

HOLD

TP: Rs 286 | ▲ 4%

ONGC

| Oil & Gas

| 27 May 2026

Results above expectations on better subsidiaries' performance

- Performance above expectations, given the better-than-expected performance of refinery subsidiaries (HPCL and MRPL)
- Ongoing development projects to augment production in future. Daman and DSF II projects will likely add 2-3mtoe of gas by FY27E.
- Maintain HOLD. Considering FY26 performance and rollover to Mar.28E; revise TP to Rs286 from Rs278, based on 6.5x Mar'28E EPS

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Results above expectation: ONGC reported revenue at Rs1,738bn (+3.6%YoY, +3.8%QoQ) in Q4FY26 and was 11.0% above our estimates. EBITDA came in at Rs253bn (+16.5%YoY, +0.1%QoQ) and was 22% above our estimates. This was due to a better-than-expected performance of subsidiaries in the Refining segment (HPCL and MRPL).

Standalone performance (E&P business): Revenue for the domestic Exploration & Production (E&P) business came in at Rs359bn (+2.7%YoY, +13.9%QoQ). EBITDA was at Rs126bn (-9.3%YoY, -17.1%QoQ). The improved revenue performance YoY was mainly on the back of crude price realisation, which rose 6.2%YoY. Volumes declined 5.9%YoY to 4.9mmt in Q4FY26.

Performance parameters: Crude oil realisations improved by 6.2%YoY to USD78/bbl from USD74 in Q4FY25. However, gas realisations fell 1.5%YoY to USD6.4/mmbtu from USD6.5/mmbtu in Q4FY25. Crude oil production decreased 5.9%YoY to 4.9mmt, while gas production reduced 2.7%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 7–9mmscmd is likely from the Daman (DUDP) and DSF-II projects by FY27E. Realizations 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 17% currently to 25-30% over the next three years.

Maintain HOLD; raise TP: Volume growth is key for future performance. We maintain HOLD. On account of FY26 performance and roll over to Mar.28E, revise TP to Rs286 from Rs278, based on 6.5x Mar'28E EPS plus value of investments.

Key changes

Target	Rating
▲	◀ ▶

Ticker/Price	ONGC IN/Rs 274
Market cap	US\$ 36.0bn
Free float	41%
3M ADV	US\$ 66.5mn
52wk high/low	Rs 308/Rs 229
Promoter/FPI/DII	59%/7%/20%

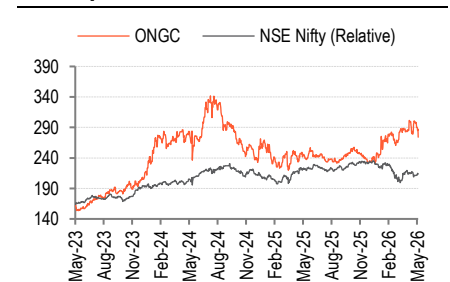
Source: NSE | Price as of 27 May 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	6,622,473	6,796,267	7,122,536
EBITDA (Rs mn)	1,031,198	1,092,015	1,170,740
Adj. net profit (Rs mn)	418,601	484,156	505,442
Adj. EPS (Rs)	33.3	38.5	40.2
Adj. ROAE (%)	11.7	12.5	12.1
Adj. P/E (x)	8.2	7.1	6.8
EV/EBITDA (x)	4.5	4.1	3.7
Adj. EPS growth (%)	15.1	15.7	4.4

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Quarterly performance

Rs mn	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
Revenue	1,738,052	1,674,229	3.8	1,677,490	3.6	6,622,473	6,632,606	(0.2)
EBITDA	253,561	253,353	0.1	217,661	16.5	1,019,339	888,565	14.7
EBITDA margin (%)	14.59	15.13	(54bps)	12.98	161bps	15.39	13.40	200bps
Depreciation	93,450	93,883	(0.5)	89,124	4.9	373,907	352,060	6.2
Interest	30,696	32,069	(4.3)	32,643	(6.0)	130,289	145,350	(10.4)
Other income	33,678	33,075	1.8	30,353	11.0	123,565	123,978	(0.3)
PBT	163,093	160,477	1.6	126,248	29.2	641,597	515,134	24.5
Tax	49,622	42,437	16.9	41,723	18.9	178,299	140,693	26.7
Reported PAT	108,197	100,158	8.0	74,312	45.6	406,552	362,256	12.2
Exceptional item	(4,621)	451	NA	(1,271)	NA	(4,357)	(1,271)	NA
Adjusted PAT	112,817	99,707	13.1	75,582	49.3	410,456	363,527	12.9
Adj. PATM (%)	6.49	5.96	54bps	4.51	199bps	6.20	5.48	72bps
Reported EPS (Rs)	8.60	7.96	8.0	5.91	45.6	32.32	28.80	12.2
Adj. EPS (Rs)	8.97	7.93	13.1	6.01	49.3	32.63	28.90	12.9

Source: Company

Fig 2 – Q4FY26 Actual vs Estimates

Particulars	Q4 Actual	Estimates	VAR(%)
Revenue (Rs mn)	1,738,052	1,567,614	10.9
EBITDA (Rs mn)	253,561	208,279	21.7
EBITDA margin (%)	14.6	13.3	130bps
Reported PAT (Rs mn)	108,197	75,095	44.1
EPS (Rs)	8.6	6.0	44.1

Source: Company, BOBCAPS Research

Fig 3 – Standalone performance (E&P)

(Rs mn)	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
Net Sales	359,282	315,465	13.9	349,822	2.7	1,325,081	1,378,463	(3.9)
EBITDA	126,658	152,718	(17.1)	139,614	(9.3)	617,222	652,368	(5.4)
EBITDA margins (%)	35.25	48.41	(1316bps)	39.91	(466bps)	46.58	47.33	(75bps)
Reported PAT	66,500	83,719	(20.6)	64,483	3.1	328,940	356,103	(7.6)
PAT margins (%)	18.51	26.54	(803bps)	18.43	8bps	24.82	25.83	(101bps)
EPS (Rs)	5.3	6.7	(20.6)	5.1	3.1	26.2	28.3	(7.6)

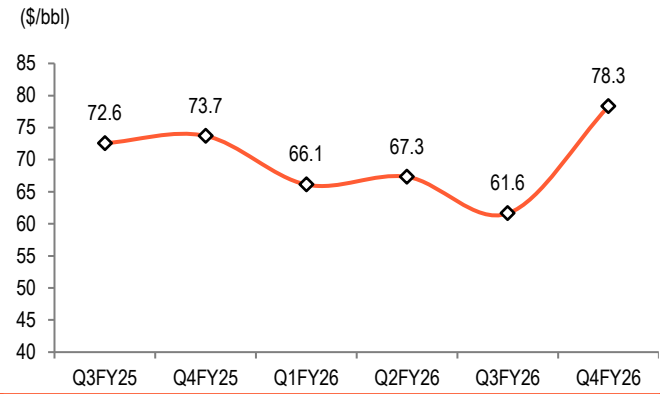
Source: Company

Fig 4 – Business parameters

Particulars	Q4FY26	Q3FY26	QoQ (%)	Q4FY25	YoY (%)	FY26	FY25	YoY (%)
Crude oil net realization (\$/bbl)	78.3	61.6	27.1	73.7	6.2	68.4	76.9	(11.1)
Gas price net realization (\$/mmbtu)	6.4	6.6	(2.9)	6.5	(1.5)	6.6	6.5	1.5
Crude oil production (mmt)	4.9	5.1	(3.4)	5.3	(5.9)	20.4	20.9	(2.2)
Natural gas production (bcm)	4.9	5.1	(4.2)	5.0	(2.7)	20.0	20.2	(0.8)

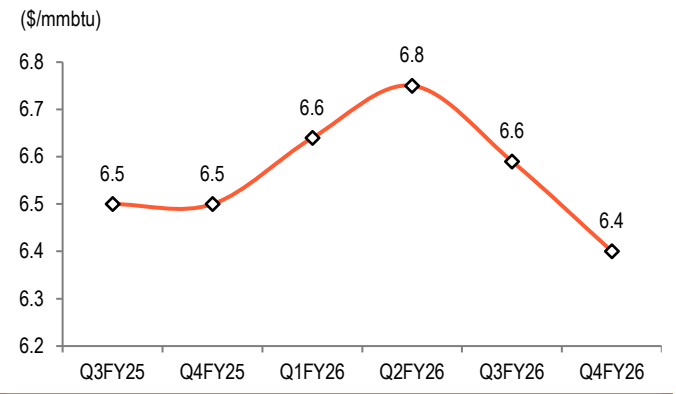
Source: Company

Fig 5 – Crude oil price realisations



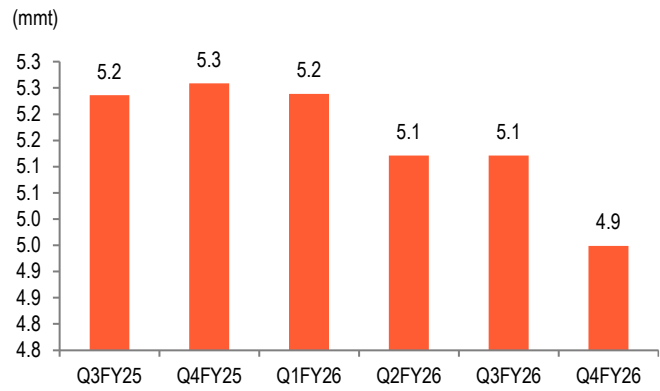
Source: Company

Fig 6 – Gas price realisations



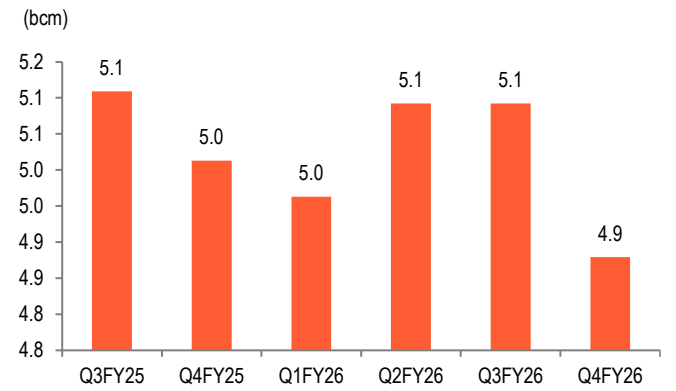
Source: Company

Fig 7 – Crude oil production



Source: Company

Fig 8 – Natural gas production



Source: Company

Other Highlights

- **Production performance and guidance:** ONGC reported a decline in production, with oil & gas output down 5.9% YoY in Q4FY26 and 2.2% YoY in FY26. The company has stopped giving guidance on volumes. It commented that production volume will likely grow driven by gas production growth.
 - 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 further expanded its collaboration with BP for the entire western offshore fields.
- **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 17% 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 ~3mmscmd and is expected to ramp up further in FY27E, while DSF-II could contribute another 4–5mmscmd. DUDP project: Out of 15 wells planned, 4 wells are opened and balance will likely be opened in next 1 year
- **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 mid-2028.
- **Capex:** ONGC incurred standalone capex of Rs394bn and consolidated capex of Rs540bn in FY26, while net debt-to-equity remained comfortable at 0.3x. Guided a standalone capex of Rs420bn for FY27E

Valuation Methodology

We revise our estimates upwards, based on the crude price realisations offset by moderation in volumes.

- **Crude oil:** We estimate volumes at 18.6mnt vs the earlier 20.2mnt for FY27E; 19.0mnt vs the earlier 20.6mnt for FY28E. We introduce FY29 estimates with volume growth of 2.0% to 19.4mnt.
- **Gas:** We estimate volumes remain unchanged at 20.1bcm for FY27E; at 20.6bcm for FY28E. We introduce FY29 estimates with a 2.5% growth in volumes to 21.1bcm.
- **Pricing:** Crude price revised to USD75/bbl vs earlier USD70 for FY27E and USD72 for FY28E
- **USD/INR assumption** has been revised upward to Rs95/USD from Rs91/USD for both FY27E and FY28E. We also introduce FY29E estimates with Rs95/USD.

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	6,796,267	7,122,536	7,179,606	6,695,621	7,011,982	-	1.5	1.6	-
EBITDA	1,031,198	1,092,015	1,170,740	1,250,994	1,081,671	1,159,694	-	1.0	1.0	-
EBITDA % margin	15.6	16.1	16.4	17.4	16.2	16.5	-	(9bps)	(10bps)	-
PAT	418,601	484,156	505,442	554,188	465,407	486,648	-	4.0	3.9	-
EPS (Rs)	33.3	38.5	40.2	44.1	37.0	38.7	-	4.0	3.9	-

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	75.0	75.0	75.0
ONGC realisations	76.9	68.0	75.0	75.0	75.0
(USD/mmbtU)					
APM gas price	6.7	6.7	6.9	7.2	7.2
% growth YoY					
Realisations	(4.9)	(11.6)	10.3	0.0	0.0
USD-INR rate	87.0	90.0	95.0	95.0	95.0

Source: BOBCAPS Research

P/E-based Valuation Rationale

We maintain HOLD. Considering the performance in FY26 and revision in crude realisation, we raise TP to Rs286 v/s Rs278 earlier, based on 6.5x Mar.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

	Mar.28E EPS	P/E Multiple	Value (Rs/share)
ONGC	40.2	6.5	261
Valuation of Investments			
IOC			18
Petronet LNG			3
GAIL			4
Subtotal			25
Target price (Rs)			286

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	279	52,313	20%	41,850	3
GAIL	327	169	55,212	20%	44,170	4
Total			396,363		317,090	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.

Fig 13 – P/E 1YF

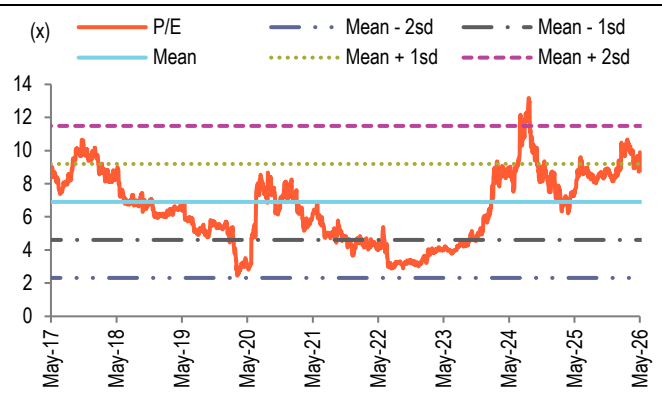
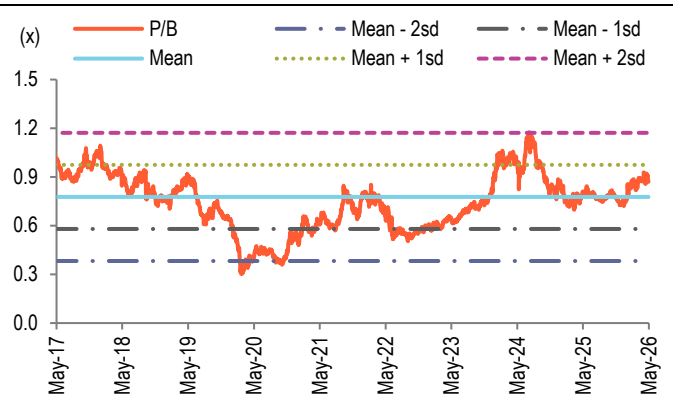


Fig 14 – P/B 1YF



Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	6,632,606	6,622,473	6,796,267	7,122,536	7,179,606
EBITDA	888,565	1,031,198	1,092,015	1,170,740	1,250,994
Depreciation	(352,060)	(373,907)	(429,215)	(502,334)	(547,284)
EBIT	660,483	780,856	787,600	794,455	831,020
Net interest inc./(exp.)	(145,350)	(130,289)	(129,772)	(115,672)	(94,623)
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	657,828	678,783	736,396
Income taxes	(140,693)	(178,299)	(165,115)	(170,374)	(184,835)
Extraordinary items	(1,511)	(4,357)	0	0	0
Min. int./Inc. from assoc.	(10,674)	(53,668)	(8,557)	(2,967)	2,627
Reported net profit	362,256	414,244	484,156	505,442	554,188
Adjustments	1,511	4,357	0	0	0
Adjusted net profit	363,767	418,601	484,156	505,442	554,188

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	389,815	469,331	515,131	543,933	547,112
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	1,230,551	980,551
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	3,965,954	4,292,127	4,660,756
Shareholders' fund	3,742,351	4,096,933	4,408,110	4,734,283	5,102,912
Total liab. and equities	7,587,289	7,919,052	8,236,029	8,441,004	8,562,812
Cash and cash eq.	271,778	321,790	375,262	456,994	499,952
Accounts receivables	212,427	220,145	261,542	255,138	235,478
Inventories	589,563	649,183	732,448	794,429	820,223
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	3,199,278	3,271,994
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	2,345,496	2,350,546	(4,501,054)
Total assets	7,587,289	7,919,052	8,236,029	8,441,004	8,562,812

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	789,235	1,016,920	972,838	1,099,640	1,190,513
Capital expenditures	(513,964)	(457,694)	(568,059)	(570,000)	(620,000)
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)	(570,000)	(620,000)
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	(41,297)	(115,008)	(40,000)	(150,000)	(250,000)
Interest expenses	(145,350)	(130,289)	(129,772)	(115,672)	(94,623)
Dividends paid	(154,108)	(166,689)	(172,979)	(179,269)	(185,559)
Other financing cash flows	24,498	(8,557)	(2,967)	2,627	0
Cash flow from financing	(430,812)	(387,487)	(351,308)	(447,907)	(527,555)
Chg in cash & cash eq.	(146,541)	50,013	53,471	81,733	42,957
Closing cash & cash eq.	271,778	321,790	375,262	456,994	499,952

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	28.8	32.9	38.5	40.2	44.1
Adjusted EPS	28.9	33.3	38.5	40.2	44.1
Dividend per share	12.3	13.3	13.8	14.3	14.8
Book value per share	273.0	295.5	320.3	346.2	375.5

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	0.7	0.7	0.7	0.6	0.6
EV/EBITDA	5.2	4.5	4.1	3.7	3.2
Adjusted P/E	9.5	8.2	7.1	6.8	6.2
P/BV	1.0	0.9	0.9	0.8	0.7

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	72.9	73.1	74.9	74.9	74.9
Interest burden (PBT/EBIT)	0.8	0.8	0.8	0.9	0.9
EBIT margin (EBIT/Revenue)	10.0	11.8	11.6	11.2	11.6
Asset turnover (Rev./Avg TA)	0.9	0.9	0.8	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	12.5	12.1	12.2

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	1.5	(0.2)	2.6	4.8	0.8
EBITDA	(13.2)	16.1	5.9	7.2	6.9
Adjusted EPS	(28.4)	15.1	15.7	4.4	9.6
Profitability & Return ratios (%)					
EBITDA margin	13.4	15.6	16.1	16.4	17.4
EBIT margin	10.0	11.8	11.6	11.2	11.6
Adjusted profit margin	5.5	6.3	7.1	7.1	7.7
Adjusted ROAE	10.7	11.7	12.5	12.1	12.2
ROCE	10.3	11.8	11.5	11.2	11.5
Working capital days (days)					
Receivables	12	12	14	13	12
Inventory	32	36	39	41	42
Payables	25	31	33	33	34
Ratios (x)					
Gross asset turnover	0.9	0.9	0.8	0.9	0.8
Current ratio	0.8	0.8	0.9	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	6.1	6.9	8.8

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

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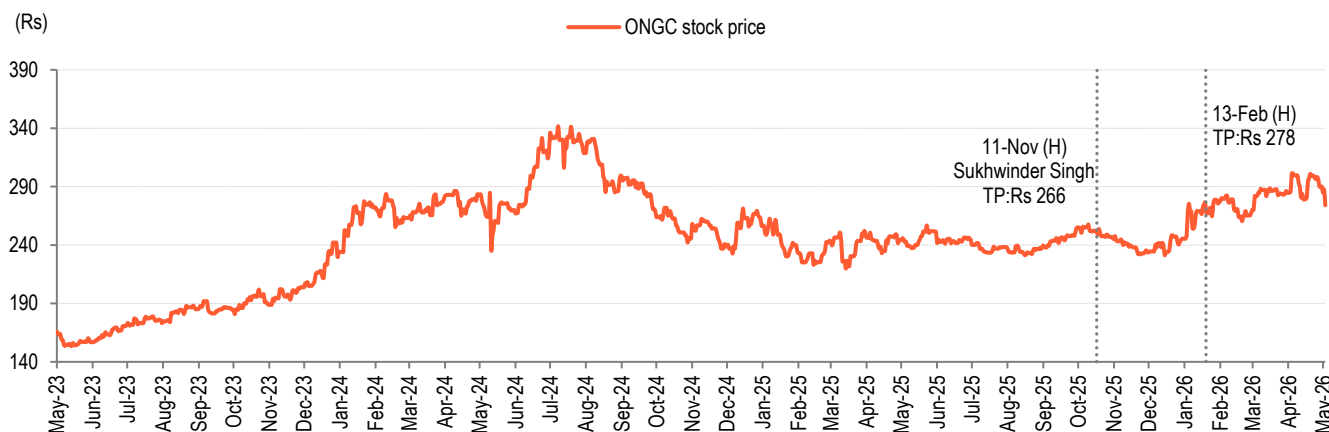
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

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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