



ऑयल इंडिया लिमिटेड  
**Oil India Limited**

**CSA  
ADVISOR**  
PROTECTING | INVESTING | FINANCING | ADVISING

# **RESEARCH REPORT** **OIL INDIA LTD**



**PREPARED BY:**

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# About

Oil India Ltd is engaged in exploration, development and production of crude oil and natural gas, transportation of crude oil and production of LPG. It also provides various E&P related services for oil blocks.

## Key Business

- Crude Oil
- Natural Gas
- LPG
- Pipeline Transportation
- Renewable Energy

## Synopsis of Financials

- Q1 FY '25 results showed a turnover increase of 25.73% to INR 5,840 crore compared to INR 4,645 crore in Q1 FY '24.
- Crude oil production increased by 6.22% to 0.871 MMT in Q1 FY '25 from 0.820 MMT in Q1 FY '24.
- Natural gas production rose by 9.8% to 0.818 BCM in Q1 FY '25 from 0.745 BCM in Q1 FY '24.
- Average crude oil price realization was USD 84.89 per barrel in Q1 FY '25, up by 10.46% from USD 76.85 per barrel in Q1 FY '24.
- Average natural gas price remained unchanged at USD 6.5 per MMBtu.
- Profit after tax decreased to INR 1,467 crore in Q1 FY '25 from INR 1,613 crore in Q1 FY '24, attributed to increased SAED and statutory levies.
- Earnings per share for Q1 FY '25 was INR 9.02, down from INR 9.92 in Q1 FY '24.

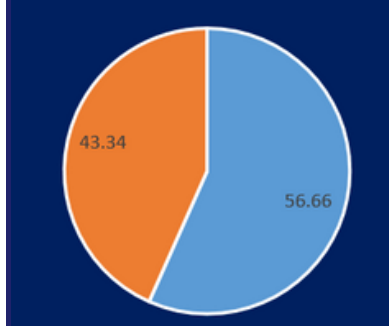
## Stock data (as 12th Aug 2024)

Nifty Price	: 24,677.20
52 week High (in Rs.)	: 714
52 week Low (in Rs.)	: 180
Market Cap. (in Crore)	: 1,10,032 CR
NSE Code	: OIL



-NIFTY50  
-OIL

## Shareholding Pattern (March 2024)



-PUBLIC GROUP  
-PROMOTER GROUP

## Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	32,466	36,097	25,906
Sales Growth %	-10.06%	39.34%	47.06%
Expenses	19,962	20,829	15,405
Operating Profit	12,504	15,268	10,500
OPM %	39%	42%	41%
Net Profit	6,980	9,854	6,719
EPS in Rs	38.95	53.66	34.56

# Quarterly Results

Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	8,259	9,302	7,852	6,208	7,497	9,614	9,147
Expenses	5,555	5,394	4,549	3,932	4,027	6,171	5,886
Operating Profit	2,703	3,908	3,303	2,277	3,469	3,443	3,261
OPM %	33%	42%	42%	37%	46%	36%	36%
Other Income	727	132	173	259	-1,983	635	578
Interest	258	246	153	214	279	236	234
Depreciation	511	530	438	478	499	576	576
Profit before tax	2,662	3,264	2,885	1,843	708	3,266	3,028
Tax %	21%	23%	31%	24%	10%	20%	23%
Net Profit	2,116	2,529	1,980	1,399	640	2,608	2,333

Source: Screener

## Key Ratios

Sl. No.	Particulars	As on 31 <sup>st</sup> March, 2023	As on 31 <sup>st</sup> March, 2022	Variation (in%)	Reasons (if variance is more than 25%)
1	<b>Current Ratio</b> [Current Assets (excluding assets held for sale) / Current Liabilities]	1.88	1.32	42	During the year, due to higher realization of crude oil and natural gas price, trade receivables has increased significantly during the year ended 31.03.2023, resulting in higher current assets and thereby current ratio has increased.
2	<b>Debt-Equity Ratio</b> [(Non-Current Borrowings+ Current Borrowings) / Total Equity (including OCI)]	0.32:1	0.39:1	(18)	-
3	<b>Debt Service Coverage Ratio</b> [Profit after Tax+ Finance Cost+ Depreciation] / [Finance Costs+ Principal Repayment]	4.31	1.11	288	Debt service coverage ratio is increased due to higher profit.
4	<b>Return on Equity Ratio</b> [Profit after Tax/ Equity Shareholders' Fund]	21.20%	13.86%	53	Return on equity is increased due to higher profit.
5	<b>Inventory Turnover Ratio</b> [(Total Income- Profit before Exceptional Item and Tax) / Average Inventory]	18.75	12.35	51	Increase on account of higher turnover during the year.
6	<b>Trade Receivable Turnover Ratio</b> [Sales (Net of Discounts) / Average Trade Receivable]	12.68	11.27	13	-
7	<b>Trade Payable Turnover Ratio</b> [Credit Purchase / Average Trade Payables]	0.36	0.17	112	Increase on account of higher turnover during the year.
8	<b>Net Capital Turnover Ratio</b> [Sales (Net of Discounts) / (Average Current Asset - Average Current Liabilities)]	9.10	(39.59)	123	Increase on account of higher turnover during the year.
9	<b>Net Profit Ratio</b> [Profit after Tax/ Revenue from Operations]	29.26%	26.75%	9	-
10	<b>Return on Capital Employed (pre-tax)</b> [EBIT / Capital Employed]	27.94%	19.34%	45	Due to higher profit during the current year as compared to the previous year.
11	<b>Return on Investment</b> [Net return on investment / Total investments]				
	<b>Quoted Investments</b>	1.86%	42.35%	(96)	<b>Quoted Investments:</b> The decrease is due to the lower dividend income received during the year. Further during the increase in value of the investment during FY 2021-22 was 46% where during the current year the investment value has marginally decreased by 4.68%
	<b>Unquoted Investments</b>	4.95%	33.10%	(85)	
				<b>Unquoted Investments:</b> Due to impairment of overseas subsidiary	

Source: Annual Report

# Yearly Results

Particulars	March 2022	March 2023	March 2024
Equity Capital	1,084	1,084	1,084
Reserves	29,478	37,397	47,255
Borrowings	16,721	18,832	24,041
Other Liabilities	13,846	16,866	19,773
Total Liabilities	61,129	74,179	92,153
Fixed Assets	6,185	6,885	20,520
CWIP	5,900	11,953	20,028
Investments	27,099	27,924	34,437
Other Assets	21,944	27,417	17,169
Total Assets	61,129	74,179	92,153

# Synopsis Quater Results

## Con-Call Aug 24: Key Highlights

### Operational Highlights:

- Numaligarh Refinery Limited (NRL) reported a profit after tax of INR 430 crore in Q1 FY '25, a significant recovery from a loss of INR 77 crore in Q1 FY '24.
- NRL's gross refining margin improved to USD 6.43 per barrel in Q1 FY '25 from a negative margin of USD 15.59 per barrel in Q1 FY '24.
- NRL's EBITDA for Q1 FY '25 was INR 734 crore compared to a negative EBITDA of INR 5 crore in Q1 FY '24.

### Production Strategy:

- Management confirmed that production targets remain on track for reaching 4 million tonnes of oil and 5 BCM of gas within the next 2-3 years.
- Plans for drilling include 78 wells for the current year and 100 wells for the next year, indicating a steady increase in exploration activities.
- Current production affected by non-performance of some gas subsidiaries and cyclic demand but expected to ramp up with the completion of the North East Gas Grid by the end of the year.

### Expansion Projects:

- NRL expansion project is progressing with a total investment of INR 28,000 crore; physical progress is at 65% and expected completion by December 2025.
- Oil India has already invested approximately INR 19,000 crore in the NRL expansion project.

### Regulatory and Taxation Updates:

### Market Conditions:

- Current crude oil prices hovering around \$80 per barrel, with expectations of a 5% to 6% increase in upstream expenses due to inflation.
- Potential for substantial savings if crude oil and natural gas are included under GST due to input tax credit benefits.

### Challenges and Outlook:

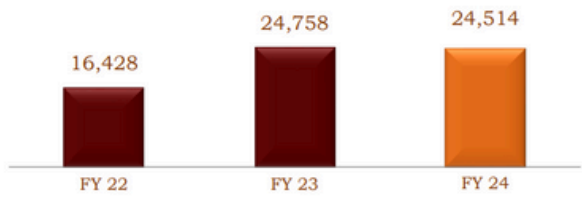
- Some challenges noted in gas production due to non-performance from gas offtakers.
- Management remains optimistic about achieving production targets with ongoing projects and infrastructure improvements.

### Exploration Insights:

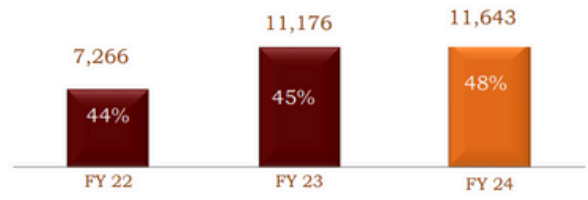
- Success rate for development wells is nearly 100%, while exploratory wells maintain a success rate of 50% to 60%.
- The management aims to increase the exploratory success rate to around 80% to 90% in the future.
- Current exploration efforts are focused on the North East region and other blocks, including Rajasthan and Andaman.

# Revenue Highlights

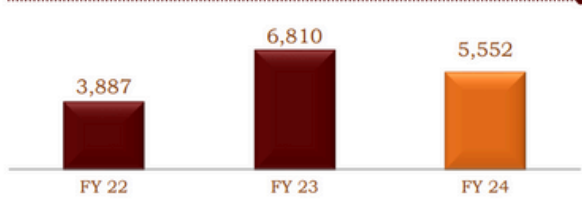
Revenue (₹ Crore)



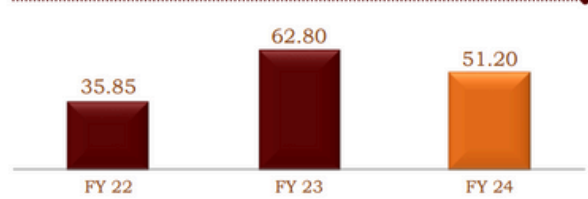
EBITDA (₹ Crore) & EBITDA Margin (%)



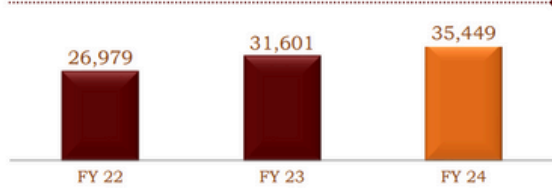
PAT (₹ Crore)



Earnings Per Share (₹)



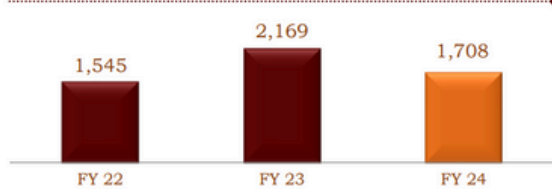
Net Worth (₹ Crore)



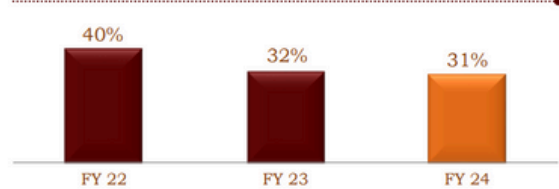
Book Value per Share (₹)



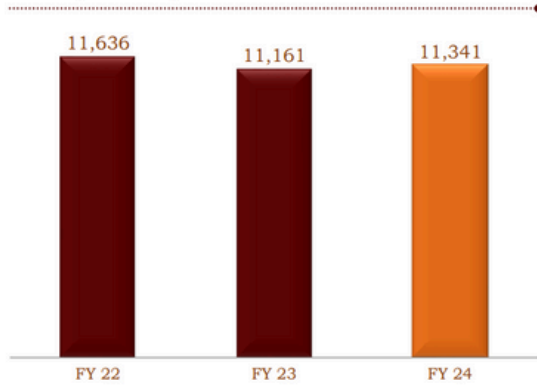
Dividend (₹ Crore)



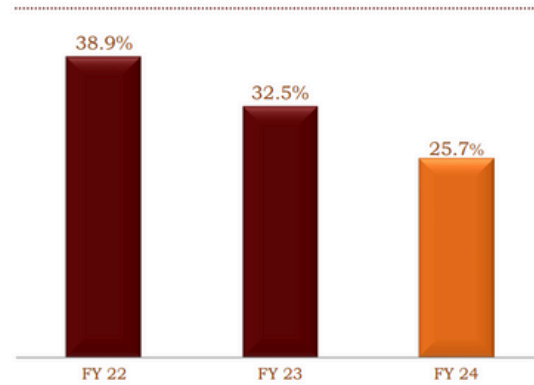
Dividend Payout Ratio (% of PAT)



Debt (₹ Crore)



Debt / Equity (%)

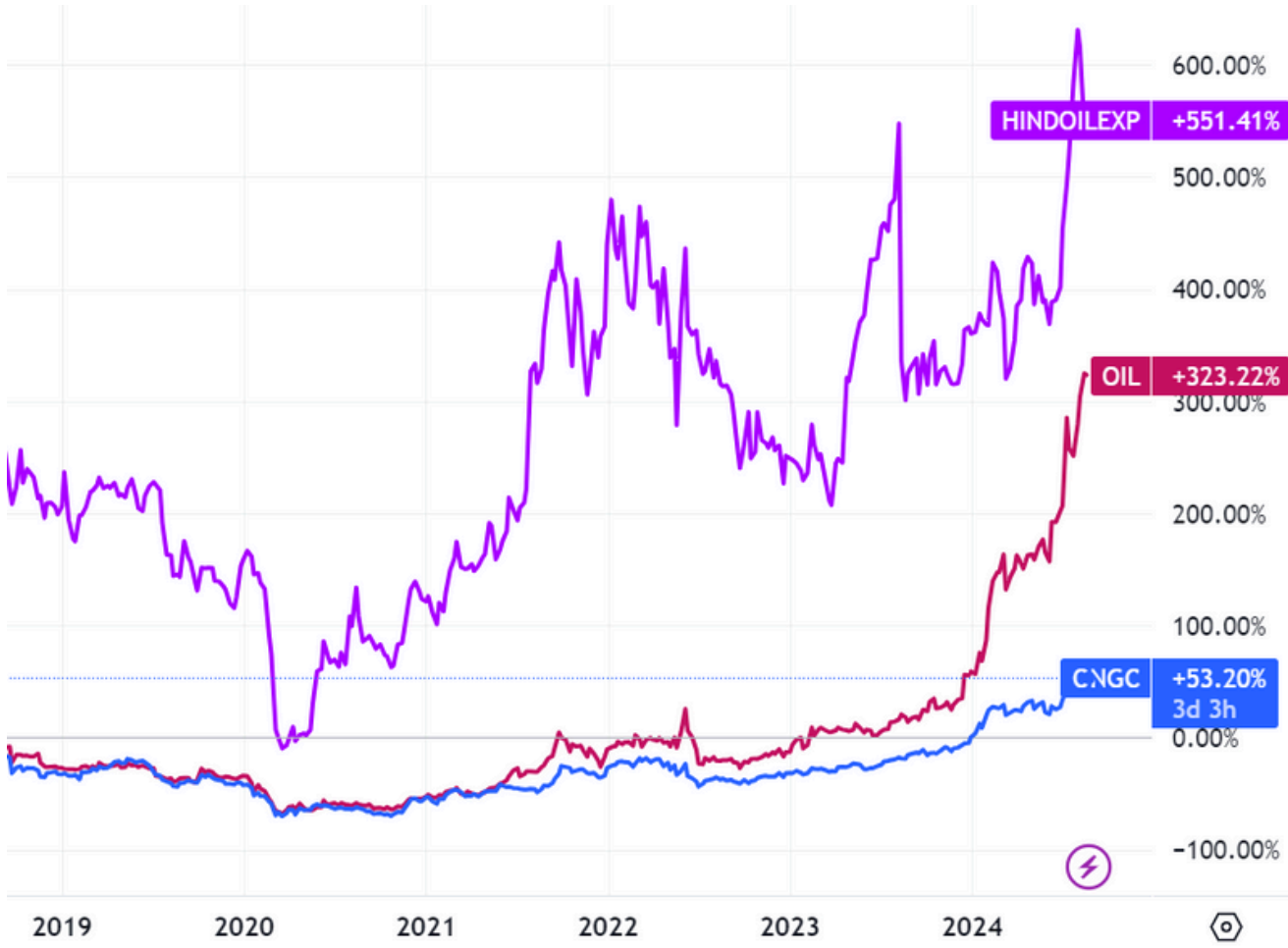




# Peer Comparison



## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
O N G C	330.00	9.11	415149.23	3.67	10235.64	-32.15	166576.75	1.68	18.44
Oil India	675.10	14.01	109812.29	1.18	2016.30	34.27	8120.21	30.80	17.73
Hind.Oil Explor.	254.40	19.18	3364.25	0.00	41.92	-36.55	136.15	-18.77	18.54

Source: Screener

# Final Outlook

**OIL : BUY | LTP: 675.20**

Oil India Limited (OIL) reported an adjusted EBITDA of INR 25.4 billion and a PAT of INR 20.3 billion for the quarter, reflecting year-over-year increases of 8% and 13%, respectively.

For the fiscal year 2024, OIL achieved a standalone EBITDA of INR 99 billion, remaining flat compared to the previous year, while PAT grew by 16% YoY to INR 79 billion.

This stock has the highest momentum in the industry, showing great short term buyer demand.

Analysts give it a Target Price of Rs. 755- Rs. 775, can be bought for short term investment perspective.

stock has shown great price performance over the past year, overall long term position should be determined after 1QFY25 performance because current metrics, including Piotroski Score give mixed implications

The company's cash flow from operations has been consistently positive, often also showing decent operating profit margins.

The company has increased its fixed asset purchases for capacity expansion especially in NRL, and it is also expanding its pipeline production segment.

Based on these given metrics, we can see Oil India has one of the highest operating profit margins in the industry with a great debt to equity ratio for an asset heavy company that has recently taken on debt.

The PEG ratio is also below 1, as compared to its competitors, showing that the stock is undervalued relative to its expected growth.

**Buy/Hold** is recommended as per my view.