Oil and Natural Gas Corporation | BUY

Operationally in-line results; output ramp-up key trigger

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ONGC's 3QFY26 standalone EBITDA was INR 173bn, 3% above JMFe (and 8% above consensus of INR 160bn) due to: a) lower royalty/cess expense of INR 59.8bn (JMFe of INR 62.1bn); and b) higher revenue from LPG, naphtha and lower sharing of profit petroleum. Crude and gas sales volume was largely in line with JMFe, while crude and gas net realisation was lower. However, dry well write-off was higher at INR 20.5bn (JMFe of INR 12bn) but was largely offset by greater other income and lower taxes. Hence standalone PAT at INR 83.7bn was also 2.6%/10% above JMFe/consensus of INR 81.6bn/INR 76bn. The board approved a second interim dividend of INR 6.25/share in 3QFY26; this takes the total dividend to INR 12.25/share for 9MFY26 (or 59% payout of 9MFY26 standalone EPS of INR 20.9/share) given it paid the first interim dividend of INR 6/share in 2QFY26. We maintain BUY (revised TP of INR 320 – based on 7x FY28 PE versus global peers trading at 8-10x) based on our assumption of: a) Brent at USD 70/bbl versus CMP discounting ~USD 62/bbl of net crude realisation; and b) cumulative output growth of ~6% over FY26-28, driven by Mumbai High, KG DW 98/2 and Western offshore blocks. ONGC is also a robust dividend play (4-5%). At CMP, it trades at 6.7x FY28E consolidated EPS and 0.8x FY28E BV.

- **ONGC's 3QFY26 standalone EBITDA 3% above JMFe (8% above consensus) led by lower royalty/cess, higher revenue from LPG/naphtha and lower sharing of profit petroleum:** ONGC's 3QFY26 standalone EBITDA at INR 173bn was 3% above JMFe (and 8% above consensus of INR 160bn) due to: **a)** lower royalty/cess expense of INR 59.8bn (JMFe of INR 62.1bn); and **b)** higher revenue from LPG, naphtha and lower sharing of profit petroleum. Crude and gas sales volume was largely in line with JMFe, while crude and gas net realisation was lower. However, dry well write-off was higher at INR 20.5bn (JMFe of INR 12bn) but was largely offset by higher other income and lower taxes. Hence standalone PAT at INR 83.7bn was also 2.6%/10% above JMFe/consensus of INR 81.6bn/INR 76bn. Standalone 3QFY26 EPS was INR 6.7/share. Consolidated 2QFY26 EBITDA was INR 274bn (INR 276bn in 2QFY26) while consolidated PAT was INR 100bn (EPS of INR 8/share).

- **Crude and gas sales volume largely in line with JMFe; but realisation slightly lower:** In 3QFY26, domestic crude sales volume was largely in line with JMFe at 4.7mmt (down 2.4% QoQ but up 1.2% YoY) though crude production volume was 0.8% below JMFe at 5.1mmt (down 1.3% QoQ and down 2.2% YoY) as sales as percentage of production was 92% versus JMFe of 91% (~88% historically). Computed net crude realisation, was slightly lower at USD 61.5/bbl (JMFe of USD 62/bbl). Further, gas sales volume was also largely in line with JMFe at 3.95bcm (up 1% QoQ and up 0.6% YoY); gas output was also in line with JMFe at 5.1bcm (up 1.2% QoQ but down 0.3% YoY). Overall gas realisation was slightly lower at USD 7.3/mmbtu (USD 7.6/mmbtu in 2QFY26). Further, management said gas price for production from new wells was USD 8/mmbtu during 3QFY26, and revenue from new well gas was ~INR 17bn and now contributes more than 18% of total gas sales revenue from its portfolio (delivering an additional INR 2.9bn in 3QFY26 and INR 9.4bn in 9MFY26 compared to the APM gas price). Management also shared the following key project updates: **a)** TSP-1 at Mumbai High Field showing encouraging results; **b)** KG-98/2 update: All imported mega structures and modules successfully installed at Eastern Offshore; **c)** Western Offshore Daman Upside Development project nears gas production start; four major infrastructure projects nearing completion.

Recommendation and Price Target	
Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	320
Upside/(Downside)	15.6%
Previous Price Target	290
Change	10.3%

Key Data – ONGC IN	
Current Market Price	INR276
Market cap (bn)	INR3,476.6/US$38.4
Free Float	21%
Shares in issue (mn)	12,580.3
Diluted share (mn)	12,580.3
3-mon avg daily val (mn)	INR3,212.1/US$35.5
52-week range	280/205
Sensex/Nifty	83,675/25,807
INR/US$	90.6

Price Performance

%	1M	6M	12M
Absolute	17.2	17.3	16.4
Relative*	17.2	12.9	5.9

** To the BSE Sensex*

Financial Summary (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	61,63,444	63,22,703	57,69,470	61,14,040	68,79,580
Sales Growth (%)	-3.3	2.6	-8.7	6.0	12.5
EBITDA	10,81,936	9,88,575	10,44,208	10,98,350	11,94,889
EBITDA Margin (%)	17.6	15.6	18.1	18.0	17.4
Adjusted Net Profit	5,07,804	3,63,767	4,19,894	4,47,265	5,19,385
Diluted EPS (INR)	40.4	28.9	33.4	35.6	41.3
Diluted EPS Growth (%)	13.2	-28.4	15.4	6.5	16.1
ROIC (%)	14.9	9.9	11.5	11.9	12.5
ROE (%)	16.3	10.7	11.8	11.6	12.6
P/E (x)	6.8	9.5	8.3	7.8	6.7
P/B (x)	1.0	1.0	0.9	0.9	0.8
EV/EBITDA (x)	4.5	5.1	4.6	4.3	3.9
Dividend Yield (%)	4.4	4.4	4.8	5.2	6.0

Source: Company data, JM Financial. Note: Valuations as of 12/Feb/2026

- **OVL's weak production trend continues, PAT weak at negative INR 1.2bn in 3QFY26; OPAL EBITDA weaken to negative INR 1.4bn in 3QFY26:** In 3QFY26, OVL's crude output was down 0.8% QoQ to 1.7mmt (lower than quarterly run-rate of 2mmt in FY22 pre-Ukraine invasion) while crude sales volume was down 6.5% QoQ at 1.2mmt. However, gas output was up 13.3% QoQ to 0.7bcm (still lower than quarterly run-rate of 1.1bcm in FY22) while gas sales volume was down 22% QoQ to 0.3bcm. Hence, OVL's EBITDA was weak at INR 4.2bn (INR 7.9bn in 2QFY26). Reported PAT was negative INR 1.2bn in 3QFY26 (negative INR 3.5bn in 2QFY26 and PAT run-rate of +INR 16bn-18bn p.a. over FY21-23). Separately, OPAL's EBITDA fell back to into negative territory (negative INR 1.4bn in 3QFY26 versus +INR 2.1bn in 2QFY26 and negative EBITDA reported since the last few quarters) mostly due to weaker petchem margins, despite utilisation improving to 85% (78% in 2QFY26 and 93% in FY25); further, PAT was negative INR 5.4bn in 3QFY26 (negative INR 4.6bn in 2QFY26).

- **Maintain BUY as CMP discounting ~USD 62/bbl crude realisation (vs our expectation of USD 70/bbl in the medium term); likely to see cumulative output growth of ~6% over FY26-28:** While our FY26-27 PAT estimate remains largely unchanged, we have raised our FY28 PAT estimates by ~5% accounting for higher output driven by Mumbai High, KG DW 98/2 and Western offshore blocks. We have also raised our FY28 PE valuation multiple to 7x (from 6.5x earlier, versus global peers trading at 8-10x) for the standalone business. Hence, our TP has increased to INR 320 (from INR 290), also aided by rise in value of the company's listed investments. We reiterate BUY based on our assumption of: **a)** Brent at USD 70/bbl versus CMP discounting ~USD 62/bbl of net crude realisation; and **b)** cumulative output growth of ~6% over FY26-28, driven by Mumbai High, KG DW 98/2 and Western offshore blocks. It is also a robust dividend play (4-5%). Every USD 5/bbl rise/fall in net crude realisation results in increase/decrease in our EPS and valuation by 8-10% — **Exhibit 11-12**. At CMP, ONGC trades at 6.7x FY28E consolidated EPS and 0.8x FY28E BV.

3QFY26 result review

Exhibit 1. ONGC standalone quarterly snapshot

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	% YoY	% QoQ
Net sales	352,664	338,809	337,168	349,822	320,029	330,306	315,465	(6.4)	(4.5)
Operating Costs	166,490	156,445	146,600	159,744	133,458	153,331	142,244	(3.0)	(7.2)
EBITDA	**186,174**	**182,364**	**190,568**	**190,079**	**186,571**	**176,975**	**173,221**	**(9.1)**	**(2.1)**
EBITDA margin (%)	52.8%	53.8%	56.5%	54.3%	58.3%	53.6%	54.9%	-161 bps	133 bps
EBITDA (US$/boe of sales)	38	37	38	36	37	33	32		
Interest	11,822	11,567	10,750	11,901	11,209	11,098	11,536	7.3	3.9
Depreciation	58,973	55,979	67,788	60,785	65,306	63,686	66,099	(2.5)	3.8
Dry Well costs w/o	16,427	12,114	19,251	50,465	14,718	10,981	20,503	6.5	86.7
Other Income	20,609	47,656	17,222	20,747	12,105	34,238	30,937	79.6	(9.6)
Extraordinary	-	-	-	-	-	-	-		
PBT	119,561	150,360	110,003	87,674	107,443	125,447	106,021	(3.6)	(15.5)
Reported PAT	**89,381**	**119,840**	**82,399**	**64,483**	**80,242**	**98,480**	**83,719**	1.6	(15.0)
PAT Margin (%)	25.3%	35.4%	24.4%	18.4%	25.1%	29.8%	26.5%	8.6	(11.0)
EPS (INR)	7.1	9.5	6.5	5.1	6.4	7.8	6.7	1.6	(15.0)
Tax rate	25.2%	20.3%	25.1%	26.5%	25.3%	21.5%	21.0%	(16.2)	(2.1)

Source: Company, JM Financial

Exhibit 2. Standalone revenue and realisation details

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	% YoY	% QoQ
Revenue break-up (INR mn)									
CRUDE									
Domestic	213,260	210,080	200,890	214,410	189,310	198,940	182,330	(9.2)	(8.3)
JV	26,910	15,340	14,040	13,960	10,390	13,080	11,150	(20.6)	(14.8)
Overall	240,170	225,420	214,930	228,370	199,700	212,020	193,480	(10.0)	(8.7)
GAS									
Domestic	73,530	79,600	83,880	86,070	87,870	90,360	90,070	7.4	(0.3)
JV	6,860	3,940	3,850	3,830	3,350	3,240	2,710	(29.6)	(16.4)
Overall	80,390	83,540	87,730	89,900	91,220	93,600	92,780	5.8	(0.9)
VAP									
LPG	12,850	12,380	13,510	13,030	10,130	9,240	9,760	(27.8)	5.6
Naphtha	12,550	11,910	12,590	11,400	9,240	8,500	10,230	(18.7)	20.4
C2 C3	7,220	6,950	8,510	10,950	9,300	9,650	9,600	12.8	(0.5)
SKO	-	-	-	-	-	-	-	NM	NM
TOTAL	353,180	340,200	337,270	353,650	319,590	333,010	315,850	(6.4)	(5.2)
Realisation break-up:									
CRUDE (USD/ bbl)									
Domestic	83.0	78.3	73.1	74.0	66.5	67.4	61.7	(15.7)	(8.6)
JV	81.0	77.5	72.2	61.4	64.8	64.7	60.2	(16.6)	(6.9)
Overall	82.7	78.2	73.1	73.1	66.4	67.3	61.6	(15.7)	(8.4)
Less: Windfall tax on domestic crude	9.8	3.9	0.1	0.1	0.1	0.0	0.1		
Net computed crude realisation (incl JV)	73.0	74.3	73.0	73.0	66.3	67.2	61.5	(15.7)	(8.5)
Brent	84.9	80.3	74.7	75.7	67.9	69.1	63.7	(14.7)	(7.8)
GAS (USD/mmbtu)									
Domestic	6.8	7.0	7.2	7.3	7.5	7.5	7.2	0.6	-3.5
JV	10.4	13.9	14.6	14.3	13.4	13.7	12.4	(14.7)	-9.7
Overall	7.0	7.1	7.4	7.4	7.6	7.6	7.3	(0.4)	(3.9)
Others									
LPG (USD/ton)	661	629	681	672	658	585	532	(21.9)	(9.1)
Naphtha (USD/ton)	632	635	626	627	543	560	531	(15.2)	(5.1)
C2 C3 (USD/ton)	1,096	1,185	654	658	494	496	474	-27.5	(4.3)

Source: Company, JM Financial

Exhibit 3. Standalone volume details

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	% YoY	% QoQ
Production volume break-up									
CRUDE (mmt)									
Domestic	4.45	4.58	4.65	4.70	4.68	4.63	4.59	(1.3)	(0.8)
JV	0.53	0.33	0.31	0.30	0.31	0.31	0.29	(8.0)	-6.8
Condensate+NGL	0.26	0.25	0.27	0.26	0.25	0.25	0.24	(10.3)	(4.3)
Total	5.24	5.16	5.24	5.26	5.24	5.19	5.12	(2.2)	(1.3)
GAS (bcm)									
Domestic	4.68	4.92	4.98	4.89	4.85	4.92	4.99	0.2	1.4
JV	0.33	0.14	0.13	0.12	0.12	0.11	0.10	(20.6)	-8.8
Overall	5.01	5.06	5.11	5.01	4.96	5.03	5.09	(0.3)	1.2
VAP ('000 tons)									
LPG	231	237	236	225	178	184	208	(11.9)	13.0
Naphtha	228	226	234	216	202	190	224	(4.3)	17.9
C2 C3	80	71	154	192	222	224	225	46.1	0.4
SKO	1	2	0	0	0	0	0		
Sales volume break-up									
CRUDE (mmt)									
Domestic	4.11	4.27	4.34	4.46	4.44	4.51	4.42	2.0	(1.8)
JV	0.53	0.32	0.31	0.35	0.25	0.31	0.28	(9.8)	(10.4)
Overall	4.64	4.59	4.64	4.81	4.69	4.82	4.70	1.2	(2.4)
GAS (bcm)									
Domestic	3.60	3.79	3.84	3.80	3.79	3.83	3.88	1.1	1.2
JV	0.22	0.09	0.09	0.09	0.08	0.08	0.07	(21.8)	(9.3)
Overall	3.82	3.88	3.92	3.88	3.87	3.91	3.95	0.6	1.0
VAP ('000 tons)									
LPG	233	235	235	224	180	181	206	(12.3)	13.8
Naphtha	238	224	238	210	199	174	216	(9.2)	24.1
C2 C3	79	70	154	192	220	223	227	47.4	1.8
SKO	-	-	-	-	-	-	-		

Source: Company, JM Financial

Exhibit 4. ONGC consolidated quarterly snapshot

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	% YoY	% QoQ
Net sales	1,680,248	1,583,291	1,660,967	1,708,117	1,631,081	1,579,111	1,674,229	0.8	6.0
Dry Well costs w/o	16,793	12,595	19,316	51,264	17,816	11,040	20,572	6.5	86.3
Statutory Levies	212,345	202,666	191,727	189,409	194,279	196,464	207,476	8.2	5.6
EBITDA	**233,058**	**217,663**	**265,744**	**272,110**	**276,888**	**276,252**	**273,925**	**3.1**	**(0.8)**
EBITDA margin (%)	13.9%	13.7%	16.0%	15.9%	17.0%	17.5%	16.4%	36 bps	-113 bps
Interest	36,159	37,490	36,697	35,003	33,414	34,110	32,069	(12.6)	(6.0)
Depreciation	84,564	82,090	94,972	90,433	93,840	92,735	93,883	(1.1)	1.2
Other Income	28,422	41,634	24,111	29,769	25,732	31,080	33,075	37.2	6.4
Extraordinary	-	-	-	(1,511)	(186)	(2)	451		
PBT	123,964	127,123	138,869	123,668	157,365	169,446	160,928	15.9	(5.0)
Reported PAT	**100,086**	**102,725**	**86,217**	**73,228**	**98,041**	**107,849**	**100,158**	16.2	(7.1)
PAT Margin (%)	6.0%	6.5%	5.2%	4.3%	6.0%	6.8%	6.0%	15.2	(12.4)
EPS (INR)	8.0	8.2	6.9	5.8	7.8	8.6	8.0	16.2	(7.1)
Tax rate	27.1%	22.2%	26.9%	33.6%	25.1%	27.6%	26.4%	(2.0)	(4.3)

Source: Company, JM Financial

Exhibit 5. OVL quarterly snapshot

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	% YoY	% QoQ
Net sales	34,090	23,500	31,840	60,910	21,200	21,630	17,960	(43.6)	(17.0)
EBITDA	**15,280**	**11,470**	**7,710**	**12,750**	**7,470**	**7,900**	**4,230**	**(45.1)**	**(46.5)**
EBITDA margin (%)	45%	49%	24%	21%	35%	37%	24%	-66 bps	-1297 bps
Interest	9,010	6,380	9,300	8,140	6,240	7,440	6,270	(32.6)	(15.7)
Depreciation	3,670	3,720	4,930	5,910	4,670	4,980	2,920	(40.8)	(41.4)
Other income (incl profit on equity acc. invt)	5,970	4,370	4,400	7,950	3,280	1,820	2,930	(33.4)	61.0
Extraordinary	-	-	-	(1,270)	(190)	-	(450)		
PBT	7,560	6,120	(2,240)	5,380	(360)	1,410	1,390	(162.1)	(1.4)
Reported PAT	**4,310**	**3,330**	**(4,200)**	**770**	**(1,080)**	**(3,480)**	**(1,230)**	**(70.7)**	**(64.7)**
PAT Margin (%)	12.6%	14.2%	-13.2%	1.3%	-5.1%	-16.1%	-6.8%	(48.1)	(57.4)
Tax rate	43%	46%	NM	86%	NM	347%	188%		

Source: Company, JM Financial

Exhibit 6. OVL volume details

	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	% YoY	% QoQ
Production volume break-up									
Crude (mmt)	1.793	1.818	1.799	1.855	1.754	1.715	1.702	(5.4)	(0.8)
Gas (bcm)	0.722	0.705	0.773	0.813	0.697	0.609	0.689	(10.9)	13.1
Total (mmt)	**2.515**	**2.523**	**2.572**	**2.668**	**2.451**	**2.324**	**2.391**	**(7.0)**	**2.9**
Sales volume break-up									
Crude (mmt)	1.180	1.232	1.229	1.178	1.168	1.267	1.185	(3.6)	(6.5)
Gas (bcm)	0.485	0.532	0.288	0.392	0.430	0.404	0.315	9.4	(22.0)
Total (mmt)	**1.665**	**1.764**	**1.517**	**1.570**	**1.598**	**1.671**	**1.500**	**(1.1)**	**(10.2)**
Sales volume (as % of production volume)									
Crude	66%	68%	68%	64%	67%	74%	70%		
Gas	67%	75%	37%	48%	62%	66%	46%		
Total	**66%**	**70%**	**59%**	**59%**	**65%**	**72%**	**63%**		

Source: Company, JM Financial

Exhibit 7. OPAL quarterly snapshot

INR mn	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	% YoY	% QoQ
Net sales	37,210	36,640	36,930	37,250	33,490	33,960	30,450	(17.5)	(10.3)
EBITDA	**(210)**	**240**	**(1,570)**	**(1,660)**	**(80)**	**2,110**	**(1,400)**	**(10.8)**	**(166.4)**
EBITDA margin (%)	-1%	1%	-4%	-4%	0%	6%	-5%	-35 bps	-1081 bps
Interest	8,860	6,070	5,630	5,020	5,150	5,050	4,930	(12.4)	(2.4)
Depreciation	3,810	3,850	3,850	4,110	3,930	3,980	3,970	3.1	(0.3)
Other income	490	530	20	110	200	150	130	550.0	(13.3)
Extraordinary	-	-		-	-	-	-		
PBT	(12,380)	(9,140)	(11,030)	(10,680)	(8,950)	(6,780)	(7,740)	(29.8)	14.2
Reported PAT	**(9,820)**	**(6,370)**	**(7,730)**	**(13,330)**	**(6,160)**	**(4,640)**	**(5,440)**	**(29.6)**	**17.2**
PAT Margin (%)	-26.4%	-17.4%	-20.9%	-35.8%	-18.4%	-13.7%	-18%	(14.6)	30.8
Tax rate	21%	30%	30%	-25%	31%	32%	30%		
Average Capacity Utilisation (%)	89%	94%	93%	95%	81%	78%	85%		
Sales volume (as % of production volume)	103%	95%	103%	99%	104%	107%	94%		

Source: Company, JM Financial

Assumptions and estimates

Exhibit 8. Key assumptions

	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	Comments
Macro assumptions								
Brent (US$/bbl)	80.0	95.4	83.1	78.9	65.0	65.0	70.0	
Exchange rate (Rs/US$)	74.5	80.4	82.8	84.6	88.0	90.6	92.4	
ONGC domestic business								
Production								
Crude production (kbpd)	446	441	434	429	448	452	464	Based on management production guidance
YoY growth (%)	-3.7%	-1.0%	-1.6%	-1.2%	4.4%	0.9%	2.7%	
Gas production (bcm)	21.7	21.4	20.6	20.2	20.4	21.6	22.6	Based on management production guidance
YoY growth (%)	-5.0%	-1.5%	-3.3%	-2.2%	1.0%	5.9%	4.9%	
Crude and gas production (kboepd)	820	809	790	777	800	824	855	
YoY growth (%)	-4.3%	-1.2%	-2.4%	-1.6%	2.9%	3.1%	3.7%	
Crude production (%)	54%	55%	55%	55%	56%	55%	54%	
Gas production (%)	46%	45%	45%	45%	44%	45%	46%	
Realisation								
Gross crude realisation (US$/bbl)	76.6	91.9	80.8	76.9	64.8	63.0	69.0	Based on crude price assumption
Less: Fuel subsidy (US$/bbl)	0.0	9.5	7.4	3.4	0.0	0.0	0.0	
Net realisation (US$/bbl)	76.6	82.4	73.4	73.5	64.8	63.0	69.0	
Gas realisation (US$/mmbtu)	2.6	7.5	6.8	7.1	7.4	7.5	7.7	Based on domestic gas price formula
ONGC overseas business								
Production								
OVL oil production (kbpd)	163	128	145	146	143	146	149	Based on historical trend and new growth projects
YoY growth (%)	-4.8%	-21.6%	13.0%	1.2%	-2.0%	2.0%	2.0%	
OVL gas production (bcm)	4.2	3.8	3.3	3.0	2.9	3.0	3.0	Based on historical trend and new growth projects
YoY growth (%)	-6.6%	-9.7%	-12.6%	-9.8%	-4.0%	2.0%	2.0%	
Crude and gas production (kboepd)	236	194	202	198	193	197	201	
YoY growth (%)	-5.4%	-17.9%	4.3%	-1.9%	-2.5%	2.0%	2.0%	
Crude production (%)	69%	66%	72%	74%	74%	74%	74%	
Gas production (%)	31%	34%	28%	26%	26%	26%	26%	
Realisation								
Gross crude realisation (US$/bbl)	51.2	36.3	37.2	36.1	26.7	26.7	28.7	
Gas realisation (US$/mmbtu)	1.7	2.8	2.3	2.1	2.1	2.1	2.1	

Source: JM Financial, Company

Exhibit 9. Change in estimates

	New	Old	Divergence
TP (INR)	320	290	10.3%
Rating	BUY	BUY	
Revenue (Rs Mn)			
FY26	6,020,612	5,973,153	0.8%
FY27	6,371,940	6,361,281	0.2%
FY28	7,173,362	7,109,428	0.9%
EBITDA (Rs Mn)			
FY26	1,044,208	1,040,451	0.4%
FY27	1,098,350	1,100,055	-0.2%
FY28	1,194,889	1,167,138	2.4%
PAT (Rs Mn)			
FY26	419,895	419,084	0.2%
FY27	447,266	447,438	0.0%
FY28	519,386	493,617	5.2%
EPS (Rs)			
FY26	33.4	33.3	0.2%
FY27	35.6	35.6	0.0%
FY28	41.3	39.2	5.2%

Source: JM Financial

Valuation

Exhibit 10. ONGC SOTP valuation

SOTP Valuation	INR/share	Comment
Standalone business		
FY28E standalone core EPS	32.9	
P/E multiple used (x)	7.0	
Value of standalone business	230	
OVL business		
FY28E OVL EPS	0.2	
P/E multiple used (x)	6.0	
Value of OVL	1	
Other investments		
IOCL (14.2% stake)	23	At 20% discount to CMP
PLNG (12.5% stake)	3	At 20% discount to CMP
GAIL (5.01% stake)	3	At 20% discount to CMP
HPCL (54.9% stake)	34	At 20% discount to CMP
MRPL (71.63% stake)	15	At 20% discount to CMP
Other unlisted investment (OPAL etc)	13	
Total value of investments	**91**	
Total equity value (INR/share)	**320**	

Source: JM Financial

If FY28 net crude realisation declines by USD5.0/bbl, our FY28 standalone EPS will decline by 11.5%. Similarly if gas realisation changes by +/- 0.8 USD/mmbtu, our FY28 standalone EPS will change by +/-6.7%.

Exhibit 11. ONGC standalone FY28 EPS sensitivity to crude realisation and gas price (INR/share)

INR/share		Gas Price (USD/mmbtu)						
		5.4	**6.2**	**6.9**	**7.7**	**8.5**	**9.3**	**10.0**
Net crude realisation (USD/bbl)	**54**	16.0	18.1	20.2	22.3	24.4	26.5	28.7
	59	19.7	21.9	24.1	26.2	28.4	30.6	32.7
	64	23.5	25.7	28.0	30.2	32.4	34.6	36.8
	69	27.3	29.6	31.8	**34.1**	36.4	38.7	40.9
	74	31.1	33.4	35.7	38.0	40.4	42.7	45.0
	79	34.8	37.2	39.6	42.0	44.4	46.7	49.1
	84	38.6	41.0	43.5	45.9	48.3	50.8	53.2

Source: Company, JM Financial.

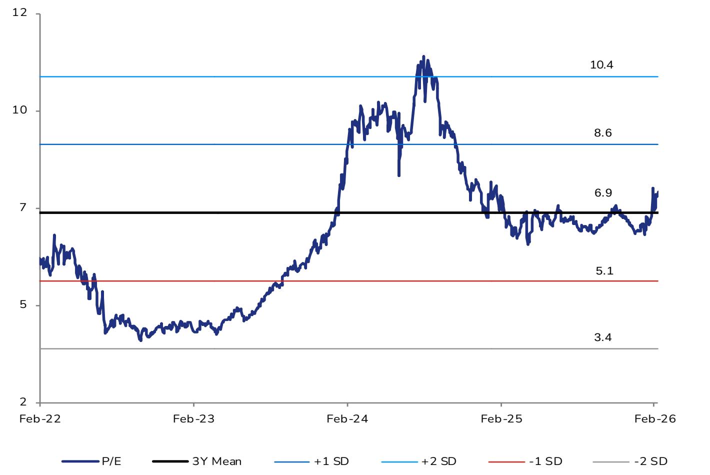
If FY28 net crude realisation declines by +/-USD5.0/bbl, our valuation will change by INR 29/share (or 8.9%). Similarly if gas realisation changes by +/- 0.8 USD/mmbtu, our valuation will change by INR +/- 16/share (or 5.0%) and vice versa.

Exhibit 12. ONGC valuation sensitivity to crude realisation and gas price (INR/share)

		Gas Price (USD/mmbtu)						
		5.4	**6.2**	**6.9**	**7.7**	**8.5**	**9.3**	**10.0**
Net crude realisation (USD/bbl)	**54**	190	204	219	234	249	264	278
	59	217	232	247	263	278	293	308
	64	244	260	276	291	307	322	338
	69	272	288	304	**320**	336	351	367
	74	299	316	332	348	364	381	397
	79	327	343	360	377	393	410	427
	84	354	371	388	405	422	439	456

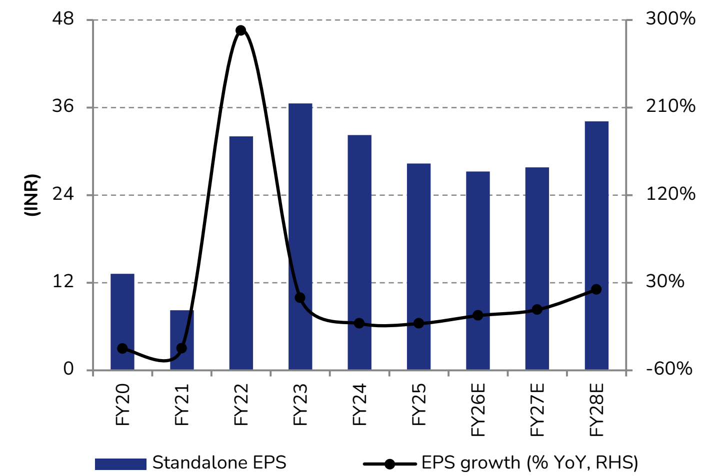
Source: Company, JM Financial.

Exhibit 13. 1-year forward PE chart



Source: Company, JM Financial

Exhibit 14. EPS versus EPS growth

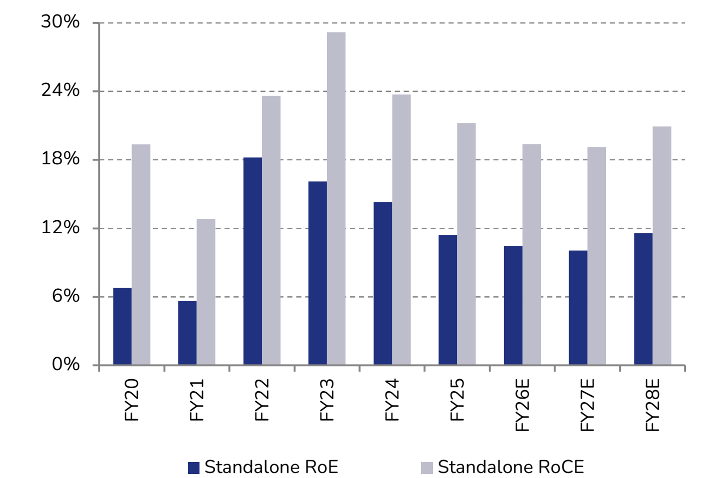


Source: Company, JM Financial

Exhibit 15. 1-year forward PB chart

Source: Company, JM Financial

Exhibit 16. RoE versus RoCE

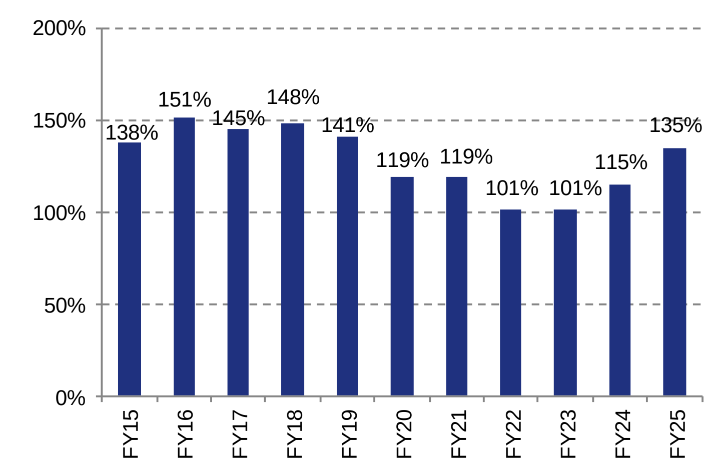


Source: Company, JM Financial

Exhibit 17. 1-year forward EV/2P reserves chart

Source: Company, JM Financial

Exhibit 18. 2P reserve replacement ratio



Source: Company, JM Financial

Exhibit 19. Global E&P companies' valuation snapshot

Company	EV/EBITDA (x)			EBITDA Margins (%)			P/E (x)			P/B (x)			ROE (%)		
	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26	FY25/CY24	FY26/CY25	FY27/CY26
US peers															
EOG Resources	5.4	5.7	5.6	54.0	53.5	53.6	10.3	11.7	12.1	2.2	2.1	2.0	22.4	18.4	16.2
Murphy Oil	3.7	4.2	4.5	52.9	52.3	52.9	11.5	28.7	66.7	1.0	1.0	1.0	8.8	3.4	1.2
Canadian Natural Res	8.1	7.6	8.4	46.8	46.7	45.8	15.5	16.6	20.6	2.9	2.9	2.8	18.8	18.0	14.6
US peers average	**5.7**	**5.8**	**6.2**	**51.3**	**50.8**	**50.8**	**12.4**	**19.0**	**33.1**	**2.0**	**2.0**	**1.9**	**16.7**	**13.3**	**10.7**
European peers															
PTT Exploration & Production	2.9	3.0	3.0	74.9	70.5	70.5	7.8	9.3	9.6	1.1	1.0	1.0	15.0	11.1	10.5
Santos	5.6	6.3	5.4	67.5	66.7	68.3	11.9	16.8	15.6	1.0	1.0	1.0	8.6	5.9	6.2
INPEX	4.2	4.2	4.4	65.6	73.8	71.0	13.0	11.9	12.2	1.1	1.0	0.9	8.8	8.2	7.9
European peers average	**4.2**	**4.5**	**4.3**	**69.4**	**70.3**	**69.9**	**10.9**	**12.7**	**12.5**	**1.1**	**1.0**	**0.9**	**10.8**	**8.4**	**8.2**
Asian peers															
JX Holdings	10.4	9.2	7.9	4.5	5.8	6.8	23.4	19.6	13.7	1.3	1.3	1.2	4.4	4.8	8.6
ONGC	5.5	5.2	4.9	14.5	16.2	16.3	8.0	8.6	7.9	1.0	0.9	0.8	12.4	11.7	11.8
Oil India	8.6	10.5	8.4	34.7	33.3	34.0	10.5	12.0	9.6	1.4	1.4	1.3	14.6	12.7	13.7
CNOOC	3.3	3.6	3.6	60.6	61.2	60.9	7.3	8.1	8.1	1.4	1.3	1.2	20.2	16.6	15.2
Asian peers average	**7.0**	**7.1**	**6.2**	**28.6**	**29.2**	**29.5**	**12.3**	**12.1**	**9.8**	**1.3**	**1.2**	**1.1**	**12.9**	**11.4**	**12.3**
Global peers average	**5.8**	**5.9**	**5.6**	**47.6**	**48.0**	**48.0**	**11.9**	**14.3**	**17.6**	**1.4**	**1.4**	**1.3**	**13.4**	**11.1**	**10.6**
Global peers median	**5.4**	**5.4**	**5.1**	**53.5**	**52.9**	**53.2**	**11.0**	**12.0**	**12.2**	**1.2**	**1.1**	**1.1**	**13.5**	**11.4**	**11.2**

Source: JM Financial, Bloomberg

Financial Tables (Consolidated)

Income Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	61,63,444	63,22,703	57,69,470	61,14,040	68,79,580
Sales Growth	*-3.3%*	*2.6%*	*-8.7%*	*6.0%*	*12.5%*
Other Operating Income	0	0	0	0	0
Total Revenue	**61,63,444**	**63,22,703**	**57,69,470**	**61,14,040**	**68,79,580**
Cost of Goods Sold/Op. Exp	48,30,996	49,48,115	42,93,869	45,66,996	51,41,436
Personnel Cost	70,264	67,958	73,046	77,418	83,335
Other Expenses	1,80,247	3,18,055	3,58,346	3,71,277	4,59,919
EBITDA	**10,81,936**	**9,88,575**	**10,44,208**	**10,98,350**	**11,94,889**
EBITDA Margin	*17.6%*	*15.6%*	*18.1%*	*18.0%*	*17.4%*
EBITDA Growth	*26.2%*	*-8.6%*	*5.6%*	*5.2%*	*8.8%*
Depn. & Amort.	3,62,507	4,52,028	4,29,860	4,43,988	4,62,729
EBIT	7,19,429	5,36,547	6,14,349	6,54,362	7,32,161
Other Income	1,20,307	1,23,936	1,44,170	1,46,605	1,59,782
Finance Cost	1,30,257	1,45,350	1,18,725	1,21,141	1,24,160
PBT before Excep. & Forex	7,09,479	5,15,134	6,39,794	6,79,826	7,67,783
Excep. & Forex Inc./Loss(-)	-16,364	-1,511	1	1	1
PBT	6,93,115	5,13,623	6,39,795	6,79,827	7,67,784
Taxes	1,83,561	1,40,693	1,47,819	1,65,623	1,95,782
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	1,04,469	31,386	1,05,725	68,320	84,864
Reported Net Profit	4,91,439	3,62,256	4,19,895	4,47,266	5,19,386
Adjusted Net Profit	**5,07,804**	**3,63,767**	**4,19,894**	**4,47,265**	**5,19,385**
Net Margin	*8.2%*	*5.8%*	*7.3%*	*7.3%*	*7.5%*
Diluted Share Cap. (mn)	12,580.3	12,580.3	12,580.3	12,580.3	12,580.3
Diluted EPS (INR)	**40.4**	**28.9**	**33.4**	**35.6**	**41.3**
Diluted EPS Growth	*13.2%*	*-28.4%*	*15.4%*	*6.5%*	*16.1%*
Total Dividend + Tax	1,54,109	1,54,109	1,67,958	1,78,907	2,07,754
Dividend Per Share (INR)	12.3	12.3	13.4	14.2	16.5

Source: Company, JM Financial

Cash Flow Statement (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	6,93,115	5,13,623	6,39,795	6,79,827	7,67,784
Depn. & Amort.	3,04,401	3,52,060	3,30,565	3,41,585	3,55,206
Net Interest Exp. / Inc. (-)	52,071	63,197	-25,446	-25,465	-35,623
Inc (-) / Dec in WCap.	2,288	13,692	1,42,555	4,623	-42,008
Others	82,251	1,06,034	0	0	0
Taxes Paid	-1,45,659	-1,39,924	-1,47,819	-1,65,623	-1,95,782
Operating Cash Flow	**9,88,466**	**9,08,682**	**9,39,651**	**8,34,947**	**8,49,577**
Capex	-5,21,188	-5,56,762	-5,06,182	-5,08,080	-5,30,002
Free Cash Flow	*4,67,278*	*3,51,920*	*4,33,469*	*3,26,867*	*3,19,574*
Inc (-) / Dec in Investments	-1,09,456	30,945	-27,365	-28,480	-29,628
Others	55,794	95,601	1,44,171	1,46,606	1,59,783
Investing Cash Flow	**-5,74,850**	**-4,30,217**	**-3,89,375**	**-3,89,954**	**-3,99,847**
Inc / Dec (-) in Capital	-6,093	-4,941	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-1,19,027	-73,879	4,423	-2,429	-864
Others	-2,73,480	-3,95,518	-1,18,725	-1,21,141	-1,24,160
Financing Cash Flow	**-3,98,600**	**-4,74,337**	**-1,14,302**	**-1,23,570**	**-1,25,025**
Inc / Dec (-) in Cash	**15,016**	**4,128**	**4,35,973**	**3,21,423**	**3,24,705**
Opening Cash Balance	26,400	41,416	45,544	4,81,517	8,02,940
Closing Cash Balance	41,416	45,543	4,81,517	8,02,940	11,27,645

Source: Company, JM Financial

Balance Sheet (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	33,90,689	34,34,405	37,05,969	39,78,686	42,94,949
Share Capital	62,901	62,901	62,901	62,901	62,901
Reserves & Surplus	33,27,787	33,71,503	36,43,068	39,15,784	42,32,047
Preference Share Capital	0	0	0	0	0
Minority Interest	2,05,554	3,07,946	3,66,143	4,20,731	4,66,076
Total Loans	15,76,856	15,35,559	15,39,982	15,37,552	15,36,688
Def. Tax Liab. / Assets (-)	3,82,285	3,87,618	3,87,618	3,87,618	3,87,618
Total - Equity & Liab.	**55,55,384**	**56,65,529**	**59,99,712**	**63,24,588**	**66,85,331**
Net Fixed Assets	43,59,122	45,25,345	46,82,397	48,31,256	49,87,535
Gross Fixed Assets	47,21,405	52,50,380	57,30,130	62,11,663	67,15,003
Intangible Assets	1,21,364	1,27,625	1,27,625	1,27,625	1,27,625
Less: Depn. & Amort.	16,40,128	19,76,253	23,25,382	26,84,603	30,58,327
Capital WIP	11,56,482	11,23,593	11,50,025	11,76,571	12,03,234
Investments	13,31,716	11,49,883	10,30,070	8,85,832	7,20,198
Current Assets	17,29,141	19,12,004	21,68,397	25,52,615	30,30,953
Inventories	5,37,928	5,89,563	4,68,207	4,95,528	5,57,853
Sundry Debtors	2,22,396	2,36,070	34,727	29,282	70,293
Cash & Bank Balances	41,416	45,544	4,81,517	8,02,940	11,27,645
Loans & Advances	0	0	0	0	0
Other Current Assets	9,27,401	10,40,826	11,83,946	12,24,864	12,75,162
Current Liab. & Prov.	18,64,596	19,21,703	18,81,152	19,45,115	20,53,355
Current Liabilities	5,95,888	6,00,573	6,75,498	6,99,365	7,58,304
Provisions & Others	12,68,708	13,21,130	12,05,654	12,45,750	12,95,051
Net Current Assets	-1,35,455	-9,699	2,87,245	6,07,500	9,77,598
Total – Assets	**55,55,384**	**56,65,529**	**59,99,712**	**63,24,588**	**66,85,331**

Source: Company, JM Financial

Dupont Analysis

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	8.2%	5.8%	7.3%	7.3%	7.5%
Asset Turnover (x)	1.2	1.1	1.0	1.0	1.0
Leverage Factor (x)	1.7	1.7	1.7	1.7	1.6
RoE	16.3%	10.7%	11.8%	11.6%	12.6%

Key Ratios

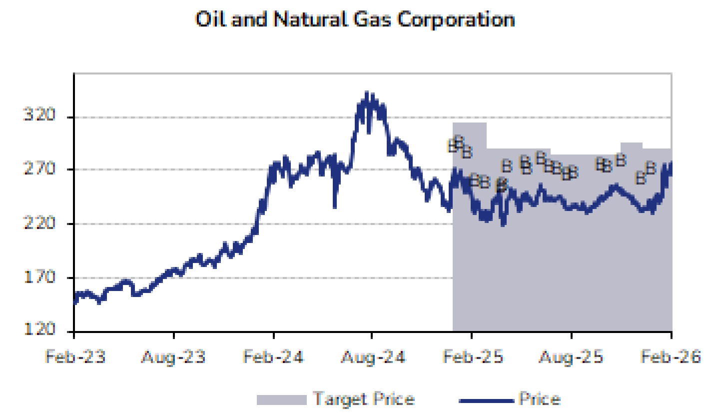
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	269.5	273.0	294.6	316.3	341.4
ROIC	14.9%	9.9%	11.5%	11.9%	12.5%
ROE	16.3%	10.7%	11.8%	11.6%	12.6%
Net Debt/Equity (x)	0.3	0.4	0.3	0.2	0.2
P/E (x)	6.8	9.5	8.3	7.8	6.7
P/B (x)	1.0	1.0	0.9	0.9	0.8
EV/EBITDA (x)	4.5	5.1	4.6	4.3	3.9
EV/Sales (x)	0.8	0.8	0.8	0.8	0.7
Debtor days	13	14	2	2	4
Inventory days	32	34	30	30	30
Creditor days	27	27	36	36	36

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
7-Jan-25	Buy	315	
17-Jan-25	Buy	315	0.0
1-Feb-25	Buy	315	0.0
14-Feb-25	Buy	315	0.0
5-Mar-25	Buy	290	-8.0
6-Apr-25	Buy	290	0.0
8-Apr-25	Buy	290	0.0
17-Apr-25	Buy	290	0.0
18-May-25	Buy	290	0.2
22-May-25	Buy	290	-0.2
15-Jun-25	Buy	290	0.0
3-Jul-25	Buy	285	-1.6
16-Jul-25	Buy	285	0.0
2-Aug-25	Buy	285	0.0
13-Aug-25	Buy	285	-0.1
6-Oct-25	Buy	285	0.1
14-Oct-25	Buy	285	0.0
11-Nov-25	Buy	295	3.6
17-Dec-25	Buy	290	-1.8
6-Jan-26	Buy	290	0.0

Recommendation History



APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Rating System: Definition of ratings	
Rating	**Meaning**
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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