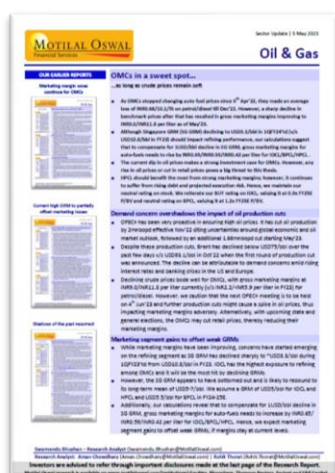


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## Our earlier reports



## OMCs poised for another strong quarter...

### ...led by robust marketing margins

- Global Brent prices soared to a nine-year high of USD96/bbl in FY23 due to the onset of Russia-Ukraine war and active quota management of OPEC. However, OMCs had kept retail prices unchanged since 6<sup>th</sup> Apr'22 despite the rise in benchmark prices. As a result, their average marketing losses came in at INR0.68/INR10.1 per liter on petrol/diesel during 9MFY23.
- However, Brent has since then moderated to ~USD79/bbl in 1QFY24QTD since demand concerns have overshadowed the impact of production cuts by OPEC. Declining crude prices bode well for OMCs, as their marketing margins improve considerably to ~INR10.0/INR12.7 per liter on petrol/diesel in 1QFY24.
- Considering this recent decline in Brent prices, we cut our crude price estimates to USD84/bbl in FY24 from USD90/bbl, while maintaining our FY25 estimates at USD90/bbl as we expect supply to remain tight in FY25 owing to the recent revision in OPEC+ production targets for CY24.
- Subsequently, we cut our standalone revenue estimate for OINL by 6% for FY24, while keeping our EBITDA/PAT estimates unchanged. We note that our realization assumption – excluding windfall tax – remains unchanged at USD70/bbl. We revise our consolidated revenue/EBITDA/PAT estimates for ONGC by -4%/9%/15% for FY24 due to its investments in HPCL.
- HPCL should be the biggest beneficiary of strong marketing margins; however, it continues to suffer from rising debt and project execution risk. Hence, we maintain our Neutral rating on HPCL, valuing it at 0.8x FY25E P/BV. We reiterate our BUY rating on IOCL, valuing it at 0.9x FY25E P/BV and Neutral rating on BPCL, valuing it at 1.2x FY25E P/BV.

### Healthy marketing margins to drive earnings in the upcoming quarter

- As OMCs had kept retail prices unchanged since 6th Apr'22 despite Brent reaching a multi-year high of ~USD123/bbl in Jun'22, their average marketing losses came in at INR0.68/ INR10.1 per liter on petrol/diesel during 9MFY23.
- However, Brent prices has since then moderated to ~USD79/bbl in 1QFY24QTD, which augur well for OMCs as their marketing margins have improved considerably to ~INR10.0/INR12.7 per liter on petrol/diesel in 1QFY24. This should propel earnings growth in the upcoming quarter as well.
- We model marketing margins of INR3.3/lit for petrol & diesel from 2QFY24 onwards considering a spike in crude oil prices due to active quota management by OPEC+ or a cut in retail prices due to the upcoming state and general elections may significantly impact marketing margins and also increase earnings volatility . We also highlight that a change of USD1/bbl in crude prices impacts marketing margins by ~52paise/liter.

### Weak GRMs to partially offset marketing segment gains

- Although marketing margins have improved substantially, SG GRM has softened to ~USD3.8/bbl during 1QFY24QTD from USD8.2/bbl in 4QFY23 (USD10.8/bbl in FY23). IOCL has the highest exposure to refining among OMCs and it will be the most affected by declining GRMs.
- While softer GRM may partially offset gains from marketing segment in the upcoming quarter, we expect SG GRM to eventually rebound to its long-term mean of USD5-7/bbl. We forecast a GRM of USD11.0/USD16.3/USD8.0 per bbl for IOCL/BPCL/HPCL in 1QFY24.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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- Additionally, our calculations suggest that an increase of INR0.65/INR0.59/INR0.42 per liter in auto fuel margins for IOCL/BPCL/HPCL compensates for a 1USD/bbl decline in GRMs.

#### Valuation and view

- **IOCL** is set to commission various projects over the next two years, driving growth further. Refinery projects, currently underway, are likely to be completed as follows: Panipat refinery (25mmtpa) by Sep'24, Gujarat refinery (18mmtpa) by Aug'23, and Baruni refinery (9mmtpa) by Apr'23, according to the earlier guidance. **IOCL is likely to be hit the most among its peers from a decline in refining margin.** We value the stock at 0.9x FY25E P/BV to arrive at our TP of INR112. **We reiterate our BUY rating on the stock.**
- **BPCL:** The estimated capex for FY24 stands at INR100b. The company recently approved a capex of INR490b for setting up an ethylene cracker at Bina refinery along with expansion of the refinery. BPCL will also be setting up Petroleum Oil Lubricant and Lube Oil Base Stock installations at Rasayani at a capex of ~INR28b. We value the stock at 1.2x FY25E P/BV to arrive at our TP of INR395. **We maintain our Neutral rating on the stock.**
- **HPCL:** Completion of various ongoing projects is expected to drive growth over the next three to five years such as – Bhatinda refinery expansion, Vizag refinery expansion, and new Rajasthan (Barmer) refinery in FY24. **Despite the growth potential, we maintain our Neutral rating, given its project execution risk at Visakhapatnam and mounting debt levels.** We value the stock at 0.8x FY25E P/BV to arrive at our TP of INR275.

#### Exhibit 1: Valuation snapshot

Company	Rating	TP (INR)	EPS (INR)			P/E ratio (x)			P/BV ratio (x)			EV/EBITDA ratio (x)			RoE (%)		
			FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
IOCL	Buy	112	8.5	26.8	12.4	10.6	3.4	7.3	0.9	0.8	0.7	7.2	3.9	6.4	8.6	24.6	10.3
BPCL	Neutral	395	9.4	99.0	40.2	38.2	3.6	9.0	1.4	1.2	1.1	8.0	2.2	4.5	3.7	35.2	12.6
HPCL	Neutral	275	-49.2	109.7	48.9	NA	2.4	5.4	1.2	0.9	0.8	NA	4.1	7.5	-19.0	41.0	15.0
ONGC	Buy	215	30.4	48.5	44.1	5.1	3.2	3.5	0.7	0.6	0.6	3.5	2.3	2.1	14.4	20.7	16.7
Oil India	Buy	330	60.3	44.0	43.8	4.3	5.8	5.9	0.8	0.8	0.7	4.0	4.8	4.8	21.2	13.9	12.8

Source: MOFSL

#### Exhibit 2: Consolidated estimate revisions for IOCL

Particulars	Revised			Previous			Change (%)		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Revenue (INR b)	8,417.6	8,842.6	10,267.4	8,417.6	9,761.6	10,267.4	0%	-9%	0%
EBITDA (INR b)	307.0	648.6	390.8	307.0	388.1	390.8	0%	67%	0%
PAT (INR b)	117.0	369.7	170.6	117.0	169.0	169.0	0%	119%	1%
EPS (INR)	8.5	26.8	12.4	8.5	12.3	12.3	0%	119%	1%

Source: Company, MOSL

#### Exhibit 3: Consolidated estimate revisions for BPCL

Particulars	Revised			Previous			Change (%)		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Revenue (INR b)	4,731.9	4,059.1	4,237.6	4,731.9	4,228.0	4,237.6	0%	-4%	0%
EBITDA (INR b)	93.8	343.5	168.1	93.8	165.9	168.1	0%	107%	0%
PAT (INR b)	19.7	207.3	84.1	19.7	77.4	83.0	0%	168%	1%
EPS (INR)	9.4	99.0	40.2	9.4	37.0	39.7	0%	168%	1%

Source: Company, MOSL

**Exhibit 4: Consolidated estimate revisions for HPCL**

Particulars	Revised			Previous			Change (%)		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Revenue (INR b)	4,407.1	4,124.2	4,248.2	4,407.1	4,249.1	4,248.2	0%	-3%	0%
EBITDA (INR b)	-72.1	245.7	140.1	-72.1	137.2	140.1	0%	79%	0%
PAT (INR b)	-69.8	155.7	69.4	-69.8	72.4	66.5	0%	115%	4%
EPS (INR)	-49.2	109.7	48.9	-49.2	51.1	46.8	0%	115%	4%

Source: Company, MOSL

**Exhibit 5: Consolidated estimate revisions for ONGC**

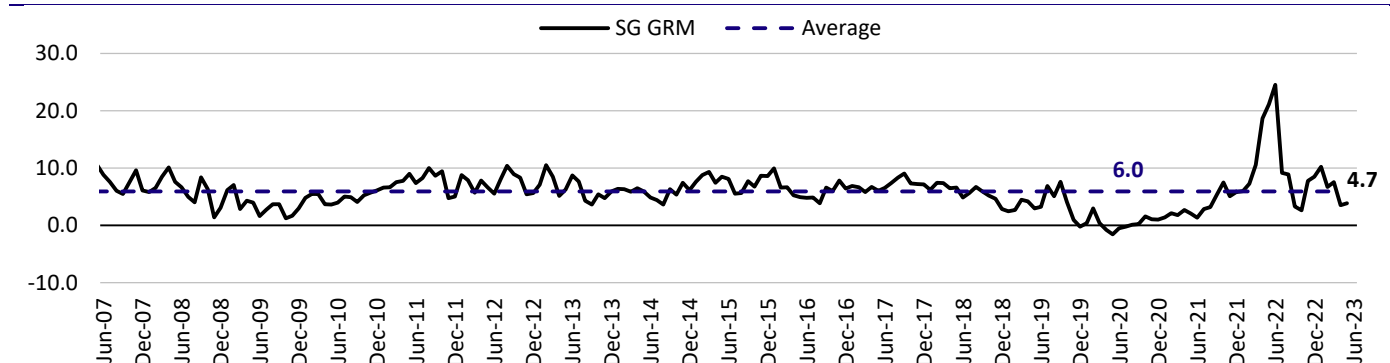
Particulars	Revised			Previous			Change (%)		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Revenue (INR b)	6,848.3	6,488.5	6,818.3	6,848.3	6,778.4	6,825.3	0%	-4%	0%
EBITDA (INR b)	857.1	1,179.6	1,104.7	857.1	1,082.7	1,111.0	0%	9%	-1%
PAT (INR b)	389.7	625.3	566.6	389.7	542.0	554.5	0%	15%	2%
EPS (INR)	30.4	48.7	44.2	30.4	42.2	43.2	0%	15%	2%

Source: Company, MOSL

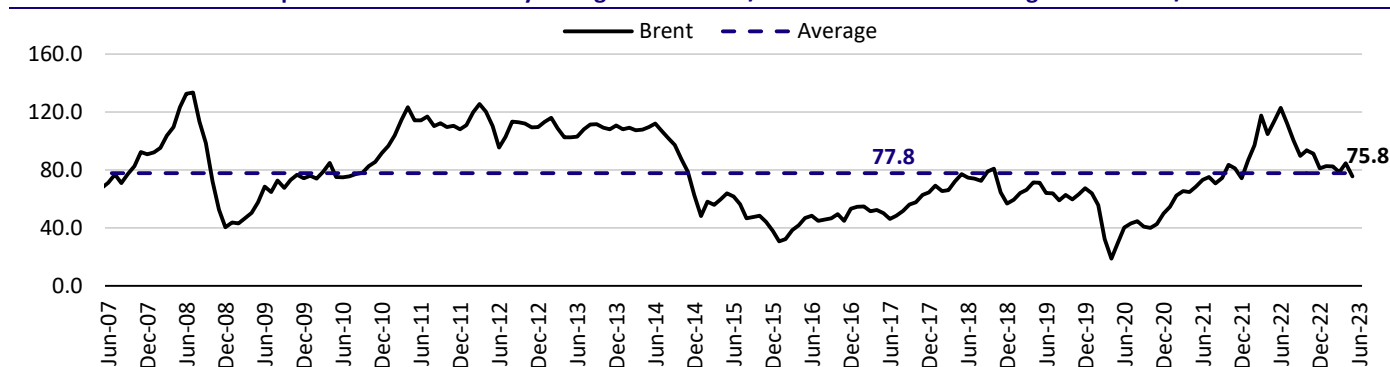
**Exhibit 6: Standalone estimate revisions for OINL**

Particulars	Revised			Previous			Change (%)		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Revenue (INR b)	232.7	222.2	236.4	232.7	235.7	237.2	0%	-6%	0%
EBITDA (INR b)	96.9	79.0	78.5	96.9	78.4	78.8	0%	1%	0%
PAT (INR b)	68.1	49.7	49.5	68.1	49.1	49.4	0%	1%	0%
EPS (INR)	60.3	44.0	43.8	60.3	43.5	43.7	0%	1%	0%

Source: Company, MOSL

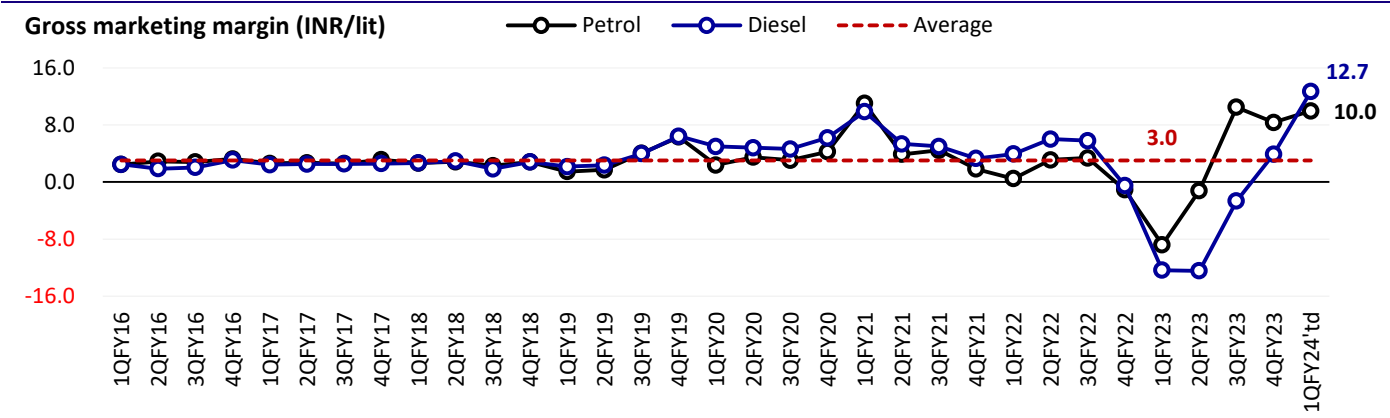
**Exhibit 7: Singapore GRM has softened to USD4.7/bbl in Jun'23'td from the peak of USD24.5/bbl in Jun'22**

Source: Reuters, MOFSL

**Exhibit 8: Brent crude oil prices touched a multi-year high of ~USD123/bbl in Jun'22 before falling to ~USD75.8/bbl in Jun'23'td**

Source: Reuters, MOFSL

Exhibit 9: Gross marketing margins improve to INR10.0/INR12.7 per liter on petrol/diesel in 1QFY24QTD



Source: IOCL, Bloomberg, MOFSL

## IOCL – Financial summary and assumptions (TP: INR112) – BUY

### Exhibit 10: Key assumptions

Y End: March 31	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Exchange Rate (INR/USD)	64.5	70.0	70.9	74.3	74.5	80.4	83.9	83.0
Brent Crude (USD/bbl)	57.6	70.1	61.2	44.4	80.5	96.1	84.0	90.0
Domestic direct sales refined pdts (MMT)	77	80	79	68	74	84	87	91
YoY (%)	4%	4%	-1%	-13%	8%	14%	4%	4%
Reported GRM (USD/bbl)	8.5	5.4	0.1	5.6	11.3	19.5	9.5	5.0
Singapore GRM (USD/bbl)	7.3	4.9	3.2	0.5	5.0	10.7	5.5	6.0
Prem./(disc) (USD/bbl)	1.2	0.5	(3.1)	5.1	6.3	8.8	4.0	(1.0)
Refining capacity utilization (%)	100%	104%	100%	90%	98%	105%	104%	104%
Total Refinery throughput (MMT)	69.0	71.8	69.4	62.4	67.7	72.3	72.0	72.0
YoY (%)	6%	4%	-3%	-10%	9%	7%	-1%	0%
<b>Marketing Margin (INR/lit)</b>								
Blended gross marketing margin incld inventory	4.4	5.3	6.2	6.8	4.7	(1.1)	6.1	4.2
Consolidated EPS	16.4	12.5	1.8	15.8	18.7	8.5	26.8	12.4

Source: Company, MOFSL

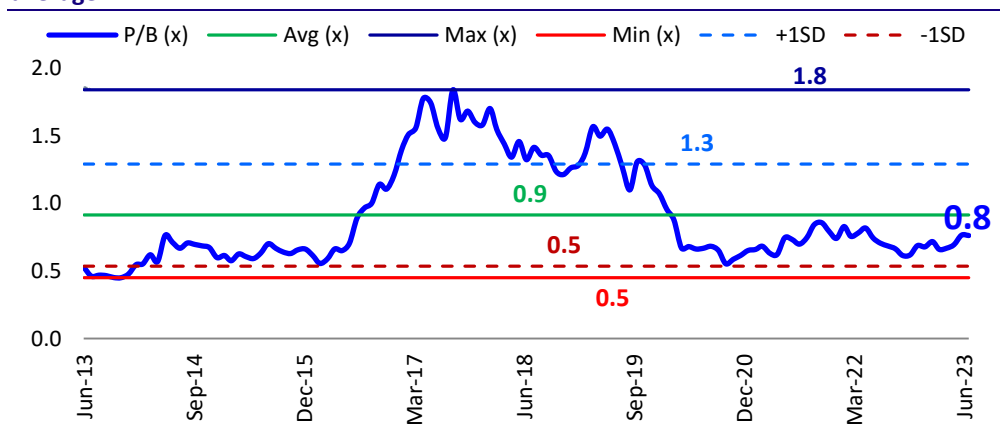
### Exhibit 11: Financial summary

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Sales	4,214.9	5,281.6	4,837.6	3,639.5	5,893.4	8,417.6	8,842.6	10,267.4
EBITDA	416.3	352.2	168.4	405.9	477.4	307.0	648.6	390.8
Adj. PAT	226.3	172.7	24.1	217.6	257.3	117.0	369.7	170.6
Adj. EPS (INR)	16.4	12.5	1.8	15.8	18.7	8.5	26.8	12.4
EPS growth (%)	11.0	(23.7)	(86.0)	801.4	18.2	(54.5)	215.9	(53.8)
BV/share (INR)	82.7	81.7	69.3	81.2	97.0	101.5	116.5	124.3
<b>Ratios</b>								
Net D:E ratio	0.5	0.8	1.3	0.9	0.9	1.0	0.8	0.7
RoE (%)	21.0	15.3	2.3	21.0	21.0	8.6	24.6	10.3
RoCE (%)	14.3	10.6	2.4	10.0	12.4	8.2	14.3	6.8
Payout (%)	54.6	57.5	NM	59.2	52.6	35.3	44.0	36.9
<b>Valuations</b>								
P/E ratio (x)	4.1	4.8	9.8	3.8	4.8	10.6	3.4	7.3
P/BV ratio (x)	1.1	1.1	1.3	1.1	0.9	0.9	0.8	0.7
EV/EBITDA ratio (x)	3.5	5.0	12.3	4.7	4.3	7.2	3.9	6.4
Div. yield (%)	12.3	10.2	4.7	13.3	14.0	5.0	13.1	5.1
FCF yield (%)	26.9	2.9	(5.4)	53.3	23.7	29.5	29.2	13.0

Source: Company, MOFSL

### Exhibit 12: The one-year forward P/B ratio for IOCL is at ~11% discount to its long-term average



Source: Company, MOFSL

## BPCL – Financial summary and assumptions (TP: INR395) – Neutral

### Exhibit 13: Key assumptions

Y End: March 31	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Exchange Rate (INR/USD)	64.5	70.0	70.9	74.3	74.5	80.4	83.9	83.0
Crude cost (USD/bbl)	57.1	70.1	61.2	44.4	80.5	96.1	84.0	90.0
Domestic Market Sales (mmt)	41.2	43.1	43.1	38.7	42.5	48.9	50.9	52.9
YoY (%)	9%	5%	0%	-10%	10%	15%	4%	4%
<b>Reported GRM (USD/bbl)</b>	<b>6.9</b>	<b>4.6</b>	<b>2.5</b>	<b>4.1</b>	<b>9.5</b>	<b>20.3</b>	<b>12.2</b>	<b>5.5</b>
Singapore GRM (USD/bbl)	7.3	4.9	3.2	0.5	5.0	10.7	5.5	6.0
Prem/(disc) (USD/bbl)	(0.4)	(0.3)	(0.7)	3.6	4.5	9.6	6.7	(0.5)
Refinery throughput (mmt)	28.5	31.0	31.9	26.4	34.1	38.5	40.0	40.0
YoY (%)	12%	9%	3%	-17%	29%	13%	4%	0%
<b>Marketing Margin (INR/ltr)</b>								
Blended gross marketing margin incld inventory	4.0	4.8	4.7	6.9	5.0	(1.4)	6.1	4.1
<b>Consolidated EPS</b>	<b>46.8</b>	<b>40.7</b>	<b>23.8</b>	<b>63.2</b>	<b>52.0</b>	<b>9.4</b>	<b>99.0</b>	<b>40.2</b>

Source: Company, MOFSL

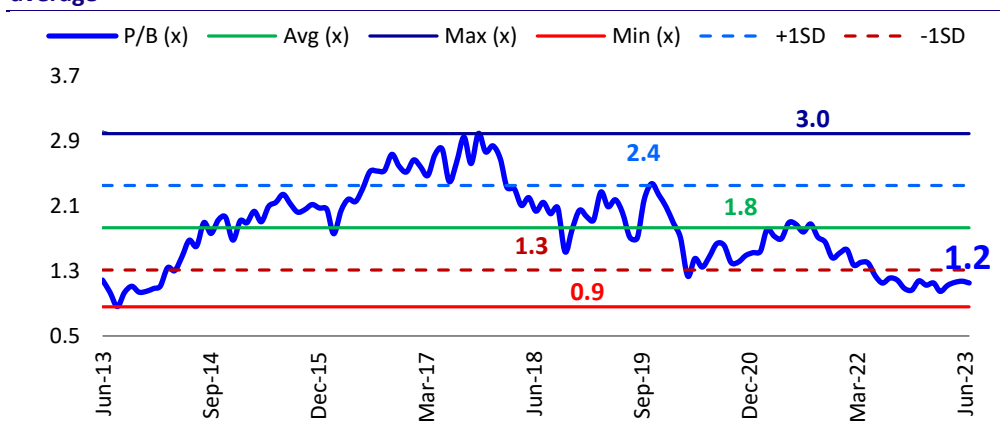
### Exhibit 14: Financial summary

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Sales	2,357.7	2,982.3	2,845.7	2,301.6	3,467.9	4,731.9	4,059.1	4,237.6
EBITDA	151.8	158.1	100.2	211.0	188.5	93.8	343.5	168.1
Adj. PAT	97.9	85.3	49.8	132.4	108.9	19.7	207.3	84.1
EPS (INR)	46.8	40.7	23.8	63.2	52.0	9.4	99.0	40.2
EPS growth (%)	3.0	-12.9	-41.6	165.6	-17.8	-81.9	951.2	-59.4
BV/share (INR)	175.0	185.2	174.6	255.9	248.0	255.7	306.9	329.1
<b>Ratios</b>								
Net D:E ratio	1.0	1.1	1.5	0.6	1.0	1.1	0.8	0.7
RoE (%)	29.0	22.6	13.2	29.4	20.6	3.7	35.2	12.6
RoCE (%)	13.7	11.8	9.1	15.9	10.9	-0.4	19.0	7.8
Payout (%)	52.5	54.6	110.2	95.5	28.7	98.2	48.3	44.9
<b>Valuation</b>								
P/E ratio (x)	7.7	8.8	15.1	5.7	6.9	38.2	3.6	9.0
P/BV ratio (x)	2.1	1.9	2.1	1.4	1.5	1.4	1.2	1.1
EV/EBITDA ratio (x)	4.7	4.5	7.1	3.6	4.0	8.0	2.2	4.5
Div. yield (%)	6.2	5.6	4.9	21.9	4.4	2.8	13.3	5.0
FCF yield (%)	4.7	-0.5	-6.1	19.1	15.7	5.2	23.5	14.5

Source: Company, MOFSL

### Exhibit 15: The one-year forward P/B ratio for BPCL is at ~33% discount to its long-term average



Source: Company, MOFSL

## HPCL – Financial summary and assumptions (TP: INR275) – Neutral

Exhibit 16: Key assumptions

Particulars	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Exchange Rate (INR/USD)	64.5	70.0	70.9	74.3	74.5	80.4	83.9	83.0
Brent Crude (USD/bbl)	57.6	70.1	61.2	44.4	80.5	96.1	84.0	90.0
Market Sales (MMT)	37	39	40	37	39	43	43	44
YoY (%)	6	5	2	(8)	7	11	(2)	4
<b>GRM (USD/bbl)</b>	7.4	5.0	1.0	3.9	7.2	12.1	6.7	5.0
Singapore GRM (USD/bbl)	7.3	4.9	3.2	0.5	5.0	10.7	5.5	6.0
Prem/(disc) (USD/bbl)	0	0	(2)	3	2	1	1.3	(1.0)
Total Refinery throughput (MMT)	18.3	18.4	17.2	16.4	14.0	19.1	23.0	24.0
YoY (%)	3%	1%	-7%	-4%	-15%	37%	20%	4%
<b>Refining capacity utilization (%)</b>	116%	117%	109%	104%	88%	85%	94%	98%
<b>Blended marketing margin incld inventory (INR/lit)</b>	3.6	4.3	4.0	6.3	4.3	(0.8)	6.6	4.6
<b>Consolidated EPS</b>	<b>50.9</b>	<b>47.2</b>	<b>25.7</b>	<b>75.1</b>	<b>51.4</b>	<b>-49.2</b>	<b>109.7</b>	<b>48.9</b>

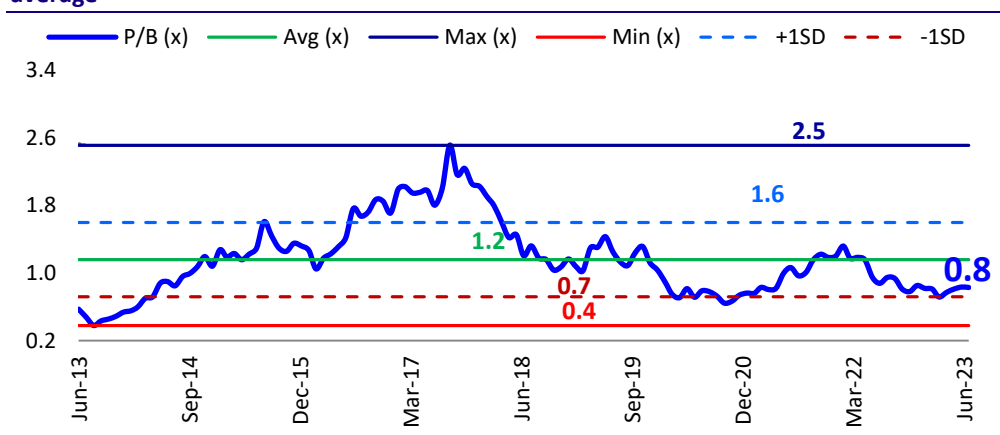
Source: Company, MOFSL

Exhibit 17: Financial summary

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Sales	2,195.1	2,754.9	2,690.9	2,332.5	3,499.1	4,407.1	4,124.2	4,248.2
EBITDA	107.1	115.3	56.6	160.0	102.4	-72.1	245.7	140.1
Adj. PAT	72.2	66.9	36.4	106.6	72.9	-69.8	155.7	69.4
Adj. EPS (INR)	50.9	47.2	25.7	75.1	51.4	-49.2	109.7	48.9
EPS growth (%)	-12.4	-7.3	-45.6	192.8	-31.6	PL	LP	-55.4
BV/share (INR)	179.9	214.2	218.3	268.4	291.8	227.4	307.3	343.5
<b>Ratios</b>								
Net D:E ratio	0.8	0.8	1.3	1.1	1.1	2.1	1.5	1.4
RoE (%)	31.0	23.9	11.9	30.9	18.4	-19.0	41.0	15.0
RoCE (%)	15.8	12.9	12.0	14.9	8.3	-7.8	15.1	6.4
Payout (%)	42.0	43.0	76.0	30.3	27.2	0.0	27.1	25.9
<b>Valuations</b>								
P/E ratio (x)	5.2	5.6	10.2	3.5	5.1	NA	2.4	5.4
P/BV ratio (x)	1.5	1.2	1.2	1.0	0.9	1.2	0.9	0.8
EV/EBITDA ratio (x)	5.3	5.5	13.5	5.0	8.0	NA	4.1	7.5
Div. yield (%)	6.5	6.1	3.7	8.7	5.3	0.0	11.4	4.8
FCF yield (%)	11.6	-7.3	-22.4	16.7	10.2	-34.4	24.3	1.2

Source: Company, MOFSL

Exhibit 18: The one-year forward P/B ratio for HPCL is at ~33% discount to its long-term average



Source: Company, MOFSL



## ONGC – Financial summary and assumptions (TP: INR215) – BUY

Exhibit 19: Key assumptions

Particulars	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Exchange Rate (INR/USD)	64.5	70.0	70.9	74.3	74.5	80.4	83.9	83.0
APM Gas Price (USD/mmBtu)	3.0	3.5	3.8	2.3	2.6	7.3	6.5	6.5
Brent crude price (USD/bbl)	57.6	70.1	61.2	44.4	80.5	96.1	84.0	90.0
<b>Production Details (mmtoe)</b>								
Domestic Oil Production (mmt)	26.2	24.2	23.4	22.5	21.7	21.5	22.7	23.9
Domestic Gas Production (bcm)	25.6	25.8	24.9	22.8	21.7	21.4	23.7	25.4
<b>Domestic Production (mmtoe)</b>	<b>51.8</b>	<b>50.0</b>	<b>48.3</b>	<b>45.3</b>	<b>43.4</b>	<b>42.8</b>	<b>46.4</b>	<b>49.3</b>
<b>OVL Production (mmtoe)</b>	<b>14.2</b>	<b>14.8</b>	<b>14.7</b>	<b>13.0</b>	<b>12.3</b>	<b>10.2</b>	<b>11.3</b>	<b>11.8</b>
<b>Group Production (mmtoe)</b>	<b>66.0</b>	<b>64.9</b>	<b>62.9</b>	<b>58.4</b>	<b>55.7</b>	<b>53.0</b>	<b>57.7</b>	<b>61.1</b>
<b>Oil Price Realization (USD/bbl)</b>								
Gross	57.4	68.9	58.8	42.8	76.4	92.1	84.0	90.0
Upstream Discount	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net</b>	<b>57.4</b>	<b>68.9</b>	<b>58.8</b>	<b>42.8</b>	<b>76.4</b>	<b>92.1</b>	<b>84.0</b>	<b>90.0</b>
<b>Consolidated EPS</b>	<b>20.2</b>	<b>27.2</b>	<b>13.0</b>	<b>16.1</b>	<b>32.2</b>	<b>30.4</b>	<b>48.5</b>	<b>44.1</b>

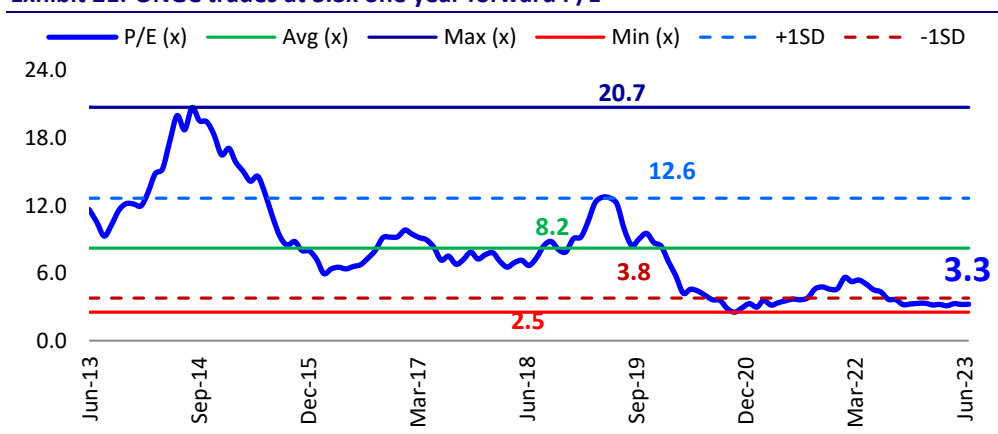
Source: Company, MOFSL

Exhibit 20: Financial summary

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Sales	3,622.5	4,536.8	4,249.6	3,605.7	5,317.6	6,848.3	6,532.7	6,818.3
EBITDA	643.5	840.4	611.3	566.0	857.7	857.1	1,175.8	1,104.7
Adj. PAT	259.1	348.8	167.3	207.0	413.6	389.7	622.3	566.0
Adj. EPS (INR)	20.2	27.2	13.0	16.1	32.2	30.4	48.5	44.1
EPS growth (%)	-9.9	34.6	-52.1	23.8	99.8	-5.8	59.7	-9.0
BV/share (INR)	158.0	167.9	159.8	172.2	202.2	218.7	250.3	277.1
<b>Ratios</b>								
Net D:E ratio	0.5	0.4	0.5	0.5	0.4	0.4	0.2	0.1
RoE (%)	13.0	16.7	8.0	9.7	17.2	14.4	20.7	16.7
RoCE (%)	9.2	11.3	6.4	7.3	15.7	11.6	16.3	14.5
Payout (%)	38.0	31.3	77.7	21.6	27.3	44.0	34.8	39.1
<b>Valuations</b>								
P/E ratio (x)	7.6	5.7	11.8	9.6	4.8	5.1	3.2	3.5
P/BV ratio (x)	1.0	0.9	1.0	0.9	0.8	0.7	0.6	0.6
EV/EBITDA ratio (x)	4.5	3.5	4.8	5.3	3.5	3.5	2.3	2.1
Div. yield (%)	4.3	4.5	3.7	2.3	6.8	7.3	11.0	11.2
FCF yield (%)	14.7	18.0	14.5	7.7	22.7	24.1	29.6	35.2

Source: Company, MOFSL

Exhibit 21: ONGC trades at 3.3x one year forward P/E



Source: Company, MOFSL



## OINL – Financial summary and assumptions (TP: INR330) – BUY

### Exhibit 22: Key assumptions

Year End: March 31 (INR m)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Exchange Rate (INR/USD)	67.1	64.5	64.5	64.5	74.3	74.5	80.4	83.9	83.0
APM Gas Price (USD/mmbtu)	3.0	3.0	3.5	3.8	2.2	2.6	7.3	6.5	6.5
Brent Crude Price (USD/bbl)	49.0	57.6	70.1	61.2	44.4	80.5	96.1	84.0	90.0
<b>Production Details</b>									
Oil (mmt)	3.28	3.39	3.32	3.13	2.96	3.01	3.18	3.21	3.27
Gas (bcm)	2.94	2.89	2.72	2.77	2.48	2.89	3.18	3.21	3.28
<b>Total (mmtoe)</b>	<b>6.22</b>	<b>6.29</b>	<b>6.05</b>	<b>5.90</b>	<b>5.44</b>	<b>5.90</b>	<b>6.36</b>	<b>6.42</b>	<b>6.55</b>
<b>Subsidy Sharing (INR b)</b>	-	-	-	-	-	-	-	-	-
<b>Oil Price Realization (USD/bbl)</b>									
Gross	47.4	55.7	68.5	60.8	44.4	68.8	96.1	84.0	90.0
Upstream Discount	-	-	-	-	-	-	-	-	-
<b>Net</b>	<b>47.4</b>	<b>55.7</b>	<b>68.5</b>	<b>60.8</b>	<b>44.4</b>	<b>68.8</b>	<b>96.1</b>	<b>84.0</b>	<b>90.0</b>
<b>EPS (INR/sh.)</b>	<b>23.9</b>	<b>23.6</b>	<b>32.0</b>	<b>22.9</b>	<b>19.4</b>	<b>34.4</b>	<b>60.3</b>	<b>44.0</b>	<b>43.8</b>

Source: Company, MOFSL

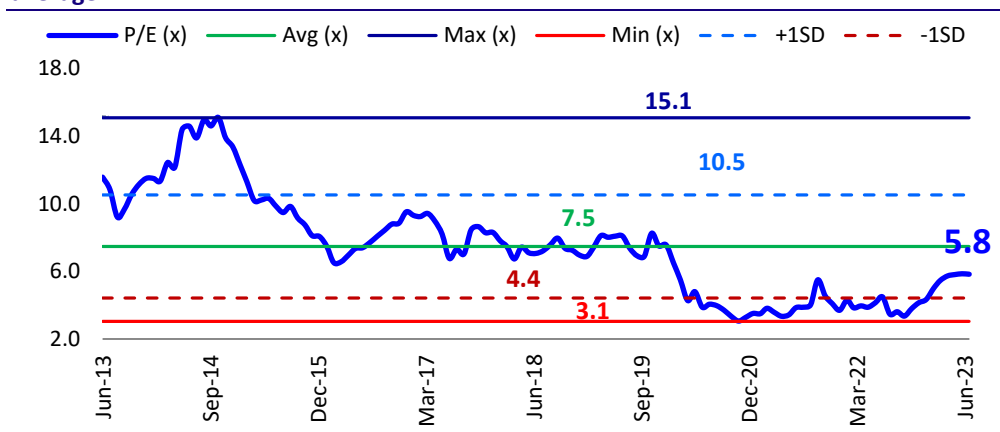
### Exhibit 23: Financial summary

(INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Sales	106.6	137.3	121.3	86.2	145.3	232.7	222.2	236.4
EBITDA	39.1	54.8	43.7	12.7	53.7	96.9	79.0	78.5
Adj. PAT	26.7	36.2	25.8	21.9	38.9	68.1	49.7	49.5
Adj. EPS (INR)	23.6	32.0	22.9	19.4	34.4	60.3	44.0	43.8
EPS growth (%)	-1.2	35.6	-28.6	-15.2	77.5	75.2	-27.1	-0.3
BV/share (INR)	246.9	245.5	215.7	231.9	264.4	304.0	329.7	355.4
<b>Ratios</b>								
Net D:E ratio	0.2	0.0	0.2	0.6	0.4	0.3	0.2	0.2
RoE (%)	9.4	9.3	9.9	6.9	13.9	21.2	13.9	12.8
RoCE (%)	4.8	6.8	3.6	-1.6	6.8	13.5	9.2	8.5
Payout (%)	52.7	53.8	55.8	39.1	49.9	41.5	41.5	41.5
<b>Valuations</b>								
P/E ratio (x)	10.8	7.9	11.1	13.1	7.4	4.2	5.8	5.8
P/BV ratio (x)	1.0	1.0	1.2	1.1	1.0	0.8	0.8	0.7
EV/EBITDA ratio (x)	8.4	5.4	7.8	34.3	7.4	4.0	4.8	4.7
Div. yield (%)	4.1	4.0	4.2	2.0	5.6	9.8	7.2	7.2
FCF yield (%)	1.5	9.0	8.8	-2.6	11.3	14.8	13.0	11.7

Source: Company, MOFSL

### Exhibit 24: The one-year forward P/E ratio for OINL is at ~23% discount to its long-term average



Source: Company, MOFSL

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## NOTES

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Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
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UNDER REVIEW	Rating may undergo a change
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