

Estimate change



TP change



Rating change



Bloomberg	OINL IN
Equity Shares (m)	1,130
M.Cap.(INRb)/(USD\$)	202.9 / 2.6
52-Week Range (INR)	306 / 159
1, 6, 12 Rel. Per (%)	-6/-19/8
12M Avg Val (INR M)	656

Financials & Valuations (INR b)

Y/E March	FY22	FY23E	FY24E
Sales	145.3	181.4	195.3
EBITDA	53.7	87.1	93.7
Adj. PAT	38.9	57.9	68.0
Adj. EPS (INR)	34.4	51.2	60.2
EPS Gr. (%)	77.5	49.0	17.5
BV/Sh.(INR)	264.4	294.4	329.7

Ratios

Net D:E	0.4	0.3	0.2
RoE (%)	13.9	18.3	19.3
RoCE (%)	6.8	11.3	11.4
Payout (%)	49.9	41.4	41.4

Valuations

P/E (x)	5.4	3.7	3.1
P/BV (x)	0.7	0.6	0.6
EV/EBITDA (x)	6.0	3.6	3.2
Div. Yield (%)	7.6	11.4	13.3
FCF Yield (%)	15.3	18.3	24.4

Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	56.7	56.7	56.7
DII	15.5	16.8	18.5
FII	12.4	11.2	8.5
Others	15.4	15.3	16.3

FII Includes depository receipts

CMP: INR187
TP: INR228 (+22%)
Buy

High crude oil prices drive better realization

- Oil India (OINL) reported in-line oil sales at 0.76mmt, with gas sales above our estimate at 0.59bcm for 1QFY23. Strong net oil realization was in line with our estimate and stood at USD112.7/bbl led by high crude prices (up 66% YoY). OINL's reported EBITDA was lower than our estimate at INR26.3b (+114% YoY) due to higher-than-expected operating cost for the quarter.
- Brent remained high amid geopolitical risks and demand concerns while uncertainty over the government's windfall tax would keep realizations under check for the time being.
- OINL has been unable to raise its oil & gas production meaningfully in the recent past. Crude oil production was up by only 4% YoY to 0.78mmt and its gas production rose 8% YoY to 0.77bcm.
- A majority of its gas production growth has been coming from Baghjan field and OINL targets ~5mmscmd of gas from this field (up from the current production level at ~2mmscmd) over the next 3-5 years.
- Domestic APM gas price is also likely to go up by ~50% from Oct'22 and this should support OINL's profitability in 2HCY22.
- Factoring this, we forecast OINL's domestic oil & gas production to stand at 6.2/6.4mmtoe in FY23E/24E, respectively, and we raise our FY23 EBITDA estimate by 4% keeping our FY24E EBITDA unchanged.
- We model gas price assumptions of USD7.3/mmBtu and USD5.5/mmBtu for FY23E and FY24E, respectively. The stock trades at a 51% discount to its one-year forward long-term P/E average of 7.9x. We use an SOTP-based fair value of 2.5x FY24E adj. EPS of INR60.2 and add investments to arrive at our TP of INR228. **Maintain BUY.**

Higher realizations (in line); miss on EBITDA

- OINL reported revenue in line with our estimate at INR59.6b (+99% YoY). This was aided by in-line volumes and realization at USD112.7/bbl:
 - Oil sales stood at 0.76mmt (+6% YoY, +4% QoQ)
 - Gas sales stood at 0.59bcm (-2% YoY, +7% QoQ) in 1QFY23
- EBITDA missed our estimate and came in at INR26.3b (-11% est., +114% YoY) led by higher opex. Higher interest cost and lower other income resulted in a PAT of INR15.5b (-19% est.; +206% YoY).

Valuation and view – maintain BUY

- The NRL expansion would be completed by FY24–25E, with a capex of INR280b. The viability gap funding would be only INR10b. The capex would be funded via 70:30 debt:equity; and this equity proportion would be entirely funded by internal accruals of NRL only. The commissioning of the refinery expansion (from 3mmt to 9mmt) is expected by FY24–25.

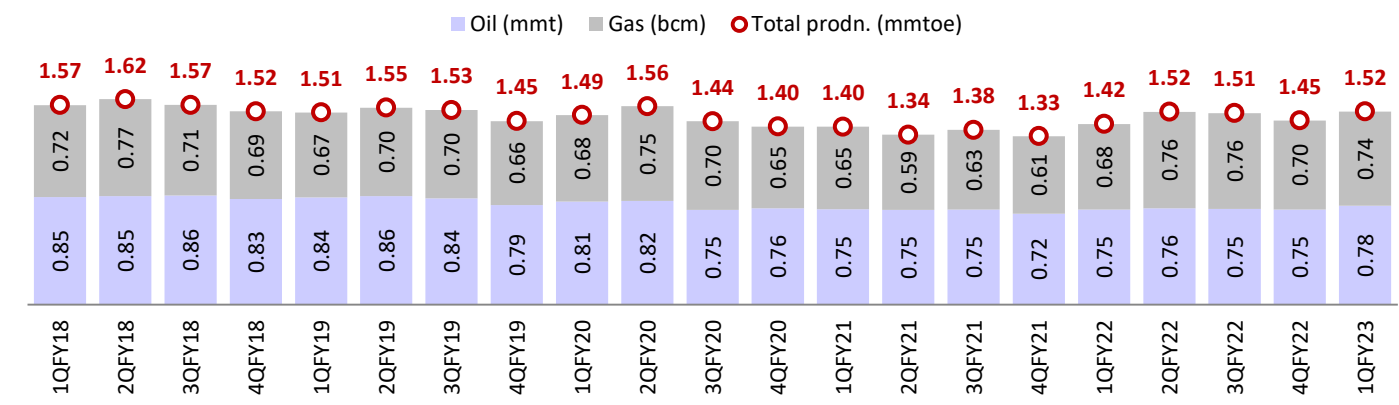
- OINL made two new hydrocarbon discoveries during FY22 and became the first company in India to commission a pilot plant of 100KW capacity for production of Green Hydrogen in Assam. Four major infrastructure projects were also commissioned to enhance the oil & gas production capabilities of the company.
- We use an SOTP-based fair value of 2.5x FY24E adj. EPS of INR60.2 and add investments to arrive at our TP of INR228. **Maintain Buy.**

Quarterly Performance

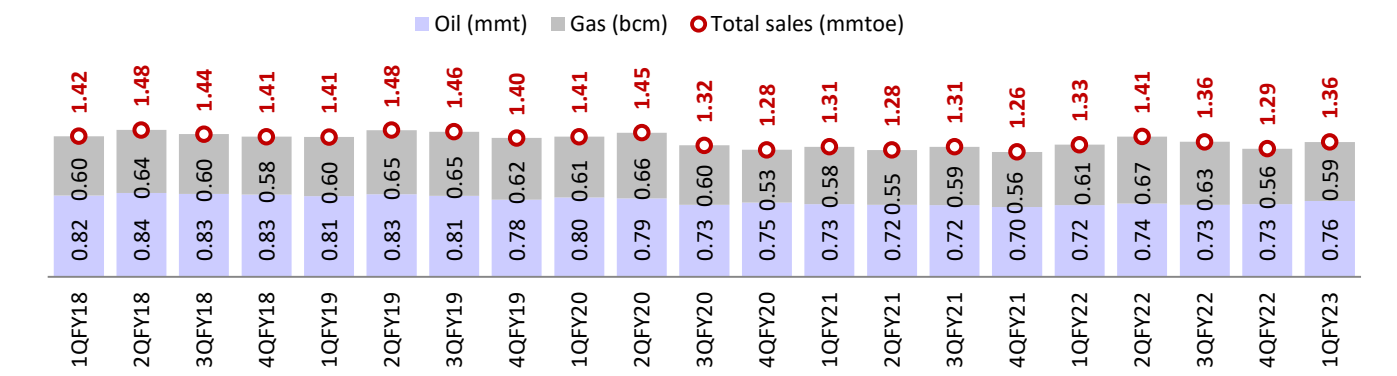
(INR m)

Y/E March	FY22				FY23				FY22	FY23	FY23	Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Net Sales	30,037	33,112	37,367	44,786	59,676	40,577	35,613	45,582	1,45,302	1,81,446	57,749	3
Change (%)	72.2	52.7	75.8	73.6	98.7	22.5	-4.7	1.8	68.6	24.9	92.3	
EBITDA	12,298	9,134	12,672	19,585	26,364	19,101	16,306	25,299	53,689	87,070	29,767	-11
% of Net Sales	40.9	27.6	33.9	43.7	44.2	47.1	45.8	55.5	37.0	48.0	51.5	
Change (%)	523.6	23.9	-1,450.8	361.1	114.4	109.1	28.7	29.2	324.3	62.2	142.0	
D,D&A	3,975	4,202	4,678	2,113	3,868	3,941	4,661	5,077	14,968	17,547	7,285	
Interest	2,221	1,870	1,748	1,993	2,042	1,591	1,487	1,543	7,831	6,662	1,889	
OI (incl. Oper. other inc)	671	3,676	9,685	4,943	623	3,668	3,704	6,531	18,975	14,527	4,969	
PBT before exceptional	6,774	6,738	15,932	20,421	21,077	17,237	13,862	25,211	49,865	77,387	25,561	-18
PBT after exceptional	6,774	6,738	15,932	20,421	21,077	17,237	13,862	25,211	49,865	77,387	25,561	-18
Tax	1,694	1,693	3,483	4,121	5,522	4,339	3,489	6,129	10,992	19,478	6,434	
Rate (%)	25.0	25.1	21.9	20.2	26.2	25.2	25.2	24.3	22.0	25.2	25.2	
PAT	5,079	5,045	12,449	16,300	15,555	12,899	10,373	19,082	38,873	57,909	19,127	-19
Change (%)	-304.3	111.1	37.8	92.3	206.2	155.7	-16.7	17.1	123.2	49.0	276.6	
Adj. PAT	5,079	5,045	12,449	16,300	15,555	12,899	10,373	19,082	38,873	57,909	19,127	-19
Key Assumptions (USD/bbl)												
Oil sales (mmt)	0.72	0.74	0.73	0.73	0.76	0.78	0.77	0.76	2.92	3.07	0.77	-1
Gas sales (bcm)	0.61	0.67	0.63	0.56	0.59	0.62	0.62	0.58	2.47	2.42	0.56	6
Net Oil Realization	67.2	71.4	78.6	98.1	112.7	67.0	53.0	83.5	78.8	79.1	111.7	1

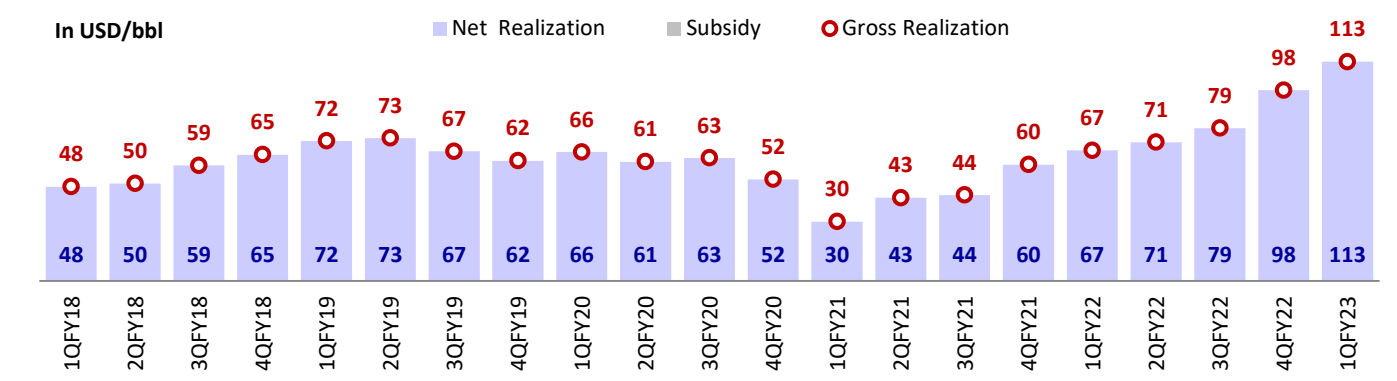
Exhibit 1: OINL's total production up 7% YoY/ 5% QoQ to 1.52mmtoe



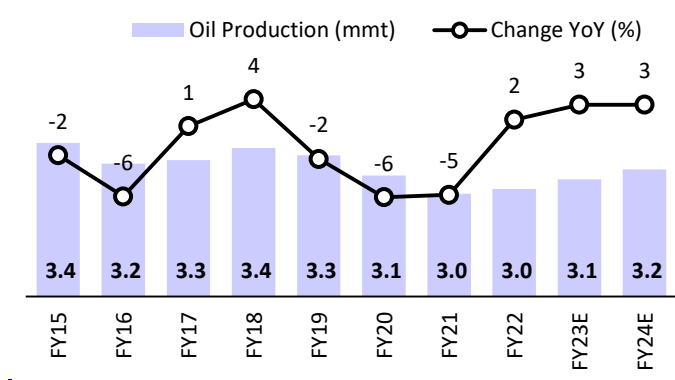
Source: Company, MOFSL

Exhibit 2: OINL's sales up 2% YoY/ 5% QoQ to 1.36mmtoe

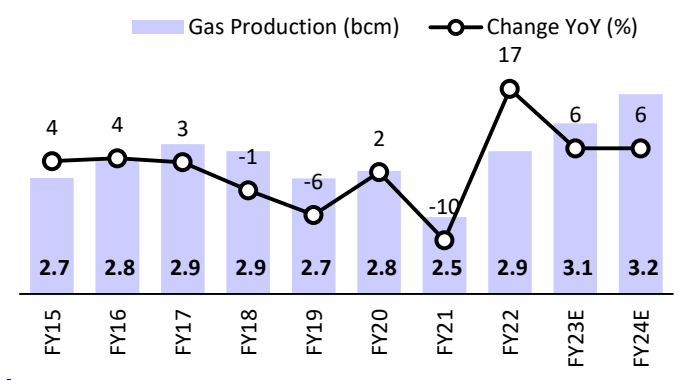
Source: Company, MOFSL

Exhibit 3: 1QFY23 realization at USD112.7/bbl

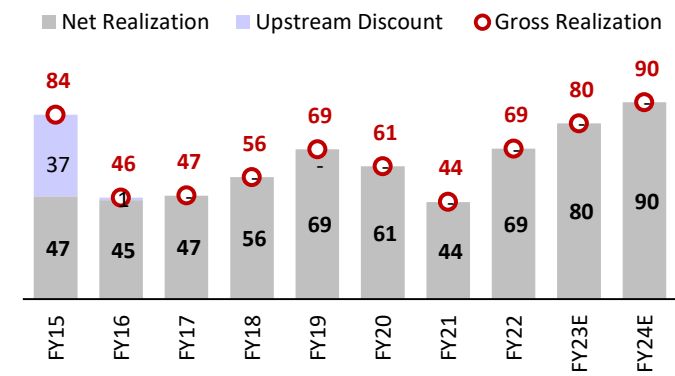
Source: Company, MOFSL

Exhibit 4: Oil production to see ~3% CAGR in FY22-24E

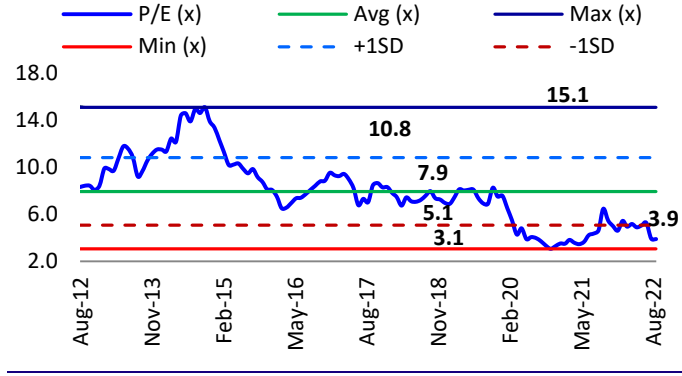
Source: Company, MOFSL

Exhibit 5: Gas production set to see 6% CAGR over FY22-24E

Source: Company, MOFSL

Exhibit 6: Realization trend in OINL (USD/bbl)

Source: Company, MOFSL

Exhibit 7: 1-year forward P/E for OINL

Source: Company, MOFSL

Financials and valuations

Income Statement							(INR m)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Net Sales	93,645	1,06,565	1,37,350	1,21,285	86,184	1,45,302	1,81,446	1,95,324
Change (%)	1.1	13.8	28.9	-11.7	-28.9	68.6	24.9	7.6
EBITDA	29,589	39,113	54,838	43,705	12,654	53,689	87,070	93,680
% of Net Sales	31.6	36.7	39.9	36.0	14.7	37.0	48.0	48.0
D,D&A	10,907	12,700	14,963	32,718	15,377	14,968	17,547	18,182
Interest	3,967	4,157	4,795	4,988	4,987	7,831	6,662	6,662
Other Income	18,266	14,842	14,350	15,202	19,431	18,975	14,527	22,081
Prior period & other adj.	11,517	0	10,268	0	4,490	0	0	0
PBT	21,463	37,098	39,162	21,201	7,231	49,865	77,387	90,917
Tax	5,976	10,419	13,261	-4,640	-10,185	10,992	19,478	22,884
Rate (%)	27.8	28.1	33.9	-21.9	-140.9	22.0	25.2	25.2
PAT	15,487	26,679	25,901	25,841	17,416	38,873	57,909	68,033
Adj. PAT	27,004	26,679	36,169	25,841	21,906	38,873	57,909	68,033
Change (%)	7.2	-1.2	35.6	-28.6	-15.2	77.5	49.0	17.5

Balance Sheet							(INR m)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Share Cap. (incl sh. suspense)	8,015	7,566	10,844	10,844	10,844	10,844	10,844	10,844
Reserves	2,82,890	2,71,528	2,66,608	2,33,023	2,51,262	2,88,061	3,21,975	3,61,817
Net Worth	2,90,905	2,79,094	2,77,452	2,43,867	2,62,106	2,98,905	3,32,819	3,72,661
Total Loans	89,475	73,656	72,668	88,851	1,57,180	1,16,356	1,16,356	1,16,356
Deferred Tax	30,795	34,390	34,127	24,929	25,279	26,188	26,188	26,188
Capital Employed	4,11,175	3,87,139	3,84,246	3,57,647	4,44,565	4,41,449	4,75,363	5,15,205
Gross Fixed Assets	1,06,669	1,35,722	1,49,026	1,88,981	2,09,760	2,35,794	2,75,794	3,15,794
Less: Depreciation	20,803	33,503	48,466	81,183	96,560	1,11,528	1,29,075	1,47,257
Net Fixed Assets	85,866	1,02,219	1,00,561	1,07,798	1,13,200	1,24,266	1,46,719	1,68,537
Capital WIP	18,936	9,881	12,674	20,253	23,877	20,632	20,090	19,521
Producing/pre-producing	15,442	17,380	20,719	20,413	14,376	10,838	11,380	11,949
Investments	2,19,504	2,27,856	2,20,029	1,83,887	2,64,143	2,79,926	2,79,926	2,79,926
Curr. Assets, L & Adv.								
Inventory	10,965	10,783	12,199	12,750	12,580	10,953	13,677	14,723
Debtors	10,056	14,078	13,135	10,748	11,738	14,042	17,535	18,877
Cash & Bank Balance	65,423	30,926	61,358	35,769	10,668	6,567	14,648	31,375
Cash	1,777	1,150	36,616	5,071	10,581	3,990	12,071	28,798
Bank Balance	63,646	29,776	24,742	30,698	88	2,578	2,578	2,578
Loans & Adv. and Other CA	27,204	27,221	33,978	36,796	55,662	30,852	38,527	41,473
% of sales	29.0	25.5	24.7	30.3	64.6	21.2	21.2	21.2
Current Liab. & Prov.								
Liabilities	30,484	40,738	66,434	49,936	46,207	42,261	52,773	56,810
Provisions	11,736	12,464	23,973	20,831	15,472	14,366	14,366	14,366
Net Current Assets	71,427	29,804	30,264	25,296	28,970	5,788	17,248	35,273
Application of Funds	4,11,175	3,87,139	3,84,246	3,57,647	4,44,565	4,41,449	4,75,363	5,15,205

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Basic (INR)								
EPS (Adj)	23.9	23.6	32.0	22.9	19.4	34.4	51.2	60.2
Cash EPS	23.4	34.8	36.2	51.8	29.0	47.6	66.8	76.3
Book Value	257.4	246.9	245.5	215.7	231.9	264.4	294.4	329.7
DPS	11.0	10.3	10.3	10.6	5.0	14.3	21.2	24.9
Payout (incl. Div. Tax.)	96.5	52.7	53.8	55.8	39.1	49.9	41.4	41.4
Valuation (x)								
P/E	7.8	7.9	5.8	8.2	9.6	5.4	3.7	3.1
Cash P/E	8.0	5.4	5.2	3.6	6.4	3.9	2.8	2.5
EV / EBITDA	8.0	6.5	4.1	6.1	28.3	6.0	3.6	3.2
EV/Sales	2.5	2.4	1.6	2.2	4.2	2.2	1.7	1.5
EV / BOE (1P Reserves) USD	5.0	5.5	4.9	5.8	6.8	6.1	5.7	5.4
Price / Book Value	0.7	0.8	0.8	0.9	0.8	0.7	0.6	0.6
Dividend Yield (%)	5.9	5.5	5.5	5.7	2.7	7.6	11.4	13.3
Profitability Ratios (%)								
RoE	5.7	9.4	9.3	9.9	6.9	13.9	18.3	19.3
RoCE	3.5	4.8	6.8	3.6	-1.6	6.8	11.3	11.4
RoIC	13.0	16.8	25.3	12.9	-5.0	21.5	35.3	32.7
Turnover Ratios								
Inventory (No. of Days)	43	37	32	38	53	28	28	28
Debtors (No. of Days)	39	48	35	32	50	35	35	35
Fixed Asset Turnover (x)	1	1	1	1	0	1	1	1
Creditor (No. of Days)	119	140	177	150	196	106	106	106
Leverage Ratio								
Net Debt / Equity (x)	0.1	0.2	0.0	0.2	0.6	0.4	0.3	0.2

Cash Flow Statement

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
(INR m)								
OP/(Loss) before Tax	21,463	37,098	39,162	21,201	7,231	49,865	77,387	90,917
Interest expense	3,720	3,790	4,445	4,401	4,376	5,723	6,662	6,662
Depreciation	10,907	12,700	14,963	14,918	15,377	14,968	17,547	18,182
Interest /Other Income	-15,729	-14,099	-13,050	-13,779	-18,202	-17,731	0	0
Direct Taxes Paid	-6,018	-4,160	-9,631	-3,805	-8,929	182	-19,478	-22,884
(Inc)/Dec in Wkg. Capital	5,796	-11,975	3,894	2,989	7,489	-8,277	-3,380	-1,298
Other op activities	5,594	7,594	10,905	27,113	10,586	15,321	0	0
CF from Op. Activity	25,732	30,949	50,688	53,038	17,929	60,051	78,738	91,579
(Inc)/Dec in FA & CWIP	-28,501	-26,611	-24,941	-27,771	-25,411	-27,692	-40,000	-40,000
Free Cash Flow	-2,768	4,338	25,747	25,267	-7,482	32,360	38,738	51,579
(Pur)/Sale of Investments	4,957	17,729	5,243	-14,654	-96,077	5,859	0	0
Loans and Advances	7,274	3,735	3,800	7,071	3,217	2,304	0	0
Other In activities	9,141	9,733	8,452	6,315	46,033	15,065	0	0
CF from Inv. Activity	-7,128	4,586	-7,445	-29,039	-72,238	-4,463	-40,000	-40,000
Interest paid	-3,751	-3,779	-3,918	-4,818	-4,298	-5,515	-6,662	-6,662
Inc / (Dec) in Debt	0	0	21,268	-35,018	70,706	-43,946	0	0
Others	44	-15,311	-12,147	-1,666	-1,066	-1,051	0	0
Dividends Paid	-14,946	-17,072	-12,979	-14,042	-5,523	-11,667	-23,995	-28,190
CF from Fin. Activity	-18,652	-36,163	-7,776	-55,544	59,819	-62,179	-30,657	-34,853
Inc / (Dec) in Cash	-48	-628	35,467	-31,545	5,510	-6,591	8,081	16,727
Add: Opening Balance	1,826	1,777	1,150	36,616	5,071	10,581	3,990	12,071
Closing Balance	1,777	1,149	36,616	5,071	10,581	3,990	12,071	28,798

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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