CareEdge RATINGS

Oil India Limited

September 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	7,816.09 (Enhanced from 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 derive strength from 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, 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, large capex requirements to replace reserves and ongoing debt funded capex under subsidiary.

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 impacting OIL's strategic importance for GoI.
- Higher-than-expected debt-funded capital expenditure or acquisition resulting in consolidated overall gearing beyond 1x.
- Sustained deterioration in liquidity.

Analytical approach: Consolidated, factoring linkages with the GoI. Subsidiaries/associates of OIL are strategically important to OIL due to their presence across the hydrocarbon value chain. Entities consolidated are listed under Annexure 6.

Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes OIL shall continue to benefit from 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, where GoI holds 56.66% equity stake as on June 30, 2025. 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.

Significant market position with adequate reserves providing revenue visibility

OIL is the largest player in north-east India. The company contributed ~13% of India's total crude oil production and ~9% of India's natural gas production in FY25 (FY refers to April 01 to March 31). The company had crude oil and natural gas domestic reserves (2P) of 69.39 million metric tonnes (MMT) and 139.03 billion cubic metres (BCM), respectively, as on March 31, 2025. OIL's domestic acreage increased significantly to 92,888 square km by end-FY25 from 58,564 sq km by end-FY24 owing to winning blocks under 9th round of OALP and it has now exploration rights over 62 operating blocks in India. The company has

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

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 0.94x in FY25, the company has plans to increase its focus on E&P front going forward. Apart from domestic reserves, the company has 10 international upstream assets spread across seven countries including Russia, Africa (Mozambique, Gabon, Libya and Nigeria), Venezuela and Bangladesh comprising of four exploration blocks, two development blocks and four producing blocks with crude oil and natural gas reserves (2P) of 20.51 MMT and 20.39 BCM, respectively, as on March 31, 2025.

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 FY25, the company drilled 57 wells (22 exploratory wells and 35 development) which was the highest since inception. The company achieved highest ever production of 6.71 million metric ton of oil equivalent of oil and gas in FY25.

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 3 million metric tonnes per annum (MMTPA) refinery, which is being expanded to 9 MMTPA, in Numaligarh (Assam).

In the transportation segment, OIL has 1,247 km long crude transportation pipeline of 9.6 MMTPA and 654 km long product pipeline of 1.72 MMTPA capacity which is being enhanced to 5.50 MMTPA. As part of its refinery expansion plan, it is building a 1,635 km long crude oil pipeline of 9 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 (across nine geographical areas) and renewable energy through associates and joint ventures (JVs). The company has installed renewable energy capacity of 188.1 MW as on March 31, 2025. The company also holds 5.16% equity stake in Indian Oil Corporation Limited as on June 30, 2025.

Healthy operating performance supported by growth in production volumes

OIL's production and sales volumes witnessed sustained growth backed by cumulative drilling of 237 wells from FY21-FY25. The company production of oil & gas grew by 2.5% y-o-y to 6.71 million metric tonne oil equivalent (MMToE) in FY25. Despite such increase in volumes, scale of operations stood stable at ₹32,527 crore in FY25 owing to lower crude and stable natural gas realisations, while profit before interest, lease rentals, depreciation and taxation (PBILDT) margin remained healthy at 41.86% (FY24: 43.50%). However, PBILDT margin reduced to 29.65% in Q1FY26 owing to reduced crude oil realisation, moderation in Gross Refining Margins (GRMs). Core GRM (excluding excise duty benefit and adjusting for inventory loss) stood at USD 5.02/bbl in Q1FY26 against USD 6.43/bbl in Q1FY25.

OIL's strong consolidated PBILDT margin is supported by efficient production cost structure in E&P business of ~40 USD/BBL of oil equivalents, healthy margin of its refinery supported by 50% exemption on excise duty payable in refining business as a part of GoI's North-East policies.

Comfortable financial risk profile

OIL's comfortable financial risk profile is marked by an overall gearing of 0.57x as on March 31, 2025 (March 31, 2024 – 0.46x), and total debt/PBILDT of 2.24x in FY25 (FY24: 1.69x). Decline in profitability and increase in debt for funding the ongoing expansion of NRL led to moderation in the total debt/PBILDT. The company is expected to fund the routine E&P capex through internal accruals, whereas capex of ~₹41,132 crore for refinery expansion and polypropene plant is expected to be funded in debt equity ratio of ~65:35. Additional refinery capacity of 6 mtpa in NRL is expected to commence commercial operations in September 2026, while polypropene plant is expected to set up post completion of refinery expansion. Large debt funded capex is expected to result in moderation in capital structure, however, its overall gearing is expected to remain below 0.75x going forward. 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 geosciences. Trailukya Borgohain, Director (Operations), is an Oil and Gas 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 three decades of industry experience and has actively implemented exploration, development and 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 and free cash and mutual fund investments of ~₹7,358 crore as on June 30, 2025. The company refinanced its scheduled repayment of the external commercial borrowing (ECB) of US$ 225 million (~₹1,940 crore), due in May 2025 with fresh ECB loans, and there are no other scheduled term debt repayments in FY26. The company has a scheduled repayment of US$ 50 million in FY27 (May 2026), while NRL's repayment is scheduled to begin from December 2026 for which the company has sufficient cash accruals. Annual capex of ~₹7,000 towards exploration and production is expected through internal accruals. Utilisation of fund-based working capital limits was nil for 12 months ended August 2025. With an overall gearing of 0.57x as on March 31, 2025, OIL has sufficient gearing headroom to raise debt for meeting funding requirement. The company also derives significant financial flexibility from its parentage of GoI which ensures 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. Further, OIL has ten 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 routine capex in E&P business, whereas returns from the capex incurred is staggered over a longer period. The company incurred E&P capex of ~₹7,201 crore in FY25 (FY24: ~₹5,900 crore), which was largely funded through internal accruals. The company plans to achieve the target of 4 MMTPA crude oil and 5 BCMPA natural gas production in the next three years. OIL's E&P capex intensity is expected to remain in line with FY25 going forward with envisaged spending of ~₹20,000-22,000 crore over FY26-FY28. Such capex is expected to be funded largely through internal accruals.

The subsidiary, NRL is undertaking refinery capacity expansion from 3 MMTPA to 9 MMTPA at a capex of ~₹33,901 (revised from ~₹28,000 crore) to be funded through debt of ~₹22,300 crore. Till March 31, 2025, company had spent ₹21,503 crore; funded through term debt of ₹13,326 crore. As of June 30, 2025, 80% physical progress has been made. Commercial operations are expected to begin from September 2026. This apart, NRL is also setting up 360 KTPA Polypropylene (PP) plant which shall be integrated with the refinery at a total cost of ~₹7,231 crore. Capex for PP is expected to be completed over three years post completion of NRL's refinery expansion. The company remains exposed to project execution risk and risk associated with E&P capex which could have a bearing on return indicators.

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 from 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, 2025, the total number of employees at the company stood at 6,412. Despite such large human capital, in FY25, it had minimal Lost Time Injury Frequency Rate (LTIF) of 0.071. In FY25, the company spent ~₹130 crore towards CSR projects.
Governance	The company's Board comprises 11 directors comprising four independent director and 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 & 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 June 30, 2025. 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 NRL, which is operating a 3 MMTPA refinery at Numaligarh, Assam. OIL through its subsidiaries/JVs/associates has presence across hydrocarbon value chain.

Brief Financials (₹ crore)- Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	June 30, 2025 (UA)
Total operating income	32,480	32,527	7,929
PBILDT	14,129	13,615	2,351
PAT	6,980	7,040	2,047
Overall gearing (times)	0.46	0.57	NA
Interest coverage (times)	14.66	12.73	11.81

A: Audited UA: Unaudited; NA: Not available; Note: these are latest available financial results
Financials are reclassified per CareEdge Ratings standards

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 2026 May 2027 May 2029 May 2030	7,376.09	CARE AAA; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	3,859.00	CARE AAA; Stable / CARE A1+
Non-fund-based - ST-Bank Guarantee		-	-	-	623.00	CARE A1+
Non-fund-based - ST-Bank Guarantee		-	-	-	1,436.45	CARE A1+

#Bullet repayments

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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	440.00	CARE AAA; Stable	-	1)CARE AAA; Stable (20-Mar-25) 2)CARE AAA; Stable (18-Jul-24)	1)CARE AAA; Stable (27-Feb-24)	1)CARE AAA; Stable (30-Dec-22)
2	Non-fund-based - ST-Bank Guarantee	ST	623.00	CARE A1+	-	1)CARE A1+ (20-Mar-25) 2)CARE A1+ (18-Jul-24)	1)CARE A1+ (27-Feb-24)	1)CARE A1+ (30-Dec-22)
3	Non-fund-based - ST-Bank Guarantee	ST	1436.45	CARE A1+	-	1)CARE A1+ (20-Mar-25) 2)CARE A1+ (18-Jul-24)	1)CARE A1+ (27-Feb-24)	1)CARE A1+ (30-Dec-22)
4	Non-fund-based - LT/ ST-BG/LC	LT/ST	3859.00	CARE AAA; Stable / CARE A1+	-	1)CARE AAA; Stable / CARE A1+ (20-Mar-25)	1)CARE AAA; Stable / CARE A1+ (27-Feb-24)	1)CARE AAA; Stable / CARE A1+ (30-Dec-22)

						2)CARE AAA; Stable / CARE A1+ (18-Jul-24)		
5	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (30-Dec-22)
6	Fund-based - ST-Term loan	ST	-	-	-	-	-	1)Withdrawn (30-Dec-22)
7	Fund-based - LT-External Commercial Borrowings	LT	7376.09	CARE AAA; Stable	-	1)CARE AAA; Stable (20-Mar-25) 2)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	OIL Green Energy Limited	Full	Wholly owned Subsidiary
6	IndOil Netherlands B.V.	Moderate	Joint venture
7	World Ace Investments Limited	Moderate	Joint venture
8	Vankor India Pte. Ltd	Moderate	Joint venture
9	Taas India Pte. Ltd.	Moderate	Joint venture
10	LLC Bharat Energy Office	Moderate	Joint venture
11	HPOIL Gas Pvt Ltd	Moderate	Joint venture
12	Assam Petro-Chemicals Ltd	Moderate	Joint venture
13	Beas Rovuma Energy Mozambique Ltd	Moderate	Joint venture
14	Northeast Gas Distribution Company Limited	Moderate	Joint venture
15	Purba Bharati Gas Pvt Ltd.	Moderate	Joint venture
16	Suntera Nigeria 205 Ltd	Moderate	Joint venture
17	Duliajan Numaligarh Pipeline Ltd	Moderate	Joint venture
18	Indradhanush Gas Grid Ltd	Moderate	Joint venture
19	Assam Bio Ethanol (P) Limited (formerly Assam Bio Refinery Private Limited)	Moderate	Joint venture
20	APGCL OIL Green Power Limited	Moderate	Joint venture
21	Assam Valley Fertilizer and Chemical Company Limited	Moderate	Joint venture

22	Brahmaputra Cracker and Polymer Ltd	Moderate	Associate

Note on complexity levels of rated instruments: CareEdge 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, CareEdge 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 Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge 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, CareEdge 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. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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