



**Oil and Natural Gas Corporation Limited
Q4 FY'25 Earnings Conference call**

Event Date, Time & Venue
22nd May, 2025, 3.30 p.m.,
Conference Room, 5th Floor,
Deen Dayal Urja Bhawan, Vasant Kunj

CORPORATE PARTICIPANTS:

Mr. Arun Kumar Singh
Chairman & CEO, ONGC Group

Mr. Rajarshi Gupta
Managing Director, ONGC Videsh Ltd.

Mr. Vivek Tongaonkar
Director (Finance), ONGC

Mr. Ajay Kumar Singh
Chief Corporate Planning, ONGC

Mr. Satish Kumar Dwivedi
Chief JV & BD, ONGC

Mr. Yogish Nayak
Chief Corporate Finance, ONGC

Mr. Akhilesh Tiwari
Head - Corporate Accounts, ONGC

Mr. Prakash Joshi
Head Investor Relations, ONGC

Mr. Vinod Hallan
Head of Finance (ONGC Videsh)

Q&A PARTICIPANTS:

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|----|--------------------------------|--------------------|
| 1. | Shri Probal Sen | : ICICI Securities |
| 2. | Shri Bhaskar Chakraborty | : Jefferies |
| 3. | Shri Mayank Maheswari | : Morgan Stanley |
| 4. | Shri Sabri Hazarika | : Emkay Global |
| 5. | Shri Varatharajan Sivasankaran | : Antique limited |
| 6. | Shri Gagan Dixit | : Elara Securities |
| 7. | Shri Hardik Solanki | : ICICI Securities |

Moderator

Good afternoon, ladies and gentlemen. I'm Madhuri, moderator for the conference call. Welcome to ONGC's Earnings Conference Call for quarter and year ended on 31st March 2025.

We have with us today, Shri Arun Kumar Singh, Chairman and CEO, ONGC Group of Companies; Shri Rajarshri Gupta, MD, ONGC Videsh; Shri Vivek Tongaonkar, Director Finance, ONGC and team, who will interact with the investors and analysts to discuss Q4 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 * and then 0 on your touchtone telephone. Please note that this conference is recorded.

I would now like to hand over the floor to Shri Vivek Tongaonkar for his opening remarks.

Vivek Tongaonkar

Thank you Madhuri. Good afternoon, ladies and gentlemen. I am Vivek Tongaonkar, Director (Finance), ONGC over here. I welcome you all in this ONGC Earnings Call for Q4 and Financial Year ended 2025. Thank you all for joining us on this call.

We have with us Shri Arun Kumar Singh, Chairman and CEO, ONGC and Shri Rajarshri Gupta, MD, ONGC, Videsh Limited. Also present with me are my colleagues from ONGC, Ajay Kumar Singh, Chief Corporate Planning; Shri Satish Kumar Dwivedi, Chief BD&JV; Shri Yogish Nayak, Chief Corporate Finance; Shri Akhilesh Tiwari, Head Corporate Accounts; Shri Prakash Joshi from Investor Relations; and Shri Vinod Hallan, Head of Finance from ONGC Videsh Limited.

ONGC has compiled its financial results for the quarter and financial year ended 31st March 2025, which have been audited by the Statutory Auditors. The financial results have already been released on 21st May 2025 through a press note and sent to the stock exchanges. This has also been sent to the analysts who are on our mailing list. A brief synopsis of the result follows.

The company has earned a profit after tax amounting to INR 35,610 crores during financial year 2025 as against PAT of INR 40,526 crores in financial year 2024, a decrease of INR 4,916 crores, which is about 12.1% down. Sales revenue for financial year 2025 is INR 137,361 crore against INR 137,774 crores in financial year 2024, partly because of lower per barrel realization of crude oil.

During financial year 2025, operating expenditure increased marginally by INR 753 crores, that is 2.8%, from INR 26,725 crore in financial year 2024 to INR 27,478 crore in financial year 2025.

During financial year 2025, there is an increase in exploration cost written off (survey and dry well) costs by INR 4,257 crore from INR 5,569 crore in financial year 2024 to INR 9,826 crore in financial year 2025. Major wells charged as dry during the financial year 2025 were at Western Offshore Basin, INR 1,152 crores at KG Basin, INR 1,808 crore at Kaveri Basin, INR 779 crore and at Assam Arakkan Basin, INR 359 crore.

During the year, ONGC declared total 9 discoveries in its operated acreages. 8 hydrocarbon discoveries have been monetized during the year. Reserve replacement ratio (2P) from domestic fields excluding JV share was 1.35. ONGC has achieved reserve replacement ratio of more than one for the 19th consecutive year. During the year, ONGC drilled 578 wells. This is the highest recorded in the past 35 years, comprising of 109 exploratory wells and 469 development wells. ONGC invested around INR 62,000 crores in CapEx during the year (including acquisitions). Exploration CapEx of INR 10,300 crores were invested during the year. This is up about 25% from the previous year.

The standalone Crude Oil production during FY25 was 18.558 MMT with an increase of 0.9% over FY24. The standalone natural gas production was 19.654 BCM as against 19.978 BCM in financial year 2024. To address the production decline in matured and marginal fields, ONGC is proactively enhancing well interventions and accelerating new well drilling initiatives, which includes the recent engagement of technical services provider.

The Board has recommended final dividend of 25% that is INR 1.25 per share. With a dividend payout ratio of 43.3%, the total dividend for financial year 2025 would be 245% with a total payout of INR 15,411 crore. This is the highest quantum of dividend paid by ONGC.

The company at a consolidated level has earned profit after tax of INR 38,326 crore during financial year 2025 as against INR 55,272 crore during financial year 2024. This is a decrease of about 30.7%...in absolute terms, INR 16,976 crores. This decrease is mainly due to decline in profit of subsidiaries HPCL, MRPL and OPaL. At the consolidated level, gross revenue has increased by 1.5% from INR 653,171 crores in financial year 2024 to INR 663,262 crores in financial year 2025.

With this, I have finish 1my briefing of the results of fourth quarter and financial 2024-2025. Now I will request Shri Arun Kumar Singh, Chairman and CEO, ONGC, to address the attendees. Thank you.

Arun Kumar Singh

Good afternoon, ladies and gentlemen. In fact, if you look at our performance, it can be classified or bucketed basically in three categories. One is our conventional E&P business and second is renewable and third is our refining and petrochemical.

So first category, let's look at E&P. E&P, basically, what our PAT going down by 12% is, if you single out only reason, you can say is out of 4,000 some odd crore or 4,200 is on account of exploratory well write offs. Exploration in our business is something like investment. Unless you explore, you don't find new finds. And

unless you get new finds, your future is not assured. So you would notice that this year, we have accelerated our exploration on both sides. So capital expenditure itself is now 25% up. And, naturally, we had some discovery. We had some tryouts. Dry wells too. So basically, if you discount this, write offs, then our profit is at the same level...PAT is at the same level. So that is the first thing which I wanted to say.

The second part is that contrary to a general belief and numbers over many years, last year, at standalone level, our production went up on oil side. And, this is a very heartening news because we believe that this positive story will remain because of the actions that we have taken. Now you say that why? What is it that is giving us confidence? That is also reflected in the fact that despite PAT going down by 12%, we have kept dividend at same level because. We feel that we can sustain this. We can do better next year and primarily on account of production increase.

Production, in fact, the moment we are done with KG 98/2, the gas production will go up. And also, you are aware that we are in the throes of doing 10 mmscmd more production CapEx work, which is absolutely on dot. And hopefully in the last quarter of 2025-26, we'll get 5 mmscmd additional from the project, which is almost 60-70% complete in Western Offshore.

Let's come to oil side, while we have done many interventions to make sure that we remain steady in our existing fields, we have big hopes from TSP that we have signed with BP, and that is dot on course...on 4th April 2025 all the resources of BP are in our establishment, and we are also thankful to them for giving the best talents for enhancing the production of Western Offshore, that is Mumbai High. Hopefully, it should start showing result after some time. And that is the hope we have and also some more improvement in KG 98/2 in oil production. So these two put together, we are sure of our oil going up. Gas, I told you that KG 98/2 main platform is to be put in place. Everything is done except for one platform, which is basically living quarters. So that work, once we do, then we can enhance production there. And then also DUDP that is the Daman Upside and then we have another DSF in Western Offshore, which is also around 4-5 mmscmd.

So with this we are very confident that we will have our growth story intact at least what we have done is not flash in the pan. Earlier, we were going negative, but now you see at least we have turned positive and we hope to remain positive for years to come. That is so far the production side is concerned.

And now 2-3 more things just I'll cover. One thing is that we are investing big into future...out of INR 62,000 crore CapEx we spent last year...we have INR 38,000 crore we spent in conventional business E&P...INR 18,000 crore we infused into OPaL. The ONGC ownership is now 95% plus. And also, what we had promised to our shareholders, we have delivered. When we are investing in OPaL, you all had a lot of questions that what will happen to the gas, raw material, what will happen to the SEZ, what will happen to Capital restructuring. So now you know that, OPaL, at least from this quarter onwards, we hope to have a very good performance compared to yesteryears. So all three were delivered. It is out of SEZ now, which is giving at least INR 700 crores to INR 800 crores per year boost. We invested INR 18,000 crores, so now finance cost is

down to this extent because this was all money lying...loan and OPaL was paying interest. And of course, the big thing is gas. The input gas now is available to them in new well gas price, which is roughly \$8 at current price against market price of \$13 to \$14. So OPaL turnaround will benefit most to ONGC and OPaL both because it is subsidiary of ONGC.

You may be aware that one more subsidiary that is HPCL, the going is good now. So naturally, we expect that this will also do very well. This quarter, even MRPL is going very well. So if refining margin remains at this level, we can expect MRPL also to do very well. So all three big ones. And this year also you may be aware that from OVL side, a big, laggard was Mozambique delay. But now Mozambique...work is happening...we expect force majeure to be called off, but work in any case has started in a big way. So we expect Mozambique to be delivering its gas in the next three years. So that is something a very big upside for ONGC as well as for OVL.

Now coming back to dividend payout, our friend, Mr. Vivek, conveyed you that is 245%. We are also proud at least to say that among CPSEs, not the banking sector, if you leave banking sector, CPSEs i.e., Central Public Sector Enterprises, ONGC is the highest profit making CPSE. And even, among any company of government, in country. So that is something that we are very proud of.

Now I come to, you know, a futuristic thing. We don't mind sharing with you that, OPaL, we are on the verge of closing everything for its Ethane sourcing from 2028, right from terminalling to sourcing to shipping. So this is something that is a good boost for OPaL because OPaL will need ethane in bigger numbers. LNG business is something that is a natural bet for us because you would be aware that we can have a model where all the integrated oil companies or gas companies... those who produce...they have a natural hedge when they sell. So because oil and gas, if it all links or goes up, you make a lot of money there. If it goes down, then you make a lot of money in the downstream side. So LNG downstream, we have big aspiration. Hopefully, you'll get to hear something big once we cross the threshold.

Now you are aware that our offshore fleet, basically, we have lots of requirement of vessels and hydrocarbon transport vessels. So naturally, we are thinking of investing big in this vessel business too, because this is something that is our line of business and also continues to be a good profit space.

Green energy, I just want to tell you that in one year, I don't know how many examples in the world are there, where you jump from 0.1-0.2 gigawatt to 2.5 gigawatt in 4 months' time. In January '25, if I remember correctly, we were at 192 megawatts. As on date, we are almost 2.5 gigawatt, because 2.34 gigawatt is Ayana plus PTC. And plus, you add our 192 megawatt we already had. So we have now 2.5 gigawatt. Anybody having more than one gigawatt in the renewable space is considered formidable. So I'm very happy to see that ONGC has become formidable in no time. I repeat, in no time, it has become a formidable force in renewable energy space. You may be aware we have planned to go up to 10 gigawatts. Today, we are 2.5 gigawatts. So, 7.5 gigawatts we have to add by 2030. So, every year, our rally should be around—if you go by 1.5 additional—to reach that goal of 10 gigawatts, which holds us in good stead from both sides: from a profitability point of view and also from our renewable commitment to the world.

That being a fossil fuel company, we'll do our bit of job to see that world is greener and better and also making a good business sense. So now this is something, this area that we are doing well and we hope to do better in years to come.

Now coming to KG. KG, as you know, your favorite 98/2, we are at 33,000-34,000 barrel a day with peak production around 45,000 barrel a day. Peak production happens when the wells mature and also the reservoir, all conditions satisfy. As you are aware, we started our production sometime in January 2024, and gradually we have been ramping up to reach up to 34000 bopd. So another 10,000 to 12,000 bopd we should expect from this field over the period of time. Now coming to gas, gas is something that we are producing well. And once we are done with everything, we should reach our target of 10 mmscmd. Now it is something that is an extremely good reservoir and also it is realizing good price for its crude because every month we sell it on auction or something. There is a massive interest from everyone for this crude as visible in the rate that we get, mostly better than Brent. So that is something that with this year term contract we have signed with one of the companies for December 24 to March 26 for approximately 20 cargo. And, this is something that we want to tell you is a term contract with another company for 12 cargo. So product of this field is something that has really stabilized.

Natural gas, I told you, KG basin and EOA both. Now we have some sales on exchange happening, IGX sales. One big story which I missed is, roughly we sell 42 mmscmd a day. And this year our new well gas has already reached 20% of that. This month we are hovering around 20%, with every year this is likely to go up by 10% to 15% more. Price of new well gas is 12% of crude...naturally, this is much better... 12% of crude even if you take \$65 (crude price), it comes around \$8 per mmbtu, which is much better than \$6.75 that we get for APM. This additional revenue last year was around INR 700 crores. This year is likely to become...if all goes well and the prices remain stable...this at least should add to ONGC kitty not less than roughly around INR 1,500 to 2,000 crores additional. So this is what I wanted to share with you.

Mozambique, I shared with you. Mozambique, you know more than me because this has been in the air for quite some time. I've shared with you the LNG. I think that's covered everything. But one more thing I want to share with you, while revenue, you saw, but we are very proud to report that cost side we have done very well. Cost side is almost we have kept 2024-25 cost, almost at flat level of 2023-24. So you can appreciate that point that against the natural inflation of 4-5% and the natural increase in many things, it means management effort in containing cost is paying off. So all I wanted to tell you that should the requirement be more to focus more on cost, we will not hesitate in taking drastic steps. Big improvement in cost around two, three sites, like our logistic cost, is much better now. Second, we have opened a new port because most of the new activities in Western Offshore is more closer to Gujarat. So we have created another base to serve our Western offshore from Pipavav. So that fields which are closer to Pipavav will be served from Pipavav so that we save a lot of money in logistics cost. And the field which is closer to Mumbai will be served from Mumbai. This is one opportunity that gradually we see that lot of, you know, saving will happen on that account because the distance of travel of everything. We have moved a chopper also to Surat. We serve Gujarat side from Gujarat and

this side we serve from here. But need has risen just now, just one year back, because lot of new exploration and new production is going closer to Tapti and, Bassein Satellite fields for gas, which I told you, DUDP or, DSF, all are in that region.

So what I wanted to tell you that cost side, we'll do as much as we can. However tough it is to take that decision, we will take. Revenue side, I told you. Future, I told you. Renewable, I told you. OPAL, I told you. MRPL, I talked about. HPCL, I have talked about. So this is some and substance of the whole story. Thank you.

Questions & Answers

Moderator

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

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

Probal Sen

Good afternoon Sir. Thank you for the opportunity. I had a couple of questions. Firstly, as far as KG 98/2, you mentioned the oil production level of 33,000 to 34,000 going to 45,000 barrels of oil per day. Can I get a similar number for gas in terms of when has production officially started? What is it right now? And when do we expect to get, even as a range, when do we expect to get the 10 mmscmd target?

Arun Kumar Singh

Just I want to share with you a little more. All wells are ready. All, piping are ready. All the gas flow lines are ready. Processing platform is ready. All we have to do is to install a living quarter. Unless living quarter comes because controls are there...that work got delayed for some reason. We are hopeful that it will get done because we are waiting for weather to improve, then it will get done.

So I want to give you a ballpark number. Right now, we are producing roughly 2.75 mmscmd or so...we'll move to another level of 6 to 7 mmscmd once the platform gets done because then we'll open the process and all that. This is the minimum we'll begin with and then over some time depending on the maturation of field and reservoir condition we will reach our peak stated production of 10 mmscmd. So this is what the numbers look like.

Probal Sen

So, sir, if I can try and summarize as per my understanding. Current 2.8 mmscmd will go to 6-7 mmscmd, hopefully sometime in this financial year. And then maybe the production hit sometime next year as really everything goes well. Is that a fair assumption?

Arun Kumar Singh

Yes, that is certain. But one thing I want to tell you, almost same number will come...5 mmcmd will start coming from January to March in Western Offshore from the new field for called DUDP. That is January to March.

Probal Sen

January-March 2026.

Arun Kumar Singh

Yeah. Yeah. Exactly. Financial year 2025-26. This project is on dot. All the rigs are in place. Jacket has come. Drilling is going on. Four months we take to drill a well. Platform is already fabricated. We have to just mount on it. And then January to March, we'll start opening the wells one after another.

So that 5 mmcmd is additional you can take in our kitty in last quarter. That is also a big number because 5 mmcmd roughly approximately 1.75 million ton.

Probal Sen

Right and sir this 5 mmcmd...what will be the pricing of this, this will also be based on HPHT pricing or it should be new well pricing?

Arun Kumar Singh

No. It is a new well pricing. KG basin is HPHT.

Probal Sen

Yes, sir. Which is what I was clarifying, but this 5 mmcmd from Daman upside will be on new well prices. Right?

Arun Kumar Singh

New well price.

Probal Sen

Yeah. Right. So the second question, if I may, was around OPaL. Couple of things I wanted to clarify. The first was, in terms of the input requirement as of today, we are currently, if I'm not wrong, we are currently consuming a mix of naphtha and gas in a certain mix. Is that correct?

Arun Kumar Singh

Exactly. The design is like that. It requires some naphtha and majority gas.

Probal Sen

Is it possible to share the exact volume, sir? How much naphtha and how much gas are being consumed today?

Arun Kumar Singh

Currently, we are operating 60-40. 60% naphtha and 40% ethane.

Probal Sen

And this we expect to move almost entirely to ethane. Once our ethane import facilities are done. Is that what we're trying to do?

Arun Kumar Singh

Naphtha and ethane.

Probal Sen

And this proportion will remain the same?

Arun Kumar Singh

Same. Right now, ethane we are getting from Rich Gas. That will get replaced by U.S. gas.

Probal Sen

Okay. Just last question on OPaL. When we say that moving away from SEZ we have added or will add about INR 700 crores to 800 crores, I believe is what you said, just wanted to understand exactly what changes, how does this benefit actually come about?

Arun Kumar Singh

We conceived OPaL in 2006 based on the assumption that we'll export the product. We took at in SEZ zone. But in next 10-15 years, what happened in the country is that country's own indigenous demand grew. So today, OPaL is 92%-93% indigenous. So it was paying both the duties. When we are selling in domestic market, we were paying custom duty as well as excise. So now custom duty is gone because it is out of SEZ, so now from effective 4th April 8% to 9% saving is there in this way. So it is exactly what we told you. It depends on what happens in the petchem price because of import parity and all that. But given the fact that at one point in time, it was hovering around INR 850 to INR 900 crores. Now of course, the price has fallen, say, maybe INR 700 to INR 650 or so.

Probal Sen

Appreciate the detailed answer sir...I will come back in the queue...thank you so much.

Arun Kumar Singh

Thank you.

Moderator

Participants are kindly requested to restrict with one question in the initial round. Dear participants, If you have any questions please press * and 1 on your telephone keypad.

The next question comes from Mr. Bhaskar Chakraborty from Jefferies. Please go ahead.

Bhaskar Chakraborty

Thank you very much for the opportunity.

It is very heartening to see daily crude production rising two quarters in a row. Could you share with us whether the trajectory is going to remain like this over FY 2026 and 2027? And what kind of production targets do you have on the crude side?

Arun Kumar Singh

So month on month, of course, very difficult to say, but at least you know that we expect, some number to kick in from in this FY itself by the year end from TSP initiative, some number. While all the numbers will come in '26-27, '27-28, but some number we expect to kick-in by 25-'26 itself. We are hoping at least in '25-26, it should be around where BE oil is around 21.5 million ton.

Basically this trend should continue because everything is stabilized now and you may be aware that surface facility in Western Offshore, we have improved as a part of our steps for not making system lose any ton. So pipelines, flaring, everything, everything, whatever we could have done, that is on course.

Bhaskar Chakraborty

Understand it. And this DSF field, is there a timeline around which, that is going to come up by?

Arun Kumar Singh

DSF is 2026 December, if I remember correctly. Because DSF is around 4.5 or 4 mmscmd. That work is going on...all orderings done. Everything is getting fabricated. So once we have in January- March, we have both 98/2 upside and then Daman upside coming. And then after that, you know, 98/2 additional production and 2025-26 end DSF block will come. So we're hoping that for 2-3 years, at least we have planned everything for production to remain up.

Bhaskar Chakraborty

Like you said, for now, sir, would it be possible for you to share the gas number as well for FY '26?

Arun Kumar Singh

Gas number, '25-26, we are hoping around 21 BCM, and then '26-27, we are hoping around 22 BCM. So 5-6% increase each year, year-on-year. Standalone, I'm talking about, yes.

Bhaskar Chakraborty

Thank you very much sir and all the best.

Arun Kumar Singh

Thank you.

Moderator

The next question comes from Mr. Mayank Maheswari from Morgan Stanley. Please go ahead.

Mayank Maheswari

So, my question was a bit more long-term question, which you kind of commented earlier in terms of trying to kind of grow your fleet yourself and invest in there. Can you just give us a bit of a view of how you're thinking about those investments for yourself? As well as on the cost side, you did talk about a few areas of cost controls. Can you detail out there as well of what you are kind of doing incrementally for the next few years to kind of keep costs under control?

Arun Kumar Singh

So cost side, some tailwind from market itself, because, rig rates, we at one point in time were taking at \$90,000 a day that is now down to \$35,000 a day. So you can infer your own numbers because we have around 30 such rigs in our western offshore. So cost side, we are very very bullish that whatever contract we sign, this contract, what we have signed is for three years.

So if the same trend continues, it means our average rig cost....out of INR 40,000 crore, INR 10,000 crore is our rig cost. So that is a major component. Second is our chopper movement, our vessel movement that is also around INR 6,000 to 7,000 crores. That we have organized in such a way that it has to travel less by opening a base in Gujarat. So that also is supposed to give us some good money.

And, now, in fact, we have also couple of more internal measures like better manpower deployment, better growth opportunity and all that. So naturally, that side also we have done well and we'll continue to do well. So these 3-4 things could give us a good handle on cost. It has given half...we've almost achieved 50%. But 50% more we can achieve in this FY or next FY.

Fleet, yes. Your question was about fleet. Fleet, I'll just say that.....you can imagine we have roughly 50 to 70 vessels, which we take from market. So as a matter of strategy, if you own the vessel, we'll be more profitable because there is a shortage of vessel in the world and we feel that we are paying more....

acquisition would be probably better model because somehow that market is not responding to new investment in some category of vessels. So that is opportunity we have before us. So that is what we are talking about.

Mayank Maheswari

And so just one more follow-up on the point you made that 20% of your volumes on gas right now and the new gas pricing. How do you see that kind of filter through in FY '26 and '27 now? This number could kind of go where?

Arun Kumar Singh

Every year you should expect 15% to 20% of gas coming to NWG. So in 5-6 years' time, everything will be NWG...new well gas.

Mayank Maheswari

Okay. Got it. So this year as well, so another 20 could come in this year and then another 20 next year. So two-thirds of your volumes should be there.

Arun Kumar Singh

Yeah. Exactly. Because now it is getting accelerated because you might have seen in our annual result. We have drilled last year 578 wells, which is highest in the history of ONGC in last 35 years. So it is primarily attributed to two things. One, new well gas, because we have drilled more and more, because it's more and more attractive. And therefore, you would notice that we have arrested decline rate... normal decline rate of any gas field is not less than 6% to 7% a year. So we have compensated the full by drilling new wells and it is very remunerative because prices are good. And in our country, gas prices are still, I'm saying that though we are getting it, but market today for a spot is still \$13-14 per mmbtu. So sky is the limit as long as we keep, we don't lose product we don't lose production and keep producing.

So second thing we have done very well is the exploratory wells. So in fact, we have drilled, high number of exploratory wells and we have drilled high number of new gas wells. So this is something that both are commercially very sound and also futuristic.

Mayank Maheswari

Thank you for providing very clear explanation.

Moderator

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

Sabri Hazarika

Yes. Good afternoon, sir. So I have two questions. First one is, with respect to the policy scenario, the government has come up with a lot of reforms in the last few

months, new rules as well as the act has been amended. So how do you see the scenario turning out in terms of like tie ups with global technology provider and also commercial agreement in some of the frontier, et cetera?

Arun Kumar Singh

So two areas, one area you are aware that we have already signed TSP with one of the IOC for Western Offshore, which is our crown jewel asset. There, in fact, reservoir is something that we were able to extract, but we want to extract better and faster. So this is something that has happened, Western offshore.

Now second area which we are thinking of or we are in the process to find out some sort of, in one field particularly, that is for Cluster 3. A lot of gas is there, but somehow it is not coming to surface. So gas not being there is not an issue. Gas is there that every time we drill and we find. So there we are seeking for some technology support within some form of partnership or something. And that, we are in discussion with some people and hopefully something should happen. Then that area we have not so far factored in our calculation because so far, we are only Cluster 2 and Cluster 1. Cluster 2, we are producing and Cluster 1, we'll shortly do something. But Cluster 3 is something that we are looking for some partnership to bring that gas to surface. So there is something there, technology challenge problem, because some would know and some would not. So there is something that we are looking for some partnership.

Sabri Hazarika

Got it, sir. Thank you so much. And just a small, specific question. I think it was mentioned in the opening remarks also. So regarding the drywell write off, so where exactly was it, and can we expect this run rate to continue or this could keep fluctuating?

Arun Kumar Singh

No. What happens is that some year you get more drywells, some you get less drywells. So it is very difficult to predict that what will be next year, but this was a bad year in terms of more dry wells happened. But if we don't drill, then we don't get. You would notice that in out of every 7 to 8 wells globally, you have a discovery. So if we don't drill, you don't get discovery and then you don't accrete reserves. Oil and gas companies, value comes out of reserve accretion. So one choice is to not drill and, you know, allow it to deteriorate. Second choice is to drill and accrete. More so for our country and our company, we need to explore more and more. It is investment into future, as simple as that, like you invest in share market, for long term share market.

Sabri Hazarika

Got it, sir. Thank you so much and all the best.

Arun Kumar Singh

Thank you.

Moderator

The next question comes from Mr. Varatharajan Sivasankaran from Antique limited. Please go ahead.

Varatharajan Sivasankaran

Thank you very much for the opportunity sir. Just focused on this new investment issue referred to. So in the light of all the recent plans you have laid down, what would be the CapEx guidance year-on-year and how much should we spend on each of them? What is the current thought process on that?

Arun Kumar Singh

CapEx you mean E&P sector. Right?

Varatharajan Sivasankaran

No. Overall, obviously, we're looking at other areas as well ----. So going forward, how would we be looking at it?

Arun Kumar Singh

So now with the services cost falling, that likely we are expecting some fall there. And if whatever group plans we have drawn, our CapEx should hover anything between INR 30,000 crore to INR 35,000 crore. So this is something that will include all. In fact, there will be some renewables with some E&P because you are aware that OPaL we are done with. So basically, E&P and renewable put together, we expect INR 30,000 to 35,000 max.

Varatharajan Sivasankaran

And how would other new businesses like LNG and shipping...

Arun Kumar Singh

LNG doesn't require CapEx. Basically, unless we buy some asset abroad or some LNG terminal we buy. LNG is all you have to do is to do a long-term deal and, that's it and tell providers. It is an OpEx kind of model where you buy and sell.

Varatharajan Sivasankaran

Fair enough, sir. And, on the OVL front, you mentioned, Mozambique, any update on the other assets as well. Thank you.

Arun Kumar Singh

So I'll request MD OVL to answer this.

Rajarshi Gupta

Good afternoon. Thank you. As Chairman Sir has replied that Mozambique, we are doing very well. We see now the progress happening on a modular concept all over the world, for the equipment's and other things to happen. The beach landing for the equipment's to come in and start construction has also been completed. We expect force majeure to be removed anytime now and all the vendors are in place. So we are confident that by late '27, early '28, we should have commissioning of this LNG trains.

On the other assets, our production in Russia is as normal as ever and we have increased our production in Colombia, South Sudan and then also we have added our production in Azerbaijan. We are doing well in Lower Zakum, it's where the production is back to above 400,000. So on an operated joint operated project, ONGC Videsh production has increased by 9% last year. And so we see that there will be only the upsides as we go ahead.

There are few other business development opportunities that we are pursuing as and when that happens and those fructify ... will come back and inform the market as soon as it is done.

Varatharajan Sivasankaran

So if you have anything on Sakhalin as well as potentially Syria?

Rajarshi Gupta

Let's come to Syria First. Syria, we had two projects. One was ASPC Syria where Shell was the Operator and we had one Block 24, where we were the Operator. Both were producing properties. Block 24 was under development. This recent development of the sanctions being lifted in Syria, we are trying to understand all the implications of that, how the things stand on the ground, how our partners will look at it going forward, but it's a good sign that if things come back to normal, it will only help us.

On Sakhalin 1, let me reiterate that we got the approval of the Russian Federation in November 2023 to get 20% stake in the incorporated entity. The production has been going on as normal there -- it had come down to zero and it had picked up to 1,80,000 bopd. Now it's around 150,000-160,000 barrels. There is an issue of our shares being issued from the registrar on our transfer of abandonment fund, which we hold here due to the banking channel restrictions. We are expecting that the requisite decrease for transferring those abandonment fund in rubles would come through soon. In parallel, as you are also hearing, we also hear that there is some discussion on the geopolitical scenario between the different stakeholders on how to resolve the Russia Ukraine conflict and we see only upside there also if the sanctions are lifted and other things happen, it will quickly then we can move ahead with that.

Varatharajan Sivasankaran

Thanks a lot sir.

Moderator

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

Gagan Dixit

Yeah...thanks for taking my question. Sir, just for the bookkeeping question, since December, I observed that you have changed the classification of the sales revenue in your release that I mean this crude oil this JV in the non-operated and operated JV and same for the gas, I think that you have done. But I think you have maintained the same production and sales volume as the earlier classification, I think. So it would be helpful if you can tell what is your operated JV revenue or at least the operated I mean, operated JV sales volume and production that's just for the apple-to-apple comparison actually?

Prakash Joshi

So, Gagan, actually, if you see, previously, we were providing the entire revenue that was basically one was for nomination, the other one was for JV, which included our KG 98/2 and other 100% operated JV. Okay. Now if you see the data which we have sent and which is there on our website also, there we have segregated our production figure as well as sale figure in line with whatever areas... wherever we put up any figure, whether it is a ministry site or whether it is our press release. So all the data are matching over there.

Gagan Dixit

Okay. So that is also in the ----

Prakash Joshi

Yeah. You can refer our site also for that purpose.

Gagan Dixit

Okay. That's from my side. Thanks.

Moderator

Thank you sir. Dear participants, If you have any questions please press * and 1 on your telephone keypad. Participants are requested to restrict with one question in initial round.

The next question comes from Mr.Hardik Solanki from ICICI Securities. Please go ahead.

Hardik Solanki

Yeah thanks for the opportunity.

Sir, there has been a reinstatement in the JV volumes that we looked at. So may I know the reason for FY 2024, there's a reinstatement and there's a decline we see in FY 2025, right?

Vivek Tongaonakr

Restatement? Sorry, come back, Hardik.

Hardik Solanki

So basically, if you look at the volume numbers, which are being given in JV, in the analyst file which you share. Right? So there is the JV volume -- the JV volume there, you know, has been reinstated for the FY '24, if you look at the oil production and the gas production, both.

Prakash Joshi

Yes. So actually, I told you previously also what was happening when we were putting JV, the NELP production was also part of it. And even our 100% operated JVs were also part of it. Now we have put all those under the stand alone. So now whenever you see our stand-alone production, there you will find production which includes KG 98/2 and the non-operated JVs are only under the head JV currently.

Hardik Solanki

So basically, it's only our share. Right?

Prakash Joshi

Yeah. It's our share only.

Hardik Solanki

Okay. So we reinstate, this year for FY '24 as well?

Prakash Joshi

Yes.

Hardik Solanki

Yes. And secondly, on the OVL part, even in OVL, if you look at, there was some revenue reinstatement of the crude oil. There was a major jump in the oil revenue for OVL. So can you please throw some light on that?

Rajarshi Gupta

Yes.... I think there was a reinstatement ----. We sell our Lower Zakum crude through our ONGBV subsidiary and we had taken it that as an agent they were selling the crude. But now we have considered it as a principal and booked it to the main revenue part.

Hardik Solanki

That's helpful. And one more thing, from this year we also considered the OPaL, right?

Vivek Tongaonkar

Yes.

Hardik Solanki

Okay thank you. That's really helpful.

Moderator

That would be the last question. Now I hand over the floor to Shri Vivek Tongaonkar for closing comments.

Vivek Tongaonkar

Yes. Thank you all. Thank you all for being present in our Analyst call. And on behalf of ONGC and on behalf of Chairman ONGC, I would like to wish all of you all the best, and thank you very much.

Moderator

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

Note:

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