

HOLD

TP: Rs 266 | ▲ 7%

ONGC

| Oil & Gas

| 11 November 2025

Results above expectation on strong subsidiaries performance

- Performance above expectations due to better-than-expected performance of subsidiaries (HPCL and MRPL)
- Ongoing development projects to increase production over long term. Tie-up with BP for Mumbai field to see results FY28 onwards
- Assuming coverage with HOLD and TP of Rs266, based on 6.5x Sept'27 EPS plus value of investments

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Results above expectation: Revenue came in at Rs1,579bn (-0.3%YoY, -3.2%QoQ) and was 8.0% above consensus estimates. EBITDA came in at Rs265bn (+29.3%YoY, +2.4%QoQ) and was 29% above consensus estimates, due to a better-than-expected performance of subsidiaries in the refining segment (HPCL and MRPL).

Standalone performance (Exploration & Production - E&P business): Revenue for domestic E&P business came in at Rs330bn (-2.5%YoY, +3.2%QoQ)., EBITDA came in at Rs166bn (-2.6%YoY, -3.4%QoQ). The decline in performance YoY is on account of fall in crude oil realisation by 14.0%.

Performance parameters: Crude oil realisation decreased by 14.0%YoY to USD67.3/bbl and Gas realization increased by 3.8%YoY to USD6.8/mmbtu. Crude oil production went up by 0.6%YoY while gas production decreased by 0.6%YoY. So, the overall crude oil price will remain a key monitorable for the company's performance in future.

Outlook on growth: ONGC has an ongoing development project -KG 98/2; Daman upside project and Mumbai High project. BP Plc will help in Mumbai field and the benefits are likely to be visible from FY28E onwards. In near term, Daman project and DSF II project will likely add 2-3mntoe of gas by FY27E. Pricing will stay contingent on international crude prices. Positive outlook comes through gas from new wells, which are eligible for 20% premium over domestic APM price and ONGC is actively working to boost output from such wells.

Coverage with HOLD: Volume growth is key for future performance. Management indicated a miss in achieving volumes guidance for FY26E. We are assuming coverage with HOLD and TP of Rs266, based on 6.5x EV/EBITDA on Sept' 2027 EPS plus value of investments.

Key changes

Target	Rating
▲	▼

Ticker/Price	ONGC IN/Rs 249
Market cap	US\$ 35.4bn
Free float	41%
3M ADV	US\$ 24.2mn
52wk high/low	Rs 274/Rs 205
Promoter/FPI/DII	59%/7%/20%

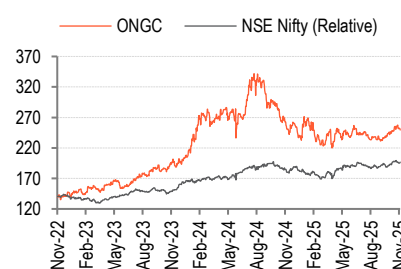
Source: NSE | Price as of 11 Nov 2025

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	6,632,623	6,598,711	6,681,563
EBITDA (Rs mn)	834,845	954,607	1,062,714
Adj. net profit (Rs mn)	310,005	416,508	451,663
Adj. EPS (Rs)	24.6	33.1	35.9
Consensus EPS (Rs)	24.6	32.4	35.1
Adj. ROAE (%)	9.1	11.7	11.8
Adj. P/E (x)	10.1	7.5	6.9
EV/EBITDA (x)	5.2	4.5	3.9
Adj. EPS growth (%)	(32.4)	34.4	8.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

Rs mn	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	H1FY26	H1FY25	YoY (%)
Revenue	1,579,111	1,631,081	(3.2)	1,583,291	(0.3)	3,210,192	3,272,971	(1.9)
EBITDA	265,212	259,071	2.4	205,069	29.3	524,283	422,921	24.0
EBITDA margin (%)	16.80	15.88		12.95		16.33	12.92	
Depreciation	92,735	93,840	(1.2)	82,090	13.0	186,574	167,097	11.7
Interest	34,110	33,414	2.1	37,490	(9.0)	67,524	74,427	(9.3)
Other income	31,080	25,732	20.8	41,634	(25.3)	56,813	69,247	(18.0)
PBT	169,448	157,550	7.6	127,123	33.3	326,997	250,645	30.5
Tax	46,696	39,544	18.1	28,217	65.5	86,240	61,711	39.7
Reported PAT	107,849	98,040	10.0	102,725	5.0	205,889	202,470	1.7
Exceptional item	-2	-186	99.0	0	NA	(188)	0	NA
Adjusted PAT	107,851	98,226	9.8	102,725	5.0	206,077	202,470	1.8
Adj. PATM (%)	6.83	6.01		6.49		6.42%	6.20%	
EPS (Rs)	8.57	7.81	9.8	8.17	5.0	16.38	16.09	1.8

Source: Company

Fig 2 – Q2FY26 Actual v/s consensus

Particulars	Q2 Actual	Consensus	VAR (%)
Revenue (Rs mn)	1,579,111	1,462,105	8.0
EBITDA (Rs mn)	265,212	205,534	29.0
EBITDA margin (%)	16.8	14.1	
PAT (Rs mn)	107,849	102,026	5.7
EPS (Rs)	8.6	8.1	5.7

Source: Company, Bloomberg

Fig 3 – Standalone performance

Rs mn	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	H1FY26	H1FY25	YoY (%)
Net Sales	330,306	320,029	3.2	338,809	(2.5)	650,335	691,473	(5.9)
Operating expenses	164,312	148,176	10.9	168,402	(2.4)	312,488	350,036	(10.7)
EBITDA	165,994	171,853	(3.4)	170,407	(2.6)	337,846	341,437	(1.1)
EBITDA margins (%)	50.25	53.70	(6.4)	50.30	(0.1)	51.95	49.38	5.2
Reported PAT	98,480	80,242	22.7	119,840	(17.8)	178,722	209,221	(14.6)
PAT margins (%)	29.81	25.07		35.37		27.48	30.26	
EPS	7.83	6.38	22.7	9.53	(17.8)	14.21	16.63	(14.6)

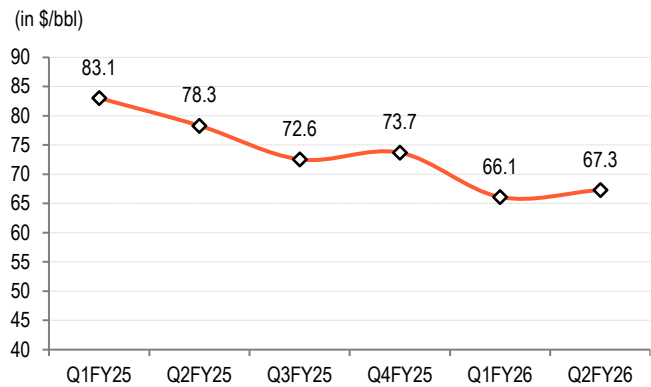
Source: Company

Fig 4 – Business parameters

	Q2FY26	Q1FY26	QoQ (%)	Q2FY25	YoY (%)	H1FY26	H1FY25	YoY (%)
Crude oil net realization (\$/bbl)	67.3	66.1	1.8	78.3	(14.0)	66.7	80.7	(17.3)
Gas price net realization (\$/mmbtu)	6.8	6.6	1.7	6.5	3.8	6.7	6.5	2.9
Crude oil production (mmt)	5.2	5.2	(0.9)	5.2	0.6	10.4	10.4	0.3
Natural gas production (bcm)	5.0	5.0	1.4	5.1	(0.6)	10.0	10.1	(0.7)

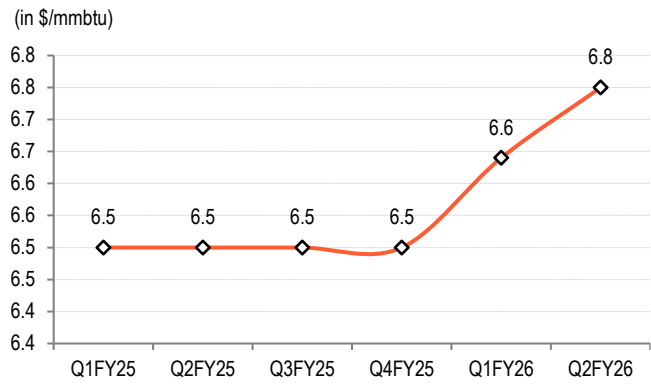
Source: Company

Fig 5 – Crude oil price realisation



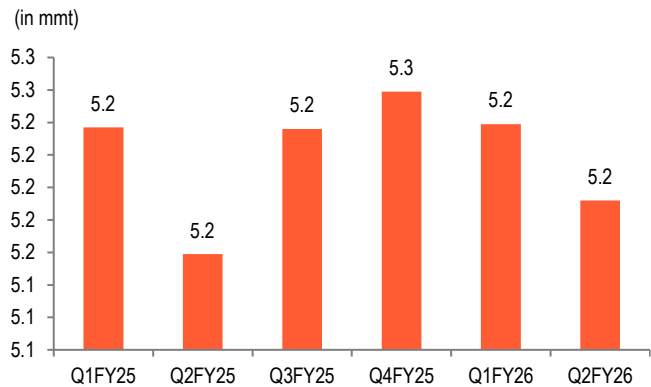
Source: Company

Fig 6 – Gas price realisation



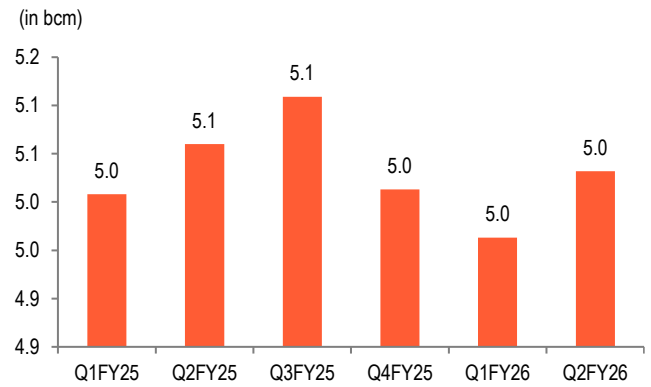
Source: Company

Fig 7 – Crude oil production



Source: Company

Fig 8 – Natural gas production



Source: Company

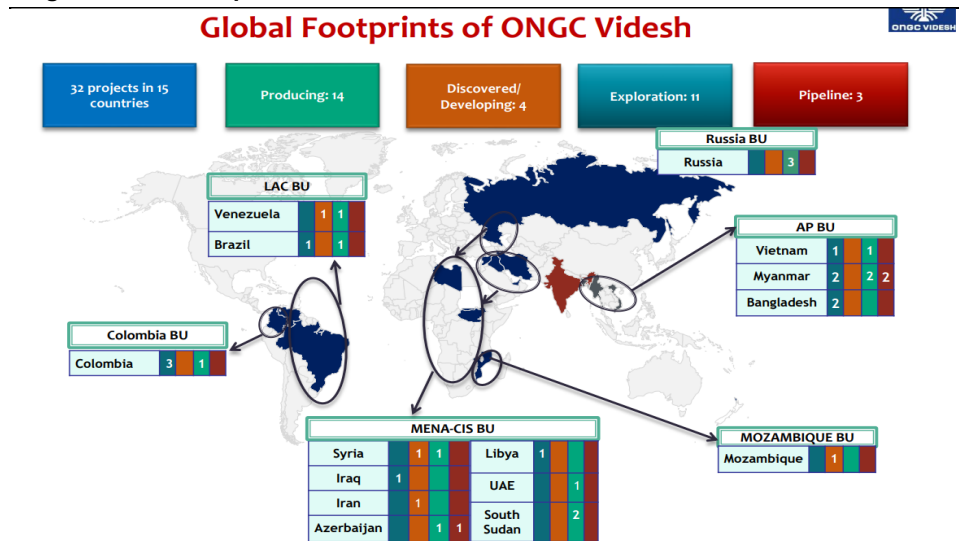
Call Highlights

- **Production performance & guidance:** ONGC has been able to achieve an increasing trend in crude oil production (ONGC own) with a growth of 1.2%YoY to 4.63mnt. In gas production (own fields), the company has been able to arrest the degrowth. Decline, which was 0.35%YoY in Q1FY26, has been brought down to 0.04% in Q2FY26.
 - Guidance for crude production is revised down to 19.8mnt vs earlier 21mnt for FY26E while that for gas production is revised down to less than 20.0bcm vs earlier 21.5bcm for FY26E. Guidance for FY27E is 21.0mnt of Oil and 21.5bcm of gas. Actual oil production was 18.6mnt and gas production was 19.7bcm for FY25.
- ONGC has collaborated with BP plc for Mumbai High field under which BP plc. will help reverse production decline. Full benefits are expected from FY28E onwards only. Actual oil production was 18.6mnt and gas production was 19.7bcm for FY25.
- **Business from new wells:** ONGC targets to increase production from new wells which are eligible for 20% premium over domestic APM price. New wells revenue share is 5% of the overall standalone revenue in Q2. Revenue from new well stood at Rs16bn vs standalone revenue of Rs330bn in Q2FY26.
- **Gas production update:** ONGC targets incremental production from basin – KG-98/2, Daman project and Discovered small fields (DSF)-II
 - KG 98/2: Currently, it is producing 3mmscmd of gas. The block is expected to see a ramp-up in FY27E.
 - Daman Upside Development Project (DUDP) in the western offshore is expected to contribute 5mmscmd in FY26E.
 - DSF-II is likely to add 4mmscmd in FY27E
- **Drilling performance:** During H1FY26, ONGC drilled total 8 exploratory wells in Andaman offshore, Bengal onland, Kutch onland, Narmada and South Rewa basins.
- **ONGC Videsh:** Security conditions have improved and full scale development in Mozambique project will likely resume soon. ONGC has a 16% stake in the project. This is a gas asset in Rovuma basin. The asset has 45-70tcf (trillion cubic feet) of gas reserves. The first LNG production is expected in H12029. Total energy has indicated that project cost has been revised upwards to USD24bn from USD20bn, owing to inflation, security expenses and remobilisation costs.
- **Capex:** It incurred a capex of Rs253bn (consolidated) and Rs186bn (Standalone) in H1FY26. The company guided a capex of Rs350bn on a standalone basis for FY26E.
- **Net debt:** Net debt (consolidated) stood at Rs1,373bn on Sept'27 vs net debt of Rs1,079bn on Mar'25. Gross debt stood at Rs1,438bn. Standalone debt is Rs58bn. Net D/E stands at 0.3x.

Business overview

- ONGC is engaged in the business of oil & gas exploration through its domestic and overseas exploration assets. It has 54.90% stake in the OMC – HPCL and 71.63% stake in MRPL.
- Major revenue comes from domestic market while exports revenue comes from ONGC Videsh (OVL).
- ONGC Videsh (OVL): ONGC Videsh has a global footprint, in terms of E&P assets. This consists of 32 projects in 15 countries, which includes 14 producing assets.

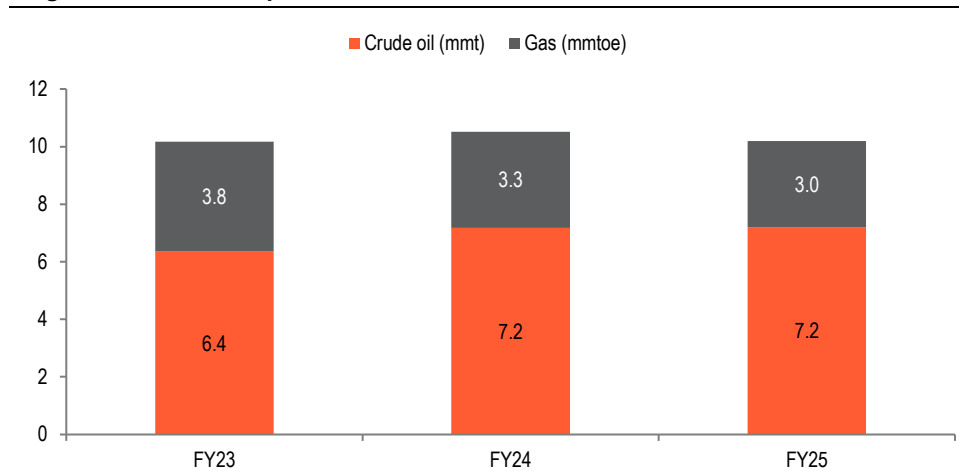
Fig 9 – Global footprints



Source: Company

- Major producing assets are in Russia, Myanmar and in Latin America.
- OVL production volumes are 10.2mmtoe in FY25 with oil output at 7.2mmt and gas production at 3.0bcm.

Fig 10 – OVL volume performance



Source: Company

- It has Mozambique gas project in Africa – which is expected to resume development soon. This is a gas asset in Rovuma basin. The asset has 45-70tcf (trillion cubic feet) of gas reserves. The first LNG production is expected in H12029.
- We expect contribution to increase in the overall production over long term, as exploration blocks come to production level.

Projects under process to prolong lifecycle of assets

ONGC has 25 ongoing projects and has also invested in these projects to prevent a decline in output from maturing fields. It has 11 development and 14 infra projects worth Rs744bn under implementation. Key among them being:

- KG-DWN-98/2 Cluster – II
- Daman upside development project
- Mumbai high north redevelopment
- Discovered small fields (DSF)-II
- Overall, these projects aim for a lifecycle gain of 93mmtoe of output

Valuation Methodology

We remain positive on business growth, driven by the ongoing projects for incremental production. We estimate an improvement in volumes for both crude oil and gas.

- **Crude oil:** We estimate CAGR of 1.7% in Crude oil production over FY25-FY28E
- **Gas:** We estimate CAGR of 2.2% in gas production over FY25-FY28E

Fig 11 – Key assumptions

	FY24	FY25	FY26E	FY27E	FY28E
Production volumes					
Crude - Standalone (mn t)	19.5	19.6	19.9	20.2	20.6
Gas - Standalone (mn cm)	20.0	19.7	19.9	20.4	21.0
% growth yoy					
Crude - Standalone	0.0	1.0	1.5	1.5	2.0
Gas - Standalone	0.1	(1.6)	1.0	3.0	2.5
Realization (Rs/t)					
Brent price	84.6	78.9	67.0	70.0	72.0
ONGC realization	80.9	76.9	67.0	70.0	72.0
(USD/mmbtU)					
APM gas price	6.5	6.7	6.7	6.9	7.2
% growth yoy					
Realization	(12.0)	(4.9)	(12.9)	4.5	2.9
USD-INR rate	82.8	87.0	87.0	87.0	87.0

Source: BOBCAPS Research

P/E based valuation rationale

We assume coverage with HOLD and TP of Rs266, based on -.

- 6.5x P/E on Sept'27 EPS for core business. multiple is in line with its historical 10Y average P/E.
- Investments in listed companies – IOC, Petronet and GAIL are valued at 20% holding company discount to the current market cap.

Fig 12 – Valuation summary

	Sept. 27 EPS	P/E Multiple	Value (Rs/share)
ONGC	36.5	6.5	237
Valuation of Investments			
IOC			22
Petronet LNG			3
GAIL			4
Subtotal			29
Target price (Rs)			266

Source: BOBCAPS Research

Fig 13 – Valuation of investments

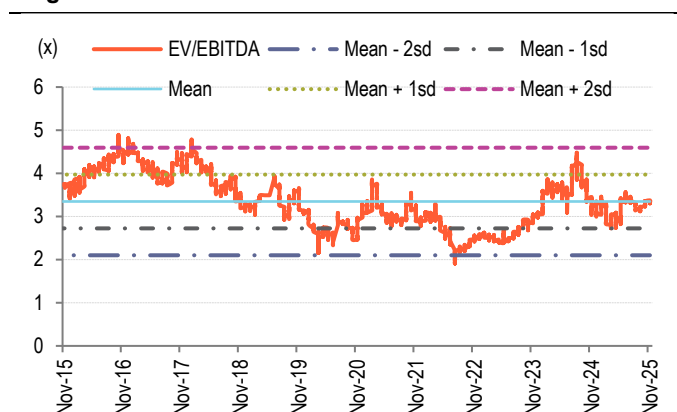
	No. of shares (mn)	Market Value (CMP) (Rs)	Full Value (Rs mn)	Holding co. discount (%)	Fair value (Rs mn)	Value (Rs/share)
IOC	2,006	172	345,001	20	276,001	22
Petronet LNG	188	278	52,125	20	41,700	3
GAIL	327	182	59,459	20	47,568	4
Total			456,585		365,268	29

Source: BOBCAPS Research

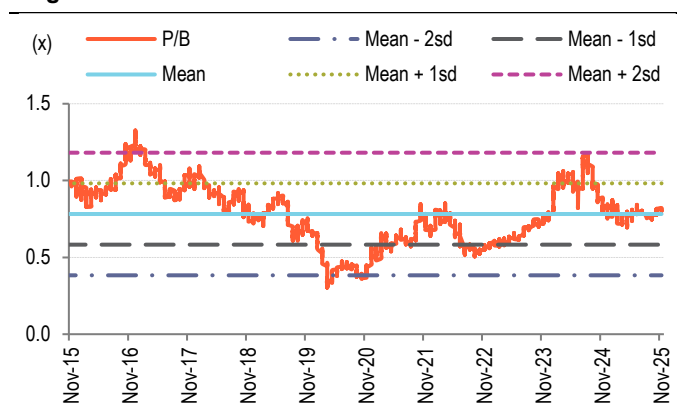
Key Risks

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 repayments, impacting its profitability.
- **Refining business of subsidiaries:** Lower-than-estimated GRM in the refining business can affect the operational performance of subsidiaries. Thus, low crude prices and robust cracks are key for performance. Any spike in crude prices or a hit to product demand can impact the refining margins.

Fig 14 – EV/EBITDA 2YF

Source: Bloomberg

Fig 15 – P/B 1YF

Source: Bloomberg

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Total revenue	6,531,708	6,632,623	6,598,711	6,681,563	6,932,050
EBITDA	974,594	834,845	954,607	1,062,714	1,131,802
Depreciation	(304,401)	(352,060)	(385,032)	(447,212)	(506,684)
EBIT	790,500	606,721	695,990	744,445	756,640
Net interest inc./(exp.)	(130,257)	(145,349)	(105,739)	(105,739)	(105,739)
Other inc./(exp.)	120,307	123,936	126,414	128,943	131,522
Exceptional items	16,364	(1,511)	0	0	0
EBT	643,879	462,883	590,251	638,705	650,901
Income taxes	(183,561)	(140,693)	(147,563)	(159,676)	(162,725)
Extraordinary items	(16,364)	1,511	0	0	0
Min. int./Inc. from assoc.	(18,115)	(10,674)	(26,180)	(27,366)	(21,973)
Reported net profit	442,203	311,516	416,508	451,663	466,203
Adjustments	16,364	(1,511)	0	0	0
Adjusted net profit	458,568	310,005	416,508	451,663	466,203

Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	381,473	389,755	325,624	329,712	345,751
Other current liabilities	635,215	657,136	657,136	657,136	657,136
Provisions	69,638	70,711	70,711	70,711	70,711
Debt funds	1,576,856	1,535,559	1,510,559	1,510,559	1,510,559
Other liabilities	1,160,556	1,191,719	1,191,719	1,191,719	1,191,719
Equity capital	62,901	62,901	62,901	62,901	62,901
Reserves & surplus	3,327,787	3,371,503	3,627,613	3,912,587	4,205,811
Shareholders' fund	3,596,243	3,742,351	3,998,461	4,283,435	4,576,659
Total liab. and equities	7,419,979	7,587,231	7,754,209	8,043,272	8,352,535
Cash and cash eq.	418,318	271,778	366,519	504,314	680,975
Accounts receivables	197,041	212,278	228,713	251,059	242,850
Inventories	537,928	589,563	530,397	556,531	604,024
Other current assets	190,917	237,231	237,231	237,231	237,231
Investments	954,892	923,728	923,728	923,728	923,728
Net fixed assets	2,719,895	2,914,734	3,029,702	3,132,490	3,225,806
CWIP	916,555	870,368	870,368	870,368	870,368
Intangible assets	347,702	345,107	345,107	345,107	345,107
Deferred tax assets, net	0	0	0	0	0
Other assets	2,255,113	2,224,025	2,211,845	2,202,373	(4,441,281)
Total assets	7,419,979	7,587,231	7,754,209	8,043,272	8,352,535

Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operations	1,020,118	737,513	912,059	987,589	1,077,352
Capital expenditures	(1,001,252)	(511,415)	(500,000)	(550,000)	(600,000)
Change in investments	(219,890)	52,442	0	0	0
Other investing cash flows	(106,186)	(45,015)	0	0	0
Cash flow from investing	(1,327,327)	(503,988)	(500,000)	(550,000)	(600,000)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	285,000	(41,297)	(25,000)	0	0
Interest expenses	(130,257)	(145,349)	(105,739)	(105,739)	(105,739)
Dividends paid	(154,108)	(154,108)	(160,399)	(166,689)	(172,979)
Other financing cash flows	(39,311)	(26,180)	(27,366)	(21,973)	0
Cash flow from financing	434,125	(380,066)	(317,317)	(299,794)	(300,691)
Chg in cash & cash eq.	126,915	(146,541)	94,741	137,795	176,661
Closing cash & cash eq.	418,318	271,778	366,519	504,314	680,975

Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	35.2	24.8	33.1	35.9	37.1
Adjusted EPS	36.5	24.6	33.1	35.9	37.1
Dividend per share	12.3	12.3	12.8	13.3	13.8
Book value per share	269.5	273.0	293.4	316.0	339.3

Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	0.6	0.6	0.7	0.6	0.6
EV/EBITDA	4.3	5.2	4.5	3.9	3.6
Adjusted P/E	6.8	10.1	7.5	6.9	6.7
P/BV	0.9	0.9	0.9	0.8	0.7

DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	74.0	69.3	75.0	75.0	75.0
Interest burden (PBT/EBIT)	0.8	0.8	0.8	0.9	0.9
EBIT margin (EBIT/Revenue)	12.1	9.1	10.5	11.1	10.9
Asset turnover (Rev./Avg TA)	1.0	0.9	0.9	0.8	0.8
Leverage (Avg TA/Avg Equity)	0.0	0.0	0.0	0.0	0.0
Adjusted ROAE	14.8	9.1	11.7	11.8	11.3

Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
YoY growth (%)					
Revenue	(4.6)	1.5	(0.5)	1.3	3.7
EBITDA	26.1	(14.3)	14.3	11.3	6.5
Adjusted EPS	1.1	(32.4)	34.4	8.4	3.2

Profitability & Return ratios (%)

EBITDA margin	14.9	12.6	14.5	15.9	16.3
EBIT margin	12.1	9.1	10.5	11.1	10.9
Adjusted profit margin	7.0	4.7	6.3	6.8	6.7
Adjusted ROAE	14.8	9.1	11.7	11.8	11.3
ROCE	13.8	9.5	10.6	10.9	10.6

Working capital days (days)

Receivables	11	12	13	14	13
Inventory	30	32	29	30	32
Payables	25	25	21	21	22

Ratios (x)

Gross asset turnover	1.0	0.9	0.9	0.8	0.8
Current ratio	0.8	0.8	0.9	1.0	1.1
Net interest coverage ratio	0.3	0.3	0.3	0.2	0.2
Adjusted debt/equity	6.1	4.2	6.6	7.0	7.2

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%

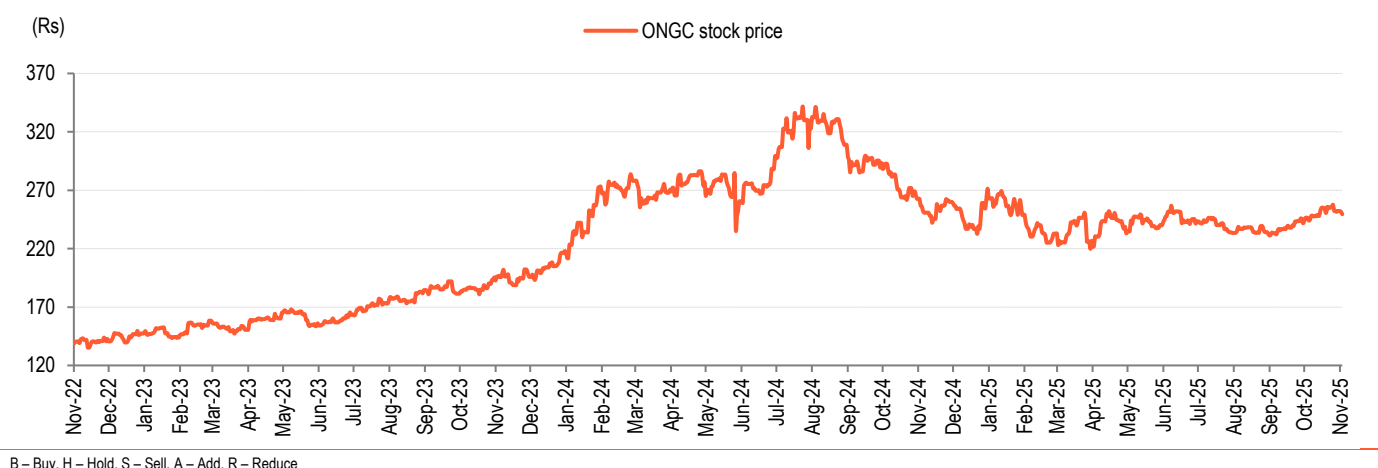
HOLD – Expected return from -6% to +15%

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)



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