

May 21, 2024

Q4FY24 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	722		708	
Sales (Rs. bn)	241	269	241	269
% Chng.	-	-	-	-
EBITDA (Rs. bn)	92	116	92	116
% Chng.	-	-	-	-
EPS (Rs.)	53.3	67.3	51.4	65.7
% Chng.	3.8	2.3	-	-

Key Financials - Standalone

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. bn)	233	221	241	269
EBITDA (Rs. bn)	97	93	92	116
Margin (%)	41.6	41.8	38.0	43.0
PAT (Rs. bn)	68	79	60	76
EPS (Rs.)	60.3	70.0	53.3	67.3
Gr. (%)	75.2	16.2	(23.9)	26.2
DPS (Rs.)	22.1	13.9	18.9	23.8
Yield (%)	3.4	2.2	2.9	3.7
RoE (%)	21.2	20.2	13.1	15.2
RoCE (%)	18.6	14.8	12.6	15.2
EV/Sales (x)	3.6	3.7	3.4	2.9
EV/EBITDA (x)	8.6	8.8	8.8	6.8
PE (x)	10.7	9.2	12.1	9.6
P/BV (x)	2.1	1.7	1.5	1.4

Key Data

OILI.BO | OINL IN

52-W High / Low	Rs.670 / Rs.241
Sensex / Nifty	74,027 / 22,506
Market Cap	Rs.702bn/ \$ 8,419m
Shares Outstanding	1,084m
3M Avg. Daily Value	Rs.3631.35m

Shareholding Pattern (%)

Promoter's	56.66
Foreign	11.00
Domestic Institution	15.97
Public & Others	16.37
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	7.3	105.2	141.4
Relative	5.9	82.0	101.3

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Oil India (OINL IN)

Rating: ACCUMULATE | CMP: Rs647 | TP: Rs722

Production growth key monitorable

Quick Pointers:

- Net oil realization post windfall tax stood at US\$78.78/bbl, while gas realization came in at US\$6.5/mmBtu
- Standalone net debt reduced to Rs82.7bn in FY24 (from Rs98.1bn in FY23)

Oil India's (OINL) reported an EBITDA of Rs 23.4 bn (+11% QoQ, PLe: Rs 21.5 bn). Adj PAT came in at Rs20.3 bn (+28% QoQ, PLe: Rs13bn) on standalone basis. Increase in PAT was on account of higher than expected other income and lower depreciation and finance cost. Total oil and gas production fell by 1% and 2% QoQ. The company announced a final dividend of Rs3.75/share and a bonus of 1:2 (1 bonus share for every 2 shares held). The company expects production to reach 4mmt of oil and 5bcm of gas by FY26. If the company achieves this production target, FY26 EPS would come in at Rs73. However, on a conservative basis, we build in a 5% CAGR in oil and 10% CAGR in gas production over FY24-26E, resulting in EPS of Rs67.3. We maintain 'Accumulate' rating on better visibility of production growth, valuing the standalone business at 9x FY26 adj EPS and adding the value of investments to arrive at our TP of Rs722.

Operating profit rises 11% QoQ: EBITDA grew 11% QoQ to Rs 3.4bn, higher than PLe of Rs21.5bn due to lower other expenses. Similarly, depreciation and interest came in lower than expected at Rs4.6bn and Rs1.9bn, respectively. Other income rose 64% QoQ to Rs8.3bn. Adj PAT came in at Rs20.3bn, up 28% QoQ. On YoY basis, EBITDA remained flat while PAT grew 13.5%.

Volumes improve sequentially: Crude oil production fell 1% QoQ to 0.8mmt. Gas production at 0.8bcm, too declined 2.1% QoQ. On a YoY basis, oil production grew 6% while gas production increased 3.2%. Crude oil sales at 0.8mmt were down 0.8% QoQ while gas sales at 0.7 bcm fell 4% QoQ. On a YoY basis, oil sales grew 7.7% while gas sales grew 1.6%. Net oil realization stood at US\$78.78/bbl while gas realization came in at US\$6.5/mmBtu. Going ahead, incremental production from Baghjan field is expected to boost production. We build in a 5% CAGR in oil production to reach 3.9mmt by FY26 and 10% volume CAGR in gas to reach 4.3 bcm in FY26.

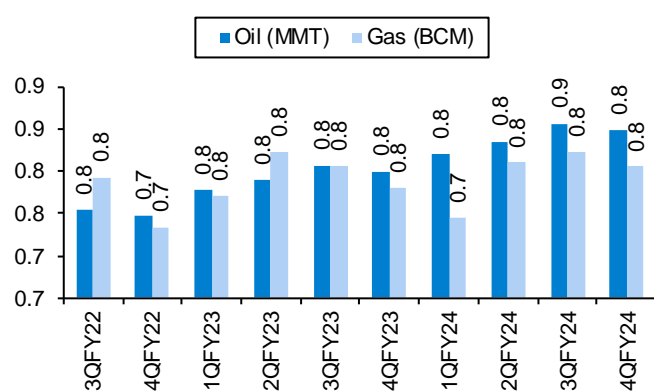
FY24 Financials: EBITDA came in at Rs92.6bn, down 4% YoY. However, adj PAT increased 16% YoY to Rs79.1bn mainly due to higher other income. On a consol basis, EBITDA came in at Rs105.7bn, down 18% YoY while adj PAT at Rs93.4bn fell 5% YoY. NRL's reported a GRM for FY24 stood at US\$13.17/bbl, down 34% YoY with a throughput of 2.5mmt, down 19% YoY. Distillate yield stood at 86.54%. Consol net debt stands at Rs177bn.

Exhibit 1: Quarterly and FY24 Financials

(Rs bn)	Q4FY24	Q3FY24	QoQ gr.	Q4FY24E	% Var	Q4FY23	YoY gr.	FY24	FY23	YoY gr.
Net Sales	57.6	58.2	-1.0%	61.8	-6.9%	56.5	1.9%	221.3	232.7	-4.9%
EBITDA	23.4	21.1	10.9%	21.5	8.5%	23.5	-0.7%	92.6	96.9	-4.5%
<i>Margin (%)</i>	<i>40.6</i>	<i>36.2</i>		<i>34.8</i>		<i>41.6</i>		<i>41.8%</i>	<i>41.6%</i>	
D,D&A	4.6	5.0	-8.8%	5.2	-11.9%	3.3	37.5%	17.8	15.9	11.3%
Interest	1.9	1.8	4.4%	2.3	-18.7%	1.1	75.7%	7.6	7.2	5.0%
Other income	8.3	5.1	64.0%	3.4	143.8%	4.3	95.6%	23.8	14.9	60.5%
PBT before exceptional	25.2	19.3	30.6%	17.4	44.7%	23.4	8.0%	91.1	88.6	2.8%
Exceptional item	0.0	0.0		0.0		0.0		23.6	0.0	
PBT after exceptional	25.2	19.3	30.6%	17.4	44.7%	23.4	8.0%	67.5	88.6	-23.8%
Tax	5.0	3.5	42.1%	4.4	12.6%	5.5	-9.9%	11.9	20.5	-41.7%
<i>Rate (%)</i>	<i>19.6</i>	<i>18.0</i>		<i>25.2</i>		<i>23.5</i>				
PAT	20.3	15.8	28.1%	13.0	55.5%	17.9	13.5%	55.5	68.1	-18.5%
Adj. PAT	20.3	15.8	28.1%	13.0	55.5%	17.9	13.5%	79.1	68.1	16.2%
Oil production (mmt)	0.8	0.9	-0.9%	0.9	-2.6%	0.8	6.0%	3.4	3.2	5.8%
Gas production (bcm)	0.8	0.8	-2.1%	0.8	-3.9%	0.8	3.2%	3.2	3.2	0.1%
Oil sales (mmt)	0.8	0.8	-0.8%	0.9	-3.2%	0.8	9.7%	3.3	3.1	6.8%
Gas sales (bcm)	0.7	0.7	-3.8%	0.6	4.7%	0.6	10.3%	2.5	2.5	2.9%

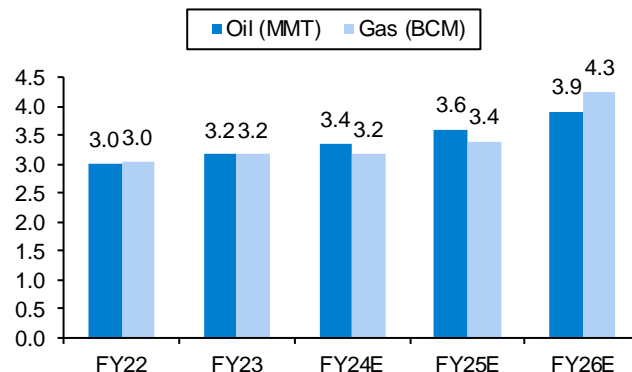
Source: Company, PL

Exhibit 2: Oil and gas production fell 1% and 2% QoQ



Source: Company, PL

Exhibit 3: We anticipate a 10% CAGR in gas production overFY24-26E



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	233	221	241	269
YoY gr. (%)	60.2	(4.9)	8.9	11.7
Cost of Goods Sold	2	3	-	-
Gross Profit	230	219	241	269
Margin (%)	98.9	98.9	100.0	100.0
Employee Cost	20	18	-	-
Other Expenses	113	108	149	153
EBITDA	97	93	92	116
YoY gr. (%)	80.5	(4.5)	(1.0)	26.4
Margin (%)	41.6	41.8	38.0	43.0
Depreciation and Amortization	16	18	20	22
EBIT	81	75	72	93
Margin (%)	34.8	33.8	29.9	34.7
Net Interest	7	8	10	10
Other Income	15	24	18	18
Profit Before Tax	89	67	81	102
Margin (%)	38.1	30.5	33.4	37.8
Total Tax	20	12	20	26
Effective tax rate (%)	23.1	17.7	25.2	25.2
Profit after tax	68	56	60	76
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	68	79	60	76
YoY gr. (%)	75.2	16.2	(23.9)	26.2
Margin (%)	29.3	35.8	25.0	28.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	68	79	60	76
YoY gr. (%)	75.2	16.2	(23.9)	26.2
Margin (%)	29.3	35.8	25.0	28.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	68	79	60	76
Equity Shares O/s (m)	1	1	1	1
EPS (Rs)	60.3	70.0	53.3	67.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	264	298	338	378
Tangibles	264	298	338	378
Intangibles	-	-	-	-
Acc: Dep / Amortization	127	145	165	187
Tangibles	-	-	-	-
Intangibles	-	-	-	-
Net fixed assets	136	153	173	191
Tangibles	136	153	173	191
Intangibles	-	-	-	-
Capital Work In Progress	23	24	23	22
Goodwill	-	-	-	-
Non-Current Investments	294	385	386	387
Net Deferred tax assets	(28)	(28)	(28)	(28)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	14	16	14	16
Trade receivables	22	26	23	26
Cash & Bank Balance	14	31	35	59
Other Current Assets	-	-	-	-
Total Assets	542	651	694	745
Equity				
Equity Share Capital	11	11	11	11
Other Equity	333	430	467	512
Total Network	344	441	477	523
Non-Current Liabilities				
Long Term borrowings	112	113	113	113
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	-	-	-	-
Other current liabilities	58	69	76	81
Total Equity & Liabilities	542	651	694	745

Source: Company Data, PL Research



Cash Flow (Rs bn)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	89	67	81	102
Add. Depreciation	16	18	20	22
Add. Interest	7	7	10	10
Less Financial Other Income	15	24	18	18
Add. Other	3	19	-	-
Op. profit before WC changes	114	111	110	134
Net Changes-WC	(16)	(15)	(11)	(4)
Direct tax	(21)	(19)	(20)	(26)
Net cash from Op. activities	77	77	78	104
Capital expenditures	(52)	(71)	(40)	(40)
Interest / Dividend Income	2	3	-	-
Others	14	19	-	-
Net Cash from Invt. activities	(36)	(49)	(40)	(40)
Issue of share cap. / premium	-	-	-	-
Debt changes	(13)	-	-	-
Dividend paid	(21)	(19)	(24)	(30)
Interest paid	(7)	(7)	(10)	(10)
Others	(1)	(2)	-	-
Net cash from Fin. activities	(42)	(28)	(34)	(40)
Net change in cash	(2)	0	5	24
Free Cash Flow	42	38	38	64

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	60.3	70.0	53.3	67.3
CEPS	74.4	85.7	70.7	87.1
BVPS	304.0	390.3	422.3	462.7
FCF	37.6	33.6	34.0	56.8
DPS	22.1	13.9	18.9	23.8
Return Ratio(%)				
RoCE	18.6	14.8	12.6	15.2
ROIC	15.3	12.1	10.9	13.6
RoE	21.2	20.2	13.1	15.2
Balance Sheet				
Net Debt : Equity (x)	0.3	0.2	0.2	0.1
Net Working Capital (Days)	197	261	-	-
Valuation(x)				
PER	10.7	9.2	12.1	9.6
P/B	2.1	1.7	1.5	1.4
P/CEPS	8.7	7.5	9.2	7.4
EV/EBITDA	8.6	8.8	8.8	6.8
EV/Sales	3.6	3.7	3.4	2.9
Dividend Yield (%)	3.4	2.2	2.9	3.7

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Revenue	46	59	58	58
YoY gr. (%)	(22.2)	2.4	(1.1)	1.9
Raw Material Expenses	-	(1)	2	1
Gross Profit	47	60	56	56
Margin (%)	100.8	101.2	95.8	98.0
EBITDA	23	25	21	23
YoY gr. (%)	(11.7)	34.6	(26.2)	(0.7)
Margin (%)	50.1	42.1	36.2	40.6
Depreciation / Depletion	4	4	5	5
EBIT	19	21	16	19
Margin (%)	41.6	34.9	27.6	32.7
Net Interest	2	2	2	2
Other Income	3	7	5	8
Profit before Tax	21	2	19	25
Margin (%)	45.2	3.2	33.2	43.9
Total Tax	5	(1)	3	5
Effective tax rate (%)	23.2	(72.9)	18.0	19.6
Profit after Tax	16	3	16	20
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	16	27	16	20
YoY gr. (%)	3.7	56.2	(9.3)	13.5
Margin (%)	34.7	45.5	27.2	35.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	16	27	16	20
YoY gr. (%)	3.7	56.2	(9.3)	13.5
Margin (%)	34.7	45.5	27.2	35.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	16	27	16	20
Avg. Shares O/s (m)	1	1	1	1
EPS (Rs)	14.3	23.8	14.0	17.9

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Oil production (mmt)	3	3	4	4
Gas production (bcm)	3	3	3	4
Net oil realization (US\$/bbl)	85	76	70	70
Gas realization (US\$/mmBtu)	7	7	7	7

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-24	Accumulate	708	628
2	14-Feb-24	Accumulate	538	499
3	08-Jan-24	Hold	379	380
4	09-Nov-23	BUY	368	302
5	06-Oct-23	BUY	341	296
6	09-Aug-23	BUY	341	277
7	04-Jul-23	BUY	325	245
8	25-May-23	BUY	325	270

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	595	669
2	Ashok Leyland	BUY	210	176
3	Bajaj Auto	Sell	7,267	9,021
4	Bharat Forge	BUY	1,615	1,405
5	Bharat Petroleum Corporation	Reduce	547	619
6	Bharti Airtel	Accumulate	1,373	1,310
7	CEAT	BUY	3,017	2,545
8	Clean Science and Technology	Hold	1,383	1,328
9	Deepak Nitrite	Reduce	1,985	2,208
10	Divgi Torqtransfer Systems	BUY	1,135	843
11	Eicher Motors	BUY	5,335	4,658
12	Endurance Technologies	Accumulate	2,346	2,168
13	Exide Industries	Accumulate	495	472
14	Fine Organic Industries	Accumulate	4,779	4,287
15	GAIL (India)	Sell	163	209
16	Gujarat Fluorochemicals	Reduce	3,120	3,638
17	Gujarat Gas	Accumulate	589	553
18	Gujarat State Petronet	BUY	400	294
19	Hero Motocorp	BUY	5,629	4,614
20	Hindustan Petroleum Corporation	Sell	420	501
21	Indian Oil Corporation	Reduce	151	169
22	Indraprastha Gas	Sell	368	452
23	Jubilant Ingrevia	Hold	526	512
24	Laxmi Organic Industries	Sell	206	251
25	Mahanagar Gas	Sell	1,116	1,300
26	Mahindra & Mahindra	BUY	2,716	2,372
27	Mangalore Refinery & Petrochemicals	Sell	142	233
28	Maruti Suzuki	BUY	14,432	12,703
29	Navin Fluorine International	Accumulate	3,621	3,377

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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