

## IOCL (IOCL) – BUY

### Result Update

Current Market Price (CMP) <b>Rs.92</b>	Target Price <b>Rs.115</b>
--	-------------------------------

**Our fair value of Rs.115 offers an upside of 25% from current market price.**

### Rationale:

- Normalized results were above estimates, reflecting robust realized margins.
- Improving margin outlook led by recovery in global petroleum/petchem demand.
- Reasonable valuations and high dividend yield.
- Potential monetization of pipeline may lead to value unlocking.
- Sum-of-the-parts based fair value is Rs115 on rolling forward to Mar'23E.

### Q3FY21 Earnings update:

#### **Positives:**

- Volumes recovered sequentially across segments on expected lines.
- Normalized refining margins at US\$1.2/bbl, well below benchmark.
- Marketing margins increased 24% qoq to Rs2,553/ton.
- Adj. net income of Rs6505 cr (EPS of Rs7.1) up 4% qoq due to lower tax rate.

#### **Negatives:**

- Domestic volumes declined 4% yoy.

[Click here](#) For detailed report dated 3rd February 2021. Note: CMP & valuation may differ due to difference in dates



This is a synopsis of the Research report issued by Kotak Securities Limited. This is not a comprehensive report and before taking any investment decision we request you to refer the detailed report including disclaimers by clicking here: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months. Disclaimer: <http://bit.ly/2n5AxIE>