



# FIN 2 RESEARCH

SHUBH SAMAY NIVESH

## RATING

Business	★★★★★
Management	★★★★★
Valuation	★★★★★
Financial	★★★★

Ranking 1 to 5, denoting lowest and 5 highest


**FIN2RESEARCH**  
Investment Advisor Pvt. Ltd.

## OIL AND NATURAL GAS CORPORATION LIMITED



DATE: 17-09-2024

BUY RANGE: @ 300-290

TARGET : @ 348

RATING : BUY

Research Report

Stock Info	Amount
Mkt Cap(cr)	₹,68,916.69
52-weeks high	345.00
52-weeks low	180.00
No. of eq shares(cr)	1258.02
Face Value	5.00
Bse Code	500312
Nse Code	company
Free Float Mcap(cr)	114344.67

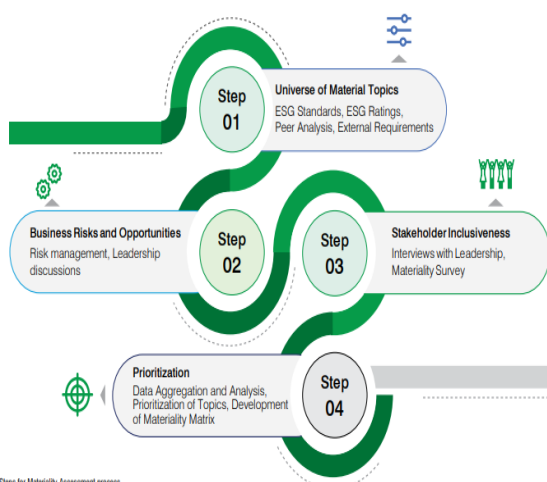
Source : BSE,NSE

Particulars	ShareHolding
Promoter Holding	58.89%
DII's Holding	18.75%
FII's Holding	8.57%
Government	10.30%
Public	3.50%
<b>Total</b>	<b>100.00%</b>

Source : BSE,NSE

Particulars	FY2023	FY2024
ROCE	11%	16%
ROE	14%	16%
ROA	6.1%	7.4%
Current Ratio	0.9	0.9
Quick Ratio	0.5	0.5
Cash Ratio	0.3	0.3
EPS	29.2	39.1

Source : Company Research



Steps for Materiality Assessment process

Source : Company Report

**About:**

Oil and Natural Gas Corporation (ONGC) is India's largest crude oil and natural gas company, contributing about 71% of the nation's domestic production. Established in 1956, it is a Maharatna PSU and one of the most profitable public enterprises in India. ONGC has discovered eight out of the nine producing basins in India, including major discoveries in Gujarat, Assam, and Mumbai. With over 60 years of exploration expertise, ONGC plays a critical role in ensuring India's energy security.

**Key Highlights:****Financial Performance**

In terms of financial performance, company posted its highest-ever standalone Profit After Tax (PAT) of ₹40,526 crore, demonstrating its robust business operations. The group's consolidated revenue reached ₹6,43,037 crore, with a record PAT of ₹57,101 crore. Shareholders benefited from a total dividend payout of 245%, with a payout ratio of 38.03%, reflecting the company's strong financial health and shareholder value creation.

**Green Energy Roadmap**

Company has laid out an ambitious green energy roadmap, beginning with a focus on renewable energy development in FY'24. The company aims to achieve 193 MW of wind energy, 40 MW of solar power, and is studying the feasibility of a small-scale green hydrogen plant. By FY'25, ONGC targets 1 GW of renewable capacity through asset acquisitions, with an investment of ₹1,000 crore. Looking further ahead, by FY'30, the company plans to scale up to 10 GW, with 60-70% solar and 30-40% onshore wind energy. This expansion will include 23 CBC plants, 2 CW PHP projects, and 1 MMTPA green ammonia production, backed by a massive ₹1,00,000 crore investment.

**Operational Excellence**

During the year, company drilled 544 wells, the highest in 34 years, comprising 103 exploratory and 441 development wells. This significant operational achievement was complemented by a standalone crude oil production of 19.471 MMT and standalone gas production of 19.974 BCM in FY'24. The company's commitment to operational efficiency has resulted in steady growth in its production metrics, reinforcing its role as a leader in the oil and gas sector.

**Energy Sector Milestones**

Company achieved a major milestone with the production of "First Oil" from the deep-water KG-DWN-98/2 Block in the Bay of Bengal. This landmark achievement was flagged off by the Prime Minister of India, marking a significant contribution to the country's energy sector. At peak levels, this block is expected to account for 7% of India's oil and gas production. The company's success in this field showcases its leadership in offshore exploration and development.

**Capex:**

During FY'24, ONGC committed over ₹37,400 crore to strategic investments, approving six major projects totaling ₹11,000 crore. By year-end, 23 projects worth ₹62,343 crore were under implementation, reflecting the company's focus on expanding its operational and production capacities.

**Key Risks:**

- **Energy and Emission Management** - Company is focused on reducing energy consumption and carbon emissions to ensure sustainable operations, as failure could lead to reputational harm, revenue loss, and regulatory penalties.
- **Innovation and Technology Upgradation** - Innovation is key but challenges include talent acquisition, forming partnerships, and measuring progress in technology advancements.
- **Climate Change and Energy Transition**-Climate change presents risks like extreme weather and rising sea levels, pushing ONGC to transition towards renewable energy and adapt to evolving environmental and market conditions.



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Research Report

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- **BUY** – We expect the stock to deliver more than 10%-20% returns over the next 9 months.
- **ACCUMULATE** – We expect the stock to deliver 5% - 12% returns over the next 9 months.
- **REDUCE** – We expect the stock to deliver 0% - 5% returns over the next 9 months.
- **SELL** – We expect the stock to deliver negative returns over the next 9 months.
- **NR** – Not Rated. Fin2Research is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- **NOTE** – Our target prices are with a 9-month perspective. Returns stated in the rating scale are our internal benchmark.

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