Indian Oil Corporation Limited

April 04, 2025

Facilities	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	2,317.00	CARE AAA; Stable	Assigned
Long term / Short Term Bank Facilities	10,012.00 (Reduced from 13,283.00)	CARE AAA; Stable / CARE A1+	Reaffirmed
Short Term Bank Facilities	45,421.00 (Enhanced from 44,467.00)	CARE A1+	Reaffirmed

Details of facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Indian Oil Corporation Limited (IOCL) continue to derive strength from its strong parentage being a Maharatna Central Public Sector Enterprise (CPSE) controlled by the Government of India (GoI) and its high strategic importance to the GoI.

Ratings also factor in the company's leadership position in domestic oil refining and marketing business characterised by largest refining capacity of 70.25 million metric tonne (MMT) per annum as on March 31, 2024 (80.75 MMT per annum at consolidated level), and domestic sales of petroleum products, gas and petrochemicals of 92.31 MMT in FY24 (refers to April 01 to March 31) and 70.77 MMT in 9MFY25. IOCL's strong operational profile is supported by presence across hydrocarbon value chain, broad based marketing and distribution network, and superior processing capabilities of its refineries as reflected by high Nelson Complexity Index (NCI) in many of its refineries. Ratings also derive strength from the company's healthy financial performance in FY24 marked by high gross refining margin (GRM) of USD 12.05 per barrel (bbl), throughput of 84.95 MMT (consolidated) and improved marketing margin. Financial performance has moderated in 9MFY25 from exceptionally high levels of FY24, due to moderation in GRM, significant under recovery in LPG segment, moderation in product cracks and reduction in retail price of petrol and diesel by ₹2/litre implemented from mid-March 2024. Overall, the financial performance is likely to remain healthy in the medium term.

Strong accruals in FY24 enabled the company to undertake sizeable capex and reducing its debt leading to improvement in its financial risk profile and liquidity position. While the accruals have moderated in 9MFY25 owing to reduced profitability, the company continues to have comfortable financial risk profile.

However, rating strengths are tempered by inherent vulnerability of the company's profits to volatility in crack spreads and foreign exchange fluctuations, apart from project implementation risks due to sizeable capital expenditure (capex) plans and susceptibility to inherent regulatory risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors:

- Not applicable

Negative factors

- Dilution in GOI's stake in IOCL to less than 50% or reduction in its strategic importance to GOI.
- Sustained weakening of operational performance, marked by lower throughputs and GRMs.

Analytical Approach: Consolidated

For arriving at Ratings, CARE Ratings has considered IOCL's consolidated financials, owing to the strong financial and operational linkages between parent and subsidiaries. Ratings have been notched-up for GoI ownership considering high strategic and economic importance of IOCL to GoI. The list of companies considered in the consolidation is placed at **Annexure-6**.

Outlook: Stable

The 'Stable' outlook on ratings reflect that the entity is likely to benefit from its dominant position and presence across the hydrocarbon value chain underpinning its strategic importance to GoI which should help to maintain its strong credit profile.

Detailed description of key rating drivers:

Key strengths

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Strong parentage and strategic importance to the GoI

IOCL is majority owned by GoI (51.50% as on December 31, 2024) and is strategically important to GoI for achieving its socio-economic goals. Oil marketing companies (OMCs) have a dominant position in the domestic market for key petroleum products such as high-speed diesel (HSD), motor spirit (MS), superior kerosene oil (SKO) and liquefied petroleum gas (LPG). OMCs serve critical policy functions for the supply of fuel throughout the country and these companies have been consistently supported by the GoI by absorbing a good portion of their sales-related under-recoveries through subsidies. In FY23, the GoI supported IOCL through a one-time grant of ₹10,801 crore for under-recoveries suffered by the company in its marketing segment**.** The under recoveries though has increased from ₹1,017 crore as on March 31, 2024, to ₹14,325 crore as on December 31, 2024, however, IOCL will continue to benefit from GoI's support considering its strategic importance.

Leadership position and presence across hydrocarbon value chain

IOCL has presence across the hydrocarbon value chain, which includes exploration, refining, marketing, transportation (pipeline) and petrochemical, with dominant market position in most segments. Having integrated operations reduces underperformance risk in a particular segment.

At a consolidated level, IOCL has 11 major refineries across the country. Furthermore, Consolidated refining capacity of 80.75 million metric tonne per annum (MMTPA) makes it the largest player among oil refining companies in India. IOCL is also India's largest OMC, with a standalone domestic sales volume of over 92.31 MMT in FY24 and 70.77 MMT in 9MFY25 and a retail market share of ~40%-45% in HSD, MS and LPG.

With 39,008 retail outlets as on December 31, 2024 (37,473 retail outlets as on March 31, 2024), IOCL has the largest marketing set up in the country for selling petroleum products. In LPG as well, IOCL has a market share of 44.70% in FY24 and 45.30% in 9MFY25 and a network of over 12,908 distributors and 99 LPG bottling plants across the country with a domestic customer base of ~15.40 crore connections as on December 31, 2024.

IOCL also has presence in the upstream exploration and production business, with ownership of 15 domestic and 11 overseas assets, of which, nine are currently producing.

Established network of pipeline

IOCL operates a network of over 20,001 km long crude oil, petroleum product and gas pipelines with a throughput capacity of 129.90 MMT per annum of oil and 48.73 million metric standard cubic meters of gas per day (MMSCMD). IOCL's liquid pipelines achieved a throughput of 72.00 MMT (95.80 MMT in FY24), comprising 38.40 MMT of crude and 33.60 MMT of petroleum products in 9MFY25. Gas pipelines witnessed throughput of ~3541 MMSCM (3717 MMSCM in FY24) in 9MFY25. These cross-country pipelines are cost-effective and energy-efficient mode for transportation of crude oil and petroleum products.

Steady operational performance in last few fiscals despite moderation in 9MFY25

The capacity utilisation for the company's refineries (overall) has consistently remained high and above 95% in the last three fiscals (100% in the last two years ended FY24), indicating strong operating efficiency. In terms of nelson complexity index (NCI), its refineries have few of the highest NCI among the public sector refineries in India, which enables them to process heavy oil and oil of APIs with high quality.

In FY24, GRM reduced to USD 12.05/ bbl from USD 19.52/ bbl in FY23 (while remaining slightly better than USD 11.25/ bbl in FY22), mainly considering narrowing discount on Russian basket of crude and a reduction in product cracks. Historically, IOCL's refining margins have been reasonably higher than the benchmark GRM. Furthermore, IOCL has higher distillate yield at 79.30% in FY24, when compared to average among PSU refineries.

IOCL's GRM moderated to USD 3.69/bbl in 9MFY25 mainly due to lower product cracks and inventory loss of USD 0.53 /bbl. This led to moderation in overall profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin in 9MFY25. Going forward, GRM is expected to remain low in FY25 with moderation in product cracks and lower discount on Russian crude oil, however, reduced crude oil prices shall augur well for its marketing margin in retail operations.

Comfortable financial risk profile

IOCL's overall financial risk profile remained comfortable marked by overall gearing below 1.2x in the last three fiscals ended FY24. Strong accruals in FY24 enabled the company to undertake sizeable capex and reduce its debt leading to improvement in its financial risk profile and liquidity position. Overall gearing ratio improved to 0.72x as on March 31, 2024, against 1.07x as on March 31, 2023, due to higher accretion of profit to reserves due to healthy profits earned and reduced debt level. Further, Debt coverage indicators also improved significantly marked by total debt to gross cash accruals (TD/GCA) of 2.20x as on March 31, 2024, against 5.65x as on March 31, 2023, owing to funding of capex largely from internal accruals.

In 9MFY25, the debt level remains slightly higher owing to capex and working capital (inventory) requirements and increasing negative buffer for under recovery in LPG.

Going forward, despite availing debt for its capex plans, overall gearing is expected to remain below unity from strong net worth base and scheduled repayment of debt.

Liquidity: Strong

Being a GOI promoted entity, IOCL enjoys strong financial flexibility. Access to low-cost funds from domestic and overseas market further enhances its financial flexibility.

As on December 31, 2024, IOCL had ₹10,042 crore cash and liquid investments (including ~₹9,523 crore in quoted govt securities and cash and bank balance of ₹519 crore). IOCL has non-current investments in equity shares of ₹34,958 crore (having majorly quoted equity shares in ONGC [CARE AAA; Stable/ CARE A1+], GAIL [India] Limited and Oil India Limited [rated CARE AAA; Stable/ CARE A1+]), which provides additional comfort to its liquidity.

The company has undrawn working capital limits of ~₹46,248 crore as on February 28, 2025, and its internal accruals are expected to be sufficient to meet its debt repayment obligations of ~₹17,000-20,000 crore per annum in the next three years. For capex requirement, the company plans to avail debt on need basis. IOCL also derives strong financial flexibility from its parentage of GoI, apart from its strong market position, which provides it easy access to funds at attractive rates and aids funding of its capex partially through debt on need basis. The company generated healthy cash flow from operations of ₹68,765 crore in FY24 and its operating cycle has remained comfortable at below 46 days in the last three fiscals ended FY24.

Key weaknesses

Sizeable capex plans

IOCL is executing projects of varying scales with cumulative project cost of over ₹1.1-1.5 Lakh crore to be implemented in the next four-five years, despite parts of this capex being non-committed.

In 9MFY25, the company has incurred capex of ₹28,000 crore with estimated capex outlay of ₹35,000 crore for FY25. It is expected to incur capex of ~₹30,000-35,000 crore per annum (pa) at a consolidated level over the next 2-3 years, of which, majority is likely to be towards enhancing capacity of its refineries (the company has plans for increasing refining capacity of Panipat Refinery, Gujarat Refinery and Barauni Refinery, which is likely to cost ~₹63,500 crore and setup of greenfield refinery in Cauvery Basin Refinery and Petrochemicals Limited of 9 MMT per annum (MMTPA) at a cost of ₹38,830 crore). The balance capex is largely towards expansion in petrochemical setup and setting up of additional renewable power capacity with estimated cost outlay of ₹5000 crore.

Exposure to volatility in crack spreads and foreign exchange rates

Crude oil prices and crack spreads are a function of many dynamic markets and fundamental factors, such as the global demand-supply dynamics, geopolitical stability in countries with oil reserves, policies of the Organization of the Petroleum Exporting Countries (OPEC) and foreign exchange rates, among others. These factors have translated to high level of volatility in oil prices and cracks. Being an oil refining and marketing company, pricing of major petroleum products naturally hedge crude purchase prices to a large extent. The company's profitability is exposed to volatility of crack spreads, and foreign exchange fluctuations. IOCL's profitability was impacted in FY23 due to the stagnant retail prices against high crude prices. Even though average crude oil prices reduced in FY24 from FY23, retail prices were unchanged since April 2022, resulting in a higher marketing margin in FY24.

Regulatory risk

GoI's policy and decisions with respect to finished product pricing, subsidy sharing, windfall taxes, duties, cess, and dividend payments can have a significant bearing on IOCL's profitability, cash flows and liquidity position. In elevated prices of crude, GoI may choose to pass on fiscal burden by sharing of profits of PSUs through higher fiscal levies, higher dividend declaration, or providing discounts to OMCs, which has the potential to impact IOCL's income and accruals. Refiners are required to comply with increasingly stringent product specifications (such as equivalent of Bharat Stage VI) as stipulated by regulators.

Industry prospects

Indian Public Sector Oil Marketing Companies (OMCs) observed a softening of their gross refining margins (GRMs) in 9MFY25 to an average of USD 4.80/bbl compared to USD 11.75/bbl in FY24 and USD 17/bbl in FY23. This was mainly due to a decline in discounts available on sourcing Russian crude oil and a reduction in product cracks, especially diesel, which had previously gone up sharply in the aftermath of the Russia-Ukraine war. Going forward, CARE Ratings expects the GRMs of Indian PSU OMCs to remain in the range of USD 4 - USD 6/bbl in the coming six months.

Blended retail margins on petrol and diesel for fuel retailers have improved sharply in Q3FY25 considering a decline in crude oil prices and moderation in GRMs of OMCs. Given CARE Rating's expectation that crude oil prices are unlikely to go up significantly and GRMs are also expected to remain range-bound in the next six months, the blended retail margin of OMCs are expected to remain healthy, which provides some scope for rationalisation of retail prices of petrol and diesel that have largely remained stagnant since long.

Environment, social, and governance (ESG) risks

Environment: IOCL has been increasing its presence in alternative/renewable energy space with increasing capacity and infrastructure. IOCL has renewable energy (RE) portfolio of 247 MW as of March 2024, which includes 168 MW of wind and 79 MW of Solar. It is targeting to increase its RE portfolio towards meeting net zero commitments. The company has set up 9059 EV charging stations and 91 battery swapping stations at retail outlets across the country as of March 2024, and has plan of setting over 10,000 EV charging stations in foreseeable future. While the company has faced (at a group level) many oil leakage/spill issues over the years, the company has been making efforts to curb these incidents through technological advancements and other measures.

Social: The company has a good track record of customer grievance redressal. Gender diversity remained in line with industry peers with women employees forming ~9% of the total workforce in fiscal 2024. The company had total CSR spent of ₹457.71 crore in FY24 having larger spent on health and sanitation and promotion of national heritage, art and culture.

Governance: IOCL's composition of the Board of Directors was not in conformity with Listing Regulations, Companies Act, 2013 due to absence of adequate number of Independent Directors on the Board of the Company (in April 01, 2023, to May 02, 2023, and January 16, 2024, to March 31, 2024) and absence of at least one-Woman Independent Director (as per the annual report for 2023-24). However, the company has no direct control towards appointment of these directors and the same are appointed through Government (by the concerned Administrative Ministries/Departments).

IOCL has healthy investor grievance redressal and extensive disclosures. The board also has a Government Nominated Director. In FY24, no whistle blower complaints were received by the company.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Consolidation & Combined Approach
Notching by Factoring Linkages with Government

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Energy	Oil, gas & consumable fuels	Petroleum products	Refineries & marketing

A Maharatna PSU, IOCL was incorporated on June 30, 1959, as Indian Oil Company Limited. The company is the largest oil refining and marketing PSU of India. As on December 31, 2024, GoI held 51.50% of overall stake in the company. IOCL has its presence across the hydrocarbon value chain ranging from exploration and production (E&P), refining, pipeline transportation to marketing of petroleum products and petrochemicals.

IOCL's refining capacity is a substantial part of India's total capability, with 11 refineries under its management which contributes to ~31% of India's total refining capacity. It operates at a refining capacity of 80.75 MMTPA including capacity of 10.50 MMTPA in its subsidiary Chennai Petroleum Corporation Limited (CPCL). IOCL has an extensive pipeline network that spans a total of 20,001 km. It has 39,008 retail outlets and 12,908 LPG distributors. The petrochemical division (having capacity of 4.4 million MTPA) complements the company's portfolio, producing a variety of chemicals used in industries such as textiles, plastics, and pharmaceuticals.

IOCL operates 246.94 MW of renewable energy, comprising 167.60 MW of wind capacity and 79.34 MW of solar photovoltaic capacity as of March 31, 2024, and 31 commissioned CBG plants.

Consolidated Financials

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	830,364	775,555	638,002
PBILDT	20,264	75,112	20,961
PAT	11,704	43,161	5,421

Overall gearing (times)	1.07	0.72	NA
Interest coverage (times)	2.67	9.53	2.96

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results,
Financials are classified as per CARE Ratings Standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31/03/2028	2317.00	CARE AAA; Stable
Fund-based - ST-Line of Credit		-	-	-	45421.00	CARE A1+
Fund-based-LT/ST		-	-	-	533.00	CARE AAA; Stable / CARE A1+
Non-fund-based-LT/ST		-	-	-	9479.00	CARE AAA; Stable / CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - ST-Line of Credit	ST	45421.00	CARE A1+	1)CARE A1+ (07-Oct-24)	-	-	-
2	Fund-based-LT/ST	LT/ST	533.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (07-Oct-24)	-	-	-
3	Non-fund-based-LT/ST	LT/ST	9479.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (07-Oct-24)	-	-	-
4	Fund-based - LT-Term Loan	LT	2317.00	CARE AAA; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - ST-Line of Credit	Simple
3	Fund-based-LT/ST	Simple
4	Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of entities consolidated- As on December 31, 2024

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Chennai Petroleum Corporation Limited	Full	Subsidiary
2	IndianOil (Mauritius Limited)	Full	Subsidiary
3	Lanka IOC PLC	Full	Subsidiary
4	IOC Middle East FZE	Full	Subsidiary
5	IOC Sweden AB	Full	Subsidiary
6	IOCL (USA) Inc	Full	Subsidiary
7	IndOil Global BV	Full	Subsidiary
8	IOCL Singapore Pte Limited	Full	Subsidiary
9	IOC Global Capital Management IFSC Limited	Full	Subsidiary
10	Mercator Petroleum Limited	Full	Subsidiary
11	Terra Clean Limited	Full	Subsidiary
12	Petronet LNG Limited	Moderate	Associates
13	Avi-Oil India Private Limited	Moderate	Associates
14	Petronet VK Limited	Moderate	Associates
15	IndianOil Adani Ventures Limited	Moderate	Joint venture
16	Lubrizol India Private Limited	Moderate	Joint venture
17	IndianOil Petronas Private Limited	Moderate	Joint venture
18	Green Gas Limited	Moderate	Joint venture
19	IndianOil Skytanking Private Limited	Moderate	Joint venture
20	Suntera Nigeria 205 Limited	Moderate	Joint venture
21	Delhi Aviation Fuel Facility Private Limited	Moderate	Joint venture
22	Indian Synthetic Rubber Private Limited	Moderate	Joint venture
23	NPCIL IndianOil Nuclear Energy Corporation Limited	Moderate	Joint venture
24	GSPL India Gasnet Limited	Moderate	Joint venture
25	GSPL India Transco Limited	Moderate	Joint venture
26	IndianOil Adani Gas Private Limited	Moderate	Joint venture
27	Mumbai Aviation Fuel Farm Facility Private Limited	Moderate	Joint venture
28	Kochi Salem Pipelines Private Limited	Moderate	Joint venture
29	IndianOil LNG Private Limited	Moderate	Joint venture
30	Hindustan Urvarak and Rasayan Limited	Moderate	Joint venture
31	Ratnagiri Refinery & Petrochemicals Limited	Moderate	Joint venture
32	Indradhanush Gas Grid Limited·	Moderate	Joint venture
33	IHB Limited	Moderate	Joint venture
34	IndianOil Total Private Limited	Moderate	Joint venture
35	IOC Phinergy Private Limited	Moderate	Joint venture
36	Paradeep Plastic Park Limited	Moderate	Joint venture
37	Cauvery Basin Refinery and Petrochemicals Limited	Moderate	Joint venture
38	IndianOil NTPC Green Energy Private Limited	Moderate	Joint venture
39	GH4 India Private Limited	Moderate	Joint venture
40	IOC GPS Renewables Private Limited	Moderate	Joint venture
41	Indofast Swap Energy Private Limited	Moderate	Joint venture

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact Us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: 022 6754 3596 E-mail: mradul.mishra@careedge.in	Ranjan Sharma Senior Director **CARE Ratings Limited** Phone: 022 6754 3453 E-mail: ranjan.sharma@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 022 6754 3404 E-mail: saikat.roy@careedge.in	Hardik Manharbhai Shah Director **CARE Ratings Limited** Phone: 022 6754 3591 E-mail: hardik.shah@careedge.in Richa Bagaria Associate Director **CARE Ratings Limited** Phone: 033 4018 1653 E-mail: richa.jain@careedge.in

About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

**For detailed Rationale Report and subscription information,
please visit www.careedge.in**