

Company Name: Oil India Ltd

BSE CODE: 533106

NSE CODE: OIL

Sector: Crude oil & Natural Gas

Industry: Oil drilling, exploration

CMP (Rs): 608 | Buy Range: 600-608 | Target Price: 730 | Potential Upside: 20%
Duration of Recommendation: 8 - 12 months

Company Data

Market Cap (Rs Cr)	65,991
Enterprise value (Rs Cr)	83,312
52-Week High/Low (Rs)	670/241
EPS (TTM) (Rs)	54.80
P/E Ratio (x) TTM	9.48
Industry PE (x)	16
EV/EBITDA (x) TTM	5.97
P/PB (x) TTM	1.69

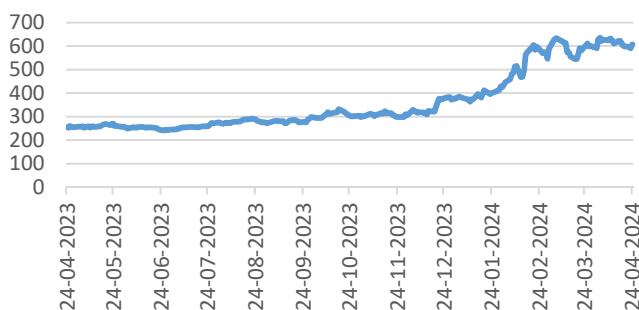
Shareholding %	Q2FY24	Q3FY24	Q4FY24
Promoters	56.66	56.66	56.66
FII's	11.26	10.99	9.52
DII's	15.89	15.98	17.66
Public	6.32	6.51	6.3
Govt	9.87	9.87	9.87
Total	100.0	100.0	100.0
Pledged	0.00	0.00	0.00

Financial Performance (Standalone)

INR (Cr)	FY23	FY24E	FY25E	FY26E
Revenue	21,385	21,799	22,570	24,259
Growth (%)	47.2%	1.9%	3.5%	7.5%
EBITDA	9,692	9,918	10,157	10,917
EBITDA growth	49.0%	2.3%	2.4%	7.5%
EBITDA margin	45.3%	45.5%	45.0%	45.0%
Net Profit	6,810	5,232	6,275	6,623
Profit growth	10.4%	10.4%	19.9%	5.5%
Profit margins	31.8%	24.0%	27.8%	27.3%
EPS	62.8	48.2	57.9	61.1
BVPS	316.9	342.0	385.0	423.0
P/E (x)	4.0	12.4	10.3	9.8
P/BV(x)	0.8	1.7	1.5	1.4
ROE (%)	21.2%	14.0%	15.0%	14.0%
RoCE	17.7%	16.5%	13.6%	15.4%
EV/EBITDA(x)	3.83	7.39	7.22	6.72

Source: Company, Share India Securities

Price Performance



Our Recommendation: We see healthy earnings outlook for core oil and gas E&P business due to likely increase in oil and gas production over FY25-FY26 and NRL's expansion target to 9mtpa from 3mtpa currently. At CMP, the stock is trading at 9.8x of its FY26EPS. Stock also has healthy dividend yield of 3-4%. We value the stock at P/E of 12x of FY26 EPS. **We recommend BUY in price range of 600-608 with target price of 730 (based on 12x FY26EPS) with potential upside 20%.**

About Company: 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.

Investment Rationale:

Healthy Earnings Outlook for Core oil and gas E&P Business: OIL has guided oil production targets of 3.4mmt/3.8mmt/4mmt for FY2024/FY2025/FY2026. Gas production guidance is at 3.8 bcm and 3.9 bcm for FY2025, which will further increase to 5 bcm by FY2026. These projections indicate CAGR growth rate of 8% for oil and 26% for gas production from FY2024 estimated to FY2026 estimated.

Capacity Expansion at NRL to create significant value: Numaligarh Refinery (NRL), a subsidiary has embarked on a major integrated refinery expansion project to augment its capacity from 3 MMTPA to 9 MMTPA and is scheduled to be completed by September 2025.

Consistent Financial Performance: Revenue has grown at a CAGR of 15% over FY18-23 period from Rs. 10,656 crores in FY18 to Rs. 21,385 crores in FY23. EBITDA has grown at a CAGR of 20% during FY18-23 from Rs. 3911 to Rs. 9692 crores. Operating margins have improved from 37% in FY18 to 45% FY23. PAT has grown at a CAGR of 21% from Rs. 2668 crores in FY18 to Rs. 6810 crores in FY23. Company's ROE/ROCE have been 13%/15% respectively during this period. Company's debt is on lower side with D/E at 0.32%.

Q3FY24 Results:

- ❖ Standalone Revenue/EBITDA/PAT are -1%/-26.2%/-9% YoY to Rs. 5324/2106/1584 crores respectively.
- ❖ EBITDA margins fell by 1356 bps to 39.6% YoY from 53.1%.
- ❖ On QoQ basis, Revenue/EBITDA/PAT have been -0.3%/-15.4%/+387%

Key Risks: Delay in commissioning of capacity expansion at NRL could impact earnings, Decline in international oil & gas prices could impact revenue.

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