

CMP: ₹ 75

Target: ₹ 85 (13%)

Target Period: 12 months

June 30, 2022

HOLD

Turns ex-bonus today...

About the stock: Indian Oil Corporation (IOC) is India's largest refining & marketing company with an installed refining capacity of ~70 MMT.

- IOC operates 32062 retail outlets as of end of FY21
- Petrol and diesel together historically constitute ~52% of marketing sales

IOC turns ex-bonus today:

- The company had made an announcement regarding bonus issue on May 17. Issue of bonus shares is in the ratio of 1:2 i.e. one new bonus equity share each for every two existing equity shares
- Ex-bonus date is today i.e. June 30 and record date for the same is July 1. Accordingly, the share price has been adjusted to opening price of ₹ 73/share against closing price of ₹ 110/share yesterday
- Hence, we revise our target price to ₹ 85/share post this corporate action. We maintain our **HOLD** rating on the stock and value IOC at an average of P/E multiple: ₹ 89/share and P/BV multiple: ₹ 81/share

Key triggers for future price performance:

- Global product cracks sustaining at higher level
- Passing on higher retail prices of petrol & diesel to customers (due to higher crude oil costs)
- Pipeline segment profitability has been consistent over the last few years
- Consistent dividend payout



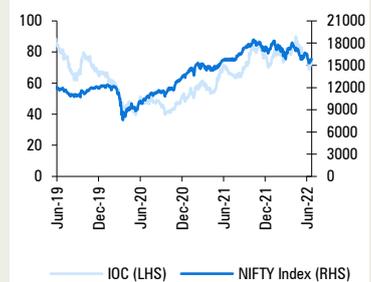
Particulars

Particular	Amount
Market Capitalization (₹Crore)	1,03,286.7
Total Debt (FY21) (₹ Crore)	1,02,057.5
Cash and Investments(FY21)	11,668.3
EV (₹ Crore)	1,93,675.9
52 week H/L	94 / 68
Equity capital (₹ Crore)	13,771.6
Face value (₹)	10.0

Shareholding pattern

(in %)	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Promoter	51.5	51.5	51.5	51.5	51.5
FII	5.8	6.7	7.2	7.9	8.4
DII	13.0	12.4	4.6	12.5	11.3
Others	29.7	29.4	36.7	28.1	28.8

Price Chart



Recent event & key risks

- Bonus issue of equity shares in ratio of 1:2
- **Key Risk:** (i) Weaker than expected GRMs, (ii) Passing on higher fuel costs to customers

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Key Financial Summary

(Year-end March)	FY19	FY20	FY21	FY22E	5 year CAGR (FY17-22E)	FY23E	FY24E	2 year CAGR (FY22E-24E)
Revenues (₹ crore)	6,05,923.8	5,66,949.7	5,14,894.9	7,28,459.9	10.3	8,58,219.9	7,73,188.4	3.0
EBITDA (₹ crore)	33,826.2	18,784.7	38,068.0	43,243.8	6.3	36,445.3	39,541.5	(4.4)
Net Profit (₹ crore)	16,894.1	1,313.2	21,836.0	24,184.1	4.8	16,559.5	17,996.2	(13.7)
EPS (₹)	18.4	1.4	23.8	26.3		12.0	13.1	
P/E (x)	4.1	52.4	3.2	2.8		6.2	5.7	
Price / Book (x)	0.6	0.7	0.6	0.5		0.8	0.7	
EV/EBITDA (x)	2.0	3.7	1.8	1.6		2.8	2.6	
RoCE (%)	13.5	4.8	13.3	12.9		8.9	9.2	
RoE (%)	15.5	1.4	19.8	18.4		12.1	12.5	

Source: Company, ICICI Direct Research

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Buy: > 15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: < -15%



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