

August 13, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		ACCUMULATE	
Target Price	273		284	
Sales (Rs. bn)	5,968	6,250	5,997	6,287
% Chng.	(0.5)	(0.6)		
EBITDA (Rs. bn)	1,011	1,064	1,050	1,092
% Chng.	(3.7)	(2.6)		
EPS (Rs.)	32.8	34.2	34.9	35.7
% Chng.	(6.1)	(4.2)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. bn)	6,532	6,633	5,968	6,250
EBITDA (Rs. bn)	1,082	989	1,011	1,064
Margin (%)	16.6	14.9	16.9	17.0
PAT (Rs. bn)	536	382	412	430
EPS (Rs.)	42.6	30.3	32.8	34.2
Gr. (%)	106.6	(28.8)	8.0	4.3
DPS (Rs.)	12.3	12.3	11.5	12.4
Yield (%)	5.1	5.1	4.8	5.2
RoE (%)	17.3	11.2	11.6	11.2
RoCE (%)	17.1	12.8	11.7	12.2
EV/Sales (x)	0.6	0.6	0.7	0.6
EV/EBITDA (x)	3.8	4.3	4.0	3.5
PE (x)	5.6	7.9	7.3	7.0
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	80,540 / 24,619
Market Cap	Rs.3,000bn/ \$ 34,314m
Shares Outstanding	12,580m
3M Avg. Daily Value	Rs.2892.36m

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	(1.3)	1.5	(29.0)
Relative	1.1	(4.0)	(30.4)

Swarnendu Bhushan

swarnendubhushan@plindia.com | 91-22-66322260

Production ramp-up key monitorable

Quick Pointers:

- Production guidance of 19.9mmt and 20.1bcm standalone in FY26 from own fields
- New Well Gas (NWG) expected at 2.6bcm in FY26

Mixed sales profile of standalone oil (-3% QoQ) and gas (flat QoQ) combined with sharply lower oil price realization of USD66.1/bbl in Q1 vs USD73.7/bbl in Q4FY25 resulted in revenues of Rs320bn, -9% QoQ (Ple Rs322bn, BBGe Rs322bn). EBITDA of Rs186.6bn (-2% QoQ) was in-line with our estimate of 187.6bn & consensus of Rs182bn. Lower DDA/write-offs of Rs80bn vs Rs111bn in the previous quarter was partially countered by lower other income of Rs12.1bn (Ple Rs26.7bn) vs Rs20.7bn in Q4, but still resulted in PBT rising by 23% QoQ to Rs107.4bn (PLe Rs107bn). PAT stood at Rs80.2bn, +24% QoQ (PLe Rs95.9bn, consensus Rs82.9bn). Going ahead, we build in 4-5% volume growth in oil and gas production in FY26E. The stock is currently trading at 7.2x FY26 conso EPS. We upgrade the stock from 'Accumulate' to 'Buy' with a target price of Rs273 (earlier Rs284), valuing standalone segment at 9x FY27 adj EPS and adding the value of investments. Key risk to our recommendation is decline in oil prices. With every USD5/bbl change in oil price realization, conso EPS is impacted by 8-9%.

Volume a mixed bag: Standalone oil production for the quarter stood at 4.93mmt from own fields and the share from JVs stood at 0.31mmt, both combined remaining flat QoQ. Standalone gas production for the quarter stood at 4.85bcm from own fields and 0.12bcm from JVs, total registering a 1% decline QoQ. For OVL, oil and gas production in the quarter stood at 1.75mmt (-2% QoQ) and 0.7bcm (-13% QoQ).

Production growth expected: We build in oil and gas production of 22mmt and 21bcm, a growth of 5.5% and 4.1% YoY respectively. Production ramp up remains the key monitorable for the stock.

Concall highlights: **1)** 19.93mmt oil and 20.11bcm gas guidance in FY26, rising to 21mmt oil and 21.49bcm gas in FY27 **2)** opex rose due to higher FPSO cost in the KG basin **3)** current output is 30kbopd of oil and 3mmcmd gas and expected to ramp up to 6-7mmcmd by Jan/Feb'26 **4)** FY26 capex target Rs300bn **5)** BP's collaboration in Mumbai High- output expected from Q4FY26 **6)** OPaL running at 90% utilization, EBITDA turned positive in Q1FY26; debt Rs248bn, no further equity infusion **7)** Mozambique remains under force majeure although expected to lift by Sep'25.

Exhibit 1: Valuation Table

Valuation Table	Remarks
Standalone adj EPS(INR)	23.5 FY27E adj EPS
PE (x)	9.0
Valuation of ONGC standalone (INR/share)	212
Listed Investments	Investments in IOCL, PLNG, GAIL, 61 MRPL, HPCL at 25% holding company discount
Total (Rs/share)	273

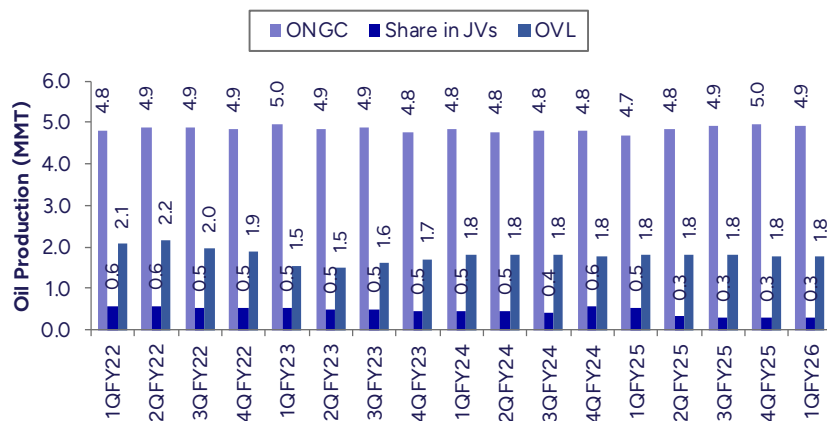
Source: PL

Exhibit 2: Standalone Quarterly and 9MFY25 Financials

Y/e March (Rs bn)	Q1FY26	Q4FY25	QoQ gr.	Q1FY26E	% Var	Q1FY25	YoY gr.	FY26E	FY25	YoY gr.
Net Sales	320.0	349.8	-8.5%	322.0	-0.6%	352.7	-9.3%	1359.5	1378.5	-1.4%
YoY Change (%)	-9.3	1.0		-8.7		4.3		-1.4%		
EBITDA	186.6	190.1	-1.8%	187.6	-0.5%	186.2	0.2%	726.5	750.6	-3.2%
Margins (%)	58.3	54.3		58.3		52.8		53.4	54.5	
Depreciation	80.0	111.3	-28.1%	72.0	11.2%	75.4	6.1%	307.7	341.8	-10.0%
Interest	11.2	11.9	-5.8%	14.2	-21.2%	11.8	-5.2%	56.9	46.0	23.5%
Other Income	12.1	20.7	-41.7%	26.7	-54.7%	20.6	-41.3%	106.9	104.8	2.0%
PBT	107.4	87.7	22.5%	128.1	-16.1%	119.6	-10.1%	468.8	467.6	0.3%
Tax	27.2	23.2	17.3%	32.2	-15.6%	30.2	-9.9%	107.0	111.5	-4.0%
Rate (%)	25.3	26.5		25.2		25.2		22.8	23.8	
Reported PAT	80.2	64.5	24.4%	95.9	-16.3%	89.4	-10.2%	361.8	356.1	1.6%
Adj PAT	80.2	64.5	24.4%	95.9	-16.3%	89.4	-10.2%	361.8	356.1	1.6%
Production										
Oil Production (mmt)	5.2	5.3	-0.4%	5.0	3.8%	5.2	0.1%	22.0	20.9	5.5%
Gas production (bcm)	5.0	5.0	-1.0%	5.1	-2.3%	5.0	-0.9%	21.0	20.2	4.1%

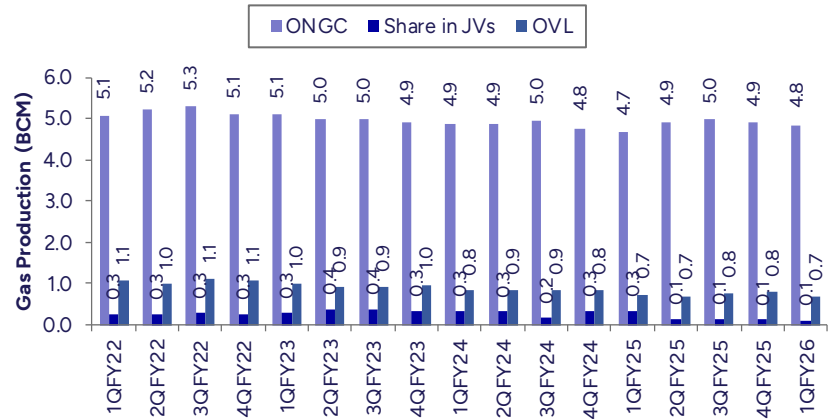
Source: Company, PL

Exhibit 3: Total oil production marginally declines QoQ



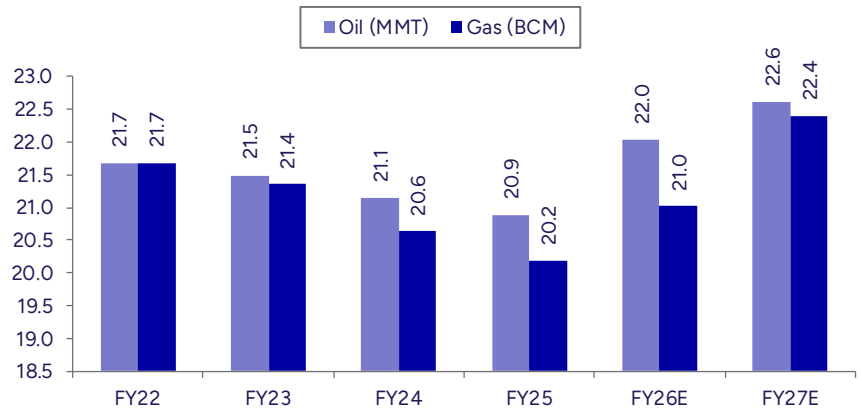
Source: Company, PL

Exhibit 4: Total gas production declines marginally 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	5,968	6,250
YoY gr. (%)	(4.6)	1.5	(10.0)	4.7
Cost of Goods Sold	5,450	5,644	4,957	5,186
Gross Profit	1,082	989	1,011	1,064
Margin (%)	16.6	14.9	16.9	17.0
Employee Cost	-	-	-	-
Other Expenses	-	-	-	-
EBITDA	1,082	989	1,011	1,064
YoY gr. (%)	26.2	(8.6)	2.2	5.3
Margin (%)	16.6	14.9	16.9	17.0
Depreciation and Amortization	304	352	424	436
EBIT	778	637	587	628
Margin (%)	11.9	9.6	9.8	10.0
Net Interest	130	145	175	193
Other Income	120	124	124	124
Profit Before Tax	693	514	536	559
Margin (%)	10.6	7.7	9.0	8.9
Total Tax	184	141	135	141
Effective tax rate (%)	26.5	27.4	25.2	25.2
Profit after tax	510	373	401	418
Minority interest	-	-	-	-
Share Profit from Associate	43	10	11	12
Adjusted PAT	536	382	412	430
YoY gr. (%)	106.6	(28.8)	8.0	4.3
Margin (%)	8.2	5.8	6.9	6.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	536	382	412	430
YoY gr. (%)	106.6	(28.8)	8.0	4.3
Margin (%)	8.2	5.8	6.9	6.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	536	382	412	430
Equity Shares O/s (bn)	13	13	13	13
EPS (Rs)	42.6	30.3	32.8	34.2

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	6,877	6,976
Tangibles	6,235	6,779	6,877	6,976
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	1,457	1,784
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	406	424
Trade receivables	222	236	199	209
Cash & Bank Balance	418	272	355	527
Other Current Assets	499	563	563	563
Total Assets	7,420	7,587	7,449	7,635
Equity				
Equity Share Capital	63	63	63	63
Other Equity	3,328	3,372	3,639	3,914
Total Network	3,391	3,434	3,702	3,977
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	1,669	1,719
Total Equity & Liabilities	7,420	7,587	7,449	7,635

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	553	383	536	559
Add. Depreciation	304	352	424	436
Add. Interest	130	145	175	193
Less Financial Other Income	120	124	124	124
Add. Other	144	154	11	12
Op. profit before WC changes	1,132	1,035	1,146	1,200
Net Changes-WC	2	14	(55)	(1)
Direct tax	(146)	(140)	(135)	(141)
Net cash from Op. activities	988	909	957	1,059
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)	(145)	(156)
Interest paid	(106)	(110)	(175)	(193)
Others	(96)	(125)	-	-
Net cash from Fin. activities	(450)	(479)	(473)	(487)
Net change in cash	(36)	(1)	83	172
Free Cash Flow	607	498	557	659

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	42.6	30.3	32.8	34.2
CEPS	66.8	58.3	66.5	68.9
BVPS	269.5	273.0	294.3	316.1
FCF	48.3	39.6	44.2	52.4
DPS	12.3	12.3	11.5	12.4
Return Ratio(%)				
RoCE	17.1	12.8	11.7	12.2
ROIC	11.1	8.7	8.3	8.8
RoE	17.3	11.2	11.6	11.2
Balance Sheet				
Net Debt : Equity (x)	0.3	0.4	0.3	0.2
Net Working Capital (Days)	-	-	-	-
Valuation(x)				
PER	5.6	7.9	7.3	7.0
P/B	0.9	0.9	0.8	0.8
P/CEPS	3.6	4.1	3.6	3.5
EV/EBITDA	3.8	4.3	4.0	3.5
EV/Sales	0.6	0.6	0.7	0.6
Dividend Yield (%)	5.1	5.1	4.8	5.2

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	22.0	22.6
Gas production (bcm)	20.6	20.2	21.0	22.4
Net oil realization (US\$/bbl)	73.4	73.4	70.2	71.9
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	03-Jul-25	Accumulate	284	241
2	22-May-25	Accumulate	276	242
3	08-Apr-25	BUY	264	220
4	04-Feb-25	BUY	288	249
5	16-Jan-25	BUY	300	260
6	08-Jan-25	Accumulate	295	263
7	12-Nov-24	Accumulate	271	256
8	07-Oct-24	Accumulate	305	289
9	11-Sep-24	Accumulate	329	296

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Hold	420	407
2	Bharat Petroleum Corporation	Reduce	311	332
3	Bharti Airtel	Accumulate	2,090	1,930
4	Clean Science and Technology	Hold	1,425	1,445
5	Deepak Nitrite	Reduce	1,799	1,963
6	Fine Organic Industries	BUY	5,610	4,807
7	GAIL (India)	Hold	180	181
8	Gujarat Fluorochemicals	Hold	3,580	3,486
9	Gujarat Gas	Hold	432	431
10	Gujarat State Petronet	Accumulate	348	304
11	Hindustan Petroleum Corporation	Accumulate	422	402
12	Indian Oil Corporation	Reduce	138	148
13	Indraprastha Gas	Reduce	186	205
14	Jubilant Ingrevia	Hold	743	777
15	Laxmi Organic Industries	Reduce	179	196
16	Mahanagar Gas	Accumulate	1,559	1,483
17	Mangalore Refinery & Petrochemicals	Accumulate	152	139
18	Navin Fluorine International	Accumulate	5,559	5,198
19	NOCIL	Hold	182	174
20	Oil & Natural Gas Corporation	Accumulate	284	241
21	Oil India	BUY	566	436
22	Petronet LNG	Hold	311	302
23	Reliance Industries	Accumulate	1,555	1,476
24	SRF	Hold	3,071	3,150
25	Vinati Organics	Accumulate	1,882	1,944

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

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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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