ONGC

27 May 2026

Operator: Good morning, ladies and gentlemen. I am Madhuri, moderator for the conference call. Welcome to ONGC's earnings conference call for the quarter and year ended on March 31, 2026. We have with us today Shri Arun Kumar Singh, Chairman and CEO, ONGC Group of Companies; Shri Rajarshi Gupta, MD, ONGC Videsh; Shri Manish Patil, Director HR having additional charge of Director Finance, ONGC; Shri Anupam Agarwal, Director Finance, ONGC Videsh, and the team who will interact with investors and analysts to discuss Q4 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 star and then zero on your touchtone telephone. Please note, this conference is recorded. I would now like to hand over the floor to Shri Manish Patil for his opening remarks.

Management: Good morning, ladies and gentlemen. I am Manish Patil, Director HR, ONGC, having additional charge of Director Finance. I welcome you all to this ONGC earnings call for Q4 and the financial year ended 2026. Thank you all for joining us on the call. As said earlier, we have with us Shri Arun Kumar Singh, Chairman and CEO, ONGC; Shri Rajarshi Gupta, MD, ONGC Videsh; Shri Anupam Agarwal, Director Finance, ONGC Videsh. Also present are my colleagues from ONGC: Shri Yogesh Nayak, CFO; Shri Ajay Kumar Singh, President Planning and Transformation; Shri Satish Kumar Dwivedi, Chief BD and JV; Shri Ravinder Singh Negi, Chief of Investor Relations; Shri Sanjay Kumar Sharma, Head of Investor Relations; Shri Prakash Joshi from Investor Relations; and Shri Akhilesh Tiwari, Head of Corporate Accounts.

ONGC has compiled its financial results for the quarter and financial year ended March 31, 2026, which have been audited by the statutory auditors. The financial results have already been released on May 26, 2026, through a press note and sent to the stock exchanges. This has also been sent to the analysts on our mailing list. Here is a brief synopsis of the results.

The company at the consolidated level has earned profit after tax of 13,678 crores during Q4 FY26 against 8,965 crores during Q4 FY25, which is up by 53%. There is also an increase of 30% in consolidated annual PAT, which is 49,793 crores during FY26 as against 38,329 crores during financial year 2025. This increase in consolidated PAT is mainly supported by the performance of our subsidiaries: HPCL, MRPL, OVL, and OPaL.

Now coming to standalone financials, there is an uptick of 3% in PAT on a quarter-on-quarter basis on account of improved crude realization and rupee depreciation. The company has earned profit after tax amounting to 6,650 crores for Q4 FY26 against 6,448 crores earned during Q4 FY25. Annual PAT for FY26 stood at 32,894 crores against PAT of 35,610 crores for FY25, impacted by lower per-barrel realization of crude oil and APM gas.

Statutory levies have decreased by 4,820 crores, which is a 15.6% drop from 30,968 crores in FY25 to 26,148 crores in FY26, mainly due to lesser realization of crude and the abolition of SAED with effect from December 2, 2024.

There is an increase of 3,373 crores in other expenses during fiscal year 2026, rising from 24,731 crores in FY25 to 28,104 crores in FY26. This is on account of an increase in provisions and write-offs by 1,142 crores and an increase in exchange loss by 1,932 crores. Provisions and write-offs have increased mainly on account of one-off provisions in Q4 FY26. It includes a provision of GST on royalty of 235 crores, expenditure of 262 crores related to KG-98/2 umbilical write-offs as per the opinion of ICAI—which was previously capitalized—provisions for old outstanding receivables of 257 crores, and a provision for stores and spares of 280 crores.

There is an increase in exchange loss mainly on account of the depreciation of the INR versus the US dollar by 9 rupees per US dollar, which is an 11% change in FY25 versus FY26, and the upward revaluation of foreign exchange liabilities.

ONGC declared three hydrocarbon discoveries during fiscal year 2026 in its operated acreages. All the discoveries are in the shallow water region of Mumbai offshore. Two are new prospects and one is a new pool discovery.

Standalone crude oil production was 18.355 million metric tonnes during FY26 as against 18.558 million metric tonnes in FY25, and standalone natural gas production was 19.533 BCM in FY26 as against 19.654 BCM in FY25. While ONGC's production has remained broadly flat in recent years, the company has now taken a series of bold, structured, and long-term initiatives to address exploration and production challenges. ONGC has entered into multiple new ventures and strategic partnerships for overall production growth, entering into new business verticals, expanding our renewable footprint, and acting as a strategic enabler for strengthening our subsidiaries.

The board has recommended a final dividend of 20%, which is 1 rupee per share. With a dividend payout ratio of 51%, the total dividend for fiscal year 2025-26 would be 265%, which is 13.25 rupees per share of the face value of 5 rupees each, resulting in the highest ever total payout of 16,669 crores.

Friends, with this I finish my briefing of the results of the fourth quarter and fiscal year 2025-26. Now I will request Shri Arun Kumar Singh, Chairman and CEO, ONGC, to address the attendees to give you a detailed overview of the performance and future roadmap. Thank you.

Management: Good morning, ladies and gentlemen. It is a great pleasure for me to interact with you. First, I will give you a broad, 30,000-foot view and then we can take questions. First and foremost, if we take the E&P side of ONGC, ONGC is now two-thirds E&P and one-third non-E&P at a group level. E&P continues to be the main thrust. Regarding the macro trends, the first significant one is that you might have heard there is a great push towards exploration. The government is seriously considering funding deepwater exploration, which we were doing so far at our own cost, although the size was small. Now deepwater exploration is coming into focus from the government side.

Second, at the macro policy level, if you look at the pattern, the government reduced the royalty from our onshore productions. These reductions in post-wellhead royalties are in the direction of promoting E&P in the country. In fact, the government is taking a hit on its own revenue and literally giving that money to you for increasing production or doing more exploration. That intent is clear. Plus, you must have noticed that unlike the previous decade, this time when oil hit 100 dollars, SAED was not applied. We thank the government for that because whatever the market price is, ONGC is able to realize it.

In fact, other than the APM gas, the government is not controlling any of our revenue streams. It is purely left to ONGC to manage its revenue streams, whether it be production or price. The only area where the government is involved today is APM gas. First and foremost, we want you to know that ONGC today produces and sells more gas than oil. In fact, gas is now slightly more than oil. On the gas side, we are focused on new-well gas. Last year, that volume was around 17% and revenue-wise it was 21%. This year, you can do your own number crunching, but there was a big jump in new-well gas. Already from April 1, it is 9 MMSCMD plus. You can expect another 3 MMSCMD very easily because our new project is new-well gas only. That makes it 12 MMSCMD. Out of whatever we sell, 25% of our gas has become new-well gas. For new-well gas, we get 12% of the crude price. Virtually, it is international pricing. In fact, I do not think there is any local market in the world that pays more than 12% of the oil price. LNG is different because liquefaction costs are involved, but for new wells, India is likely the highest-paying market for onshore production. That also proves the government's intention is to leave more money with E&P operators to fund further production and exploration.

Now the bigger story in our basket today is that new-well gas will always be the driver. From 17%, this has already jumped, and I think it will reach 30%. As time tells, it will be between 25-30% this year. Next year, it should range from 30% to 36%. Every year this increases because our old wells are depleting and we drill new wells nearby to produce the same or more gas. Therefore, 7 dollar gas is gradually being replaced by 12% gas. It is a matter of time—perhaps 4 to 6 years maximum—before almost 80-90% of ONGC gas becomes new-well gas under the current policy. You can factor that price into your calculations; at a crude price of 90 dollars, we get 10.8 dollars. We value gas more than oil in the local market for various reasons, primarily because managing gas is less cumbersome, which keeps more money in our pocket.

Thirdly, while oil production may be flat, gas will keep growing unless we have a major discovery. This year, we have started opening wells. Out of 15 wells, we have already opened 4 wells for the Daman project, which is supposed to provide 4.8 to 4.9 MMSCMD of gas. We do this progressively to balance the system. With our current production base around 53-54 MMSCMD, these new field additions are significant. You should expect a 7-8% increase in gas every year because this year we have Daman, and next year we will have the DSF. DSF is also expected to add 4-5 MMSCMD. Plus, we are hopeful to open the 98/2 gas wells because the wells and platforms are complete. As we have mentioned, that project was delayed for geopolitical reasons because the vendors were foreign-based. We are now in the last leg, performing piping connections, which is internal work. By July or August, we will open those wells. You can safely assume gas production will be up compared to last year, and next year will follow a similar trend. Gas is becoming more attractive because of the price the Indian market pays.

Regarding the fourth point, we drill roughly 500 wells annually. 100 are exploratory and 400 are producing wells. This year, we are increasing that by another 50-60 wells to augment our production base. However, you should be mindful that old fields deplete and pressure goes down, necessitating constant search for new reserves. For the last year, our reserve replacement ratio was 1.17. That means we found new oil and gas equal to what we sold. Our R-by-P ratio remains stable. The 2P reserve is around 700 million tonnes plus, which is slightly more than last year.

Coming to our bigger commitments, we are currently executing almost 36,000 crores of projects in Western Offshore to either sustain or increase production. Plus, we are in the process of initiating new projects. Regarding the global outlook, the oil price for the next few years seems better than the previous two years. You can draw your own inferences about ONGC's position. We are proud that Western Offshore, which provides 60% of our oil and 70% of our gas, is our lifeline. We gave BP a TSP contract for Mumbai High, which represents 38% of total Western Offshore. Recently, we awarded TSP-2 for the remaining 62% of Western Offshore. Now, 100% of Western Offshore is with BP under a TSP. In the first year, despite the long lead times in E&P, they showed operational improvements and results. Large capex projects, mainly water injection and producer wells, are currently under execution. We will execute 40% this year and 60% next year.

Regarding 98/2, I shared the gas status, but I will be honest and say we had physiological surprises in oil production there. However, we have a handle on it now and know what interventions are needed to sustain production. We will implement these in the shortest possible time. Regarding OVL and our subsidiaries, we are back in Sakhalin and it is at full blast. Production is at pre-Ukraine levels. Sakhalin is our top asset within OVL. Additionally, the Mozambique project is progressing fast with 6,000 workers on-site. We hope to have LNG gas by late 2028. In Venezuela, we are producing currently, and we are hopeful production will go up substantially once we secure the new licenses.

Regarding OPaL, we promised a turnaround and have almost achieved it. Our EBITDA reached 1,206 crores last year, although it was impacted in March when gas was diverted to LPG production. We expect this year's EBITDA to reach 1,500-2,000 crores. We are also bullish on ONGC Green Limited. We have a 100% subsidiary acquired from PTC and another with NTPC called Ayana, which is now at 3,000 megawatts plus. We expect to reach a 3 gigawatt renewable portfolio by next year. Regarding cost reduction, we promised 5,000 crores in savings and achieved 4,000 crores. However, that was offset by GST increasing from 12% to 18% for industrial inputs and rupee depreciation. We are on course to save another 3,000 to 4,000 crores. On the shipping side, we formed a JV with Mitsui and ordered two very large ethane carriers for OPaL. Regarding petrochemicals, the board approved a JV between MRPL and OPaL to create better marketing synergies under a single brand.

Finally, we approved a new joint venture with the Gujarat Maritime Board to create a port at Dahej. Dahej is the closest port to the densely populated northern parts of the country, making it the most cost-effective for transportation. It will also serve our interests for OPaL and LPG, particularly with the 8 million tonne Kandla-Gorakhpur pipeline. From day one, this should be a highly viable and profitable project.

Management: This 50-50 JV between us and the Gujarat Maritime Board for shipping is a profitable venture. If you notice, 5-6 new JVs have come in recent times to increase our revenue streams in the energy space and renewables.

The macro picture is that gas is currently more lucrative for us. We should call ourselves a gas and oil company, rather than an oil and gas company. New gas, even from APM blocks like the DSF, is subject to free pricing and is not governed by the 12% slope. The 12% slope only applies to nomination fields. Our project at Daman is in a nomination block, so the entire production is new-well gas, priced at 12% of the crude price. Consequently, ONGC is becoming a greener company through more gas production. We are likely one of the few oil companies in the world that produces slightly more gas than oil.

The global oil production is around 4,400 million tonnes while gas is 2,500 million tonnes. We are matching those figures and gas is valued more given current trends. In India, gas demand is galloping. Maruti Suzuki sells roughly 25% of its vehicles as CNG vehicles. CNG demand is very viable at the 12% price slope. We have the confidence to produce more gas. While I am not saying we cannot produce more oil, growth there will likely be muted without a major discovery. Gas growth will continue. The impression that ONGC will not grow is incorrect; we will grow through gas. With this, I am done and we can take questions.

Operator: Thank you, sir. Ladies and gentlemen, we will now begin the question and answer session. The first question comes from Nitin Tiwari from Phillips Capital Limited. Please go ahead.

Nitin Tiwari – Phillips Capital Limited: How is it going? I really appreciate the elaborate initial brief; it gives a very clear picture. My first question is regarding gas production. Over the last 5 years, our gas production has been on a continuous decline despite investments and guidance. Our earlier guidance was that by January, the technical partnership with BP would show results and we would have incremental gas from Daman offshore contributing about 5 MMSCMD by the end of March. What is the status of these projects, and what is the guidance for FY27 and FY28 for gas production for us and the JVs?

Management: Regarding BP in the Mumbai High field, which is TSP1, oil is at 102% of the baseline and gas is around 108% or 109%. Gas for BP has gone up. As I mentioned, first-year results in Mumbai High showed numbers, but facility laying takes 1.5 to 2 years. Still, production is higher than targeted where BP is involved.

Regarding the Daman project, we started opening wells in March as targeted. However, it is a process; there are 16 wells and 4 platforms ready to receive gas. We have opened 4 wells and need to open the remaining 11. Monetization commencement doesn't mean everything comes in one day. The start-up plan takes 6-7 months. During this monsoon, we hope to open another 6-7 wells. We are following a technical sequence for pressure balancing. We are sticking to the plan that monetization began in March. By September-October, all wells should be open. But peak production happens on reservoir maturity, so that may be further away.

Nitin Tiwari – Phillips Capital Limited: I appreciate the complexities, but I was going by the guidance given at the beginning of FY26.

Management: Many projects, including a major pipeline replacement by a Saudi or Dubai company, were delayed because of the West Asian geopolitical issues and material availability. However, we got Daman on time. Regarding other projects, connecting new projects to old wells requires partial or full shut-offs, which causes a temporary dip. Last year, ONGC standalone gas production was almost flat, only 0.6% negative. Any larger decline might be attributed to JV partners like Vedanta. Standalone oil was minus 1% and gas was minus 0.6%. The Daman numbers were only supposed to come starting in April.

Nitin Tiwari – Phillips Capital Limited: Looking at this quarter, gas production is down by 2.5%.

Management: With the Daman wells under opening, we have to shut other wells to synchronize. Whenever you commission something new, there will be a temporary dip. This quarter's 2% decrease is primarily attributable to that.

Nitin Tiwari – Phillips Capital Limited: To put it mildly, KG-98/2 is severely delayed.

Management: Regarding KG-98/2, we had a geological surprise. Oil production is ongoing. Gas wells have not opened because the platform was not ready. The platform is ready now and connections are underway. We hope to open those wells by July or August.

Nitin Tiwari – Phillips Capital Limited: What is the guidance for 2027 and 2028?

Management: We cannot give you exact numbers. We are in exploration and production; it is always a game of numbers.

Nitin Tiwari – Phillips Capital Limited: A broad guidance would be helpful.

Management: Broadly, there is growth. Gas will grow. Let us move to other questions.

Operator: The next question comes from Pranita Shetty from Morgan Stanley. Please go ahead.

Pranita Shetty – Morgan Stanley: Thank you for the detailed brief. Regarding the three discoveries mentioned earlier in Mumbai Offshore, could you provide more clarity on the potential production and the expected capex for these assets?

Management: These are under appraisal. The discovery flow rates for Western Offshore were fantastic. However, until we drill appraisal wells nearby to assess the reservoir size, we cannot provide a definitive figure for production or capex. We are bullish because these were in areas where we did not expect such high flow rates. Once we appraise the discoveries and assess the quantity, we will develop the field development plan. By Western Offshore standards, it looks very promising.

Pranita Shetty – Morgan Stanley: So you will be adding another three exploratory wells and then giving us more immediate numbers?

Management: Numbers will follow. We are sure they are worth developing, but the final reservoir and facility size will be known once appraisal—which is currently planned or underway—is complete.

Operator: Thank you. The next question comes from Randy Lath from Goldman Sachs. Please go ahead.

Randy Lath – Goldman Sachs: Thanks for taking my questions. Why has the government not implemented windfall taxes recently despite high oil prices, and what is the expectation going forward?

Management: You should ask the government that. However, the government intends to give full freedom to the E&P sector because of our import dependency. Despite the crisis and losses to OMCs, they didn't apply SAED. Previously, we had to provide discounts up to 2 lakh crores. This time, we got flat Brent prices even at 140 dollars. As an ONGC investor, this is the best outcome.

Randy Lath – Goldman Sachs: What is the status of the proposed APM gas pricing regulation from January 2027?

Management: The Kirit Parikh committee asked for a review in 2027. We have already reached 7 dollars. By next year, our old gas will not be more than 50% of our total volume. New-well gas will continue to replace old-well gas, migrating to the 12% slope annually. We would be happy if they revised it now, but clear directionally, the government wants to compensate gas producers handsomely.

Operator: The next question comes from Varatharajan Sivasankaran from Antique Stock Broking. Please go ahead.

Varatharajan Sivasankaran – Antique Stock Broking: We are enthused by government support in the form of reduced royalty. Are there plans to increase exploration and development capex given this backdrop?

Management: The intention from various sources is that there will be significant support for E&P in the Union Budget.

Varatharajan Sivasankaran – Antique Stock Broking: Are we looking to increase our capex from the current levels?

Management: That depends on the level of support announced. We will adjust our figures to ensure we continue to give handsome dividends.

Varatharajan Sivasankaran – Antique Stock Broking: Regarding the reserve replacement ratio, could you provide the baseline 2P reserves for the company to compare?

Management: We will share that after this call. The addition for 2025-26 is 44 million tonnes. Since we produced roughly 40 million tonnes, 4 million tonnes were additional. We will share the base figures within this month.

Operator: The next question comes from Amit Murarka from Axis Capital. Please go ahead.

Amit Murarka – Axis Capital: What can we expect for E&P capex for FY27?

Management: It generally remains around 30,000 to 32,000 crores. If more opportunities for production growth arise, we will spend more. Non-E&P capex is separate.

Amit Murarka – Axis Capital: So ballpark is 33,000 crores for E&P and maybe another 10,000-11,000 crores for non-E&P?

Management: Yes, if a good opportunity comes, you can take 10,000 crores as a placeholder.

Amit Murarka – Axis Capital: Could you provide the KG-98/2 current oil and gas run rate?

Management: In the deep wells, it will be 4-5 MMSCMD in coming months. Currently, it is 2.3 MMSCMD of gas and around 24,000-25,000 barrels of oil.

Amit Murarka – Axis Capital: Both have dropped substantially from earlier in the year. Why?

Management: We had geological surprises in some compartments, but we have a solution now that we have to implement. It should return to previous levels, though drilling more wells will take about a year or so.

Operator: The next question is from Raj Gandhi from SBI Mutual Fund. Please go ahead.

Raj Gandhi – SBI Mutual Fund: Regarding the capex side, what should be the annual run rate for the next 2-3 years for exploration?

Management: That depends on government support. Deepwater drilling is contingent on that. Outside of deepwater, we drilled 4 deepwater wells last year, but one deepwater well is equivalent to 100 onshore wells.

Raj Gandhi – SBI Mutual Fund: Oil India has moved from a 4,000 crore run rate to a 10,000 crore run rate. Where will ONGC end up?

Management: They are smaller. We cannot easily move from 30,000 crores to 50,000 crores. Our own budget will remain around 31,000 to 32,000 crores. If external support comes, that will be extra.

Operator: The next question comes from Vikas Jain from CLSA India. Please go ahead.

Vikas Jain – CLSA India: Regarding dry well write-offs, this was a large quarterly write-off. Were there specific large wells involved? And how will exploration spend look in FY27?

Management: Our exploration spend is typically 8,000 to 10,000 crores per year and will stay at that level. The Q4 abnormality was due to a block the government took away (DSF-4). We had drilled a well but didn't develop it due to commerciality issues. Since the asset was lost, we had to write off about 1,800 crores. That was a one-off item, not the normal process.

Vikas Jain – CLSA India: You suggested by December we might reach peak production of 5 MMSCMD at Daman?

Management: Peak production typically occurs 1-2 years after starting as the reservoir takes time to mature. Good quantity will start flowing by then, but the peak is slightly further away.

Vikas Jain – CLSA India: So peak production for Daman is a 2027 story?

Management: You can take 2027 as a timeline.

Vikas Jain – CLSA India: And the expected peak is about 5 MMSCMD?

Management: Roughly 4.89 MMSCMD to be precise. The project includes additional facilities that increase production from existing wells through suction.

Operator: The next question comes from Gagan Dixit from Elara Securities. Please go ahead.

Gagan Dixit – Elara Securities: Given the government incentives, will exploration capex increase meaningfully? There were media reports about a 20 billion dollar tender for deepwater rigs over the next 4-5 years.

Management: I won't comment on media rumors, but for the next 2 years, we will drill 15-16 deepwater wells. These will be from our conventional budget. Significant government funding will likely flow from FY28 onwards. This year, the government has started picking up the bill for seismic surveys through DGH, but drilling based on that seismic will take time. We will spend from our own conventional exploration budget this year.

Gagan Dixit – Elara Securities: Beyond Mumbai High and Neelam Heera, where do you see high potential for exploration results this year?

Management: Two-thirds of our offshore and one-third of our onshore production is the mix. We expect some numbers from Gujarat, where we produce 4.5 million tonnes. Enhanced oil recovery efforts are ongoing there. We have great hopes for developing our recent discoveries as fast as possible.

Gagan Dixit – Elara Securities: How many exploration rigs will be deployed this year compared to last year in offshore?

Management: That is a dangerous question because revealing numbers leads to cartelization by suppliers. We play the card that suits the market. Our ongoing tenders now state "minimum one rig, maximum we will decide depending on price." We are becoming as unpredictable as our reservoirs. We will decide rig counts based on the price quoted.

Operator: The next question comes from Probal Sen from ICICI Securities. Please go ahead.

Probal Sen – ICICI Securities: Regarding OPaL, what will be the cost gap once we start importing ethane compared to buying LNG or new-well gas? And when will this start?

Management: Imported ethane is about 9 dollars at the facility today, including Henry Hub pricing and transportation. Against that, we buy open-market LNG at 18 dollars and new-well gas at 14 dollars. Our ship, ordered from Samsung, will be delivered in December 2028. Import will start in FY29.

Probal Sen – ICICI Securities: Regarding Western Offshore and the TSP with BP, what was the decline rate before and what do you expect it to be by FY28-29?

Management: The commitment in the tender is for the decline to stop and for growth to happen compared to last year's base. Peak production in Western Offshore was in 1995-96 at 39 MMTOE. Last year it was 26.18 MMTOE. We lost one-third of the volume over 30 years. This is likely to go back up starting next year, potentially reaching 31-32 MMTOE.

Operator: The next question comes from Vikas Jain from CLSA India. Please go ahead.

Vikas Jain – CLSA India: Regarding Daman, you suggested new-well gas going from 9 to 12 MMSCMD. Is this 3 MMSCMD addition largely from Daman?

Management: Yes, a minimum of 3 MMSCMD.

Vikas Jain – CLSA India: To clarify on KG-98/2, the geological surprise was linked to the oil part. Gas production hasn't fully started due to platform delays. You will drill more oil wells and expect production to return to expected levels in 3-4 quarters. Gas will pick up after July-August. Is that correct?

Management: Yes, that is correct.

Vikas Jain – CLSA India: After new wells are added in July-August, what is the ramp-up for gas from the current 2.3 MMSCMD?

Management: Given our experience in the KG Basin, predictability is low. It will be a handsome number, but I won't give an exact figure. You will have to wait for July-August to see the results of the geology.

Operator: The next question comes from Shabri Hazarika from MK Global. Please go ahead.

Shabri Hazarika – MK Global: Regarding production, Daman and KG-98/2 gas will add up this year, with SDSF-2 next year. What is the natural decline for existing assets?

Management: This year we have 98/2 gas and Daman. We don't count the 1-2 MMSCMD from multiple smaller projects. Our natural decline is 7-8%, but we compensate for about 4-5% through interventions. That leaves a net decline of about 1-2% every year unless new fields like 98/2 or SDSF come in. It is very difficult to hold old fields at current levels, but keeping a 7-8% decline at 1-2% is something ONGC is proud of.

Shabri Hazarika – MK Global: In Q4, standalone C2, C3, and C4 production and realization fell. Was there an exceptional reason?

Management: In March, gas allocation was diverted to produce more LPG, which prices lower than crude. Consequently, VAP (Value Added Products) was reduced. OPaL operated at less than 60% in March.

Shabri Hazarika – MK Global: Will this continue in Q1?

Management: Right now OPaL is at 60%, but we aim to be at 80-85% within a few days. The C2, C3, and C4 reported in the standalone business goes entirely to OPaL. We are not burning it in gas. Whether that diversion continues depends on when the West Asia crisis resolves.

Operator: Next question comes from Vikas Jain. Please go ahead.

Vikas Jain – CLSA India: Could you provide an update on Brazil, specifically Sergipe-Alagoas, and the DSF project?

Management: Regarding BM-C-34 in the Sergipe-Alagoas basin, the FID has been taken and the FPSO has been contracted. We are moving ahead with development. OVL's net share of production should be 1.3 million tonnes per annum, starting in 2030 for oil and 2031 for gas.

Regarding the DSF project, it should add 4-5 MMSCMD of market-priced gas production by FY28. This ramp-up should be quicker as it is a known field and geologically less complicated than deepwater offshore.

Operator: Thank you. The next question comes from Nitin Tiwari. Please go ahead.

Nitin Tiwari - Phillips Capital Limited: Our operating expenses are higher this quarter and for the year. You mentioned the GST bit, but are there other one-offs in this quarter?

Management: For Q4, the GST on royalty was 235 crores. There was 262 crores relating to the KG-98/2 umbilical write-off. We also made provisions for old outstanding recoverables of 257 crores and stores/spares of 280 crores. These one-off items resulted in higher Q4 operating expenses.

Nitin Tiwari - Phillips Capital Limited: But those add up to about 1,000 crores, and total expenses rose from 6,500 crores to 9,200 crores. Is there more?

Management: The other factor is the GST impact increasing from 12% to 18% as mentioned. Also, the 11% rupee depreciation impacted OpEx.

Nitin Tiwari - Phillips Capital Limited: Lastly, what is the regional breakdown for the 52,000 crore capex between onshore and offshore?

Management: The ratio is 70% offshore and 30% onshore. Most of the offshore portion will go into Western Offshore as it remains the most remunerative region.

Operator: Next question comes from Mayank Maheshwari from Morgan Stanley. Please go ahead.

Mayank Maheshwari - Morgan Stanley: Regarding the cost structure, on a dollar per BOE basis, what was the impact of cost-saving initiatives in FY26 and the outlook for FY27? Will the BP tie-up lead to specific savings?

Management: Our first phase had a 5,000 crore plan and we have another 5,000 crore plan. In dollar terms for 40 million tonnes, it is roughly 1.8 dollars per BOE.

Management: When you look at the accounts in rupees, there is a discord because ONGC spends in dollars while accounts are in rupees. The significant depreciation of the rupee makes these numbers look different.

Management: Most of the 5,000 crore savings in the first phase—about 4,000 crores—were realized but negated by the exchange rate and the GST increase from 12% to 18%. We have another 5,000 crores lined up and will take about a year to realize the results of the current efforts. We are comfortable on the cost side.

Operator: Thank you, sir. That was the last question for the day. I now hand over the floor to Shri Yogesh Nayak for closing comments.

Management: Good afternoon. We hope we have answered all the queries. If there are further questions, you can reach out to our investor relations cell. I thank the Chairman and CEO for addressing the participants. I also thank MD OVL, DF OVL, Director HR and additional charge Finance, and my senior colleagues and participants for this conversation.

Management: Thank you. Have a great day.

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