



Oil and Natural Gas Corporation Limited

ONGC Investors' and Analysts' Meet 2022

30th MAY, 2022,

Grand Sangam Ballroom, Hotel JW Marriott,
Juhu, Mumbai.

SPEAKERS:

Management, ONGC Ltd.

Dr. Alka Mittal, Chairperson, ONGC Group of Companies
Shri R. K. Srivastava, Director Exploration;
Shri O. P. Singh, Director T&FS;
Shri Anurag Sharma, Director (Onshore);
Shri Pankaj Kumar, Director (Offshore);
Smt. Pomila Jaspal, Director (Finance).

Management, Subsidiaries

Shri M. Venkatesh, M.D, MRPL;
Shri A. K. Gupta, MD, OVL.

Safety Officer, JW Marriott:

In a very short time, I'm going to take you through 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 three automated external defibrillators available in the hotel. We have hotel staff trained for handling CPR and AD operations. Thank you.

Prakash Joshi:

Good evening, ladies and gentlemen. Investors' and Analysts' meet an annual event conducted after adoption of the annual audited accounts by the ONGC Board every year barring last two years due to pandemic. I, Prakash Joshi, from Investor Relation Cell of ONGC, feel privileged to welcome the investor



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

community and the research analysts representing various institutional investors and fund houses to the ONGC's Investors' and Analysts' meet 2022. I also take pleasure in extending a warm welcome to Chairperson ONGC Group of Companies and directors on the board of ONGC on the dais MD MRPL, MD OVL, directors from OVL and MRPL and other senior officers and colleagues present here. Let me introduce the dignitaries on the dais, Dr. Alka Mittal, Chairperson, ONGC Group of Companies who is seated at the center. Then we have Shri M. Venkatesh, M.D, MRPL; Shri A. K. Gupta MD, OVL; Shri R. K. Srivastava, Director Exploration; Shri O. P. Singh, Director T&FS; Shri Anurag Sharma, Director (Onshore); Shri Pankaj Kumar, Director (Offshore); Smt. Pomila Jaspal, Director (Finance). Now, I request you all kindly put your mobile on silent mode to ensure uninterrupted conduct of the proceedings. Let me announce the proceedings is being recorded as per the requirement. I would now request CC to please play the ONGC song.

[ONGC Song Plays]

Thank you. Now, may I invite Director (Finance) ONGC for her welcome address.

Pomila Jaspal:

Good evening to all of you. I, on behalf of the entire ONGC Group Team, Pomila Jaspal, extend a very warm welcome to all our friends from analysts and investor fraternity. It is indeed a great pleasure and heartening to see you all in person after a gap of almost three years. Although we were in constant touch through our regular con calls, and we have been constantly getting your valuable views on key issues, it is always good to have face-to-face interaction with our key stakeholders and we are glad to be back with you today. As you all are aware that ONGC board has declared its annual financial results for financial year '22 on Saturday, the 28th May 2022. Immediately after the board meeting, we came out with a detailed press release and our Investor Relations Cell that is IRC, has also separately sent performance highlights to all the analysts as per our mailing list. I'm sure you must have gone through those performance highlights. We are glad to share that we posted our highest ever standalone net profit of INR 40,306 crores. We are all well poised -- thank you very much. We are all well poised to continue our sustainable journey meeting all organizational objectives, and accreting value for all our stakeholders. We have a detailed presentation lined up today, covering all those performance highlights, including for our group entities as well. Your thoughtful insights and suggestions have always been valuable to us and we look forward to have a great interactive session. Without further delay, may I request our respected Chairperson and Managing Director, Dr. Alka Mittal ji to share with you all a brief overview of our performance highlights, thank you.



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

Dr. Alka Mittal:

Very good evening to each and every person present right in front of me and on the dais, very dear friends from the investors and analysts fraternity whom we see as one of the most important stakeholders for ourselves, for our business, members on the board of ONGC, ONGC Videsh Ltd., MRPL Limited and, of course, ONGCians and the representatives from our group companies who are present right in front of us. It's a pleasure to be able to meet you all in person just seeing you all having tea, and interacting amongst yourselves was such a wonderful sight. And now that I'm here, we all are here to interact and after that have some informal discussions over dinner. This is a wonderful evening from my point of view and from ONGC's point of view, I would say. So, the last two years have indeed taken their toll as far as us as industry is concerned as well as the world level also the businesses have suffered different businesses, different countries have been through very rough patches. But now that we have got over that, we are here with you to interact, to hear words of advice, wisdom from you, because the kind of research that goes into your functioning and your particular area is something which will enrich us with a better understanding of the expectations of our stakeholders. ONGC as you all are well aware of, we were born just nine years after the independence and when we took off, ONGC was not only synonymous with the untiring efforts to meet the energy demands of our country, but also with that of the nation building through creating cascading opportunities for allied and ancillary industries like engineering, shipping, aviation, hospitality, just to name a few. The kinds of services base that we have is heartening for us to talk about, besides what is our core strength, exploration and production of oil and natural gas. So these are the areas which keep us going. This is the vision with which we started off and we have moved so far in this journey of over 65 years, more than six and a half decades, I would say. And in this year when we are celebrating 75 years of India's independence, we have a lot to talk about. We have a lot to feel proud of and I would say way to go. There's a long way for us in the coming times. So while we had a humble beginning, I would like to talk about how committed we are to our business, you saw during the second wave of the COVID-19, ONGC Group produced 55 million metric tons of oil and oil equivalent. We refined 36 million metric tons of crude and we produced 4.5 million metric tons of value added products and sold around 40 MMT of petroleum products. This is as a group as a whole. So this is the kind of integrated company that is right in front of you and is represented here on the dais too and we are one of the highest wealth creators as Pomila ji was mentioning also of the nation having contributed around 11.25 lakh crores to the central and state governments since inception till March 2022. And this year's contribution already our Director (Finance) has very proudly stated and which we take lots of satisfaction out of, though I would always continue to say and I have no hesitation in saying that we are looking at uptick in our production numbers as well and we are actually committed towards it not



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

only for this year, but for the years to come. So, a presentation is already ready with us, which will be presented to you which will talk about not only ONGC plans, but the group plans. So I will not come too much in the way of that. I will just add a few of my observations for the benefit of our investors and analysts. The pandemic, however, like I would like to share with you all that while we have been lamenting on the fact that pandemic put us on the backfoot and our production numbers could have been much better if we had not had to suffer those two years where our projects had to be like almost put on hold in some certain areas because there was overseas component which could not be met because of the travel restrictions and the workshops, yards getting close. So I would like to say that while the pandemic had put us on the backfoot, it has also catalyzed technology-enabled work culture, ONGC was fairly focused on that front right from the turn of the last century, and we had made good headway. But during these two years, the kind of thoughts, the kinds of efforts that have gone are very remarkable. When we talk about it by way of presentation, you will be happy to hear that Digital Center of Excellence which we had talked about for almost three-four years is almost there now with us and this is the impact, this is the opportunity that has come out of the challenge of COVID-19 which we all suffered. And not only that, we have emerged as a very resilient and robust organization. You should have seen the way our colleagues worked in the fields, in the offshore as well as onshore, how they contributed towards ensuring that production goes on, whether it was lockdown, they were far away from their families, the families were going through a different kind of concern, but they were focused on contributing towards the nation. And that is what gives us so much strength and so much satisfaction when we come to you today. Continuing with our endeavors to bring new basins into production, ONGC has added one more basin, the Vindhyan. We will be talking about it in the presentation and there is no stopping us actually when it comes to going actually aggressive on exploration or working towards enhancing our production. The PPT will touch on those things. We have also been entrusted upon to carry seismic survey on behalf of the government. And that is something Government of India, because everyone understands that now is our opportunity to go ahead, acquire the maximum acreage, cover the maximum acreage and then only we will be able to move forward as a sustainable business entity, I would say. So, while we are working on that, and we have got good returns also during the various OALP rounds, where we have been able to acquire 85 to 90% of stake, we are also focused on ensuring that we are able to make a difference on ground when it comes to exploration and we are already moving on it. So, we just I think four days back we talked about our exploration plans where about INR 31,000 crore are getting invested in coming three years. I would also like to touch on our Capex spent on the development schemes where it comes to production. So, while there are ongoing projects on which we have committed



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

and provided for around INR 59,000 crores, another INR 20,000 crores worth of projects are ready for approval of the board in this financial year. So, subject to the board giving us a go ahead, we would be moving forward at a very fast pace in a focused manner. That is one part and going forward we are targeting an increment which is going to be substantial about 11% in crude oil and 25% in natural gas from the present levels till 2024-25. The numbers are impressive, but the efforts for that have to be very, very, I would say very vigorous and for that, the team here is totally ready not only the team here the team sitting in front of me from who are the senior officials at Mumbai they are all working on it. And we are likely to give you good news on the production front also in the coming years on continual basis. The performance of our subsidiaries has been particularly very encouraging especially I have M.D. MRPL sitting here on the dais. We take pride in saying that there has been a turnaround as far as their activities are concerned. There's a profit of INR 2,955 crores over there and OMPL-MRPL merger which has finally taken shape which has come into place is going to create new synergies for MRPL and OMPL together and that is going to lead this group towards better returns I would say and our overseas arm ONGC Videsh Ltd. which is represented by Mr. Alok Gupta, M.D. OVL has also posted very impressive results. It's about INR 1589 crores during the year, CPO-5 block of OVL in Colombia is turning out to be a significant discovery exploratory success with production having reached a level of 21,000 barrels per day of oil. So, these are the efforts which have got us satisfaction and good returns I would say. But on the HPCL front, the modernization of the Vizag refinery is going to contribute towards better refining capacity and is expected to be completed next year by the end of this year, I would say in H1 of '23. Our power venture, OTPC's performance is again, though it was affected by the plant shut down which had to be taken off of one unit, still, it has managed to post an impressive profit of INR 107 crores and I don't look at OTPC only as giving us returns. I look at the kind of difference it is making to the lives of those in the Northeast. And it gives us lots of pride in being a part of this initiative.

So progressively, we are consolidating our position as a truly integrated company with our downstream and pet-chem units acting as a natural hedge in case of disruptions in our core upstream business, we also looking at moving together from strength to strength and while we remain focused on our top line, our focus on our triple bottom line is also as consistent as important for us and ESG parameters are kept in forefront, when we are talking about either in terms of reduction of our carbon footprint or reduction in emissions or moving towards net zero, which is a commitment given by our Honorable Prime Minister himself. We are totally focused on that, because we know that balance is something which is most important for us as a business entity. And as a responsible organization, we are totally committed. And our steady investment in renewables is also going to continue and with the kind of returns we have been



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

able to get this time, our confidence and our commitment is going to go stronger in that domain as well. We remain committed as a responsible corporate to help society with contribution ranging from PM Cares Fund towards procurement of concentrators when they were most needed, or towards contributing towards the cold chain, which was required for having a vaccination drive across the country. And look at what we have been all able to achieve together. The lead was taken by the Government, but we were always there to provide support. And while we are also talking about this, I would also like to share that not only our own employees, we were committed to taking care of our secondary workforce also, and a significant number of our personnel who are engaged through different contractors have been vaccinated and are taken care of in these toughest of times. We continue to remain committed not only towards our growth, but also to leverage our group's strength to create more value and wealth for all our stakeholders and with special consideration to society as one of our key partners when it comes to contributing towards the progress of our nation. So, on this, I would like to pass on the mic to the presenter for the evening, because something that is most important is for you to understand and have all the facts and figures with you that is what is going to make you feel convinced about what I and Director (Finance) have talked about. So thank you for being with us and for being present in such good numbers. Thank you so much.

Moderator:

Thank you CMD madam for sharing a detailed overview and insights on ONGC Group. ONGC have been working towards our responsibility towards the society, ESG, CSR as madam just told, so we would now play an audio visual on ONGC CSR efforts. Can we please?

Audio Visual:

From home to wire, from kitchen to sky, from Kashmir to Kanyakumari, from mind to heart, Oil and Natural Gas Corporation has embarked on the phenomenal quest not only for oil, but also for spreading smiles; not only for energy security, but also for social development. ONGC is today one of the premier companies to have invested under its Corporate Social Responsibility.

The outbreak of COVID-19 lead to uncertainty and insecurity across the globe. ONGC responded with great urgency and remarkable flexibility. Fast tracking CSR project approvals for the timely procurement of medical supplies, ONGC installed 15 PSA plants and supplied more than 2000 oxygen concentrators and 6000 oxygen cylinders to various government hospitals across the country and created a helpline number to resolve technical issues of oxygen concentrators. ONGC also supported the government with the supply of cold chain equipment to facilitate vaccination, distribution of masks, sanitizers, and PPE kits were also initiated. It also helped daily wage workers by providing essentials and feeding the population during the second wave of COVID-19.



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

In Sivasagar district of Assam, people were suffering for want of basic medical facilities for ages. ONGC set up a 300-bed multispecialty hospital at Siu-Ka-Pha benefits more than one lakh patient in a year. To ensure doorstep medical facilities for elderly, women and children, ONGC engaged 31 mobile medical units covering 371 villages in nine states. ONGC power financed 455-bed National Cancer Institute at Nagpur. At Mangalore, Lady Goschen Hospital of 168 years vintage which exclusively caters to women for pre and postnatal treatment. ONGC supported for construction of a new wing which is catering to birth of 500 infants a month.

Under Swachh Bharat initiative, ONGC ensured 33% of the CSR budget as per government directives, solid waste management project at the holy town of Rameshwaram.

The Clean Himalaya initiative across high mountain ranges of Himalaya from Jammu & Kashmir to Arunachal Pradesh, a bio CNG plant on the bank of river Ganga in Haridwar, 43 community toilets, 33,662 IHHs, 2,309 tube well and hand pump installed, 121 water ROs, 26 water ATMs, 412 school toilets. To retrieve the mythical River Saraswati, 10 deep water wells drilled along the valued channel of ancient river Saraswati, installed 36,597 solar streetlights in remote villages benefiting lakhs of villagers across the country. One of the biggest problem in India is the profession of manual scavenging. Although laws have been made to stop the practice due to the lack of a viable technological solution, even today, human scavengers are forced to enter and clean the manholes with their hands. But now with Bandicoot, a manhole cleaning robot, manual scavenging could be a thing of past. ONGC has procured nine Bandicoot robots for automatic manhole cleaning across Tamil Nadu and Andhra Pradesh.

ONGC in its endeavor to promote skill development in Jammu & Kashmir joined hands with Indian Army by funding for the skill development training of youth and girls of Baramulla, resulting in gainful employment of more than 2000, Kashmiri boys and girls. A skill development institute has been set up by ONGC at Ahmedabad as an initiative of oil PSUs, a total number of 270 youth trained and gainfully employed. ONGC has taken up a unique initiative for reviving the Sanskrit language by developing online content and textbook for all subjects of CBSE courses. The company has supported 970 acres vidyalaya for imparting informal education, 384 smart classes were set up in KV schools. The ONGC Super 30 is an incredible success story of unearthing India's unseen gems through the right training and exposure. The initiative was kick started with the ONGC Super 30 program at Sivasagar Assam. The program provides coaching for engineering entrance exams to the underprivileged students coming from remote and tribal areas of Assam aspiring to pursue higher education from the country's premier engineering institutes. Till date, this center has trained 145



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

such students and succeeded in fulfilling dreams of 127 aspiring engineers and the results are getting better with each passing year. In northeast, 34,655 square feet of school infrastructure has been constructed in 22 rural schools.

ONGC has identified 20 aspirational districts for all round development. And the journey continues. Touching lives far and wide.

Moderator:

Thank you. May I now invite Mr. Vivek Tongaonkar, ED- Chief Corporate Finance and Head of Investor Relation to present the performance of ONGC Group. It may please be noted the presentation on the corporate brochure will be available for downloading through the QR code available at the stand.

Vivek Tongaonkar:

Thank you Prakash. A very warm welcome to all our investor and analyst friends. I will be taking you through our presentation. Madam Chairperson has very well elaborated all the details. I would be providing you with all the granular details in the data required. To start off, this is a disclaimer. We would request all the investors and analysts to kindly note it and go through that disclaimer. This is already required to be done. ONGC over the years has been setting new standards and it has always been an organization which has built upon its past successes. It is the highest market cap among all CPSEs. This year, we had the highest revenue and the profits of INR 40,306 crores. This is on standalone basis. Our net worth is 25% of that of all Maharatna CPSEs. We have a very well diversified board. We have three women directors, our Chairperson, Director Finance and we also have one independent director, Ms. Jaitly. As has been brought out, you have already seen that CSR film. We spent a lot or we have a lot of focus on CSR. We have spent INR 2,736 crores over the period of five years. We are the leader in CSR spending amongst the CPSEs and on an average we spend about INR 500 crores annually. This would be the presentation overview. First, we'll look at the ONGC Group then the standalone performance, the growth pursuits for the company as well as for the group, how our subsidiaries and JVs have performed and what we have already mentioned and shown to you that we are a responsible corporate, we'll come to that. Let us take a look at the ONGC Group. ONGC is India's integrated energy company and we are present across the whole chain of the E&P. We started off in upstream. We got also into refinery, petrochemical value-added products. We are into power renewable and also services and others. In upstream, we produce 56 million metric tons of oil and gas equivalent. Refinery, we are 38 million metric tons through MRPL and HPCL. We have 4.2 million metric tons pet-chem capacity through OMPL which has now been merged with MRPL and HPCL etc. and OPaL. ONGC's two plants, Hazira and Uran produce 3 million metric tons of value-added products also. We are in Petronet LNG. OTPC has already been told to monetize our standard gas in Tripura. We set this plant up and it is the only gas power plant which is profit making. We are now moving



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

into renewables also and we currently have a capacity of 348 megawatts, but we have big dreams. We plan to move up to 10 gigawatts by 2040. We are also into the Dahej SEZ, Mangalore SEZ, ONGC TERI Bio, it does a very good job as far as pollution control is concerned. We have Mangalore-Hassan-Bangalore pipeline which is handled by the PMHBL. ONGC is into exploration and production and it focuses on exploration through its basins. These are organizational units, whereas the production is looked after by the assets. Coming to the performance of ONGC Group as such, it has been a resilient performance. The 2P reserves of the ONGC group is 1,221 million metric tons of oil and gas equivalent. ONGC share is 710, JV is 16 odd and OVL is 495. OVL is actually the second biggest E&P company accordingly. We produced 55.72 million metric tons of oil and gas equivalent which was 68% of India's oil and gas production. The refinery throughput was 29 million metric tons. HPCL was 13.97. It was a little affected because of the upgradations that is currently taking place at Mumbai and Vizag refineries. However, MRPL had a stellar performance and they delivered 15.05 million metric tons of throughput. This all got reflected into our financials. We had revenues of INR 5.31 lakh crore, which is the highest and consolidated profit of INR 49,294 crores. This is a snapshot of our consolidated performance. As you can see, our total income increased from previous year's INR 3.69 lakh crores to INR 5.39 lakh crores. The PAT more than doubled from INR 21,360 crores to INR 49,294 crores. Our debt has improved. It has gone down from INR 119,000 to INR 107,000 and that has translated into our debt capitalization to improving to 27.56% and debt to EBITDA improving to 1.2x. Our debt equity ratio on a consolidated basis has come down to 0.38 which is very good and after you can see that when we had a peak borrowings of INR 25,593 crores in FY-2018, it has come down to INR 6,397 crores and we expect it to improve much more. All this is translated into our strong credit ratings. For the domestic, we have been rated by all the three credit rating agency companies as long term AAA and short-term A1+, whereas for the International, Moody's has rated as BAA3 and S&P and Fitch have rated as BBB-. Our international ratings are actually constrained because of sovereign ratings. Otherwise, we are two levels higher up from this thing. Let us have a snapshot of the standalone performance of ONGC and the highlights of this year 21-22. As madam has already mentioned, there is a strong focus on exploration and to accelerate the production also to monetize all these things. So we in the last year, we added one more basin Vindhyan basin after the commercial discovery in Hatta-3 well. This makes it after Bengal in 2018, this is another feather in our cap. We backed 85% of the blocks in OALP round, and which translates into about 43,494 square kilometers. So that is a lot of exploration work that we need to do. And we notified four new discoveries and six were monetized out of two out of that were from the current year. To expedite the production, we need to focus on drilling also and we are happy to note that we



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

have been focusing on drilling. We have been drilling a number of wells. Till last year, we were 500 plus. During this year for 21-22, we were a little bit lesser. This performance of drilling as well as for production was very adversely affected because of Cyclone Tauktae during the first quarter of 21-22. Production was 43.387 million metric tons of oil and gas or gas equivalent, and we are happy to note that over the last five-year period, in spite of having a natural decline, we have been able to maintain our onshore production at 6 million metric ton. That itself is a very commendable task. Normally there's a decline of about 7% to 10% annually, so we have arrested that decline also. To take care of our production and to ensure that we continue doing that the focus has been on projects also and last year, we completed two projects of INR 3807 crores whereas six new projects were approved. One important development that happened last year was that we got Sagar Samrat positioned at WO-16, and I'm sure this would go a long way in increasing our production from WO-16 in this current year. Moving beyond E&P we have signed partnership with the SECI which is Solar Energy Corporation of India to develop renewable energy. Looking at the various companies within our group, we are working towards synergy and towards that we have already taken steps to ensure that the products of one company can be used in another. We have signed a Naphta exchange between MRPL and OPaL, and we are looking at similar such synergies, and we are sure that over a period of time, this group would be adding on to its synergies and adding value to the investors and to all the stakeholders. We also signed with IOC, an agreement for gas hydrates that could be a new future area, upcoming area and has a lot of potential. It is something what shale was about more than a decade back. Gas is a commodity in focus and to ensure that we get maximum value out of it, we have taken action on it and we had taken a new marketing initiative. We traded our domestic gas on the IGX on 23rd of May and the response has been terrific, and we find that all the consumers are willing and are happy to work or take off the gas through IGX. So we look at it as a new area for us to work upon. This is the physical performance. Our 2P reserves continue to be very strong; 710 or 700 plus oil and gas. The production has been 43.39; yes, it has gone down over the years. But now as Madam has already mentioned, I think the investors can look forward in the future years to have some good news coming up. The value added products continue to be 3 million metric tons plus. As we have seen, drilling of wells has been 434. The last year the financial performance has been very good, partly due to good prices also. But however, we got the highest revenue from last year, which is 110,000 and the PAT as we already mentioned was the highest at INR 40,306 crores. This translated into excellent EPS of 32, and we have rewarded the shareholders through the highest dividend of 210% which translates to INR 10.50 cumulatively for this previous year. We are not a company that rests on our laurels; we have different growth avenues to pursue. Over the years you have



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

seen that ONGC has discovered seven out of eight producing basins; as already mentioned Vindhyan was the latest one in the previous year, and we are already on track to put more basins on the map during the next three to four years. To ensure that we have good, better production and better results in future or assure our sustainability of the company, we are looking at accelerated exploration and acreage expansion. For an E&P company availability of acreage is a major point which is necessary for it to get better production as such. Currently, we have 161,000 square kilometers and we plan to ramp this up to 5 lakh square kilometers by the year 24-25. This translates into annual increase of about one lakh square kilometers. The focus will be in Category 2 and Category 3 basins, and we find that we have had very good results as you can see earlier on Bengal basin and as well as Vindhyan basins have been discovered these were not Category 1 basins, they were lower category basins, but we have been able to get good results out of it. So focus is yes, on exploration and on Category 2 and Category 3. We plan to spend about INR 31,000 crores which is \$4 billion to intensify our exploration campaign. So, unlike many of the exploration companies abroad, we continue to focus on our exploration and we believe that we have a duty towards the country also and we strongly feel that this would translate later on into very good production and financial numbers.

For the short term, as Madam has already mentioned, we are projecting up to the period 24-25 to increase our oil and gas production to 47.825 million metric tons, which is about 18% growth. I would just draw your attention that this is over and above what is the natural decline. So, you are arresting the natural decline as well as going in for a growth. So that itself is a very, very big plus if you consider 7% to 10% every year. 18% would actually translate into much more. So how do we ensure this? We have a number of projects under implementation both in onshore as well as offshore. There are 20 major projects which are more than INR 100 crores and currently those projects are about 14 development, 6 infrastructure. We have got aging infrastructure, we have been there in the field for very long, we know that we need to improve it, replace it, which we are already taking action and it is about INR 59,000 crores involved in this one. Our cumulative Capex throughout including E&P etc. has been INR 4.92 lakh crores and E&P expenditure only has been 150,000 for the past five years. Once these projects are on, we estimate that there would be a lifecycle gain of 85.5 million metric tons. Now, in line with the projects, we also are taking technology initiatives. These initiatives are for technology substitution, upgradation, for integration, collaboration and partnerships; all these would help us to increase our operational efficiency and maximize our production. Some of the technology initiatives which we have already undertaken and which have given very good results to us is managed pressure drilling and radial drilling, plunger lift, multistage hydro frack which has already happened, tubing rotator, heavy oil operating, hydraulic pumping, high efficiency chemical free entry -- a free tiny



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

bubble technology. We also for our interpretation and processing of our data, we are looking at artificial intelligence also. To improve our seismic studies we are looking at ocean bottom node service, which have given us very good results and we plan to undertake those in a big way in areas which are very difficult. As we mentioned that at the highest level, there is an outreach to all the international E&P -- many of the international E&P companies, those who have been successful, these levels have happened at the Chairman, Managing Director level and it has translated into MOUs with a few companies, very big companies. This is only as representative less, it's much more, but we have signed MOUs with Exxon, Saudi Aramco, Equinor. These are for E&P as well as for renewables, and we are already moving ahead on these MOUs and there is data sharing under progress and we hope and we expect that these should translate into more firm agreement heads. Although ONGC has been doing very good, what about our subsidiaries and JVs? Let's take a look at them. ONGC Videsh is our 100% subsidiary; it's like part of the family only. They are present across 15 countries and 35 projects. 14 are exploratory projects, 4 developmental, 14 producing, 3 pipelines, and these are spread all across the globe. The performance has been 2P reserves is 495 for this previous year, oil and gas production was 12.33 million metric tonnes of oil. Partly it was affected because of OPEC plus restrictions on production that were out there. But they had a turnover of INR 17,322 crores which was the highest ever. The PAT was INR 1,589 crores. Highlights in the exploratory block CPO-5 at Colombia, we drilled 11 exploratory wells; eight of them were hydrocarbon bearing, five of them commercially producing and we ended the year with 21,000 barrels of oil per day, which translates into 1 million metric tons of oil annually. And we also expect better results over year further on. In Brazil BM-SEAL-4 there has been a declaration of commerciality and along with Petrobras we are submitting, working on the field development plan. In Lower Zakum, UAE for gas handling capacity augmentation, we are laying a new pipeline, which will help improve the production from 4 to 450,000 barrels per day in '25 and 500,000 barrels in '28. OVL has been making good use of its excellent financial performance. They have repaid 716 million US dollars of their loans. They've also taken action to reduce the interest on about \$1.2 billion of loan which is outstanding through reduced borrowing costs or by refinancing the existing loans. Another major subsidiary is Hindustan Petroleum Corporation Limited; it's a Maharatna company, very good results. So, they are focused on the consumers, on the retail. They have set up 20,025 retail outlets; they are the number one marketer for lube oil, number two for LPG marketer in India. They've commissioned new 1391 retail outlets, two new LPG plants, 51 LPG distributorships, they are also moving into new areas of CGD. They got three new geographical areas in the last year and they are therefore present in 23 geographical areas. There's a lot of emphasis from HPCL on product and development. The last year they got 33



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

number of patents. Their performance, production was 13.97, as I said affected because of some upgradation works going on in both the refineries, the GRM was \$7.19 per barrel, gross sales were very high, 372,000 barrels. However, PAT was 6383, commendable but did not cross the previous year's INR 10,000 crores mark. Our very own MRPL, this is one company which we are very proud about, we are very happy about it being in our family. They are also now looking at targeting the consumers; they have moved into -- they have set up 14 new retail outlets. Now they have 35 retail outlets in operation as such. Last year, they had also upgraded their refinery, they have built in that BS6 facilities and desalination plant got commissioned. So, we expect that in the future the plant operation should be very good and they would keep on the excellent performance as such. Their performance as is already reflected in the throughput, it has increased to 15.05 million metric tons, which translated into \$8.72 per barrel GRM, highest ever sales of 86,000 and they turned around into profit again with INR 2,958 crores of profit. So that has been a wonderful performance by Mr. Venkatesh and his team. OMPL is a petrochemical plant which we have. This was a separate company. However ONGC took -- along with MRPL took the decision to amalgamate it with MRPL. This appointed date of the amalgamation is 1st April, 2021 and this amalgamation is likely to bring a lot of synergy between the two plants as such and we expect that both the companies now in this amalgamated form would do much better. I think the -- one, at the base it gives them a lot of product variability as such and inputs also they can vary. We expect this company to do good in future. Petro additions OPaL is a standalone petrochemical plant. Over the years it has been improving its performance, its capacity utilization has gone up. Today, in the last year they were 95%, which is very good for a petrochemical plant and we expect them to do much better as the years go by as the plant has already stabilized, its products are already well received in the market. They sold 1.82 million metric tons of polymers and chemicals, their revenue from operation last year was 16,048 and their EBITDA was INR 2,561 crores. Their PAT, the loss has been reducing and we hope that if the performance continues like this, we should have it in the positive in the near future. ONGC Tripura Gas Limited has already produced 4.1 billion units of power. It is in the Northeast doing very well. Last year, they had a shutdown, plant shutdown as well as some maintenance works. So, the plant availability factor was 65%, but it is up and running now. They had a revenue of INR 1200 crores and a PAT of INR 107 crores. PMHBL pipeline which is from Mangalore to Bangalore, this is very useful for HPCL, MRPL also that had a revenue of INR 128 crores with a PAT of INR 60 crores. Indradhanush Gas Grid is a new company which has come up in the northeast to connect all the states through a gas grid. This would help all the fields; small fields, big fields of ONGC and other operators also and monetize their gas as such. So, it is planned to link up with the Gas Ganga -- Urja Ganga scheme, and so that the gas is



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

available or freely movable from northeast to India and from this part of India to the northeast, and vice versa. As Madam said that beyond doing production and refining etc. we are also a responsible corporate committed to environment, society and governance. We already have clean development mechanism projects also; OTC also has a number of certified emission reductions as such. Our renewable projects are already underway. As we mentioned that we are looking at renewables and we plan to move into it shortly in the near future also; we're already there but in a bigger way. Social, we are one of the first companies which had issued the separate CSR guidelines and which were the base for the DP guidelines as well as the Companies Act 2013. Our activities were aligned with the geographical areas where we work, and this has continued. We focus -- continued focus on healthcare, education, environment, women empowerment and heritage preservation. These are the major heads; we do a lot more than that. And our average spend as I've already mentioned was INR 500 crores plus every year.

As far as governance is concerned, we are the first signatory in India of the integrated pact. This was long time back but yes, we are proud of it. The Board is also focused on overall organizational practice awareness, creation and monitoring of this governance practices. We have a strong and effective whistleblower mechanism, dedicated vigilance department headed by CVO who holds the rank of Functional Director. CSR, we have already mentioned all these things; beyond CSR, beyond these things we also support sports in a big way. You will be happy to note that ONGC sportsperson have won 60 national awards till date and H.S. Prannoy was part of that Indian Badminton Team which won the Thomas cup. So, it is not only work-work, it is also play that we do. So with that, we come to our national-international recognitions. We're happy to note that we have been winning and continue to win a number of recognitions both internationally and nationally, and we have been certified as a great place to work for the third year in 2022. So with that we come to our end of our presentation and a big thank you to you all. Thank you.

Moderator:

Thank you sir for a detailed presentation for ONGC and ONGC group of companies. Now with the permission of the Chair, the house is now open for interaction. All the participants who wish to ask a question please introduce yourself along with the company you are representing. So you can raise your hand so that the person will reach to you.

Vishnu:

Hi. Good evening. This is Vishnu from Spark Capital. I think one of the most important questions everybody has in their mind is the under recovery that is happening on the auto fuel side and windfall tax the government is talking about. Firstly, wanted to understand your sense, forgetting the windfall tax, will the



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

dividend payout be large enough this year so that government will not be in a position to charge any taxes, or how should we as investors think about it?

Dr. Alka Mittal:

Thank you, Vishnu. I think voicing what is at the top of everyone's mind is the best thing to begin the discussions with. As far as our contribution towards dividend, by way of dividend, you already know that we have declared a dividend which is coming to around INR 13,210 crores out of a profit of INR 40,000 crores and that is what is there, but when it comes to the windfall kind of the term you have used, I would just like to share with all who are present here, that for us past two years, were years when we were having ultra-low returns on our oil as well as gas products, I would say. And while oil was impacted by the volatility in the international market, gas being a formula based product was also impacted, the return we were getting was much lower than the cost of production. So, that's why I would like to say that there should not be a tax of this kind on a business which is taking off, which is picking up now. And because the ultimate objective with which ONGC works not only as a business entity, as a public sector also is towards providing more and more, contributing more and more towards the crude oil and gas. 85% of the crude oil is presently coming from other than the country and same ways 50% of the gas, for that the country depends on other sources. So now is the time to invest in our activities, and that's why windfall tax is something which we can't imagine being imposed at this stage. That's what I would like to convey on this, if anything further is to be added Director Finance is the best person to talk about it.

Pomila Jaspal:

Thank you ma'am. I just want to add, what ma'am is saying when we are talking about the dividend, so we are paying something around you can say 42% of the PAT because this 40,000, this profitability that we have got, so in that something around 8,000 to 8,300 is just towards a deferred tax, you know asset which has been adjusted and that is just notional, that is not cash giving. So this has happened because of the alternative tax regime that we have adopted in the last third quarter. So taking that thing into account, what we feel is that, when we had discussed at our board meeting also, so these everything has been talked about and this was the best thing that we could have done and for the time being what we feel is that this is the largest you can say, the dividend payout that we have given till date and that would definitely justify our call on the dividend. So I think the concern of the investors if you'll see from this point of view, so that is well taken. Thank you.

Vishnu:

Any Capex increase that we'll do this year, or the run rate will be around?

Dr. Alka Mittal:

On the Capex front, the plans are both on the exploration as well as the production; creating better production, taking up better production development projects and schemes is concerned. So while we have already come up with a



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

number of INR 31,000 crores towards exploration in the coming three years, on the other area as well, it's about like for this year, we have around INR 20,000 crores worth of projects almost about to be approved by the Board because they are going to be taken up to the Board. And this is the way every year, last five years we have invested INR 150,000 crores on Capex, and the trend is likely to be almost similar, a little higher, because of the kind of exploration activities we are taking up and with us going aggressive on exploration, the developmental activities after that would also pick up. So that's what I feel on exploration, I would request our Director Exploration to touch a little because there's a lot that he has planned for the coming three years and he's the best person to talk about it.

Rajesh Kumar Srivastava:

Thank you ma'am. As stated, we have already disclosed our short term action plan for exploration, which is a spend of about INR 31,000 crores and these are directed towards increasing on data acquisition, inducting new technologies, opening new basins and increasing outgo on drilling of number of tough and challenging wells. So that is the way, so in the near future, we are going to open another five new basins within two to three year period. Acreages have already been acquired; aggressive acreage acquisition plan is already on the way which is well facilitated by government policy, and if I just can give you some numbers, the 96,000 square kilometer area in offshore which used to be a kind of no-go where the activities were not permitted on account of Ministry of Defense or space or naval and other things. So government has facilitated and 96,000 square kilometer area has been freed, and out of that ONGC is going to acquire and submit an expression of interest for acquisition of about 45,000 within this year. So, you can think of the time and speed through which ONGC is moving ahead on the exploration and as stated by CMD ma'am after exploration, obviously, a multi-fold development activities start and so the numbers can be seen in a few year period to go and increase aggressively in that front also.

Vishnu:

To conclude just a point, would it be INR 30,000 odd crores of Capex that will continue for the next two years at least? I mean everything put together or will this number be much higher?

Dr. Alka Mittal:

Yeah, yeah. It would be higher; in fact total CapEx would be higher, I would say.

Vishnu:

Any number that you can possibly give for the next two years, what would that total number be?

Dr. Alka Mittal:

Year on Year you are meaning to say.

Vishnu:

Correct, '23 and if you can give a number for the next year?



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

Dr. Alka Mittal:

At least for next five years, I would say it would be in the range of INR 30,000-32,000 crores. Director Offshore who's normally into the major developmental projects and schemes could add a little to this.

Pankaj Kumar:

As Chairperson has mentioned and thereafter, Director Exploration has mentioned a lot of emphasis on exploratory activities. And for sure, these exploratory activities will give a lot of opportunities to offshore and onshore areas for developmental activities. Past two years, the oil and gas prices, they were pretty low and they were posing certain pressure on developmental activities in the form of their viability etc. Though the pandemic was there, but ONGC had never kept itself constrained because of those pandemic issues and our development projects continued. You just saw in the presentation we approved also certain projects even in 21-22 and certain projects were approved in 20-21 as well. With the ease of or the betterment of oil and gas prices, the schemes which were becoming unviable are now more viable and many schemes in fact, we have being conceptualizing and are on -- and will be brought to the Board for approval and for their consideration and approval. A couple of schemes have already been submitted. So with this, as Chairperson has mentioned, the Capex, we intend to increase and that may be both the kind of numbers she has mentioned, I think, definitely would be there. That's what I would like to add to this.

Vishnu:

Got it. Just one final one from me, on OVL if you could just tell us what is the impact on the Russian crude, any restriction on production, any impact on pricing and also the flow of money from there or repayment of debt? I know I have multiple questions, if you could answer all of this. Thank you.

Dr. Alka Mittal:

One person can answer all the multiple -- all these questions. So we have MD, OVL with us Mr. Alok Gupta, I request him to talk on this.

Alok Gupta:

Very good evening. I think because of the unfortunate situation in Russia, and the certain sanctions which have entailed from the occidental side, there are two-three impacts, I think, coming straight to your question in fact, in terms of production there are three joint ventures; one is Imperial, the other is Vankorneft, the third is Sakhalin, so two of the joint ventures are working normally in terms of production. There are temporary disruptions in because of the force majeure, taken in the case of Sakhalin, and that is because of the grandstanding or let's say high moral stance taken not exactly in the terms of energy sanctions which have been imposed, but high moral grounds taken by the global PNI club in terms of not extending what we call as production and indemnity cover for the [indiscernible], which are ice-class vessels, because of which we are not able to move crude from our Vikas-III terminal in Sakhalin to the transfer point which is in South Korea. This temporary disruption is going to be there for a couple of



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

months because of which we are having suppressed production from Sakhalin. This situation is going to be normalized over the next two-three weeks, as we are finding out the alternative measures. The second point which you had mentioned, I think you had asked about the movement of money. In terms of all our dividends, let me be very happy to share with you we received all our money as was due till March this year. The next money that will be due from Vankorneft in the form of dividends will be sometime in July. We are working along with the partners as to how that money will flow in July when it will become due. Then what was your third question? Sorry, prices? Okay, I think that's -- I think open ended, very open and shut question. The Russian crude is selling at a discount, we are not able to sell crude from Sakhalin because of the current situation in terms of not being able to move the crude out. However, the crude from Vankorneft and Imperial which is flowing through the pipelines to the neighboring countries, we are realizing our prices all right. There is some discounts which are happening for the portions of the crude which are getting exported.

Srijan Sinha:

Hello. Ma'am, this is Srijan Sinha from Future Generali Life Insurance. Ma'am, my question is in all likelihood ONGC is going to generate a lot of cash flow this year. In fact, free cash flow despite the elevated level of Capex that you're talking about. So this along with this suppressed stock price, so has management given any thought to buyback of equity shares?

Dr. Alka Mittal:

Buyback of shares was very well discussed in the Board meeting which we held - - which we had on 28th. Director Finance will talk about it, touch on it a little and will clarify.

Pomila Jaspal:

If you see the buyback as such because we had discussed about the DIPAM guidelines also in our Board meeting, the buyback option is not triggering as such. But definitely you know, that the last buyback that had happened, that was sometime in 2018 or so, so if you see that our prices, the time when we had -- you know, the old times when ONGC had first issued the shares it has the prices, it has -- the valuation of that, it has gone 32 times now. So, so much of you can say in between the bonus shares, then the split of the shares, then, of course, that the two or three times the bonus shares that have been issued. So I don't think that this will be the time when we think of the buyback because we have our own Capex plans, and then we have our, you can say the subsidiaries also. So our OPaL is there, so that also we have to look after. So we have to see definitely that whether we can -- because of course right now, there is nothing, no communication and we the government is very supportive right now. So they also want that the exploration acreages should increase and we should do aggressive work programs. As rightly pointed out by our Director of Exploration around 96,000 square kilometer of area which was under the no-go area that has



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

come within our ambit and now, we have to aggressively go for that -- exploring that area. So, that will definitely require a capital intensive thing. So we should -- we -- that buyback has not occurred and we will not definitely go for that also. Thank you.

Amit Rustagi:

Ma'am, this is Amit Rustagi from UBS. So I have few questions. First is relating to KG basin. Now with the end of pandemic and situation normalizing, do you have any targets for monetization for KG basin when we can see our oil and gas output from this field? That is my first question. I'll come for later.

Dr. Alka Mittal:

Okay, so the first question I think the best person to talk about is Director Offshore, who's been closely following and working on making the KG 98/2 project take off very effectively.

Pankaj Kumar:

Hi Amit. KG 98/2, the project which is under progress for monetization of KG basin; it has got many discoveries, some 19 discoveries to be monetized. One of the discoveries which has been shown in the presentation as well has been fully monetized and that contains gas. In fact, we are in the process of ramping up gas production from that discovery right now. With regard to the other discoveries, those are to be monetized through the facilities which we are creating, and we have already submitted in our FDP to DGH for their consideration. Definitely, we intend to commence the oil production in the month of December or oblique January I would say, keeping a little margin in hand and subsequently, the gas will be enhanced from the other gas discoveries. That's the plan as of now.

Amit Rustagi:

Sir, what could be the output for maybe FY 24-25 for both oil and gas from KG basin?

Pankaj Kumar:

See Amit, the profiles which have been generated the peak oil production from this 98/2 area is expected to be of the order of 45,000 barrels of oil per day and the peak gas rate is expected to be 12 million metric cube per day. That's the kind of profiles which have been generated.

Amit Rustagi:

Okay. And I have one question for OVL. Last year we have seen increase in revenue by almost 45% while our profitability has gone down for OVL, so could you please explain the reasons and now with the higher oil and gas prices in the current financial year, what is the kind of revenue and profitability we are targeting from OVL?

Alok Gupta:

I have my OSD (Finance) but I'll just answer the conceptual part of it. The conceptual part of it since we are an international business and whenever we see the geopolitical developments and their impact in terms of flow of revenues, just as we mentioned about Sakhalin, each cargo not getting lifted, we normally lift 22 cargoes in a year. Each cargo not getting lifted impacts us by \$55 million. So



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

we make provisioning for certain impairments in our profitability, because of it you would see less profits. This year almost INR 2,100 crores net we have written off in terms of impairments in our profits, which otherwise would have been INR 3,700 crores. So it is a book adjustments that we do to be very conservative and pragmatic in our approach of fiscal management. If -- I think I'll ask my OSD (Finance), if there's something he has to say.

Anupam Agarwal:

Sir, you have already explained in detail, INR 2,100 crores was the impairment, because of this the profitability has come down to INR 1,575 crores otherwise it would have been INR 3,600 crores. This impairment we do on a year on year basis, we test our carrying value of our investment with reference to the pricing, projected pricing, projected discounting rate, risk profile and based on that we do it. It is a reversible provision, and every year we test, as and when the situation improves, we reverse it also. So this is the impact of impairment this year. Thank you.

Dr. Alka Mittal:

Mr. Anupam Agarwal is tipped to be Director Finance, OVL. So that's why he is -- when he speaks, he speaks with conviction on that.

Amit Rustagi:

And ma'am, I have next question relating to MRPL. That now OMPL is already in fold of MRPL, so what kind of utilization rates we can see at OMPL and the profitability level, and what are the synergies if we can quantify for transfer of Naphta between MRPL to OMPL?

Dr. Alka Mittal:

Perfect, a wonderful question and I'm sure MD, MRPL, Mr. Venkatesh is going to be happy giving a response to that.

Mr. Venkatesh:

Good evening, respected CMD and my parent company Directors. The synergy what we have been talking about, has started to flow from crude to pet-chem, rather than Naphta to pet-chem. Very difficult to explain in terms of numbers as to what happens between Naphta to pet-chem more crude to pet-chem. And the opportunity whether to produce paraxylene or sell reformat as an intermediate profitable margins have been equally explored and we have derived cash profits, I should say from an integrated margin management approach. So while we are hesitant to talk about standalone basis any longer the reformat mode, what we call as an intermediate feedstock to paraxylene is yielding more margins than the paraxylene at the current market situations. The market is finding ever highest cracks on MS-97, or for that matter, gasoline. So it's all -- it's -- we are looking at it on a daily basis as to what should be done, whether to produce paraxylene or reformat, and that's the kind of synergy which the pet-chem integrated margins derive for us. Just for the sake of understanding, the April and the May margins have been ever highest in terms of cracks in the gasoline or the 97 RON market internationally. Thank you.



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

Amit Rustagi:

Thank you. Thank you, ma'am for all the answers. Thank you.

Nitin:

Good evening. This is Nitin from Yes Securities. My question is related to your exploration program, so you indicated that there is a renewed aggression in exploration programs. So what is the motivation for that renewed aggression at this moment? One is that, and second is your exploration program contingent upon the levels of crude oil price because in the past four or five years, if we keep this year aside, the prices are pretty tepid. So if the prices are tepid then that could impact your cash flows and like you know, in those circumstances, would such an aggressive exploration program hold on or you would rethink that? Thank you.

Dr. Alka Mittal:

Before I pass on the mike to Director Exploration, I would like to share that we have been bidding very aggressively in the past few OALP rounds because we feel that definitely investing in exploration is the future for us, because that is how we arrive at the later developmental projects. But, while we are talking about it, I would like Director Exploration to actually talk about how we -- what is our strategy when we are talking about accelerating our exploration plans and actions.

Rajesh Kumar Srivastava:

So, the question that you have asked has three-four facets to it. Number one, what drives exploration in India, the context is known to all. Energy demand is increasing at a rapid pace, three to four CAGR. The oil and gas despite all environmental considerations and other renewables coming into play is going to play a major role. Third, the total prognosticated resources of 42.8 billion tons and the window of opportunity from the discovered and undiscovered arena, third. Fourth, the global comparisons in reference to what attracts as an exploration opportunity globally and what similarities India does have in reference to that. If you look at the data and the analysis by number of energy pundits, the kind of exploration that is happening in the globe, 75% of that by all global majors is revisiting mature basins. The reason being is strike rate is high, discoveries are little small, but consolidation goes on a rapid pace. Second one, the deep water is again emerging because of the increased oil and gas prices. And the third one is in reference to the Indian context a lot of unexplored undiscovered basins, and that is also taken up by our government in a very faster pace and government has entrusted ONGC to continue acquiring data in those unexplored and unapprised areas at a faster pace. So, you are probably aware of the national seismic program which was carried out in on-land areas; 42,000 line kilometer data was acquired. Those data after processing has been available for interpretations, many companies have taken and ONGC included identified opportunities on that basis and on the strength of that, we are saying that we are going to open four to five new basins within a coming two to three year period. So I believe many positives and many things are available, which would suggest



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

that this is the right time to invest in exploration to create a value for the future. And just to share with that how the value is generated, if you look at it, somewhere around 1995 -- number may be checked on later also, we had a reserve base of about 1144 MMtoe. Since then, we have produced till date 1175 MMtoe, and still we have about 1400 MMtoe. So which assures our future to increase and move on to the production realization journey with design projects which will be Capex intensive, they will be in ultra-deep water, they will be -- also one more point I would like to share, the motivation also comes in through our outreach program wherein the global majors have shown interest and one of the MOUs with Exxon is progressing very well, number of technical workshops have taken place and very soon ONGC would be sharing another good news in reference to that. Thank you.

Dr. Alka Mittal:

I will just complete this by adding that the drive comes from the growing demand. Our economy needs more and more oil and gas, and that is why we are driven to make sure that we make all possible efforts to first accrete reserves and then tap them.

Nitin:

Thank you, ma'am, for that answer. Now, the second part, I mean, is your exploration program contingent on a crude price level or it is not? And if there is a level, then what is that level?

Dr. Alka Mittal:

It is not contingent on crude price level, otherwise five years back we would not have bid so aggressively. But I think if Director Exploration would want to add a little, he can talk.

Rajesh Kumar Srivastava:

So for continuing with exploration or acquiring any of the acreages or planning any new exploration venture, ONGC has a robust policy of testing it for its economic viability, and that takes care of the fluctuation in the market in reference to the prices. So right now, we are working on with that. And to answer to your question, the finding costs for the ONGC has been the smallest; it is of the order of about only \$5 per barrel. So the price fluctuation as such is not going to impact over exploration plan for ONGC in the long run. Thank you.

Yogesh:

Hi, Yogesh here from Axis Capital. So couple of questions; first question on your gas production increase. So how much it will come from the side of nominated blocks and how much will be from the deep-water gas fields? Could you please give us an idea about that first?

Dr. Alka Mittal:

I think Director Offshore could talk on the offshore part, and then back to onshore.

Pankaj Kumar:

As you're asking how much from nominated and how much from deep-water or other regime gas, I believe you want to know. See, currently it is around 98%



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

from nomination. But as I just mentioned that the profile of 98/2 is 12 million. So if when we reach to that level, accordingly, the percentage of the other regime gas is going to increase substantially. If we go with the present level of gas production, which is of the order of 54-55 million and we add to it, some say -- because there'll be some natural decline and some addition and all, if we look at it 70 million or so and then 65 million or so and then we say from 12 to 13-14 million will be kind of other regime gas. That's what I expect as of now.

Yogesh:

So, sir, again, on the 12 Mmscmd side, from KG-DWN-98/2 when do we expect that to Mmscmd -- I mean currently how, I think so, we might be producing one or two Mmscmd from that KG 98/2 and how the ramp up you are expecting? So, and along with that, we don't expect any kind of gas production from the nominated field. So is that the case for the future?

Pankaj Kumar:

No, no, actually, currently your guess is correct, we are somewhere in between one to two, but I mean with effect from December-January the oil production would start with some of associated gas and as per the current plan, we intend to complete the project by say May 23, and thereafter the peak should come somewhere in 23-24. Now coming to nominated site, yes in western offshore also in the nominated acreages we are coming out with future development projects. In Tapti Daman area we expect to increase gas substantially and some gas is expected in south of the western offshore, currently we are working in Mumbai High and all. So in both areas, in nomination -- nominated block as well as in the other regime, be it NELP or HELP we expect to add to gas.

Yogesh:

Okay, and the second question regarding the windfall tax again. So have we seen any kind of windfall tax in historically in Indian history, I mean, under a law or under parliamentary system is there any provision, so, I mean, that is the - - that should be the first talk and then we can come to the -- whether there will be a windfall tax or not.

Dr. Alka Mittal:

As far as my memory goes, I have not seen it but Director Finance who has been associated with different segments of our industry like right from DGH to the Ministry could add a little there. Have you seen something like this?

Pomila Jaspal:

No, I think as far as the history goes, there has not been any situation where this windfall tax, like kind of a situation has been envisaged, in spite of the fact that in some countries at earlier stages also, like we have in UK earlier times also, so they had some kind of a petroleum resource tax, but our country because they were always in the favor of having a favorable regime for the -- on the world scale, because they want to attract this destination for the foreign investors, so that kind of a situation will not arise. It may not arise.



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

- Yogesh:** Yeah, thanks. And the last one on the windfall tax again, in a hypothetical case suppose the windfall tax comes, so will it be only applicable for the government companies or the private companies, those who are also in the exploration side?
- Dr. Alka Mittal:** This is a very speculative question; I think we will refrain from responding to it, there is no way that we can respond.
- Yogesh:** Okay. Thanks. Thanks a lot, ma'am. Thanks.
- Dr. Alka Mittal:** Thank you. Thank you Yogesh.
- Mr. Yaksh:** Hi, good evening. This is Yaksh from Future Generali. So my question is pertaining to APM gas price realization. So as we understand this price is due for revision in the month of October, and it's expected to go up to over \$9 per MMBtu. So I just wanted to understand what are your views on whether or not this -- there will be a cap introduced on this price or there will be a change in underlying formula given the fact that the current realization of about \$6 per MMBtu is also quite decent?
- Dr. Alka Mittal:** Yaksh, what I would like to say is that, as I've already mentioned, two years back, in fact till the last financial year we have been getting paid much less than the cost that we were investing in producing gas. And now, there is no reason for a cap to come in place, it was thought of, it was being speculated towards end of March also, that come 1st April there could be some kind of cap. Nothing happened. There is no reason; in fact, we are heading towards a free gas pricing regime, that is what was given to understand two years back when the PPAC which is working on the gas pricing formula based fixation of gas price, they have already recommended and we are looking at that to come in place in the times to come, I would say. So no question of a cap there as far as we understand, and we look at it and it should not be there too Yes, we are head -- like you can please add.
- Pomila Jaspal:** I just want to add because our vision, the country's vision is to increase the gas from the existing ratio of 6% to 15% in the times to come, in fact till 2030, so in that context we have already suffered losses on account of the gas as was pointed out in our presentation also. So whereas, our cost of production of gas is more than \$3.5 per million Btu if we take into account the rate of return also it comes to more than \$4.2 or \$4.5. So in the past we have suffered a lot for the last almost two years now. So now, this is the time and in this case the -- government may not think of you can say changing the formula, that we are not expecting at all because in every forum so, we have been talking about increasing the gas production. So with the low formulas, with the low prices the production cannot be increased. So I think this situation will not come.



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

Janish Shah:

Hi, this is Janish from Quantum Advisors. I have a question on OVL, specially some of the news reports have been quoting that there can be an opportunity offered to India for investing in some of these oil and gas fields in Russia, maybe at a discounted valuation. So how is the management thinking about that, whether they will be going ahead or not? And second, on a broader base question is on the capital allocation, especially in the OVL side, we have had significant amount of investments being done in various other blocks across the globe. However, some have benefited and many of them in last five years are yet to generate a superior or an adequate return into it. So going ahead, how is the capital investment plans for OVL will be on the overseas side? Because that's a significant chunk of capital, which has already been there, and is there a kind of a policy which has been framed on that side of the business? Thank you.

Dr. Alka Mittal:

Please go ahead, Alok.

Alok Gupta:

See, let me answer it like this. Being an acquisition company, we look across assets all across the globe. As we speak, we are looking at three four major geographies where there are significantly important and valuable opportunities available to us. For the sake of business propriety, and to not to lose the edge in terms of competing for those opportunities, I can't be very specific which country we are looking what. But on a general, there are three four geographies where we are looking for capital investments, being an acquisition company, and to assure you, all investments that we make have to test the thresholds of techno economics, which are made by a series of committees within the company at the Board level of OVL, at the Board level of ONGC and also in the government, through a committee of secretaries and CCA. So we would not be making any investments which have not met the techno economic thresholds as well as meet the regulatory or sanction requirement anywhere. So to answer I've given you a broad based answer, I can't be specific about geography or projects. And that's because of the edge you tend to lose when you talk about investments in a -- have you ever heard of any company? Just to answer your question, a counter question is, do you know which project in Russia recently has been successfully bid by country from which continent? I'm not asking the country, continent also. You wouldn't know, because these are so proprietary things which nobody would like to discuss in open forum. So please pardon me for that. I have given you a broad based answer. Now second question was about your capital investments, right? So currently, you are right that in last four-five years couple of investments, particularly in the case of Mozambique, we have some setbacks in terms of the unfortunate security situation which got developed in the Cabo Delgado Province in the northern part of Mozambique, and the kind of movement in the project we would have loved to see has not happened. There has been some deferment in terms of realization of first LNG cargo from that project, but the situation is getting fast normalized in Mozambique and we hope



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

to see by the end of this year, investment and activities getting back to normal and this project is -- look, any oil industry investment is not a short term 1, 2, 3, 4, 5 years investments. Mozambique project, when we talk about we are talking about project which is going to last till 2060-2065. So we are looking at a timeframe of 40-50 years, this can deliver LNG to this country in terms of couple of trains, in terms of what our share is, there is 30% of Government of India's investment through three PSUs in that country. So it's a very vital project, which can deliver tremendous amount of value in this country. There are unfortunate developments which are I think, as you would see, there is a -- what we call as mechanical engineers, the entropy of the universe is increasing. And as you'll see, there is a heightening global geopolitical situation all around. Not only in Mozambique or Russia, even if you will see around in neighborhood there is trouble. You'll see south of India, Sri Lanka, some problems, east of India, west of India anywhere. So these problems are trying to settle down and all our investments are measured against the long term, not for short term two-three years period where some blips will happen. So we are continuing with our pace. We have fortune of being a part of ONGC growth, which has always been on our support in terms of investments whenever they are required, and they meet the techno economic threshold. So, I think that's the take I have. Ma'am, you want to add anything?

Dr. Alka Mittal:

I think you've answered it appropriately, and there isn't anything else.

Alok Gupta:

Thank you so much.

Chetan Shah:

Yeah, just again, a little broader question, the kind of Capex which we talked about for next three years and time to come in ONGC and also in some of our subsidiaries or a sister concern, could you give us some flavor that what we are planning to do in exploration, in terms of the amount or area cover, what we did in last few years versus what we are planning in just three years? Is there any cost element in the sense that what is the breakeven point of crude or gas, which we are thinking which will be like, cost breakeven and what we have thought in our calculation to get some reasonable rate of return? Just being an investor stroke shareholders I want to understand that how are we thinking with next five or 10 year time horizon? I do understand that there is a volatility in short term, but from a 10-15 year time horizon, what will be our breakeven and how do we see these numbers? Thanks.

Dr. Alka Mittal:

May I know your name?

Chetan Shah:

Yeah. I'm Chetan Shah from Jeet Capital. Thank you, ma'am.

Dr. Alka Mittal:

Right Chetan. Yes. So, I think again Director Exploration is the best person to talk and we'll add wherever required.



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

Rajesh Kumar Srivastava:

I think, if I can give some pointers, which would address some of the concern during the last two to three year period in terms of adopting to new processes, which we call as a play based approach, reaching to this year if we look at the number of the wells drilled, conclusively tested and found to be of commercial nature, our success ratio comes to about 48% which is well within those ranges by player anywhere in the globe, number one. Number two, as I already stated the cost of finding oil, I'm not including -- once you say exploration per se, so you have to find out what you spent, how much of oil and gas you generated and what is the value of that oil and gas, and that is the lowest which is \$5 per barrel roughly. So the volatility in the market comes into play when you are trying to develop those projects. And like it was answered in the case of OVL projects, similar mechanism of testing any kind of development project passes through a number of tests and tests at economic viability. Now, the question was related to long term breakeven what you are looking at it. So, if I can say I think I can ask our cost of development or cost of production range is somewhere around \$42. So it ranges in that range. And with the improvement in the processes by bringing in efficient systems through digitalization through use of AI, if I can give you just one example, one AI based solution for data interpretation, seismic data interpretation has been inducted into ONGC which we call as a Seisnetics. Let us say one terabyte of data kind of project if somebody was interpreting on earlier machines without this AI facility, they were taking about six months. Now, if you do the interpretation by deploying Seisnetics it takes only about one month. So the cost cutting due to systemic efficiency is one is to six times. So this also addresses some of the uncertainties which are going to emerge in future. Similarly in case of development aspects, in case of defining the reservoir properties and bringing in the forecast additionally AI based solutions are emerging, which are physics based, and these are tested at global scale, and even in academics, Stanford University. So those processes have been commercialized and they are available as a solution in industry. And one such solution is Tachyus So that also has been inducted by our technology induction board, which indexes new technologies. So these are some of the examples, which give us an edge, which keeps our cost and other things in control in reference to the global average of the long term. So I don't think there is any concern; whenever there is a volatility or wherever there is an impact, all those necessary precautions are taken care and sometimes that leads into going a little slow, and sometimes you go a little aggressive. So last few years, it was probably a little slow, and we are trying to compensate what we could not do in the last two years. Thereby, our Capex outgo is going to increase within this same period. And one more thing is the timeframe for implementing those within those -- whether it is a revenue share contract, or whether this is a monetization under discovery of small fields, the time spent has decreased from the earlier. Now you have to do the same



*Oil and Natural Gas Corporation Limited
ONGC Investors and Analysts Meet*

30th May, 2022

amount of job probably within a less time. So that probably answers all of your concerns. Thank you.

Moderator:

I think we can take the last -- last question for the evening.

Dr. Alka Mittal:

So I think we should thank them.

Moderator:

Yeah, yeah. So it's always a pleasure to interact with the investors and analyst. Thank you for such a lively interaction. It's indeed my privilege to propose a vote of thanks on this occasion. I on behalf of ONGC and the entire team, let me call it entire fraternity and on my own behalf extend a very hearty vote of thanks to each one present here from the investor community, including the research analysts representing various institutional investors and fund houses for gracing the occasion and participating in ONGC's Investor Meet this evening. I would like to express our sincere thanks to CMD Madam for giving an excellent coverage on the pursuits being undertaken by ONGC in the years to follow, and also to share the business performance of ONGC for the year 2022. I would also like to extend our sincere thanks to other dignitaries on the dais and off the dais for sparing their valuable and precious time, interaction with the investors and sharing their views this evening. Finally, I would like to take this opportunity to place on record a hearty thanks to the entire team of corporate communications and regional office, Mumbai and also our corporate planning team for a well-coordinated arrangement in the organization of this event. Thank you all once again. I would now request all of you may kindly join us for the dinner. Thank you.