

Management Discussion

Madhuri (Operator) - Operator, Operator

Good afternoon, ladies and gentlemen. I am Madhuri, moderator for the conference call. Welcome to ONGC's earnings conference call for the quarter ended 30th June 2026. We have with us today Shri Anupam Agarwal, Director (Finance) and team who will interact with investors and analysts to discuss earnings for Q1 of Financial Year 2026 to 2027. 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 touchtone 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 - Director Finance, Oil and Natural Gas Corporation Limited

Good afternoon, ladies and gentlemen. I am Anupam Agarwal, Director (Finance), ONGC. I welcome you all to ONGC's earnings conference call for the first quarter of FY '26-'27. Thank you all for joining us today. I am joined here by my colleagues from ONGC: Mr. Ajay Kumar Singh, President (Planning and Transformation); Mr. Satish Kumar Dwivedi, Chief (JV and BD); Mr. Yogesh Nayak, Chief Corporate Finance; Dr. Ravindra Singh Negi, Chief Treasury and Investor Relations; Mr. Sanjay Kumar Sharma and Mr. Prakash Joshi from Investor Relations Cell; Mr. Akhilesh Tiwari, Head Corporate Accounts; and Mr. Manish Kumar from Exploration Team. Mr. Mukul Bhatnagar and Mr. D.K. Agarwal has joined 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 to 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 a strong one for ONGC. We reported a standalone gross revenue of INR56,450 crores, an increase of over 45% over the corresponding quarter of the last year. Standalone profit after tax stood at INR17,034 crores, registering a robust growth of over 112% year-on-year. This quarter also witnessed the highest ever standalone quarterly profit before tax of INR22,848 crores. Our average crude price realization has been \$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 efficiency 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 INR6,554 crores during the first quarter of FY '27. While the group's consolidated performance was impacted by HPCL's net loss of INR12,265 crores 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 deepwater 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 INR4,000 crores, generating an incremental realization of about INR1,900 crores over the APM pricing mechanism. New well gas now contributes approximately 38% of the revenue from our nomination gas portfolio, demonstrating the steady migration towards a more remunerative gas basket. The contribution of gas to ONGC's standalone revenue has also increased from around 25% in FY '25 to 28% in FY '26, 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 year-on-year 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 in Western Offshore, and lower gas off-take from certain isolated fields due to customer-side 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 TSF 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 INR40,000 crores 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 TSF 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 INR84,084 crores, is a landmark initiative that reflects a decisive national commitment towards unlocking India's deepwater hydrocarbon potential and creating a favorable investment environment for offshore exploration. As India's flagship E&P company, ONGC will play a 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 program. 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 targeted acquisitions. ONGC awarded a 300 MW ISTS connected solar power project for captive consumption last year, and a corresponding 250 MW wind power project has been awarded in June 2026. 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.

Madhuri (Operator) - Operator, Operator

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 Dolek Capital. Please go ahead.

Questions & Answers**Yogesh Patil - Analyst, Dolek Capital Limited**

Thanks for taking my question, sir. On the oil production side, if you look at the oil production on sequential basis, nominated field oil production has increased 1% Q1Q, 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. Secondly, I wanted to understand KG 98 by two productions. What is the current rate of production there and how has it declined over the last three months? That would be helpful.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Yes, Yogesh, you are correct. Actually, we have been able to maintain the production vis-a-vis last year Q4 production versus the first quarter production, it is almost flat. There has been some decline vis-a-vis Q1 of the last year, mainly as I brought out various factors. Regarding the increase you are talking about in the nomination field, yes, TSP is one of the major factors. Mumbai High is there, and there we have already reached about 107% of our baseline production. Regarding this 98 by two, there have been some challenges we have been seeing, and the production of oil is currently around 21,000 barrels per day and gas is around Again?

Ajay Kumar Singh - President (Planning and Transformation)

1.5.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

1.5

Ajay Kumar Singh - President (Planning and Transformation)

MMSCMD.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

MMSCMD.

Yogesh Patil - Analyst, Dolek Capital Limited

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 2027 and 2028 nominated field oil production guidance, if you could give us, it would be helpful for us

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

I would like to give the total standalone production of ONGC for the next year. I see last year our oil plus gas standalone production, excluding , was in the range of 38.87 MMP. This year we expect to reach about 39 MMP, oil plus gas. The upside will come mainly from gas because many of the projects like DUDP, which is already progressing, and by December well be reaching 2 MMSCMD gas. The CPP commissioning in the east coast, 1.3 MMSCMD will come, and at 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've seen on that side also.

Yogesh Patil - Analyst, Dolek Capital Limited

Lastly, sir, if we could add-

Ajay Kumar Singh - President (Planning and Transformation)

Yogesh, just to add, sir was saying the 2 MMSCMD would be over and above one which we are currently producing from DUDP. That means as it will be more by MMSCMD. By the third quarter, it will be 3 MMSCMD.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

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 of oil and gas gain will be there for 2027, 2028.

Yogesh Patil - Analyst, Dolek Capital Limited

Okay, sir. Lastly, just to break it down in a simpler fashion, can you give us guidance for oil production for FY 2027 and FY 2028 and gas production for FY 2027 and FY 2028, if you have any numbers?

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

I have told you about 39 MMTOE for the current year and 40 MMTOE for the next year, oil and gas taken together.

Ajay Kumar Singh - President (Planning and Transformation)

I think it will be 50/50 next year.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

50/50 we can consider next year. Oil and gas, both.

Yogesh Patil - Analyst, Dolek Capital Limited

Okay. That's really helpful. Thanks. I will come back another day.

Ajay Kumar Singh - President (Planning and Transformation)

Yes, sir.

Madhuri (Operator) - Operator, Operator

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

Nitin Tiwari - Analyst, PhillipCapital

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 which is mentioned in the notes to your accounts, and this is related to the Panna Mukta Tapti arbitration which is going on. Apparently the liability which is sitting in your contingent liability is a significant one, about INR 15,000 crore-INR 16,000 crore, which is almost like, 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 receipt of independent legal advice that ONGC involvement to participate in this arbitration. Given that you have not participated as a claimant, have you in a way tacitly accepted the demand which is made by the government? In that backdrop, 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 shareholder economic interests are protected given that you are not participating in this arbitration?

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Good. This is a good question. This is an arm of government in India. 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 it with the government, there was no formal directive. It is a kind of understanding that we should not be going for this arbitration against the government. Two arms of the government fighting with each other, it is not good. What was

decided in that discussion was that let the other party continue to be in this case, and whatever 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. That is the way. I don't see there is any loss to the interest of any shareholder. Whatever decision will be there, that will be applicable to us.

Nitin Tiwari - Analyst, PhillipCapital

This is an outcome of your discussion with the government or was this an outcome of your basic discussion with the court? The 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. That route court could have also taken it, and given this is your own internal understanding. Is that right read over here?

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

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

Nitin Tiwari - Analyst, PhillipCapital

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

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Yeah. That is the normal principle of JV operation.

Nitin Tiwari - Analyst, PhillipCapital

Got it. Okay. Thank you, sir.

Madhuri (Operator) - Operator, Operator

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

Mayank Maheshwari - Analyst, Morgan Stanley

Sir, I had a question about what you talked about around the upside risk on exploration because of the government incentives that have been 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 high risk, ultra deep water 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 - Director Finance, Oil and Natural Gas Corporation Limited

Mayank, it is a very good question, obviously it is anticipated also somebody talking about Samudra Manthan term. Being a national oil company, we will be playing a major role in this project. Your question is: in the last four, five years, we have not done some major deep water exploration activities. It is not correct. We have been continuously carrying out exploration, about 100 wells we do. Last year we also drilled about four deep water exploratory wells. This year also one stratigraphic well we have already drilled, another well we have explored. This is basically recognition by the government as well as by ONGC post Hormuz, the need for energy security for

the country. The government is very conscious that energy security is very, very important, and for that, whatever is required to be done, that will be done. You would have also seen many of the initiatives which the government has taken in 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 those incentives have made a lot of difference in the process. Further, with the kind of prices we are seeing, before Hormuz, the general consensus was coming that oil prices will settle down around 65. Now with this Hormuz crisis, there's a security layer which is coming on the baseline, and we believe it will be \$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 would like to develop them for energy security for the country. Same is the case for deep water, because at \$55 or \$60, you see many of the deep water is a high risk, high reward game, and the size of the reserve where the economics has to be good to develop that. Maybe some of the fields might not have been good at \$60, \$65 to explore, but at \$75 plus kind of thing, that will be continuing to be very lucrative also, and important for energy security. We are committed for this Deep Water Mission of the Government of India. This is the first time in the history of oil and gas that the government has allocated INR 84,000 crore fund from its own kitty for this new oil and gas exploration. As a national oil company, we remain committed, we will do. Because a major part of this is being funded by the Government of India, it does not have any major financial impact for the company. At the same time, it gives an upside in terms of the new reserves we find and new oil and gas development activities we undertake. I hope I can clarify for you.

Mayank Maheshwari - Analyst, Morgan Stanley

Yes, sir. I think just a follow-up around this was, how does this incentive of close to around \$9 billion that the government has given help you lower your break-even 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 I think you have been drilling. I think you can see in the country where you see prospects for ultra deepwater and deepwater come through.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

You see this Deep Water Mission the government has announced is the first phase of that, which is applicable up to 2031, and that is mainly the explorative phase. The next phase will develop beyond 2031, once this phase results will be known. Each deepwater well costs about INR 1,000 crore. We do not know how much the Government of India will fund, and how it will fund it. Those details are still being worked out and will be shared in due course. Whatever 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 exploratory costs are lower, my economics will be better. We will see how it will help us in economics and the feasibility stage when the substantial amount of oil and gas reserves are found. Regarding the area basins at Andaman, you are already told Mahanadi is one where we have already spud a well, and this is the same basin where we had made earlier discoveries, Konark and one more we had made. That is one. We are also working in Kaveri. Kaveri is also one area where we will be doing something. We are also going to participate in OALP 10 in a big way, and a lot of blocks are on offer in deepwater, and we will decide which areas in those basins we will drill.

Mayank Maheshwari - Analyst, Morgan Stanley

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

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

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 the past also, in one of the blocks we had bid with BP and Reliance together. In the 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 - Analyst, Morgan Stanley

Thank you.

Madhuri (Operator) - Operator, Operator

Thank you, Sam. The next question comes from Vivek Subbaraman from Ambit Capital. Please go ahead.

Vivek Subbaraman - Analyst, Ambit Capital

Yeah. 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 3Q, that'd be great. Secondly, did I hear correctly that the results of the first TSP are that you are 7% higher than the baseline production? In an absolute sense, if you could help us understand the results of the TSP 1 areas that you've covered with BP. If you can give us a sense of what the production was before the partnership and what it is right now. Maybe if you give the absolute numbers, it will be more helpful. Thank you very much.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Vivek, I will take the second question first regarding the TSP. Yes, TSP 1 was on Mumbai High Field. Mumbai High, when we talk about the gain is against the baseline. You know, in the 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%. There it is about 5%-6%, and there you would have heard in the staff 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. That happened in the past because the gas prices were not remunerative. Many of the fields which were discovered were not remunerative. We were not able to develop. With the prices we are having today, the new gas prices, many of those fields have become commercially feasible, and we are developing them, and that is how we are seeing that INR 40,000 crore worth of the projects are already under execution in 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 there. We are getting it studied from the technical experts, and based on that, we'll be taking further decisions. As far as Western Offshore is concerned, it continues to be the flagship for ONGC Group, and there are many projects we have brought in. Last quarter, the operational challenge was mainly pre-monsoon swell that impacted some of the offshore installation of platforms, and also a lot of activities were going on. During that process, you have to close certain

wells because you cannot continue with the production from the brownfield field 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 for all that, and by the end of the year, we will see that production of oil will be almost the level of last year, and gas will be higher by about one BCM.

Vivek Subbaraman - Analyst, Ambit Capital

Okay. That's very helpful. Just two follow-ups. How many wells are currently operational in KG DWA and 98/2 for oil and for gas? That's one follow-up. The second one is the rest of 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 - Director Finance, Oil and Natural Gas Corporation Limited

I will take the second question first, and 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 install a 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 schedule, what kind of platforms we should produce, and 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 - President (Planning and Transformation)

Yeah, good afternoon. I am Ajay Singh, President, Planning and Transformation. Question related to 98/2. Oil, how many oil wells we have opened. We opened all the 13 wells that are being produced. Gas wells, out of seven wells, two are being produced, and three are yet to be opened. Once the CPP is commissioned, which is in progress, we are planning to connect with the subsea wells, and a 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 your question.

Vivek Subbaraman - Analyst, Ambit Capital

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

Ajay Kumar Singh - President (Planning and Transformation)

Gas, presently we are producing about 1.5 to 1.7 million cubic feet per day. With opening of balance three wells, we expect an additional 1.5 MMSCMD. All put together, three million plus gas will be produced.

Vivek Subbaraman - Analyst, Ambit Capital

Right. By when do you reach your peak, three million?

Ajay Kumar Singh - President (Planning and Transformation)

By Q4.

Vivek Subbaraman - Analyst, Ambit Capital

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

Madhuri (Operator) - Operator, Operator

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 - Analyst, Emkay Global

Yeah. 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. A roundup on that, then I'll come to the next question.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Sanjit, I think OVL was passing through a rough patch for the last four years, post Ukraine crisis. The Sakhalin asset, which was the most important asset of OVL Group, was not with us for about four years. The government of Russia had taken over the asset and converted into an incorporated entity. Earlier, it was an unincorporated entity. Last year, sometime in November, December, we were able to take it back after meeting certain condition precedents. I hope you are aware, I will not go into details for that.

Sabri Hazarika - Analyst, Emkay Global

Yeah.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

That is one thing, with Sakhalin back in our portfolio, OVL is back in the robust profit scenario. Last quarter, again, above INR 1,000 crore, they made this quarter again INR 1,000 crore. You see OVL, which was giving annually about INR 500 crore-INR 600 crore per annum, now it is INR 1,000 crore per quarter, which is coming from Sakhalin mainly, and some flip coming from the higher prices. Mozambique, again, is 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, and now we expect sometime in the end of 2028 or beginning of 2029, 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 of about three MMT from that project. That is just the initial phase. There are additional phases which will be coming under this Mozambique project. The Brazil BM-C-30 project is there. There we are partnered with Petrobras, that project is also going on well. The work for FPSO has already been awarded, and we expect the first oil starting from 2030. Venezuela is another evolving story, you might be aware that we recently managed to get OFAC license. Now we have full freedom to work on Venezuela projects. 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 giving some additional fiscal incentives for development of the resources. The ONGC team is already in touch with the Venezuelan authorities in association with our JV partner. We are there in two projects, Perla and Petrocarabobo. Venezuela, you know, is the place where 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 progress from in Mehsana and Ahmedabad, that kind of region, places there. We are very upbeat on Venezuela, and we believe very soon we will see some positive development, the new agreement signed, and we taking over the operatorship for some of those projects from PDVSA.

Sabri Hazarika - Analyst, Emkay Global

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, and when exactly was Sakhalin accounted back into the accounts? That's all. Thank you.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Very good. OVL is not one single project, single field. It is a mix of multiple fields in multiple countries. Each country has its own fiscal regime, and each fiscal country has its own geopolitical situation. First you talked about Sakhalin. Sakhalin we could get back in December, and we started accounting for 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, mainly our realization that Russian assets were not as good as they should have been. You know, because of the kind of geopolitical situation that is happening. Russian assets, the realization, it was not at the same level because of the price cap related concern. Otherwise, OVL has done well both in Sakhalin as well as in other assets. In OVL being an international market, most of the products we get international prices.

Sabri Hazarika - Analyst, Emkay Global

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

Madhuri (Operator) - Operator, Operator

Thank you, Sam. The next question comes from Vikas Dai from CLSA India. Please go ahead.

Vikas Jain - Analyst, CLSA India

Thanks for taking my questions. Yes. Am I audible?

Madhuri (Operator) - Operator, Operator

Yes.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Yeah, Vikas.

Vikas Jain - Analyst, CLSA India

Yeah. 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?

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Okay. I'll answer the query. With the commissioning of CPP, we have some plan to reactivate and enhance the production from 98/2-G gas wells. We are expecting more gas, it will be in the

Ajay Kumar Singh - President (Planning and Transformation)

Six to seven million. It will be somewhere not in Q4 because we have to re-enter into gas, that E field gas, once we have to re-enter and we have to start production from there. Somewhere, you can say that Q4 of 2027, 2028, we'll be reaching this goal.

Vikas Jain - Analyst, CLSA India

Okay. We are right now at 1.5. You say that we will be about 3+ in this October, December, that 3 will

go to about 7 MMSCMD in another 3-4 quarters. Is that how one should think about it? Okay. 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, and there was another 0.5 that you mentioned from the Tapti project, right?

There is going to be an incremental 4 MMSCMD, which on your base is roughly equal to 7%-8% increase in production in the October to December quarter. Is that roughly how I should be looking at it?

Ajay Kumar Singh - President (Planning and Transformation)

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

Vikas Jain - Analyst, CLSA India

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

Ajay Kumar Singh - President (Planning and Transformation)

Yes.

Vikas Jain - Analyst, CLSA India

One more thing on production before I ask about Samudra Manthan. On the oil side, you did mention that facing some challenges in the oil part of KG. Could you just give a little bit of basic geological points on what the challenges are, and do you see these as addressable? You did say that youre 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 - President (Planning and Transformation)

This is a clarification for 98/2 oil wells. We are facing the problem of complexity in reservoirs. Theres interconnection between one reservoir and another reservoir. That study is in progress with a world-renowned geological study center, and they are providing input also. Based on their input, we will be reworking out. Wherever required, we will be re-entering the wells. Then we work out the strategy and plan how to do it, because each well, whenever we are going to enter, this costs more than INR 500 crore. Each one is unlike shallow water where we can go and it is cheaper. The deep water is costly. We have to work out in totality, cost related to re-entering the wells, vis-a-vis economics, how much oil we have expected to gain from them. Study is in the way. Well be coming out shortly with the development of the schedule.

Vikas Jain - Analyst, CLSA India

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

Ajay Kumar Singh - President (Planning and Transformation)

That is correct.

Vikas Jain - Analyst, CLSA India

You have to re-strategize accordingly. Final thing on Samudra Manthan, you mentioned that you have drilled one well. This latest well will be under Samudra Manthan. Would this be considered to be this is not an exploration well, right? This is something which will be part of you getting more.

How would this feature, and would you get some reimbursement from the government? How does it really work?

Ajay Kumar Singh - President (Planning and Transformation)

You see, this part is still under the box. We are also privy to the same information which you are, which we got from the press release from Government of India. Details are still being worked out, 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.

Vikas Jain - Analyst, CLSA India

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 will have to come from your pocket, and the remaining will be reimbursed by the amount 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?

Ajay Kumar Singh - President (Planning and Transformation)

The details are not yet available, but what we see is that there is not going to be some surprise incremental cost which will be funded by the government or ONGC. It will be wholesale, and 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 the government is looking into to ensure energy security of the country.

Vikas Jain - Analyst, CLSA India

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

Ajay Kumar Singh - President (Planning and Transformation)

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

Vikas Jain - Analyst, CLSA India

Sure.

Ajay Kumar Singh - President (Planning and Transformation)

The blocks where we are going alone, well 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 the discovery.

Amit Murarka - Analyst, MOSL Capital.

Okay. Any guidance on new well gas, how that is going to increase, to what numbers? You said that in the initial comments. What % of gas is new well gas, and where do you think this is going to be, say, 12 months out?

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

You see, as far as in volume terms, this quarter, it has already reached 19%. We expect it will continue to go up as we develop more and more gas reserves, more and more new wells we drill, it will continue to go up. In revenue terms, this quarter, it was 38%. Because we got good prices this quarter. In sales quantity, it is around 24%, from last year, 17%.

Vikas Jain - Analyst, CLSA India

Okay. Thank you, Rakesh. Thank you.

Madhuri (Operator) - Operator, Operator

Thank you, sir. The next question comes from Bharath Rajan from Antique Stockbroking. Please go ahead.

Bharath Rajan - Analyst, Antique Stockbroking

Thanks for the opportunity. Sir, first about the OPaL, if you can throw light on EBITDA fact and operating rate.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Okay. Thank you, Bharath Rajan. OPaL, you know, last quarter, it could not do as good as we expected. Kind of transformative steps we have taken in terms of including equity capital, taking up in terms of corporate guarantee from parent company, ONGC, and reducing their financial burden. Other steps we had taken regarding this exit from SEZ. All these things had made a major impact on OPaL workings. This Q4 of FY 2025, 2026 was very good, you would have seen. This quarter, ultimately, their feedstock is linked with international prices of gas and naphtha. With the Hormuz crisis happening, our calculations had gone wrong. Because of that, the first quarter of FY 2027, EBITDA, was INR 57 negative, whereas FY 2026, EBITDA was INR 1,207 crore positive. That is how OPaL is. We believe, going forward, OPaL will be doing much better because of two, three factors, which you are also aware of. We have decided to exit from C2, C3, also from the SEZ. That will bring about INR 1,000 crore in EBITDA terms for OPaL. The other thing is going to happen, we have already entered into an MOU with Mitsui O.S.K. Lines, and we are building up ethane carriers. Well be bringing ethane from the international market, and with that, our feedstock cost will come down. The 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.

Bharath Rajan - Analyst, Antique Stockbroking

Okay, thank you. Second question from.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Okay. With me, Mr. Divedi is there. Hes the head of Divedi. If you want to Divedi.

Divedi - Head of Division, ONGC

Its okay. Just because of the Hormuz crisis, the plant runs on two feeds, gaseous feed and naphtha. Naphtha prices went up from \$600 to \$1,000. Gaseous feed has stopped. As and when gaseous feed starts, the plant will be normalized.

Bharath Rajan - Analyst, Antique Stockbroking

Okay. Thank you. In the context of.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

These are abnormal times. Different parts of the industry are impacted differently. You would have seen how the marketing companies have been impacted, how the petchem companies have been impacted, how the upstream companies have been impacted.

Bharath Rajan - Analyst, Antique Stockbroking

Yes, sir. In the context of the Samudra Manthan, do you see a change in your capex program? Will

the overall capex budget go up, down in the next two years?

Bharath Rajan - Analyst, Antique Stockbroking

Thank you, sir.

Madhuri (Operator) - Operator, Operator

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

Amit Murarka - Analyst, MOSL Capital.

Yeah. Hi. 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 - Director Finance, Oil and Natural Gas Corporation Limited

Yes, Amit. 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 re-tender. The major survey contracts have already been awarded, and this October onward, post-monsoon, you will be seeing a big activity coming in the survey part.

Amit Murarka - Analyst, MOSL Capital.

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

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

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

Amit Murarka - Analyst, MOSL Capital.

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

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Yes, it will.

Amit Murarka - Analyst, MOSL Capital.

Right. Then just secondly, on the crude realization, I see that this quarter was about \$3 broadly on an average above Brent. I know the benchmarks, product price, everything were all over the place. Could you explain that, why did you get this premium versus usually you get maybe a flat to a marginal discount to Brent?

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

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

Amit Murarka - Analyst, MOSL Capital.

Yeah

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

We are in the same range.

Amit Murarka - Analyst, MOSL Capital.

Yeah, I know its broadly the same range. Usually at least the data that I see back two, three years on a quarterly basis, usually its 0 to -\$1 versus Brent. This time its about close to \$2.5, \$3 actually above Brent. I know theres a lot of volatility in the quarter. Is it purely that or there was some formula-driven increase which could continue maybe going through?

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

No, 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, that Brent is the base and Brent plus 1%. That is about 5%. 4% comes to our kitty. That is how the net realization we report in our books.

Amit Murarka - Analyst, MOSL Capital.

Got it. It purely is the volatility. Fine. I just wanted to understand those two things. Thank you very much.

Madhuri (Operator) - Operator, Operator

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

Hardik Solanki - Analyst, ICICI Securities

Thanks for the opportunity, sir. Two questions. Can you give guidance on what is the planned capex for the Mahanadi well, and when the result is expected from this well? Thats number one. Secondly, what is your guidance for 2027 and 2028?

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

What is the second question?

Hardik Solanki - Analyst, ICICI Securities

What is the full year capex for 2027 and 2028?

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Okay, sir. Full year capex.

Hardik Solanki - Analyst, ICICI Securities

For 2027, good day.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Full year capex, I already said it will be in the \$3.5 billion-\$4 billion range. It depends on how our project progresses. That is the range we will maintain for the full year. Regarding the Mahanadi well, it takes about three months to drill a deep water exploration well. We started around 25th of July, you can expect the result sometime in September end. Each deep water well will be in the range of INR 800 crore-INR 1,000 crore. \$100 million per well.

Hardik Solanki - Analyst, ICICI Securities

Clear, sir. Thats helpful. Thank you.

Madhuri (Operator) - Operator, Operator

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

Yogesh Patil - Analyst, Dolek Capital Limited

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

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Yes, Yogesh. 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 sales could not keep pace with the production. That is the major reason.

Yogesh Patil - Analyst, Dolek Capital Limited

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

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

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

Yogesh Patil - Analyst, Dolek Capital Limited

Our LPG price realization is marked to Saudi CP or something else, sir? Just wanted an understanding, sir.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

That detail, I will not be able to. Im not having any data with me.

Yogesh Patil - Analyst, Dolek Capital Limited

Yeah, obviously, I will share those with you.

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

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

Yogesh Patil - Analyst, Dolek Capital Limited

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

Anupam Agarwal - Director Finance, Oil and Natural Gas Corporation Limited

Thank you.

Madhuri (Operator) - Operator, Operator

Thank you, sir. Next question. There are no questions. Now I hand over the floor to Mr. R.S. Negi for closing comments.

Dr. Ravindra Singh Negi - Chief Treasury and Investor Relations

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 itself. I thank Dr. Finance, sir, and you see 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 - Director Finance, Oil and Natural Gas Corporation Limited

Thank you.

Madhuri (Operator) - Operator, Operator

[Operator Closing Remarks]