Q1FY27 Result Update

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Retail Equity Research

Oil & Natural Gas Corporation Limited

BUY

Sector: Oil, Gas & Consumable Fuels

31st August, 2026

Key Changes	Target		Rating		Earnings
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	ONGC:IN	76,957	ONGC	500312	12 Months

Target	**Rs. 297**
CMP	**Rs. 232**
Return	**+28%**

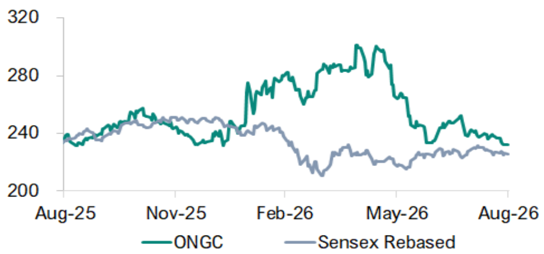
Data as of: 31-Aug-2026, 16:00

Company Data	
Market Cap (Rs.cr)	291,862
52 Week High — Low (Rs.)	308 - 228
Enterprise Value (Rs. cr)	299,617
Outstanding Shares (cr)	1258.0
Free Float (%)	30.8
Dividend Yield (%)	5.7
6m average volume (cr)	2.0
Beta	0.6
Face value (Rs.)	5.0

Shareholding (%)	Q3FY26	Q4FY26	Q1FY27
Promoters	58.9	58.9	58.9
FII's	7.4	8.0	8.0
MFs/Institutions	19.7	19.3	19.3
Public	3.5	3.2	3.3
Others	10.5	10.6	10.5
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-12.8%	-17.1%	-0.8%
Absolute Sensex	2.9%	-5.3%	-3.6%
Relative Return	-15.7%	-11.8%	2.8%

***over or under performance to benchmark index**



Y.E March (cr)	FY26A	FY27E	FY28E
Sales	132,508	162,584	195,101
Growth (%)	*-3.9*	*22.7*	*20.0*
EBITDA	61,722	91,335	84,376
EBITDA Margin (%)	*46.6*	*56.2*	*43.2*
PAT Adjusted	32,894	50,524	41,695
Growth (%)	*-7.6*	*53.6*	*-17.5*
Adjusted EPS	26.1	40.2	33.1
Growth (%)	*-7.6*	*53.6*	*-17.5*
P/E	8.9	5.8	7.0
P/B	0.9	0.8	0.8
EV/EBITDA	4.9	3.3	3.6
ROE (%)	*9.9*	*13.9*	*10.9*
D/E	0.0	0.0	0.0

High crude oil and gas prices boost revenue

Oil and Natural Gas Corporation Ltd (ONGC) specialises in the exploration and production of crude oil and gas. ONGC has joint ventures (JVs) in oil fields in Vietnam, Norway, Egypt, Tunisia, Iran and Australia.

- In Q1FY27, standalone revenue from operations increased 45.2% YoY to Rs. 46,460cr, aided by significantly higher crude oil and gas realisations and an increasing contribution from premium-priced new-well gas.
- Offshore revenue was Rs. 33,337cr (+50.9% YoY), while onshore revenue was Rs. 13,123cr (+32.3% YoY)
- Crude oil realisation from nominated fields rose 50.4% YoY to $99.45/bbl, while JV crude oil realisation increased 52.3% YoY to $103.34/bbl.
- ONGC's standalone crude oil production declined 4.9% YoY to 4.45 MMT, while natural gas production stood at 4.76 BCM, down 1.9% YoY.
- EBITDA grew 65.0% YoY to Rs. 28,355cr and margin expanded 730bps YoY to 61.0%, aided by stable operating expenditure despite inflationary and adverse exchange-rate pressures. Profit after tax (PAT) increased 112.3% YoY to Rs. 17,034cr in Q1FY27.

Outlook and valuation

ONGC delivered a strong Q1FY27 aided by firm realisations and a richer gas mix. We raise FY27E/FY28E EPS by 34.8%/6.2% to Rs. 40.2/33.1, reflecting higher post-Hormuz crude-price assumptions and rising premium new-well gas. The upgrade is underpinned by the BP-led Western Offshore redevelopment lifting Mumbai High above baseline & ONGC Videsh's Sakhalin-driven revival. With the government notifying Samudra Manthan, a Rs. 84,084cr state-funded deepwater exploration mission, ONGC stands to benefit from largely reimbursed well costs and expanded offshore acreage, which further enhances the firm's reserve-accretion optionality at minimal financial risk. Therefore, **we retain our BUY rating on the stock, with a revised target price of Rs. 297 based on SOTP valuation.** Downside risks include a sharp crude correction, KG-98/2 reservoir complexity, HPCL under-recoveries, and the PMT arbitration liability.

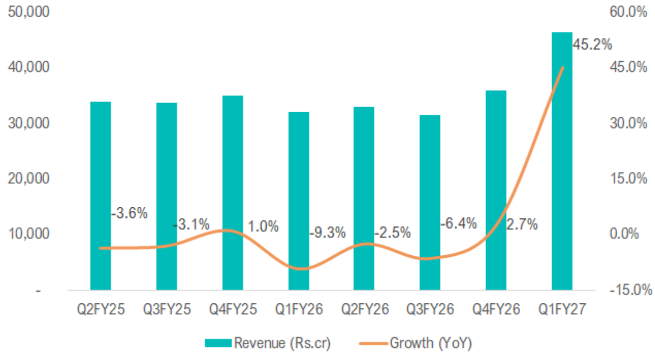
Quarterly Financials Standalone

Rs.cr	Q1FY27	Q1FY26	YoY Growth (%)	Q4FY26	QoQ Growth (%)
Sales	46,460	32,003	*45.2*	35,928	*29.3*
EBITDA	28,355	17,185	*65.0*	12,666	*123.9*
Margin (%)	*61.0*	*53.7*	*730bps*	*35.3*	*2570bps*
EBIT	22,072	10,655	*107.2*	7,041	*213.5*
PBT	22,848	10,744	*112.7*	8,524	*168.1*
Rep. PAT	17,034	8,024	*112.3*	6,650	*156.1*
Adj PAT	17,034	8,024	*112.3*	6,650	*156.1*
Adj. EPS (Rs)	13.5	6.4	*112.3*	5.3	*156.1*

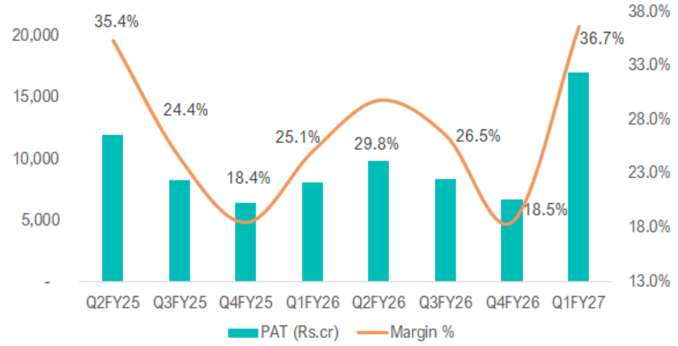
Key concall highlights

- ONGC Green's renewable portfolio reached 2.853 gigawatt (GW), supported by organic expansion and acquisitions, with a 250 megawatt (MW) wind project awarded in Q1FY27.
- The company is implementing a ~Rs. 40,000cr capital investment programme in Western Offshore across pipeline replacement, reservoir and pressure management, enhanced water injection, production system upgrades and field development initiatives
- Production was impacted by reservoir-related challenges at the KG-DWN-98/2 deepwater block, project commissioning activities in Western Offshore and lower gas offtake from certain isolated fields,
- The management expects benefits from major Western Offshore projects to materialise progressively from FY28 onwards.
- ONGC has commenced drilling of its first deepwater exploratory well in the Mahanadi Offshore Basin under the Samudra Manthan programme.
- Mumbai High Technical Service Provider delivered production at ~107% of contractual baseline oil production and 113% of contractual baseline gas production.

Revenue



PAT



Subsidiaries fueling overall company's growth

Hindustan Petroleum Corporation Ltd's (HPCL) standalone operating revenue increased 20.8% to Rs. 145,126cr. HPCL signed a 10-year liquefied natural gas (LNG) purchase agreement with ADNOC Gas, strengthening its long-term LNG sourcing strategy and supporting its gas business. Indian Oil Corporation Ltd is expanding its refinery and petrochemical projects while accelerating investments in green hydrogen, biofuels and clean energy initiatives. GAIL reported a strong performance in the quarter, with revenue from operations rising 16.7% YoY to Rs. 41,350cr and PAT surging 96.1% YoY to Rs. 4,665cr. GAIL also operationalised the 1,707-km Mumbai-Nagpur-Jharsuguda pipeline, strengthening its gas transmission network. Meanwhile, Mangalore Refinery and Petrochemicals Ltd's revenue nearly doubled to Rs. 41,609cr and PAT rose to Rs. 946cr from a loss a year ago. Petronet LNG Ltd commissioned the expansion of its Dahej terminal to 22.5 MMTPA and continues to advance its Rs. 20,685cr LNG-petrochemical complex targeted for commissioning by June 2028.

Sum-Of-The-Parts (SOTP) Valuation

Particulars	Methodology	Multiple	% Holding	Value (Rs. cr.)	Value Per Share (Rs.)
ONGC	FY28E P/E	6.3	*100.0%*	262,680	209
Investments					125
- HPCL	Geojit TP	-	*54.9%*	49,063	39
- ONGC Videsh	P/BV	2.2	*100.0%*	33,000	26
- IOCL	Geojit TP	-	*14.2%*	30,680	24
- GAIL	Geojit TP	-	*5.0%*	6,562	5
- OPaL	P/S	2.2	*95.7%*	32,486	26
- MRPL	Market Price	-	*71.6%*	123	0
- Petronet LNG	Geojit TP	-	*12.5%*	5,794	5
				50% holding discount to investments	-38
				Target price	**297**

Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**
Revenue	140,123	146,494	162,584	195,101	*16.0*	*33.2*
EBITDA	64,203	67,319	91,335	84,376	*42.3*	*25.3*
Margins (%)	*45.8*	*46.0*	*56.2*	*43.2*	*1040*	*-280*
Adj. PAT	37,443	39,281	50,524	41,695	*34.9*	*6.1*
EPS	29.8	31.2	40.2	33.1	*34.8*	*6.2*

Standalone Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Sales	**138,402**	**137,846**	**132,508**	**162,584**	**195,101**
% change	*-11.0*	*-0.4*	*-3.9*	*22.7*	*20.0*
EBITDA	**66,858**	**65,237**	**61,722**	**91,335**	**84,376**
% change	*-8.7*	*-2.4*	*-5.4*	*48.0*	*-7.6*
Depreciation	20,496	24,352	25,134	26,248	27,449
EBIT	**46,362**	**40,884**	**36,588**	**65,087**	**56,928**
Interest	4,081	4,604	4,529	5,085	5,896
Other Income	10,736	10,479	10,356	9,755	6,536
PBT	**53,016**	**46,760**	**42,415**	**69,757**	**57,567**
% change	*1.8*	*-11.8*	*-9.3*	*64.5*	*-17.5*
Tax	12,490	11,149	9,521	19,233	15,872
Tax Rate (%)	*23.6*	*23.8*	*22.4*	*27.6*	*27.6*
Reported PAT	**40,526**	**35,610**	**32,894**	**50,524**	**41,695**
PAT att. to common shareholders	**40,526**	**35,610**	**32,894**	**50,524**	**41,695**
Adj.*	-	-	-	-	-
Adj. PAT	**40,526**	**35,610**	**32,894**	**50,524**	**41,695**
% change	*-17.8*	*-12.1*	*-7.6*	*53.6*	*-17.5*
No. of shares (cr)	1258.0	1258.0	1258.0	1258.0	1258.0
Adj EPS (Rs.)	**32.2**	**28.3**	**26.1**	**40.2**	**33.1**
% change	*-17.8*	*-12.1*	*-7.6*	*53.6*	*-17.5*
DPS (Rs.)	12.3	12.3	13.3	16.1	18.0

Balance Sheet

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	35	10	84	107	124
Accts. Receivable	11,410	10,284	13,168	16,242	19,705
Inventories	10,712	11,521	10,520	13,494	16,564
Other Cur. Assets	43,586	31,146	38,031	44,396	48,034
Investments	105,371	112,678	113,379	114,439	115,499
Gross Fixed Assets	320,868	362,051	400,872	436,641	472,832
Net Fixed Assets	178,877	189,926	181,392	187,376	192,302
CWIP	30,219	25,721	31,689	33,273	34,937
Intangible Assets	20,029	21,304	20,238	22,261	24,488
Def. Tax -Net	-	-	-	-	-
Other Assets	45,784	49,062	52,776	58,191	60,941
Total Assets	**446,021**	**451,653**	**461,276**	**489,780**	**512,595**
Current Liabilities	39,448	33,025	33,144	37,314	41,118
Provisions	48,170	50,532	50,285	50,361	50,436
Debt Funds	6,109	8,408	7,823	7,861	7,900
Other Liabilities	46,317	43,404	38,253	31,149	29,859
Equity Capital	6,290	6,290	6,290	6,290	6,290
Res. & Surplus	299,686	309,993	325,480	356,805	376,992
Shareholder Funds	305,977	316,284	331,770	363,095	383,282
Minority Interest	-	-	-	-	-
Total Liabilities	**446,021**	**451,653**	**461,276**	**489,780**	**512,595**
BVPS	243	251	264	289	305

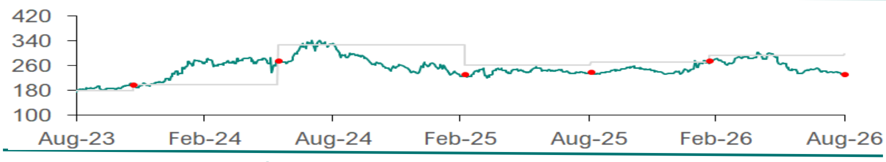
Cashflow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Depn.	**60,981**	**59,925**	**57,955**	**76,701**	**69,070**
Non-cash adj.	4,029	5,360	5,539	-12,925	-6,501
Other adjustments	-	-	-	-	-
Changes in W.C	325	7,725	5,778	-4,540	-5,720
C.F. Operation	**65,336**	**73,010**	**69,272**	**59,236**	**56,849**
Capital exp.	-37,667	-41,183	-38,821	-35,768	-36,191
Change in inv.	-10,329	-11,510	-5,640	-1,060	-1,060
Other invest.CF	5,303	5,904	5,700	8,966	9,076
C.F - Investment	**-42,694**	**-46,789**	**-38,760**	**-27,863**	**-28,175**
Issue of equity	-	-	-	-	-
Issue/repay debt	-1,148	2,227	-328	38	38
Dividends paid	-12,895	-16,985	-16,980	-19,199	-21,508
Other finance.CF	-8,642	-11,488	-13,130	-12,189	-7,187
C.F - Finance	**-22,685**	**-26,246**	**-30,439**	**-31,350**	**-28,657**
Chg. in cash	-43	-24	73	24	17
Closing Cash	**35**	**10**	**84**	**107**	**124**

Ratio

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	48.3	47.3	46.6	56.2	43.2
EBIT margin (%)	33.5	29.7	27.6	40.0	29.2
Net profit mgn.(%)	29.3	25.8	24.8	31.1	21.4
ROE (%)	13.2	11.3	9.9	13.9	10.9
ROCE (%)	14.9	12.6	10.8	17.5	14.6
W.C & Liquidity					
Receivables (days)	30.1	27.2	36.3	36.5	36.9
Inventory (days)	28.2	30.5	29.0	30.3	31.0
Payables (days)	16.8	15.0	17.8	17.9	16.4
Current ratio (x)	1.6	1.4	1.7	1.8	1.9
Quick ratio (x)	0.3	0.3	0.4	0.4	0.4
Turnover &Leverage					
Gross asset T.O (x)	0.5	0.4	0.3	0.4	0.4
Total asset T.O (x)	0.3	0.3	0.3	0.3	0.4
Int. covge. ratio (x)	11.4	8.9	8.1	12.8	9.7
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	2.2	2.2	2.3	1.8	1.5
EV/EBITDA (x)	4.5	4.6	4.9	3.3	3.6
P/E (x)	7.2	8.2	8.9	5.8	7.0
P/BV (x)	1.0	0.9	0.9	0.8	0.8

Recommendation Summary- (Last 3 years)



Dates	Rating	Target
22-Aug-22	HOLD	146
16-Jun-23	BUY	177
20-Nov-23	HOLD	198
13-Jun-24	BUY	327
07-Mar-25	BUY	261
02-Sep-25	BUY	270
19-Feb-26	BUY	293
31-Aug-26	BUY	297

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: Upgrade No Change Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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