



Oil and Natural Gas Corporation Limited

Q1 FY'27 Earnings Conference Call

Event Date, Time & Venue

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Conference Room, 5th Floor,
Deen Dayal Urja Bhawan, Vasant Kunj

CORPORATE PARTICIPANTS:

Mr. Anupam Agarwal

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Q&A PARTICIPANTS:

1	Mr. Yogesh Patil	: Dolat Capital
2	Mr. Nitin Tiwari	: Phillip Capital India Limited
3	Mr. Mayank Maheswari	: Morgan Stanley
4	Mr. Vivekanand S	: Ambit capital
5	Mr. Sabri Hazarika	: Emkay Global
6	Mr. Vikash Jain	: CLSA India
7	Mr. Varatharajan Sivasankaran	: Antique Stock Broking
8	Mr. Amit Murarka	: Axis Capital
9	Mr. Hardik Solanki	: ICICI Securities

Moderator

Good afternoon, ladies and gentlemen. I'm Madhuri, moderator for the conference call. Welcome to ONGC's Earnings Conference Call for quarter ended 30th June, 2026. We have with us today, Sri Anupam Agarwal, Director (Finance), and team who will interact with investors and analysts to discuss earnings for Q1 FY 2026-27.

As a reminder, all participants will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touch-tone telephone. Please note this conference is recorded.

I would now like to hand over the floor to Shri Anupam Agarwal for his opening remarks.

Anupam Agarwal

Good afternoon, ladies and gentlemen. I'm Anupam Agarwal, Director (Finance), ONGC. I welcome you all to ONGC's Earnings Conference Call for the Q1 FY 2026-27. Thank you all for joining us today.

I am joined here by my colleagues from ONGC: Mr. Ajay Kumar Singh, President - Planning & Transformation; Mr. Satish Kumar Dwivedi, Chief - JV&BD; Mr. Yogish Nayak S., Chief Corporate Finance; Dr. Ravinder Singh Negi, Chief Treasury & Investor Relations; Mr. Sanjay Kumar Sharma and Mr. Prakash Joshi from Investor Relations; Mr. Akhilesh Tiwari, Head - Corporate Accounts; and Mr. Manish Kumar from Exploration team. Mr. Mukul Bhatnagar and Mr. D. K. Agarwal have joined from ONGC Videsh Limited.

ONGC's financial results for the quarter ended 30th June, 2026 were approved by the Board on 4th August 2026, and have already been disseminated through the stock exchanges, along with our press release. This has also been sent to the analysts who are there on our mailing list.

The first quarter has been the strong one for ONGC. The reported standalone gross revenue of INR 46,460 crore, an increase of over 45% over the corresponding quarter of the last year. Standalone profit after tax stood at INR 17,034 crore, registering a robust growth of over 112% YoY. This quarter also witnessed the highest-ever standalone quarterly profit before tax of INR 22,848 crore. Our average crude price realization has been INR 99.45 per barrel. Despite inflationary pressures and adverse exchange rate movements, ONGC maintained operating expenditure broadly at the same level as the corresponding quarter of the previous year. This reflects the impact of sustained operational initiatives and a continued focus on optimizing controllable operating costs across the organization.

On a consolidated basis, the ONGC Group reported a profit after tax of INR 6,554 crores during the first quarter of FY27. While the group's consolidated performance was impacted by HPCL's net loss of INR 12,265 crore, primarily due to under-recoveries on petroleum products following the sharp increase in crude oil prices during the West Asia crisis, this was substantially cushioned by the robust performance of our other subsidiaries, particularly ONGC Videsh and MRPL, underscoring the resilience and diversification of ONGC Group.

The quarter reflects continued progress across three important transformations that are shaping ONGC's future. Transforming our gas portfolio, transforming our mature offshore assets, and

transforming India's deep water exploration landscape. The first transformation is unfolding through the growing contribution of new well gas. During the quarter, revenue from new well gas reached nearly INR 4,000 crores, generating an incremental realization of about INR 1,900 crores over the administered pricing mechanism. New well gas now contribute approximately 38% of revenue from our nomination gas portfolio, demonstrating the steady migration towards a more remunerating gas basket. The contribution of gas to ONGC standalone revenue has also increased from around 25% in FY25 to 28% in FY26, and as the share of new well gas continues to expand.

On the production front, overall oil and gas production during the quarter remained broadly stable. The YoY variation was primarily attributable to temporary operational factors including reservoir complexities in KG Deepwater 98/2, pre-commissioning activities associated with major offshore projects, pipeline replacement activity in Western Offshore, and lower gas offtake from certain isolated fields due to customer site disruptions. Most of these are execution related challenges rather than structural concerns regarding our asset base. With the progressive commissioning of strategic projects such as the Daman Upside Development Project, expansion of TSP program and monetization of DSF, we expect the production trend to progressively improve in the coming quarters.

Our second transformation is centered on renewed thrust in Western Offshore, under which ONGC is implementing one of the largest capital investment programs in the history of its Western Offshore operations with projects exceeding INR 40,000 crore under various stages of execution. These encompass pipeline replacement, reservoir and pressure management, enhanced water injection, production system upgrades, and several field development initiatives being undertaken. In collaboration with our technical service partner BP, encouraged by the positive outcome under the first phase of the partnership in Mumbai High, we have now expanded this model across the entire Western Offshore portfolio. During the quarter, Mumbai High TSP continued showing encouraging results, with oil production reaching around 107% of contractual baseline production and gas production around 113% of the contractual baseline.

The third transformation relates to deepwater exploration, which we believe represents the next major frontier for India's upstream sector. Recent approval by the Government of Samudra Manthan, the National Offshore Exploration Scheme, with a total outlay of INR 84,084 crore, is a landmark initiative that reflects a decisive national commitment towards unlocking India's deepwater hydrocarbon potential and creating a favourable investment environment for offshore exploration. As India's flagship E&P company, ONGC will play central role in this national mission. During the quarter, we achieved an important milestone by commencing drilling of our first deepwater exploratory well in the Mahanadi Offshore Basin under the Samudra Manthan Programme. We continue to make steady progress in strengthening our green energy portfolio.

Through OGL, our renewable energy portfolio has now reached 2.853 GW. supported by both organic expansion and strategic acquisitions. ONGC awarded a 300 MW ISTS-connected solar power project for captive consumption last year, and the corresponding 250 MW wind power project was awarded in June 26.

To conclude, our immediate focus is on the successful execution of major production projects, timely monetization of new developments, and accelerated offshore exploration. With that, I conclude my opening remarks. Thank you.

Moderator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again. Participants are kindly requested to restrict with one question in the initial round, and join back the queue for more questions.

The first question comes from Yogesh Patil from Dolat Capital. Please go ahead.

Yogesh Patil

Thanks for taking my question, sir. On oil production side, if we look at the oil production on sequential basis, nominated field oil production has increased 1% QoQ, while the ONGC-operated block NELP is indicating a sharp decline of 8%. Just wanted to understand the nominated field oil production growth is backed by the TSP program at Western Offshore, or is there any reason? That's one And secondly, wanted to understand on, KG 98/2 production. What is the current rate of production there, and how it has declined over the last three months? That would be helpful.

Anupam Agarwal

Yes, Yogesh. You are correct. Actually, we have been able to maintain the production. This is the last year, Q4 production versus the Q1 production. It is almost flat. There has been some decline, vis-à-vis Q1 of the last year, mainly as I brought out various factors. Regarding the increase, you are talking about the nomination field. Yes, TSP is one of the major factor. Mumbai High is there, and we have already reached about 107% of our baseline production. Regarding this, 98/2, there has been some challenges we have been seeing, and the production of oil is currently around 21,000 barrels per day, and gas is around 1.5 MMSCMD.

Yogesh Patil

Okay, sir. Just wanted to continue on the same question As You have arrested on the nominated field side, kind of a production decline, natural production decline. How one should look into the FY'27 and FY'28 nominated field oil production guidance, if you could give us, it would be helpful for us.

Anupam Agarwal

I'd like to give a total standalone production of ONGC for the next year. I see, last year, our oil plus gas standalone production, excluding JVs was in the range of 38.87 MMT. This year, we expect to reach about 39 MMT oil plus gas. The upside will come mainly from gas because many of the projects, like DUDP, which is already progressing. By December, we'll be reaching a 2 MMSCMD gas. The CPP commissioning on the East Coast, 1.3 MMSCMD will come. Tapti and Daman wells, another 0.5 MMSCMD will come. There will be further upside coming from TSP 1 and 2. Both are in place now. Some initial gains we'll see on that side also.

Prakash Joshi

Yogesh ji, just to add, sir was saying, this 2 MMSCMD would be over and above 1 MMSCMD, which we are currently producing from DUDP. That means.....by third quarter, it could be 3 MMSCMD.

Anupam Agarwal

We see about 1 BCM gas per year from the new developments which I am talking about. That is for the current year. Next year, another overall almost 1 MMTOE oil and gas gain will be there for FY 2027-28.

Yogesh Patil

Okay, sir. Lastly, just to break it down in a simpler fashion, can you give us a guidance for oil production for FY 2027-28 and gas production for FY 2027 and 28, if you have the numbers?

Anupam Agarwal

You see, I had told you about 39 MMT for the current year and 40 MMT for the next year, oil and gas taken together.

Prakash Joshi

I think it would be 50-50.

Anupam Agarwal

50-50 is considered next year. Oil and gas, both.

Yogesh Patil

Okay, sir. That's really helpful. Thanks. I'll come back in the queue.

Moderator

Thank you, sir. The next question comes from Nitin Tiwari from Phillip Capital. Please go ahead.

Nitin Tiwari

Hi, sir. Good evening. Thanks for the opportunity. Congratulations on a very good set of numbers in this quarter. Sir, my question actually was related to one of the items that you mentioned in the notes to your accounts. This is related to the Panna-Mukta Tapti arbitration which is going on. Apparently, the liability which is sitting in your contingent liabilities are significant one about INR 15,216 crores, which is almost like, I mean, could be considered to be a quarter of your operating profit as well. My question with respect to that is that was the communication which was sent by ministry, was that taken as a binding directive, or, I mean, the decision was also evaluated on the basis of independent legal advice, that ONGC is not going to participate in this arbitration. Given that you have not participated as a claimant, have you let you know in a way accepted the demand which is made by government? In that backdrop, I mean, what I'm trying to get at is that how have you ensured that your own economic interests are protected, and also that of your minority shareholders, economic interests are protected, given that you are not participating in this arbitration?

Anupam Agarwal

Good. That's a good question. ONGC is an arm of Government of India, so we go by the Government directive, but at the same time, we try to ensure our economic interests are protected. In this case, what Government has given directive. When we discussed with the Government, there is no formal directive. It is a kind of understanding that we should not be going for this arbitration against the Government. Two arms of Government fighting with each other, it is not good. What was decided in that discussion was that let the other party continue in this case, and whatsoever decision will be there that will be applicable for ONGC. Our interest is also protected, and we are not in dispute with the Government in the court. So that is the way. I don't see there is any loss to the interest of any shareholder. What's the decision will be there that will be applicable to us.

Nitin Tiwari

But, sir, this is an outcome of your discussion with Government or what was this an outcome of your basically discussion with the court? Because court tomorrow might decide something else that only arbitrating parties would get the benefit, and the party which has not arbitrated has accepted the demand and therefore is not, liable to get any benefits out of this arbitration. I mean, that's what the route court could also take, right? I mean, given this is your own internal understanding, is that the right lead over here?

Anupam Agarwal

No. I will just like to say it is a joint venture case where both parties are partners. It is not one party case versus other party. It is the joint venture versus the Government. One party of the joint venture has gone in the court. Whatsoever the decision will be there that will be applicable across. That is the understanding and, that is the understanding of the Government also.

Nitin Tiwari

Okay. Basically, the outcome would be applicable to the JV consortium and not only to the parties arbitrating.

Anupam Agarwal

Yeah. Yes, that is the normal principle of JV operations.

Nitin Tiwari

Got it. Okay. Thank you, sir.

Moderator

Thank you, sir. The next question comes from Mayank Maheshwari from Morgan Stanley. Please go ahead, sir.

Mayank Maheshwari

Sir, I had a question around what you talked about the upside risk on exploration because of the government incentives that are being given around this Samudra Manthan program. Can you kind of talk us through in terms of the role ONGC will play in this? Because in the past five to seven years, you're not really seeing too much of high risk ultra deepwater exploration drilling coming through on ONGC. A connected question around that is the challenges that you started to face on KG. What are they, and how are you kind of thinking about it in terms of resolving it as well?

Anupam Agarwal

Mayank ji, it is a very good question. Obviously, it is anticipated also somebody talking about Samudra Manthan. Being national oil company, we will be playing the major role in this project. Your question is, last four, five years, we have not done some major deepwater exploration activities. It is not correct. We have been continuously carrying out exploration about 100 wells we do. Last year also, we drilled about four deepwater exploratory wells. This year also, one stratigraphic well we have already drilled, another well we have spudded. This is basically recognition by the Government as well as by ONGC post Hormuz, the need of energy security for the country. The Government is very conscious that energy security is very, very important. For that, what sort is required to be done, that will be done.

You would have also seen many of the initiatives which Government has taken in the recent years, like fiscal stability they have given, the kind of new benefits they have given in the Oil and Gas Act, and new gas pricing. All that incentives have made a lot of difference in the process, other with the kind of prices we are seeing. Before Hormuz, the general consensus was coming that oil prices will settle down around USD 65. But now with this Hormuz crisis, there's a security layer which is coming on the

baseline, and we believe it will be USD 75 plus in the long run. That is our expectation. With that, many of the fields which we thought might not be viable are working out in the range where they are viable, and we will like to develop them for the energy security for the country.

Same is the case for deepwater. Because at USD 65 or 60, if you see many of the price, deepwater is a high-risk, high-reward game. The size of reservoir, the economics has to be good to develop that. So maybe some of the piece might not have been good at USD 60, 65 to explore, but at USD 75 plus kind of thing, that will be continuing to be very, very lucrative also and important for energy security. We are committed for this deepwater mission of the Government of India. This is first time in the history of oil and gas that the Government has allocated INR 84,000 crore from its own kitty for this new oil and gas exploration. As national oil company, we remain committed. We will do. Because a major part of this is being funded by the Government of India, so it does not have any major financial impact for the company. But at the same time, it gives a upside in terms of a new reservoir we find and new oil and gas development activities we undertake. I hope I could clarify you.

Mayank Maheshwari

Yes, sir. I think, just a follow-up around this was to how does this incentives of close to around USD 9 billion that the Government has given help you lower your breakeven cost to kind of develop any project on the ultra-deepwater or deepwater side?

If you can also give us a bit of a sense of which are the more prospective basins apart from Andaman, obviously, which is, I think, you've been drilling. I think you can see in the country where you see prospects for ultra-deepwater and deepwater come through.

Anupam Agarwal

Again, you see, this deepwater mission, the Government has announced is the first phase of that, which is applicable up to 2031, and that is mainly the exploratory phase. The next phase will develop beyond 2031 once this phase results will be known. Each deepwater well cost about INR 1,000 crore. We do not know how much Government of India will fund on that and how it will fund. Those details are still being worked out and will be shared in due course. But the support will be coming. It will be reducing our cost of exploration. Obviously, with that, the economics of the project will be better. If the exporting cost is lower, my economics will be better, and we will see how, it will help us in economics at the feasibility stage when the substantial amount of oil and gas reserves are found.

Regarding that area basins, Andaman, you already told Mahanadi is one where we have already spudded well, and this is the same basin where we had made earlier discoveries, Konark, and one more we had made. That is one. Then we are also working in Cauvery. Cauvery is also one area where we'll be doing something. We are also going to participate in OALP-X in a big way. Lot of blocks are on offer in deepwater, and we will decide which areas and basins we will drill.

Mayank Maheshwari

Will it be partnership with global majors, or you want to kind of do it standalone?

Anupam Agarwal

You see, deepwater is a high-risk, high-reward. Our internal preference is wherever international partners want to come and join with us, they are welcome. We keep on inviting them, discussing with them. We believe with this, the kind of incentives which the Government of India has given and their major concern was fiscal stability. That is already assured by the Government of India. Some of the global majors will come. In past also, in one of the block, we had bid with BP and Reliance together. In next round also, wherever we find the global partners are interested, we will take them along for this deepwater mission of the Government of India.

Mayank Maheshwari

Thank you.

Moderator

Thank you, sir. The next question comes from Vivekanand from Ambit Capital. Please go ahead.

Vivekanand S

Thank you for the opportunity. I have two questions. The first one is on the operational challenges that you are facing, which has led to production issues. Thanks for the opening address. Just if you could elaborate on the execution milestones that you have now, to improve or let's say, debottleneck these fields so that the operational issues are resolved, let's say by Q3 that'd be great.

Secondly, did I hear it correctly that the results of the first TSP are that you are 7% higher than the baseline production. On an absolute sense, if you could help us understand the results of the TSP 1 areas that you covered with BP, if you can give us a sense of what the production was before the partnership and what is it right now? Maybe you if you give the absolute numbers, it will be more helpful. Thank you very much.

Anupam Agarwal

I will take the second question first. Regarding the TSP, yes, TSP-1 was from Mumbai High field. Mumbai High, when we talk about the gain is against the baseline. You know, general oil and gas sector, the fields have a natural decline rate, and that is about 5-6%. Over that, we see the increase. 7% is coming over the natural decline rate of 6-7%. Overall, absolute term, the increase will be about 1-2% for Mumbai High. Gas is about 12-13%. So there, it is about 5-6%. There, you would have heard in last investor call by our CMD, he mentioned one thing that is ONGC is gradually moving from an oil-based to a gas-based. That is the story. What had happened in the past because the gas prices were not remunerative, many of the fields which were discovered, they were not remunerative. We were not able to develop. The prices we are having today, the new gas prices, many of those fields have become

commercially feasible, and we are developing them. That is how we are seeing that INR 40,000 crores worth of the projects are already under execution in the Western Offshore. Many more projects we are undertaking, those are under discussion at the board level, and you will get to know in days to come.

Regarding operational challenges, when you talk 98/2, it is more than operational. It is basically some reservoir related challenges we have seen, certain surprises are there. We are getting it studied from the technical experts. Based on that, we'll be taking further decision. But as far as Western Offshore is concerned, that continues to be the flagship for ONGC Group, and there are many projects we have brought in. Last quarter operational challenge was mainly pre monsoon swell that impacted some of the offshore installation of platforms. Also, lot of activities are going on. During that process, you have to close certain wells because you cannot continue with the production from the brownfield development projects, when we are doing the job on the same platform. Those challenges are there, but we believe post monsoon, we will be able to make up all that. By the end of the year, we will see that production of oil will be almost the level of the last year, and gas will be higher by about 1 BCM.

Vivekanand S

Okay. That's very helpful. Just two follow-ups. How many wells are currently operational in KG-DWN-98/2 for oil and for gas? That's one follow-up. The second one is, the rest of the Western Offshore, the new TSP contract that you have signed. Are you saying that because you have now transitioned to a new TSP contract, the wells that were closed will be reopened and the production recovery hinges on your work with BP in the Western Offshore region?

Anupam Agarwal

I will take the second question first. The first question, I will hand over to our President planning. Regarding the closure of wells during execution of the projects, that is a normal phenomenon. It doesn't have to do anything with TSP or anything. It is a normal phenomenon. When you go install new platform, you connect those platforms, some of the activity has to be temporarily stopped. That is a natural phenomenon. It will clear on its own. Yes, TSP is helping us in finding out how to develop some of the projects, they are trying to help us to decide the extraction strategy, what kind of platforms we should use, how to optimize the surface facilities. All those benefits we are taking. I will now hand over to Mr Ajay Kumar Singh to give answer to your first question.

Ajay Kumar Singh

Yeah. Good afternoon. I am Ajay Singh, President – Planning & Transformation. Question related to 98/2, how many oil wells we have opened.....we have opened all the 13 wells, and it is being produced.

Gas wells, out of 7 wells, 4 are already being producing, and 3 are yet to be opened. Once the CPP is commissioned, which is in progress, and we are planning to connect with the subsea wells and control

system is going to be commissioned shortly, we will start production from gas wells also. That is likely to start somewhere in the month of October - November. Hope I answered all your questions.

Vivekanand S

Sure. Lastly, if you could help us with your peak production guidance for KG-DWN-98/2, if possible, to share on the gas side. Oil, I understand your challenge.

Ajay Kumar Singh

Gas, presently, we are producing near about 1.5-1.7 MMSCMD, and with opening of balance 3 wells, we expect additional 1.5 MMSCMD. All put together, it will be 3 million plus gas will be produced.

Vivekanand S

Right. By when do you reach this peak, 3 million?

Ajay Kumar Singh

By Q4 2026-27.

Vivekanand S

Okay. Thank you very much and all the very best.

Moderator

Thank you, sir. Participants are kindly requested to restrict with one question in the initial round and join back the queue for more questions. The next question comes from Sabri Hazarika from Emkay Global. Please go ahead.

Sabri Hazarika

Good afternoon, and congratulations on good numbers. I have two questions, but relating to OVL. The first question is, I just wanted a roundup on the status of various assets of OVL, including Mozambique, the status of Sakhalin, Venezuela and Brazil. Roundup on that, then I'll come to the next question.

Anupam Agarwal

So, I think OVL, was passing through a rough patch for last four years post-Ukraine crisis. The Sakhalin asset, which is the most important asset of OVL Group, was not with us for about four years. Because

the Government of Russia had taken over the asset and converted into an incorporated entity. Earlier, it was an unincorporated entity. Last year, somewhere in November, December, we were able to take it back after meeting certain condition precedents. I hope you are aware, so I will not go into details for that. That is one thing. With Sakhalin back in our portfolio, the OVL is back in the robust profit scenario. Last quarter, again, about INR 1000 crore, they made this quarter, again, INR 1,000 crore. You see, the OVL, which was giving annually about INR 500-600 crore per annum. Now, it is NR 1,000 crore per quarter, which is coming from Sakhalin mainly, and some slip coming from the higher prices.

Then Mozambique, again, is a positive. It was in force majeure last year about August or September. This force majeure was lifted. The activities are going on in full swing. Now, we expect sometime in end of FY'28 or beginning of FY'29, the production will start from the Mozambique project. This is, again, a very important project from the national security perspective also. Gas, we will have a share about 3 MMT from that project. That is just the initial phase. There are additional phases which will be coming under this Mozambique project.

The BM-SEAL project is there, where we are partner with Petrobras, and that project is also going on well. Work for FPSO has already been awarded, and we expect the first oil starting from 2030. Venezuela is another evolving story, and you might be aware that we recently managed to get an OFAC license. Now we have full freedom to work on Venezuela project because earlier we were restricting our operations there because of the sanction-related risk. Those risks are behind us. The Government of Venezuela has already enacted the new petroleum law. In that, they are getting some additional fiscal incentives for development of the resources. ONGC Team is already in touch with the Venezuelan authorities in association with our JV partners. We are there in two projects, San Cristóbal and Carabobo. Venezuela is the place where the largest oil and gas reserves are found. It is the number one in terms of reserves, not Saudi Arabia. It is a focus area for ONGC. All these projects are shallow-depth onshore projects where ONGC has full expertise, the kind of projects we produce from in Mehsana and Ahmedabad, that kind of places are there. We are very for Venezuela, and we believe very soon we'll be seeing some positive development, the new agreement signed, and we taking over the operatorship for some of those projects from PDVSA.

Sabri Hazarika

Got it, sir. Thank you so much for the explanation. Just a small follow-up. Your OVL PAT, excluding impairment, was INR 2,260 crore in Q4. Now, it has come down to INR 1,140 crore despite oil prices going up. I've seen the revenue has gone up, but I think equity profit share, that number has gone down. Can you just give us some clarity on how the accounting is happening here and why we are not seeing the benefit of oil prices? When exactly was Sakhalin accounted back into the accounts? That's all. Thanks.

Anupam Agarwal

OVL is not one single project, single field. It is a mix of multiple fields in multiple countries. Each country has its own fiscal situation, and each country has its own geopolitical situation. First, you talked about Sakhalin. Sakhalin, we could get back in December, and we started accounting for in our profit and loss from January 2026. That is the first.

The second thing is, this quarter, there was some surprise you are talking about is mainly our realization from -- Russian assets were not as good as they should have been. Because of the kind of geopolitical situation is happening. Russian assets, the realization, it was not at the same level because of the price cap-related concern. But otherwise, OVL has done well both in Sakhalin as well as in other assets. OVL, being in international market, most of the products, we get international prices.

Sabri Hazarika

Got it, sir. Understood. Thanks a lot, and all the best.

Anupam Agarwal

Thank you.

Moderator

Thank you, sir. The next question comes from Vikash Jain from CLSA India. Please go ahead.

Vikash Jain

Just a couple of clarifications. Firstly, is peak production of the KG asset, what is it likely to be for gas? And by when are we going to reach that peak production?

Ajay Kumar Singh

I'll answer the query. With the commissioning of CPP, and again, we have some plan to reactivate and enhance the production from 98/2 gas wells. We are expecting more gases, and it we have 6-7 million. It will be somewhere not in Q4 because we have to re-enter into the new filed gas. We have to re-enter and we have to start production from there. Somewhere, you can say that Q4 of FY27-28, we'll be reaching this figure.

Vikash Jain

Okay. We are right now at 1.5 MMSCM You say that we will be about 3 plus MMSCMD in this October-December, and that 3 MMSCM will then go to about 7 MMSCMD in another three, four quarters. Is that how one should think about it?

Anupam Agarwal

Yeah.

Vikash Jain

The other thing that you also mentioned was in the October-December quarter, there could be another 2 MMSCMD incrementally coming from Daman Upside, plus this 1.5 MMSCMD, and there was another half that you mentioned from the Tapti project, right? There is going to be an incremental 4 MMSCMD, which on your basis roughly equal to 7-8% increase in production in the October to December quarter. Is that roughly how I should be looking at?

Anupam Agarwal

You are correct, but it is not October to December. Some part of that will be spilling over to January to March.

Vikash Jain

Okay, the exit for December quarter is how we should think about it, not the average for the quarter.

Anupam Agarwal

Yes.

Vikash Jain

One more thing on production before I ask on Samudra Manthan. On the oil side, you did mention that you're facing some challenges in the oil part of KG. Could you just give a little bit of basic geological point on what the challenges are? Do you see these as addressable? You did say that you're still hopeful of going back to the earlier peak rate. How should I think of the timelines around that? And what are you thinking of handling these challenges?

Ajay Kumar Singh

This is the clarification for 98/2 oil wells. We are facing the problem of complexity in reservoir, the interconnection between one reservoir to another reservoir. That study is in progress with world-renowned geological study centre, and they are providing input also. Based on their input, we will be reworking out and wherever required, we'll be re-entering the wells. Then we work out the strategy and plan how to do, because each well, whenever we are going to enter, this cost more than INR 500 crores. It is unlike shallow water where we can go and it is cheaper one, but deepwater has the costly one. We have to work out in totality cost related to re-entry on the wells. We service economics, how much oil we are expected to gain from them. Study is underway. We'll be coming out shortly with the development of strategy.

Vikash Jain

At this juncture, there are no pressure decline or water ingress challenges. It's just the contiguity that we are talking about, right?

Ajay Kumar Singh

That's correct.

Vikash Jain

Then you have to re-strategize accordingly. Final thing on Samudra Manthan, you mentioned that you've drilled one well for this.....latest well will be under Samudra Manthan. Would this be considered to be one of this – it is not an exploration well, right? This is something which will be part of you getting more, I mean, how would this feature, and would you get some reimbursement from the government? How does it really work?

Anupam Agarwal

You see, this part is still under the works. We are also privy to the same information which you have, which we got from the press release from Government of India. Details are still being worked out. But, yes, once the Government has decided they will fund that project, all the wells which will be approved, which will be the part of the Samudra Manthan, a part of that will be reimbursed by the Government of India. That is the way it is expected to be.

Vikash Jain

The expectation would be that you would possibly approach the Government that this is where we would like to drill, and they will approve a particular number linked to that well. Anything incremental would be under will have to come from your pocket. The remaining will be reimbursed by I mean, the amount will the Government has agreed on will come from the Government. Is that how one should think about it from the very basic preliminary understanding that we have?

Anupam Agarwal

The details are not yet available, but what we see it is not going to be some surprise incremental cost, which will be funded by Government or ONGC, whatsoever will be the total cost. Part of that will be borne by the company. Part of that will be made by the Government. It is basically to take a part of the risk of exploration from the oil explorer, and that is the mission government is looking into to ensure energy security of the country.

Vikash Jain

Okay. If there is a discovery, that discovery belongs to ONGC? Or will you have to get another partner or anything like that? I mean, that is all the development production will come for ONGC.

Anupam Agarwal

Discovery will definitely belong to the owner of that block who has been awarded that license.

Vikash Jain

Sure.

Anupam Agarwal

The blocks where we are going alone will be the owner of that discovery. In the blocks we are going with our partners, it will be the joint venture who will be the owner of that discovery.

Vikash Jain

Okay. Any guidance on New well gas? How that is going to, that is increased to what numbers? Or you said that at the start of your initial comments, what percentage of gas is New well gas? Where do you think this is going to be, say, 12 months out?

Anupam Agarwal

You see, in volume terms, this quarter, it has already reached 19%. We expect it will continue to grow up as we develop more and more gas reserves, more and more new wells we drill. It will continue to grow up. In revenue term, this quarter, it was 38%. Because we got good price this quarter.

Prakash Joshi

In sales, quantity term, it is around 24%, from last year, 17%.

Vikash Jain

Okay. Thank you, Anupam ji. Thank you, Prakash ji.

Moderator

Thank you, sir. The next question comes from Varatharajan from Antique Stock Broking. Please go ahead.

Varatharajan Sivasankaran

Thanks for the opportunity One is about the OPaL, if you can provide us the details about the EBITDA, PAT, and the operating rate.

Anupam Agarwal

Thank you Varatharajan ji, OPaL, last quarter, it could not do as good as we expected. These are kind of transformative steps we have taken in encouraging equity capital, taking up in terms of corporate guarantee from parent company, ONGC, to reduce their financial burden. Other steps we had taken regarding this exit from SEZ. All these things had made a major impact on OPaL workings and this Q4 of FY26 was very good, you would have seen. This quarter, ultimately, their feedstock is linked with international prices of gas and naphtha. The Hormuz crisis happening, our calculations had gone wrong. Because of that, the first quarter of FY27 EBITDA, we were INR 57 crore negative, whereas FY26 EBITDA was INR 1,207 crore positive. That is how OPaL is, but we believe going forward, OPaL will be doing much better because of two, three factors, which you are also aware. We have decided to exit from C2, C3 also from the SEZ, and that will bring about INR 1,000 crore in EBITDA term for OPaL. The other thing, what is going to happen, we have already entered into MOU with Mitsui and we are building up ethane carriers. We'll be bringing ethane from the international market. With that, our feedstock cost will come down. So, present challenge is basically relating to the feedstock. As soon as the feedstock-related challenges are over, OPaL will be in much better financial health.

Varatharajan Sivasankaran

Yes. Thanks, sir. Second question from the --

Anupam Agarwal

Mr. Dwivedi is there. He's the Head of the JV&BD. If you want to clarify the query.

Satish Kumar Dwivedi

No, it's okay. Just because of Hormuz crisis, the plant runs on two feeds, gaseous feed and naphtha. Naphtha prices went up from USD 600 to US 1000, and gaseous feed has stopped. As and when gaseous feed starts, the plant will be normalized.

Varatharajan Sivasankaran

In the context of some of these.....

Anupam Agarwal

These are abnormal times, and different part of industry are impacted differently. You would have seen, how the marketing companies have been impacted, how the petrochemical companies have been impacted, how the upstream companies have been impacted.

Varatharajan Sivasankaran

Yes, sir. In the context of the Samudra Manthan, do we see a change in the CapEx program? Overall CapEx budget go up, down for the next two year.

Anupam Agarwal

You see, we have been additionally spending about USD 3.5-4 billion on CapEx, and that number remains. That is the same situation. We will see some upside in exploration CapEx with Samudra Manthan coming in.

Varatharajan Sivasankaran

Thanks a lot.

Moderator

Thank you, sir. The next question comes from Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka

Hi, good evening, and thanks for the opportunity. Firstly, on the survey expenses, usually pre-monsoon quarter, the survey expenses are pretty high. This time, I see that not much expenditure has been done on that front. I just wanted to understand the reasons for that.

Anupam Agarwal

Yes, Amit ji. Survey, we had faced some challenges in contract finalization because the kind of rates we got in our tenders, they were not workable. We had to take a step back and go for retender. Now the major survey contracts have already been awarded. This October onwards, post-monsoon, you will be seeing a big activity coming in the survey part.

Amit Murarka

Okay. So fair to say that it will catch up for the, let's say, the lower activity in Q1 in second half then?

Anupam Agarwal

Yeah, it will catch up. More than catch up because we have lined up a big exploration program. For that, lot of survey activities will be happening, both to support Samudra Manthan and otherwise also.

Amit Murarka

Right. That expenditure line item then will go up basically in the second half?

Anupam Agarwal

Yes. A little.

Amit Murarka

Right. Just, secondly, on, the crude realization, I see that this quarter was about USD 3 broadly on an average above Brent. Because I know that like benchmarks, product cracks, everything were all over the place. Just could you explain that why did you get this premium versus usually you get a maybe a flat to a marginal discount to Brent?

Anupam Agarwal

This quarter, our realization, we reported about USD 99 per barrel. Brent average is also around USD 97-98 per barrel.

Amit Murarka

Yeah, it is

Anupam Agarwal

We are in the same range.

Amit Murarka

Yeah, I know. It's broadly the same range, but like usually, at least the data that I see back to two - three years, like, on a quarterly basis, usually it's zero to minus USD 1 versus Brent. This time, it's about close to USD 2.5, 3 actually above Brent. I mean, there's a lot of volatility in the quarter. Is it purely that, or, there was some formula-driven increase which could continue maybe in Q2 also?

Anupam Agarwal

There is no formula-driven increase. This is a volatility which has happened in this quarter. Otherwise, in general, if you see the kind of arrangement we have with our oil marketing companies is that Brent is the base and Brent plus 1%. But when we account for that, is about 5%. 4% comes to our kitty. That is how the net realization we report in our books.

Amit Murarka

Got it, sir, purely the volatility....fine. Just wanted to understand those two things, thank you very much.

Moderator

Thank you, sir. The next question comes from Hardik Solanki from ICICI Securities. Please go ahead.

Hardik Solanki

Thanks for the opportunity, sir. Two questions. Can you just give the guidance on what is the planned CapEx for the Mahanadi well? When the result is expected from this that's number one. Secondly what is your guidance for FY'27 and FY'28?

Anupam Agarwal

What is the second question?

Hardik Solanki

What is the full year CapEx of FY'27 and FY'28?

Anupam Agarwal

Full year CapEx, I already told, it will be USD 3.5- 4 billion range. It depends on how our project progresses. That is the range we will maintain for the full year. Regarding Mahanadi well, it takes about 3 months to drill a deepwater exploration well. We spudded it around 25th of July, so you can expect the result sometimes in September end. It is about each deepwater well will be in the range of INR 800-1,000 crores. It's about USD 100 million.

Hardik Solanki

Perfect. That's helpful. Thank you.

Moderator

The next question comes from Yogesh Patil from Dolat Capital. Please go ahead.

Yogesh Patil

Thanks for an opportunity again, sir. Sales-to-production ratio has sharply declined in case of a gap from nominated as well as the gap from the JV fields. Any particular reason? Earlier, it remains to in the range of 79%. It has declined to the range of 75-76% in this quarter.

Anupam Agarwal

Yes, Yogesh ji. You are aware that we talked about in some isolated areas, the customers could not take that gas because of pricing challenges or some operational challenges. Because of that, our sale could not keep pace with the production. That is the major reason.

Yogesh Patil

Okay. The second question, sir, is on LPG production segment and the sales segment. If we back-calculate the LPG price based upon the data provided by the company, the realization comes around USD 896 per ton, which is much, much higher than the Saudi LPG benchmark price. This premium is much higher. I mean, USD 120-130 per ton higher than the Saudi LPG benchmark price. Any reason, sir, a higher realization on the LPG side?

Anupam Agarwal

You see, these were volatile times Because of the post-Hormuz, the market behaviour was not normal. So it is basically because of those volatilities, we could get a higher realization during that period.

Yogesh Patil

But our LPG price realization is marked to Saudi CP or something else, sir? Just wanted to understand, sir?

Anupam Agarwal

That detail, I'm not having it immediately with me.

Prakash Joshi

Yeah, Yogesh ji. I will, share those with you.

Anupam Agarwal

Our IRC will get in touch with you and give you any clarification further if you require on that.

Yogesh Patil

Clear. Yes, sir. Thanks a lot, and all the best.

Anupam Agarwal

Thank you.

Moderator

Thank you, sir. Now, I hand over the floor to Mr. R S Negi for closing comments.

Ravinder Singh Negi

Thank you, madam. Good afternoon. We hope we have answered all the queries raised by the participants. In case if any further queries are there, they can reach out to our investor relations Cell. I thank Director (Finance), ONGC for addressing the participants and answering all the queries of the participants. I also thank all my senior colleagues for participating and also all the participants for participating in this conversation. Thank you very much.

Anupam Agarwal

Thank you.

Moderator

Ladies and gentlemen, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you, and have a pleasant evening.

Note:

1. This document has been edited to improve readability
2. Blanks in this transcript represent inaudible or incomprehensible words.