FIRST LIGHT

06 August 2026

RESEARCH

ONGC | TARGET: Rs 295 | +23% | BUY

Revenue above expectations on better standalone performance

BOB ECONOMICS RESEARCH | PRICE PICTURE

Food-driven price pressure to persist

BOB ECONOMICS RESEARCH | RBI MONETARY POLICY

RBI on temporary pause

SUMMARY

ONGC

- Revenue performance is driven by standalone performance aided by higher crude & gas realisation and refining subsidiaries
- Tie up with BP for Mumbai High & western offshore to benefit over medium term. Daman & DSF II projects will likely add 2-3mntoe of gas
- Raise to BUY from HOLD. Considering improved realisation and rollover to June28E; revise TP to Rs295 from Rs286

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INDIA ECONOMICS: PRICE PICTURE

BoB Essential Commodities Index (BoB ECI) has risen at its sharpest pace in the entire series in Jul'26 by 4.1%, on YoY basis. In Aug'26, the build-up is even higher (first 5-days) at 5.4%. Inflation is heavily skewed on food front. However, what has been comforting is that supply side dynamics remained in favour. The arrival statistics of TOP vegetables (Tomato, Onion and Potato) have improved in Jul'26, as well. Monsoon is also progressing better with now 63% of States receiving normal rainfall.

Click here **for the full report.**

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INDIA ECONOMICS: RBI MONETARY POLICY

The MPC unanimously decided to keep its policy rates on hold. Stance of the monetary policy was also retained at neutral, as it will allow the central bank to act as per evolving global situation. Noting strong domestic fundamentals and resilience in growth (as visible in high frequency indicators) despite global external shocks, RBI has revised FY27 growth projection upward by 10bps to 6.7%. Further, given that Q1FY27 inflation was 30bps lower than anticipated, and that inflationary pressures are still not broad-based, the central bank has also revised its inflation projection 10bps lower to 5% for FY27.

Click here for the full report.

BUY
TP: Rs 295 | ⮝ 23%

ONGC | Oil & Gas | 05 August 2026

Revenue above expectations on better standalone performance

- **Revenue performance is driven by standalone performance aided by higher crude & gas realisation and refining subsidiaries**
- **Tie up with BP for Mumbai High & western offshore to benefit over medium term. Daman & DSF II projects will likely add 2-3mntoe of gas**
- **Raise to BUY from HOLD. Considering improved realisation and rollover to June28E; revise TP to Rs295 from Rs286**

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Revenue above expectation: ONGC reported revenue at Rs2,049bn (+25.7%YoY, +17.9%QoQ) and was 24.4% above our estimates. EBITDA came in at Rs154bn (-40.2%YoY, -38.9%QoQ) and was 41.4% below our estimates. Better revenue performance is driven by standalone performance of exploration business aided by higher crude and gas REALISATION. However, EBITDA was lower than expected due to losses in refining subsidiary (HPCL) on negative marketing margins.

Standalone performance (E&P business): Revenue for the domestic Exploration & Production (E&P) business came in at Rs464bn (+45.2%YoY, +29.3%QoQ). EBITDA was at Rs283bn (+65.0%YoY, +123.9%QoQ). The improved revenue performance YoY was mainly on the back of crude price realisation, which rose 50.4%YoY.

Performance parameters: Crude oil realisations improved by 50.4%YoY to USD99/bbl from USD66 in Q1FY26. Gas realisations improved by 5.4%YoY to USD7/mmbtu from USD6.6/mmbtu in Q1FY26. Crude oil production decreased 5.5%YoY to 5.0mmt, while gas production reduced 2.3%YoY to 4.9bcm. Thus, the elevated crude oil price will be a positive for a standalone performance in future, if the production offtakes improves.

Outlook on growth: ONGC is progressing on its key projects including KG-98/2, Daman and Mumbai High. The tie-up with BP for Mumbai High and western offshore fields is expected to improve recovery and support production growth from FY28E onward. Near-term gas production growth of +5mmscmd is likely from the Daman (DUDP)and DSF-II projects by FY27E. REALISATIONs remain linked to global crude prices, supported by premium pricing on new wells. ONGC is targeting an increase in the share of premium-priced new well gas from 19% currently to 25-30% over the next three years.

Raise to BUY from HOLD; raise TP: Volume growth is key for future performance. We raise to BUY from HOLD. Considering improved crude realisation and roll over to June.28E, revise TP upwards to Rs295 from Rs286, based on 6.5x June'28E EPS plus value of investments.

Key changes

Target	Rating
▲	▲

Ticker/Price	ONGC IN/Rs 240
Market cap	US$ 31.8bn
Free float	41%
3M ADV	US$ 43.5mn
52wk high/low	Rs 308/Rs 228
Promoter/FPI/DII	59%/7%/20%

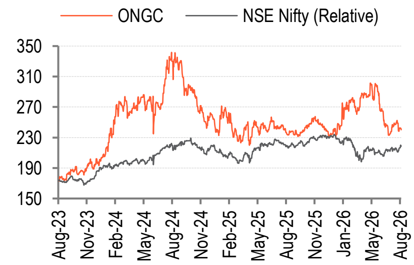
Source: NSE | Price as of 5 Aug 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	6,622,473	7,014,327	7,246,600
EBITDA (Rs mn)	1,031,198	1,143,111	1,196,747
Adj. net profit (Rs mn)	418,601	507,178	509,891
Adj. EPS (Rs)	33.3	40.3	40.5
Adj. ROAE (%)	11.7	13.1	12.1
Adj. P/E (x)	7.2	6.0	5.9
EV/EBITDA (x)	4.0	3.5	3.3
Adj. EPS growth (%)	15.1	21.2	0.5

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

PRICE PICTURE

05 August 2026

Food-driven price pressure to persist

Dipanwita Mazumdar
Economist

BoB Essential Commodities Index (BoB ECI) has risen at its sharpest pace in the entire series in Jul'26 by 4.1%, on YoY basis. In Aug'26, the build-up is even higher (first 5-days) at 5.4%. Inflation is heavily skewed on food front. However, what has been comforting is that supply side dynamics remained in favour. The arrival statistics of TOP vegetables (Tomato, Onion and Potato) have improved in Jul'26, as well. Monsoon is also progressing better with now 63% of States receiving normal rainfall.

The area sown as percentage of normal area of major Kharif crops (except oilseeds and sugarcane) as on 31 Jul 2026 have remained above same period of pervious year. International food prices have also softened especially edible oil prices. Core inflation is likely to get some relief from softening of international gold prices. However, upside risks may emerge in the near term as Q1 transcript of major companies indicated pass through of higher input costs to consumers amidst robust demand conditions.

Against this backdrop, we expect CPI to settle at 4.5% in Jul'26, with risks tilted to the upside.

To get an idea about the calculation of the index, refer to our *previous edition* of BoB ECI.

Price picture using BoB Essential Commodity Index-Adjusted for new base year:

- BoB ECI rose at its highest pace in the new series by 4.1% in Jul'26, on YoY basis. Among 20 items, 18 items witnessed increase in inflation rate. In the past few months, inflation has been getting broad-based especially on food inflation front. Among them, the steepest increase was seen for onion, edible oils, rice and some components of pulses. Onion retail prices surged to its highest since Oct'24 to 20% in Jul'26 after inching by only 2.3% in Jun'26. Within pulses, Urad dal is witnessing considerable momentum. Amongst other items, sugar prices firmed up in Jul'26 due to adverse weather conditions. Other miscellaneous items also noted increase in retail prices such as Gur, Tea (loose) and salt pack.
- **Sequential picture:** BoB ECI rose at the sharpest by 1.8% in Jul'26. Majority steepness was visible for onion prices which showed considerable upward correction of 23.5%, on MoM basis. Looking at the onion price trajectory, it can be said that prices are likely to be on the upside. Even potato prices showed sequential increase of 4.6%, much in line with previous months.

RBI MONETARY POLICY

05 August 2026

RBI on temporary pause

Sonal Badhan
Economist

The MPC unanimously decided to keep its policy rates on hold. Stance of the monetary policy was also retained at neutral, as it will allow the central bank to act as per evolving global situation. Noting strong domestic fundamentals and resilience in growth (as visible in high frequency indicators) despite global external shocks, RBI has revised FY27 growth projection upward by 10bps to 6.7%. Further, given that Q1FY27 inflation was 30bps lower than anticipated, and that inflationary pressures are still not broad-based, the central bank has also revised its inflation projection 10bps lower to 5% for FY27.

Revisions to both growth and inflation have been primarily in H1FY27. Inflation is still expected to peak at 5.9% in Q3FY27, before easing in Q4 and Q1FY28. However, in these 3 quarters, if policy rate remains unchanged at 5.25%, then we are looking at negative real interest rates. We also believe that upside risks to inflation persist as monsoon remains in deficit so far and kharif sowing is currently lower than last year. Uncertainty around global oil and other commodity prices is also prevailing. Given these factors, we continue to expect at least 1 rate hike by the central bank in FY27, most likely in Dec'26, when there is more clarity available on growth, impact of El-Nino, and geopolitical tensions in West Asia.

MPC decision:

RBI's monetary policy committee (MPC) voted unanimously to keep the policy repo rate on hold at 5.25%. The MPC also continued with the neutral stance, to "respond appropriately to macroeconomic developments". Growth numbers for H1FY27 have been revised upward and inflation is now projected to be lower this year, thus signalling a more dovish than expected policy. On the liquidity front, Governor in the press conference clarified that it would peak in Q2FY27, and will then get absorbed due to needs of the economy (currency in circulation, maturity of RBI's forwards book), and will remain balanced throughout the year.

Assessment of growth outlook:

- RBI has revised GDP growth forecast for FY27 to 6.7% from 6.6% projected earlier in the Jun'26 policy. The 10bps upward revision is mainly on account of revisions to Q1 and Q2 numbers. Numbers for H2FY27 have been left unchanged so far.

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SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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