

2nd July, 2024

Analyst - Sushil Kr Jaiswal

Recommendation	CMP (₹)	Target (₹)
Sell (Update)	488.65	515

Update on Previous Buy Call on Oil India Limited:

Oil India Limited Announces 1:2 Bonus Issue

Oil India Limited has approved a bonus issue in the ratio of 1:2. This means that for every 2 shares held, shareholders will receive 1 additional share.

Key details:

Bonus Ratio: 1:2

In light to this, we have revised our target price for Oil India Limited to Rs.515 per share. This target price reflects our continued positive outlook about the company's growth trajectory and its ability to generate value for its shareholders.

Calculate the new total number of shares after the bonus issue:

Suppose You have 2 share:

After the bonus issue, you will have $2+2/2=3$ shares.**Adjust the original buy price to reflect the bonus issue:**

Original total investment = 592 rupees (per share) * 2 shares = 1184 rupees.

New average price per share after the bonus issue = $1184/3=394.67$ **Adjusted target price:**

The target price also needs to be adjusted for the bonus issue.

Original target = 775 rupees.

Since the number of shares increased by 50%, the adjusted target price will be $775/1.5= 516.67$

So, after adjusting for the bonus issue, the new target price would be approximately 516.67 rupees per share. And today, the stock made a high of 512. As per our report, the target is nearly achieved, so book your respective profit.

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