

November 11, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	292		278	
Sales (Rs. m)	7,331	7,425	7,361	7,324
% Chng.	(0.4)	1.4		
EBITDA (Rs. m)	1,161	1,149	1,162	1,187
% Chng.	(0.1)	(3.1)		
EPS (Rs.)	40.2	41.0	40.1	44.0
% Chng.	0.2	(6.9)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	6,633	6,691	7,331	7,425
EBITDA (Rs. bn)	989	1,093	1,161	1,149
Margin (%)	14.9	16.3	15.8	15.5
PAT (Rs. bn)	382	470	505	516
EPS (Rs.)	30.3	37.3	40.2	41.0
Gr. (%)	(28.8)	23.0	7.6	2.1
DPS (Rs.)	12.3	11.8	12.3	13.0
Yield (%)	4.9	4.7	4.9	5.2
RoE (%)	11.2	13.1	12.9	12.0
RoCE (%)	12.8	13.1	13.9	12.6
EV/Sales (x)	0.7	0.6	0.5	0.4
EV/EBITDA (x)	4.5	3.7	3.1	2.8
PE (x)	8.2	6.7	6.2	6.1
P/BV (x)	0.9	0.8	0.8	0.7

Key Data

ONGC.BO | ONGC IN

52-W High / Low	Rs.274 / Rs.205
Sensex / Nifty	83,871 / 25,695
Market Cap	Rs.3,138bn / \$ 35,433m
Shares Outstanding	12,580m
3M Avg. Daily Value	Rs.2219.42m

Shareholding Pattern (%)

Promoter's	58.89
Foreign	8.12
Domestic Institution	19.04
Public & Others	13.95
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	1.3	6.2	(2.9)
Relative	(0.4)	0.6	(8.0)

Swarnendu Bhushan

swarnendubhushan@plindia.com | 91-22-66322260

Indrakumar Gupta

indrakumargupta@plindia.com |

Steady volume trajectory

Quick Pointers:

- Production guidance of 21mmt and 21.5bcm standalone in FY27.
- ONGC expects share of NWG in total production to increase to 30%-35% in 3-4 years.

ONGC reported a steady sales volume inc JV of oil (+2.7% QoQ) and gas (flat QoQ) combined with an oil price realization of USD67.4/bbl in Q2FY26 vs USD66.1/bbl in Q1FY26 and USD78.3/bbl in Q2FY25. This led to a revenue of Rs330.3bn, +3.2% QoQ and -2.5% YoY (Ple Rs318.6bn, BBGe Rs323.9bn). Reported EBITDA of Rs177.0bn (-5.1%/-1.4% QoQ/YoY) was in-line with our estimate (Ple: Rs179.6bn & BBGe: Rs180.9bn). Sequentially lower DDA/write-offs of Rs74.7bn vs Rs80.0bn in Q1FY26, coupled with increase in other income of Rs34.2bn (Ple Rs26.7bn) due to addition of dividend income of Rs19.7bn this quarter vs Rs12.1bn in Q1FY26, resulted in PBT of Rs125.4bn (PLe Rs120.1bn), rising by 16.8% QoQ. PAT stood at Rs98.5bn, beating our estimates by 9.6% (PLe Rs89.9bn, BBGe Rs92.3bn, +22.7% QoQ). Going ahead, we build in 4-5% volume growth in oil and gas production in FY27/FY28E over FY25 driven by upcoming projects and well optimization plans. The stock is currently trading at 8.1x Sept FY27E SA EPS. Maintain 'Buy' rating with a target price of Rs292 (earlier Rs278), valuing standalone segment at 9x FY27/28E adj EPS and adding the value of investments. Key risk to our recommendation is further decline in oil prices and inability to ramp-up volumes. With every USD5/bbl change in oil price realization, conso EPS is impacted by 8-9%.

Steady Production: Standalone oil production in Q2FY26 stood at 4.88mmt from own fields and the share of JVs stood at 0.31mmt. On a combined basis, it fell slightly by 1.0% QoQ and a slight increase of 0.6% YoY. Standalone gas production for the quarter stood at 4.92bcm from own fields and 0.11bcm from JVs, leading to a combined growth of +1.4% QoQ and a miniscule decline of -0.6% YoY. For OVL, oil & gas production in Q2FY26 stood at 1.72mmt (-2.2% QoQ, -5.7% YoY) and 0.61bcm (-12.8% QoQ, -13.8% YoY). Oil and gas production inc. JV's stayed flat YoY in H1FY26, while OVL volumes fell -4.0% and -8.5% YoY.

Price realization - Crude oil realization from own fields stood at USD67.3/bbl, up 1.8% QoQ, while it declined 14.0% YoY. Gas price realization for own fields stood at USD6.75/mmbtu, flat QoQ and up 3.8% YoY.

NWG: The share of new well gas (NWG) in total gas revenue from nomination fields crossed 21% during H1 FY26, contributing Rs33.5bn, an additional Rs6.5bn over the administered price mechanism (APM) gas rate. Company expects the share of NWG in total production to increase from current 13%-14% to 30%-35% over the next 3-4 years.

Concall highlights: **1) SA Production Guidance:** Oil: FY26: 19.8mmt; FY27 at 21mmt. **Gas:** FY26 at ~20bcm, rising to 21.5bcm in FY27, and increasing thereafter driven by expected improved output from MH field following BP's TSP engagement and upcoming Daman project enhancing gas volumes **2)** The current run-rate of oil and gas production is below expectations, with management now guiding for FY26 oil output of ~20mmt (vs 21mmt earlier) and gas production slightly below 21.5bcm, as part of the volumes are expected to shift into early FY27, preferably in Q1FY27. **3)** In KG-98/2 basin, gas production rate at ~3mmscmd due to constraints from the living quarters compression package, expected to be installed by Dec'25-Jan'26; post-installation, gas output is projected to ramp up to ~10mmscmd by Jun-Jul'26. Oil production remains low at ~28kbpd, but as per management, ongoing well intervention and additional planned works aim to lift output, supporting gradual improvement ahead. **4)** OPAL's plant capacity utilization to improve above +90% for H2FY26, leading to positive EBITDA. **5)** NWG currently contributes ~13–14% of total production, Co. expects it to rise to ~30–35% over the next 3-4 years as Daman and other project's ramp-up. **5) Daman Field/DSF II:** Expected to add 9mmscmd of gas in FY26 (5 mmscmd from Daman and 4mmscmd from DSF-II), helping achieve total production of 24-25mmscmd by FY28. **6) Capex:** E&P capex to remain steady at Rs300-350bn in FY26, with no cut in E&P spending. Similar capex planned for FY27. **7) Cost Optimization:** Targeting Rs50bn reduction in opex through logistics efficiencies, dual-fuel rig conversion, green energy, and efficient rig deployment to lower fuel & power costs. **8) Mozambique:** Force majeure lifted, aiming for project resumption, **9)** OPAL net debt stood at Rs251.9bn as of this quarter, with interest costs (~8.5%) expected to decline by over 100 bps, reducing finance expenses going forward.

Exhibit 1: Valuation Table

Valuation Table	Remarks
Standalone adj EPS(INR)	24.5 FY27/28E adj EPS
PE (x)	9.0
Valuation of ONGC standalone (INR/share)	220
Listed Investments	Investments in IOCL, PLNG, GAIL, 72 MRPL, HPCL at 25% holding company discount
Total (Rs/share)	292

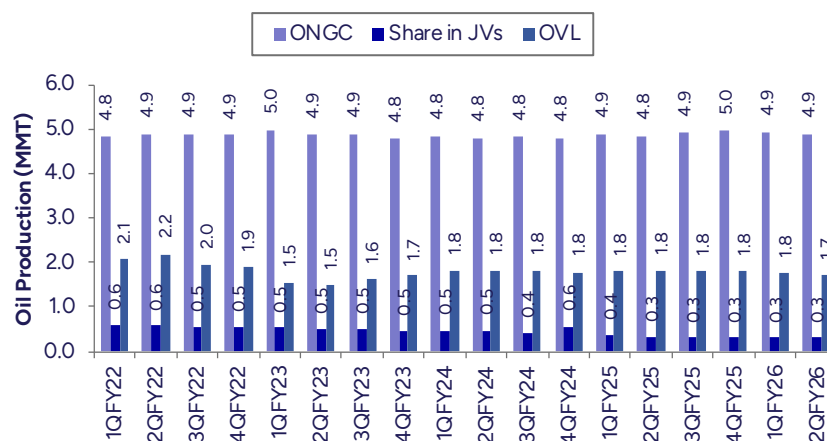
Source: PL

Exhibit 2: Standalone Quarterly and 9MFY25 Financials

Y/e March (Rs bn)	Q2FY26	Q1FY26	QoQ gr.	Q2FY26E	% Var	Q2FY25	YoY gr.	H1FY26	H1FY25	YoY gr.
Net Sales	330.3	320.0	3.2%	318.6	3.7%	338.8	-2.5%	650.3	691.5	-5.9%
YoY Change (%)	-2.5	-9.3		-6.0		-3.6		-5.9%		
EBITDA	177.0	186.6	-5.1%	179.6	-1.5%	182.5	-3.0%	363.5	368.7	-1.4%
Margins (%)	53.6	58.3		56.4		53.9		55.9	53.3	
Depreciation	74.7	80.0	-6.7%	72.0	3.6%	68.1	9.7%	154.7	143.5	7.8%
Interest	11.1	11.2	-1.0%	14.2	-22.0%	11.6	-4.1%	22.3	23.4	-4.6%
Other Income	34.2	12.1	182.8%	26.7	28.1%	47.5	-27.9%	46.3	68.1	-32.0%
PBT	125.4	107.4	16.8%	120.1	4.5%	150.4	-16.6%	232.9	269.9	-13.7%
Tax	27.0	27.2	-0.9%	30.2	-10.8%	30.5	-11.6%	54.2	60.7	-10.8%
Rate (%)	21.5	25.3		25.2		20.3		23.3	22.5	
Reported PAT	98.5	80.2	22.7%	89.9	9.6%	119.8	-17.8%	178.7	209.2	-14.6%
Adj PAT	98.5	80.2	22.7%	89.9	9.6%	119.8	-17.8%	178.7	209.2	-14.6%
Production										
Oil Production (mmt)	5.2	5.2	-0.9%	5.2	-0.5%	5.2	0.6%	10.4	10.4	0.3%
Gas production (bcm)	5.0	5.0	1.4%	5.0	0.2%	5.1	-0.6%	10.0	10.1	-0.7%

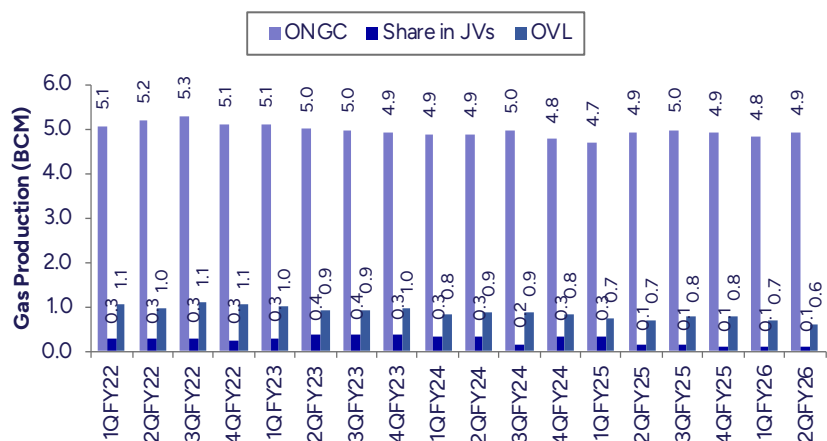
Source: Company, PL

Exhibit 3: Total oil production almost flat QoQ



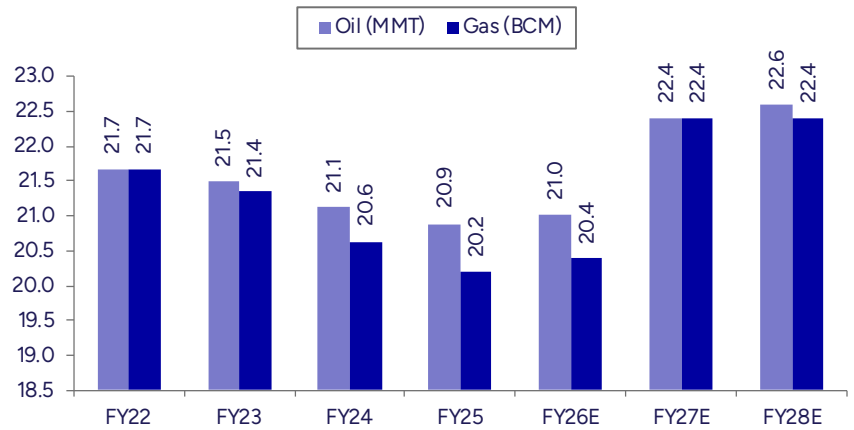
Source: Company, PL

Exhibit 4: Total gas production improves marginally QoQ



Source: Company, PL

Exhibit 5: Oil/Gas production profile



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	6,633	6,691	7,331	7,425
YoY gr. (%)	1.5	0.9	9.6	1.3
Cost of Goods Sold	5,644	5,598	6,170	6,276
Gross Profit	989	1,093	1,161	1,149
Margin (%)	14.9	16.3	15.8	15.5
Employee Cost	-	-	-	-
Other Expenses	-	-	-	-
EBITDA	989	1,093	1,161	1,149
YoY gr. (%)	(8.6)	10.5	6.2	(1.0)
Margin (%)	14.9	16.3	15.8	15.5
Depreciation and Amortization	352	429	433	462
EBIT	637	664	728	687
Margin (%)	9.6	9.9	9.9	9.3
Net Interest	145	175	193	142
Other Income	124	124	124	124
Profit Before Tax	514	613	659	670
Margin (%)	7.7	9.2	9.0	9.0
Total Tax	141	154	166	169
Effective tax rate (%)	27.4	25.2	25.2	25.2
Profit after tax	373	458	493	501
Minority interest	-	-	-	-
Share Profit from Associate	10	11	12	15
Adjusted PAT	382	470	505	516
YoY gr. (%)	(28.8)	23.0	7.6	2.1
Margin (%)	5.8	7.0	6.9	6.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	382	470	505	516
YoY gr. (%)	(28.8)	23.0	7.6	2.1
Margin (%)	5.8	7.0	6.9	6.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	382	470	505	516
Equity Shares O/s (bn)	13	13	13	13
EPS (Rs)	30.3	37.3	40.2	41.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	6,779	6,877	6,975	7,073
Tangibles	6,779	6,877	6,975	7,073
Intangibles	-	-	-	-
Acc: Dep / Amortization	3,519	3,975	4,436	4,905
Tangibles	3,519	3,975	4,436	4,905
Intangibles	-	-	-	-
Net fixed assets	3,260	2,903	2,539	2,168
Tangibles	3,260	2,903	2,539	2,168
Intangibles	-	-	-	-
Capital Work In Progress	1,124	1,452	1,783	2,091
Goodwill	128	128	128	128
Non-Current Investments	956	956	956	956
Net Deferred tax assets	(317)	(317)	(317)	(317)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	590	458	505	513
Trade receivables	236	223	245	248
Cash & Bank Balance	272	465	733	1,005
Other Current Assets	563	563	563	563
Total Assets	7,587	7,630	7,956	8,200
Equity				
Equity Share Capital	63	63	63	63
Other Equity	3,372	3,692	4,044	4,396
Total Networth	3,434	3,755	4,106	4,459
Non-Current Liabilities				
Long Term borrowings	1,536	1,382	1,244	1,119
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	-	-	-	-
Other current liabilities	1,922	1,797	1,910	1,927
Total Equity & Liabilities	7,587	7,630	7,956	8,200

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	383	613	659	670
Add. Depreciation	352	429	433	462
Add. Interest	145	175	193	142
Less Financial Other Income	124	124	124	124
Add. Other	154	11	12	15
Op. profit before WC changes	1,035	1,228	1,297	1,288
Net Changes-WC	14	(3)	22	(18)
Direct tax	(140)	(154)	(166)	(169)
Net cash from Op. activities	909	1,070	1,153	1,102
Capital expenditures	(410)	(400)	(400)	(400)
Interest / Dividend Income	57	-	-	-
Others	(77)	-	-	-
Net Cash from Invst. activities	(430)	(400)	(400)	(400)
Issue of share cap. / premium	-	-	-	-
Debt changes	(74)	(154)	(138)	(124)
Dividend paid	(170)	(149)	(154)	(163)
Interest paid	(110)	(175)	(193)	(142)
Others	(125)	-	-	-
Net cash from Fin. activities	(479)	(477)	(485)	(430)
Net change in cash	(1)	193	268	272
Free Cash Flow	498	670	753	702

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	30.3	37.3	40.2	41.0
CEPS	58.3	71.4	74.6	77.7
BVPS	273.0	298.5	326.4	354.4
FCF	39.6	53.3	59.9	55.8
DPS	12.3	11.8	12.3	13.0
Return Ratio(%)				
RoCE	12.8	13.1	13.9	12.6
ROIC	8.7	9.3	10.1	9.6
RoE	11.2	13.1	12.9	12.0
Balance Sheet				
Net Debt : Equity (x)	0.4	0.2	0.1	0.0
Net Working Capital (Days)	-	-	-	-
Valuation(x)				
PER	8.2	6.7	6.2	6.1
P/B	0.9	0.8	0.8	0.7
P/CEPS	4.3	3.5	3.3	3.2
EV/EBITDA	4.5	3.7	3.1	2.8
EV/Sales	0.7	0.6	0.5	0.4
Dividend Yield (%)	4.9	4.7	4.9	5.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	337	350	320	330
YoY gr. (%)	(3.1)	1.0	(9.3)	(2.5)
Raw Material Expenses	9	12	10	13
Gross Profit	328	338	310	317
Margin (%)	97.2	96.6	96.8	96.1
EBITDA	190	190	187	177
YoY gr. (%)	10.5	9.2	0.2	(3.0)
Margin (%)	56.3	54.3	58.3	53.6
Depreciation / Depletion	87	111	80	75
EBIT	103	79	107	102
Margin (%)	30.4	22.5	33.3	31.0
Net Interest	11	12	11	11
Other Income	18	21	12	34
Profit before Tax	110	88	107	125
Margin (%)	32.6	25.1	33.6	38.0
Total Tax	28	23	27	27
Effective tax rate (%)	25.1	26.5	25.3	21.5
Profit after Tax	82	64	80	98
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	82	64	80	98
YoY gr. (%)	(16.7)	(34.7)	(10.2)	(17.8)
Margin (%)	24.4	18.4	25.1	29.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	82	64	80	98
YoY gr. (%)	(16.7)	(34.7)	(10.2)	(17.8)
Margin (%)	24.4	18.4	25.1	29.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	82	64	80	98
Avg. Shares O/s (m)	13	13	13	13
EPS (Rs)	6.6	5.1	6.4	7.8

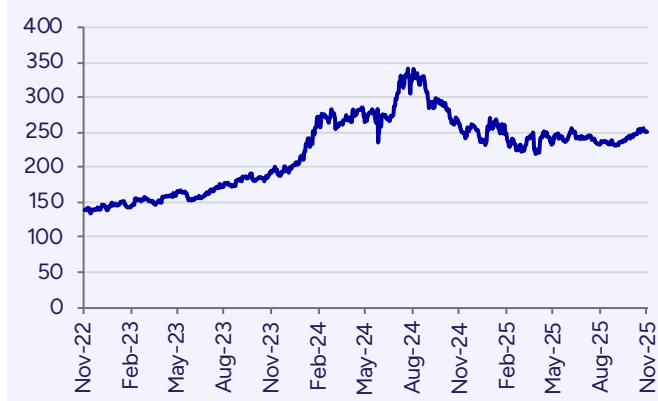
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Oil production (mmt)	20.9	21.0	22.4	0.0
Gas production (bcm)	20.2	20.4	22.4	0.1
Net oil realization (US\$/bbl)	73.5	70.0	71.8	73.2
Gas realization (US\$/mmBtu)	6.5	6.8	7.0	7.1

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	03-Oct-25	BUY	278	244
2	13-Aug-25	BUY	273	239
3	03-Jul-25	Accumulate	284	241
4	22-May-25	Accumulate	276	242
5	08-Apr-25	BUY	264	220
6	04-Feb-25	BUY	288	249
7	16-Jan-25	BUY	300	260
8	08-Jan-25	Accumulate	295	263
9	12-Nov-24	Accumulate	271	256

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Hold	403	392
2	Bharat Petroleum Corporation	Hold	361	357
3	Bharti Airtel	Accumulate	2,259	2,113
4	Clean Science and Technology	Hold	1,002	981
5	Deepak Nitrite	Hold	1,924	1,844
6	Fine Organic Industries	BUY	5,386	4,346
7	GAIL (India)	BUY	211	180
8	Gujarat Fluorochemicals	Hold	3,742	3,643
9	Gujarat Gas	Hold	442	436
10	Gujarat State Petronet	Accumulate	339	325
11	Hindustan Petroleum Corporation	Hold	476	476
12	Indian Oil Corporation	Accumulate	166	155
13	Indraprastha Gas	Reduce	192	209
14	Jubilant Ingrevia	Hold	695	677
15	Laxmi Organic Industries	Reduce	192	198
16	Mahanagar Gas	BUY	1,531	1,271
17	Mangalore Refinery & Petrochemicals	Accumulate	159	142
18	Navin Fluorine International	Accumulate	5,601	5,009
19	NOCIL	Hold	185	181
20	Oil & Natural Gas Corporation	BUY	278	244
21	Oil India	BUY	525	415
22	Petronet LNG	Hold	290	278
23	Reliance Industries	BUY	1,668	1,417
24	SRF	Hold	3,123	3,028
25	Vinati Organics	BUY	1,915	1,662

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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