Oil and Natural Gas Corporation Limited

ONGC Investors' and Analysts' Meet 2023

Event Date, Time & Venue:
29th MAY, 2023, 6:30 PM,
Grand Ballroom, Hotel JW Marriott Sahar,
IA Project Road, Andheri, Mumbai.

SPEAKERS:

Management, ONGC Ltd.
Shri Arun Kumar Singh, Chairman & CEO, ONGC Group of Companies
Shri O. P. Singh, Director (T&FS);
Shri Pankaj Kumar, Director (Production);
Smt. Pomila Jaspal, Director (Finance);
Smt. Sushma Rawat, Director (Exploration);
Shri Manish Patil, Director (HR).

Management, Subsidiaries
Shri M. Venkatesh, M.D, MRPL;
Shri Rajarshi Gupta, MD, OVL.

Q&A PARTICIPANTS:

Name	Company
1. Shri Vikas Jain	: CLSA
2. Shri Probal Sen	: ICICI Securities
3. Shri Amit Rustagi	: UBS
4. Shri Sabri Hazarika	: Emkay Securities
5. Shri S Ramesh	: Nirmal Bang Securities
6. Shri Kirtan Mehta	: B.O.B Capital Markets

Moderator:
Shri Prakash Joshi, GM (F&A) Investor Relation Cell & Corporate Budget.

Prakash Joshi: Before we begin, allow me to invite Mr. Mangesh from JW Marriott Sahar for the Safety Briefing.

Safety Officer, JW Marriott: Mr. Mangesh briefs the gathering regarding the hotel emergency protocol. The hotel is equipped with automatic fire suppression and detection system. We do not have any drills happening in the hotel today. We are located at the ground floor. In case there is a fire alarm, it could be a genuine one. However, there is no need to panic. In case the hotel management feels it is deemed necessary to evacuate, we will start announcing it on the public addressing system. You are requested upon hearing the evacuation message, leave this venue immediately using the nearest fire exits and go out of the glass door from where you just entered. From medical perspective, we have doctor on-call available in the hotel. We also have automated external defibrillators available in the hotel. We have hotel staff trained for handling CPR and AD operations. Thank you.

Prakash Joshi: Ladies and gentlemen, I extend a warm greeting to all of you. The Investors' and Analysts' Meet is an annual event organized by ONGC, usually held after the adoption of the annual audited accounts by the ONGC Board. My name is Prakash Joshi, representing the Investor Relations Cell of ONGC, and I am honored to welcome the investor community and research analysts from various institutional investors and fund houses to ONGC's Investors' and Analysts' Meet for the year 2023. I would also like to extend a heartfelt welcome to the esteemed Chairperson of the ONGC Group of Companies, the directors on the board of ONGC, including the Managing Directors of MRPL and OVL, as well as the directors from OVL and MRPL. Furthermore, I extend my warm greetings to all the senior officers and colleagues present here today.

Allow me to introduce the distinguished individuals on the stage: Shri Arun Kumar Singh, Chairman and CEO of the ONGC Group of Companies, seated at the center; followed by Shri M. Venkatesh, Managing Director of MRPL; Shri Rajarshi Gupta, Managing Director of ONGC Videsh; Shri O. P. Singh, Director (T&FS); Shri Pankaj Kumar, Director (Production); Smt. Pomila Jaspal, Director (Finance); Smt. Sushma Rawat, Director (Exploration); and Shri Manish Patil, Director (HR). Before we proceed, I kindly request everyone to switch their mobile phones to silent mode to ensure an uninterrupted flow of the proceedings. Please note that the proceedings are being recorded as per the requirements. Now, I would like to extend an invitation to the esteemed Director Finance ONGC to deliver her welcome address.

Pomila Jaspal: Warm Good evening to all of you. On behalf of the entire ONGC Group Team, it is my privilege to extend a very warm welcome to all our friends from analysts and investor fraternity. Once again we have come at that time of the year when we are getting an opportunity to have face to face interaction with all of you after our annual financial results for the year 2022-23. While we are regularly getting your views on some of the key issues through our investor relations cell on through our various quarterly con calls and other meetings, it is heartening to have this kind of conversation with our important stakeholders. After we declared our annual financial results for FY 2022-23 on 26th May, we came out with a detailed press release highlighting the significant developments and results for the year. Our Investor Relations Cell, has also separately sent performance highlights to all the analysts as per our mailing list. We have been trying our best to clarify the queries that we received over call over the last few days. Through today's interaction, we hope to clarify all the remaining queries that you have.

Amidst the challenging economic conditions and business environment, let me inform that ONGC has given another stellar performance with its highest ever standalone PBT of Rs 50,395 crore and PAT of Rs. 38,829 crore, one of the highest among CPSEs in India. This would have been even higher but we reviewed the disputed ST/ GST on royalty and made a provision of Rs 12,107 crore during Q4 of FY 23. Notwithstanding that we continue to pursue the legal recourse for these disputed amounts and we are confident about the merits of our stand on the issue. Inspite of this, we continue to remain one of the highest dividend paying companies of the country with its highest ever dividend of 225%(i.e. Rs 11.25 per share) and total amounting to Rs. 14,153 crore for FY 23.

We are well poised to consolidate from here and grow on a sustainable path, meeting the increasing energy needs of the nation and in the process of creating value for all our stakeholders. The suggestions and ideas that we receive from you always motivate us to strive for excellence, and we look forward to have a great interactive session. With these words, may I request our respected chairman and CEO ONGC group Mr. Arun Kumar Singh ji to share with you his assessment of the last year's performance and his perspective on some of the emerging issues of the industry. Thank you very much.

Arun Kumar Singh: Very good evening to each and every person present right in front of me and on Thank you, Pomila ji. Good evening on behalf of ONGC group of companies including ONGC, and also our esteemed colleagues, ladies and gentlemen, all the analysts, all the finance fraternity people who really matter a lot to us. So good evening to all of you.

Before I start, the context is that, we have had a result announcement and P&L announcement last Friday, and that's how we are here. This is also an opportunity to be in, you know, to explain you the prospects of the company, country, because without conflict country context, we can't come to company context. First and foremost, as you know, Indian story is kicking very greatly on demographics, utilization. We are now decarbonization and also partly deglobalization. So, all four are giving a strong tailwind. So, it may be here and there some dips, but long-term story of our country's great, highest and ever. In that context, as you know the energy demand of our country, because our demand is still far below the international average. The energy demand of country will keep growing massively, more than any, any sector because more the growth, more the need for mobility, and more the need for mobility in industry, more the need for energy.

So now, unlike the rest of the world, our story is different because at least for 20-25 years, fossil fuels story is going to remain robust. But at the same time, it is also an opportunity to steamroll over, everything that we need to do for taking our energy transition also seriously. So, it is both the world simultaneously running high. But after some time, 20-25 years, maybe this, that others will start crossing the path and something will take northbound and maybe fossil fuel, but it will not happen before, in my calculation, not before 42-43.

So, in this context, ONGC here, and ONGC first and foremost, we will give you physical and financial. ONGC typically produces, if you take around its share in the JV production in country around 43, 43-million-ton oil, plus of oil and gas. Last year, normally it was 55, But last year, why 55? Because 43 Plus OVL gets around 12 average. But last year Russia had a problem and therefore, OVL production went down. But fortunately, Russia is back at the same numbers of production that is. So, ONGC, if you add, OVL production of 13 million tons, so say normally, then it is 55 million tons. And we believe that this by and large is the picture barring plus minus a little here and there.

Last year, oil, we held ground, at least we accept, decline. Gas, we little went down. So, physical side it is, if you say 45 plus 15, I think ONGC assumed that it will grow up 3, 4 million tons [inaudible 00:06:14] is immediately on, you can see that immediate thing in our thing and at least we expect OVL to be 15 million tons with the Mozambique. So, it is 60 million tons. Country consumes roughly 280 million tons of oil plus of oil and gas. So, basically it becomes 23-24 percent of country. It is still far from satisfactory, because, and for that as you may be aware, the next most important thing for physical performance is what happens in exploration side.

Exploration side, as you are aware that government released last year 1 million square kilometers of additional sedimentary basin area, in category 2 and category 3 for further exploration, which was out of bounds. We believe very strongly that, that offers good potential for our country, and ONGC aims to do at least, out of 1 million, 0.5 million square kilometers. ONGC wants to do themselves. So, if that comes the naturally our energy security and also Athmanirbhar thing takes better shape. So, in this context, you may be aware that government has announced multiple OLP rounds. Hopefully, one of these rounds will, every year will be something at least [inaudible 00:07:45] square kilometer in this [inaudible 00:07:47].

Now, coming back to last year performance of exploration, we had eight discoveries, and out of that some have been already monetized, some are yet to be monetized and reserve replacement ratio is more than one, just about one. [inaudible 00:08:08]. So, that is something. It means that it just making up for what is being produced. So, reserve is not growing as, as robust as we would expect as a country to grow for the simple reason that our exploratory efforts, because of restriction was not great. Now, that restriction has opened and hopefully in 2-3 years, we should scan the area, we should survey the area and we should be in place. Now, one more thing we wanted to share with you that around 10,000 Crore per year we are spending average. This last year we have spent 10,000 Crores on exploration.

So, if we keep expending 10,000 Crores in 3 years, next 3 years we'll be spending around 30,000 Crores in exploration. Now, coming back to the per capita consumption story, I told you that we have a very strong piece. Now, one, what is the good news for ONGC that, just I wanted to share with you. Unlike all previous years, when gas prices, ONGC gas price of $ 1.79 per MMBtu and now at least, assuming that oil price remains at 75, government has capped, the policy has capped, ONGC nominations filled gas to 6.5. But any gas which is produced from any new well that will get 10% of crude price, prevailing price plus 20%. So effectively it becomes 12% of approved price. Every year, ONGC, roughly 6 to 8% of production falls and that production is replaced by new wells. 6 to 8% if, ONGC every year new production comes, that will fetch at current crude price $9 per MMBtu. So, YoY from here, every year ONGC increases its revenue, if it maintains 8% of production from new wells. A fantastic price, $9, nowhere in the world, you know people will get. So, in a way gas pricing, over the next 7, 8 years, will get completely reformed and maybe calibrated permanently to 12% of the price. This story is the biggest story for ONGC in years to come. This year it has started. Now, this year, we will get 6.5. Next year, we will get 8% If you add the weighted average, you can calculate how much it will come, and every year this increase will happen, and after that 0.25 per MMBtu will get added after 2 years in 6.5. So, that we will leave aside because, that will also give a basic rate. So, what I'm trying to say that ONGC financial performance is almost assured unless something, but only thing is whenever in this world you use 'something assured' you have to always statured and fortunately it is wood. So, unless some disruption, because in our industry uncertainty is very certain. So, anything that you say, you have to always [statured 00:11:33] and say. But this story is that everybody should take that unlike previous ONGC, now ONGC is almost getting gas price in 4-5 years equal to international, you know, 12% of oil price. An oil price in any case is deregulated. So, oil price in India, you get basically international price. So, financial sidewise, not much of an issue because it is almost looks assured if this policy regime continues, which I should I think it should.

Now, coming back to financial numbers last year, we must explain to you, because last year, there is a dip in profit, in last year over our performance. But last year we were 40000 Crores, 40000 plus. This year around 38800. So, around we have, you know, this, there is a dip in PAT. But this dip in PAT, in fact is not because of ONGC. If you see last year profit of 40,000 Crores, 8,000 Crores was the gain out of tax change, because 8,000 Crores we gained out of, because tax regime for minimum alternate mat regime booked into the flat regime movement effects, and then whatever the line in our books that we, you know, came here. So, actual profit last year barring tax addition was only, was 32,000. This year, contrary to that, if you knock out this year, we have provided for 12,000 Crores off course at PAT level 9000 Crores. 9,000 Crores PAT got wiped out because we took a view that we should provide for the GST on royalty. All of you may be knowing that royalty is a tax which gets paid to State governments or Central government as the case may be, and GST on royalty is tax on tax. Tax on tax is something that is a taboo, you know, in taxation world. But somehow it, the demand has been persisting for 5-6 years and many people went to court, and now the matter is before 9 judge bench of Supreme Court whether tax on tax can be a levied. Matter being, becoming big, because last year our, this liability became 3,000 Crores, because oil and gas prices were all time high. Then we started getting worried that, it is too big and amount to take a hit if something untoward happens and you become sub-judice [inaudible 00:14:22]. So, we took a conservative view as happens in the best governed organization that we will provide for that. So, 12,000 Crores on the pre-PBT level, we took as provision. As a result, 9,000 Crores PAT got wiped out because of this provisioning. It is not a something that there is a fair degree of chance for this money to come back. But we can't say that with certainty and therefore we provided. Now if you add 9,000 Crores, tax neutral, it will become 47,000 Crores. So, last year 32 Is this year's 47. So, it is basically 50% increase in profit. So, it has to be understood in the context of ONGC that if you leave taxation, I'm not talking about SAED. SAED is the fiscal tax which government levied which is not accounted for. So, if you, our conservatism, and last year the windfall coming out of the taxation regime change is the net differences. If you knock out both sides, ONGC performance is 51% better than previous year. So of course, you can say that, ONGC performance is predicated on the best crude and gas price. But that is the business we are in. Price loss, again belongs to us. That is that, that doesn't go anywhere else. So, but that happens in any industry for that matter, cement, steel, or any industry. So, this I wanted to tell you that our consol. level, somebody can argue that our consolidated level, our, our PAT is really down. The primary reason of that is HPC. HPC, last year made 6,000-7,000 Crores. This year HPC lost 6,000-7,000 Crores. So, the net difference So, 14,000 Crores if you understand, and 1,000, 2,000 Crores to small companies, it explains that why PAT at consolidated level went up. But, don't forget that this year, HPC will make more money, because of the way things are moving. So, this, this seesaw game continues, and therefore at least console level, we have a grand future, at least for 23-24, because one of the biggest subsidiary, whose profit will get accounted and are headed when we do consolidation of accounts. So, that is something that we should, I'm saying, I'm not saying what will happen, but first quarter of this year, looks very robust for ONGC. So, that is the basis of, I'm saying-

Now coming to net zero, and Net Zero, our country has announced, net zero by 2070. But here, this morning, in a press conference, I announced that ONGC will achieve Net Zero, scope one and scope two, I am repeating. Again, there's a chance for misquoting. So, therefore, I am repeated. Net zero is scope one and scope two put together, not separately to by 2038. So, ONGC's plans, blueprints are ready and we are moving in that direction and therefore, the moment we got confidence that it looks like that, you know, it is with great stretch, we can do it. That's how, today we announced that we are set on a path to become Net Zero scope one and scope two by 2038, 15 years from now. But majority of the things will get achieved in next 7 years, and therefore, that is something that we thought that we explain to you.

Now, coming back to the efficiency, in fact, 3, 4 things in net zero which is very material to us is basically on 3 sides, basically the energy, energy production, then energy storage and then you have to energy storage via battery and non-battery both. Battery OEC is doing. Should it- and parallely, we are trying for a non-battery solution primarily which is very capital intense and anything that is capital intense, ONGC loves because what is left is, you know, because the company basically thrives in the capital intense business. So, now coming to, this is what we wanted to share with you. Now, we will be too happy to take some questions if we have. But, green side, 2-3 more things we wanted to tell you for future of the company. Oil and gas, I told you, basically Mozambique for OVL. For ONGC 98/2, that is Kg. Our best-case scenario is August oil production. Worst case scenario is October. It all depends on the way nature and monsoon works and, in the oil, production should commence and then gradually step up, and gas side we are hopeful end of FY23. So, this is what the future is. Of course, we need around 30,000 Crores CapEx per year. There are 4 major buckets of CapEx that ONGC has spent from. First bucket of course, this year also will be KG 98/2 of the major expenditure has happened already but some of it will happen this year, that is FY24. And second part is our western offshore, where we continue to pump money CapEx to retain the production, because as you are aware it is getting ageing field. So, CapEx intensity needs to be strong. So, that is second bucket. Third bucket, of course, we have some projects in pipeline for greener solutions and besides offshore, we also have onshore assets which produce around 6-6.5 million tons of oil, primarily spread between Gujarat, North-East and Andhra Pradesh. So, these areas we need to have CapEx [inaudible 00:20:38] to marginally improve production or retain production.So, this is what is the contour of ONGC, then the last part is renewable.

This year renewable will be less, but next year renewable and petrochemical will be much bigger, because renewable trust will take shape, but the consumption money will be only next year. So, the activity what we take, has got to take now, the results should start coming from next year. So, this is what it is in macro 5-6 piece. Very few of many of you, many of you might be knowing that ONGC has a very strong group level, very strong petchem presence. Very few people know that MRPL, which is a subsidiary of ONGC, produces good amount of petchem. It has only cracker in Southern India. At least, you know, all the capacity to do petchem. If you add that with OPaL, OPaL is also around 1, 1.5. So, three million tons of petchem is at our command. We have aspiration because two reasons for petchem aspirations. One is that, should transition become faster, then we need to take care of our crude, and for that to plan, petchem helps us in containing scope three, because petrochemical, crude becomes converted into groups. So, naturally it doesn't go anywhere. So, petchem, and Indian petchem consumption per capita is very low, which is bound to increase YoY much faster than paraffin. So, if that be the case, so, petchem is one of the aspirations we have and hopefully, we have been told this morning that we will expand petchem at MRPL because there is a land acquired already for this purpose.

So, and then, we are also looking at some opportunity to improve our oil to chemical footprint. But, as a matter of, again summarizing the same, if you see, ONGC, we primarily three, four good stories, gas, gas, gas. Second story is, oil. Third story is the exploration in 1 million square kilometer of additional area. If this is the conventional E&P space, when a new space, green and petchem. So, two themes that we want to pursue very strong, for posterity to say that we were responsible. Thank you.

Moderator: Thank you, Chairman and CEO, Sir, for providing us with a comprehensive overview and valuable insights into the ONGC group and also clearing the concerns in the mind of investors, especially regarding this GST on royalty. As mentioned earlier also the EU field, a part of the KG-DWN-98/2 cluster 2 projects Stands as ONGC's deepest gas discovery. We are excited to begin oil production from the Bay of Bengal contributing to India's domestic oil and gas production. ONGC's recent discoveries in OALP blocks, such as the MB-OSHP 2018/2 block further demonstrate our commitment to unlocking India's hydrocarbon resources and supporting the national self-reliance mission. In light of these achievements, we would like to present an audio visual, showcasing ONGC's exploration and production efforts. May we proceed with it please.

Audio Visual: India is one of the fastest growing economies of the world. This growth needs self-reliance in energy. Energy maharatna ONGC is anchoring that national vision with a new force, a new thrust, a new dynamism. That's ONGC for you today. ONGC is in final phases of completing its flagship Deep Water Project, KG-DWN-98/2 cluster two development in Krishna Godavari basin on the east coast of India. This project has been developed with a CapEx of over $ 5 billion. Final round of completion activities towards commencement of oil production from the KG-DWN-98/2 is presently in full swing in offshore. With state-of-the-art FPSL already in the field. The production from subsea wells in deep water will be taken to FPSO for processing and further dispatch. The subsea architecture of these fields is one of its kind in the world, comprising of more than 100 subsea structures, 100 plus kilometers of in-field pipelines 60 plus kilometers of umbilicals, et cetera. ONGC has showcased its technical prowess and robust project management in successful installation of the subsea architecture. ONGC is expecting first oil in second quarter 2023-24 which will be ramped up to peak production of 45,000 Bo PD in phases. ONGC has already commenced gas production from the deepest gas discovery in the block, that is you field in water depths of 1400 plus meters. The gas is extracted through subsea facilities connected to the Odalarevu onshore terminal in Dr. BR Ambedkar Konaseema district, Andhra Pradesh, which was dedicated to the nation by honorable Prime Minister Shri Narendra Modi in November 2022. In Western offshore also, ONGC is successful in arresting decline from mature fields and minimizing well to oil timeline. ONGC has already committed CapEx of over $ 7 plus billion for various new and redevelopment projects in upcoming 4-5 years in western offshore only. These projects are in different stages of conceptualization and planning. Renewed focus on onshore is also expected to reap significant production gains through 22 EOR schemes. This oil and gas production in KG-DWN-98/2 and other projects is a significant development that promises to enhance domestic oil and gas production and mark a pivotal milestone in the journey of an independent India. But, ONGC doesn't believe in resting on its laurels. It continues its winning streak in the open acreage licensing policy, OALP blocks by making new discoveries in consecutive years. With impressive discoveries in the OALP-1 and OALP-3 acreage in western offshore, ONGC reaffirms its exploration commitment to unlocking the vast potential of India's hydrocarbon resources. ONGC's recent discovery continues in the OALP-3 round with the discovery of oil and gas reserves in the MB OSHP 2018/2 block. The exploratory well MBS 182 HAD-1 exhibits impressive flow rates. ONGC's adherence to protocols is highlighted by its promptly informing the Directorate General of hydrocarbons, DGH, and the Ministry of petroleum and natural gas MOP&NG about these significant discoveries. This collaborative approach between ONGC and regulatory authorities fosters responsible development of India's hydrocarbon resources. All this, is in keeping with Prime Minister Shri Narendra Modi ji's mission of an 'Athmanirbhar Bharath.' ONGC strives to seek to find ways to make India self-sufficient in energy. We are always ready 'ONGC jeetega, tho jeetega India.'.

Moderator: Thank you. I would like to extend an invitation to Mr. K.C. Ramesh, Executive Director, Chief Corporate Finance and Corporate Accounts to present the performance of the ONGC group. Please take note that the presentation and corporate brochure can be downloaded by scanning the QR code provided at the stand just at the dinning area.

K.C. Ramesh: Thank you Prakash. After the introductory speech by Director, Finance setting the tone for this meeting and the encapsulating and enlightening speech by our chairman time for me to give a small presentation on the highlights, financial as well as physical, for the standalone as well as the consolidated performance of the company. A small disclaimer, because the presentation is futuristic. So, the normal standard disclaimer.

The presentation would be in the following format. There are 5 parts to it: standalone performance, then consolidated performance, growth pursuits of the company, what we do as a responsible corporate and then we go to subsidiaries and these joint ventures performance. ONGC is setting new standards. ONGC is among the top CPSCs in terms of market cap with the two lakh Crores of market cap. Among the top CPSC's in terms of PBT and PAT. PBT of 50,395 Crores, PAT of 30,829 Crores. 25% of the total net worth of all the Maharathna CPSCs. We have 3 women directors. Most gender diversed, diversified Maharatna port. With Director, Finance, Director, Exploration and one director, independent director in the board.

We are also leader in average spend of about 500 Crores per year in the last five years in CSR. ONGC has been a wealth creator during the last many years. Government of India promoted ONGC with an equity of 342 Crores over 22 years. But ONGC has been contributing handsomely to the government, to the exchequer over a period of, I mean, an amount of 12,03,572 Crores to the government till 31st, March 2023, by way of disinvestment about 48,000 Crores, dividend payment 1,14,625 Crores. Contribution to exchequer to the state as well as the center, to the center 5,31,888 Crores, to the state, 1,98,949 Crores and subsidy, by way of subsidy also 3,10,116 Crores. This contribution during 22-23 was to the extent of 72,602 Crores, center, 54,090 Crores and state 17,695 Crores.

Coming to the FY23 highlights in exploration, we notified 8 new discoveries, monetized 3 discoveries. Accelerated exploration by way of, bag, we had we bagged 85% of the blocks in OLP around 6 and 7, with a square kilometer of 43,494.

We also drilled 461 wells in the year, 85 of which was exploratory and 376 development wells. On the production front, ONGC production was 42.836 MMToe. Production was 2.597 MMT. Projects, we had 5 major projects completed, 8600 Crores, with a [inaudible 00:34:49] of 8.7 MMToe. 3 projects were approved during the year, 5580 Crores. Going beyond EMP, exploring low carbon and green ammonia plant opportunities are in the pipeline.

This is the physical performance. On standalone oil and gas production bases, ONGC had a production of [inaudible 00:35:12] OEG of 40.21. The JV part was 2.62. So totally standalone plus JV, 42.84 During the FY23 as compared to 43.39 during the last year. Value added products was 2.597 as against 3.089 in the last year. The physical performance in terms of 2P reserves was, 2P reserves we have 716 MMToe as compared to 710 last year. Number of wells, as I said earlier also, we drilled 461 wells during the current year as compared to 434 last year. Coming to standalone financial performance, our gross revenue from operations was 1,55,517 Crores in FY23 as compared to 1,10,345 Crores in the last year. The PAT was 38,829 Crores as compared to 40,306 Crores last year.

EPS of 30.86 in FY23 as compared to 32.0 for the last year. The dividend payment per share was 11.25 in FY23 as compared to 10.50 last year. YoY normalized PAT, this is one aspect which our Chairman Sir also in his speech explained in detail. In fact, these are the numbers which reflect what he spoke during his address, FY2223, though the PAT appears to be lesser than last year, it is in fact 1477 Crores less at 38,829 Crores as compared to 40,306 Crores last year. The reason being that, there was an impact of provision on GST and service tax and GST on royalty. The impact was 8,477 Crores. So, the normalized PAT for 22-23 in fact, would be 47,306 Crores, as against the normalized PAT of FY2122 drive like this 40,306 was the PAT.

Let's, the deferred tax attachment because of the new tax regime we went into last year. There was a credit of 8,953 Crores. So, the normalized PAT for the last year would be 31,353 Crores. So, increase in normalized PAT of 15,953 Crores as against, I mean, which consists of 51% increase. So, to put things in perspective, though the numbers look less in the current year actually, there's an increase of 51% compared to last year. Coming to the CapEx, core CapEx in the last 5 years, so, tune of 1,44,000 Crores. The CapEx for the last year are depicted here. What we plan for the next year is 30,125 Crores, off which the exploratory efforts is 21% here plus 10% on service. So, 31%. 39% is the relating to capital projects and 27% relating to the development drilling.

So, we are more or less in the same level as far as the CapEx is concerned. Coming to the discovered, I mean, discoveries of ONGC, ONGC discovered 8 out of 9 basins of India. The last one being Vidhya basin. The first part of my presentation on standalone is completed. Now, I'm coming to the second part, consolidated performance. ONGC group, as we all know is into, it's an integrated energy company. Totally integrated, expanding footprints in energy business. We are in upstream, we are in midstream, refinery, petchem, value added products, LNG, power, renewables, services and others.

The Consolidated turnover for the year was 6,84,829 Crores. ONGC group, resilient performance in FY23, with 1,221 MMT of 2P reserves, 53 MMT of oil and gas production, 36.23 MMT of refinery output. The financials in terms of revenue from operations 6,84,829 Crores and profit after tax of 34,778 Crores. Resilient consolidated performance is again reflected in this table. The total income is 6,98,903 Crores as compared to 5,39,230 Crores last year. EBITDA is also, EBITDA is slightly lower at the consolidated level. PAT is also lower. The debt is slightly more compared to last year because of more borrowings by HPCL. Total equity of 3,01,255 Crores will be a, against a capital of 4,30,440 Crores, which works out to 30.01% debt on total capital. Debt to EBITDA is 1.5x and debt equity of 0.43.

Is the debt equity chart is shown here. Current year is 0.43 as compared to 0.38 last year. Now, we have very strong credit ratings also, domestic as well as international. The long-term domestic is from most of the agencies, all of the agencies in fact is AAA. Short term is seven plus from all agencies. International also we have very good ratings. They are all linked to these sovereign ratings also. I'm coming to the third part of my presentation which is the growth pursuits for the company. Looking forward, ONGC is planning to foray into oil to chemical. We are already a truly integrated oil and gas company with 1:1;1 in terms of crude production, refining, and marketing. The financials are looking upward which Chairman Sir are also in fact covered in his speech about the position that we are in, you know, with respect to the gas price as a result of the [inaudible 00:42:03] committee recommendation and what we are going to get in future.

On the exploration front, we are into CAT 2 basins and we are also going to [inaudible 00:42:14] areas. Production, we are planning to reverse the crude oil production trend which will come in the next slides. Zero oil to chemical, route to petchem diversification is also planned and green energy, net zero for scope 1 and scope 2 by 2038. This is the exploration goal which is planned from 2020 the current position to 25-26. We are planning increase in acreage survey as well as the CapEx spent on exploratory growth. The targeted FY25 is 1500 MMToe. The production chart is shown here. As you can see from 2022-23, we are planning to up our production by 11.6% from 40.220 to 44.884 and overall, a target of 49.554 by 2025-26.

We are also planning gain through UR efforts 26 MMT by 2040 through low salinity water flood, western offshore. We have some plans in, for JGD in Assam and polymer in Messaggi, Mehsana. Major projects, CapEx of 61,200 Crores, lifecycle gain of 94. [inaudible 00:43;46] MMToe. These are the projects and their implementation. 23 major projects of 1 billion and above was planned which is under implementation. 14 development and 9 infrastructure projects, investment of 61,200 Crores and the end stage lifecycle gain of 94 MMToe.

The projects which are planned, which are also in pipeline, they are shown on the right side. With respect to energy transition and green energy, where we are today is 189 MW. We are planning we have a goal by 2030 of 10 GW. CapEx of 1,00,000 Crores. The plan is 5 MW in Rajasthan. MoU is already signed. 5 GW being scouted. Apart from that also, wind plus one MMTPA of the ammonia is also planned.

Coming to the global outreach, we have strategic collaboration with international oil companies offering the below opportunities. 23 BTU of prognosticate resources in category one basin, deepwater exploration and production. Category two and three less explored basin awaiting unveiling. Joint UAI submission and bidding under OLP.

Collaborations are presently at various stages of execution. New areas of collaboration and partnership in the EMP front, we have collaboration with Exxon Mobil, Chevron, Total energy, Shell, SH Protrition and UT Austin. On the operations front with services, we have *Schlumberger*, Halliburton, Basic Fan Lab, GCA and PwC. Going beyond oil and gas, we have collaboration with Equinor, Shell and Greenco, and on the technology front, we have for artificial intelligence and machine language, we have SAP HANA and DCI.

Coming to the fourth part of my presentation, as a responsible corporate, on the, relating to the ESC practices, on the environment front we have committed for, we are committed for conserving climate with regular greenhouse gas inventory accounting and disclosures on scope one and scope two emissions. We have already implemented 15 Clean Development Mechanism CDM projects, 2.2 million certified emission reductions with OTPIC having emission reduction potential of 16 lakh tons CO2E per annum. Freshwater conservation is also planned, projects on that and other projects on renewable energy.

ESG ongoing activities. Renewable energy-based power and other ESG projects such as solar, wind, solar parks, EV value chain, green hydrogen, storage etc. Global methane initiative, carbon capture, offshore wind project, dynamic gas blending, micro turbine for power generation, geothermal energy etc. ESG, social, what we have, we are committed to social welfare and inclusion. One of the first companies, ONGC is one of the first companies to separate CSR, to have separate CSR guidelines in 2009. CSR activities aligned with the use of community prospective geographies, activities in areas of health care, education, environment, women empowerment, heritage Preservation.

The average CSR expenditure which I covered earlier also is 500 Crores. On the governance front, we are the first signatory in India to the integrity pact. Focus on overall organized practices, awareness creation and monitoring, strong effective whistleblower mechanism also we have. Coming to the fifth part of my presentation, relating to the subsidiaries and JVs of the company, of the group, ONGC Videsh, has a global footprint in, we have 32 projects in 15 countries of which 14 are producing, discovered and developing are 4, exploration 11, and pipeline projects are three.

The highlights of ONGC Videsh, CPO five, significant oval operated expedition success, we had contributing 19 KVD and on the way, on the way to 25 KVD. Mozambique, the situation is improving, and we are on close to resumption. Sakhalin, we are reclaiming the rights and bounce back from zero to plateau. BMCL4 transiting from exploration success to development and we have extensions in block 6.1 Vietnam, blocks V2, and EP3 in Myanmar, SS04 and 09, Bangladesh.

in South Sudan, the floods in fact impacted the 227 KBD. We have focused, we have a focused approach and innovative solutions to regain 54 KBD. So, OVL in short is 4.5 MMT operated flowing barrels from 6 projects in 4 countries. Total 32 projects in 15 countries. The performance of ONGC Videsh, 2P reserves is 485 MMToe as compared to 495 last year. Because of the geopolitical situation the oil and gas production has come down this year. 10.17 has completed 12.32 last year. Turnover of 11,676 Crores as compared to 17,322 Crores last year and the PAT has gone up to 1700 Crores as compared to 1589 Crores last year.

The MRPL highlights. MRPL achieved highest level throughput of 17.14 MMT in FY23. Registered GRM of US Dollar 9.88 per barrel in FY 23. Achieved revenue of 1,24,736 Crores during FY23. Added 31 retail outlets making total retail outlet to 63. Continuing the MRPL and performance, the throughput was 17.14 in FY23 as compared to 15.05. As we can see there is an increasing trend in all these aspects including GRM, gross sales. The PAT has come down to 2,638 in FY23 as compared to 2955 last year.

HPCL. HPCL is a company with 21,186 retail outlets. They are the number 1 lube marketer, and number 2 in LPG market of India. HPCL achieved the highest ever combined refining throughput of 19.09 MMT in the year. Achieved highest ever sales volume of 43 to 45 MMT, and HPCL also commissioned 697 Km long Vijayawada-Dharmapuri pipeline. Also commissioned 1,161 new retail outlets and crossed the milestone of 21,000 outlets during the year.

HPCL had a throughput of 19.09 MMT as compared to 13.97 last year. The GRM improved to 12.09 from 7.19 last year. The revenue from operation was 4,66,192 Crores as compared to 3,73,897 Crores last year. HPCL, as we all know, because of the position they had in the first and second quarter, the prices that they got was capped. So, because of which they ended up with a loss of 8,974 Crores. As the Chairman Sir, also saying during a speech, they exactly reversed it from the last year's profit to current year loss, which affected the consolidated performance of ONGC in total.

Coming to OPaL, OPaL operated at average at 82% capacity in FY2223. OPaL also successfully completed its first major turnaround activity in the current financial year. We had a two-month shutdown. OPaL earned revenue from operations of 14,593 Crores during the year FY23 as against 16,048 Crores during the FY22. Reported EBITDA for 86 Crores in FY23. OPaL, as we all know is one of the largest world feed crackers in the world.

Coming to OTPC. OTPC is a joint venture with government of Tripura. OTPC power generation increased to 4,936 MU in FY23 as compared to 4,124 MU in FY22. OTPC earned revenue from operation of 1,631 Crores and PAT of 201 Crores. Highest production by any gas-based power station in India during FY23, and OTPC also paid interim dividend of 0.07 per share and final dividend of 0.60 per share.

Coming to the four subsidiary Petronet MHB Ltd. Petronet MHBL achieved throughput of 3.894 MMT during FY23. Earned profit of 85 Crores in FY23 and total revenue of 168 Crores. Paid interim dividend of 1.47 per equity share.

IGGL is a joint venture with shareholding, ONGC 20%, IOCL 20%, GAIL 20, OIL 20 and NRL 20. IGGL was incorporated on 10th of August, 2018 implementing the north-east gas grid of 1,656 Km long national gas pipeline. This gas grid will be connecting from Baroni to Guwahati natural gas pipeline as part of Urja Ganga scheme. There is a 3-phase implementation with expected completion by 2024.

The actual physical progress is 70.01% up to 31st of March 2023. ONGC-Terry biotech Limited is promoting and developing technology for use of microbes in bio-remediation of soil affected by oil spill and promoting microbial based technology for enhanced oil recovery. The financials for FY23 for Terry's revenue from operations 37 Crores and net profit of 19.2 crores. We had the national, international recognition from S&P Global. 14 in top 250 global energy company ranking 2022, Fortune 198th globally, and 4th in India Fortune Global 500 list 2022. 229 globally and 5th in Indian Forbes global 2000 List of 2022. Rank of 404 in Forbes World's Best Employers list in 2021, certified as a great place to work, 3rd year in 2022, certified India's best employer among national leaders in 2022. That's it from my side. Thank you all. Thank you, for the patient listening.

Moderator: Thank you, sir. For the detailed presentation on ONGC and group of companies, with the permission of the chair, we now open the floor for interaction. If any participant would like to ask a question, please introduce yourself and mention the organization you represent. Kindly raise your hand and our team will assist in reaching you. So, you can go, first question.

Vikas Jain: Thanks for the presentation, sir. So, I'm Vikas Jain from CLSA. A few questions. Firstly, let me congratulate you on the Net Zero target. I mean, that's a very ambitious target, I'd have to say 2038. Just wanted to ask a few things. Is there any target on scope 3 reduction by 23? At 38 as well? Like what percentage? That's one. Secondly, are there any interim targets around the 2038? Like, what would the reduction be like for scope 1 and scope 2, by 2030, and then 2035? Just to kind of keep track of that. So, maybe, you know, that's the first one. I'll take the other two, maybe after this? Is that okay?

Arun Kumar Singh: Thank you for asking a lovely question, and first is scope 3. So far, we have been focusing on growing plans for scope 1 and 2. Scope 3, as you know is basic, our product itself is enemy of scope 3, and we are sure that by 2030, we'll have more visibility of the way world is going. So, the best time to take a pause and decide about scope 3, because we can announce some number. But some have done it. You must have seen some companies have done 7%, 20%, 10%, 30%. But, doing anything in minority and giving a date, it is neither here nor there. So, let's wait till 2028-30. More visibility will emerge and hopefully we'll have some numbers which is comfortable number. Not in our minds-full number for scope 3. Coming back to, there was some answer to your question number two, in one of the slide here, where it says 10 GW by 2030. All I can tell you is, our current scope 1, scope 2 emissions are around 8 million ton of carbon dioxide. So, you can connect the two, but we didn't want to exactly peg at what percent and all that, because as you know scope 1 and scope 2 is literally fungible. So, that is the reason, but you can be rest assured that 2030, we will have covered a good distance, good distance about scope 1 and scope 2, but exact number, sizable number not a small number, but exact number is a tough answer. So, I will not like to hazard a guess on that.

Vikas Jain: Thank you, sir. And this target is as a group. that is including your downstream subsidiaries everything, or this is just for your standalone upstream?

Arun Kumar Singh: So, at group level, yes, our aspiration is group, but, as you know our group, our bigger issue is ONGC. Scope 1 and 2 for Mangalore refinery, HPC has already announced 2040, right. And MRPL of course, this goes with us, and refinery it is you can take it that our major emission is, group level if you see is MRPL and HPCL. So, if you ask me, we already have the advantage of- I would have announced the scope 3, because we already have 3 million ton of Petchem. So, if any company, which in advantageous position today, to announce some number about the scope 3 is ONGC, as a group level, but still we said, it is still not working out to a number that we can talk about with great, saying that will make a difference. But yes, answering your question, it is group level.

Vikas Jain: Thank you, sir, and coming to the more mundane financial numbers, this one off provision that you have made, it's in a nine judge bench you've said, so it's almost near finality, I would say. So, what do you think, by what time- I know, it's a court proceeding we cannot predict, but is it a fair understanding that we should have some kind of result perhaps in the next 12 months or so, about this? Why I ask is sir, I know that you want to be conservative. But if this turns out to be true, by any stretch of imagination, the impact is going to be far beyond your company, and into any form of any company which uses any resource from the government, that resource might be airwaves, that resource might be coal mine, that resource can be anything you know, so, essentially, the impact of this could be really far reaching. So, that is why, conservative is great, but should we take it as suddenly you are feeling a little less confident on this than what you were feeling before you reported this quarter results?

Arun Kumar Singh: So, to answer your question, this is also an intelligent question. So basically, the answer, if you ask me, as an individual, I am very optimistic. At board level, we are very really optimistic and that is the reason for not providing it for last four years. Okay. Four years we're hoping, hoping, hoping, hoping that in any case, it is a done thing. We were very sure that it'll come our way. But last year it became 3000 crore and because earlier it was 13. So now, if the size becomes much and individually, I can take a hit, but if something goes wrong, what happens to shareholders, so putting a stone on our chest, we took the decision of providing for it in the interest of shareholders. If it comes, in any case that money will flow to shareholders as dividend, if it doesn't come, you have already provided for it. So, no management will be as fair to a shareholder, as we have done. I know for sure, many companies have not yet done and will not dare to do it, because the impact of it. But more you prolong and if sub judice matter doesn't get decided, the more the size of the problem. And more the size of the problem, less the ability to handle it, if it goes against you. So, it is a question of balancing and in management, we call it, the art of balancing the contradiction is called management, so we did management.

Vikas Jain: And the timeline you think about the court case, what is your best guess? I'm not taking your word for it, but still.

Arun Kumar Singh: This I can't answer. This I can't answer, because Babri Masjid continued for. So, nobody can answer in this country how much time a case will take.

Vikas Jain: Sir one suggestion and request, since we are so confident about this thing, when this now becomes an annual entry in our books as a provision, this should be, in my opinion, shown as an exceptional item since that is something that we are so confident that it should not be.

Arun Kumar Singh: But only good news for you is that in FY2324, it will not be 3000 crores, because the price of crude and gas both have fallen. So, it will not be as high as 3000 crores. But definitely it is an exceptional item, it will always appear as an exceptional item like the way it has appeared for FY2223. So that we know that, that it is something that we are providing for in the interest of shareholder, but we are still more than 90% at our level, sure that it should come back to us.

Vikas Jain: Sir, one odd thing about this year's results was dividend payout. The payout ratio is about 36% or so which is far lower, like I was just looking through.

Arun Kumar Singh: But it still is 225% of share value.

Vikas Jain: Sir, most large investors and institutional investors look at payout ratio, they don't look at it as a percentage of face value, or versus YOY. When you yourself are saying that on a real basis, profits are up 50%, so that's why I'm not comparing it to the last year where you had a non-cash gain and the year before which was impacted by very low crude prices. But if I were to look at FY14 to FY20, your payout ratio is anywhere between, I think 43% to 65%. So, this number, should I take it as maybe this year, because you are thinking of this provision, it's a one off and possibly things will ramp up to a much higher payout ratio as it used to be the case or?

Arun Kumar Singh: So, if the judgment goes in our favour, that money will go back to shareholders. So, it is there money lying in somebody's pocket as simple as that.

Vikas Jain: So basically, this year because you've provided for it, that is why but next year onwards.

Arun Kumar Singh: No, we can’t say. that board has to say.

Vikas Jain: No, I'm not talking about, but one can expect, because once you have provided for it, it's there then it's just a normal 2800 crore 3000 crore kind of.

Arun Kumar Singh: So, it is shareholders money. If the judgment comes in their favour. Either it remains a reserve or goes as dividend, there are only two ways.

Vikas Jain: Okay. No but no I'm talking about annual profits.

Arun Kumar Singh: If it is dividend, it will reflect in share price. No, see board decision I cannot take unless the board meeting happens. So, this is a board matter at that point in time, we'll take a call.

Vikas Jain: Sir, thanks for taking so all of my questions. Just one last one, any update on Mozambique?

Arun Kumar Singh: Mozambique, it was given, work has started. And now it will get ramped up hopefully. If nothing goes wrong, we should have Mozambique gas by FY26-27.

Vikas Jain: Thank you, sir.

Probal Sen: Hello, sir, am I audible? I am Probal Sen from ICICI Securities. Sir just following up on the Mozambique question, you said that the work has started. So, FY2627 If it starts up, are there any impairment charges that we have booked, which we expect to reverse, if works proceeds as planned?

Rajarshi Gupta: This year itself we have, as the sentiments have improved and the security situation has improved. We are in the final stages, work is already happening on the ground. 2700 people are on the ground. Force majeure should be reversed very shortly. The contractors have been sensitized to start work. Considering all that, we have reversed some of the impairment that we took. As of now, we are looking very positively at the beginning of construction in full swing and getting the first gas in 27.

Probal Sen: So, what's the extent of impairment we've taken till date. Is it possible to put a number and how much do we expect to reverse if, let's say 27 is when the project starts up, because there is a time value involved in terms of the investments we have done right?

Anupam Agarwal: We have reversed 317 million dollars. That was the impairment we have provided in last four or five years, that we have reversed this year.

Probal Sen: That's the extent of the impairment we had taken, is it?

Rajarshi Gupta: That we had taken earlier, which has been reversed this year. There is another aspect like because it was in force majeure, all our cost, maintenance cost was in expensed out, charged off in P&L. Whereas once the construction starts, it will be all capitalized. So, there will be a gain there.

Probal Sen: Okay, thanks. The second question was, again, with respect to OVL, out of the 490 million tonnes or so of the reserves that we showed, how much is actually out of Russia, as of now?

Rajarshi Gupta: 207 is Mozambique, Russia would be about 60% of the 491.

Probal Sen: And you spoke about Sakhalin, where we are in the process of regaining the rights, or have we regained the rights? Just I'm sorry, I wasn't-+

Rajarshi Gupta: Sakhalin, let us be very clear. So, Sakhalin, we are there for more than two decades now. And in Sakhalin, ONGC Videsh has made a lot of returns. After 24th February of 2022, things changed and the operator which was Exxon, declared force majeure, and for seven months, production came down to zero. On 7th October, there was a decree of the Russian Federation, which stated that now the new operator would be an incorporated Russian company, it has taken over and we were given the chance to reclaim our 20% rights in the project, as we had earlier. Those we applied for that, and we are given those rights in November by the President of the Russian Federation. So, we are back in Sakhalin-1. However, the approval came with some conditions, which our obligations under the PSE. Once those obligations are transferred to the Russian entity, we would be getting full rights into the project, including our shares.

Probal Sen: Thank you, sir. One last question from my side, you spoke a lot about the oil to chemicals aspiration that we have, and MRPLs petrochemical expansion would be one of the levers in terms of doing it. Just wanted to get a sense, is there any number of the kind of investment we'll need to make, to make that transition? Any numbers we have in terms of the exact Petchem expansion we will be doing? Thanks.

M Venkatesh: There are two parts to this question. One is the refinery itself has got some value streams, which can be easily upgraded to Petchem. So, we are looking at the 7000 to 8000 crore investment there. But that needs to be further detailed out and ascertained with respect to the viability. The other part is the major proof to Petchem directly, without getting into the rigmarole of refining, processing parameters. That could be in the range of 30 to 40,000 crores subject to detailing and valuation. So, the job is on, work in progress.

Amit Rustagi: Hello. Sir, good evening. This is Amit Rustagi from UBS. Sir, I have three questions. The first is relating to MRPL. What is the timeline we're looking at for the merger of MRPL with HPCL? And is there any taxation related issues in between and any timelines specific to that?

Pomila Jaspal: Amit, I think this question is not for MRPL, since we have holder of both MRPL and HPCL so as a holding company, what I would like to tell you is that when OMPL and MRPL they had merged. So, at that point of time, the effective date is 1st April 21. And there were certain inherent business losses, as well as depreciation losses. As at that point of time also, we had taken that benefit which will accrue to MRPL, on account of this OMPL merger. So that benefit, as per income tax act that it goes up to five years. So, that is between the two, there should not be the second merger as per tax law, there should not be the second merger in order to get that benefit before five years. So, I think, we will like to avail that benefit for group synergy as a whole before going for the HPCL and MRPL merger.

Amit Rustagi: Okay, so, this means that till 2026, there cannot be any merger of MRPL and HPCL.

Pomila Jaspal: Otherwise also, in case like if there's some decision is taken before hand, that we will have to see at that relevant point of time. So, then the loss which we have taken the benefit, that will have to be given back. So, these are all the balancing factors that we will have to see at that point of time. But, from that angle, I think, it will take some time.

Amit Rustagi: Okay. And my next question is to the Chairman sir. Sir, you explained about the incremental gas price, the production coming up from the new wells. But can you explain it from a consumer perspective, like, which set of consumers will be paying incremental, because what we are seeing from the government perspective, that they are incrementally giving all the allocation to the CGDs. In fact, some of the allocation is being cut from the transmission sector as well, to give the benefit to the CGDs. Now, when 8% of your output will be earmarked for a higher realisation, then this set of customer whether it is fertilizer, LPG or CGDs, who will be paying the incremental gas price?

Arun Kumar Singh: The policy says ONGC is guaranteed for price, but allocation has to be done by the Government. Government has to decide which sector will get this gas and which customer will get this gas. But the price what we'll realize, that I spoke. So in any case, our role is limited to production and price; who consumes it is immaterial.

Amit Rustagi: So, basically, you're saying that and it is on new wells output, not really new fields.

Arun Kumar Singh: In any case, new fields, which are outside the nomination regime, they're free to market, marketing and also both freedom they have. They have marketing freedom as well as they have pricing freedom. So, all those areas are outside. This limitation is only on, 6.5 is only limited to ONGC and oil nomination field. For nomination field also this dispensation has come that any new well, will fetch higher price. It means, today ONGC meets roughly 35% of national gas demand, national gas demand is 61 BCM ONGC produces roughly 21-22. So, basically, this 35% is still, CGD demand is far below, CGD demand in our country is still far below this. So, I don't see any problem for next 10 years, after 10 years CGD may again scale, but whatever additional number will come, it is not the CGD sector which needs this, it is somebody else, and somebody else will certainly pay for it. Because other choice he has is only important LNG and imported LNG will certainly cost more than this. So therefore, there is a market security and also there is a price security to ONGC.

Amit Rustagi: And Sir, my last question is relating to value un locking. So, one of our subsidiaries HPCL has announced in this board meeting, that they want to unlock value from the lubricant separation. So, do you see any more value unlocking opportunity in the group as a whole, like we also hold

OPaL, which is unlisted, and OPaL is definitely showing a lot of turnaround in terms of profitability. Then HPCL has further joint venture opportunities in the form of HMEL, which you just explained. So, there are further opportunities in the group, or you think that that is one of the opportunities which has come and maybe just done.

Arun Kumar Singh: So, value unlocking if you see there's not one, there are plenty of opportunity, but depends on whether timing is right. And second, we need this to happen. That, two questions as of now, I don't see any need to do it, because let market move a little more. And that time if we find that value is really tremendous, we will do that. But we have a list of all those opportunities that we can do, that like what you rightly said, be it OPaL be it HPCL be it MRPL. So, all those value unlocking opportunity will be cashed at the appropriate time with the Board decision.

Amit Rustagi: Sure sir, thank you sir.

Rajarshi Gupta: Amit, what Chairman said that 8% incremental gas will only build up further. It's year on year, its not 8% flat.

Arun Kumar Singh: See, it is not 8% this year, every year it will increase. If you read it, it means 8% of current gas production price, it means we should expect 8% increase in revenue. And that is a year on year. So, that's what I wanted to say, practically gas market after some time is deregulated. It is basically, you get 12% slope is what LNG is all about.

Amit Rustagi: It's basically three years down the line it will be about 24% like that, something.

Rajarshi Gupta: And the regular pie will reduce, that pie will increase.

Amit Rustagi: Thank you Sir.

Sabri Hazarika: Yeah. Good evening, sirs. So, I have two questions. The first one is on this 20% premium itself. So, have you implemented it or you are waiting for the modalities to be finalized by DGH or any other agency?

Arun Kumar Singh: It is in the budget order of government, it is mentioned.

Sabri Hazarika: So, you are already charging?

Arun Kumar Singh: First of all, we have to produce new wells. New well have a continuous process. So, it has to, it is applicable to only new wells. So new wells, after drilling is complete, production start there is the drilling then there is a well completion then there is a production. So that will take some time, some well certainly will come this year itself, those who are under drilling.

Sabri Hazarika: So, the 450 wells that you drilled, any well from that.

Arun Kumar Singh: Now that is a million-dollar question, whether the 430 wells, 461 wells last year we drilled. Out of that 180 odd is exploration, rest is around 380 or so it was production. Now the question is any wells drilled before the date of notification, whether that production also will attract 8%? As you know, we have to find it out.

Sabri Hazarika: I mean, in Q1 for example, you are drilling 100 wells

Arun Kumar Singh: My answer Q1 is a very small number. Q2 Q3 and all that, some numbers should start picking up.

Sabri Hazarika: So, by Q3, we'll see the realization.

Arun Kumar Singh: Some, yes.

Sabri Hazarika: Okay. Second question is relating to this Q4 results only. So, if I just the GST part also, then also I think the other expenditure of the company went sharply up during Q4. I think 60 billion of like other expenditure.

Arun Kumar Singh: See total increase is only 6000 crores other expenditure. In that, ONGC for that matter, any company that depending on the method of accounting, it has to be. We write off, we charge off all our survey, whether it's successful, unsuccessful; drilled not drilled, we charge off. That is around Sushma ji how much?

Sushma Rawat: It is around 3000, little bit expenditure went up because of the OALP acreages that we had acquired, that required seismic data acquisition. So, the surveys are increased. Then we also did 3D for the Western offshore, which gave us good results last year, and also in the category-2 basins of Mahanadi basin Onland, surveys have been conducted. So that's actually the survey even though it is carried out in 1 or 2-years time period, but it lasts almost for 30 years, because the data keeps on getting used again and again. Might be that is the reason in terms of the exploration.

Arun Kumar Singh: So what essentially she is saying that it is a CapEx in nature, it will payback over a longer period of time. But the survey, more survey you do, more happy should be shareholder, because it means future production will go up. But this is a one-time, survey is always a one-time expenditure. Next year again new survey will get added, but this year survey was highest 22-23 survey was one of the highest in the history of, backlog of pandemic are also our commitment to do survey. Second, remaining madam will answer your remaining 3000 Crore.

Pomila Jaspal: And in addition to this, since we were talking about GST on royalty, so some part of that for the current year, so that also we have booked as a exclusion for the current year, so, that is also figuring as a part of that. But then it is not, hitting that particular P&L account, because, when we come at the bad stage where you know the depletion is there. So, whatever impairment we had provided for these wells, that we have already reversed over there. So, one part is coming to that 6000 crore, but the corresponding part of that is coming as a reversal to the impairment. So, that is one, then in addition to this, so, there have been certain few expenditures which are of routine nature. But of course, because after the COVID so, major activity has started. So, we have been spending more, this year we have spent more on the water investment under various schemes, which will add to the increment production and that amounts to something around 400 crores. Then in addition to that, there has been one of our work over activities are there, then some repair and maintenance expenditure. So, there we have Mr. Ramesh, he had already explained that sudden 18 turbines, we had done the repair and maintenance of that, so, that will give a value in the future. So, that's there.

Then another important thing is about the, you might have heard about Panna Mukta and Tapti. So, that particular asset, which was earlier belonging to the contractor, and now it has come in the kitty of ONGC. So, the decommissioning liability of that, decommissioning is that site restoration activity. So, that has to be provided for. So, our estimates of that decommissioning liability, our estimates based on the third party report, so, that is around additional $71 million. So, that has added. So, if you do the plus and minus of that, so that adds to 6000 crores. But main chunk is on account of that seismic activity. So, which will give results in the future.

Sabri Hazarika: Thank you so much and all the best.

S Ramesh: Good evening, my name is S. Ramesh from Nirmal Bang Securities **[inaudible 00:28:07]**, thank you for the very illuminating presentation and thoughts on the company's future strategy. So, the first thought is now, if you look at the MRPL, HPCL, and all the refiners, they have reported refining margins, which had been much higher than we expected, we would like to understand. So, what's the share of Russian crude that you have used in MRPL, HPCL etc. And I would suggest that, you know, we should possibly be more transparent because this is a very key, for the analysts.So, as one of the senior most analyst, I am requesting yo to possibly share some thoughts on this, because the Q4 refining margins have, kind of surprised us on the upside. So, if we can have some thoughts on that. And the second thing is, if you can give us some indication of what are the current spreads and expectations on refining, then I'll go to the questions after that.

M Venkatesh: To be to be more politically correct, all efforts are on to maximize the cheap crudes, we have an opportunity to source and process cheaper crudes, and that's what every other refinery is doing, every other refining company is doing. So, I think it's better to leave it at that, rather than getting to.

S Ramesh: I understand your compulsion. But the problem is, if you put the numbers, you're not able to add up. You take 20-25% share of Russian crude and look at the discount.

Arun Kumar Singh: I will answer it find out your national average. MRPL is more than that.

S Ramesh: Okay, so can you give us some indication of what the current spreads are like? What is the expectation on the refining side for this year?

Arun Kumar Singh: Unfortunately, you know, that current spread we cannot share with you, current GRM, it will be a breach of. He is also a listed company. So, tomorrow SEBI will serve him notice and if he says that what is this month GRM? We are supposed to disclose only after the results. But all you can infer is that today diesel crack is about 10+?

S Ramesh: Yes

Arun Kumar Singh: And gasoline crack is around 9/10 and find out the national average of Russian crude. So, you'll know that what the refineries are making. But for that you will have to do some homework, pen and paper and calculate. But refineries are in healthy zone, all I can say is they are in healthy zone. They are not in distress today, partly attributed to the sourcing of cheap crude.

S Ramesh: Fair enough sir. So, if you look at HPCL, they skipped dividend. So, do we expect HPCL to come back to the dividend list next year in terms of payout? BPCL and IOC still paid out.

Arun Kumar Singh: No, but you should ask HPCL, they are also listed company. Because the problem is, if I say something, you know, there'll be a lot of, that their board has to decide. How much dividend they want to give, when they want to give and all that. But one outlook I can give that this quarter, like last quarter, For OMCs it is a healthy quarter, so last quarter numbers have changed. This quarter number also should be healthy.

S Ramesh: Fair enough. So, if you look at HPCL Rajasthan refinery and petrochemicals and your own group plans for oil to chemicals. How do you see that getting you know, And when do you see HPCLs Rajasthan refinery starting up and what is the kind of timeline for that project to become EBITDA positive or PAT positive, whichever you can share with us as things done.

Arun Kumar Singh: So, you should ask this question to HPCL.

S Ramesh: Sir you are the holding company. And they don’t hold analyst calls or meet.

Arun Kumar Singh: All we know is that, it will take some time. As of now, it is probably 26 target is, 24 then it can 25. Hopefully, if all goes well, two years plus, but there are some. Now coming to your next question Petchem. Petchem market in our country is not a problem. Because as you know, we import a lot of Petchems, including even some polypropylene, HDP, LDP, PVC everything, all commodity Petchems. In fact, if you ask me, it is a oxymoron that we have refining surplus and Petchem shortage. Today we consume roughly 220, refining is close to 250 to 260. But Petchem wise it is not so. Petchem has a lot of appetite. That appetite I don't think Barmer has a demand and more so people close to Gujarat.

S Ramesh: So just a couple of more thoughts. There was a question on the incremental upside in the gas pricing in the gas business. So, if you're looking at the economics of drilling these additional wells nomination blocks, under $9 kind of price indicated, what is the kind of economics you see in terms of IRR or drilling cost. In terms of capital allocation how is that going forward?

Pankaj Kumar: Our lifting cost is well within, if we see it's much, much lower than will be somewhere around 2.5 to 3.

S Ramesh: But you still need to, so in terms of CapEx supposing you want to drill say 10 wells or 100 wells. For the additional number of wells how much will it cost?

Pankaj Kumar: Depends on region to region, so if we drill a well in Gujarat, it's the cost is much less with respect to if you drill in northeast or offshore. Because the technology varies, material used varies. But still, even at the costliest space to talk about the gas project, we're getting very healthy IRR, plus 20.

Arun Kumar Singh: So, in terms of your CapEx plans, can you indicate what proportional then we go into these additional wells in the nomination. Since it seems to be a very attractive opportunity? Is there any thought on that?

S Ramesh: Thank you very much.

Moderator: I believe we can accommodate one final question for the evening.

Kirtan Mehta: This is Kirtan Mehta from BOB Capital Markets. One question on the exploration side, we are increasing the focus on the exploration. So, could you talk us through some of the Wildcat explorations that we may be undertaking next two to three years?

Sushma Rawat: Actually, Wildcat we do in areas where which has got very less data. So, most of these wells are going to fall in category-3 basins. Of course, we have been going through the process of seismic data acquisition as you might have heard it, NSP. In addition to that, we have also done aerial gravity gravimetric AGG surveys in some of the areas in northeast So, Wildcat wells are going to come up in those areas or the Himalayan Foreland basin. Other than that category-3 basin, we would be taking up Kadapa is one basin category-3, which will be coming up for drilling this particular year. And another acreage that we acquired for Category-3 is in Narmada basin. So, in addition to that, we have submitted EOIs for different category-3 basins. So, most of the Wildcat wells are going to be there. In addition to that, we are in a process of acquiring data also

Kirtan Mehta: So, does that mean that this will be at least 2-3 years away, by the time we undertake this? Because at this point of time, we are still under the survey?

Sushma Rawat: See, the entire process of doing an API, what we call the acquisition processing and interpretation of data, it takes almost two to three years. And there on we go into drilling, so, yes four years from the time of the start of acquisition. Of course, when you go for build, in new acreages, because of the data which, the knowledge which ONGC has legacy knowledge; we have been doing exploration for six decades now. So, we get a little bit of a head start, I would say that. But three years yes, in a Wildcat area. Otherwise we are in a year itself, as you have seen in OALP 1 & 3 rounds, we have already drilled and discovered, and they are in the process of being monetized.

Kirtan Mehta: Thank you.

Prakash Joshi: Thank you. So, it's always a pleasure to engage with the investors and analysts. I extend my sincere gratitude for the lively interaction we have had.

It is my privilege to propose a vote of thanks on the occasion. On behalf of ONGC, our entire team and the broader fraternity, I would like to express a heartfelt thank you to everyone present here, including the investor and research analysts, representing various institutional investors and fund houses, for gracing ONGCs investors & analysts meet tonight. I would like to convey our sincere appreciation to the Chairman and CEO for delivering an outstanding overview of ONGCs future endeavours and sharing the business performance for the year 2023. I also extend our heartfelt thanks to all the dignitaries present on and off the stage, for generously sparing the valuable time, engaging with investors and sharing their insights this evening. Furthermore, I would like to express our gratitude to the entire team of corporate communication and the regional office in Mumbai as well as our corporate planning team for the well-coordinated efforts in organizing this event. Your contributions are truly commendable. Once again, thank you all. I now kindly request all of you to join us for dinner. Thank you.

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