

Oil India

Refinery expansion delayed; trim estimates

Oil India's material subsidiary, Numaligarh Refinery Ltd (NRL), was supposed to commence operations of the expanded refinery capacity (from 3MMTPA to 9MMTPA) in phases from December 2025 onwards. However, the commencement of refinery operations has been delayed. We now expect operations to commence in Q4FY26 and expect the refinery to gradually ramp up in succeeding quarters. Hence, we trim our FY26/27E EPS estimates by 1.6/9.1% respectively. However, we maintain the BUY recommendation with a revised target price of INR 495. We believe Oil India's standalone gas and oil production should grow at 9% and 4% CAGR over FY25-27E respectively.

- **Delay in completion of NRL refinery capacity expansion:** OINL's material subsidiary, Numaligarh Refinery Ltd (NRL), is in the process of expanding its refinery capacity from 3MMTPA to 9MMTPA. The expanded capacity, which was anticipated to be commissioned in a phased manner from Dec 2025, has seen delays and is yet to be completed. We were confident of NRL achieving its stated target and hence expected the additional capacity to come online in Dec. However, given the delay in commissioning of the expanded refinery capacity, we now expect the capacity expansion to conclude by Q4FY26 and gradually ramp up in subsequent quarters. Hence, we trim OINL's consolidated EPS estimates for FY26/27 by 1.6/9.1% respectively.
- **USD appreciation partially offsets Brent crude price reduction:** Given that Brent crude oil prices have a direct impact on Oil India's crude oil realization and profitability, a USD 1 per barrel decline in Brent crude oil prices could result in Oil India's standalone annual EPS declining by ~2%. Similarly, any depreciation of INR against USD bodes well for OINL's earnings since a INR 1 depreciation in INR/USD could result in annual EPS increasing by 2.6%. Average Brent crude oil prices depreciating by USD 5/bbl (~7%) in the last three months should have a negative impact on OINL's earnings. However, this decline in earnings will be partially offset as INR depreciated by INR1.7 (~2%) during this time.
- **Change in estimates and valuation:** Considering the delayed commencement of NRL's expanded refinery capacity and INR depreciation against USD, we tweak our FY26/27E EPS estimates by -1.6/-9.1% to INR 43.0/36.9. We value Oil India's standalone business at INR 240/sh (8x Mar-27E EPS) and its investments at INR 255/sh, leading to a target price of INR 495/sh.

Consolidated financial summary

YE March (INR bn)	FY23	FY24	FY25	FY26E	FY27E
Revenues	410.39	363.04	361.64	344.48	364.09
EBITDA	152.68	125.04	112.16	115.42	111.82
APAT	87.29	82.90	65.51	69.89	60.02
AEPS (INR)	53.7	51.0	40.3	43.0	36.9
P/E (x)	7.6	8.0	10.1	9.4	11.0
EV/EBITDA (x)	5.5	7.1	8.4	5.5	5.4
RoE (%)	25.3	19.1	13.4	13.0	9.9

Source: Company, HSIE Research

Changes in estimates

YE March	FY26E			FY27E		
	Old	New	(%)	Old	New	(%)
EBITDA (INR bn)	118	115	-2.4	120	112	-6.9
EPS	43.7	43.0	-1.6	40.6	36.9	-9.1

Source: HSIE Research

BUY

CMP (as on 30 Dec 2025)	INR 411
Target Price	INR 495
NIFTY	25,939

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 508	INR 495
EPS change	FY26E -1.6%	FY27E -9.1%

KEY STOCK DATA

Bloomberg code	OINL IN
No. of Shares (mn)	1,627
MCap (INR bn) / (\$ mn)	669/7,454
6m avg traded value (INR mn)	912
52 Week high / low	INR 495/322

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(0.6)	(5.3)	(2.3)
Relative (%)	(6.1)	(6.5)	(10.6)

SHAREHOLDING PATTERN (%)

	Jun-25	Sep-25
Promoters	56.66	56.66
FIs & Local MFs	15.97	17.66
FPIs	11.00	9.51
Public & Others	16.38	16.18
Pledged Shares	0.00	0.00

Source : BSE

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Exhibit 1: SOTP

Valuation	Unit	FY27E
Value of core business		
EPS	Rs/share	35.0
Less: Dividend income	Rs/share	4.9
Net earnings	Rs/share	30.1
PE multiple	(X)	8.0
Value of core business	Rs/share	240
Value of investments		
IOCL @25% discount	Rs/share	57.8
NRL	Rs/share	141.7
Other investment	Rs/share	55.2
Total value of investments	Rs/share	255
PER based target price	Rs/share	495

Source: HSIE Research

Exhibit 2: Brent crude oil price sensitivity – OINL standalone

OINL Standalone FY27E	66.2	67.2	68.2	69.2	70.2
Revenue (INR mn.)	2,39,997	2,42,132	2,44,336	2,46,539	2,48,742
EBITDA (INR mn.)	71,894	73,251	74,652	76,053	77,454
EPS	33.7	34.3	35.0	35.7	36.3
Valuation (INR/share)	230	235	240	246	251

Source: HSIE Research

Exhibit 3: USD/INR sensitivity – OINL standalone

OINL Standalone FY27E	88.6	89.6	90.6	91.6	92.6
Revenue (INR mn.)	2,39,095	2,41,715	2,44,336	2,46,956	2,49,577
EBITDA (INR mn.)	70,845	72,749	74,652	76,556	78,459
EPS	33.2	34.1	35.0	35.9	36.8
Valuation (INR/share)	226	233	240	248	255

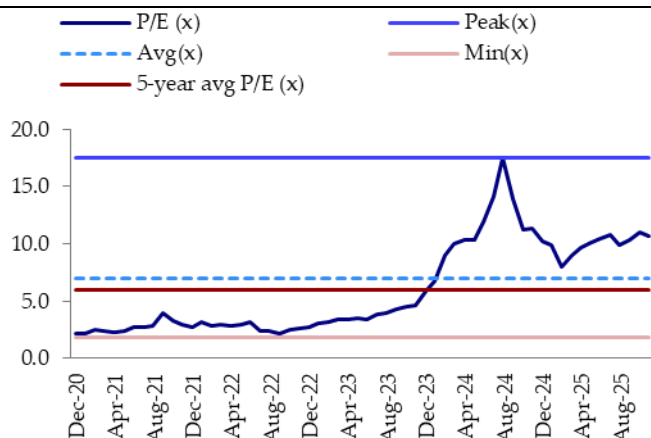
Source: HSIE Research

Exhibit 4: USD/INR sensitivity – NRL consolidated

NRL Conso FY27E	88.6	89.6	90.6	91.6	92.6
Revenue (INR mn.)	2,46,486	2,49,270	2,52,053	2,54,836	2,57,620
EBITDA (INR mn.)	46,931	47,461	47,991	48,521	49,051
EPS	17.1	17.3	17.6	17.8	18.1
Valuation (INR/share)	136	139	142	144	147

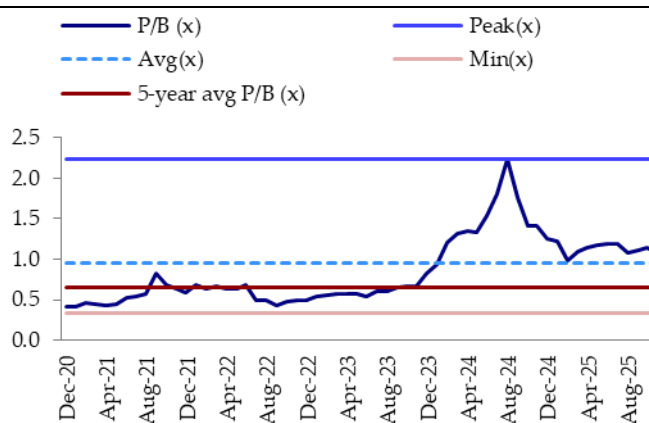
Source: HSIE Research

Exhibit 5: Oil India P/E chart



Source: NSE, Company, HSIE Research

Exhibit 6: Oil India P/BV chart



Source: NSE, Company, HSIE Research

Financials (Consolidated)

Income Statement

(INR bn)	FY23	FY24	FY25	FY26E	FY27E
Revenues	410	363	362	344	364
Growth %	36.7	(11.5)	(0.4)	(4.7)	5.7
Raw Material	81	74	75	59	70
Employee Cost	24	22	22	23	24
Other Expenses	153	141	152	147	158
EBITDA	153	125	112	115	112
EBITDA Margin (%)	37.2	34.4	31.0	33.5	30.7
EBITDA Growth %	45.4	(18.1)	(10.3)	2.9	(3.1)
Depreciation	19	21	23	24	33
EBIT	133	104	89	91	79
Other Income (Including EO Items)	7	13	17	26	27
Interest	9	10	11	13	13
PBT	131	108	95	104	92
Tax	33	19	24	26	23
RPAT	-	(24)	-	-	-
EO (Loss) / Profit (Net of Tax)	0	5	- 1	- 1	-1
APAT	99	70	70	77	68
Share from associates	11	6	5	8	8
Consolidated APAT	87	83	66	70	60
Consolidated APAT Growth (%)	55.3	(5.0)	(21.0)	6.7	(14.1)
AEPS	53.7	51.0	40.3	43.0	36.9
AEPS Growth %	55.3	(5.0)	(21.0)	6.7	(14.1)

Source: Company, HSIE Research

Balance Sheet

(INR bn)	FY23	FY24	FY25	FY26E	FY27E
SOURCES OF FUNDS					
Share Capital	11	11	16	16	16
Reserves And Surplus	374	473	481	559	627
Total Equity	385	483	498	575	644
Minority Interest	34	43	49	57	65
Long-term Debt	184	195	280	37	39
Short-term Debt	3	44	21	25	32
Total Debt	187	239	301	62	71
Deferred Tax Liability	33	32	32	30	32
Long-term Provision and others	14	14	16	2	3
TOTAL SOURCES OF FUNDS	652	810	896	726	814
APPLICATION OF FUNDS					
Net Block	170	192	212	182	203
Capital WIP	130	213	320	89	99
LT Loans and Advances	7	6	8	5	7
Total Non-current Investments	275	335	310	303	310
Non-Current assets	14	8	8	9	10
Total non-current assets	596	754	857	588	630
Inventories	51	45	50	19	22
Debtors	24	33	33	18	21
Cash and Cash Equivalents	35	59	72	150	194
ST Loans and Advances	3	4	11	13	15
Other Current Assets	30	26	21	18	19
Total Current Assets	143	167	187	218	271
Creditors	19	18	25	4	5
Other Current Liabilities & Provns	68	93	124	75	82
Total Current Liabilities	86	111	149	79	87
Net Current Assets	56	56	39	139	184
TOTAL APPLICATION OF FUNDS	652	810	896	726	814

Source: Company, HSIE Research

Cash Flow Statement

Year ending March	FY23	FY24	FY25	FY26E	FY27E
Reported PBT	131	108	95	104	92
Non-operating & EO Items	(7)	(33)	(17)	(26)	(27)
Interest Expenses	9	10	11	13	13
Depreciation	19	21	23	24	33
Working Capital Change	(5)	25	30	(22)	(1)
Tax Paid	(31)	(20)	(24)	(27)	(22)
OPERATING CASH FLOW (a)	117	111	118	65	89
Capex	(93)	(126)	(149)	237	(65)
Free Cash Flow (FCF)	24	(15)	(32)	302	24
Investments	(8)	(60)	25	6	(7)
Non-operating Income	7	13	17	26	27
Others	(7)	7	(2)	2	(3)
INVESTING CASH FLOW (b)	(101)	(166)	(110)	271	(48)
Debt Issuance/(Repaid)	21	52	62	(238)	8
Interest Expenses	(9)	(10)	(11)	(13)	(13)
FCFE	36	27	20	51	19
Share Capital Issuance	-	-	5	-	-
Dividend	(33)	(26)	(19)	(17)	(20)
Others	24	63	(34)	10	29
FINANCING CASH FLOW (c)	3	80	5	(258)	4
NET CASH FLOW (a+b+c)	19	25	13	78	45
EO Items, Others					
Closing Cash & Equivalents	35	59	72	150	194

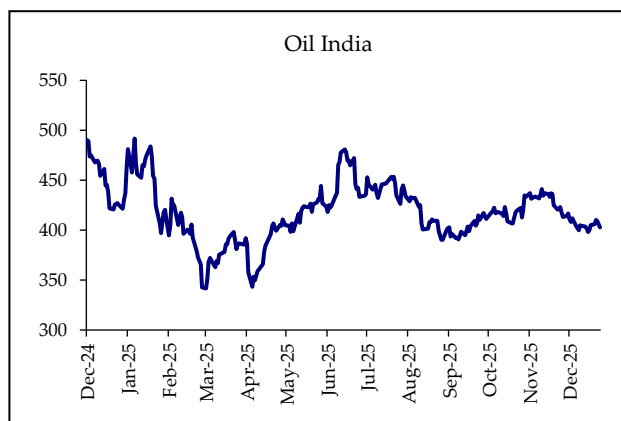
Source: Company, HSIE Research

Key Ratios

	FY23	FY24	FY25	FY26E	FY27E
PROFITABILITY %					
EBITDA margin	37.2	34.4	31.0	33.5	30.7
EBIT margin	32.5	28.6	24.6	26.5	21.6
APAT margin	21.3	22.8	18.1	20.3	16.5
RoE	25.3	19.1	13.4	13.0	9.9
RoIC (or Core RoCE)	19.6	16.0	12.2	12.7	10.5
RoCE	15.8	12.4	8.6	9.8	9.1
EFFICIENCY					
Tax rate %	25.0	17.3	25.2	25.0	25.2
Fixed Asset Turnover (x)	1.4	1.1	0.9	0.9	0.8
Inventory (days)	45	45	51	20	22
Debtor (days)	21	34	33	19	21
Other Current Assets (days)	30	30	32	33	34
Payables (days)	-	-	-	-	-
Other Current Liab (days)	60	93	125	80	82
Cash conversion cycle (days)	36	15	(9)	(8)	(5)
Net Debt/EBITDA (x)	1.0	1.4	2.0	(0.8)	(1.1)
Net D/E	0.4	0.4	0.5	(0.2)	(0.2)
Interest coverage	14.8	10.8	8.3	7.2	5.9
PER SHARE DATA (Rs)					
EPS	53.7	51.0	40.3	43.0	36.9
CEPS	65.6	64.1	54.5	57.9	57.3
Book Value	236.6	297.2	306.0	353.6	395.6
DPS	20.0	15.8	11.5	10.5	12.2
VALUATION					
P/E (x)	7.7	8.1	10.2	9.6	11.1
P/BV (x)	1.7	1.4	1.3	1.2	1.0
EV/EBITDA (x)	5.6	7.1	8.4	5.5	5.5
EV/Revenues (x)	2.1	2.5	2.6	1.9	1.7
OCF/EV (%)	13.7	12.5	12.4	10.2	14.5
FCF/EV (%)	2.8	(1.7)	(3.4)	47.3	3.9
FCFE/MCap (%)	5.4	4.0	3.0	7.6	2.8
Dividend yield (%)	4.9	3.8	2.8	2.5	3.0

Source: Company, HSIE Research

Price History



Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

REDUCE: -10% to +5% return potential

SELL: >10% Downside return potential

Disclosure:

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