



ONGC Ltd

Earnings Conference Call

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CORPORATE PARTICIPANTS:

Mr. Vivek Tongaonkar

Director (Finance)

Mr. Ajay Kumar Singh

Chief Corporate Planning

Mr. Devendra Kumar

Chief Corporate Finance

Mr. Ashok Kumar

BDJV, Head - Petrochemicals

Mr. Akhilesh Tiwari

Head - Corporate Accounts

Mr. Prakash Joshi

Investor Relations

Mr. Vinod Hallan

Head of Finance (ONGC Videsh)

Mr. Mukul Bhatnagar

Head of Planning & Strategy (ONGC Videsh)

Q&A PARTICIPANTS:

- | | |
|-------------------------------------|-----------------------------|
| 1. Sabir Hazarika | : Emkay Global |
| 2. Kirtan Mehta | : BOB Capital Markets |
| 3. Mayank Maheswari | : Morgan Stanley |
| 4. Nitin Tiwari | : PhillipCapital India Ltd |
| 5. Varatharajan Sivasankaran | : Antique Stock Broking Ltd |
| 6. Gagan Dixit | : Elara Capital |
| 7. Probal Sen | : ICICI Securities |
| 8. Puneet Gulati | : HSBC |
| 9. Vishnu Kumar | : Avendus Spark |
| 10. S Ramesh | : Nirmal Bang Equities |
| 11. Vipulkumar Shah | : Sumangal Investment |

Moderator

Good afternoon, ladies and gentlemen. I'm Pelcia, moderator for the conference call. Welcome to ONGC's Q1 FY25 earnings conference call. We have with us today Mr. Vivek Tongaonkar, Director (Finance) and team who will interact with investors and analysts to discuss Q1 earnings. As a reminder, all participants will be in the 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 telephone keypad. Please note that this conference is recorded. I would now like to hand over the floor to Mr. Vivek Tongaonkar for his opening remarks. Thank you, and over to you, sir.

Vivek Tongaonkar

Thank you, Pelcia. Good afternoon, ladies and gentlemen. I am Vivek Tongaonkar, Director (Finance), ONGC. I welcome you all in this ONGC earnings call for Q1 FY25. Thank you all for joining us on the call. I am joined over here by my colleagues from ONGC, Mr. Ajay Kumar Singh, Chief Corporate Planning; Mr. Devendra Kumar, Chief Corporate Finance; Mr. Ashok Kumar from BDJV, he is Head Petrochemicals; Mr. Akhilesh Tiwari, Head Corporate Accounts; Mr. Prakash Joshi from Investor Relations. We also have Mr. Vinod Hallan, Head of Finance and Mr. Mukul Bhatnagar, Head of Planning and Strategy from ONGC Videsh Limited.

ONGC has compiled its financial results for the quarter ended 30th June 2024, which have been reviewed by the statutory auditors. The financial results have already been released on 5th August 2024 through a press note and sent to the stock exchanges. This has also been sent to the analysts who are on our mailing list. I present a brief synopsis of the results.

The company has earned a net profit that is profit after tax of INR 8,938 crores during the Q1 of FY25 as against INR 10,527 crores during Q1 of FY24. This is a decrease of INR 1,589 crores, 15.1% decrease. This decrease in net profit during Q1 FY25 is on account of lower sales revenue, mainly due to lower natural gas realizations and increase in exploration write offs and increase in depletion.

The sales revenue in Q1 FY25 increased on account of increased sales revenue from crude oil by INR 1,864 crores the increased sales revenue from value added products by INR 415 crores as against the corresponding quarter of previous year.

The billing net of VAT and CSE for crude during the first quarter of the current fiscal was at \$83.05 per barrel as against \$76.36 per barrel in the same period of the last year. That is an increase of 8.8%. The exchange rate of INR versus Dollars stood at INR 83.42 vis a vis INR 82.21 in the first quarter of FY24. Thus, realization for crude in INR terms stood at INR 6,928 per barrel in Q1 FY25, vis a vis INR 6,277 per barrel in Q1 FY24, that is an increase of 10.4%.

The expenditure on statutory levies, that is royalty and excise duty, etcetera, have increased during Q1 FY24 by INR 2,321 crores, 31%, in comparison with similar period of previous year. This increase in statutory levels is attributable mainly to increase in sale price of crude oil and levy of special additional excise duty by government of India on production of petroleum crude at a rate revised every fortnight based on the international crude price. This SAED on crude has been levied with effect from 1st July 2023, which amounted to INR 2,835 crore in Q1 FY25 against INR 713 crore during Q1 FY24, that is an increase of INR 2,121 crores. The operating expenditure has increased by INR 111 crore, 1.9% only, from INR 5,968 crore in Q1 FY24 to INR 6,079 crore in Q1 FY25.

There is an increase of INR 627 crore in exploration cost written off in Q1 FY25 to INR 1,643 crores in Q1 FY25 from INR 1,016 crore in Q1 FY24. This increase is mainly due to increase in unsuccessful wells charged off mainly at Western Offshore and KG Basin. The increase in survey expenditure is due to increased active survey activities in the JV Chennai HELP blocks and at Western Offshore.

DD&I costs for Q1 FY25 stood at INR 5,897 crore as against INR 4,997 crores during the corresponding period of previous year that is an increase of INR 900 crores. This increase is due to increase in depletion expenditure of INR 748 crore, mainly at Western Offshore. The increase in depreciation by INR 250 crore is mainly at Western Offshore by INR 215 crore due to increase in ROU depreciation related to hiring of workover rates offshore IMR vessels.

The company at a consolidated level has earned a net profit, that is profit after tax of INR 10,236 crores during the Q1 of FY25 as against INR 17,893 crore during the Q1 of FY24. That is a decrease of INR 7,657 crore, 42.79%. This decrease in profit can be mainly attributed to our subsidiaries HPCL and MRPL.

Lastly, before I finish, I would like to add that to counter the decline in production from some of the matured and marginal fields, ONGC is taking proactive steps by implementing well intervention and advancing new well drilling activities. The decline in production from matured fields will be compensated in our upcoming quarters with commencement of additional production from upcoming projects, which are under various stages of development.

Crude production has already commenced from KG 98/2. Hopefully, we would be better placed with oil in Q3 and gas in the quarters thereafter. Well, with this, I have finished my briefing of the Q1 results for FY2425. We will be very happy to take questions from you. We would request you to restrict your queries on financial results only. Thank you very much.

Moderator

Thank you sir, Ladies and gentlemen we will now begin 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 one again. First question comes from Sabri Hazarika from Emkay Global. Please go ahead.

Sabri Hazarika

Yes. Good afternoon sir, and congratulations on a steady set of numbers. So I have two questions. First one pertains to KG 98/2 only. You have mentioned that from Q3, we will see some uptick in some sort of like good position in terms of oil production. So can you quantify, as of now, what is the current oil output of KG 98/2 as well as gas output in Q1 and I think you made one statement also that in Q2, one more well will come in August. So how do you see from a number point of view oil production as well as gas production in KG 98/2?

Vivek Tongaonkar

Yes. Good afternoon. For 98/2, currently, we are producing oil at the rate of 12,000 barrels of oil per day, and gas is 1.5 MMSCMD. So from the next quarters, we expect to open one more well during this quarter, this Q2. And subsequently, from the third quarter, we expect to open further wells, which would add to our oil production as such. So from the third and fourth quarter, we expect another to have a production rate of about 30,000 barrels per day plus as the wells open up.

Sabri Hazarika

Right, sir. And the peak of 45,000 barrels per day will be like at what point of time we will hit that.

Vivek Tongaonkar

At subsequent quarters, we should be achieving that 45,000 barrels per day of oil from KG 98/2.

Sabri Hazarika

So I mean, what is the well yield currently? I mean, per well we are getting something like, 5,000-7,000 barrels per day of oil. Is it the kind of run rate from per well we are getting right now in KG 98/2.

Ajay Kumar Singh

Yes, very good afternoon. I am Ajay Kumar Singh, I'm Chief Corporate Planning. Currently, we are producing 12,000 barrel of oil from four wells and one more well we are opening in this month. So we'll be operating with five wells in August 2024.

Sabri Hazarika

Okay, sir. Thank you. And secondly, on the gas front, same kind of trajectory can you please give us.

Ajay Kumar Singh

Gas also, from this month, right now, we are producing 2.4 million SCMD of gas from East Coast. Out of that, 0.4 million is associated gas from 98/2, and that will go to 1.4 million SCMD by August, by the end of this month.

Sabri Hazarika

1.4 is for this month you are talking about not for the whole right I think 1.5 MMSCMD number that you gave.

Ajay Kumar Singh

Yeah I gave that number sorry my mistake on that point

Sabri Hazarika

Currently we are at 0.4 MMSCMD sorry I mean 0.4 which will go to on 1.4 MMSCMD this month and what is the trajectory when we will hit 8-9 MMSCMD from gas?

Ajay Kumar Singh

By end of March we will get to 6 million from new wells

Sabri Hazarika

By March end 6 million MMSCMD and how many wells will there by that time

Ajay Kumar Singh

See, 98/2 we have 26 wells. Out of that, 13 is oil producing and 7 is gas producing. So we'll be opening all 13 plus 6 by end of March, entire one.

Sabri Hazarika

Okay, sir. Fair enough. That's all from my side. Thank you so much and all the best.

Moderator

Thank you. Next question comes from Kirtan Mehta from BOP Capital Markets. Please go ahead.

Kirtan Mehta

Thank you sir for the opportunity. In the press release, we have mentioned about three discoveries that we have identified. One is the pool discovery, which is commercializing GS6 and GS8. Second one is a prospect discovery in the C series where the well flow rate was 0.21 million metric cubic meter per day. Would you talk us through the sort of the potential that this is establishing and what is the further plan to sort of assess and take these discoveries forward?

Vivek Tongaonkar

These discoveries have happened recently, that development or that assessment of these discoveries, etcetera, will take some time, and it would be some time further on that we would be taking these on development plans and exploiting these discoveries as such. So that is the current state of it.

Kirtan Mehta

But is 0.2 million metric per day, is it a large flow rate compared to what we normally see from the discovery? So does it indicate a sort of a larger potential of the reservoir?

Vivek Tongaonkar

No. There is a potential for the reservoir. It is a decent flow rate that we have, and these are encouraging testing results that we have established commercial hydrocarbon in that dew formation for the first time. So further exploration, etcetera, would be further development also would have to be done on this particular formation for establishing the potential of this formation as well as a flow rate that could be obtained from this formation.

Kirtan Mehta

Sure. And in terms of the pool discovery online, when we mentioned that as a pool discovery, what sort of the implication? And we have also said we have established commercial oil and gas. So what exactly are we sort of hinting at?

Vivek Tongaonkar

So pool discovery means it is new area that has been found over there within that field itself. And commercial means that we can extract oil from it or gas from it at a rate, which is commercially possible for us to withdraw and sell it over there. There could be different sizes of these discoveries. If it is not good enough for us to develop it commercially or that we lose end up losing money on it, then we will not call it a commercial discovery. When we say it is a commercial discovery, it means I can extract oil or gas from that discovery, sell it and recover all my costs and make money on that also. That is sort of gist that we talk of when we say it's a commercial discovery.

Kirtan Mehta

So it will like most likely be followed with the field development plan as well, and we have reached at a stage where we are able to say that it's commercial?

Vivek Tongaonkar

Yes. We have reached that stage, and we would certainly be looking at developing such sort of pools and areas.

Kirtan Mehta

Any indication in terms of the size of this pool?

Vivek Tongaonkar

No. As of now, I would not be able to tell the size of the pool because this would entail additional work on that area, both through the reinterpretation of the results that have been received from this well and also maybe drill more wells if the size is bigger or something like that. So it will take some time. It typically takes about 2-3 years for new areas or new fields to be sort of delineated and then finalized as to the size of the discovery in that to the full extent.

Kirtan Mehta

One more question was on the field development plant that we have submitted for Hatta discovery with the small scale LNG plant. Would you be able to share the details in terms of the size of the plant, time lines as well as potential CapEx involved?

Vivek Tongaonkar

I don't have that detail offhand, but the whole idea is that, that FDP has been submitted to the DGH. It entails exploiting that field because it is a remote field. It is online, but it is remote from any gas pipelines, etcetera. So to exploit that gas, what we are planning to do is we are planning to tie up with IOCL and then transport that gas as LNG from that area. So this this plan has been submitted to DGH. And once it is approved, we'll be able to move forward in the full fledged way to develop this area as such. But commercially, we find it to be viable.

Kirtan Mehta

In terms of the size of the reservoir, any indications on reserves or probable resources?

Vivek Tongaonkar

I do not have those as of now. Let me come back. Somebody will contact you on that.

Kirtan Mehta

Sure.

Vivek Tongaonkar

But yes, it is especially expectable.

Kirtan Mehta

Thank you, sir for this clarifications. I'll get back in the queue.

Vivek Tongaonkar

Sure.

Moderator

Thank you. Next question comes from Mayank Maheshwari from Morgan Stanley. Please go ahead.

Mayank Maheshwari

Sir, a couple of questions on the petrochemical side of the business and OVL. Can you just talk us about what's the costs have come down quite a bit on the OVL front. Anything specific that you're seeing there in terms of operating costs?

Vivek Tongaonkar

Good afternoon, Mayank. I'll have Vinod Hallan from OVL is over here. He'll respond to your question.

Vinod Hallan

Good afternoon. Maybe the reason is because in Colombia, we have an operating block and there the royalty was paid earlier in cash and now we have switched over to paying royalty in kind. So that has brought the royalty expense down, but it has also at the same time impacted our top line because it was coming in the revenue also. So the cost have come down mainly because of the lowering of the royalty expenditure in in CBO5 Colombia.

Mayank Maheshwari

So is the production number now adjusted for the royalty impact?

Vinod Halland

No. It remains the same.

Mayank Maheshwari

So would you roughly have an impact of how much is that in terms of royalty that you're paying in terms of in kind now as a percentage of production?

Prakash Joshi

Mayank we can come back to this question.

Mayank Maheshwari

Ok.

Vinod Hallan

I will provide you the number later but the current production from the block is something around we have 10 oil producers in the block. We have the operators in that block. We have a 70% share. And the current JV level production is around 37,000 barrels with our share at 27 tonnes.

Mayank Maheshwari

Got it. Okay. And I think the second question was more in terms of the petrochemical side. I think on the restructuring front, are you guys completely done with it? Where is the progress on that? And what can we expect now going forward on OPAL?

Vivek Tongaonkar

So on OPAL, we are still awaiting certain government clearances. So once we get those, we should be able to announce it. We have put our case forward to the government, and we are hoping that we should get a positive response, but we have not got any communication from the government as yet.

Mayank Maheshwari

Okay. And then the last question I had was on the net realization on oil on the domestic side. I think it's been, I think, versus the discount versus the brand, your net realization has been kind of sometimes the

discount goes up quite a bit, sometimes it comes down. So is there a specific reason why the volatility is happening like this quarter the discount on oil versus the benchmark kind of widened quite a bit.

Vivek Tongaonkar

So Mayank, the bottom line is that at the end of the day, the government ends up paying us about around \$75 per barrel, for crude oil. And if the crude oil price moves up, then the discount will be higher. If it is lower, it is lower. So they adjusted broadly what we have seen

Mayank Maheshwari

I was looking at gross realization, not net realization, sorry. I meant gross. Net realization, I completely agree with you. I think just the gross realizations have been because you are marketing freedom on oil now. So I was just thinking like whether you will be able to kind of get your gross realization up.

Vivek Tongaonkar

For KG Basin, etcetera, yes, we have got better prices. It has been we have got a premium over Brent for this KG Basin crude oil. Crude typically prices are combination of demand and supply as well as availability and all the Indian refineries are able to process various different types of crudes, most of it which they import also. So Mumbai high crude as well as East Coast crude or for that matter, onshore crude is already tied up with these refineries. And yes, we do get a premium on our crude as such.

Mayank Maheshwari

And that premium is over Dubai or Brent that you're looking at right now?

Vivek Tongaonkar

It's over Brent.

Mayank Maheshwari

Okay, Thank you. I'll come back in the queue.

Moderator

Thank you. Next question comes from Nitin Tiwari from PhilipCapital India Limited. Please go ahead.

Nitin Tiwari

Hi sir. Thank you for the opportunity. Sir, my question is a clarificatory one. I didn't get the number for the production from KG 98 right. So I suppose you mentioned that the current rate of production is 0.4. Is that correct? 0.4 mmsmd KG 98/2.

Ajay Kumar Singh

Yeah gas production is what you are saying is correct oil production is more than 12,000 barrel per day.

Nitin Tiwari

So sir, has the production in 98/2 come down because I remember in the previous quarter when we had discussed the same number, it was mentioned that the production from East Coast is 2.4 of which 1.6 is 98/2 and 0.8 is S1 Vashishta. So now, like, you know, as you mentioned that the number for 98/2 is 0.4. What has changed?

Ajay Kumar Singh

Yeah current production is 2.4 out of that we have other field also which are contributing nearby field is G1 & Vasistha so all put together we have production as on date is 2.4 and out of that 0.4 is from 98/2.

Nitin Tiwari

So if 98/2 is 0.4 then what are the other fields which are contributing to the production how much is coming from S1 Vashishta and other fields? And if you can say the field wise breakup?

Ajay Kumar Singh

U field we are getting about 1.2 million, G1 0.5 and Vashishta 0.2

Nitin Tiwari

Sorry, G1 0.5 and Vashishta you mentioned?

Ajay Kumar Singh

0.2.

Nitin Tiwari

0.2, okay. So that adds up to about 1.1. What about the remaining production fee?

Ajay Kumar Singh

1.2 from U field.

Nitin Tiwari

Sorry, which field?

Vivek Tongaonkar

U.

Nitin Tiwari

U field. Okay, 1.2 from U. Alright sir.

Vivek Tongaonkar

Nitin hold on, that clarification, I think earlier what has been mentioned are the current production from Eastern offer is 2.4 MMSCMD out of which 1.2 is from the existing filed earlier U filed which was part of earlier to consider on. What we have opened wells of oil over here in 98/2 field, cluster 2, that is 0.4 MMSCMD gas is coming along with it from the other fields which are there in the East Coast which is HPHT G1 etc that are 0.8 MMSCMD so these all adds up to 2.4.

Nitin Tiwari

So you said that the field U was part of 98/2 earlier something like that.

Prakash Joshi

No, U filed been always part of KG 9/2 cluster 2.

Nitin Tiwari

Okay, all right. So this is KG 98/2 cluster 2, the field is and the 0.4 is coming from the other cluster, is it?

Prakash Joshi

Yes. That's right.

Nitin Tiwari

Okay. All right. But the entire production can be considered that the KG 98/2 I mean, if we have like how many, 2 clusters. So the combined production would be about 1.6. Is that the right way of looking at it?

Vivek Tongaonkar

Yes, exactly.

Nitin Tiwari

All right. So then I mean like mostly like that tallies with what you said in the previous quarter. 1.6 is coming from 98/2 from the 2 clusters that we have over there, correct? Alright sir. And secondly, my second question is again related to 98/2. So what is the investment that we have incurred till date in development of 98/2? And what kind of return are we expecting from the production profile that we have envisioned for this field in the time to come?

Vivek Tongaonkar

Currently, as of date, I think we have invested about \$4 billion plus dollars.

Nitin Tiwari

Alright.

Vivek Tongaonkar

Around \$4 billion which is about INR 30,000 crores, if you can say, 30,000 crores in rupees.

Nitin Tiwari

Alright.

Vivek Tongaonkar

Okay. And what else you wanted, sorry?

Nitin Tiwari

So what is the kind of IRR we are looking at from this field.

Vivek Tongaonkar

IRR as of now [Inaudible 00:27:56]

Nitin Tiwari

I'm sorry, sir. The audio quality is not good. I'm not sure it's only for me or for everybody, but, the voice is breaking.

Vivek Tongaonkar

One moment. Is it better now?

Nitin Tiwari

Yes, better.

Vivek Tongaonkar

Okay. So the IRR is better than the rate of return that we have been targeting and we are on track to sort of get good returns on this.

Nitin Tiwari

You wouldn't want to specify a number, sir, from the field?

Vivek Tongaonkar

As of now, not like to quantify that number as of now because we are still in that phase when we are yet to complete that project.

Nitin Tiwari

Understood, sir. And sir, secondly, just wanted to get like the guidance of production for crude and natural gas, FY2627. If you can break it down sorry, FY2526, if you can also break it down between your production and JV production for the entire year.

Vivek Tongaonkar

Okay. Just hold on.

Nitin Tiwari

Yeah

Vivek Tongaonkar

So Nitin, just coming back on to that production front. For 2425, we're expecting for ONGC stand alone to be about 20.59 MMT.

Nitin Tiwari

20.5 MMT, okay, sir.

Vivek Tongaonkar

Yes. And we expect JV product will be about 1.71 MMT.

Nitin Tiwari

Alright, sir.

Vivek Tongaonkar

The total is 22.3 MMT. And we expect an increase of about 12% over a period of 2 years. So we are targeting around 21.87 MMT for oil, stand alone and 23.08 MMT in totality for ONGC and JV as of now.

Nitin Tiwari

In FY26, you said?

Vivek Tongaonkar

FY2627.

Nitin Tiwari

FY2627 is 21.87 ONGC stand alone.

Vivek Tongaonkar

Yes. And 23.08 totality ONGC plus JV.

Nitin Tiwari

Understood, sir. And the same number for gas, sir, that would be really helpful?

Vivek Tongaonkar

Gas would be 20.95 for ONGC and 0.65 JV, which is 21.60 BCM.

Nitin Tiwari

Alright sir

Vivek Tongaonkar

The targeted increase of 27% up to 26-27 which is on a totality basis, it would be 25-26 BCM. ONGC contributing most of it at 25.5 BCM.

Nitin Tiwari

25 to 26 BCM would be the total production for you and JV in 27?

Vivek Tongaonkar

25.91 BCM.

Nitin Tiwari

Got it sir. Thank you, sir. This is very helpful. I'll get back in a que.

Moderator

Thank you. Next question comes from Varatharajan Sivasankaran from Antique Stock Broking Limited. Please go ahead.

Varatharajan Sivasankaran

Thank you for the opportunity. So on the, KG basin oil, are we now very clear about the applicability of the windfall tax?

Vivek Tongaonkar

Sorry. Applicability of?

Varatharajan Sivasankaran

Windfall tax on KG basin?

Vivek Tongaonkar

We don't anticipate any windfall tax as of now in the current scenario on this oil?

Varatharajan Sivasankaran

There been no feedback from the government giving it a finality?

Vivek Tongaonkar

We have not paid it.

Varatharajan Sivasankaran

Fair enough. Secondly, on the redevelopment efforts which Mr. Tongaonkar was highlighting, if you can give us some more details as to which all fields and what is the kind of CapEx being deployed there?

Ajay Kumar Singh

On the field CapEx?

Varatharajan Sivasankarn

Yes. On the redevelopment program, yes, the CapEx which you are bidding or field wise if you have some number?

Vivek Tongaonkar

Yeah. Yeah. Just hold on. So the major fields that we are looking at currently is basically one is Daman upside development project in Tapti. This is offshore. The second one is what is currently going on is the KG 98/2, which is currently under progress. We have Mumbai High North redevelopment Phase 4. These are planned. This is Mumbai phase 4 has not started. Redevelopment of Santal field then redevelopment of Lynch field, which is on onshore redevelopment of Subhasan Complex, which is again at onshore Kalol redevelopment project, which is in onshore West and we also have a commercial polymer flooding project in Bechraji field, which is in Mehsana onshore.

Varatharajan Sivasankaran

Any completion schedule, if you can share with us?

Vivek Tongaonkar

Yes. Daman upside development project has been awarded in this May 24, and we expect it to complete by February 26. KG Basin is already underway, we expect it to complete it in this year. Mumbai High North Development would take about 3 years to come up because we are at that FR and FDP area. Redevelopment of Lynch, Subhasan, Kalol, this would also be another 2 year project. Bechraji also would be another 2 years project. We have some projects which are under tendering also. So those will also come up by September 2026, which are some development of offshore areas, DSF contract. Then some portion in EOA also, development of BS-17 field, which is also offshore and the Mumbai redevelopment Phase V, which will come beyond after Phase IV is completed.

Varatharajan Sivasankaran

Okay. Thanks a lot.

Moderator

Thank you. Next question comes from Gagan Dixit from Elara Capital. Please go ahead.

Gagan Dixit

Yes. Thanks for taking my question. Sir when I go with your presentation of this June presentation, you mentioned around 16 projects under conceptualization that you mentioned it has 86 million ton potential. So as I assume this is something exploration prospect that you are talking about?

Vivek Tongaonkar

On the June presentation?

Gagan Dixit

Yes, sir.

Vivek Tongaonkar

Okay So what was informed in June presentation were those projects which are under conceptualization. You're talking about MDT 5th phase, additional development of Mukta field, those ones, right? Additional

setup and North Tapti, additional development SDA 4, all these are currently we are working on them, but they are not as being crystallized, and therefore, I have as of not mentioned it to you. But yes, these are also under consideration and conceptualization. What I have informed just previously was those fields or those projects in which we have already started work and where we are already under tendering.

Gagan Dixit

Okay. So my next question is about this Mozambique project. So recently this Total Energy that the operator of the Mozambique, they have told that basically, they have settled all the this everything has been settled with the contractor. That's what they told. But they mentioned that, they are waiting for the Mozambique election to conclude. So, it's something like I'm following them till last year, they were telling that work should start somewhere in the early 2024. But now I think they are also waiting. So can I assume it's a one year delay almost in the Mozambique

Vinod Hallan

There is a delay because earlier talked about for assumption in January 24, but that has gone far behind and now, Total, as you said, is talking about elections, which are in October and there is some linkage with the US Election as well. So we hope that October to January 2025 is the period that we can expect an assumption of the work.

Gagan Dixit

Yes. So my final question is ONGC Green Limited where I think you had some big CapEx plan of INR 1 lakh crore over the next 7-8 years. So can you elaborate, sir, what are the infrastructure or something that you want to target? I mean, how much is the green hydrogen or ammonia capacity up I mean, renewable capacity that you are targeting over the next 6 to 7 years?

Vivek Tongaonkar

Yes. So our strategy has been that we plan to have about 10 gigawatts of energy green energy by 2030, which will comprise 70% of solar, 30-40% of onshore wind. Then we are also targeting green hydrogen, then CBG or biogas, offshore wind, pumped storage plant, CCUS. And the total investment that we are anticipating over here is about INR 1 lakh crore, including reduction in flare reduction and increase in energy efficiency. So that is the target till 2030.

Gagan Dixit

And then how much is the green hydrogen or green ammonia that you are targeting to produce, I mean, by 2030?

Vivek Tongaonkar

So we plan to have 1 MMTPA of ammonia which is about 180 KT of green hydrogen.

Gagan Dixit

Okay. Thanks it from my side, thank you.

Moderator

Thank you. I request the participant to restrict with the two questions in the initial round and join back the queue for more questions. Next question comes from Probal Sen from ICICI Securities. Please go ahead.

Probal Sen

Thank you for the opportunity. Good afternoon, sir. Just a simple a housekeeping question from my side. If you can have the CapEx guidance for FY 2526, broken down into stand alone and if you can get a sense of what the consolidated CapEx would look like?

Vivek Tongaonkar

When you say consolidated, are you looking at also HPCL MRPL?

Probal Sen

Sir, if you can give any guidance, that's fine. Otherwise, if you stand alone, I would appreciate.

Vivek Tongaonkar

For this current year, we are planning around \$4 billion odd dollars to be spent on CapEx over here at ONGC only, It should be around INR 32-33,000 crores. We would expect similar amounts to be spent as of now on ONGC stand alone for the future year, next year also. I'm not counting green and all those in this one as of now.

Probal Sen

Okay. And any sense you can give on OVL, sir? What kind of CapEx is there at least?

Vinod Hallan

Yes. OVL CapEx in this budget estimates, 2425 is INR 5,600 crores. And once we have Mozambique back on the [Inaudible 00:42:48], this CapEx number [Inaudible 00:42:51] 8500 crores [Inaudible 00:42:55].

Probal Sen

I cannot hear you sorry.

Ajay Kumar Singh

8,500-9,000 if Mozambique comes.

Probal Sen:

Okay. So INR 5,000-6000 crores once Mozambique comes, an additional INR 2,500-3,000 crores will get added, correct?

Vinod Hallan

Yes, correct.

Probal Sen

And the second question I had for you, if you can get a sense of what the subsidy, OPAL and OMPL has done in Q1?

Vivek Tongaonkar

OMPL is no longer a separate company. It is already merged, it is part of MRPL. It is MRPL only now.

Probal Sen

So What about OPAL, sir?

Vivek Tongaonkar

Yes. OPAL is still a separate company, one moment. We had EBITDA positive for the Q1, but on a flat basis, they were negative. Just let me get the figures. So figures for OPAL were in fact, for this Q1 was minus 983. And for the FY24, it was minus INR 3,456 crores.

Probal Sen

Okay. And what was the EBITDA, sir? Is it EBITDA positive this quarter?

Vivek Tongaonkar

Our EBITDA for this year, Q1 was INR 29 crores positive. And for the FY24, it was a loss of 479 crores

Probal Sen

479 crores?

Vivek Tongaonkar

Loss last year.

Probal Sen

Right. And Sir, if you can get some operational data in terms of volumes for now utilization right now?

Vivek Tongaonkar

Utilization last year was 92% and for this 1st quarter was 89%.

Probal Sen

Okay. Alright, sir. I'll come back as I have more questions. Thank you so much for your time.

Vivek Tongaonkar

Thank you.

Moderator

Thank you. Ladies and gentlemen If you have a question please press * and 1 on your telephone keypad. Next question comes from Puneet Gulati from HSBC. Please go ahead. I repeat question comes from Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati

Yeah. Thank you so much. Can you talk about when do you see higher gas price utilization from your nomination blocks given that you are drilling new wells?

Vivek Tongaonkar

Sorry, come back. Higher gas realization from?

Puneet Gulati

Yes. So from the nomination blocks, because there was this proposal where the new field will attract higher pricing. Are you getting any benefit of that?

Vivek Tongaonkar

So this is currently, we have already submitted those details to the government, and the government is to come back to us on that issue. So we do expect that we should be able to get this additional markup on that nominated field gas shortly. There's some more addition. Just hold on. Devendra can add on to it please?

Devendra Kumar

Good afternoon. I'm Devendra Kumar from commercial. This additional price 20% additional price from additional wells and well intervention that is already notified. Only the mechanism to measure that is not in place and DGH has been authorized to look into it. So they are working on the modalities how to measure that. So once that is put into picture of measurement, what exactly constitutes the well intervention, there are various technical aspects to it, so they need to differentiate on that. So we expect some movement on this front by end of this year. It will take some time.

Puneet Gulati

And will it be prospective or retrospective?

Vivek Tongaonkar

See, notification is already there. So we would like it to be from the date of that notification, but we are not sure as of now.

Puneet Gulati

Okay. Understood. That's it. And secondly, if you can talk a bit about what's driving this bit of little slower ramp up in production from the KG Basin field? And what has it done to your cost estimates versus a year back? Both OpEx and CapEx, yes.

Vivek Tongaonkar

So that slower implementation is partly due to weather. Weather has been quite rough during this year as such, that is what has the delay. But we are hoping that we should be able to make up for all these delay and start up production, as I mentioned earlier on, in this quarter from one more well and also from oil wells, which we plan to do, which are already completed, but we will have to sort of start producing from them and from the third quarter of this year.

Puneet Gulati

In terms of equipment and platforms, all those are now tied up. There is no concern on that.

Vivek Tongaonkar

Most of the whatever is required for operations has already been sort of put in place, and we should be able to start operations. That's why we are saying that this additional oil production and gas production will start from this quarter as well as from that third quarter what I mentioned earlier.

Puneet Gulati

Understood. And lastly, if you can add a bit on the crude oil production. Do you envisage a scenario where for gross ONGC exo over year basis you will see an increase in production? Or do you think one should pencil in a regular decline on the production side?

Vivek Tongaonkar

The net production is a sum total of that regular decline as well as the additions that we do. And we are looking forward for additional additions in this year. As I said that we are expecting production of 30,000+ from this new wells that we are planning to put on stream in Q3 as such from KG basin. So we are anticipating that we should be having better production in this year over the previous year.

Puneet Gulati

Understood thank you so much sir.

Vivek Tongaonkar

Yeah, thank you.

Moderator

Thank you. Next question comes from Vishnu Kumar from Avendus spark. Please go ahead.

Vishnu Kumar

Thanks for your time, sir. Actually, my question is on, is similar to the previous caller's question. So even in Q1, if we look at the past couple of quarters also despite we have some element of ramp up in KG 98/2, both in oil and gas, we still have our production continuing to decline as we speak. At least calculated the number tells me that 3-4% base decline growth is there. So even if, let's say, this kind of decline continues, even if we hit 30,000 on oil, we may end up being at this flat or negative. So just trying to get a sense that what efforts are being done or how confident are we of reaching a positive growth target, at least on oil from this side?

Vivek Tongaonkar

Yes. So just to mention to you that first quarter of every year is usually marked with slightly lesser production because Western Offshore gets affected due to monsoons. So wherever you have got well closures or some problem with the wells, you are not able to go there and do that well intervention or open up those wells, etcetera, or attend to that eventuality because of the rough seas as well as the rain over there at offshore. So that contributes for lesser production every year's Q1 as such typically. So that we are sure that these sort of shutdowns or closures of individual wells that happen on different platforms would get addressed immediately whenever the weather clears as well as whenever monsoon gets over, that is typically from 15 September onwards.

So that production comes back on stream. East Coast also, as I've mentioned, that we are anticipating new wells coming up over here, and therefore, the production would increase. As I have mentioned, the production peak production is likely to go up to 45,000 barrels per day, which is a very substantial increase even if you consider ONGC as a whole. So that is why we are pretty confident that at the end of the year, we should be marking up better production over this previous year.

Vishnu Kumar

Got it, sir. And secondly, on the production to sales ratio, obviously, we have some.. So the amount of volume produced to the volume sold, for the new incremental volumes, will the number directly flow down to the same number? Because from a modeling perspective, typically, we have a ratio. That's what we look at.

Vivek Tongaonkar

Sorry, for East Coast, we have the production going to an FPSO. And from there, it would be sort of going on to different evacuated through other tankers to the refineries. So typically, I suppose, our production quantum and the sales quantum would be very pretty close to each other as far as oil is concerned.

Vishnu Kumar

And for gas sir?

Vivek Tongaonkar

Gas also, I don't anticipate any very major differential to happen between the production and sales until and unless there is some flaring or technical flaring that takes place.

Vishnu Kumar

Understood, sir. Thank you.

Vivek Tongaonkar

Thank you.

Moderator

Thank you. Next question comes from S Ramesh from Nirmal Bang Equities. Please go ahead.

S Ramesh

Good evening and thank you very much. So when you gave the production target between FY25 and FY27, is it possible to indicate what will be the oil production in FY26 and same way for gas? So just to understand how we'll go from, the 22.3 to 23.08 between 2025 and 2027. What will be the number similarly for gas?

Vivek Tongaonkar

Okay. Broadly, as I said, 12%, I'm just mentioning that it would be 22, 23 sorry, it would be in the same range for 2526 also somewhere in between. And for gas also for between 21.6 and 25.9, it would be around 23-24 BCM as such.

S Ramesh

Okay. So when you look at the KG gas volume of 6 million by end of FY24, is that the exit rate or would you achieve that on average for the fourth quarter?

Vivek Tongaonkar

Come back? Sorry. I didn't get your call.

S Ramesh

You mentioned that, you know, you'll achieve 6 million cubic meters a day of gas production in KG 98/2, by end of FY25. Right? So is that going to be the exit rate, or will you be able to achieve that average run rate of 6 million cubic meters a day for the fourth quarter of FY25?

Ajay Kumar Singh

As a gas production of 6 million from 98/2 we achieved peak production will be achieved last fortnight of March 2025. So it is not averaged out. It is not that answers your question.

S Ramesh

Okay. So from 6 million what can we expect, say, over FY2627?

Ajay Kumar Singh

Yes, we can expect. So you mean to say when we will be peaking KG 98/2, right?

S Ramesh

Yes.

Ajay Kumar Singh

So it will be towards the end of this year and then continuing from that onwards.

S Ramesh

So the question is from 6 million cubic meters per day, I mean, we have seen numbers of 12 to 15 MMSCMD. So what is the actual number you can actually say by 2627? And what is the kind of peak volume you're expecting based on the current plan?

Vivek Tongaonkar

For these details, we'll come back to you separately. Is that okay?

S Ramesh

Yes, that's fine. So one before I move to the next question on KG now, is it still in work in progress? Or have you capitalized and booked some revenue and income from the KG basin? When do you expect the commercial impact to be shown in your P& L?

Vivek Tongaonkar

When do we expect, sorry, the?

S Ramesh

See, in terms of the KG 98/2 production of oil and gas, when do we see those numbers being commercialized and booked in your P & L

Vivek Tongaonkar

Already being we're already selling crude oil from there, 12,000 barrels per day. So it is already coming in our revenue.

S Ramesh

So is there any profit you're making there as on date? And would we be able to end the year?

Vivek Tongaonkar

No. But I would not be able to tell you any profit, so to say, for that field, if you are asking that. You would not be able to do that. We do it only on an ONGC basis only.

S Ramesh

Yes. But just to understand, at what level of production you will breakeven at EBITDA or PBT level?

Vivek Tongaonkar

No, I wouldn't be able to give that figure just now.

S Ramesh

Okay. Fine.

Prakash Joshi

But one thing we could highlight is the majority of the cost is being booked. That is already there.

S Ramesh

Okay. So in OVL, what can we expect in terms of growth and in terms of incremental contribution to your cash flows? Or will you continue to require backstopping from ONGC in terms of additional equity and debt, especially given that Mozambique is now just, going to get ramped up? And do you see any, you know, reduction in, EBITDA, you know, during the, you know, CapEx phase in Mozambique? Or will the current commercial field will be generating cash flows from OVL?

Vinod Hallan

OVL is generating sufficient cash flows to manage its operations. And the last [Inaudible 00:57:58]

S Ramesh

Hello? I Can't hear you.

Moderator

I'm sorry to interrupt you sir, your voice is not audible sir.

Vinod Hallan

OVL is generating sufficient cash flows to manage its operations year and the last 2324 oil and gas production was 10.518 MMT little up from 2223 number of 10.17. This year 2425 our target is 11 and the Q1 production is almost we are sailing to the target it is 2.252. So as regards to the Mozambique, as you said, we don't see any reduction in that. Rather, there will be some improvement as the forcemajure costs, which are hitting the P & L will not be hitting when the Mozambique forcemajure is lifted. So and there is an upside in the production also expected as we continue good progress in the CPO5. We are also doing good in the two blocks in South Sudan with both GPOC and SPOC showing good results. SPOC, in fact, has locked 13,000 barrels this year from the average of 6,000 barrels in 2324.

S Ramesh

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

Vivek Tongaonkar

Thank you.

Moderator

Thank you. The last question for the day comes from Vipulkumar Shah from Sumangal Investments. Please go ahead.

Vipulkumar Shah

Hi, thanks for the opportunity Yes. So line was back, so I could not note down the figures given by you. So what should be our stand alone and JV oil and gas production target for FY2526? Would you repeat it, please?

Vivek Tongaonkar

So for FY2526, if you are saying it is 20.7 to 1.45, which is around 22 plus 23 around 22, 20 plus figure for oil, gas is 23.83 and 0.53, which is 24.35.

Vipulkumar Shah

That is for 25, right?

Vivek Tongaonkar

FY2526.

Vipulkumar Shah

Okay. And for FY2627?

Vivek Tongaonkar

That was 21.87 and 1.21, which is 23.08 MMT and gas is 25.49 and 0.42, which is 25.91BCM.

Vipulkumar Shah

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

Vivek Tongaonkar

Thank you.

Moderator

Thank you. Now I hand over the floor to Mr. Vivek Tongaonkar for closing comments. Please go ahead.

Vivek Tongaonkar

Yes. Thank you very much, and thank you all for the interest that you have with ONGC. What we are looking at newer horizons. We are also looking at better production numbers from our new projects. We are currently undergoing project, which is 98/2. We are very confident that, yes, we will be able to ramp up the production that we have and achieve what we have mentioned during this year also. So that would add substantially to our production figures. We are also very focused on our green projects. We have put up ONGC green as such, and we hope that we would be in a position to look at projects, which would generate returns also and give us the green tag. So we are already working towards those goals as such.

And we thank all the analysts who track our company, and also we wish all our stakeholders a very bright future as such. Thank you very much.

Moderator

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

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