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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%

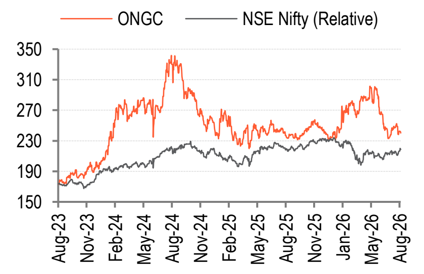
Source: NSE | Price as of 5 Aug 2026

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

Fig 1 – Quarterly performance

(Rs mn)	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YoY (%)
Revenue	**2,049,874**	**1,738,052**	**17.9**	**1,631,081**	**25.7**
EBITDA	**154,854**	**253,561**	**(38.9)**	**259,071**	**(40.2)**
EBITDA margin (%)	7.55	14.59	(703bps)	15.88	(833bps)
Depreciation	94,774	93,450	1.4	93,840	1.0
Interest	28,538	30,696	(7.0)	33,414	(14.6)
Other income	27,886	33,678	(17.2)	25,732	8.4
PBT	59,428	163,093	(63.6)	157,550	(62.3)
Tax	4,580	49,622	(90.8)	39,544	(88.4)
Reported PAT	**118,989**	**108,197**	**10.0**	**98,040**	**21.4**
Exceptional item	4,718	(4,621)	NA	(186)	NA
Adjusted PAT	**114,272**	**112,817**	**1.3**	**98,226**	**16.3**
Adj. PATM (%)	5.57	6.49	(92bps)	6.02	(45bps)
Reported EPS (Rs)	**9.46**	**8.60**	**10.0**	**7.79**	**21.4**
Adj. EPS (Rs)	**9.08**	**8.97**	**1.3**	**7.81**	**16.3**

Source: Company

Fig 2 – Q1FY27 Actual vs Estimates

Particulars	Q1 Actual	Estimates	VAR (%)
Revenue (Rs mn)	2,049,874	1,647,255	24.4
EBITDA (Rs mn)	154,854	264,088	(41.4)
EBITDA margin (%)	7.6	16.0	(848bps)
Reported PAT (Rs mn)	118,989	137,316	(13.3)
EPS (Rs)	9.5	10.9	(13.3)

Source: Company, BOBCAPS Research

Fig 3 – Standalone performance (E&P)

(Rs mn)	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YoY (%)
Net Sales	464,605	359,282	29.3	320,029	45.2
EBITDA	283,551	126,658	123.9	171,853	65.0
EBITDA margins (%)	61.03	35.25	2578bps	53.70	733bps
Reported PAT	170,338	66,500	156.1	80,242	112.3
PAT margins (%)	36.66	18.51	1815bps	25.07	1,159bps
EPS (Rs)	13.54	5.29	156.1	6.38	112.3

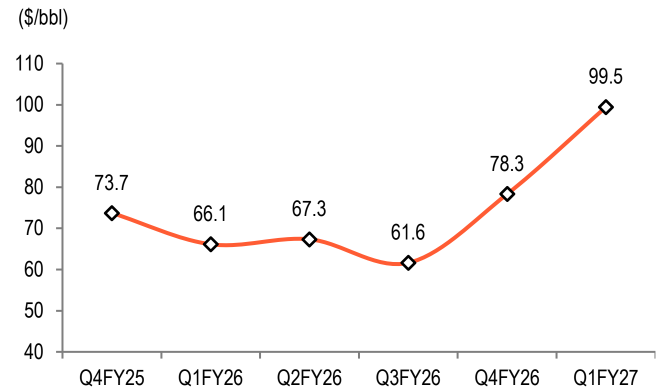
Source: Company

Fig 4 – Business parameters

Particulars	Q1FY27	Q4FY26	QoQ (%)	Q1FY26	YoY (%)
Crude oil net REALISATION ($/bbl)	99.5	78.3	27.0	66.1	50.4
Gas price net REALISATION ($/mmbtu)	7.0	6.4	9.4	6.6	5.4
Crude oil production (mmt)	5.0	4.9	0.0	5.2	(5.5)
Natural gas production (bcm)	4.9	4.9	(0.6)	5.0	(2.3)

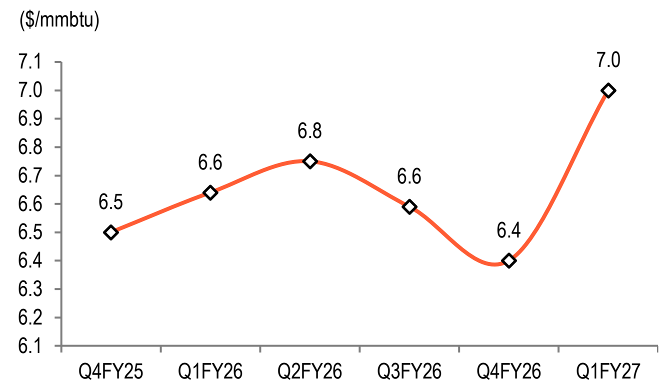
Source: Company

Fig 5 – Crude realisations spike in Q1FY27



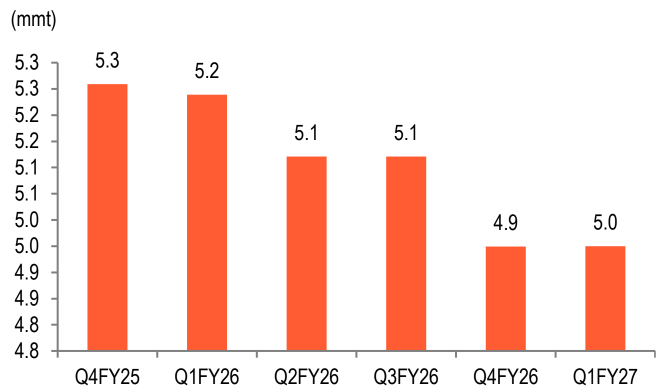
Source: Company

Fig 6 – Gas prices recover sharply



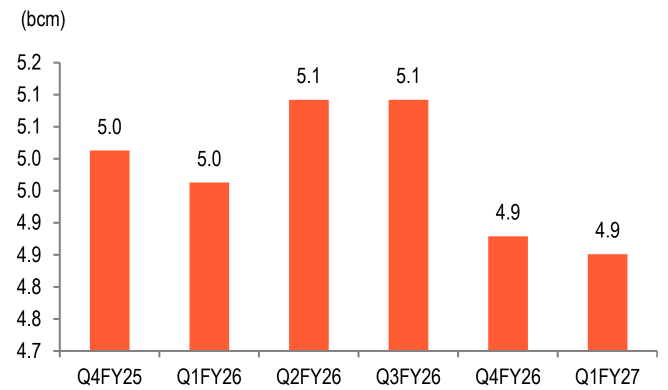
Source: Company

Fig 7 – Crude production broadly stable



Source: Company

Fig 8 – Gas production stays muted



Source: Company

Call Highlights

- **Production performance and guidance:** ONGC reported a decline in production, with oil declining by 5.5%YoY and gas volumes declining by 2.3%YoY. Decline is primarily attributed to complexities in reservoir of KG-98/2 in Eastern offshore and temporary closing of wells during pre-commissioning/commissioning activities of major projects. ONGC has invested in redevelopment projects to augment production and tied up with BP. Over medium to long term; production volume will likely grow driven by gas production growth. Guided a production volume of 39mmt of Oil and gas for FY27E and 40mmt for FY28E
    - BP collaboration for offshore assets: ONGC has partnered with BP Plc for Mumbai High, where initial results have been encouraging with production decline stabilizing. Full benefits are expected from FY28E onward. In May 2026, ONGC has also expanded its collaboration with BP for the entire western offshore fields. Projects worth Rs400bn are under implementation in Western offshore.
- **Growth from new wells and projects:** ONGC is targeting higher contribution from premium-priced new wells, eligible for a 20% premium over domestic APM gas prices. The share of such gas is targeted to increase from 19% currently to 25-30% over the next three years.
- **Gas production update:** Incremental gas production growth is expected from KG-98/2, Daman (DUDP) and DSF-II projects. KG-98/2 is currently producing ~1.5mmscmd and is expected to ramp up further in FY27E, while DSF-II could contribute another 4–5mmscmd.
- **ONGC Videsh:** Development work has resumed at the Mozambique Rovuma basin project, where ONGC holds a 16% stake. The project holds estimated reserves of 45–70tcf, with first LNG production expected in FY29.
- **Capex:** ONGC guided a capex of USD3.5-4.0bn for FY27. Net debt-to-equity remained comfortable at 0.3x.

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Valuation Methodology

We revise our estimates upwards on improved performance and improved crude realisation.

- **Crude oil:** No changes in crude volumes
- **Gas**: No changes in gas volumes
- **Pricing:** Crude price revised to USD80 vs 75/bbl for FY27E; USD80/bbl vs earlier USD75 for FY28E and USD80 vs earlier USD75 for FY29E
- USD/INR assumption has been revised upward to Rs97/USD from Rs95/USD for h FY27E, FY28E and FY29E.

Fig 9 – Revision in Estimates

(Rs mn)	Actual	New			Old			Change (%)		
	FY26A	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	6,622,473	7,014,327	7,246,600	7,211,617	6,796,267	7,122,536	7,179,606	3.2	1.7	0.4
EBITDA	1,031,198	1,143,111	1,196,747	1,325,238	1,092,015	1,170,740	1,250,994	4.7	2.2	5.9
EBITDA % margin	15.6	16.3	16.5	18.4	16.1	16.4	17.4	23bps	8bps	95bps
PAT	418,601	507,178	509,891	554,311	484,156	505,442	554,188	4.8	0.9	0.0
EPS (Rs)	33.3	40.3	40.5	44.1	38.5	40.2	44	4.8	0.9	0.0

Source: Company, BOBCAPS Research

Fig 10 – Key assumptions

	FY25	FY26	FY27E	FY28E	FY29E
Production volumes					
Crude - Standalone (mn t)	18.6	18.4	18.6	19.0	19.4
Gas - Standalone (mn cm)	19.7	19.5	20.1	20.6	21.1
% growth YoY					
Crude – Standalone	1.0	(0.5)	1.5	2.0	2.0
Gas – Standalone	(1.6)	(0.5)	3.0	2.5	2.5
Realisations (Rs/t)					
Brent price	78.9	68.0	80.0	80.0	80.0
ONGC realisations	76.9	68.0	80.0	80.0	80.0
(USD/mmbtU)					
APM gas price	6.7	6.7	6.9	7.2	7.2
% growth YoY					
Realisations	(4.9)	(11.6)	17.6	0.0	0.0
USD-INR rate	87.0	90.0	97.0	97.0	97.0

Source: BOBCAPS Research

P/E-based Valuation Rationale

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

- 6.5x - the multiple is in line with its historical 10Y average P/E.
- The investments in listed companies – IOC, Petronet and GAIL are valued at 20% holding company discount to the current market cap.

Fig 11 – Valuation summary

	June.28E EPS	P/E Multiple	Value (Rs/share)
ONGC	41.4	6.5	269
Valuation of Investments			
IOC			18
Petronet LNG			3
GAIL			4
Subtotal			**25**
Target price (Rs)			**295**

Source: BOBCAPS Research

Fig 12 – Valuation of investments

	No.of shares (mn)	Market Value (CMP) (Rs)	Full Value (Rs mn)	Holding co. discount (%)	Fair value (Rs mn)	Value (Rs/share)
IOC	2,006	144	288,838	20%	231,070	18
Petronet LNG	188	282	52,875	20%	42,300	3
GAIL	327	175	57,173	20%	45,738	4
Total			**398,886**		**319,108**	**25**

Source: BOBCAPS Research

Key Risks

Key downside risks to our estimates:

- **Forex impact from foreign debt:** ONGC operates in overseas market through ONGC Videsh. Their foreign debt is about ~37% of total gross debt. Thus, large fluctuations in forex rates are a risk, in terms of debt repayment — impacting profitability.
- **Refining business of subsidiaries:** Lower-than-estimated GRM in the Refining business can affect the operational performance of subsidiaries. Any spike in crude prices or a hit on product demand can impact refining margins.

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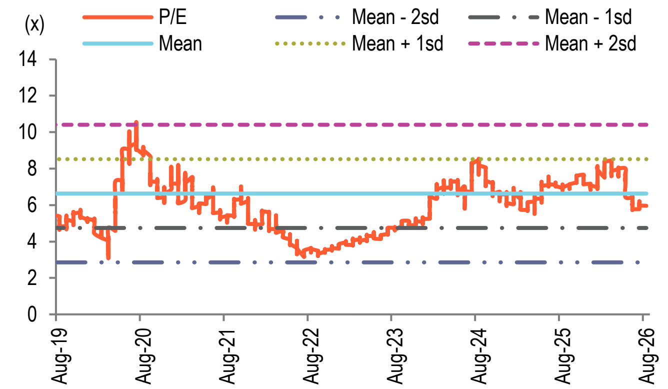
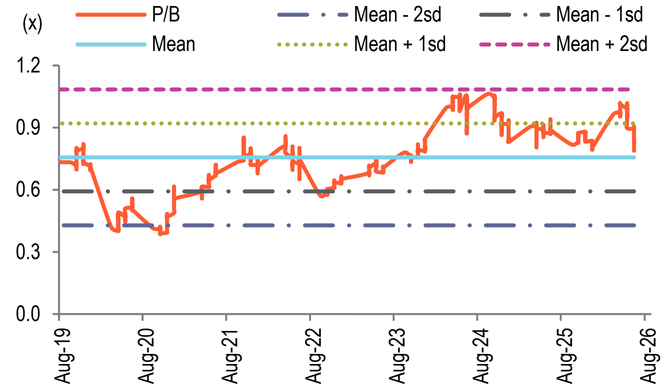
Fig 13 – P/E 1YF



Source: Bloomberg

Fig 14 – P/B 1YF



Source: Bloomberg

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Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**6,632,606**	**6,622,473**	**7,014,327**	**7,246,600**	**7,211,617**
EBITDA	888,565	1,031,198	1,143,111	1,196,747	1,325,238
Depreciation	(352,060)	(373,907)	(429,215)	(488,512)	(573,656)
EBIT	660,483	780,856	838,697	834,283	878,892
Net interest inc./(exp.)	(145,350)	(130,289)	(127,011)	(121,652)	(106,975)
Other inc./(exp.)	123,978	123,565	124,801	126,049	127,309
Exceptional items	1,511	4,357	0	0	0
EBT	513,623	646,210	711,686	712,631	771,917
Income taxes	(140,693)	(178,299)	(195,714)	(199,537)	(219,996)
Extraordinary items	(1,511)	(4,357)	0	0	0
Min. int./Inc. from assoc.	(10,674)	(53,668)	(8,794)	(3,203)	2,391
Reported net profit	**362,256**	**414,244**	**507,178**	**509,891**	**554,311**
Adjustments	1,511	4,357	0	0	0
Adjusted net profit	**363,767**	**418,601**	**507,178**	**509,891**	**554,311**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	389,815	469,331	531,659	553,408	580,776
Other current liabilities	657,001	666,628	666,628	666,628	666,628
Provisions	70,813	70,605	70,605	70,605	70,605
Debt funds	1,535,559	1,420,551	1,380,551	1,280,551	1,080,551
Other liabilities	1,191,750	1,195,004	1,195,004	1,195,004	1,195,004
Equity capital	62,901	62,901	62,901	62,901	62,901
Reserves & surplus	3,371,503	3,654,777	3,988,976	4,319,598	4,688,351
Shareholders' fund	3,742,351	4,096,933	4,431,132	4,761,755	5,130,507
Total liab. and equities	**7,587,289**	**7,919,052**	**8,275,580**	**8,527,950**	**8,724,071**
Cash and cash eq.	271,778	321,790	382,919	461,837	508,803
Accounts receivables	212,427	220,145	269,934	259,582	249,967
Inventories	589,563	649,183	755,949	808,267	870,691
Other current assets	236,163	192,671	192,671	192,671	192,671
Investments	923,726	637,609	637,609	637,609	637,609
Net fixed assets	2,914,734	2,992,769	3,131,612	3,263,100	3,359,444
CWIP	872,903	914,776	914,776	914,776	914,776
Intangible assets	345,107	314,283	314,283	314,283	314,283
Deferred tax assets, net	0	0	0	0	0
Other assets	2,366,915	2,416,674	2,409,318	2,374,174	(4,588,504)
Total assets	**7,587,289**	**7,919,052**	**8,275,580**	**8,527,951**	**8,724,071**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**789,235**	**1,016,920**	**977,971**	**1,103,042**	**1,207,109**
Capital expenditures	(513,964)	(457,694)	(568,059)	(620,000)	(670,000)
Change in investments	52,444	287,573	0	0	0
Other investing cash flows	(43,444)	(409,299)	0	0	0
Cash flow from investing	**(504,964)**	**(579,420)**	**(568,059)**	**(620,000)**	**(670,000)**
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(41,297)	(115,008)	(40,000)	(100,000)	(200,000)
Interest expenses	(145,350)	(130,289)	(127,011)	(121,652)	(106,975)
Dividends paid	(154,108)	(166,689)	(172,979)	(179,269)	(185,559)
Other financing cash flows	24,498	(8,794)	(3,203)	2,391	0
Cash flow from financing	**(430,812)**	**(387,487)**	**(348,783)**	**(404,124)**	**(490,143)**
Chg in cash & cash eq.	**(146,541)**	**50,013**	**61,129**	**78,917**	**46,966**
Closing cash & cash eq.	**271,778**	**321,790**	**382,919**	**461,837**	**508,803**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	28.8	32.9	40.3	40.5	44.1
Adjusted EPS	28.9	33.3	40.3	40.5	44.1
Dividend per share	12.3	13.3	13.8	14.3	14.8
Book value per share	273.0	295.5	322.1	348.4	377.7

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.6	0.6	0.6	0.5	0.5
EV/EBITDA	4.7	4.0	3.5	3.3	2.8
Adjusted P/E	8.3	7.2	6.0	5.9	5.5
P/BV	0.9	0.8	0.7	0.7	0.6

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	72.9	73.1	72.5	72.0	71.5
Interest burden (PBT/EBIT)	0.8	0.8	0.8	0.9	0.9
EBIT margin (EBIT/Revenue)	10.0	11.8	12.0	11.5	12.2
Asset turnover (Rev./Avg TA)	0.9	0.9	0.9	0.9	0.8
Leverage (Avg TA/Avg Equity)	2.2	2.2	2.1	2.0	1.9
Adjusted ROAE	10.7	11.7	13.1	12.1	12.1

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	1.5	(0.2)	5.9	3.3	(0.5)
EBITDA	(13.2)	16.1	10.9	4.7	10.7
Adjusted EPS	(28.4)	15.1	21.2	0.5	8.7
Profitability & Return ratios (%)					
EBITDA margin	13.4	15.6	16.3	16.5	18.4
EBIT margin	10.0	11.8	12.0	11.5	12.2
Adjusted profit margin	5.5	6.3	7.2	7.0	7.7
Adjusted ROAE	10.7	11.7	13.1	12.1	12.1
ROCE	10.3	11.8	12.2	11.7	12.0
Working capital days (days)					
Receivables	12	12	14	13	13
Inventory	32	36	39	41	44
Payables	25	31	33	33	36
Ratios (x)					
Gross asset turnover	0.9	0.9	0.9	0.9	0.8
Current ratio	0.8	0.8	1.0	1.1	1.3
Net interest coverage ratio	0.3	0.3	0.2	0.2	0.1
Adjusted debt/equity	4.5	6.0	6.6	6.9	8.2

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

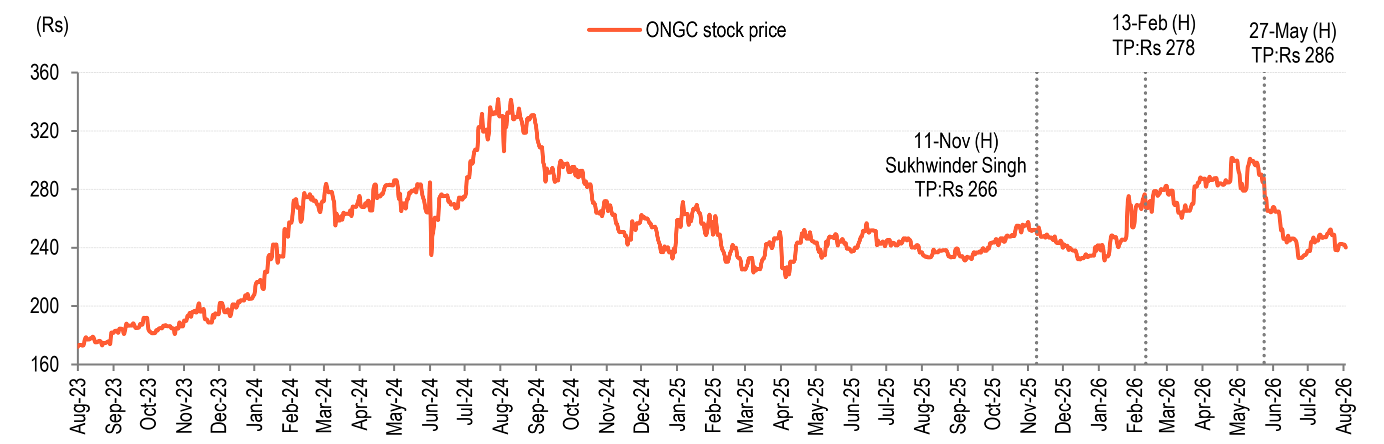
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): ONGC (ONGC IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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