

3QFY24 Review: Ahead on Inventory Gains

EBITDA beat was driven by large inventory gains in refining and marketing despite a ~20% decline in crude price during the qtr. Profitability is tracking much ahead of normative levels raising the possibility of retail price cuts. We raise FY24E PAT 26% but keep FY25/26E unchanged. Maintain Hold with revised Rs 135 PT.

EBITDA well ahead: 3Q EBITDA at Rs 155bn (-27% q/q) was well ahead of JEF. The beat was driven by Rs 40bn inventory gain in refining even though crude declined ~20% during the qtr. IOCL also reported inventory gain in marketing. Consequently, PBT at Rs 108bn (-37% q/q) was sharply ahead of est.

Refining ahead of est, profitability to narrow: 3Q reported GRM at US\$ 13.5/bbl was well ahead of JEF (US\$ 8.6/bbl) benefiting from inventory gains of US\$ 3.5/bbl though crude prices fell 20% in 3Q. Core GRM (ex-inventory gains) came in at US\$ 10/bbl impacted by weaker diesel spreads and narrowing discounts on imported Russian crude with premium over regional refining benchmark falling below US\$ 5/bbl (vs US\$ 5-7/bbl in 1Q/2Q). We expect regional refining margins to remain range bound in CY24, near the LT average (US\$ 5-6/bbl) given lower oil demand growth, rising product inventory levels and ongoing refining capacity additions. Narrowed discount on Russian oil cap upside on refining margins for OMCs though cheaper Venezuelan crude could provide some offset.

Elevated marketing profitability could prompt retail price cut: 3Q marketing profitability was ahead on marketing inventory gains (calc) with diesel/petrol averaging (-) Rs 1.4/ltr and Rs 6.9/ltr. Margins, however, have recovered sharply since with our calculations suggesting current diesel/petrol marketing margins at Rs 3.6/9.1 per ltr, respectively. This raises the possibility of retail price cut prompted by the government given margin headroom. We assume normative marketing margins over FY25/26E.

Fuel consumption slowed in Nov-Dec on weak diesel demand: India's oil consumption in 3Q stood at 5.1 mbpd, up 2% y/y. However, the fuel consumption trend slowed down in Nov-Dec led by weakness in diesel demand which saw 3%/2% y/y decline resp.

Expect normative profitability in FY25-26E: We upgrade FY24E 26% but leave FY25/26E unchanged. We do not expect a sustainable improvement in ROE to justify higher P/B multiples compared to hist avg. Maintain Hold with revised Rs 135 PT. Fuel price cut is the key risk.

TARGET | ESTIMATE CHANGE

RATING	HOLD
PRICE	INR139.00*
PRICE TARGET % TO PT	↑ INR135 (INR130) -3%
52W HIGH-LOW	INR151.65 - INR75.77
FLOAT (%) ADV MM (USD)	38.8% 47.68
MARKET CAP	INR1.3T \$16.2B
TICKER	IOCL IN

*Prior trading day's closing price unless otherwise noted.

	CHANGE TO JEF		JEF vs CONS	
	2024	2025	2024	2025
REV	NA	NA	NA	NA
EPS	+26%	NM	NA	NA

2024 (INR)	Q1	Q2	Q3	Q4	FY
EPS	-	-	-	-	↑33.40
PREV					26.52

(FY Mar)	2023A	2024E	2025E	2026E
EBITDA (B)	222.5	806.2	428.9	484.0
EV/EBITDA	13.1x	3.6x	6.8x	6.0x
Net Profit (B)	82.4	471.6	198.0	223.1
ROE	6%	31%	11%	12%

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The Long View: Indian Oil Corp.

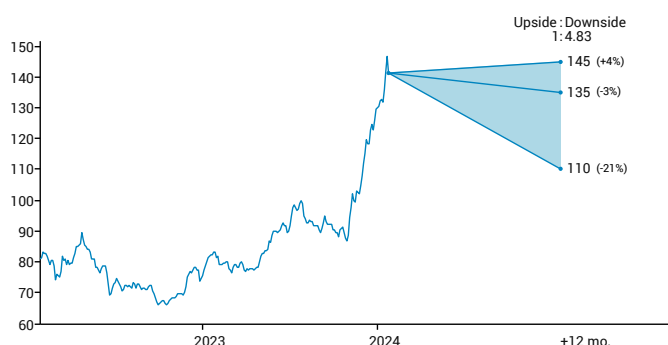
Investment Thesis / Where We Differ

Fragmented and majority landlocked refining capacity results in capital inefficiency.

Largest market share loss among SOE peers.

Stock trading close to mean cycle average on P/B

Risk/Reward - 12 Month View



Base Case, INR135, -3%

The marketing profitability erodes on rising oil prices while refining demand/supply environment moderate to cycle-mean over FY25-26E.

No under-recoveries on LPG/SKO.

No under-recoveries on LPG/SKO as in the past.

PT of Rs 135 at 0.9x P/B, reflecting average full-cycle ROE.

Upside Scenario, INR145, +4%

Strong demand revival leads to a higher-than-expected rise in refining margins.

Auto fuel marketing margins expand over FY25-26E.

PT of Rs 145 based on 5.8x one-year fwd EV/EBITDA as market gains confidence in earnings sustainability.

Downside Scenario, INR110, -21%

Spike in crude prices brings back the risk of subsidies and volatility in marketing margins.

Oil demand environment deteriorates, leaving refining margins soft.

PT of Rs 110 at 0.6x P/B.

Sustainability Matters

Top Material Issue(s): **1) Energy Transition:** Share of fossil fuels in India could see a decline as share of renewables rise with companies transitioning towards a low carbon future. IOC renewable energy consumption was 5% of total power consumed in FY21 **2) GHG Emissions:** IOC as a large-scale downstream player, generate significant GHG emissions. IOC has seen a rise in GHG emissions on capacity expansions **3) Governance - Govt's interference in fuel price setting:** SOE OMCs like IOC are impacted by indirect gov't intervention with inability to raise prices in run-up to state/national elections. More recently, they have borne large losses in marketing in the ongoing energy rally.

Company Target(s): **1)** Target for Net Zero Carbon by 2046 **2)** To set up ~5GW renewable energy capacities by 2025 and replace 10% of fossil-fuel based H₂ as green H₂ by 2030.

Qs to Mgmt: **1)** What is the largest source of emissions in the refining and marketing business? **2)** What are your targets for emission reduction in medium and long term? How much capex is envisaged to achieve them?

[ESG Sector Integration: India Refining, Marketing and Petchem](#)

Catalysts

Positive

GRMs spike on strong pent-up demand.

Higher margins from Paradip.

Negative

Marketing margins continue to deteriorate.

Continued market share loss resulting in lower volume growth.

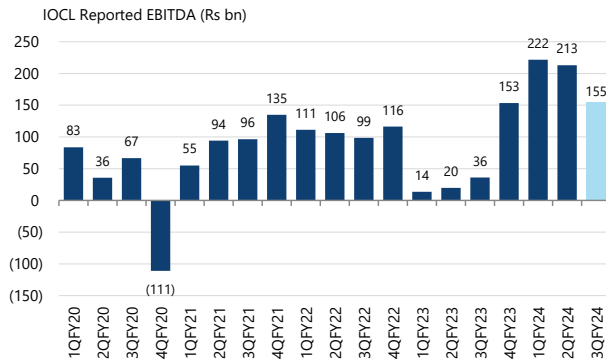
Increase in capex intensity in non-core areas.

Exhibit 1 - IOCL Quarterly Summary

	Unit	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24		% y/y	% q/q	vs JEF
Operating Metrics										
Singapore GRM	(US\$/bbl)	6.3	8.2	4.0	9.5	5.5		-13%	-42%	0%
Realized GRM	(US\$/bbl)	12.9	15.3	8.3	18.1	13.5		5%	-25%	58%
Refinery throughput	(mmt)	18.2	19.2	18.8	17.8	18.5		2%	4%	3%
Gross marketing margin	(Rs/kl)	867	3,077	7,666	3,988	2,410		178%	-40%	4%
Marketing volumes	(mmt)	21.6	21.1	21.3	19.7	21.0		-3%	7%	-3%
Income Statement										
Gross Profit	(Rs mm)	177,660	276,290	356,536	360,511	298,199		68%	-17%	47%
Employee Costs	(Rs mm)	(18,805)	(22,715)	(28,349)	(27,951)	(26,221)		39%	-6%	4%
Other Expenses	(Rs mm)	(122,921)	(100,173)	(106,548)	(119,430)	(117,092)		-5%	-2%	-8%
EBITDA	(Rs mm)	35,934	153,403	221,639	213,130	154,887		na	-27%	na
Depreciation & Amortization	(Rs mm)	(30,990)	(29,517)	(31,522)	(32,797)	(43,413)		40%	32%	29%
EBIT	(Rs mm)	4,943	123,886	190,117	180,334	111,474		na	-38%	na
Other Income	(Rs mm)	17,151	16,381	6,885	9,825	14,529		-15%	48%	-7%
Finance Costs	(Rs mm)	(19,528)	(18,118)	(16,263)	(18,460)	(18,321)		-6%	-1%	2%
Exceptional Items	(Rs mm)	0	0	0	0	0				
PBT	(Rs mm)	2,566	122,150	180,738	171,699	107,682		na	-37%	na
Taxes	(Rs mm)	1,914	(21,563)	(43,234)	(42,026)	(27,048)		na	-36%	657%
Current Tax	(Rs mm)	0	(4,428)	(37,069)	(39,729)	(25,032)				
Deferred Tax	(Rs mm)	1,914	(17,135)	(6,165)	(2,297)	(2,016)				
Prior Period Adjustment	(Rs mm)	0	0	0	0	0				
PAT	(Rs mm)	4,480	100,587	137,504	129,673	80,634		na	-38%	na

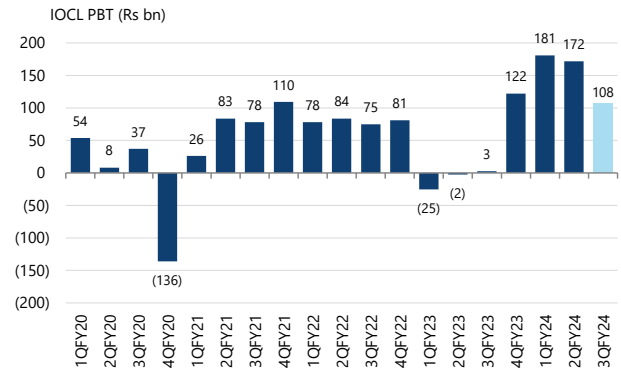
Source: Company reports, Jefferies

Exhibit 2 - Ebitda was ahead on inventory gains



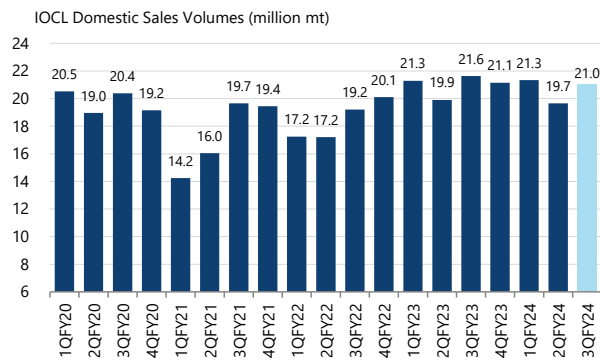
Source: Company data, Jefferies

Exhibit 3 - As a result, PBT too came in ahead



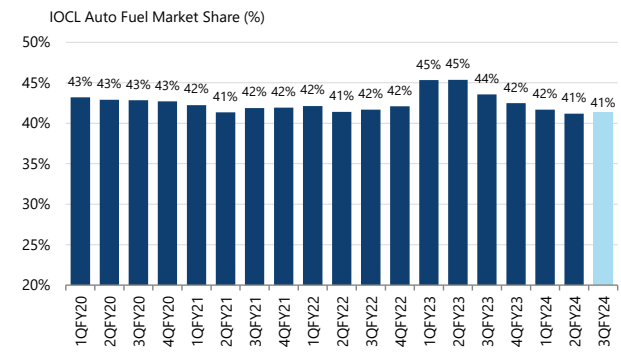
Source: Company data, Jefferies

Exhibit 4 - Marketing volumes rose 7% q/q but was 3% below JEFe



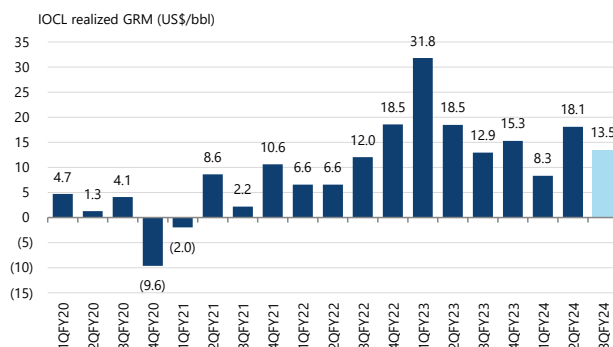
Source: Company data, Jefferies

Exhibit 5 - IOCL market share in auto fuels stable



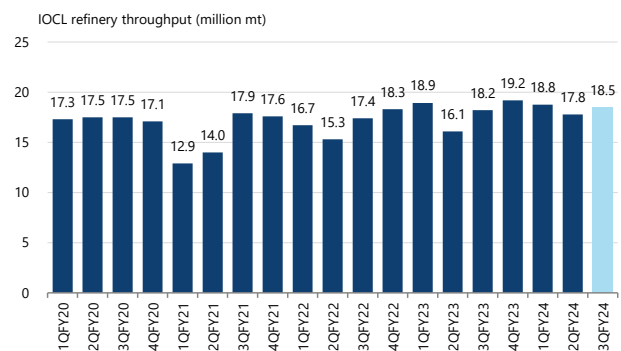
Source: Company data, Jefferies

Exhibit 6 - Realized GRM ahead on inventory gains despite crude falling 20% during the qtr



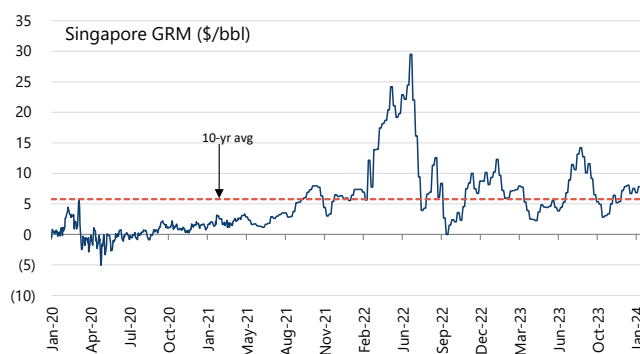
Source: Jefferies, company data

Exhibit 7 - Refinery throughput rose 4% q/q and was 3% ahead of JEFe



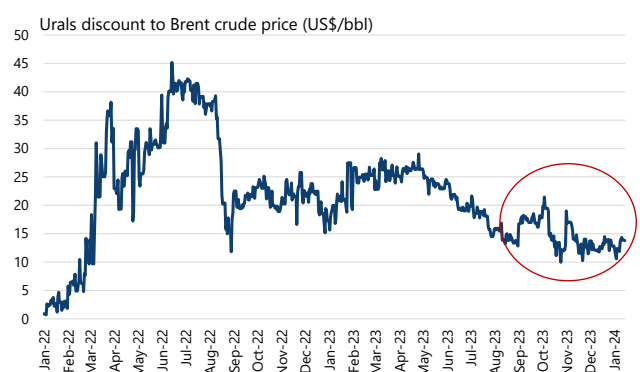
Source: Company data, Jefferies

Exhibit 8 - Asian refining benchmark stabilized at historical average



Source: Bloomberg, Jefferies

Exhibit 10 - Discount on landed cost of imported Russian crude at US\$4-5/bbl



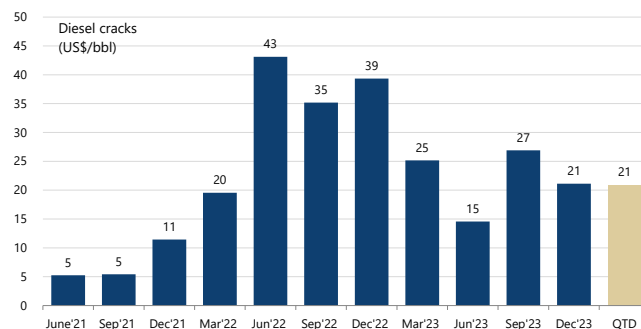
Source: Bloomberg, Jefferies

Exhibit 12 - IOCL 1-yr fwd P/B band chart



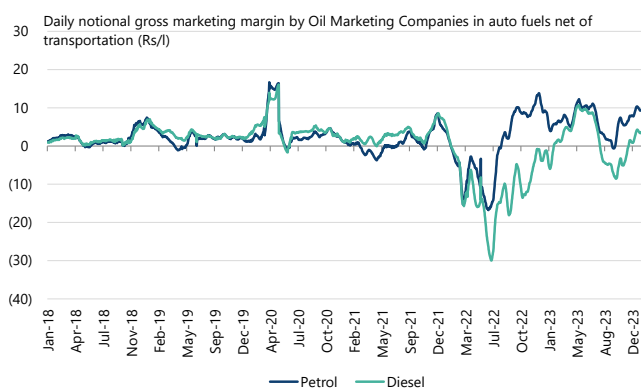
Source: Bloomberg, Jefferies

Exhibit 9 - Diesel spreads remain stable



Source: Thai Oil, Jefferies

Exhibit 11 - Elevated marketing margins could prompt retail price cuts



Source: Jefferies estimates, company data

Exhibit 13 - IOCL Summary Income Statement

	Unit	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Operating Metrics										
Refining										
Singapore GRM	(US\$/bbl)	7.2	4.9	3.2	2.0	5.0	10.8	9.0	7.0	7.0
IOCL Realised GRM	(US\$/bbl)	8.5	5.4	0.1	5.6	11.3	19.5	13.1	7.4	7.4
Refining throughput	(mmtpa)	69.0	71.8	69.4	62.4	67.7	72.4	75.7	77.0	78.4
Refining EBITDA	(Rs mm)	205,330	82,380	(122,720)	66,050	269,461	666,145	418,019	156,061	158,968
Marketing										
HSD volumes	(mmt)	36.5	37.1	36.2	30.9	32.7	39.1	40.7	42.7	44.8
MS volumes	(mmt)	10.9	11.6	12.2	11.2	12.3	14.3	15.3	16.2	17.2
Total marketing volumes	(mmt)	77.1	79.5	78.6	69.4	73.7	84.0	87.8	92.1	96.6
Blended gross marketing margin net of transportation	(Rs/kl)	1,955	2,565	2,468	2,950	1,955	(3,407)	3,346	2,794	3,068
Marketing EBITDA	(Rs mm)	82,060	150,320	146,230	208,516	29,083	(512,494)	281,500	167,345	205,227
Summary Standalone Income Statement										
Net Revenues	(Rs mm)	4,240,387	5,276,927	4,862,565	3,780,576	5,981,638	8,394,722	8,744,220	7,713,826	8,323,464
Raw Material Costs	(Rs mm)	(3,432,252)	(4,457,240)	(4,305,067)	(2,947,625)	(5,033,826)	(7,580,076)	(7,326,570)	(6,632,916)	(7,170,219)
Gross Margin	(Rs mm)	808,135	819,687	557,497	832,951	947,812	814,646	1,417,650	1,080,910	1,153,245
Staff Costs	(Rs mm)	(100,794)	(111,022)	(87,927)	(107,120)	(109,917)	(87,699)	(100,853)	(110,939)	(122,032)
Transportation Expenses	(Rs mm)	(123,950)	(133,100)	(140,978)	(141,007)	(147,509)	(160,131)	(153,828)	(153,108)	(152,408)
Other Expenses	(Rs mm)	(186,397)	(237,328)	(253,792)	(204,193)	(257,948)	(344,291)	(356,783)	(387,972)	(394,760)
EBITDA	(Rs mm)	396,994	338,237	74,801	380,632	432,438	222,526	806,187	428,890	484,044
Depreciation and Amortization	(Rs mm)	(70,670)	(75,143)	(87,661)	(98,043)	(110,059)	(118,594)	(149,838)	(154,608)	(173,418)
EBIT	(Rs mm)	326,324	263,094	(12,860)	282,589	322,379	103,932	656,348	274,283	310,627
Other Income	(Rs mm)	34,146	31,285	35,714	45,507	43,243	62,352	45,000	62,000	62,000
Finance Costs	(Rs mm)	(34,827)	(43,110)	(59,795)	(30,939)	(48,291)	(69,303)	(70,820)	(71,606)	(74,320)
Other Items	(Rs mm)	0	0	0	0	0	0	0	0	0
PBT	(Rs mm)	325,643	251,269	(36,941)	297,157	317,331	96,981	630,529	264,677	298,307
Taxes	(Rs mm)	(112,182)	(82,328)	50,073	(78,796)	(75,490)	(14,563)	(158,893)	(66,698)	(75,173)
PAT	(Rs mm)	213,461	168,942	13,132	218,360	241,841	82,418	471,635	197,978	223,134
Standalone EPS	(Rs/share)	15.1	12.0	0.9	15.5	17.1	5.8	33.4	14.0	15.8
Standalone Return Ratios										
ROE	(%)	20.3%	15.4%	1.3%	21.4%	20.0%	6.2%	31.2%	11.3%	11.8%
ROCE	(%)	17.2%	13.7%	-0.8%	12.8%	12.9%	4.7%	20.9%	7.9%	8.5%

Source: Jefferies estimates, company data

Exhibit 14 - IOCL Summary Balance Sheet

	Unit	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Fixed Assets										
Gross Block	(Rs mm)	1,304,641	1,422,227	1,650,058	1,831,569	1,962,330	2,247,412	2,547,412	2,877,412	3,207,412
Accumulated Depreciation	(Rs mm)	(175,765)	(248,914)	(332,530)	(422,407)	(519,195)	(620,945)	(770,784)	(925,391)	(1,098,809)
Net Block	(Rs mm)	1,128,877	1,173,312	1,317,528	1,409,161	1,443,135	1,626,467	1,776,629	1,952,021	2,108,604
CWIP	(Rs mm)	136,602	221,605	281,341	316,006	427,646	472,011	472,011	472,011	472,011
Loans	(Rs mm)	20,310	22,814	32,419	25,561	22,639	21,898	21,898	21,898	21,898
Other non current assets	(Rs mm)	491,061	494,915	419,198	489,963	616,752	581,298	581,298	581,298	581,298
Total Fixed Assets		1,776,849	1,912,646	2,050,485	2,240,692	2,510,173	2,701,674	2,851,836	3,027,229	3,183,811
Current Assets										
Inventory	(Rs mm)	653,132	714,704	636,776	781,880	1,032,069	1,138,534	1,245,752	1,162,357	1,299,829
Oil Bonds	(Rs mm)	83,993	84,158	80,864	88,673	77,648	101,617	101,617	101,617	101,617
Trade Receivables	(Rs mm)	101,165	154,480	128,441	133,977	181,366	155,399	167,697	147,936	159,628
Cash and cash equivalents	(Rs mm)	834	914	5,891	16,683	8,830	7,730	103,021	113,796	12,124
Government of India dues	(Rs mm)	94,390	191,210	132,689	6,804	4,141	8,255	0	0	0
Other current assets	(Rs mm)	97,070	98,966	75,759	71,833	69,164	86,352	88,089	82,967	85,997
Total Current Assets	(Rs mm)	1,030,584	1,244,431	1,060,420	1,099,849	1,373,218	1,497,887	1,706,176	1,608,674	1,659,195
Total Assets		2,807,433	3,157,077	3,110,906	3,340,541	3,883,391	4,199,561	4,558,012	4,635,902	4,843,006
Equity										
Equity Share Capital	(Rs mm)	94,787	91,810	91,810	91,810	91,810	137,716	137,716	137,716	137,716
Other Equity	(Rs mm)	1,006,923	994,765	845,878	1,013,190	1,221,053	1,209,860	1,540,005	1,678,589	1,834,783
Total Equity	(Rs mm)	1,101,710	1,086,575	937,689	1,105,000	1,312,864	1,347,575	1,677,720	1,816,305	1,972,498
Non Current Liabilities										
Long Term Debt	(Rs mm)	187,176	346,664	492,506	554,080	571,370	648,251	648,251	648,251	648,251
Provisions	(Rs mm)	20,233	8,837	9,191	9,439	9,078	9,104	9,104	9,104	9,104
Deferred Tax Liabilities	(Rs mm)	120,196	158,231	114,131	129,647	136,274	146,130	146,130	146,130	146,130
Other non current liabilities	(Rs mm)	18,886	22,141	28,321	34,236	40,828	38,895	38,895	38,895	38,895
Total Non Current Liabilities	(Rs mm)	346,491	535,872	644,149	727,402	757,550	842,380	842,380	842,380	842,380
Current Liabilities										
Short Term Debt	(Rs mm)	393,128	516,924	672,943	469,195	750,618	925,518	925,518	925,518	940,518
Trade Payables	(Rs mm)	329,210	386,790	252,516	338,746	424,693	486,764	515,071	454,376	490,286
Provisions	(Rs mm)	141,616	101,379	95,675	92,536	93,943	96,299	96,299	96,299	96,299
Other current liabilities	(Rs mm)	495,278	529,538	507,934	607,662	543,723	501,025	501,025	501,025	501,025
Total Current Liabilities	(Rs mm)	1,359,232	1,534,630	1,529,068	1,508,138	1,812,978	2,009,606	2,037,912	1,977,218	2,028,128
Total Liabilities and Equity	(Rs mm)	2,807,433	3,157,077	3,110,906	3,340,541	3,883,391	4,199,561	4,558,012	4,635,902	4,843,006
Memo										
Book Value	(Rs mm)	1,101,710	1,086,575	937,689	1,105,000	1,312,864	1,347,575	1,677,720	1,816,305	1,972,498
Book Value Per Share	(Rs/share)	78	77	66	78	92.97	95.43	118.81	128.62	139.68
Gross Debt	(Rs mm)	580,304	863,587	1,165,450	1,023,275	1,321,988	1,573,769	1,573,769	1,573,769	1,588,769
Cash	(Rs mm)	834	914	5,891	16,683	8,830	7,730	103,021	113,796	12,124
Net Debt	(Rs mm)	579,470	862,674	1,159,558	1,006,592	1,313,159	1,566,039	1,470,748	1,459,973	1,576,645
Oil Bonds	(Rs mm)	83,993	84,158	80,864	88,673	77,648	101,617	101,617	101,617	101,617
Govt Dues	(Rs mm)	94,390	191,210	132,689	6,804	4,141	8,255	0	0	0
Adjusted Net Debt	(Rs mm)	401,087	587,306	946,005	911,116	1,231,369	1,456,167	1,369,131	1,358,356	1,475,028
Capital Employed	(Rs mm)	2,365,718	2,429,082	2,328,176	2,589,653	3,112,871	3,341,197	3,612,612	3,679,726	3,988,503

Source: Jefferies estimates, company data

Exhibit 15 - IOCL Summary Cash Flow

	Unit	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Cash From Operating Activities										
Operating Cash Flow Before Working Capital	(Rs mm)	375,452	333,436	69,158	422,549	419,373	284,576	789,524	429,228	484,382
Working Capital	(Rs mm)	(42,067)	(143,945)	35,303	107,680	(135,387)	(73,243)	(84,692)	47,584	(116,284)
Cash Generated From Operations	(Rs mm)	333,385	189,491	104,461	530,229	283,987	211,333	704,831	476,811	368,098
Taxes Paid	(Rs mm)	(68,811)	(54,595)	(18,067)	(39,271)	(72,214)	(1,480)	(158,893)	(66,698)	(75,173)
Cash From Operating Activities	(Rs mm)	264,574	134,895	86,394	490,958	211,773	209,854	545,938	410,113	292,925
Cash From Investing Activities										
Purchase of PP&E	(Rs mm)	(171,858)	(234,240)	(303,944)	(222,574)	(218,907)	(312,505)	(300,000)	(330,000)	(330,000)
Sale of PP&E	(Rs mm)	3,892	10,683	6,974	9,989	5,426	8,042	0	0	0
Income from Investment	(Rs mm)	17,910	16,877	20,308	17,492	18,221	19,807	24,356	24,356	24,356
Dividend Received	(Rs mm)	10,966	13,486	15,920	12,410	23,187	37,307	37,307	37,307	37,307
Others	(Rs mm)	(18,696)	(25,197)	(8,033)	(38,857)	(28,896)	(5,507)	0	0	0
Cash From Investing Activities	(Rs mm)	(157,787)	(218,390)	(268,774)	(221,540)	(200,968)	(252,856)	(238,337)	(268,337)	(268,337)
Cash From Financing Activities										
Net Change in Borrowings	(Rs mm)	31,864	281,899	298,393	(143,218)	145,747	135,810	0	0	15,000
Interest paid	(Rs mm)	(24,523)	(37,773)	(53,017)	(44,588)	(43,630)	(63,158)	(70,820)	(71,606)	(74,320)
Dividend Paid (inc DDT)	(Rs mm)	(114,085)	(116,353)	(58,023)	(83,832)	(108,960)	(33,094)	(141,491)	(59,393)	(66,940)
Others	(Rs mm)	(38)	(44,428)	0	0	0	(21)	0	0	0
Cash From Financing Activities	(Rs mm)	(106,781)	83,345	187,353	(271,638)	(6,843)	39,537	(212,310)	(131,000)	(126,260)
Net Change in Cash	(Rs mm)	6	(150)	4,973	(2,219)	3,962	(3,466)	95,291	10,776	(101,672)

Source: Jefferies estimates, company data

Exhibit 16 - IOCL Summary Key Ratios

	Unit	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24E	FY 25E	FY 26E
Income Statement										
Earnings Per Share (EPS)	(Rs/share)	15.1	12.0	0.9	15.5	17.1	5.8	33.40	14.02	15.80
Dividend Per Share (DPS)	(Rs/share)	6.7	6.8	3.4	3.4	3.78	2.93	10.0	4.2	4.7
ROE	(%)	20.3%	15.4%	1.3%	21.4%	20.0%	6.2%	31.2%	11.3%	11.8%
ROCE	(%)	17.2%	13.7%	-0.8%	12.8%	12.9%	4.7%	20.9%	7.9%	8.5%
Dividend Payout	(%)	44.4%	57.2%	367.0%	22.1%	22.1%	50.1%	30.0%	30.0%	30.0%
Balance Sheet										
Book Value	(Rs mm)	1,101,710	1,086,575	937,689	1,105,000	1,312,864	1,347,575	1,677,720	1,816,305	1,972,498
Book Value Per Share	(Rs/share)	78	77	66	78	93	95	118.8	128.6	139.7
Net Debt	(Rs mm)	579,470	862,674	1,159,558	1,006,592	1,313,159	1,566,039	1,470,748	1,459,973	1,576,645
Net Debt/Equity	(%)	53%	79%	124%	91%	100%	116%	88%	80%	80%
Net Debt/EBITDA	(x)	1.5 x	2.6 x	15.5 x	2.6 x	3.0 x	7.0 x	1.8 x	3.4 x	3.3 x
Adjusted Net Debt	(Rs mm)	401,087	587,306	946,005	911,116	1,231,369	1,456,167	1,369,131	1,358,356	1,475,028
Adjusted Net Debt/Equity	(%)	36%	54%	101%	82%	94%	108%	82%	75%	75%
Adjusted Net Debt/EBITDA	(x)	1.0 x	1.7 x	12.6 x	2.4 x	2.8 x	6.5 x	1.7 x	3.2 x	3.0 x
Cash Flow										
FCFF	(Rs mm)	92,716	(99,344)	(217,550)	268,384	(7,133)	(102,651)	245,938	80,113	(37,075)
FCFE	(Rs mm)	100,058	144,782	27,826	80,578	94,984	(29,999)	175,119	8,506	(96,395)
Valuation										
EV/EBITDA (adjusted)	(x)	6.2 x	7.8 x	40.0 x	7.8 x	7.6 x	15.7 x	4.2 x	7.9 x	7.3 x
P/B	(x)	1.9 x	1.9 x	2.2 x	1.9 x	1.6 x	1.5 x	1.2 x	1.1 x	1.0 x
P/E	(x)	9.6 x	12.1 x	155.9 x	9.4 x	8.5 x	24.8 x	4.3 x	10.3 x	9.2 x
Dividend Yield	(%)	4.6%	4.7%	2.4%	2.4%	2.6%	2.0%	6.9%	2.9%	3.3%
FCF Yield	(%)	4.5%	-4.9%	-10.6%	13.1%	-0.3%	-5.0%	12.0%	3.9%	-1.8%
Earnings Yield	(%)	10.4%	8.3%	0.6%	10.7%	11.8%	4.0%	23.0%	9.7%	10.9%

Source: Jefferies estimates, company data

Company Description

Indian Oil Corp.

Indian Oil Corporation Limited is India's largest oil marketing and refining company and is majority owned by the government of India. It has ~50% market share in retailing of petrol and diesel. It has total refining capacity of 54 MMT, with another 15MMT expected to be commissioned soon. It has a majority stake in CPCL, a smaller refining company.

Company Valuation/Risks

Indian Oil Corp.

We base our Rs 135 price target on a 1-yr forward P/B basis. Lower crude prices and removal of price controls in the marketing segment are the key upside risks while lower refining margins are the key downside risk.

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(Article 3(1)e and Article 7 of MAR)

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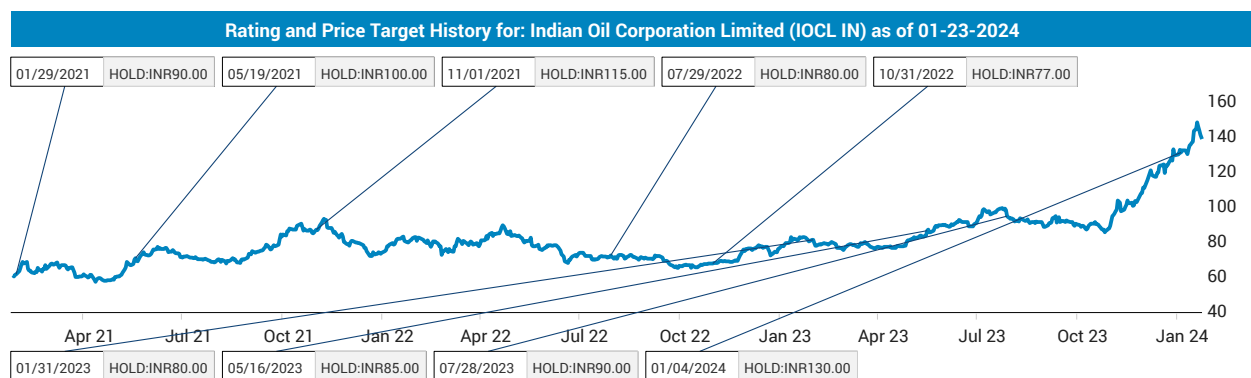
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Legend:

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D: Dropped Coverage

B: Buy

H: Hold

UP: Underperform

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