

February 11, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		BUY	
Target Price	527		538	
Sales (Rs bn)	231	262	236	272
% Chng.	(2.4)	(3.6)		
EBITDA (Rs bn)	89	110	101	124
% Chng.	(12.3)	(11.4)		
EPS (Rs.)	36.8	45.5	42.8	51.4
% Chng.	(14.1)	(11.5)		

Key Financials - Standalone

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	221	209	231	262
EBITDA (Rs. bn)	88	60	89	110
Margin (%)	39.6	28.8	38.4	42.0
PAT (Rs. bn)	61	40	60	74
EPS (Rs.)	37.6	24.7	36.8	45.5
Gr. (%)	(22.8)	(34.3)	48.8	23.8
DPS (Rs.)	11.5	7.6	11.2	13.9
Yield (%)	2.4	1.6	2.3	2.9
RoE (%)	13.7	8.5	11.6	13.2
RoCE (%)	12.1	6.3	10.4	13.0
EV/Sales (x)	3.9	4.0	3.5	3.0
EV/EBITDA (x)	9.8	13.8	9.2	7.1
PE (x)	12.8	19.4	13.0	10.5
P/BV (x)	1.7	1.6	1.5	1.3

Key Data

OILI.BO | OINL IN

52-W High / Low	Rs.524 / Rs.322
Sensex / Nifty	84,234 / 25,954
Market Cap	Rs.780bn/ \$ 8,594m
Shares Outstanding	1,627m
3M Avg. Daily Value	Rs.1712.58m

Shareholding Pattern (%)

Promoter's	56.66
Foreign	9.42
Domestic Institution	17.25
Public & Others	16.67
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	14.1	13.2	16.3
Relative	13.2	8.3	5.3

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Cutting production forecasts

Quick Pointers:

- Oil realization at USD62.8/bbl, while gas realization at USD6.7/mmbtu
- Crude oil production is guided at 3.8mmt in FY27 and 4.0mmt in FY28

We revise our rating to 'Accumulate' led by expected delay in achieving the production guidance of 4mmt for oil and 5bcm for gas. In Q3FY26, crude oil production grew 1.2% QoQ to 0.9mmt, while gas production remained flat QoQ at 0.8bcm. Oil price realization fell QoQ to USD62.8/bbl vs. USD68.2/bbl. Other expenses increased to Rs19bn from Rs12.9bn YoY led by Rs5bn of one-off items. Consequently, EBITDA declined to Rs13.1bn (-38.7% YoY, -1.2% QoQ; PLe: Rs15.9bn; BBGe: Rs17.0bn), while PAT came in at Rs8.1bn (-33.8% YoY, -22.6% QoQ; PLe: Rs10.2bn; BBGe: Rs9.0bn). The company expects to drill ~75 wells in FY26 and ~100 wells in FY27. The management expects FY26 production to surpass FY25 levels. For FY27/28, the management has guided oil production at 3.8mmt/4.0mmt; however, we remain conservative. We build in oil/gas volume of 3.6mmt/3.4bcm in FY27E and 3.8mmt/3.6bcm in FY28E. Valuing the standalone business at 11x Dec'27E adj EPS and adding the value of investment in NRL, we arrive at TP of Rs527 (earlier: Rs538) and revise the rating to 'Accumulate' from 'BUY'.

Q3FY26 volume: Oil production rose marginally by 1.2% QoQ, but declined by 1.2% YoY to 0.9mmt in Q3FY26, while gas production stood at 0.8bcm (flat QoQ, -3.4% YoY). Consequently, total volume was flat QoQ and declined 2.2% YoY to 1.7mmt. The company plans to drill ~75 wells in FY26 and ~100 wells in FY27. Total production is guided at ~7.5mmtoe in FY27 and 8.0–8.5mmtoe in FY28. FY26 total production is now expected to be in line with FY25, while FY27 and FY28 crude oil guidance is reiterated at 3.8mmt and 4.0mmt, respectively.

NRL: NRL reported throughput of 752.4tmt in Q3FY26, flat QoQ, but lower than 808.5tmt in Q3FY25. GRM improved sharply to USD16.3/bbl (vs. USD10.6/bbl in Q2FY26 and USD2.1/bbl in Q3FY25). Consequently, EBITDA increased to Rs13.0bn, up from Rs9.9bn in Q2FY26 and Rs6.7bn in Q3FY25.

NRL capacity expansion: CDU and VDU units have been commissioned in Dec'25 and stabilization is expected by end of Q4FY26. OINL does not expect any major throughput in FY26 from the expanded capacity. Post full commissioning, refinery utilization is guided to reach 50–60% in Q4FY27, ~75% in Q1FY28 and 100% from Q2FY28. Accordingly, meaningful refining margin contribution is expected from Q2FY28. The petchem complex is slated for commissioning in the latter part of FY28, with FY29 being the first full year of combined refinery and petchem operations.

One-off items including write offs: OINL recognized a write-off of Rs0.9bn in Q3FY26 related to the Assam–Arakan well. Additionally, provisions during the

quarter included Rs2.2bn for the Andaman well, Rs0.9bn for the Mahakali well, and Rs0.8bn for the Zokai well.

9MFY26 profitability: On a 9MFY26 basis, oil production fell 2.1% YoY, while gas volume remained flat, leading to a total volume drop of 1.3% YoY to 5.0mmt. Oil realization fell to USD65.7/bbl (vs. USD 74.1/bbl YoY), and gas realization was largely stable at USD6.7/mmbtu (vs. USD6.7/mmbtu). Lower realization, along with higher write-offs and provisions, led to revenue declining 7.3% YoY to Rs153.9bn and EBITDA falling 37.5% YoY to Rs42.4bn. Adjusted PAT declined 41.1% YoY to Rs26.7bn.

Conference Call Highlights

- **Pipeline project update:** DNPL expansion has achieved mechanical completion in Q3FY26 and is likely to be commissioned by Apr'26. **Paradip Numaligarh crude oil pipeline**, which will supply imported crude to NRL, has achieved ~90% physical progress and will be ready for commissioning by Q1FY27. **Numaligarh-Siliguri product pipeline** expansion has already achieved mechanical completion and is in the process of completing the commissioning process. DNPL has achieved mechanical completion in Nov'26, with commissioning expected by Apr'26. The common carrier licensing process with PNGRB is also expected to conclude by Apr'26 to enable hookup with the DNPL and IGGL line
- **Region-wise drilling activities:** OINL drilled 38 wells in Assam and Arunachal Pradesh and 10 wells in Rajasthan in 9MFY26. By FY26-end, it targets to drill total ~65 wells in Assam and Arunachal Pradesh and 12-13 wells in Rajasthan. Exploration activity is ongoing in the Mahanadi, Kerala-Konkan, and Andaman & Nicobar basins, and DSF blocks in Tripura, with total wells (exploration + development) expected to reach ~75 by year-end.
- **Higher contract costs:** OINL has ramped up drilling and workover activities by deploying additional rigs, leading to structurally higher contract costs. Well depths have increased from ~4,000m to ~5,000–5,500m, making wells more technically complex and cost-intensive, alongside higher seismic spending. Management indicated Q3FY26 contract costs as the new run-rate benchmark going forward.
- **Exploration activities:** Total acreage stood at ~1 lakhsqkm, of which ~50,000sqkm pertains to deepwater/ultra-deepwater. Currently, drilling activities include 3rd exploratory well in Andaman & Nicobar, with current depth at 3,000–3,500m and target depth at >4,000m. For the Kerala-Konkan basin, it plans to drill beyond 6,000m depth
- **Capex outlook:** Higher operational activity is translating into elevated capex; thus, capex is likely to surpass earlier guidance to support production growth. FY25–26 capex is guided at ~Rs88bn but is expected to increase. Higher drilling activity is expected to drive FY27 capex upward to ~Rs92bn.
- **NRL capex:** As of FY26, Capex outlay stands at ~Rs6,0bn and is expected to reach ~Rs80bn by FY26 end. The total Capex for the refinery and petrochemical project, including smaller projects, is estimated at ~Rs45,0bn.

In FY28, major Capex will be for the polypropylene unit, expected to peak at ~Rs7,2bn.

- **Production guidance & outlook** - OINL expects to achieve 4mmtpa oil and 5bcm gas in medium term, FY26 production is expected to surpass FY25 levels, Crude is guided at ~3.8mmt in FY27 and ~4.0mmt in FY28, while gas is expected to ramp from ~8mmscmd to ~13mmscmd provided the feeder lines and DNPL provide evacuation opportunity
- **BPCL strategic investment: Andhra refinery project** - DFR is currently under preparation. OINL currently has ~10% equity stake, with flexibility to increase post DFR clarity. The investment is purely for strategic diversification. OINL's core focus remains on E&P

Exhibit 1: Valuation Table

Valuation Table (Rs/share)	Remarks
Adj. EPS	32 Dec'27
Target P/E Multiple (x)	11
Fair Value	354
Investments	132 Investment in BCPL and IOCL (at 25% holding company discount)
Valuation of NRL	41 Explained in the table below
Total Valuation (Rs/share)	527

Source: PL

Exhibit 2: NRL Valuation

EBITDA (USD/bbl)	13.0
Nameplate capacity (mmtpa)	6.0
Utilization rate	100%
Throughput (mmtpa)	6.0 Assuming in FY28
EBITDA (Rs mn)	47,639
EV at 6x (Rs mn)	285,833
Net Debt (Rs mn)	1,60,000 As per Q3FY26 call
Market cap (Rs mn)	125,833
OINL's stake (%)	70
Value for OINL (Rs/share)	54
At 25% holding company discount (Rs)	41

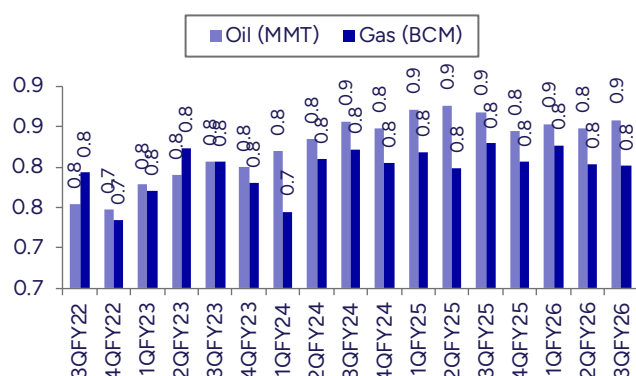
Source: PL

Exhibit 3: Standalone Quarterly and 9MFY26 Financials

(Rs bn)	Q3FY26	Q2FY26	QoQ gr.	Q3FY26E	% Var	Q3FY25	YoY gr.	9MFY26	9MFY25	YoY gr.
Net Sales	49.2	54.6	-9.9%	50.8	-3.3%	52.4	-6.2%	153.9	166.0	-7.3%
Change (%)	-6.2	-1.1		-3.0		-9.9		-7.3		
EBITDA	13.1	13.2	-1.2%	15.9	-17.8%	21.3	-38.7%	42.4	67.8	-37.5%
Margin (%)	26.6	24.3		31.3		40.7		27.6	40.9	
DD&A	6.4	5.8	10.9%	5.7	12.5%	5.3	21.6%	17.5	14.9	17.8%
Interest	2.7	2.6	2.4%	2.2	23.5%	2.4	9.1%	6.8	6.7	1.4%
Other income	5.5	8.3	-34.2%	5.5	-1.1%	1.9	189.8%	15.5	12.1	28.8%
PBT before exceptional	9.5	13.2	-28.1%	13.6	-30.3%	15.5	-38.9%	33.6	58.3	-42.3%
Exceptional item	0.0	0.0		0.0		0.0		0.0	0.0	
PBT after exceptional	9.5	13.2	-28.1%	13.6	-30.3%	15.5	-38.9%	33.6	58.3	-42.3%
Tax	1.4	2.7	-49.0%	3.4	-59.2%	3.3	-57.6%	7.0	13.1	-46.7%
Rate (%)	14.7	20.8		25.2		21.2		20.7	22.4	
Adj. PAT	8.1	10.4	-22.6%	10.2	-20.5%	12.2	-33.8%	26.7	45.2	-41.1%
Volume										
Oil production (mmt)	0.9	0.8	1.2%	0.9	-0.2%	0.9	-1.2%	2.6	2.6	-2.1%
Gas production (bcm)	0.8	0.8	-0.4%	0.8	-3.5%	0.8	-3.4%	2.4	2.4	-0.6%
Oil sales (mmt)	0.8	0.8	-1.3%	0.8	-2.1%	0.8	-1.1%	2.5	2.5	-1.3%
Gas sales (bcm)	0.7	0.7	0.2%	0.7	-2.9%	0.7	-3.2%	2.0	2.0	0.5%

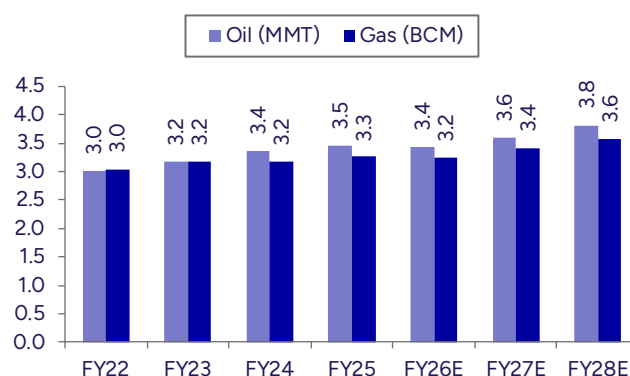
Source: Company, PL

Exhibit 4: Oil production improves 1.2%, gas remains flat QoQ



Source: Company, PL

Exhibit 5: PL forecasts are slightly below the guidance



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	221	209	231	262
YoY gr. (%)	(0.1)	(5.6)	10.5	13.7
Cost of Goods Sold	2	1	-	-
Gross Profit	219	208	231	262
Margin (%)	99.0	99.6	100.0	100.0
Employee Cost	18	14	-	-
Other Expenses	113	133	142	152
EBITDA	88	60	89	110
YoY gr. (%)	(5.3)	(31.4)	47.2	24.5
Margin (%)	39.6	28.8	38.4	42.0
Depreciation and Amortization	19	23	23	22
EBIT	68	37	66	88
Margin (%)	31.0	17.9	28.6	33.6
Net Interest	9	10	8	12
Other Income	19	22	22	23
Profit Before Tax	79	50	80	99
Margin (%)	35.5	24.1	34.6	37.7
Total Tax	17	10	20	25
Effective tax rate (%)	22.1	20.0	25.2	25.2
Profit after tax	61	40	60	74
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	61	40	60	74
YoY gr. (%)	(22.8)	(34.3)	48.8	23.8
Margin (%)	27.6	19.3	25.9	28.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	61	40	60	74
YoY gr. (%)	(22.8)	(34.3)	48.8	23.8
Margin (%)	27.6	19.3	25.9	28.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	61	40	60	74
Equity Shares O/s (bn)	2	2	2	2
EPS (Rs)	37.6	24.7	36.8	45.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	333	373	413	453
Tangibles	333	373	413	453
Intangibles	-	-	-	-
Acc: Dep / Amortization	164	187	210	232
Tangibles	-	-	-	-
Intangibles	-	-	-	-
Net fixed assets	168	186	203	221
Tangibles	168	186	203	221
Intangibles	-	-	-	-
Capital Work In Progress	33	32	31	29
Goodwill	-	-	-	-
Non-Current Investments	377	378	380	381
Net Deferred tax assets	(27)	(27)	(27)	(27)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	19	12	14	16
Trade receivables	27	20	22	25
Cash & Bank Balance	42	68	89	119
Other Current Assets	-	-	-	-
Total Assets	694	724	770	827
Equity				
Equity Share Capital	16	16	16	16
Other Equity	438	476	518	569
Total Network	454	493	534	586
Non-Current Liabilities				
Long Term borrowings	121	121	121	121
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	-	-	-	-
Other current liabilities	92	84	88	94
Total Equity & Liabilities	694	724	770	827

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	79	61	80	99
Add. Depreciation	19	23	23	22
Add. Interest	8	10	8	12
Less Financial Other Income	19	22	22	23
Add. Other	6	-	-	-
Op. profit before WC changes	111	93	111	133
Net Changes-WC	(12)	6	(3)	(4)
Direct tax	(17)	(10)	(20)	(25)
Net cash from Op. activities	82	88	88	104
Capital expenditures	(64)	(40)	(40)	(40)
Interest / Dividend Income	5	-	-	-
Others	7	-	-	-
Net Cash from Invst. activities	(52)	(40)	(40)	(40)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(20)	(12)	(18)	(23)
Interest paid	(8)	(10)	(8)	(12)
Others	1	-	-	-
Net cash from Fin. activities	(28)	(22)	(27)	(35)
Net change in cash	2	27	21	30
Free Cash Flow	37	48	48	64

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	37.6	24.7	36.8	45.5
CEPS	49.4	38.7	50.6	59.1
BVPS	279.3	302.9	328.4	360.0
FCF	22.5	29.8	29.4	39.6
DPS	11.5	7.6	11.2	13.9
Return Ratio(%)				
RoCE	12.1	6.3	10.4	13.0
ROIC	10.5	5.7	9.7	12.5
RoE	13.7	8.5	11.6	13.2
Balance Sheet				
Net Debt : Equity (x)	0.2	0.1	0.1	-
Net Working Capital (Days)	247	247	247	247
Valuation(x)				
PER	12.8	19.4	13.0	10.5
P/B	1.7	1.6	1.5	1.3
P/CEPS	9.7	12.4	9.5	8.1
EV/EBITDA	9.8	13.8	9.2	7.1
EV/Sales	3.9	4.0	3.5	3.0
Dividend Yield (%)	2.4	1.6	2.3	2.9

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	55	50	55	49
YoY gr. (%)	(4.1)	(14.2)	(1.1)	(6.2)
Raw Material Expenses	1	-	-	-
Gross Profit	54	50	54	49
Margin (%)	98.2	99.3	99.3	99.9
EBITDA	20	16	13	13
YoY gr. (%)	(15.1)	(34.9)	(39.3)	(38.7)
Margin (%)	35.9	32.0	24.3	26.6
Depreciation / Depletion	4	5	6	6
EBIT	16	11	7	7
Margin (%)	28.1	21.4	13.7	13.6
Net Interest	2	2	3	3
Other Income	7	2	8	5
Profit before Tax	20	11	13	9
Margin (%)	36.6	21.9	24.1	19.3
Total Tax	4	3	3	1
Effective tax rate (%)	21.2	25.9	20.8	14.7
Profit after Tax	16	8	10	8
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	16	8	10	8
YoY gr. (%)	(21.6)	(44.5)	(43.1)	(33.8)
Margin (%)	28.8	16.2	19.1	16.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	16	8	10	8
YoY gr. (%)	(21.6)	(44.5)	(43.1)	(33.8)
Margin (%)	28.8	16.2	19.1	16.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	16	8	10	8
Avg. Shares O/s (bn)	2	2	2	2
EPS (Rs)	9.8	5.0	6.4	5.0

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Oil production (mmt)	3.5	3.4	3.6	3.8
Gas production (bcm)	3.3	3.2	3.4	3.6
Net oil realization (US\$/bbl)	74.6	66.4	69.3	75.0
Gas realization (US\$/mmBtu)	6.6	6.7	7.0	7.3

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jan-26	BUY	538	426
2	17-Nov-25	BUY	532	436
3	03-Oct-25	BUY	525	415
4	13-Aug-25	BUY	581	425
5	03-Jul-25	BUY	566	436
6	28-May-25	BUY	649	430
7	08-Apr-25	BUY	659	343

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Accumulate	466	430
2	Bharat Petroleum Corporation	Accumulate	406	373
3	Bharti Airtel	Accumulate	2,313	2,038
4	Clean Science and Technology	Hold	841	861
5	Deepak Nitrite	Hold	1,729	1,626
6	Fine Organic Industries	BUY	5,103	4,274
7	GAIL (India)	BUY	190	160
8	Gujarat Fluorochemicals	Hold	3,639	3,485
9	Gujarat Gas	Accumulate	422	399
10	Gujarat State Petronet	Hold	296	303
11	Hindustan Petroleum Corporation	Accumulate	457	428
12	Indian Oil Corporation	Accumulate	195	176
13	Indraprastha Gas	Hold	196	190
14	Jubilant Ingrevia	Hold	657	626
15	Laxmi Organic Industries	Reduce	125	143
16	Mahanagar Gas	Accumulate	1,305	1,181
17	Mangalore Refinery & Petrochemicals	Accumulate	162	151
18	Navin Fluorine International	Accumulate	7,038	6,598
19	NOCIL	Hold	152	148
20	Oil & Natural Gas Corporation	BUY	307	242
21	Oil India	BUY	538	426
22	Petronet LNG	Hold	281	295
23	Reliance Industries	BUY	1,683	1,458
24	SRF	Hold	2,894	2,883
25	Vinati Organics	Accumulate	1,671	1,496

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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