


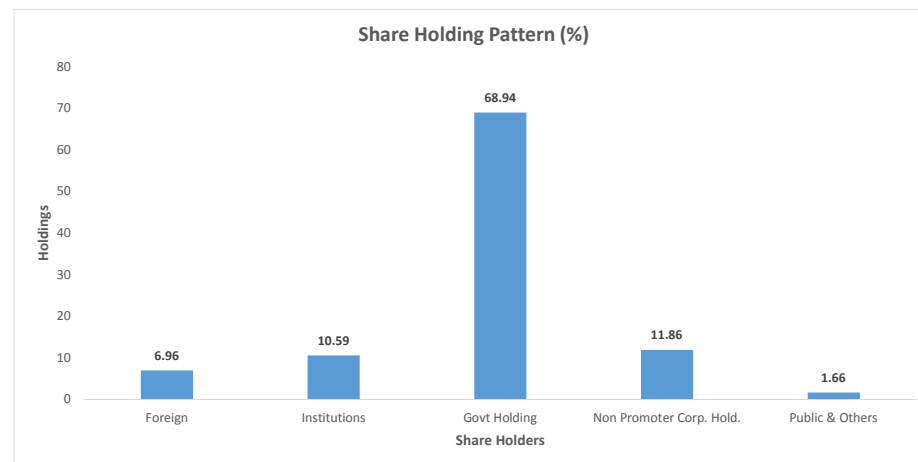
<h1>Research Report</h1>	 <p>Spearhead FinServe PRIVATE LIMITED A subsidiary of Spearhead Services Pvt Ltd</p>																		
<h2>ONGC</h2>	<table> <tr> <td>Recommendation</td><td>Accumulate</td></tr> <tr> <td>Current Market Price</td><td>404</td></tr> <tr> <td>Target</td><td>490</td></tr> <tr> <td>Accumulation Price Band</td><td>390 - 410</td></tr> <tr> <td>Time Frame</td><td>6 Months</td></tr> <tr> <td>Derivative Segment</td><td>Yes</td></tr> </table>	Recommendation	Accumulate	Current Market Price	404	Target	490	Accumulation Price Band	390 - 410	Time Frame	6 Months	Derivative Segment	Yes						
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<h3>Company Overview</h3> <p>» Incorporated in the year 1956 as a private sector company, ONGC holds a record of more than half century survival in oil and gas industry along with the recognition as a Navarathna Company by the Indian Government.</p> <p>» From the year 1993, as a public sector company it deals with operations such as exploration, development and production of Crude Oil, Natural Gas, LPG and some other value added petroleum products such as NGL, C2-C3, Aromatic Rich Naphtha and Kerosene etc., through two units ONGC Videsh Limited (OVL) and Mangalore Refinery & Petrochemicals Limited (MRPL), with a presence 7 basins in India .</p>	<table> <tr> <th colspan="2">Financials</th></tr> <tr> <td>EPS (Rs)</td><td>29.17</td></tr> <tr> <td>Book Value (Rs)</td><td>171.29</td></tr> <tr> <td>P/E</td><td>14.08</td></tr> <tr> <td>P/BV</td><td>2.09</td></tr> <tr> <td>ROE</td><td>16.81</td></tr> <tr> <td>ROCE (%)</td><td>21.30</td></tr> <tr> <td>Dividend Yield (%)</td><td>2.35</td></tr> <tr> <td>Debt - Equity</td><td>0.02</td></tr> </table>	Financials		EPS (Rs)	29.17	Book Value (Rs)	171.29	P/E	14.08	P/BV	2.09	ROE	16.81	ROCE (%)	21.30	Dividend Yield (%)	2.35	Debt - Equity	0.02
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<h3>Industry Overview</h3> <p>» India is the fourth largest consumer of oil and petroleum products in the world having a total consumption of 158.2 million tonne in 2014, backed by an expected increase in demand to 1,464 million tonnes of oil equivalent (MTOE) by 2035 from 559 MTOE in 2011.</p> <p>» Oil consumption is estimated to reach 4 million barrels per day (MBPD) by FY 16, expanding at a compound annual growth rate (CAGR) of 3.2 per cent during FY 08–FY 16</p> <p>» The oil imports account to nearly 80 percent the country's total oil demand, while the share of fuels in the country's exports surged from 5.59 per cent in 2003-04 to 20.05 per cent during 2013-14, amounting to US\$ 62.69 billion in value terms during FY14, along with the anticipated growth in domestic oil output to 1 mbpd by FY 16</p> <p>» Backed by the governments support in FDI and promotion of Investments the sector was able to attract FDI worth Rs.31,501.55 crs during the period April 2000 – July 2014</p> <p>» According to Business Monitor International (BMI) predicts that India will account for 12.4 per cent of Asia-Pacific regional oil demand by 2015, while satisfying 11.2 per cent of the supply.</p>	<table> <tr> <th colspan="2">Highlights</th></tr> <tr> <td>Debt (Rs Cr)</td><td>-</td></tr> <tr> <td>Reserves (Rs Crs)</td><td>120,175.46</td></tr> <tr> <td>FII Holdings (%)</td><td>6.92</td></tr> <tr> <td>MF Holdings (%)</td><td>1.14</td></tr> <tr> <td>Free Float Market Capitalization (Rs Cr)</td><td>72,521.81</td></tr> <tr> <td>Beta</td><td>0.92</td></tr> <tr> <td>Avg Volume Per day (no. of shares)</td><td>4,740,347</td></tr> <tr> <td>Avg Volume Per Month (no. of shares)</td><td>99,547,287</td></tr> </table>	Highlights		Debt (Rs Cr)	-	Reserves (Rs Crs)	120,175.46	FII Holdings (%)	6.92	MF Holdings (%)	1.14	Free Float Market Capitalization (Rs Cr)	72,521.81	Beta	0.92	Avg Volume Per day (no. of shares)	4,740,347	Avg Volume Per Month (no. of shares)	99,547,287
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<h3>Key Highlights</h3> <p>» ONGC plans to explore 30 additional shale gas wells in the country at an investment of about Rs 600 crore (US\$ 97.7 million) for the project.</p> <p>» ONGC Videsh Ltd (OVL) has signed Production Sharing Contracts (PSCs) for two blocks in Myanmar</p> <p>» ONGC will also invest over Rs 5,700 crore (US\$ 928.73 million) to push up production by 6.9 MT of crude oil and 5 billion cubic meters (bcm) of gas by 2030 from its Mumbai High (North) oil and gas field</p>																			
<h3>Key Risks</h3> <p>» Natural decline in onshore oil wells</p> <p>» Legal and regulatory hurdles</p> <p>» Any Ad-hocism in subsidy sharing mechanism and deviation from market linked pricing will result in increasing subsidy sharing burden</p>																			

Financial Highlights

Income Statement (Annual)					
Particulars (Rs Cr)	2013	2012	2011	2010	2009
Net Sales	82,970.05	76,488.02	68,316.17	59,963.78	63,568.96
EBITDA	32,090.71	38,092.45	29,745.98	26,216.09	25,541.09
EBITDA Margin	38.52	49.54	43.33	43.54	39.94
Depreciation	1,518.74	1,415.06	2,104.50	1,220.07	1,443.43
Interest	27.64	34.83	25.11	14.42	118.92
Other Income	5,436.74	7,593.52	3,406.85	4,186.69	5,378.04
PBT	30,544.33	36,642.56	27,616.37	24,981.60	23,978.74
APAT	20,925.70	25,122.92	18,924.00	16,767.56	16,126.32
PAT Margin (%)	25.12	32.68	27.57	27.85	25.22
Earnings Per Share	22.94	27.81	20.70	72.96	69.96

Balance Sheet					
Particulars (Rs Cr)	2013	2012	2011	2010	2009
Equity Share Capital	4,277.76	4,277.76	4,277.76	2,138.89	2,138.89
Reserves and Surplus	120,175.46	108,678.97	93,226.67	85,143.71	76,596.53
Tangible Net Worth	23,311.61	26,375.05	21,405.97	16,405.65	16,035.70
Deferred Tax Liability :	21,358.03	17,679.68	16,569.42	15,156.97	13,839.02
Long Term Debt	-	-	-	4.98	26.74
ShortTerm Debt	-	4,500.00	-	16,400.67	16,008.96
Total Debt	-	4,500.00	-	16,405.65	16,035.70
Current Liabilities	16,563.65	18,955.36	18,230.83	12,087.56	14,025.28
Total Provisions	1,364.54	2,610.74	1,284.76	7,785.85	7,439.97
Total Liabilities	147,764.83	139,331.78	118,910.40	103,688.25	94,771.12
Gross Block	97,014.15	90,512.34	80,938.59	71,553.78	61,355.61
Net Fixed Assets	27,483.48	21,680.15	18,639.54	15,648.51	10,414.38
Investments	9,173.05	5,216.24	5,182.79	5,772.03	5,090.32
Current Assets	31,055.63	36,100.66	26,282.48	54,144.77	54,960.12
Deferred Tax Asset :	8,470.05	6,481.81	6,619.03	6,238.76	6,036.78
Receivables	6,863.72	6,194.82	3,994.68	3,058.64	4,083.80
Inventories	6,158.74	5,533.59	4,477.95	5,052.02	4,420.83
Cash	13,218.58	20,124.56	14,481.09	18,231.04	19,096.21
Total Assets	147,764.83	139,331.78	118,910.40	103,688.25	94,771.12

Income Statement (Quarterly)								
Particulars (Rs Cr)	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net Sales	20,880.93	20,744.66	22,311.98	19,218.31	21,388.72	20,987.18	19,788.18	20,084.33
EBITDA	10,557.70	13,170.13	11,515.82	8,116.35	7,240.07	10,553.39	10,190.60	10,968.38
EBITDA Margin	50.56	63.49	51.61	42.23	33.85	50.28	51.50	54.61
Depreciation	3,580.35	2,588.36	2,426.50	2,332.50	2,387.16	2,341.65	1,648.10	1,997.57
Interest	0.04	0.01	0.09	0.21	0.05	1.21	3.06	29.31
Other Income	1,371.83	2,662.33	1,482.97	1,196.10	1,245.45	1,281.17	1,901.13	1,038.46
PBT	6,977.31	10,581.76	9,089.23	5,783.64	4,852.86	8,210.53	8,539.44	8,941.50
APAT	4,889.00	7,125.97	6,063.86	4,015.98	3,388.71	5,562.72	5,896.57	6,077.70
PAT Margin (%)	23.41	34.35	27.18	20.90	15.84	26.51	29.80	30.26
Earnings Per Share	5.71	8.33	7.09	4.69	3.96	6.50	6.89	7.10

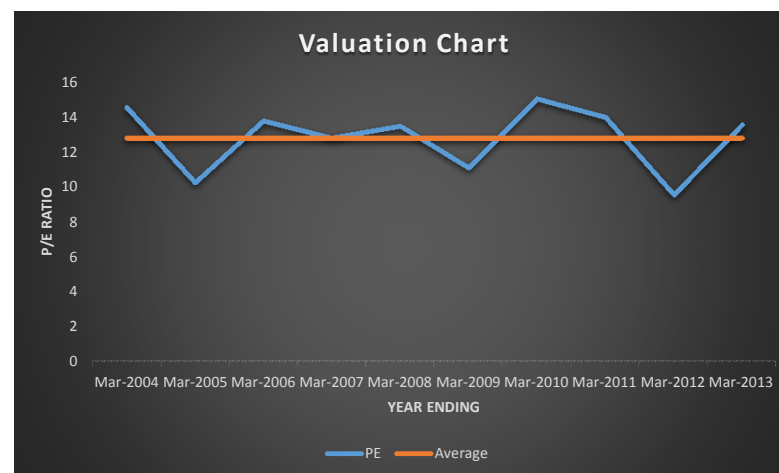
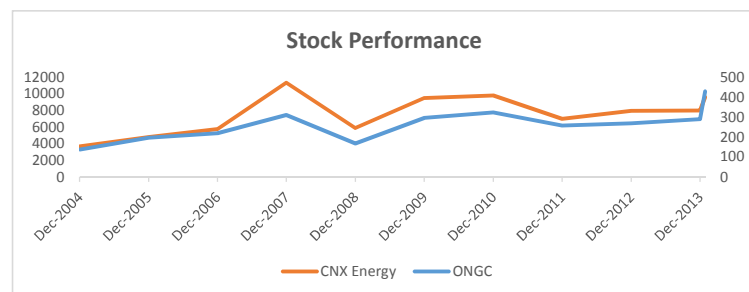


Key Financial Indicators						
Particulars	Units	2013	2012	2011	2010	2009
Revenue	Crs	82,970.05	76,488.02	68,316.17	59,963.78	63,568.96
EBITDA Margins	%	38.52	49.54	43.33	43.54	39.94
PAT	Crs	20,925.70	25,122.92	18,924.00	16,767.56	16,126.32
PAT Margins	%	25.12	32.68	27.57	27.85	25.22
Revenue Growth	%	8.47	11.96	13.93	(5.67)	6.22
EBITDA Growth	%	(15.76)	28.06	13.46	2.64	(4.30)
PAT Growth	%	(16.71)	32.76	12.86	3.98	(3.44)
Gearing	times	0.02	0.02	0.09	0.20	0.19
ROCE	%	21.30	28.41	24.93	25.38	27.30
ROE	%	16.81	22.24	19.41	19.21	20.48

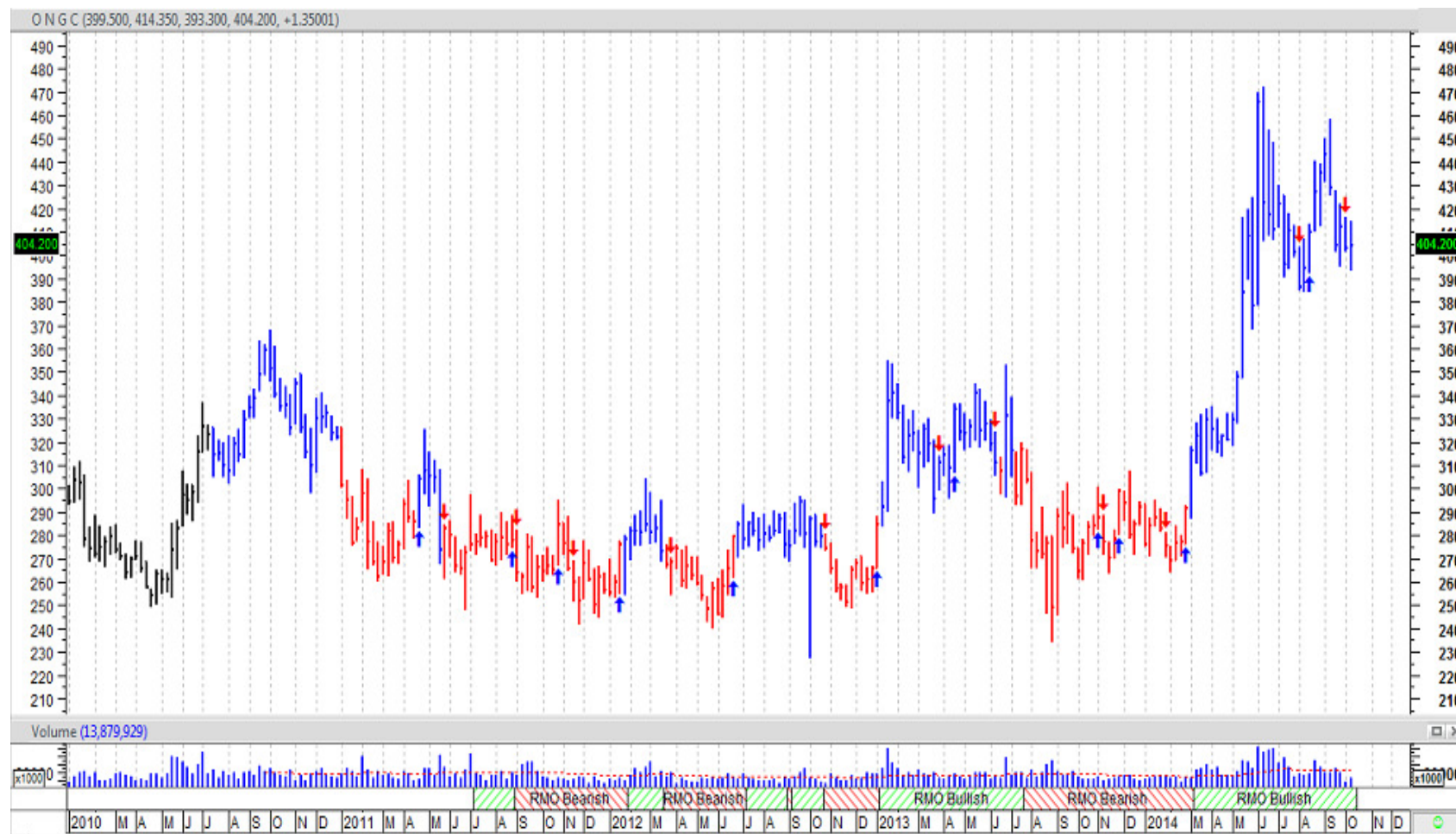
Peer Comparison				
Particulars	Units	ONGC	Cairn India	Oil India
Revenue	Rs Cr	82,970.05	9,200.98	9,947.57
EBITDA Margins	%	38.52	84.48	61.56
PAT	Rs Cr	20,925.70	6,306.12	3,589.34
PAT Margins	%	25.12	70.43	36.08
Gearing	%	0.02	0.02	0.03
EPS	Rs / Share	29.17	59.23	45.29
PE	times	14.08	5.04	13.50
P/BV	times	2.09	1.12	1.68
ROCE	%	21.30	19.79	27.20
ROE	%	16.81	18.54	18.68
EV/EBITDA	times	7.89	6.67	3.21

Stock Performance vis-a-vis Index

Particulars	Return (%)	
	YTD	QTD
ONGC	42.42	(0.46)
CNX Energy	25.91	1.82



Technical Outlook



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