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Trade View Report-



Published Date	February 27th, 2026
Rating	BUY
Trade Type	Medium Term
Stock Name	OIL
Entry Price	480-483
Target	530
Stop Loss Price	460
Target%	10%
SL%	4%

Rationale-

Oil India Ltd (OIL) is a mid-cap PSU exploration & production (E&P) company that currently looks reasonably attractive on valuation, but with sector-specific risks (crude-price volatility and execution risk).

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Business and earnings profile

Oil India is primarily engaged in exploration, development and production of crude oil and natural gas, plus transportation of crude and LPG production.

Recent trailing-12-month data shows:

Revenue around ₹35,800 crore, with EBITDA ~₹11,500 crore and net profit ~₹6,000 crore.

Healthy net margin (~16–17%) and solid ROE (~10–11%), indicating decent profitability and capital efficiency.

1. Business model and segments

Core business:

Exploration, development, and production of crude oil and natural gas in India (upstream E&P).

Also produces LPG and provides pipeline transportation for crude oil and petroleum products, giving it a partial midstream footprint.

Operations footprint:

Onshore: Assam, Arunachal Pradesh, Mizoram, Tripura, Nagaland, Odisha, Andhra Pradesh, Rajasthan.

Offshore: Andaman, Kerala–Konkan, and KG shallow-water blocks.

Segments (broad buckets):

1. Crude oil
2. Natural gas
3. LPG
4. Pipeline transportation
5. Renewable energy (small but growing; wind/solar projects)

Ownership:

Public sector undertaking (PSU) under the Ministry of Petroleum & Natural Gas, majority-owned by the Government of India.

2. Key financials (recent years, consolidated)

All figures rounded for quick scanning; units are ₹ crore unless specified. Data is primarily for FY24–FY25 and FY26-Q3 equivalent.

Income statement

Revenue:

FY25: ~₹32,500–33,500 crore range (exact ~₹32,512–33,461 crore across sources).

FY24: ~₹32,500–36,100 crore (high-growth year due to strong oil/gas prices).

EBITDA:

FY25: ~₹11,300–11,500 crore (EBITDA margin ~34–35%).

Earlier FY24: closer to ~₹14,100 crore (higher margin year).

Net profit:

FY25: ~₹6,500–6,600 crore (net margin ~19–20%).

FY24: ~₹8,700 crore (strong-earnings year).

Trends (Q3 FY26 note):

Dec-2025 quarter: revenue ~₹8,330 crore; **net profit** ~₹1,195 crore (down ~11% YoY) due to margin compression and lower realisation vs Q3 FY25.

EBITDA in Dec-2025 quarter ~₹3,167 crore (slightly up YoY).

Margins and quality indicators

Operating profit margin: in recent quarters ~35–45% range (volatile with oil/gas prices).

Net profit margin: FY25: ~19–20%.

Recent quarters: dropped to ~16% in one quarter (Jun-25) due to tax/realisation pressure.

Balance sheet and leverage

Total assets: ~₹1,04 lakh crore as of FY25 (up from ~₹7.4 lakh crore in FY23), reflecting heavy capex and consolidation.

Equity / net worth: ~₹5.47 lakh crore, indicating a strong book-value cushion.

Debt: Net debt is positive but not extremely high; leverage is moderate for an E&P company, with a focus on funding capex and buybacks/dividends.

Cash flows and shareholder return

Operating cash flow:

FY25: ~₹1.13 lakh crore inflow, very healthy.

Investing cash flow: large outflows (₹1.3–1.6 lakh crore range in recent years) reflecting exploration and field-development capex.

Free cash flow: sometimes negative in capex-heavy years, but overall supports dividends and buybacks.

Dividend + buyback:

OIL has periodically announced buybacks and special dividends, signalling strong cash generation and shareholder-friendly policy.

3. Key strengths and risks

Strengths

1. PSU-backed E&P franchise:
2. Long-term exploration licenses in mature and emerging basins; strong relationship with the government and access to blocks.

Integrated footprint:

Links upstream (oil/gas) with midstream (pipelines, LPG) and now a small renewable-energy wing, giving some diversification.

Healthy profitability and cash flow:

High EBITDA margins and strong operating cash flow at current crude prices support dividends and capex.

Risks

Commodity price volatility:

Earnings are highly sensitive to crude oil and gas realisations; a sustained price drop can hit margins sharply.

Capex and execution risk:

Large exploration and field-development capex; if projects underperform or are delayed, returns and near-term earnings can weaken.

Policy and regulatory risk:

Pricing, gas-regime changes, taxation, and environmental norms can materially impact economics.

Disclaimer-

Investment in securities market is subject to market risks. Read all the related documents carefully before investing. Trading in Futures & Options (F&O) carries high risk as it depends on market momentum. "Registration granted by SEBI & Certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to Investors." Past performance is no guarantee of future results.

Intraday- Not more than one day

Short term – 0-15 days

Medium term – 1- 3 months

Long term – more than a Year

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