

ONGC (ONGC) - BUY

Q4FY26 Result Update

Current Market Price (CMP) Rs.274	Fair Value (FV) Rs.385
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Rationale:

- Q4FY26 miss on weaker volumes and one-offs.
- Positively, in year one of the BP TSP, MH production exceeded baseline by 2% for oil & 9% for gas despite limited capex, with likely sharper gains as new facilities come up.
- ONGC has now expanded TSP with BP to full Western Offshore (69% of ONGC's output) & expects 3-4% CAGR growth by 2030 (v/s ~2% earlier declines despite IOR/EOR).
- Maintain BUY with FV Rs385.

👍 Positives:

- ONGC remains positive on the domestic gas production outlook in FY27 & beyond, driven by ramp-up in new projects, and better production from Western Offshore.
- Gas volumes are expected to grow 7-8% annually in the near term (FY27-28E) due to new fields coming online.
- NWG share in gas sales/revenues is ~18%/21%; incremental gain of Rs1,220 cr in 2026 due to NWG (New Well Gas)

👎 Negatives:

- Net sales were 6% below Kotak estimates, mainly on lower volumes.
- EBITDA down 6.5% yoy, 14.4% below Kotak estimates.
- PBT down 2.8% yoy and PAT were 16-17% below Kotak estimates.
- For FY26, with 3.9% revenue decline, ONGC's EBITDA declined 4.5% and PAT by 7.6%.

(EBITDA: Earnings before interest depreciation and Tax, EPS: Earnings Per Share, CAGR: Compound Annual Growth Rate, GCC: Gulf Cooperation Council, PBT: Profit Before Tax, IOR: Improved Oil Recovery, EOR: Enhanced Oil Recovery)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
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- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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