Oil India Limited

March 20, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	7,408.83	CARE AAA; Stable	Reaffirmed
Long-term / Short-term bank facilities	3,859.00	CARE AAA; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	2,059.45	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Oil India Limited (OIL) continue to factor in its majority ownership by the Government of India (GoI), strategic importance to GoI in supporting the country's energy security needs, development of hydrocarbon reserves in the north-eastern region and experienced and professional management team. Ratings further derive comfort from OIL's significant market position in the domestic oil and gas exploration and production (E&P) industry with adequate reserves providing revenue visibility, healthy operating performance and profitability backed by robust E&P infrastructure and proven technical capabilities, presence across the hydrocarbon value chain with controlling stake in Numaligarh Refinery Limited (NRL), comfortable financial risk profile and strong liquidity.

However, ratings remain susceptible to the inherent risk related to the E&P business, geopolitical risk pertaining to overseas operations, exposure to fluctuations in the crude oil and natural gas prices, regulatory risks and large capex requirements to replace reserves.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors

- Reduction in shareholding of GoI below 51% and/or change in GoI policies which could impact OIL's strategic importance for GoI.
- Higher than expected debt-funded capital expenditure or acquisition resulting in consolidated overall gearing beyond 1x.
- Sustained decline in liquidity position with decline in free cash and bank balance and current liquid investment of below ₹1,000 crore.

Analytical approach: Consolidated while factoring in linkages with the GoI. The subsidiaries/associates of OIL are strategically important to OIL due to their presence across the hydrocarbon value chain. List of entities consolidated is mentioned in **Annexure 6.**

Outlook: Stable

CARE Ratings Limited (CARE Ratings) believes OIL would continue to maintain its significant position in the domestic E&P industry backed by strategic importance to the GoI which shall result in sustenance of its comfortable financial risk profile.

Detailed description of key rating drivers:

Key strengths

Strong parentage and strategic importance to GOI

OIL was established in 1889 as Burma Oil Company (BOC) with the first discovery of crude oil in Digboi, Assam. In 1981, it became a wholly owned GoI enterprise and came out with an IPO in 2009 whereby GoI holds 56.66% equity stake as on December 31, 2024. OIL is engaged in exploration, development, and production of crude oil and natural gas, transportation of crude oil and natural gas, and production of LPG. It continues to be of strategic importance to GoI in the Indian energy sector to cater energy security needs of the country as it is the second largest oil and gas company of India present across the hydrocarbon value chain, and accordingly, has a crucial role in implementation of policies of the GoI in India's oil and gas sector.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Significant market position with adequate reserves providing revenue visibility
OIL is the largest player in north-east region and contributed ~13% of India's total crude oil production and ~9% of India's natural gas production in 9MFY25 (FY refers to April 01 to March 31). OIL had crude oil and natural gas domestic reserves (2P) of 69.65 million metric tonnes (MMT) and 139.21 billion cubic metres (BCM), respectively, as on March 31, 2024, with exploration rights over 58 operating blocks in India with an area of 58,564 square kilo meter. The company has been effectively replenishing reserves marked by reserve replacement ratio (RRR) which had consistently remained above unity over the years till FY23. While the company's RRR stood at 0.97x in FY24, the company has plans to increase its focus on E&P front going forward.
Apart from the domestic reserves, OIL has 10 international projects spread over seven countries including Russia, Africa (Mozambique, Gabon, Libya and Nigeria), Venezuela and Bangladesh comprising of four exploration blocks, two development blocks and four production blocks. OIL had crude oil and natural gas overseas reserves (2P) of 23.18 MMT and 20.77 BCM, respectively, as on March 31, 2024.

Robust infrastructure and proven technical capabilities
OIL has been able to develop a robust infrastructure and an in-house expertise in its long track record of operations of over six decades, providing it an advantage over newer players in the industry. OIL has developed significant onshore and offshore production facilities, subsea and land pipelines, gas processing, drilling and work-over rigs, storage facilities and other infrastructure throughout the principal oil and gas-producing regions of India. In FY24, the company drilled 61 wells (17 exploratory wells and 44 development) which was the highest since inception. The company achieved highest ever production of 6.54 million metric ton of oil equivalent of oil and gas in FY24.

Presence across hydrocarbon value chain
From an E&P player, OIL has gradually expanded its operations in refining and petrochemicals, making its presence across the hydrocarbon value chain. In the downstream operations, the company has 69.63% stake in NRL, which operates a three MMTPA refinery, which is being expanded to nine MMTPA, in Numaligarh (Assam).
In the transportation segment, the company has 1,157 km long crude transportation pipeline of six MMTPA and 660 km long multiproduct pipeline of 1.72 MMTPA capacity which is being enhanced to 5.50 MMTPA. As a part of its refinery expansion plan, it is building a 1,640 km long crude oil pipeline of six MMTPA from Paradip, Odisha to Numaligarh, Assam and crude oil import terminal at Paradip, Odisha.
OIL has strategic investments across the value chain in entities engaged in petrochemicals, natural gas pipeline, city gas distribution network and renewable energy through associates and joint ventures (JVs). OIL also holds 5.16% equity stake in Indian Oil Corporation Limited as on December 31, 2024. OIL has installed renewable energy capacity of 188.1 MW (174.1 MW in wind power and 14 MW in solar power) as on March 31, 2024.

Healthy profitability margins; despite some moderation in 9MFY25
The company's consolidated total operating income (TOI) declined by ~10% in FY24 to ₹32,480 crore considering lower realisation of crude oil, natural gas, and petroleum products on the back of normalisation of its prices coupled with decline in throughput of NRL (-19% yoy) primarily on account of maintenance shutdown in Q1FY24. The decline in the revenue was partially offset by an increase in volume sales of crude oil and natural gas. Profit before interest, lease rentals, depreciation and taxation (PBILDT) margin remained healthy at 43.50% in FY24 (FY23: 45.04%). OIL's healthy consolidated profitability is aided by efficient cost structure with production cost of ~35 USD/bbl in E&P business and 50% exemption on excise duty payable in refining business.
In 9MFY25, PBILDT margin moderated to 35.25% despite volume growth owing to reduced crude oil realisation and reduction in product cracks. GRM normalised and stood at US$ 3.61/bbl in 9MFY25 against USD 13.12/bbl in 9MFY24. GRMs have witnessed an improvement sequentially in Q3FY25 considering decline in crude oil prices and this is expected to sustain in Q4FY25. Going forward, CARE Ratings expects profitability to remain healthy in line with 9MFY25 performance, considering normalisation of GRMs.

Comfortable financial risk profile
OIL's comfortable financial risk profile is marked by an overall gearing of 0.46x as on March 31, 2024 (March 31, 2023 – 0.45x), and total debt/PBILDT of 1.70x in FY24 (FY23: 1.16x). Decline in the profitability and increase in debt for funding the ongoing expansion of the Numaligarh refinery led to moderation in the total debt/PBILDT. OIL is expected to fund routine E&P capex through internal accruals only, whereas capex of ~₹28,026 crore for refinery expansion is expected to be partly funded through term debt of ₹18,904 crore. The company's overall gearing is expected to remain below 0.70x going forward while total debt/PBILDT could moderate to ~3.5x in FY26; however, this is expected to improve post commencement of commercial operations of NRL's expanded capacity.

Experienced management
OIL is managed by a team with substantial experience in the oil and gas industry. Dr Ranjit Rath is the chairman and managing director with an experience of over two and half decades in the field of geosciences. Trailukya Borgohain, director (operations), is an Oil and Gas and E&P professional and has been associated with discovery of many oil and gas fields in Assam, Rajasthan and Gabon with over three decades of experience in oil and gas production in Assam and Assam-Arakan Basin in northeast India. Abhijit Majumder, Director (Finance) is senior finance professional with over three decades of experience and Saloma Yomdo, Director (Exploration & Development) has over two decades of industry experience and has actively implemented various exploration, development as well as reservoir management practices in OIL's oil and gas fields. The top management is also guided by government nominee directors.

Liquidity: Strong
OIL's liquidity is strong marked by healthy cash accruals against term debt repayment obligations along with free cash and mutual fund investments of ~₹8,058 crore as on September 30, 2024. The company refinanced its scheduled repayment of the bonds of US$ 500 million (~₹4,199 crore), due in April 2024 with ECB loans, and there are no other scheduled repayments in FY25. The company has a scheduled repayment of US$ 225 million in FY26 (May 2025), while NRL's repayment is scheduled to begin from December 2026 for which the company has sufficient cash accruals.
The utilisation of OIL's fund-based working capital limits was nil for 12 months ended December 2024. With an overall gearing of 0.46x as on March 31, 2024, OIL has sufficient gearing headroom to avail debt for funding of its planned capex. OIL also derives significant financial flexibility from its parentage of GoI which provides access to funds at attractive rates.

Key weaknesses

Risk related to the E&P business and fluctuation in the crude oil and natural gas prices
E&P business is a highly capital-intensive business with long gestation period. E&P players need to incur substantial capex for activities such as topographical surveys, geologic studies, geophysical and seismic surveys, exploratory drilling, developmental drilling and setting up of processing infrastructure. E&P business's risk primarily arises from uncertainty associated with discovery of oil and gas after undertaking these activities. OIL has 10 international projects over seven countries exposing it to geopolitical risk as some blocks are situated in countries having political unrest. Unstable government or unfavourable policies, such as resource nationalisation, adds to the geopolitical risks in the host countries.
The company is also exposed to the commodity price risk since the bulk revenue comes from the sale of crude oil and gas. Prices of crude oil and natural gas is a function of many dynamic markets and fundamental factors, such as the global demand-supply dynamics, geo-political stability in countries with oil reserves, the Organization of the Petroleum Exporting Countries (OPEC) policies, foreign exchange rates, among others and policy level changes.

Large capex requirements
OIL needs to incur substantial quantum of routine capex in E&P business, whereas the returns from the capex incurred could be staggered over a longer period. OIL incurred E&P capex of ~₹5,900 crore in FY24 (FY23: ~₹5,500 crore), which was funded through internal accruals. The company plans to achieve the target of four MMTPA crude oil and five BCMPA natural gas production by FY27. OIL's E&P capex intensity is expected to remain high going forward with envisaged spending of ~₹20,000 crore over FY25-FY27. Such capex is expected to be funded largely through internal accruals.
The subsidiary, NRL is undertaking refinery capacity expansion from three to nine MMTPA at an investment of ₹28,026 crore to be funded through term debt of ₹18,904 crore and expected to be completed by December 2025. The total project cost is expected to increase by ~15% and same is subject to approval. This project also includes crude oil import terminal at the Paradip port in Odisha and laying of a 1,640 km long pipeline from Paradip port to the Numaligarh refinery. By December 31, 2024, the project achieved 70% physical progress and spent ~₹23,000 crore with debt drawl of ~₹12,000 crore. Besides, NRL also plans to set up 360 KTPA Polypropylene plant at a cost of ~₹7,000 crore where major capex shall be incurred post commencement of operations of expanded refinery capacity.
OIL has sufficient gearing headroom to fund capex requirements; however, risk associated with E&P capex and its impact on the company's return indicators will be a key rating monitorable.

Regulatory risk
GOI's policy with respect to, pricing of domestically produced natural gas through APM mechanism, prioritisation of customers and differential pricing for natural gas and levy of royalty and cess on production of crude oil and natural gas, have significant bearing on the company's cash flows. GOI's control on allocation of blocks, approval of development plan of discovered fields, monitoring minimum performance obligations and levy of penalties in case of non- compliance among others, substantially increases risk associated with E&P activity. The regulatory risk also arises in the event of a sharp rise in global crude oil prices or

high fuel cracks where the government imposes windfall tax on the export of key petroleum products (MS, HSD) and on production of crude oil.

Environment, social and governance (ESG) risks:

Parameter	Compliance and action by the company
Environmental	OIL has set the target of becoming net-zero carbon by 2040. The company's net zero commitment encompasses a range of initiatives, including adopting cleaner energy sources, investing in renewable energy projects and implementing advanced technologies to minimise greenhouse gas emissions. The company is focusing on energy efficiency measures, optimising operations and promoting circular economy practices to ensure a sustainable and low-carbon future.
Social	As on March 31, 2024, the total number of employees at the company stood at 6,492. Despite such large human capital, in FY24, it had minimal Lost Time Injury Frequency Rate (LTIF) of 0.142. In FY24, the company spent ₹123 crore towards CSR projects.
Governance	The Board of the company comprises of six directors including two nominee directors from the administrative ministry, Ministry of Petroleum & Natural Gas (MoPNG). The Board of Directors, through its committees, oversees the ESG initiatives and performance.

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Government Support
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Energy	Oil, gas and consumable fuels	Oil	Oil exploration & production

OIL was established as Burma Oil Company (BOC), with first discovery of crude oil in Digboi, Assam, in 1889. 'Oil India Private Limited' was incorporated on February 18, 1959, as a JV company between BOC (2/3rd holding) and GoI (1/3rd holding) and later became 50:50 joint venture among BOC and GoI in 1961. In 1981, it became a wholly owned GoI enterprise and came out with an IPO in 2009. GOI held 56.66% equity stake in OIL as on December 31, 2024. It was awarded Navratna status in 2010 and later Maharatna status in 2023.
OIL is engaged in exploration, development, and production of crude oil and natural gas, transportation of crude oil and natural gas, and production of LPG. OIL holds 69.63% equity stake in Numaligarh Refinery Limited (NRL) which is operating a three million metric tonnes per annum (MMTPA) refinery at Numaligarh, Assam.

Brief Financials-Consolidated (₹ crore)	FY23 (A)	FY24 (A)	9MFY25 (UA)
Total operating income	36,097	32,480	23,704
PBILDT	16,258	14,129	8,356
PAT	9,854	6,980	5,543
Overall gearing (times)	0.45	0.46	NA
Interest coverage (times)	18.05	14.66	10.13

A: Audited UA: Unaudited; NA: Not available; Financials are classified as per CARE Ratings' standards.
Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	440.00	CARE AAA; Stable
Fund-based - LT-External Commercial Borrowings		-	-	#May 2025 May 2026 May 2027 May 2029	6968.83	CARE AAA; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	3859.00	CARE AAA; Stable / CARE A1+
Non-fund-based - ST-Bank Guarantee		-	-	-	623.00	CARE A1+
Non-fund-based - ST-Bank Guarantee		-	-	-	1436.45	CARE A1+

Bullet repayment in May 2025, May 2026, May 2027, and May 2029

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	440.00	CARE AAA; Stable	1)CARE AAA; Stable (18-Jul-24)	1)CARE AAA; Stable (27-Feb-24)	1)CARE AAA; Stable (30-Dec-22)	1)CARE AAA; Stable (04-Oct-21)
2	Non-fund-based - ST-Bank Guarantee	ST	623.00	CARE A1+	1)CARE A1+ (18-Jul-24)	1)CARE A1+ (27-Feb-24)	1)CARE A1+ (30-Dec-22)	1)CARE A1+ (04-Oct-21)
3	Non-fund-based - ST-Bank Guarantee	ST	1436.45	CARE A1+	1)CARE A1+ (18-Jul-24)	1)CARE A1+ (27-Feb-24)	1)CARE A1+ (30-Dec-22)	1)CARE A1+ (04-Oct-21)
4	Non-fund-based - LT/ ST-BG/LC	LT/ST	3859.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (18-Jul-24)	1)CARE AAA; Stable / CARE A1+ (27-Feb-24)	1)CARE AAA; Stable / CARE A1+ (30-Dec-22)	1)CARE AAA; Stable / CARE A1+ (04-Oct-21)
5	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (30-Dec-22)	1)CARE AAA; Stable (04-Oct-21)
6	Fund-based - ST-Term loan	ST	-	-	-	-	1)Withdrawn (30-Dec-22)	1)CARE A1+ (04-Oct-21)
7	Fund-based - LT-External Commercial Borrowings	LT	6968.83	CARE AAA; Stable	1)CARE AAA; Stable (18-Jul-24)	1)CARE AAA; Stable (27-Feb-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-External Commercial Borrowings	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Numaligarh Refinery Ltd	Full	Subsidiary
2	Oil India Sweden AB	Full	Wholly owned Subsidiary
3	Oil India International B.V	Full	Wholly owned Subsidiary
4	Oil India International Pte Ltd	Full	Wholly owned Subsidiary
5	IndOil Netherlands B.V.	Moderate	Joint venture
6	World Ace Investments Limited	Moderate	Joint venture
7	Vankor India Pte. Ltd	Moderate	Joint venture
8	Taas India Pte. Ltd.	Moderate	Joint venture
9	LLC Bharat Energy Office	Moderate	Joint venture
10	HPOIL Gas Pvt Ltd	Moderate	Joint venture
11	Assam Petro-Chemicals Ltd	Moderate	Joint venture
12	Beas Rovuma Energy Mozambique Ltd	Moderate	Joint venture
13	Northeast Gas Distribution Company Limited	Moderate	Joint venture
14	Purba Bharati Gas Pvt Ltd.	Moderate	Joint venture
15	Suntera Nigeria 205 Ltd	Moderate	Joint venture
16	Duliajan Numaligarh Pipeline Ltd	Moderate	Joint venture
17	Indradhanush Gas Grid Ltd	Moderate	Joint venture
18	Brahmaputra Cracker and Polymer Ltd	Moderate	Associate
19	Assam Bio Refinery Private Limited	Moderate	Joint venture

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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