

Estimate change



TP change



Rating change



Bloomberg	IOCL IN
Equity Shares (m)	14121
M.Cap.(INRb)/(USDb)	2023.3 / 23.9
52-Week Range (INR)	186 / 111
1, 6, 12 Rel. Per (%)	5/-1/-25
12M Avg Val (INR M)	3149

#### Financials & Valuations (INR b)

Y/E March	FY25	FY26E	FY27E
Sales	7,581	7,269	7,404
EBITDA	360	422	443
Adj. PAT	107	142	150
Adj. EPS (INR)	7.8	10.3	10.9
EPS Gr. (%)	-73.6	32.5	6.0
BV/Sh.(INR)	135.4	142.6	150.2

#### Ratios

Net D:E	0.7	0.7	0.7
RoE (%)	5.8	7.4	7.4
RoCE (%)	5.8	6.6	6.6
Payout (%)	30.4	29.9	30.9

#### Valuations

P/E (x)	18.4	13.9	13.1
P/BV (x)	1.1	1.0	1.0
EV/EBITDA (x)	9.3	8.1	7.8
Div. Yield (%)	2.1	2.1	2.4
FCF Yield (%)	(0.1)	4.5	6.7

#### Shareholding Pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	51.5	51.5	51.5
DII	29.6	29.7	29.8
FII	7.4	7.4	8.5
Others	11.6	11.4	10.2

FII includes depository receipts

**CMP: INR143**

**TP: INR165 (+15%)**

**Buy**

#### 4Q boosted by inventory gains

- IOCL's 4QFY25 EBITDA was a 110% beat on est., driven by higher-than-estimated GRM (USD8/bbl) as well as marketing margins (INR5.9/lit). With tax rate coming in below est., resultant PAT stood 5x above est. at INR72.6b.
- While we believe the rally in OMC stocks is now entering the last phase, we still see a few positive catalysts: 1) 1QFY26 earnings will likely benefit from lower LPG under-recoveries due to an INR50/cyl domestic LPG price hike recently. The decline in propane prices as winter demand wanes provides an additional upside; 2) Russian crude proportion for OMCs is expected to rise again in 1QFY26, supporting GRMs; and 3) the marketing business earnings momentum has remained robust.
- However, the earnings outlook for OMCs is clouded by: 1) expected inventory losses in 1QFY26 amid weak crude price environment (vs. inventory gain in 4QFY25), 2) risk of further excise duty hikes for MS/HSD, which can crimp marketing margins; historically OMCs have rarely made over INR8-10/ltr gross marketing margin on MS/HSD for more than two quarters (based on data for the last eight years), and 3) IOCL's FY25 DPS of INR3 (30% payout) being underwhelming and on the lower side of its historical payout range. With the ongoing heavy capex cycle, we estimate the payout ratio to be only ~30% for both FY26/FY27. IOCL's FY27 estimated dividend yield is below ~2% vs. HPCL's ~4.2%.
- IOCL's major refinery expansions (~17.7mtpa) are slated for commissioning in 4QFY26-1HFY27. It is currently trading at 1x FY26E P/B, at par with its one-year forward LTA P/B.

#### Other key takeaways from the conference call

- IOCL plans to add another 3,000-4,000 retail outlets in FY26 (40k+ outlets operating currently).
- The company's FY25 petchem EBITDA was ~INR10b, while EBIT loss was INR2b.
- CGD segment: 6 out of 26 geographical Areas (GAs) are EBITDA positive. Another 7-8 GAs are likely to become EBITDA positive in FY26.
- The company plans to incur a capex of INR340b in FY26. INR170b/80b/30b/5b is expected to be spent on refining and pipeline/marketing/petrochemicals/CGDs.
- Panipat and Gujarat refinery expansion is expected to be commissioned by 4QFY25, while Barauni expansion is expected to be completed by 1HFY27.

#### Robust refining and marketing performance drive outperformance vs. estimates in 4Q

- Reported GRM came in sharply above our estimate at USD8/bbl; refining inventory gains stood at USD2.6/bbl during the quarter.
- Marketing margin stood at INR5.9/lit, 25% above estimates.
- Marketing and refining throughput came in line with our estimate.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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- However, the petchem segment's EBIT loss stood at INR2.1b (vs. EBIT loss of INR1.5b in 3QFY25).
- EBITDA was 110% above our estimate at INR135.7b (up 27% YoY).
- Additionally, an LPG under-recovery of INR55b was booked in 4Q (INR54.6b in 3Q).
- Reported PAT came in at INR72.6b (our est. of INR12.1b).
- Tax rate, other income, and interest expense came in below our estimates.
- As of Mar'25, IOCL had a cumulative negative net buffer of INR199.3b due to the under-recovery on LPG cylinders (INR143.3b as of Dec'24).
- In FY25, net sales were similar YoY at INR7.6t, while EBITDA/APAT declined 50%/72% YoY to INR356b/INR111b.
- The Board has recommended a final dividend of INR3/sh (FV INR10/sh).
- Moreover, an upward revision of INR29.5b has been approved for Barauni Refinery expansion projects (from 6mmtpa to 9mmtpa). The revised capex now amounts to INR167.24b.
- The Board has also approved an additional equity investment of INR10.9b in its wholly owned subsidiary, Terra Clean Limited, for setting up an additional 4.3 GW RE capacity, over and above the already approved 1 GW RE capacity. This brings the total equity investment in Terra Clean Limited to ~23.9b.

#### Valuation and view

- IOCL is set to commission multiple projects over the next two years, driving further growth. Refinery projects that are currently underway, including the Panipat refinery (25mmtpa), Gujarat refinery (18mmtpa), and Barauni refinery (9mmtpa), are expected to be completed in 4QFY26-FY27.
- The stock trades at 13.1x consolidated FY27E EPS of INR10.9 and 1x FY27E P/B. **We reiterate our BUY rating on the stock with a TP of INR165, valuing at 1.1x FY27E P/B.**

#### Standalone - Quarterly Earning Model

(INR b)

Y/E March	FY24				FY25E				FY24	FY25	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	(%)
<b>Net Sales</b>	<b>1975.3</b>	<b>1797.4</b>	<b>1991.0</b>	<b>1979.8</b>	<b>1932.4</b>	<b>1738.5</b>	<b>1939.0</b>	<b>1949.7</b>	<b>7743.5</b>	<b>7559.5</b>	<b>2015.6</b>	<b>-3%</b>
YoY Change (%)	-11.9	-13.4	-2.8	-2.5	-2.2	-3.3	-2.6	-1.5	-7.8	-2.4	1.8	
<b>EBITDA</b>	<b>221.5</b>	<b>221.6</b>	<b>155.9</b>	<b>106.9</b>	<b>86.3</b>	<b>41.9</b>	<b>91.7</b>	<b>135.7</b>	<b>705.8</b>	<b>355.7</b>	<b>64.8</b>	<b>110%</b>
Margin (%)	11.2	12.3	7.8	5.4	4.5	2.4	4.7	7.0	9.1	4.7	3.2	
Depreciation	31.5	32.8	43.4	37.4	37.6	37.2	39.0	39.1	145.1	152.8	38.8	
Forex loss	-0.2	8.4	1.0	2.5	0.0	4.2	20.5	0.0	11.8	24.7	0.0	
Interest	16.3	18.5	18.3	20.2	19.6	24.1	23.1	20.5	73.3	87.3	23.7	
Other Income	6.9	9.8	14.5	16.6	5.3	13.7	18.8	11.7	47.8	49.6	13.9	
<b>PBT</b>	<b>180.7</b>	<b>171.7</b>	<b>107.7</b>	<b>63.3</b>	<b>34.5</b>	<b>1.7</b>	<b>34.7</b>	<b>87.9</b>	<b>523.4</b>	<b>158.8</b>	<b>16.2</b>	<b>443%</b>
Rate (%)	23.9	24.5	25.1	23.6	23.4	-4.2	17.2	17.3	24.3	18.4	25.2	
<b>Adj PAT</b>	<b>137.5</b>	<b>129.7</b>	<b>80.6</b>	<b>48.4</b>	<b>26.4</b>	<b>-9.8</b>	<b>21.9</b>	<b>72.6</b>	<b>396.2</b>	<b>111.2</b>	<b>12.1</b>	<b>500%</b>
YoY Change (%)	LP	LP	1699.8	-51.9	-80.8	-107.5	-72.8	50.2	380.7	-71.9	-75.0	
Margin (%)	7.0	7.2	4.0	2.4	1.4	-0.6	1.1	3.7	5.1	1.5	0.6	
<b>Key Assumptions</b>												
Refining throughput (mmt)	17.8	17.8	18.5	18.3	18.2	16.7	18.1	18.5	72.3	71.6	18.3	1%
Reported GRM	8.3	18.2	13.5	8.4	6.4	1.6	2.9	8.0	12.1	4.7	5.4	47%
Domestic sale of refined products (mmt)	21.9	21.9	23.3	23.7	24.1	21.9	24.8	24.6	90.9	95.4	24.7	0%
Marketing GM incld. inv. per litre (INR/litre)	5.5	5.5	4.5	5.2	4.9	5.9	6.4	5.9	5.2	5.8	4.7	25%



## Highlights from the management commentary

### Marketing segment:

- IOCL plans to add another 3,000-4,000 retail outlets in FY26 (40k+ outlets operating currently).
- 4Q earnings were boosted by marketing inventory gains.
- Current under-recovery per cyl estimate: INR170/cyl.

### Refining & Petrochemical segment:

- Russian crude %: 22%/14% in FY25/4QFY25.
- Russian crude availability has increased in 1QFY26 (24-25%).
- Current petchem intensity is 6%, with a target to achieve 15% by FY30.
- Petchem margins are expected to increase as the cycle turns (expected in the next 2-3 years).
- IOCL's petchem EBITDA was ~INR10b and EBIT loss was INR2b.

### CGD segment:

- 6 out of 26 GAs are EBITDA positive. 7-8 additional GAs are expected to become EBITDA positive in FY26.
- IOCL aims to achieve EBITDA profitability by FY26.
- Sale volume: 115tmt CGD sale in FY25.

### Capex

- FY25 capex: Over INR375b.
- Refining and pipeline: INR200b (majority was expansion-related).
- Planned capex for FY26 and the next few years: INR340b+ p.a.
- INR170b on refining and pipeline, INR70-80b on marketing, INR30b on petrochemicals, and INR5b on CGDs.

### Update on ongoing projects: Slight delays expected in the date of commissioning

- Panipat Refinery: Capacity expansion from 15mmtpa to 25mmtpa; Capex of INR380b; Completion by 4QFY26.
- Gujarat Refinery: Addition of 4.3mmtpa, Capex of INR190b; Completion by 4QFY26.
- Barauni Refinery: Capacity expansion from 6mmtpa to 9mmtpa; Capex of INR148b; Completion by 1HFY27.
- Refineries are expected to take 6M to stabilize.
- The Gujarat acrylic project has already been commissioned in May'25.
- The Paradip PX PTA project is expected to be commissioned in Apr'26.

### Working capital:

- ~INR100b reduction in working capital and implied reduction in debt might be observed in FY26 as crude declined USD10/bbl.

**Exhibit 1: Key assumptions**

Y End: March 31	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Exchange Rate (INR/USD)	70.0	70.9	74.3	74.5	80.4	82.8	84.6	86.0	86.2
Brent Crude (USD/bbl)	70.1	61.2	44.4	80.5	96.1	83.0	78.6	65.0	65.0
Domestic direct sales refined pdts (MMT)	85	84	76	80	91	92	95	101	105
YoY (%)	10%	0%	-10%	6%	13%	2%	3%	5%	4%
Reported GRM (USD/bbl)	5.4	0.1	5.6	11.3	19.5	12.1	4.8	6.5	6.5
Singapore GRM (USD/bbl)	4.9	3.2	0.5	5.0	10.7	6.6	3.8	5.0	5.0
Prem./(disc) (USD/bbl)	0.5	(3.1)	5.1	6.3	8.8	5.5	1.0	1.5	1.5
Refining capacity utilization (%)	104%	100%	90%	98%	105%	106%	103%	102%	100%
Total Refinery throughput (MMT)	71.8	69.4	62.4	67.7	72.3	73.3	71.6	72.7	79.8
YoY (%)	4%	-3%	-10%	9%	7%	1%	-2%	2%	10%
Marketing Margin (INR/lit)									
Blended gross marketing margin incld inventory	5.0	5.8	6.2	4.4	-1.1	6.0	5.8	4.4	4.4
Consolidated EPS	12.5	1.8	15.8	18.7	6.6	29.5	7.8	10.3	10.9

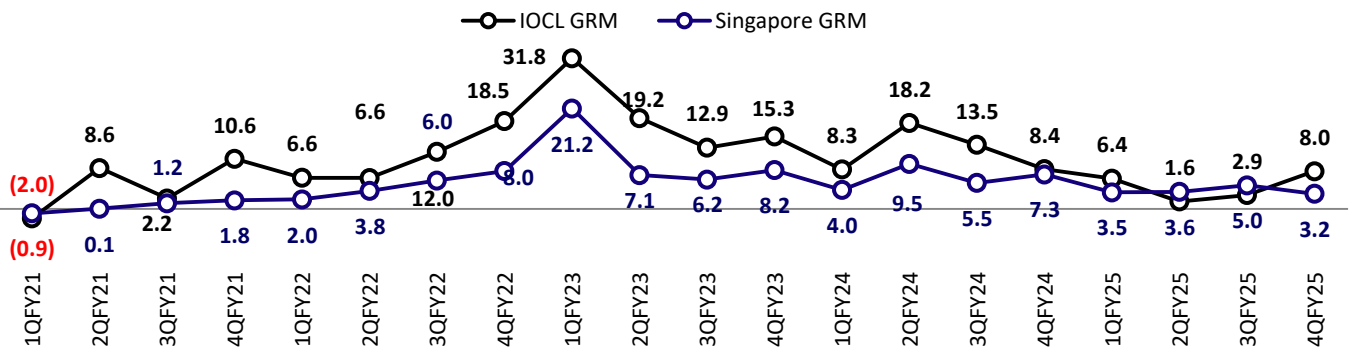
Source: Company, MOFSL

**Exhibit 2: Domestic sales were up 3.6% YoY at 24.6mmt**



Source: Company, MOFSL

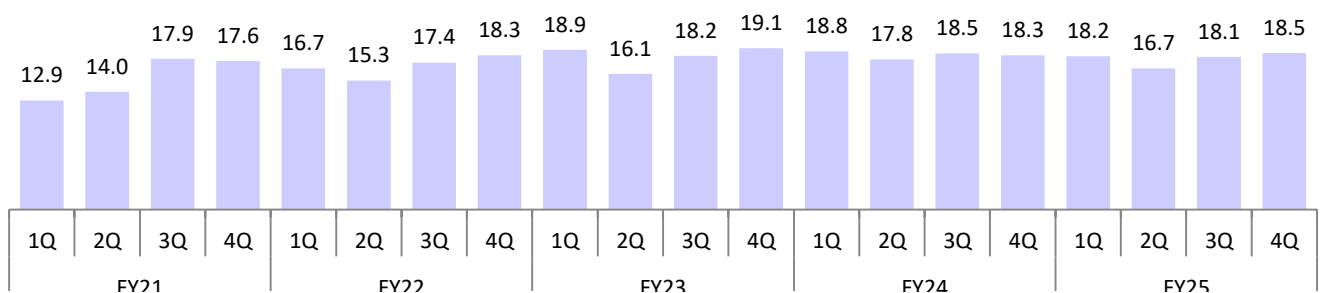
**Exhibit 3: Reported GRM stood at USD8/bbl (vs. SG GRM of USD3.2/bbl)**



Source: Company, MOFSL

**Exhibit 4: Refinery throughput at 18.5mmt, down 1.5% YoY**

Refinery thr'put (mmt)

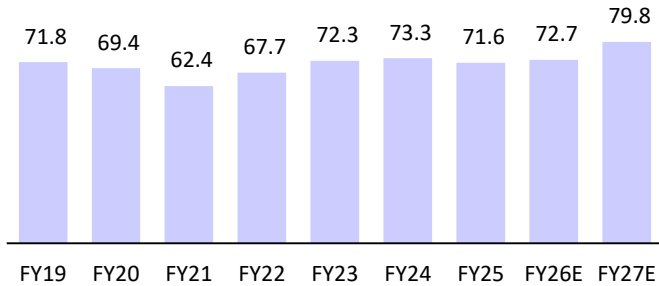


Source: Company, MOFSL

## Story in charts

**Exhibit 5: Refining throughput**

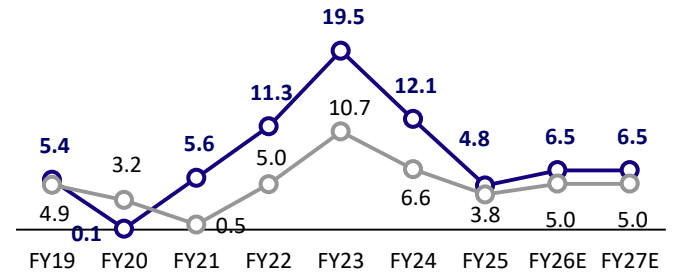
Refinery throughput (mmt)



Source: Company, MOFSL

**Exhibit 6: GRM trend**

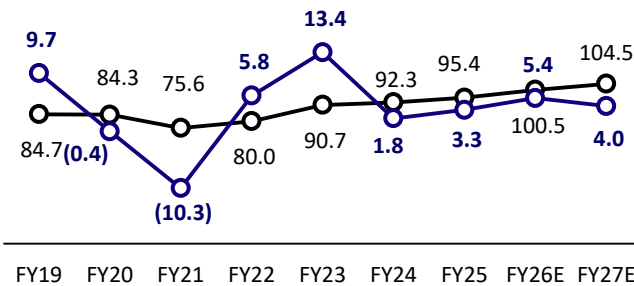
IOCL GRM (USD/bbl) Reuters Singapore GRM (USD/bbl)



Source: Company, MOFSL

**Exhibit 7: Marketing sales volume**

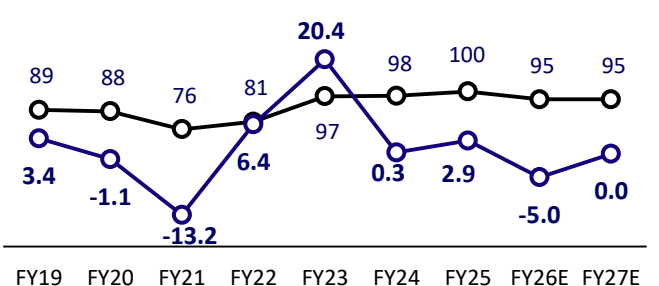
Domestic Sales Refined products (mmt) YoY (%)



Source: Company, MOFSL

**Exhibit 8: Pipeline throughput**

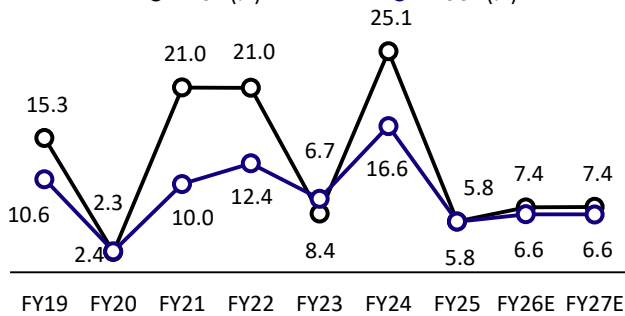
Pipeline throughput (mmt) YoY (%)



Source: Company, MOFSL

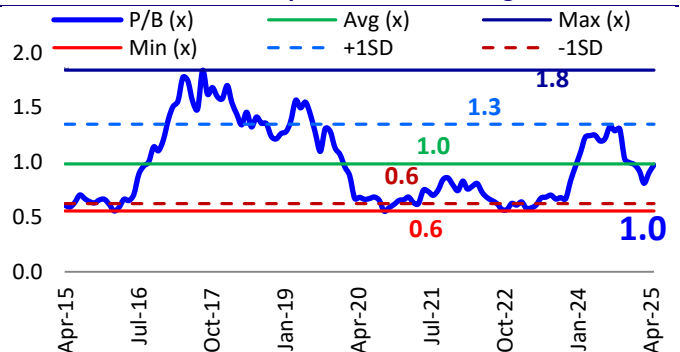
**Exhibit 9: Return ratios**

RoE (%) RoCE (%)



Source: Company, MOFSL

**Exhibit 10: IOCL trades at par its LT P/B average at 1x**



Source: Company, MOFSL

## Financials and Valuations

Consolidated - Income Statement					(INR b)
Y/E March	FY23	FY24	FY25	FY26E	FY27E
<b>Total Income from Operations</b>	<b>8,418</b>	<b>7,764</b>	<b>7,581</b>	<b>7,269</b>	<b>7,404</b>
Change (%)	43%	-8%	-2%	-4%	2%
<b>EBITDA</b>	<b>306</b>	<b>768</b>	<b>360</b>	<b>422</b>	<b>443</b>
Margin (%)	4%	10%	5%	6%	6%
Depreciation	132	159	168	174	180
<b>EBIT</b>	<b>175</b>	<b>609</b>	<b>192</b>	<b>248</b>	<b>262</b>
Int. and Finance Charges	75	78	93	97	102
Net Forex Loss	72	12	0	0	0
Other Income	114	38	35	40	40
<b>PBT bef. EO Exp.</b>	<b>142</b>	<b>557</b>	<b>135</b>	<b>190</b>	<b>201</b>
EO Items	9	15	36	0	0
<b>PBT after EO Exp.</b>	<b>150</b>	<b>573</b>	<b>171</b>	<b>190</b>	<b>201</b>
Total Tax	33	141	33	43	45
Tax Rate (%)	22.2	24.7	19.2	22.5	22.7
<b>Reported PAT</b>	<b>98</b>	<b>417</b>	<b>136</b>	<b>142</b>	<b>150</b>
<b>Adjusted PAT</b>	<b>91</b>	<b>406</b>	<b>107</b>	<b>142</b>	<b>150</b>
Change (%)	-65%	345%	-74%	32%	6%
Margin (%)	1.1	5.2	1.4	1.9	2.0

Consolidated - Balance Sheet					(INR b)
Y/E March	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	138	138	138	138	138
Total Reserves	1,259	1,696	1,727	1,826	1,930
<b>Net Worth</b>	<b>1,397</b>	<b>1,834</b>	<b>1,865</b>	<b>1,964</b>	<b>2,068</b>
Minority Interest	35	47	45	45	45
Total Loans	1,401	1,235	1,426	1,497	1,572
Deferred Tax Liabilities	168	190	207	207	207
<b>Capital Employed</b>	<b>3,001</b>	<b>3,306</b>	<b>3,542</b>	<b>3,713</b>	<b>3,892</b>
Gross Block	2,542	2,860	3,079	3,857	4,261
Less: Accum. Deprn.	741	900	1,068	1,241	1,422
<b>Net Fixed Assets</b>	<b>1,800</b>	<b>1,960</b>	<b>2,011</b>	<b>2,616</b>	<b>2,840</b>
Capital WIP	511	610	779	311	217
<b>Total Investments</b>	<b>522</b>	<b>655</b>	<b>662</b>	<b>662</b>	<b>662</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>1,583</b>	<b>1,598</b>	<b>1,616</b>	<b>1,570</b>	<b>1,641</b>
Inventory	1,211	1,214	1,139	1,115	1,134
Account Receivables	164	138	186	155	158
Cash and Bank Balance	21	32	33	53	110
Loans and Advances	187	214	259	247	239
<b>Curr. Liability &amp; Prov.</b>	<b>1,416</b>	<b>1,518</b>	<b>1,526</b>	<b>1,446</b>	<b>1,468</b>
Account Payables	1,300	1,397	1,412	1,332	1,354
Provisions	116	120	114	114	114
<b>Net Current Assets</b>	<b>168</b>	<b>80</b>	<b>90</b>	<b>124</b>	<b>173</b>
<b>Appl. of Funds</b>	<b>3,001</b>	<b>3,306</b>	<b>3,542</b>	<b>3,713</b>	<b>3,892</b>

## Financials and Valuations

### Ratios

Y/E March	FY23	FY24	FY25	FY26E	FY27E
<b>Basic (INR)</b>					
<b>EPS</b>	<b>6.6</b>	<b>29.5</b>	<b>7.8</b>	<b>10.3</b>	<b>10.9</b>
Cash EPS	16.2	41.0	19.9	22.9	24.0
BV/Share	101.5	133.2	135.4	142.6	150.2
DPS	3.0	12.0	3.0	3.1	3.4
Payout (%)	42	40	30	30	31
<b>Valuation (x)</b>					
P/E	21.6	4.9	18.4	13.9	13.1
Cash P/E	8.8	3.5	7.2	6.2	6.0
P/BV	1.4	1.1	1.1	1.0	1.0
EV/Sales	0.4	0.4	0.4	0.5	0.5
EV/EBITDA	10.9	4.1	9.3	8.1	7.8
Dividend Yield (%)	2.1	8.4	2.1	2.1	2.4
FCF per share	-2.3	24.7	-0.1	6.4	9.5
<b>Return Ratios (%)</b>					
RoE	6.7	25.1	5.8	7.4	7.4
RoCE	8.4	16.6	5.8	6.6	6.6
RoIC	7.4	23.2	7.6	8.1	7.3
<b>Working Capital Ratios</b>					
Fixed Asset Turnover (x)	3.3	2.7	2.5	1.9	1.7
Asset Turnover (x)	2.8	2.3	2.1	2.0	1.9
Inventory (Days)	53	57	55	56	56
Debtor (Days)	7	7	9	8	8
Creditor (Days)	56	66	68	67	67
<b>Leverage Ratio (x)</b>					
Current Ratio	1.1	1.1	1.1	1.1	1.1
Interest Cover Ratio	2.3	7.8	2.1	2.5	2.6
Net Debt/Equity	1.0	0.7	0.7	0.7	0.7

### Consolidated - Cash Flow Statement

(InR b)

Y/E March	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	150	573	171	190	201
Depreciation	132	159	168	174	180
Direct Taxes Paid	-15	-119	-31	-43	-45
(Inc)/Dec in WC	-57	63	-7	-15	9
<b>CF from Operations</b>	<b>296</b>	<b>711</b>	<b>347</b>	<b>398</b>	<b>441</b>
(Inc)/Dec in FA	-328	-372	-348	-310	-310
<b>Free Cash Flow</b>	<b>-32</b>	<b>340</b>	<b>-2</b>	<b>88</b>	<b>131</b>
(Pur)/Sale of Investments	-20	-39	-76	0	0
<b>CF from Investments</b>	<b>-280</b>	<b>-315</b>	<b>-318</b>	<b>-310</b>	<b>-310</b>
Dividend Paid	-33	-110	-95	-42	-46
CF from Fin. Activity	-13	-394	-34	-68	-74
<b>Inc/Dec of Cash</b>	<b>3</b>	<b>3</b>	<b>-6</b>	<b>19</b>	<b>58</b>
Opening Balance	18	10	12	33	53
<b>Closing Balance</b>	<b>21</b>	<b>12</b>	<b>7</b>	<b>53</b>	<b>110</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

## NOTES



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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