

May 22, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		BUY	
Target Price	276		264	
Sales (Rs. bn)	6,545	6,753	6,429	6,599
% Chng.	1.8	2.3		
EBITDA (Rs. bn)	1,080	1,099	1,128	1,174
% Chng.	(4.2)	(6.3)		
EPS (Rs.)	36.0	35.4	41.1	40.9
% Chng.	(12.4)	(13.4)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	6,532	6,633	6,545	6,753
EBITDA (Rs. bn)	1,082	989	1,080	1,099
Margin (%)	16.6	14.9	16.5	16.3
PAT (Rs. bn)	536	382	453	445
EPS (Rs.)	42.6	30.3	36.0	35.4
Gr. (%)	106.6	(28.8)	18.6	(1.7)
DPS (Rs.)	12.3	12.3	13.6	13.8
Yield (%)	5.1	5.1	5.6	5.7
RoE (%)	17.3	11.2	12.7	11.6
RoCE (%)	17.1	12.8	12.8	12.6
EV/Sales (x)	0.6	0.6	0.6	0.5
EV/EBITDA (x)	3.9	4.4	3.7	3.4
PE (x)	5.7	8.0	6.7	6.8
P/BV (x)	0.9	0.9	0.8	0.8

Key Data

ONGC.BO | ONGC IN

52-W High / Low	Rs.345 / Rs.205
Sensex / Nifty	80,952 / 24,610
Market Cap	Rs.3,040bn / \$ 35,350m
Shares Outstanding	12,580m
3M Avg. Daily Value	Rs.3179.76m

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	(2.5)	(1.6)	(13.1)
Relative	(4.1)	(3.8)	(20.3)

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Production ramp-up key monitorable

Quick Pointers:

- In addition to ramp up of KG-DWN-98/2, Daman upside to add 5mmscmd by Q4FY26
- Oil production in KG-Basin to ramp up from 35kbopd to 45kbopd

Mixed production profile of standalone oil (+0.4% QoQ) and gas (-1.9% QoQ) combined with marginally higher oil price realization of USD73.7/bbl in Q4 vs USD72.6/bbl in Q3FY25 resulted in revenues of Rs349.8bn, +3.8% QoQ. EBITDA of Rs190bn (+0.2% QoQ) was 3.8% higher than our est of 183.2bn & consensus of Rs179.7bn. Much higher DDA led by write-offs resulted in PBT declining by 20% QoQ to Rs88bn (PLe Rs107bn) despite growth in rev. PAT stood at Rs64.5bn, -19.6% QoQ (PLe Rs80bn, consensus Rs88bn). Standalone FY25 EBITDA stood at Rs748bn, +3% YoY while PAT stood at Rs356bn, -12% YoY. Going ahead, we build in 7% and 5% volume growth in oil and gas production in FY26E. The stock is currently trading at 8x FY27 conso EPS, with USD71.3/75/bbl of Brent in FY26/27. We remain positive on the stock but downgrade from Buy to Accumulate due to ~10% run-up in the stock post preview. We value the company at Rs276, valuing the standalone business at 8x FY27 adj EPS and adding the value of investments. Key risk to our recommendation is sustained <USD60/bbl of Brent. With every USD5/bbl change in oil price realization, conso EPS is impacted by 8-9%.

Volume a mixed bag: Oil production stood at 5.3mmt, +0.4% QoQ while gas production stood at 5bcm, -1.9% QoQ. For the full year, oil production stood at 20.9mmt, -1.2% YoY and gas production stood at 20.2bcm, -2.2% YoY. Production of value added products stood at 669tmt during the quarter against 663tmt in Q3FY25 and 640tmt in Q4FY24. For the full year, value added products rose by 2.6%. For OVL, oil and gas production in the quarter stood at 1.79mmt and 0.8bcm, nearly flat both QoQ and YoY. For the full year, OVL's oil and gas production stood at 7.2mmt, flat YoY while gas declined 12% YoY to 3bcm.

Production growth expected: ~5mmscmd of gas from Daman Upside is expected to be added in Q4FY26 while KG-DWN-98/2 is expected to be ramped up to 10mmscmd. Going ahead, we build in a volume growth of 7% and 5% for oil and gas, respectively, in FY26.

Concall highlights: **1)** 578 total wells drilled in FY25, highest ever, including 469 developmental wells and 109 exploratory wells **2)** capex of Rs620bn in FY25 included infusion of Rs184bn in OPaL; guidance of Rs350-400bn going forward **3)** reserve replacement ratio above one for 19th consecutive year **4)** ONGC Videsh reported PAT of Rs4.2bn in FY25vs Rs4.9bn in FY24, **5)** the company declared nine new discoveries in FY25, **6)** gas production likely to rise by 5-6% each year for next two years.

Exhibit 1: Valuation Table

Valuation Table	Remarks
Standalone adj EPS(INR)	27.1 FY27E adj EPS
PE (x)	8.0
Valuation of ONGC standalone (INR/share)	217
Listed Investments	Investments in IOCL, PLNG, GAIL, 59 MRPL, HPCL at 25% holding company discount
Total (Rs/share)	276

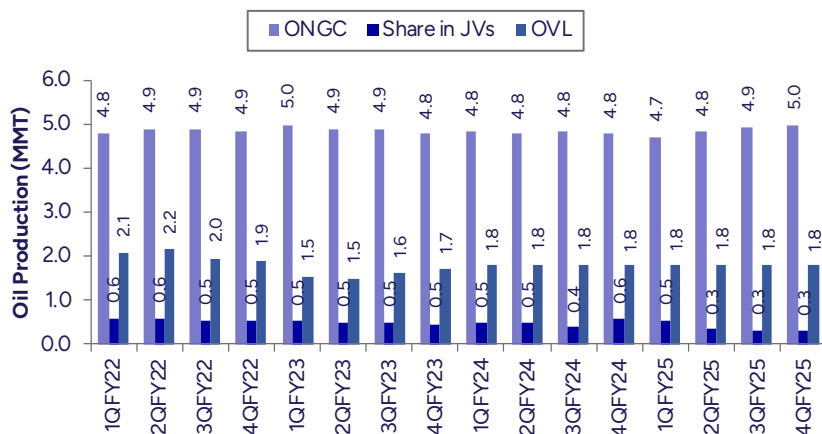
Source: PL

Exhibit 2: Standalone Quarterly and 9MFY25 Financials

Y/e March (Rs bn)	Q4FY25	Q3FY25	QoQ gr.	Q4FY25E	% Var	Q4FY24	YoY gr.	FY25	FY24	YoY gr.
Net Sales	349.8	337.2	3.8%	327.1	6.9%	346.4	1.0%	1378.5	1384.0	-0.4%
YoY Change (%)	1.0	-3.1		-5.6		-4.6				
EBITDA	190.1	189.7	0.2%	183.2	3.8%	174.1	9.2%	748.3	723.8	3.4%
Margins (%)	54.3	56.3		56.0		50.3		217.2	209.3	
Depreciation	111.3	87.0	27.8%	88.0	26.4%	71.9	54.7%	341.8	260.6	31.1%
Interest	11.9	10.7	10.7%	11.6	2.8%	10.3	15.0%	46.0	40.8	12.8%
Other Income	20.7	18.1	14.6%	23.6	-11.9%	36.8	-43.6%	107.1	107.8	-0.6%
PBT	87.7	110.0	-20.3%	107.2	-18.2%	128.6	-31.8%	467.6	530.2	-11.8%
Tax	23.2	27.6	-16.0%	27.0	-14.0%	29.9	-22.5%	111.5	124.9	-10.7%
Rate (%)	26.5	25.1		25.2		23.3		97.1	94.0	
Reported PAT	64.5	82.4	-21.7%	80.2	-19.6%	98.7	-34.7%	356.1	405.3	-12.1%
Adj PAT	64.5	82.4	-21.7%	80.2	-19.6%	98.7	-34.7%	356.1	405.3	-12.1%
Production										
Oil Production (mmt)	5.3	5.2	0.4%	5.0	4.2%	5.4	-1.9%	20.9	21.1	-1.2%
Gas production (bcm)	5.0	5.1	-1.9%	5.1	-1.3%	5.1	-1.7%	20.2	20.6	-2.2%

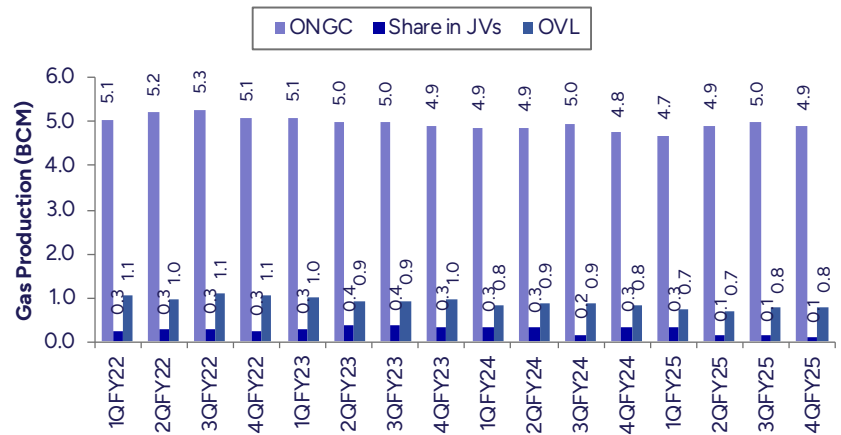
Source: Company, PL

Exhibit 3: Oil production improved 0.4% QoQ



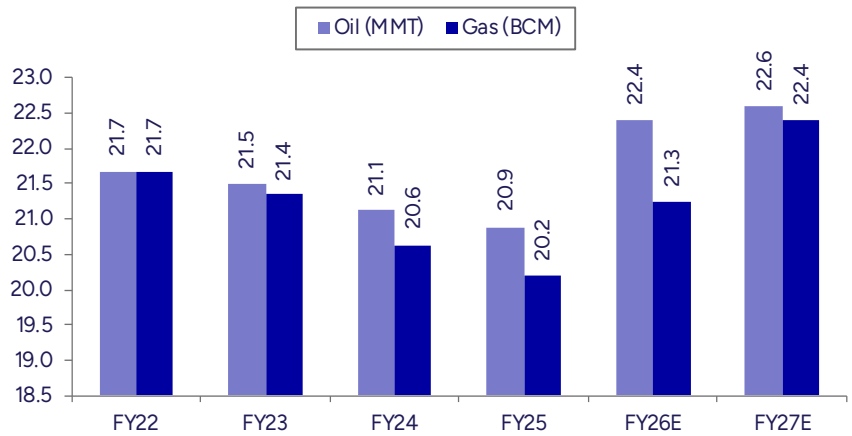
Source: Company, PL

Exhibit 4: Gas production declined 1.9% QoQ



Source: Company, PL

Exhibit 5: Oil/gas production profile



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	6,532	6,633	6,545	6,753
YoY gr. (%)	(4.6)	1.5	(1.3)	3.2
Cost of Goods Sold	5,450	5,644	5,465	5,654
Gross Profit	1,082	989	1,080	1,099
Margin (%)	16.6	14.9	16.5	16.3
Employee Cost	-	-	-	-
Other Expenses	-	-	-	-
EBITDA	1,082	989	1,080	1,099
YoY gr. (%)	26.2	(8.6)	9.3	1.8
Margin (%)	16.6	14.9	16.5	16.3
Depreciation and Amortization	304	352	438	451
EBIT	778	637	643	649
Margin (%)	11.9	9.6	9.8	9.6
Net Interest	130	145	175	193
Other Income	120	124	124	124
Profit Before Tax	693	514	592	580
Margin (%)	10.6	7.7	9.0	8.6
Total Tax	184	141	149	146
Effective tax rate (%)	26.5	27.4	25.2	25.2
Profit after tax	510	373	443	434
Minority interest	-	-	-	-
Share Profit from Associate	43	10	10	11
Adjusted PAT	536	382	453	445
YoY gr. (%)	106.6	(28.8)	18.6	(1.7)
Margin (%)	8.2	5.8	6.9	6.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	536	382	453	445
YoY gr. (%)	106.6	(28.8)	18.6	(1.7)
Margin (%)	8.2	5.8	6.9	6.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	536	382	453	445
Equity Shares O/s (bn)	13	13	13	13
EPS (Rs)	42.6	30.3	36.0	35.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	6,235	6,779	6,878	6,977
Tangibles	6,235	6,779	6,878	6,977
Intangibles	-	-	-	-
Acc: Dep / Amortization	3,167	3,519	3,975	4,437
Tangibles	3,167	3,519	3,975	4,437
Intangibles	-	-	-	-
Net fixed assets	3,068	3,260	2,903	2,540
Tangibles	3,068	3,260	2,903	2,540
Intangibles	-	-	-	-
Capital Work In Progress	1,156	1,124	1,443	1,755
Goodwill	121	128	128	128
Non-Current Investments	1,009	956	956	956
Net Deferred tax assets	(318)	(317)	(317)	(317)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	538	590	447	463
Trade receivables	222	236	218	225
Cash & Bank Balance	418	272	424	599
Other Current Assets	499	563	563	563
Total Assets	7,420	7,587	7,565	7,735
Equity				
Equity Share Capital	63	63	63	63
Other Equity	3,328	3,372	3,653	3,924
Total Network	3,391	3,434	3,716	3,987
Non-Current Liabilities				
Long Term borrowings	1,577	1,536	1,382	1,244
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	-	-	-	-
Other current liabilities	1,865	1,922	1,771	1,808
Total Equity & Liabilities	7,420	7,587	7,565	7,735

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	553	383	592	580
Add. Depreciation	304	352	438	451
Add. Interest	130	145	175	193
Less Financial Other Income	120	124	124	124
Add. Other	144	154	10	11
Op. profit before WC changes	1,132	1,035	1,214	1,235
Net Changes-WC	2	14	(13)	(8)
Direct tax	(146)	(140)	(149)	(146)
Net cash from Op. activities	988	909	1,052	1,080
Capital expenditures	(381)	(410)	(400)	(400)
Interest / Dividend Income	46	57	-	-
Others	(239)	(77)	-	-
Net Cash from Invst. activities	(575)	(430)	(400)	(400)
Issue of share cap. / premium	-	-	-	-
Debt changes	(119)	(74)	(154)	(138)
Dividend paid	(129)	(170)	(171)	(174)
Interest paid	(106)	(110)	(175)	(193)
Others	(96)	(125)	-	-
Net cash from Fin. activities	(450)	(479)	(500)	(505)
Net change in cash	(36)	(1)	152	175
Free Cash Flow	607	498	652	680

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	42.6	30.3	36.0	35.4
CEPS	66.8	58.3	70.8	71.2
BVPS	269.5	273.0	295.4	317.0
FCF	48.3	39.6	51.8	54.1
DPS	12.3	12.3	13.6	13.8
Return Ratio(%)				
RoCE	17.1	12.8	12.8	12.6
ROIC	11.1	8.7	9.0	9.1
RoE	17.3	11.2	12.7	11.6
Balance Sheet				
Net Debt : Equity (x)	0.3	0.4	0.3	0.2
Net Working Capital (Days)	-	-	-	-
Valuation(x)				
PER	5.7	8.0	6.7	6.8
P/B	0.9	0.9	0.8	0.8
P/CEPS	3.6	4.1	3.4	3.4
EV/EBITDA	3.9	4.4	3.7	3.4
EV/Sales	0.6	0.6	0.6	0.5
Dividend Yield (%)	5.1	5.1	5.6	5.7

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	353	339	337	350
YoY gr. (%)	4.3	(3.6)	(3.1)	1.0
Raw Material Expenses	9	14	9	12
Gross Profit	344	325	328	338
Margin (%)	97.6	95.9	97.2	96.6
EBITDA	186	182	190	190
YoY gr. (%)	(4.3)	(0.7)	10.5	9.2
Margin (%)	52.8	53.8	56.3	54.3
Depreciation / Depletion	75	68	87	111
EBIT	111	114	103	79
Margin (%)	31.4	33.7	30.4	22.5
Net Interest	12	12	11	12
Other Income	21	48	18	21
Profit before Tax	120	150	110	88
Margin (%)	33.9	44.4	32.6	25.1
Total Tax	30	31	28	23
Effective tax rate (%)	25.2	20.3	25.1	26.5
Profit after Tax	89	120	82	64
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	89	120	82	64
YoY gr. (%)	(15.1)	17.1	(16.7)	(34.7)
Margin (%)	25.3	35.4	24.4	18.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	89	120	82	64
YoY gr. (%)	(15.1)	17.1	(16.7)	(34.7)
Margin (%)	25.3	35.4	24.4	18.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	89	120	82	64
Avg. Shares O/s (bn)	13	13	13	13
EPS (Rs)	7.1	9.5	6.6	5.1

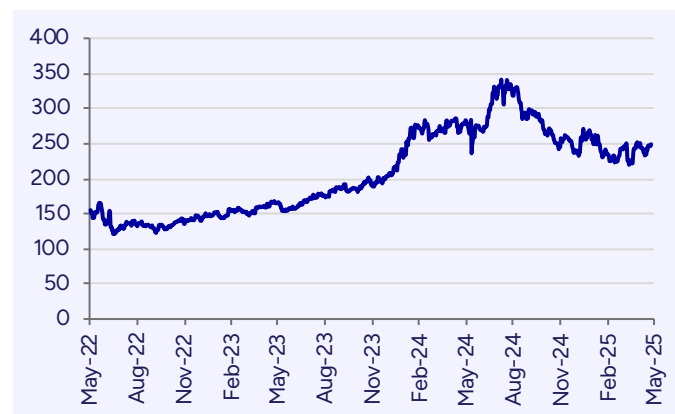
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Oil production (mmt)	21.1	20.9	22.4	22.6
Gas production (bcm)	20.6	20.2	21.3	22.4
Net oil realization (US\$/bbl)	73.4	73.4	75.0	75.0
Gas realization (US\$/mmBtu)	6.6	6.5	6.8	7.0

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	BUY	264	220
2	04-Feb-25	BUY	288	249
3	16-Jan-25	BUY	300	260
4	08-Jan-25	Accumulate	295	263
5	12-Nov-24	Accumulate	271	256
6	07-Oct-24	Accumulate	305	289
7	11-Sep-24	Accumulate	329	296
8	07-Aug-24	Hold	322	306
9	02-Aug-24	Reduce	320	342
10	07-Jul-24	Hold	256	288

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	394	449
2	Bharat Petroleum Corporation	Reduce	267	311
3	Bharti Airtel	Accumulate	1,988	1,834
4	Clean Science and Technology	Hold	1,224	1,167
5	Deepak Nitrite	Reduce	1,645	1,835
6	Fine Organic Industries	BUY	4,930	4,176
7	GAIL (India)	Hold	191	184
8	Gujarat Fluorochemicals	Reduce	3,328	3,671
9	Gujarat Gas	Sell	372	464
10	Gujarat State Petronet	Hold	288	288
11	Hindustan Petroleum Corporation	Sell	321	410
12	Indian Oil Corporation	Reduce	122	143
13	Indraprastha Gas	Sell	150	185
14	Jubilant Ingrevia	Hold	735	700
15	Laxmi Organic Industries	Reduce	172	190
16	Mahanagar Gas	Hold	1,410	1,410
17	Mangalore Refinery & Petrochemicals	Sell	109	129
18	Navin Fluorine International	Accumulate	5,161	4,595
19	NOCIL	Reduce	172	184
20	Oil & Natural Gas Corporation	BUY	264	220
21	Oil India	BUY	659	343
22	Petronet LNG	Reduce	292	321
23	Reliance Industries	Accumulate	1,482	1,300
24	SRF	Hold	3,069	2,928
25	Vinati Organics	Accumulate	1,882	1,765

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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