Dated: 6 August 2026

ONGC (ONGC) - BUY

Q1FY27 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.240	**Rs.360**

Rationale:

- Strong performance, but volumes were weak.
- With NWG volumes rising and prices higher, its share of gas revenues increased to 38%.
- TSP with BP is showing early success, with oil/gas production 7%/13% above the baseline.
- However, KG-98/2 continues to disappoint, with ramp-up delayed and peak gas production guidance cut to 6-7 mmscmd (from 8 mmscmd).
- The Samudra Manthan initiative to de-risk offshore exploration is another positive for the upstream sector.
- Maintain BUY with FV of Rs360.

Positives:

- PBT of Rs22,848 cr (up 2.1x yoy, up 2.7x qoq) was 9.2% ahead of our estimates on higher other income (54% ahead of Kotak) and lower DD&A (17% below Kotak).
- PAT of Rs17,034 cr (up 2.1x yoy) was 5.8% higher than Kotak.

Negatives:

- Net sales of Rs 46,461 cr were 4.6% below Kotak, mainly on lower volumes.
- ONGC's Q1FY27 standalone EBITDA of Rs29,453 cr; was 1% below Kotak.
- Including KG-98/2, ONGC's crude production declined 5.0% yoy.
- ONGC's gas production declined 1.9% yoy.

(EBITDA: Earnings before Interest, Depreciation and Tax, NWG: New Well Gas, KG: Krisha Godavri, EPS: Earnings Per Share, PBT: Profit Before Tax, DD&A: Depreciation, Depletion, and Amortization, mmscmd: Million Metric Standard Cubic Meters Per Day, TSP: Technical Services Provider, 1 Million: 10 Lacs, PAT: Profit After Tax)

Holding Period: 12 months

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RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

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NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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