



**Oil and Natural Gas Corporation Limited
Q2 FY'26 Earnings Conference Call**

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Deen Dayal Urja Bhawan, Vasant Kunj

CORPORATE PARTICIPANTS:

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Mr. Ajay Kumar Singh, Chief Corporate Planning, ONGC
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Mr. Akhilesh Tiwari, Head - Corporate Accounts, ONGC
Mr. Prakash Joshi, Head Investor Relations, ONGC
Mr. Bhishmadev Mandal, Corporate Planning (ONGC Videsh)
Mr. Raj Kumar Das, Corporate Finance (ONGC Videsh)

Q&A PARTICIPANTS:

Mr. Probal Sen, ICICI Securities
Mr. Sabri Hazarika, Emkay Global
Mr. Varatharajan Sivasankaran, Antique Stock Broking
Mr. Mayank Maheshwari, Morgan Stanley
Mr. Gagan Dixit, Elara Securities
Mr. Nilesh, HDFC Securities
Mr. Ramesh S, Individual Investor
Mr. Somaiah V, Avendus Spark
Mr. Vikash Jain, CLSA

Moderator

Good afternoon, ladies and gentlemen. I'm Pelsia, moderator for the conference call. Welcome to ONGC's Earnings Conference Call for quarter ended September 30, 2025. We have with us today, Shri Vivek Tongaonkar, Director (Finance), ONGC, and team who will interact with investors and analysts to discuss Q2 earnings. 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 * then 0 on your touch-tone telephone. Please note this conference is recorded. I would now like to hand over the floor to Shri Vivek Tongaonkar for his opening remarks. Thank you, and over to you, sir.

Vivek Tongaonkar

Thank you very much, and good afternoon, ladies and gentlemen. To introduce, I am Vivek Tongaonkar, Director (Finance), ONGC. I welcome you all in this ONGC Earnings Call for Q2 FY26. Thank you for joining on this call. I am joined here by my colleagues from ONGC, Shri Ajay Kumar Singh, Chief Corporate Planning; Shri Satish Kumar Dwivedi, Chief JV&BD; Shri Yogesh Nayak, Chief Corporate Finance; Shri Akhilesh Tiwari, Head Corporate Accounts; Mr. Prakash Joshi from Investor Relations. We also have Mr. Bhishmadev Mandal and Mr. Rajkumar Das from ONGC Videsh Limited.

ONGC has compiled its financial results for the quarter ended September 30, 2025, which have been reviewed by the statutory auditors. The financial results have already been released on November 10, 2025 through a press note and sent to the stock exchanges. This has also been sent to the analysts who are there on our mailing list. Brief highlights of the quarterly performance are as follows.

ONGC's crude oil production continues to grow on QoQ basis. The standalone crude oil production during Q2 FY26 and H1 FY26 were 4.630 million metric tons and 9.314 million metric tons, respectively, registering a growth of 1.2% over the corresponding period of FY25. On the gas production front also, ONGC has been able to arrest the degrowth. The decline, which was 0.35% in Q1 FY26 over Q1 FY25 has been brought down to 0.04% in Q2 FY26 over Q2 FY25.

Gas from new wells continues to be the key contributor with revenue from new well gas reaching INR 3,352 crore in H1 FY26. This delivered an additional INR 651 crore compared to the APM gas price as gas from the new wells is eligible for a 20% premium over the domestic APM gas price. Notably, the share of new well gas surpassed 21% of total gas revenue from nomination fields during the period, reflecting its rising importance in ONGC's gas portfolio.

In line with its consistent dividend paying track record, the ONGC Board has approved an interim dividend of 120%, translating to INR 6 per equity share of INR 5 face value. The total payout on this account amounts to INR 7,548 crore.

Now, we come to the financials. The company at a consolidated level has earned a higher net profit, that is profit after tax of INR 12,615 crore during the Q2 FY26 as against INR 9,841 crore during Q2 FY25, an increase of INR 2,774 crore (28.19%). This increase in profit is mainly attributed to our subsidiaries, HPCL and MRPL. Consolidated profit for H1 FY26 stood at INR 24,169 crore as against INR 19,617 crore in H1 FY25, an increase of INR 4,552 crore, 23.2% higher.

The company on a standalone basis has earned a net profit that is profit after tax of INR 9,848 crore during Q2 FY26 as against INR 11,984 crore during Q2 FY25, which is a decrease of INR 2,136 crores, 17.8%. This decrease in net profit during Q2 FY26 is on account of lower crude oil price realization of \$67.34 per barrel in the current quarter against \$78.33 per barrel in Q2 FY25. Also, lower interest and dividend income by INR 1,462 crore and exchange rate fluctuation of INR 1,045 crore.

Sales revenue in Q2 FY26 declined primarily due to a INR 1,340 crore drop in crude oil revenue and a INR 424 crore reduction in value-added products, which was partially offset by an increase

of INR 1,006 crore in natural gas revenue compared to the same quarter last year. While higher crude oil sales volumes contributed INR 1,165 crore, this was offset by INR 2,505 crore decline due to lower crude oil price realization, resulting in a net decrease. The rise in gas revenue was driven by an increase in the ceiling price of nomination gas from \$6.5 per MMBtu to \$6.75 per MMBtu and incremental revenue of INR 318 crore from new well gas sales.

During Q2 FY26, the expenditure on account of statutory levies is INR 6,470 crore as compared to INR 7,830 crore for Q2 FY25. This is a decrease of INR 1,350 crore, which is 17.4%. This decrease is attributable mainly to abolition of SAED on crude oil with defect from December 2, 2024, which was INR 1,128 crores in Q2 FY25, and decrease in average selling price of crude oil from INR 49,160 per metric ton in Q2 FY25 to INR 44,043 per metric ton in Q2 FY26.

In Q2 FY26, operating expenses stood at INR 6,875 crore against INR 6,389 crore in Q2 FY25. Raw material consumption costs increased by INR 346 crore QoQ basis due to increase in LNG consumption costs mainly at Dahej C2-C3 plant, which amounted to INR 273 crores.

DD&I, that is depreciation, depletion and impairment costs for Q2 FY26 stood at INR 6,358 crore as against INR 5,598 crore during the corresponding period of previous year that is an increase of INR 770 crore. Increase in depletion expenditure is attributed to INR 285 crore at Western Offshore, WO-16 field on account of increase in production, INR 221 crore at KG-98/2 field due to increase in carrying value of oil and gas assets, related to capitalization of A and P field. The increase in depreciation by INR 199 crore is mainly at Western Offshore, which was made up partly because of INR 105 crore due to addition in ROUS assets related to hiring of additional vessels (that is 18 OSVs, 2 WSVs/MSVs) and extension of FPSO hiring for C7 Field.

With BP led TSP advancing for redevelopment of the MH Field, scheme for revival of KG-98/2 and combined Western Offshore Development Plan, ONGC is strategically positioned to counterbalance declines from mature fields. Accelerated monetization of new hydrocarbon discovery alongside a sharper focus on deepwater and ultra-deepwater exploration is expanding ONGC's resource base. These efforts, accompanied by enterprise-wide cost optimization and digital integration work across workflows, are expected to boost operational efficiency and reinforce ONGC's resilience in the quarters ahead.

Well, friends, with this, I finished my briefing of the Q2 results for FY 25-26. We will be happy to take your questions from you. We would request you to restrict your queries on financial results only. Thank you.

Moderator

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again.

The first question comes from Probal Sen from ICICI Securities. Please go ahead.

Probal Sen

Yeah. Thank you for the opportunity. I had a couple of questions. Firstly, if I look at the H1 run rate of -- am I audible, sir? I was saying that if I look at the H1 run rate of oil and gas production versus the annual guidance, do you think that there is any downside risk that we face? Because I believe the guidance was close to, I think, 21 million tons of oil for the full year. We are at about 9.3 for H1. Similar numbers for gas also suggest that it could be a small miss on the guidance. Is that a fair way to look at it, sir?

Vivek Tongaonkar

Yeah. So for current year '25-'26, we have had certain little bit downside from what we were expecting. Most likely, the production is likely to shift a little bit of quarter into next year. But we

are expecting that again the 21 million metric tons, what we had given, we should be approaching 20 million metric tons for crude oil. And as far as gas is concerned, it would be slightly lesser than that 21.5 BCM that we have projected. Gas would be slightly lesser than 21.5 BCM that we have projected. However, we expect that in the first quarter of the next year, things would make up for all this deferment of production.

Probal Sen

Sir, if I can ask, what is the run rate of the Eastern Offshore field including KG right now, both gas and oil? And what is the kind of exit rate that we expect?

Vivek Tongaonkar

For KG-98/2, currently, we are having 28,000 barrels of oil per day, and that is what is actually affecting our production estimates for this year.

Probal Sen

And for gas, sir?

Vivek Tongaonkar

Gas. It's 3 mmscmd and we had already mentioned earlier on that for KG-98/2, we are to install the living quarters. Once those get installed at offshore during coming December-January, we expect that the gas production would get ramped up at 98/2 by end of the last quarter of this year.

Probal Sen

Understood. The second question was with respect to OPaL. We have seen quite a sharp improvement in terms of the EBITDA run rate. Just wanted to understand how should we look at the business for the next two quarters. Are we seeing an improvement in realizations? Or, I mean, what has really driven the kind of improvement we've seen in terms of EBITDA? And can we expect a similar run rate for the next couple of quarters?

Vivek Tongaonkar

So, we are expecting that the plant would run on fairly good capacity. It would be 90-plus capacity that we would have for these two quarters. And we are expecting that with the current rates or the prices that we have and the run rate that we would be having, we should have positive EBITDA for these coming quarters.

Probal Sen

All right. Last question, if I may. Sir, you mentioned about NWG, the new one that's being up 21% of the total gas revenue. Can we get a sense of what it is of the share of the overall production, right now, NWG?

Vivek Tongaonkar

So, you want the quantum for that NW gas?

Probal Sen

If I can get the volume number for a new well gas.

Vivek Tongaonkar

Currently, we have about 13.4%, and we should increase it or ramp it up to 14%.

Probal Sen

All right, sir. Thank you. I'll come back. Thank you so much for your answers. All the best.

Moderator

Thank you. The next question comes from Sabri Hazarika from Emkay Global. Please go ahead.

Sabri Hazarika

Yes. Good afternoon. So, I have couple of questions. Firstly, in the presentation where you have mentioned regarding the cost optimization, so you have mentioned the 15% cost reduction. So, if I look into your CapEx plus OpEx, it is roughly INR 60,000 crore. So, I mean, just wanted some clarity. Does it mean that INR 8,000-9,000 crore of cost reduction will happen over the next few years? How to look about it?

Vivek Tongaonkar

So, we are targeting that we should have a reduction of about INR 5,000 crore in OpEx. Towards that end, we have already started taking action. We have already reduced our cost towards logistics when we have started operations from Pipavav Port. So, that cuts down on the distance that we have for servicing our offshore locations in the Western Offshore. So, that is reducing the number of vessels that we have to run over there. We have also started our chopper operations from Surat, which takes care of the transfer of manpower from Surat towards the northern end of these fields. We would also be considering for hiring of bigger vessel sizes because from Pipavav, it being a regular port, it is possible to have a bigger size of vessels to ply between our offshore fields and the mainland then. So, that reduces our logistics costs. It also cuts down on the HSD. We have also optimized the diesel consumption for our drilling rigs, both at onshore and offshore. And we are also taking steps to convert some of those onshore rigs to dual fuel, that is gas as well as HSD. We are looking at reducing our power cost also by considering green gas from the grid as well. And in the long run, we plan to set up our own green solar and wind power plants, which should come up in the next 18 months to two years, which would cut down on the power cost that we would be utilizing. We are also optimizing on the rig building that happens during interlocation movement of the rigs that happens in onshore. We are also reducing our cost on work core operations by utilizing smaller sized rigs rather than the drilling rigs which we use. So, all these are likely to translate into savings for us over a period of time of about INR 5,000 crore.

Sabri Hazarika

Okay. So, this is purely on OpEx. And CapEx side?

Vivek Tongaonkar

CapEx, we have our robust CapEx going on. We are not going to cut down on our exploration, etc....continue to have around INR 30,000 to INR 35,000 CapEx for the years. And even in this year, we will be having on similar lines only.

Sabri Hazarika

Got it, sir. That's all from my side. Thank you so much.

Moderator

Thank you. I request the participants to restrict with two questions in the initial round and join back the queue for more questions. The next question comes from Varatharajan Sivasankaran from Antique Stock Broking. Please go ahead.

Varatharajan Sivasankaran

Thanks for the opportunity, sir. Sir, if you can give us the guidance on production for FY27 as well and what all will contribute to that production growth, primarily from Western offshore, Mumbai High, as well as Daman and other developments? Anyways, Eastern Offshore, you have already given some idea.

Vivek Tongaonkar

Yeah. Varatharajan, good afternoon. And I'll just give a brief about this thing. See, you are aware that we have already engaged BP as a TSP for MH field. And we had mentioned that hopefully, it will start giving us some green fruits from January onwards. We are happy to note that, yes, we are already seeing certain uptick happening in our production of oil and gas for MH field. So, that is on the Western Coast. So, we do expect that during this year itself, we could have some positive story coming from over there. Then, we have also mentioned Daman upside project, it is running ahead of schedule. We expect that in the last quarter of this year, we should have production coming out of that field also. For the next year, we have already mentioned on DSF-II field, which is already under development. And in that case, for the last quarter of FY26-27, we expect that production to come up on stream as such.

Varatharajan Sivasankaran

So just for completion sake, if you can give us the number as well in terms of production for oil and gas.

Prakash Joshi

As we've iterated previously, so our standalone production, for the current year, oil, we expect 19.8 MMT, and for next year, it is 21 MMT. And as far as gas is concerned, it is 20 BCM for the current year, and it is 21.5 BCM for the next year. And thereafter, it would be in the same lines that we would come up with a figure once some of our projects, as sir already told, would be reaching their peak production.

Varatharajan Sivasankaran

Great. Thanks. My second question was on Mozambique. We keep hearing a lot of news online. If you have an official version of it, you can please reiterate that. Thank you.

Vivek Tongaonkar

Yeah. As of now, all the partners have decided to lift the force majeure. So, we are expecting that ballot to happen either today or tomorrow. And once that happens then it will be officially that force majeure will be lifted. Already, all the partners have decided that they would lift the force majeure. However, till the ballot happens, it would not be a final event, so to say. So, maybe in a couple of days, we should be in a position to confirm that. But you would have already read that Oil India and BPRL have already informed the stock exchange that they have decided or partners have decided to lift the force majeure. So once it is lifted, we would also be informing accordingly.

Varatharajan Sivasankaran

So, in that case, if you can have any update on the hike in CapEx cost. And that case the hike has to be also officially approved by all the partners, is that a requirement or you are already okay with that?

Bhishmadev Mandal

So, currently total project capex...it has been approved for the \$18.2 billion, but after the force majeure lifting, if the situation as well as revalidations of the all projects, if it goes beyond that, so then we will come to CCEA for further approval, and the decision you may know.

Varatharajan Sivasankaran

Okay.

Vivek Tongaonkar

Could you get that, Varatharajan?

Varatharajan Sivasankaran

Yeah. I got it, sir. If I may, like, you know, I just wanted to follow-up on that as well. So effectively, once you lift the force majeure, you're back in terms of full-fledged activity, in terms of development, or is there another step? Because you were also mentioning last time about the government also supposed to complete some procedure of approval.

Vivek Tongaonkar

So, Mozambique government, are you asking?

Varatharajan Sivasankaran

Yes.

Bhishmadev Mandal

Mozambique government already has given the nod for lifting this force majeure approval. Only, the operator...they want to get some sort of security clarity from the government, so that part is also over. So, now all the partners have agreed for the force majeure lifting even though the regulator, ENH, we have submitted the force majeure lifting to ENH. Only the Ministry we have to submit.....

Vivek Tongaonkar

So, it is expected that both the parties, that is all the contracting parties and the Government of Mozambique have already more or less arrived at a finalization of lifting this FM, and this is likely to happen in a couple of days. That is what we are waiting for.

Varatharajan Sivasankaran

Great. So that's very useful. Thanks a lot.

Moderator

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

Mayank Maheshwari

Thank you for the call, sir. So, I had one question on OPaL, and one was related to, I think, any impact that you are seeing on the OVL side because of geopolitical tensions. If you can kind of talk about on OPaL, obviously, your utilization rate this quarter came down versus last quarter. You're talking about 90% or so. Like, at what level of PE prices you think it will kind of become a bit more

profitable because it is still kind of going through that losses right now. So, is there a pricing level where you kind of thought about? And why did you see a bit of utilization rate cut? And, the second question was on OVL. Like, you've seen production decline again this quarter. So, can you just give a bit of outlook on what's going on there?

Vivek Tongaonkar

Okay. On OPaL, there was brief reduction in that capacity utilization because they had a breakdown in one of the equipment, which has since been made good, and it is again operational. So for about one month, there was a breakdown in OPaL plant. That is why the capacity utilization has been missed. However, they are back on steam, so to say, and they should be performing at 90-plus capacity during these two quarters as such. So, we do not envisage anything adverse now, and we are expecting that the prices that are there for petrochemical, they would be EBITDA positive. That is for as far as OPAL goes. As far as with OVL, Mandal Ji, can you add?

Bhishmadev Mandal

About the OVL production, for this H1, the production was around 4.8 MMTOE and effective for this current year the production will be 10 MMTOE...this will continue for next year too. Last year production was around 10.28 MMTOE...little drop in H1...Sakhalin 1 was under shutdown for 1 month...under planned shutdown... and hopefully, in the H2, the things will be normal and

Mayank Maheshwari

And any update on the Vietnam extension?

Bhishmadev Mandal

Vietnam extension was there for 16 years, but currently, the production from the block 06.1....so, we have ceased production from July 1, 2025 because it is uneconomical. So, we are just awaiting the Government of Vietnam to develop the PLDCC areas....if we are able to drill those wells in that PLDCC area then we can resume our operation further. But, currently, as it is uneconomical, so from July 1, 2025, we have stopped our production.....this Vietnam is end of the project....

Mayank Maheshwari

Okay. Thank you.

Vivek Tongaonkar

Yeah. Just to add.... even when this, the OPaL plant was not running to full capacity, we have had an EBITDA of INR 225 crore positive. Going forward, as capacity utilization improves, it will be better.

Mayank Maheshwari

Perfect. Thank you.

Moderator

Thank you. The next question comes from Gagan Dixit from Elara Securities. Please go ahead.

Gagan Dixit

Yeah. Thanks for taking my question, sir. Sir, my question is regarding this your Mumbai High plan with the British Petroleum. So, can you break into that some complete milestones for FY26-27? I mean, number of wells, workover, what are your plans? And also, when we expect that this contract will convert it into the performance from the fixed fee? If some idea you have, sir.

Vivek Tongaonkar

So, as far as the number of wells, etc., is concerned, that is not yet there. Both the companies are working together on the technical part of it, and they have started utilizing the existing CapEx that we have over there, or the wells that we have over there. And now onward it will start coming up. That plan is currently under preparation, and it should be there by this calendar year end as such. And coming to incentive part of it or move out of that fixed fee, it is two years from the start of the project, which was sometime in January this year. So, January '27 onwards, that fixed fee should stop.

Gagan Dixit

Okay. And, sir, how will those payments will be shown up in your P&L? It's OpEx or CapEx or something like support, sir?

Vivek Tongaonkar

Should be OpEx only because its a service provider.

Gagan Dixit

Okay. That that's from my side. Yeah. Thanks.

Moderator

Thank you. The next question comes from Nilesh from HDFC Securities. Please go ahead.

Nilesh

Yeah. Hi. Good afternoon, sir. While answering one question, you mentioned that this year, your production crude oil as well as gas production will be before your expected time. And in next year, Q1, you will recoup that and the production is expected to go up. So, what are the steps that you are taking to do that in Q1 and that gives you confidence that volume will go up for crude as well as for gas?

Vivek Tongaonkar

So, that production which I have said that it will be coming up more in the first quarter of the next year is more of a deferred production, so to say, because for KG-98/2, we would be having our living quarter setup being installed during December-January and January-February, it would happen. So, part of that production, which otherwise we were expecting in the last quarter will get deferred as such. And some we are expecting from TSP, as I've already mentioned, that from TSP from January, we are expecting green shoots. We are expecting that there should be more healthier production subsequently. So, that is how we are expecting that the production will be increasing from the first quarter of the next year.

Nilesh

Sir, Prakash sir mentioned about the estimated production for FY27. So, this includes those increase, particularly 98/2, sir?

Vivek Tongaonkar

No. What he had mentioned was when we had earlier planned this living quarters, etc., to happen way in November-December this year, and that production to start for the full quarter in December and January of this year as such. So, that is getting a little delayed. It is coming in December-January, which moves everything partly into that monsoon period also, which then affects this

thing. So, that is why part of the production which was scheduled to come in this year has reduced. It will go into the next year. What Prakash told you, those figures do not have that additional product or the deferred production, so to say, as of now.

Nilesh

Okay. Thanks for answering all my questions. Thank you.

Moderator

Thank you. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad.

The next question comes from Ramesh S, an individual investor. Please go ahead.

Ramesh S

Thank you, and good evening. So, if you look at your new well gas production, we've been given to understand in the past that it's a ramp-up by a certain proportion every year over the next 5..10..15 years. So, can you give us some idea in terms of the production profile to peak production? And how long that kind of profile can be sustained, say, over the next 10-15 years? And when will it start declining based on the investments you're making in field in drilling new wells?

Ajay Kumar Singh

See, I'm Ajay Singh, Chief Corporate Planning. Every year, there is a natural decline of 7%-7.5% from the natural gas that we are bridging by the way of drilling new wells or by intervening in the well by way of workover. So, whatever we are intervening in the well or we are drilling the new well, that comes under the new well gas.

Ramesh S

That I understand. So, I'm just asking for the new well gas production, but for every investment you're making, is it possible to give us some kind of a production profile for the increase and then peak production? And then when that new gas production still will start declining?

Ajay Kumar Singh

See, for the next four to five years, when we are introducing our Daman upside, which is likely to come in this current year, we are expected to add by 5 MMSCMD of gas in this year. And next year, we are going to commission the DSF-II, which will be adding another 4 MMSCMD. So both put together, 9 MMSCMD is the addition. So currently, what we are producing is around 20 BCM. So, we'll be producing near about 24 BCM. So, that considering the decline 24 to 25 BCM. So that is the target. And another, the CBE 27-28, will be producing in this range only. So, this is our projected plan. So, you can see that near about 30% to 35% of our entire production will come from the new well gas.

Ramesh S

Okay. So you're saying that, basically, based on the increase in the new well production for gas, you'll be able to offset the decline and see some incremental growth, and that will sustain for about five, ten years. That's what you're saying, right?

Ajay Kumar Singh

See, right now, I'm not talking five to ten years. We are talking about three to four years in the short term. And long term, we have another plan which will be included in our Andaman field also and in deepwater, which may come. So that's right now, we'll not be able to tell you that.

Ramesh S

Okay. So, if you look at the segment number, the EBIT margin you're reporting in the onshore is lower than that of the offshore EBIT margin for the latest quarter. So, is there any operating reason for that, what exactly? Because onshore cost should be lower. So, what is driving that difference in the higher EBIT margin for offshore compared to onshore?

Vivek Tongaonkar

So normally, offshore operations are more profitable as a thumb rule also. And onshore production, because it is lesser, there are a number of costs that are involved over there because most of our onshore fields are mature fields. Some of them are older than 60 years. So, they naturally are more expensive to operate. Therefore, onshore is always a little bit lesser positive than offshore fields.

Ramesh S

Okay. So, one last question on this BP contract. So, once the BP consulting inputs are already showing the benefits, when do you start seeing the benefit of the higher oil and gas production? And from which quarter can we expect that to actually be visible in your EBITDA and profit after tax? Can you give us some rough sense on what will be the ramp-up in that production volume, let's say, over the next 2-3 years?

Vivek Tongaonkar

So, as I've already mentioned earlier, under TSP, we are likely to see green shoots from coming January onwards. We have got some positive indications already. But as you mentioned, to make a difference as far as the profit is concerned, it should happen from January onwards. And under this contract, what has been committed, so to say, by BP is that over a ten-year period, we should increase our oil and gas production from MH field by about 60% on a cumulative basis.

Ramesh S

So, this 60% increase, when will that peak production happen just to get a sense of when it will start showing the full benefit of the free cash flows? Will it be by FY28? Will it be by FY30? Any sense you can give on that?

Vivek Tongaonkar

So as of now, no schedule has been given by them because the work is still under progress by the end of the second year, which I said January '27. They are likely to come up with a full-fledged plan on this issue. However, what we are expecting is that normal case in such projects, you have peak production coming in after three to four years after the start of that project. So I think, we should start having it from '28-'29, '29-'30 onwards.

Ramesh S

Okay. That's helpful. Thank you very much, and wish you all the best.

Vivek Tongaonkar

Thank you.

Moderator

Thank you. The next question comes from Somaiah V from Avendus Spark. Please go ahead.

Somaiah V

Yes. Thanks for the opportunity, sir. A couple of questions, sir. So, first is on the CapEx. So, in terms of OPaL, what would be the normal CapEx requirement? And any further equity infusion required? And also if you could just help with the net debt at OPaL level?

Vivek Tongaonkar

So for OPaL, we do not expect any additional CapEx or equity infusion required as of now. So, whatever we have infused that should suffice for OPaL as such. As far as net debt is concerned, currently, OPaL is about INR 25,188 crores as of end of September. And we expect that this should move down to a lower interest debt also. So, the interest cost should go down. We already have started taking action on those lines.

Somaiah V

Sir, any I mean, in terms of that, would you be able to quantify that interest cost that could decline?

Vivek Tongaonkar

So currently, the interest rate on these debt is around 8.5% broadly, which we are expecting that we should be able to bring it down more than a percentage point.

Somaiah V

Got it, sir. And also, what would be the normal maintenance CapEx in this space?

Vivek Tongaonkar

For OPaL?

Somaiah V

Yes.

Vivek Tongaonkar

Hardly any maintenance CapEx. Because most of it would be OpEx for them.

Somaiah V

Okay. Sir, also on the Mozambique equity contribution, if you could just help us with, I mean, anything that we need to spend in the next couple of years so far, what we have spent? And also whether these are included it in the INR 30,000-33,000 crores that we are planning for the year?

Vivek Tongaonkar

So, while they look up the figures exactly what you want, I would just broadly say that once that force majeure gets lifted, which is in a couple of days, formally, that gets lifted out, then all these companies, the contracting parties will have recourse to financing arrangements also. And therefore, they would not be required to infuse any further equity as such in this project. So, you wanted what is the equity that has been put in....that figure? Is that it?

Somaiah V

Yes. Our total investment so far and what remains based on existing cost of the project.

Bhishmadev Mandal

So, all the CapEx as on FY26 Q2 is around USD 6.6 Billion. This includes acquisition cost of USD 4.1 Billion.

Vivek Tongaonkar

And anything further that you, what is the further that you are like?

Somaiah V

I'm sorry. I was not able to hear these queries.

Vivek Tongaonkar

Okay. What he has mentioned that till now, they have spent about USD 6.6 billion including the acquisition cost. This is OVL's spend as of now. And you also want what is likely further spend on this thing?

Somaiah V

Yeah. Based on the existing cost of the project.

Bhishmadev Mandal

Now, we have a project financing. So, for that was around USD 16 Billion financing at a JV level.

Vivek Tongaonkar

So, how much would it be?

Bhishmadev Mandal

So, it will be in the range of USD 16 billion to USD 17 billion.

Vivek Tongaonkar

Additionally?

Bhishmadev Mandal

No.

Vivek Tongaonkar

Total. So cumulatively, it will be USD 16 billion to USD 17 billion at the existing costs that have been there, out of which USD 6.6 billion has already been, incurred by OVL. Somaiah, just a correction. I said USD 6.6 billion is already included in USD 16.1 billion. It is actually addition. So, it is USD 6.6 billion is for own equity, and USD 16.1 billion would be additional financing, project finance. So, USD 16.1 billion is by all the concessionaires at project level. Means, by the contractual party as such.

Somaiah V

I'm sorry. I mean, if I get it right, USD 16 billion plus USD 6 billion of USD 22 billion is the total cost, that's what we are referring to?

Vivek Tongaonkar

No. USD 6.6 billion is OVL portion. So, that is one portion. Then USD 16.1 billion is project finance, which is there for all the contracting parties, out of which 16% -- so, 16% of USD 16.1 billion is share of OVL. So adding to that USD 6.6 billion, which we have already mentioned, it will be around USD 8.8 billion as far as OVL is concerned.

Somaiah V

Okay. So, the other question is on the renewables front. So, if you could just help us with, I mean, what are the CapEx that we plan to incur on this front over the next couple of years?

Satish Kumar Dwivedi

We have already invested for the acquisition of RE assets worth INR 5,000 crore. And we are in the process of awarding a job again for amount of INR 5,000 crore for building our own asset. Beyond that, we are looking for both the ways, organic also, inorganic also and the plans will be known to you very soon.

Vivek Tongaonkar

In a gist, what we are doing is we have planned for about 10 gigawatts by 2030.

Somaiah V

Sir, in terms of CapEx, we plan to do INR 30,000 crores to INR 33,000 crores per year. So, this includes the renewables also?

Vivek Tongaonkar

No. This is a standalone E&P CapEx.

Somaiah V

Okay. So, this INR 5,000 crores that we planned is over and above this?

Vivek Tongaonkar

Could be additional to that.

Somaiah V

Okay. Understood. Sir, also in terms of the production, just wanted a bit of clarification on KG Basin. I think at the beginning, you mentioned oil is around 28 kbpd. So, it was at 30 kbpd, I think, a quarter back. So, when do we expect to reach the peak production of 45 kbpd? That's one. And also gas, I missed the number that you mentioned in terms of current....in gas. And also, the peak production of 10 MMSCMD when is expected to reach?

Vivek Tongaonkar

So, I've mentioned 3 MMSCM for gas currently, and we had also been mentioning earlier on also that this was constrained because we do not have that living quarter which has a compressor package, etc. So, that module is getting installed in December-January now, currently. Once that is installed, we should be in a position to ramp up the gas production from KG Basin as such. As far as this oil production is concerned, yes, it has gone down because that is how the well activities have happened. We need to take action as far as the wells are concerned. We are trying or we are doing already action on these wells, and we are expecting that this should recover and the production should increase. There is also that we would have to do certain additional works that

for this production to ramp up to 45 kbpd as such. But what we had earlier on start of initially in this project was around 35,000 barrels per day. With the current work that we are doing on these wells or actions that we are taking on the wells, we are expecting that it should improve -- that production should improve.

Somaiah V

So, would it be fair to say maybe mid of next calendar year, we'll be getting closer to the peak production, both oil and gas, in the KG?

Vivek Tongaonkar

By June-July, if you are asking, yes, we would start ramp up of the gas, and we should be starting off for the gas up to 10 MMSCMD would be there in the next year. For the oil, we have to wait for the actions that we are taking, how the results of the actions that we are taking, and then we would be in a position to sort of confirm on that. Although we are hopeful, but as of now, it's still work in progress.

Somaiah V

Got it, sir. And also, when our guidance for FY27 in terms of both oil and gas, so from gas standpoint, how much are we taking from Daman project of the 5 MMSCMD for FY27?

Vivek Tongaonkar

Daman, from FY26-27, it will be 5 MMSCMD.

Prakash Joshi

Yeah. So, I hope you have been answered.

Somaiah V

Yeah. Yes, sir. So, the upside from Daman project entirely, it is expected to come in FY27. So, just I want to clarify on that. Got it. Thank you, sir. Thank you.

Prakash Joshi

Thank you.

Moderator

Thank you. The last question for the day comes from Vikash Jain from CLSA. Please go ahead.

Vikash Jain

Hi. Thanks for taking my question, sir. So I have a few of them. Firstly, ForEx loss, which is included in OpEx for this particular quarter, can you please give me the number?

Vivek Tongaonkar

It's INR 1,045 crores.

Vikash Jain

Okay. And the other question that I had was, so we expect that sometime middle of next calendar, that is June '26 or so, we should go from 3 to 10 MMSCMD in KG and all of Daman's peak

production of 5 MMSCMD should come by then. So, there's an extra 12 MMSCMD that we believe should happen from now in the next six months or so. Is that what we are expecting for gas?

Vivek Tongaonkar

It will start off from June onwards. Daman, we start off from the last quarter of this year. So, whether it will hit 5 MMSCMD immediately on the first day, no. I can't say that. But yes, it will ramp up, certainly. And June '26 onwards, we would be ramping up that eastern offshore project gas and then move up to 10 MMSCMD.

Vikash Jain

So, this is more like happen by September quarter or so?

Vivek Tongaonkar

Okay. I would not be able to put a figure on it. But yes, next year, it will certainly happen.

Vikash Jain

Okay. And the other question was on oil. Incremental upside on oil production, where do we get confidence on that now that the KG part will have to wait for results of the interventions that you're doing. So, where can we expect that to happen?

Vivek Tongaonkar

So, I think one very prospective area or promising area is TSP from Mumbai High field. So there, as I mentioned already, from January onwards, we should see some production, which would actually make a difference to our profits and all that.

Vikash Jain

January '27. Right?

Vivek Tongaonkar

26.

Vikash Jain

Okay. So, as soon as coming months, okay.

Vivek Tongaonkar

Yeah.

Vikash Jain

Yeah, okay. And the incremental bigger gains from anything that BP is doing is still maybe more like a 2027 kind of a thing?

Vivek Tongaonkar

Okay. That is how the things stand today. Maybe it could be better. Could be earlier. But, no. I would not like to stick my neck out today.

Vikash Jain

Okay. Just one final thing on something was mentioned about new wells gas share going to about 30- 35%. So which is from about, you said, 14% right now, right, going to 35%, say, by in four years' time, is that what was mentioned?

Vivek Tongaonkar

Yes. It is between 3-4 years.

Vikash Jain

So, from FY26 to, say, FY30, from 14% will go to about 30-35%. So, one-third of the gas will be new well gas.

Prakash Joshi

Vikash Ji, one thing what he was saying, 14% is currently there. Then we do have got that 7.5% if we maintain at the current production level, that 7.5% adds it up. Okay? In addition to that, what he had said was 5 MMSCMD of gas we are expecting from Daman upside, which would totally qualify for this 20% premium gas. So, there are some other projects also. So, we do expect it to increase gradually. But that 35-40% is saying four years, I don't think so. It would come earlier to that.

Vikash Jain

Yes. Correct. Understood. Okay. I think that's it. Thank you so much for taking my questions.

Vivek Tongaonkar

Thank you.

Moderator

Thank you. Now, I hand over the floor to Shri Vivek Tongaonkar for closing comments.

Vivek Tongaonkar

Thank you very much, and thank you all for joining on this conference. And we hope that we would be in a position to have maybe a better meeting the next time around that we are there. And just to remind everybody that our consol has increased. And although net profit on standalone basis were a bit subdued, we do believe that with the actions that we are taking, we should have or we are likely to give some good results as such.

So, thank you very much as of now, and see you again.

Moderator

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

Vivek Tongaonkar

Thank you.

Moderator

Thank you, sir.

Note:

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