

Ratings Monitor

One Report – to monitor stocks and identify triggers to re-evaluate ratings

ONGC (ONGC)

Current Market Price	Potential Returns	Fair Value (FV)
Rs.148	11.5%	Rs.165

Date: 16th February, 2023

Previous Rating: **SELL**

Current Rating: **ADD**

Change: **Upgrade**

Ratings Rationale

- For ONGC, near-term focus will be on ramp-up of KG-98/2 from Q1FY24E.
- Q3FY23 oil realization of \$52/barrel (+12% qoq) was significantly better vs our estimates.
- Q3YF23 gross realization at US\$87/barrel was 3% higher vs our estimate.
- Oil realization capped, APM price likely capped soon; but taxes may not rise.
- Upgrade to ADD (SELL earlier). Value core E&P business at 6x P/E on Dec'24E earnings.

Valuation

Upgrade to ADD, with a Fair value of Rs165.

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Note: The performance horizon is 12 months unless specified.

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