

OIL INDIA LIMITED

Note: Edelweiss Securities Ltd. is a Sub Syndicate member in the issue; accordingly, this note is prepared based on the RHP for informative purpose only.

Issue Highlights:

Issue opens:	Monday, September 7, 2009
Issue closes:	Thursday, September 10, 2009
Price Band:	Rs. 950 - Rs. 1050
Bid Lot:	6 Equity Shares

Lead Manager:	JM Financial, Morgan Stanley, Citigroup Global Markets, & HSBC Securities and Capital Markets (I) Pvt. Ltd.
Registrar:	Kary ComputerShare Private Limited
IPO Grade:	IPO Grade 4/5 by CRISIL
Face Value:	Rs. 10

Issue Break up:

Public issue:	26,449,982 Equity Shares
Employee Reservation:	2,404,544 Equity Shares
Net Issue:	24,045,438 Equity Shares
Issue size at Lower Band:	Rs. 2512 Crs
Issue size at Upper Band:	Rs. 2777 Crs

Particulars	In Shares	% of Net Issue
QIB	14,427,263	60%
Non institutional Bidder	2,404,544	10%
Retail Individual	7,213,631	30%

Business Overview

Oil India Limited is the second largest national oil and gas company in India as measured by total proved plus probable oil and natural gas reserves and production (*Source: DGH*). The company is primarily engaged in the exploration, development, production and transportation of crude oil and natural gas onshore in India. The company also process produced natural gas to extract LPG. They are present internationally through the exploration of crude oil and natural gas in Egypt, Gabon, Iran, Libya, Nigeria, Timor Leste and Yemen. They primarily conduct activities with respect to domestic producing blocks and exploration activities in their nomination blocks independently. They also conduct exploration activity, both in India and overseas, through joint venture arrangements and PSCs with other oil companies.

The company was incorporated as a private limited company in 1959. As of March 31, 2009, all of their estimated independent proved plus probable oil reserves, as well as 93.66% of their estimated independent natural gas reserves is located onshore in the Upper Assam basin in the states of Assam and Arunachal Pradesh. Additionally, they have independent natural gas reserves in the Jaisalmer basin in the state of Rajasthan. In addition to their independent reserves, they also have a 40% participating interest in crude oil reserves in the Kharsang fields in the Assam-Arakan basin in the state of Arunachal Pradesh. They own and operate, as a common carrier for them, ONGC and BRPL, a 1,157 kilometer cross-country crude oil pipeline. The pipeline has the capacity to transport over 44 million barrels of crude oil annually. They transported approximately 45 million barrels of crude oil in fiscal 2009 to four public sector refineries in the North East region of India located in Digboi, Numaligarh, Guwahati and Bongaigaon. They own ten crude oil pumping stations and 17 repeater stations, spread across the states of Assam, West Bengal and Bihar. They also own and operate a 660 kilometer petroleum product pipeline connecting NRL to Siliguri in West Bengal, which was commissioned in August 2008.

The Company has interests in downstream activities through a 26% equity stake in NRL, a 10% equity stake in BCPL and a 23% equity stake in DNP Limited. They also hold a 10% equity stake in a 741 kilometer pipeline construction project in Sudan that was completed in 2005. They have the ability to provide various exploration and production-related services to the oil and gas industry, both domestically and internationally, including pipeline construction, pipeline consultancy services, drilling and well work-over services, research and development services and logging services.

As a public sector undertaking, they have been accorded "Mini Ratna Category I" status since 1997 by the Gol for their operational efficiency and financial strength. In recognition of their performance and consistent achievement of targets negotiated under the memoranda of understanding that they enter into with the Gol on an annual basis, the Gol has rated their performance as "Excellent" for fiscal 2005 and 2006 and "Very Good" for fiscal 2007 and fiscal 2008. They were also ranked as the best public sector undertaking by the Department of Public Enterprises in its annual survey for fiscal 2006.

Objects of the Issue

The Company intends to utilize the proceeds of the Issue, after deducting underwriting and management fees, IPO grading fees, selling commission and other expenses associated with the Issue (the "Issue Expenses"), (the "Net Proceeds") for the Objects.

The objects of the Issue are to achieve the benefits of listing and to fund requirements for fiscal 2010 and 2011 towards

- (a) Exploration and appraisal activities;
- (b) Development activities in producing fields; and
- (c) Purchase of capital equipments and contracts for facilities

Comparison with Industry Peers

Name of Companies	EPS (Rs.)	P/E (times)	RONW (%)	NAV per Equity Share (Rs.)
Oil India Limited(1)	104.24	10.00	23.77	438.64
Peer Group(2)				
ONGC	75.20	17.50	25.20	365.10
Cairn India Limited	0.20			168.00
Hindustan Oil Exploration Company Limited	4.10	37.30	3.50	81.20
Selan Exploration Technologies Limited	32.60	7.50	26.00	68.20

(1) Earnings Per Share, Return on Net Worth and Net Asset Value of the Company are based on the last audited restated financial statements for the year ended March 31, 2009.

(2) Source: "Capital Market" magazine Vol. no. XXIV/ 12 dated August 10 - 23, 2009.

Consolidated Statement of Profit and Losses, as restated

(Rs. in million)

	Quarter ended		Year ended				
	30.06.2009	30.06.2008	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005
INCOME							
Sales	19,020.73	23,126.63	71,397.19	59,653.05	52,850.89	54,705.79	38,415.38
Income from Transportation	297.58	251.62	1,017.30	1,166.43	1,041.16	796.07	742.99
Other Income	2,063.15	1,556.04	9,371.75	6,770.01	5,334.94	3,639.29	1,904.26
Other adjustments	-	-461.35	-407.47	365.15	872.90	1,110.72	117.71
Total Income	21,381.46	24,472.93	81,378.77	67,954.63	60,099.89	60,251.87	41,180.35
EXPENDITURE							
Increase/(Decrease) In Stock	-146.07	-10.25	130.01	-220.57	22.12	-113.70	-69.09
Production, Transportation & Other Expenditure	9,717.27	10,399.39	39,612.49	35,648.89	30,439.30	27,048.70	21,100.61
Provision against debts, advances and other provisions/write-offs	178.44	277.90	3,711.98	1,334.07	1,927.05	1,121.73	676.77
Depletion	527.63	578.75	2,087.64	2,174.80	1,776.52	1,881.23	1,733.86
Depreciation	511.47	205.72	1,680.79	918.60	818.34	1,432.38	561.61
Interest & Debt Charges	9.02	14.23	87.44	343.64	139.55	161.87	166.51
Exchange Loss/(Gain)	-60.83	-49.30	-61.51	39.21	11.24	-9.72	-0.62
VRS Compensation written off	-	-	-	-	-	299.62	99.87
Other Adjustments	-	633.38	213.93	570.65	84.94	1,701.95	607.15
Total Expenditure	10,736.94	12,049.81	47,462.77	40,809.29	35,219.06	33,524.05	24,876.68
Profit for the period / year	10,644.52	12,423.12	33,916.00	27,145.34	24,880.83	26,727.82	16,303.66
Prior Period items	-	-	46.30	11.32	-54.56	16.16	-72.23
Profit Before Tax	10,644.52	12,423.12	33,869.70	27,134.02	24,826.27	26,743.98	16,231.44
Provision for Taxation:							
- Current Tax (Including Wealth Tax)	3,157.60	4,345.84	11,848.43	8,510.26	7,380.30	9,249.59	5,454.79
- Tax for earlier years	-	-	-	2.63	0.93	66.24	85.21
- Deferred Tax	90.00	125.84	343.07	706.83	1,020.18	497.85	74.60
- Fringe Benefit Tax	-	19.25	61.36	25.00	25.00	31.00	-
	3,247.60	4,490.93	12,252.86	9,244.71	8,426.41	9,844.67	5,614.60
Profit After Tax as per audited statement of accounts	7,396.92	7,932.19	21,616.84	17,889.31	16,399.86	16,899.31	10,616.84

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Adjustments on account of :								
a) Changes in Accounting Policies	-	-	-	-	-	2,060.73	51.27	
b) Other Adjustments and Prior Period Items	-	1,094.73	943.51	-150.28	-1,478.06	-1,192.94	608.30	
c) Current Tax Impact on Adjustments	-	(248.14)	-251.85	67.50	468.21	443.97	-316.94	
d) Deferred Tax Impact on Adjustments	-	-	-	-10.56	13.90	159.84	-151.02	
Total of Adjustments after tax impact	-	-	691.66	-93.34	-995.95	1,471.60	191.61	
Profit after Tax as Restated	-	846.59	22,308.50	17,795.97	15,403.91	18,370.91	10,808.45	
Balance Available For Appropriation, As Restated	7,396.92	8,778.78	22,308.50	17,795.97	15,403.91	18,370.91	10,808.45	
APPROPRIATIONS:								
Interim Dividends	-	-	3,210.07	2,675.06	3,959.08	3,959.08	1,284.03	
Tax on Interim Dividends	-	-	545.55	454.63	555.26	555.26	172.19	
Final Dividend (Proposed)	-	-	3,317.01	3,210.07	1,605.03	1,712.04	2,140.04	
Tax on Proposed Dividend	-	-	563.73	545.55	272.78	240.11	300.14	
Transfer to General Reserve	-	-	14,672.14	10,910.68	9,011.76	11,904.42	6,912.05	
Balance of Profit and Loss Account	7,396.92	8,778.78	-	-	-	-	-	
TOTAL	7,396.92	8,778.78	22,308.50	17,795.97	15,403.91	18,370.91	10,808.45	

Cheque Details: In case of Resident Bidders: **“Escrow Account – OIL Public Issue-R”**

Bankers: **ICICI Bank, ABN Amro Bank, HDFC Bank, Axis Bank, Kotak Bank, IDBI Bank, SCB, SBI, HSBC, Yes Bank, CITI Bank and Deutsche Bank.**

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