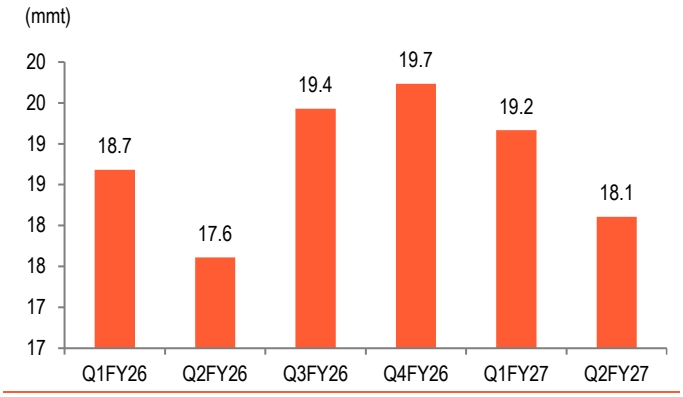
Source: Company

Fig 9 – Refinery utilisation normalise after strong Q4



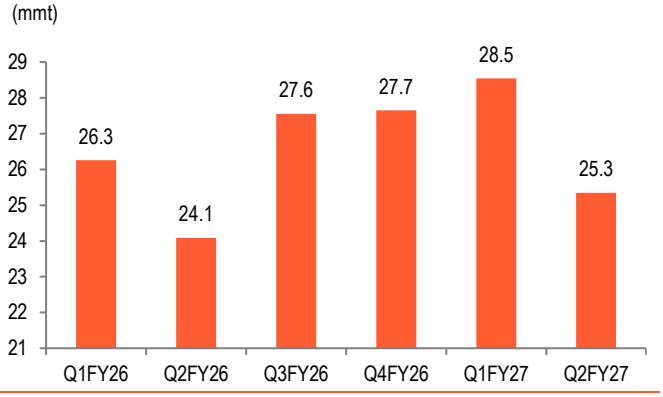
Source: Company

Fig 10 – Refineries throughput



Source: Company

Fig 11 – Pipeline throughput



Source: Company

Call Highlights

- **Refining performance:** IOCL reported a GRM of USD36.7/bbl before SAED (USD36.1/bbl in Q1FY27; USD10.7/bbl in Q2FY26). Net of SAED, GRM stood at USD18.5/bbl vs USD15.6/bbl in Q1FY27. Management highlighted that marketing margins remain the key drag. Throughput was 18.1mnt (102.3% utilisation) vs 19.2mnt (109.4%) in Q1FY27 and 17.6mnt in Q2FY26. The share of high-Sulphur crude rose to 54.6% (48.9% in Q1FY27), while distillate yield eased to 78.9%.
- **Marketing business:** Domestic marketing sales stood at 24.0mnt, up 4.9% YoY and down by 5.0% QoQ. Exports stood at 1.3mnt for Q2FY27 vs 1.4mnt in Q2FY26. MS and HSD volumes improved 9.7%YoY and 8.3%YoY to 4.4mnt and 8.9mnt, respectively. IOCL commissioned 126 retail outlets in Q2 (total: 43,245).
- **Pipeline business performance:** Pipeline throughput increased 5.2%YoY to 25.3mnt, with pipeline capacity utilisation at 64.3%. It was 79.9% in Q1FY27. Mundra–Panipat crude pipeline (Rs90bn) was mechanically completed in Jul-26 and is under commissioning.
- **Crude sourcing:** Spot purchases rose to ~87% of crude sourcing in H1FY27 (~50% in FY26). Russian crude formed ~55% of H1FY27 sourcing, the Middle East ~24%, Africa ~10%, Brazil ~7%, the US 2–5% and Venezuela 3–4%; IOCL has also been picking up discounted Iraqi cargoes. The premium to benchmark ranged from –USD5/bbl to +USD12/bbl in Q2. The Indian basket averaged USD96.2/bbl in Q2 (USD100.7/bbl in Q1) but rose to ~USD120/bbl in Oct-26.
- **Net debt:** Net debt increased to Rs1,243bn on Sept 2026 from net debt of Rs1,156bn on Mar.2026. Gross debt stood at Rs1,280bn on Sept.26. Net Debt/Equity stood at 0.5x.
- **Capex:**H1FY27 capex stood at Rs121bn and guided capex of Rs327bn for FY27E. Management expects annual capex of Rs300-400bn over the next 2-3 years, led by petchem, renewables and biofuels.
- **Refinery expansions on track for Dec-26:** Panipat (15→25mnt; cost Rs382bn) is 95.0% complete, Gujarat (13.7→18mnt; Rs189bn) 90.1% and Barauni (6→9mnt; Rs181bn) 92.5%; all are targeted for commissioning by Dec-26. Crude intake will ramp up over 5–6 months after commissioning, and management expects throughput benefits from FY28.

Fig 12 – Expansion projects

Details	Expansion 2(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	Dec.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.
- **Renewables:** Installed capacity is 259.7MW (solar: 92MW). IOCL targets 31GW in five years – 6GW organic, ~7.5GW via M&A and the rest via JVs, including a 2GW NTPC JV for captive use due in 5–6 months. Subsidiary Terra Clean has 2.65GW of connectivity approvals and 5.3GW of approved projects at 75:25 debt/equity, with equity infusion of Rs50–100bn p.a. and EBITDA break-even expected in FY29–30.

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 marketing margins.

We revise our estimates upwards to account for improved performance and revise upwards crude prices

- Brent revised to USD90/bbl vs earlier USD80/bbl for FY27E, FY28E and FY29E
- Increase in GRM : USD14.0 vs earlier USD7.5 for FY27E; USD9.0 vs earlier USD7.6 for FY28E and USD9.0vs earlier USD8.0 for FY29E
- We estimate marketing margin to be lower than estimated earlier. Estimate marketing margin:
  - Petrol at Rs300/KL vs earlier Rs700/Kl for FY27E; at Rs2,000 vs earlier 2,150/kl for FY28E and Rs2,100 vs earlier Rs2,250 for FY29E.
  - Diesel at Rs100 vs earlier Rs500/KL for FY27E; at Rs1,750 vs earlier Rs1,800/kl for FY28E and unchanged at Rs2,000 for 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	9,465,707	9,256,971	9,667,102	8,906,864	9,141,915	9,556,518	6.3	1.3	1.2
EBITDA	770,616	667,802	590,840	629,019	425,817	561,288	596,078	56.8	5.3	5.5
EBITDA % margin	9.8	7.1	6.4	6.5	4.8	6.1	6.2	227 bps	24 bps	27 bps
PAT	420,963	227,131	224,985	236,244	144,197	220,788	232,541	57.5	1.9	1.6
EPS (Rs)	30.6	16.5	16.3	17.2	10.5	16.0	17	57.5	1.9	1.6

Source: Company, BOBCAPS Research

Fig 14 – Key assumptions

	FY25	FY26	FY27E	FY28E	FY29E
Refinery Utilisation (%)					
Standalone	98.0	110.0	102.0	102.5	103.0
CPCL	90.0	100.0	95.0	98.0	90.0
GRM (USD/bbl)					
Blended GRM	4.8	8.5	14.0	9.0	9.0
Marketing margin (Rs/KL)					
Petrol	2,500	2,650	300	2,000	2,100
Diesel	2,300	2,500	100	1,750	2,000
Growth in key products (%)					
Petrol	3.0	4.0	8.0	5.5	5.0
Diesel	2.5	3.0	6.0	5.0	4.5
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	90.0	90.0	90.0

Source: Company, BOBCAPS Research

EV/EBITDA-based Valuation Rationale

Maintain BUY; considering improved performance and rollover to Sept.28E; raise TP to Rs171 from Rs163 on 5.5xEV/EBITDA on Sept.28E EBITDA plus value of investments.

Fig 15 – Valuation summary

	Sept.28E EBITDA (Rs mn)	Multiple (x)	Rs mn	Value (Rs/share)
IOC (Standalone)	558,029	5.5	3,069,158	223
Valuation of Investments				
ONGC				16
Petronet LNG				4
Oil India				3
GAIL				2
CPCL				7
Investments - Total				**32**
Net debt			1,156,745	84
Target price			**3,069,158**	**171**

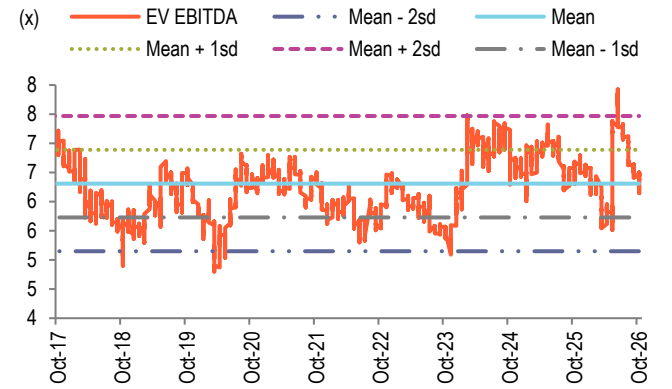
Source: , BOBCAPS Research

Key Risks

Key downside risks to our estimates:

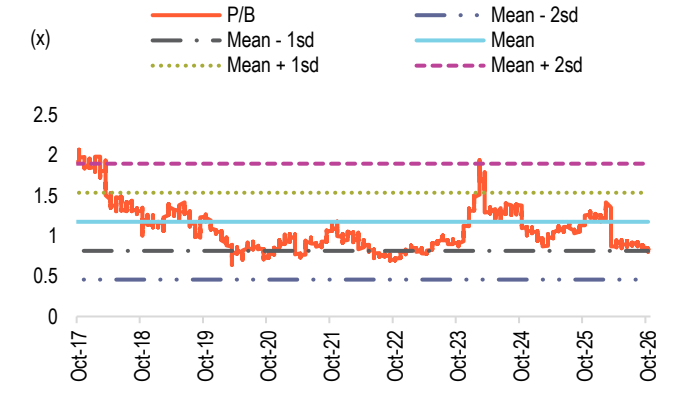
- **Projects-execution delay could raise costs and defer growth**: Previously, IOCL has faced delays and cost overruns on key projects. The expansion of its Panipat refinery was delayed, because of the delay in awarding PMC project management consultancy contracts, high tender quotations as well as the 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**	**9,465,707**	**9,256,971**	**9,667,102**
EBITDA	359,905	770,616	667,802	590,840	629,019
Depreciation	(167,773)	(184,202)	(264,459)	(251,948)	(275,348)
EBIT	227,269	628,044	436,647	372,862	388,320
Net interest inc./(exp.)	(92,619)	(83,079)	(114,442)	(105,665)	(106,456)
Other inc./(exp.)	35,137	41,630	33,304	33,970	34,649
Exceptional items	0	0	0	0	0
EBT	153,030	544,965	322,205	267,198	281,865
Income taxes	(32,746)	(137,948)	(93,440)	(67,601)	(71,312)
Extraordinary items	18,380	0	0	0	0
Min. int./Inc. from assoc.	19,514	45,566	61,741	35,319	35,623
Reported net profit	**135,978**	**420,963**	**227,131**	**224,985**	**236,244**
Adjustments	(18,380)	0	0	0	0
Adjusted net profit	**117,598**	**420,963**	**227,131**	**224,985**	**236,244**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	605,349	573,687	625,807	619,243	650,460
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	2,171,025	2,283,518	2,401,640
Shareholders' fund	1,910,247	2,255,471	2,400,725	2,518,183	2,641,270
Total liab. and equities	**5,068,671**	**5,289,550**	**5,811,923**	**5,950,817**	**6,140,122**
Cash and cash eq.	33,049	44,147	95,909	140,045	142,679
Accounts receivables	185,510	146,348	275,447	287,302	317,274
Inventories	1,138,785	1,171,327	1,444,299	1,429,149	1,501,196
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	2,113,269	2,211,322	2,295,974
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**	**5,811,923**	**5,950,817**	**6,140,122**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**401,307**	**736,070**	**257,717**	**553,939**	**521,555**
Capital expenditures	(388,106)	(339,755)	(333,000)	(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)**	**(333,000)**	**(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)	(114,442)	(105,665)	(106,456)
Dividends paid	(41,315)	(113,615)	(113,565)	(112,492)	(118,122)
Other financing cash flows	(42,613)	76,172	30,053	30,354	30,657
Cash flow from financing	**14,516**	**(345,230)**	**127,046**	**(159,803)**	**(158,921)**
Chg in cash & cash eq.	**1,479**	**11,097**	**51,763**	**44,135**	**2,635**
Closing cash & cash eq.	**33,049**	**44,147**	**95,909**	**140,045**	**142,679**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	9.9	30.6	16.5	16.3	17.2
Adjusted EPS	8.5	30.6	16.5	16.3	17.2
Dividend per share	3.0	8.3	8.2	8.2	8.6
Book value per share	135.4	159.4	167.6	175.8	184.4

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.4	0.4	0.3	0.3	0.3
EV/EBITDA	8.3	3.9	4.5	5.3	5.0
Adjusted P/E	15.2	4.3	7.9	8.0	7.6
P/BV	1.0	0.8	0.8	0.7	0.7

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	66.6	74.7	71.0	74.7	74.7
Interest burden (PBT/EBIT)	0.6	0.9	0.7	0.7	0.7
EBIT margin (EBIT/Revenue)	3.0	8.0	4.6	4.0	4.0
Asset turnover (Rev./Avg TA)	1.5	1.5	1.7	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	10.1	9.5	9.5

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	(2.4)	3.5	20.7	(2.2)	4.4
EBITDA	(52.4)	114.1	(13.3)	(11.5)	6.5
Adjusted EPS	(71.8)	258.0	(46.0)	(0.9)	5.0
Profitability & Return ratios (%)					
EBITDA margin	4.7	9.8	7.1	6.4	6.5
EBIT margin	3.0	8.0	4.6	4.0	4.0
Adjusted profit margin	1.6	5.4	2.4	2.4	2.4
Adjusted ROAE	6.4	20.7	10.1	9.5	9.5
ROCE	6.4	16.8	10.8	8.5	8.6
Working capital days (days)					
Receivables	9	7	11	11	12
Inventory	55	55	56	56	57
Payables	31	30	26	26	26
Ratios (x)					
Gross asset turnover	1.5	1.5	1.7	1.6	1.6
Current ratio	0.7	0.7	0.9	1.0	1.0
Net interest coverage ratio	2.5	7.6	3.8	3.5	3.6
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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BUY – Expected return >+15%

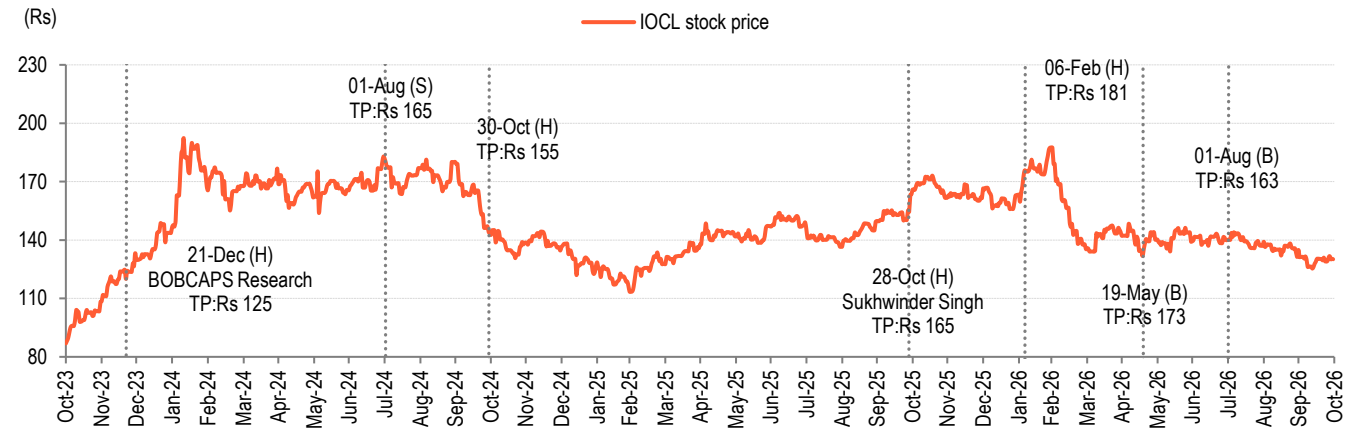
HOLD – Expected return from -6% to +15%

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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