

We attended an interactive session organized by the MoPNG, addressed by Hon'ble Minister Hardeep Singh Puri and Secretary Pankaj Jain. The Minister touched upon concerns over the relatively low valuation of O&G CPSEs despite a robust track record, creation of significant asset base with strong competitive positioning and moats, and consistent shareholder returns. All top management are compensated based on MoU targets, wherein 65% share comes from profits, returns, and physical parameters. Companies enjoy full autonomy in business operations, including sourcing and pricing decisions. The government continues to support the sector through rollout of LPG subsidy, which is a running account with buffer surplus and shortfalls duly covered, though there can be procedural delays. The GoI has also strengthened governance by extending the tenure of the Chairmen and directors with PLIs. The price freeze in autofuels is part of the stability measure for taking care of both—companies and consumers. CPSEs are targeting EBITDA improvement, capex optimization, and growth in petchem, gas, and RE. The MoPNG is cognizant of the cross-holdings and holdco discounts, which though it intends to address. Dilution is not feasible and full divestment is not currently envisaged. Separately, we also met IOCL's Chairman and Director Finance, who highlighted the transformational 'SPRINT' initiative aimed at improving efficiency and productivity, with cost control at its core, while also focusing on new growth engines and transition. The program targets ~20% revex reduction, with green shoots visible across refineries (lower EEI), ROs (more adds), and auto lubes (more volumes YoY). We largely maintain our constructive view on CPSEs. We have a BUY on IOCL.

#### Policy support and operational efficiency to drive PSU performance

The ORDA stipulates that SAED would no longer be levied on crude oil. While global oil demand is expected to peak by 2030, India is expected to be the last to witness peak demand by 2045-2050, positioning the country as a key driver of demand going forward. The government is aggressively looking at E&P, and is excited about the offshore, including the Andaman area. It is collaborating with technical providers like BP, etc.

#### IOCL highlights the current strong eco-system and future plans

IOCL's top management highlighted that oil prices are stable, GRM strong, and marketing margin steady, with gas and petchem also improving. It is betting big on petchem, where capacity would rise from 4.3mmtpa currently to 13mmtpa by FY30. SPRINT's core focus is the cost at which a target is achieved, and would look at repair and maintenance as well as capital costs. It would also nurture leadership and talent, which IOCL does not have dearth of. SPRINT would end by 2028, with refineries targeted under the top quartile of Solomon's Index. Petchem markets are challenging, although IOCL is the lowest-cost producer and is becoming multi-feed based vs naphtha. It has commissioned the 300ktpa butyl acrylate plant in Gujarat (substituting imports completely), while it also has 1.2mmtpa Paradip PX-PTA. USD10bn of further capex is planned in Paradip petchem. IOCL can convert from diesel to ATF mode with little capex, and ATF share will go up in future, including SAF. Diesel slowdown this year is only because of extended rains. The brownfield refinery expansions would commission within one year, and not take more than a few months to stabilize. IOCL would tap export markets, though. The new energy businesses would be housed in Terra Clean (18GW by 2030 of which 5-6GW would be organic), which can come up for an IPO by 2028 (15-16% mature RoE). Annual capex would be Rs300bn, excluding inorganic opportunities, and up to Rs400bn including such opportunities. The cross-holding issue is being looked into, and a solution is likely by as early as the next 1.5-2 months.

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#### Rating, Target Price and Valuation (Standalone)

	Rating	CMP (Rs)	TP (Rs)	Upside (%)	P/E (x)		P/B (x)		EV/EBITDA (x)	
					FY26	FY27	FY26	FY27	FY26	FY27
Indian Oil	BUY	145	170	17	6.6	9.4	1.0	0.9	6.8	6.2

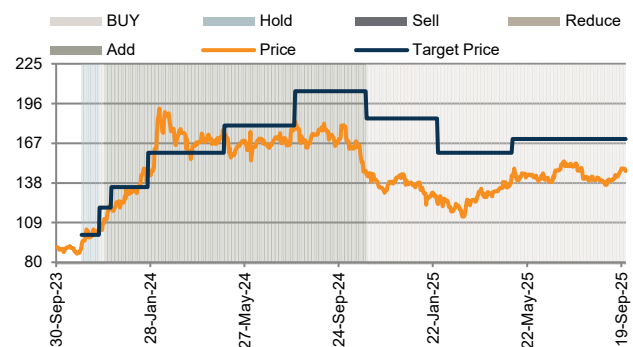
Source: Company, Emkay Research

## INDIAN OIL RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
24-Aug-25	140	170	Buy	Sabri Hazarika
18-Jun-25	141	170	Buy	Sabri Hazarika
12-Jun-25	143	170	Buy	Sabri Hazarika
03-May-25	143	170	Buy	Sabri Hazarika
30-Apr-25	138	160	Buy	Sabri Hazarika
28-Jan-25	123	160	Buy	Sabri Hazarika
15-Jan-25	127	185	Buy	Sabri Hazarika
29-Oct-24	144	185	Buy	Sabri Hazarika
12-Sep-24	173	205	Add	Sabri Hazarika
20-Aug-24	172	205	Add	Sabri Hazarika
30-Jul-24	183	205	Add	Sabri Hazarika
01-May-24	169	180	Add	Sabri Hazarika
15-Mar-24	161	160	Add	Sabri Hazarika
20-Feb-24	189	160	Add	Sabri Hazarika
25-Jan-24	144	160	Add	Sabri Hazarika
09-Dec-23	119	135	Add	Sabri Hazarika
30-Nov-23	112	120	Add	Sabri Hazarika
24-Nov-23	103	120	Buy	Sabri Hazarika
01-Nov-23	92	100	Hold	Sabri Hazarika

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

This report is intended for Team White Marque Solutions (team.emkay@whitemarquesolutions)

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