Oil & Natural Gas Corporation Ltd.

Motilal Oswal 7th Annual Global Investor Conference
Mumbai, 22nd August 2011

Presentation overview

1	Industry scenario
2	Performance – ONGC Group
3	– ONGC
4	– OVL
5	– MRPL
6	Initiatives

1. Industry Scenario

Global Economy

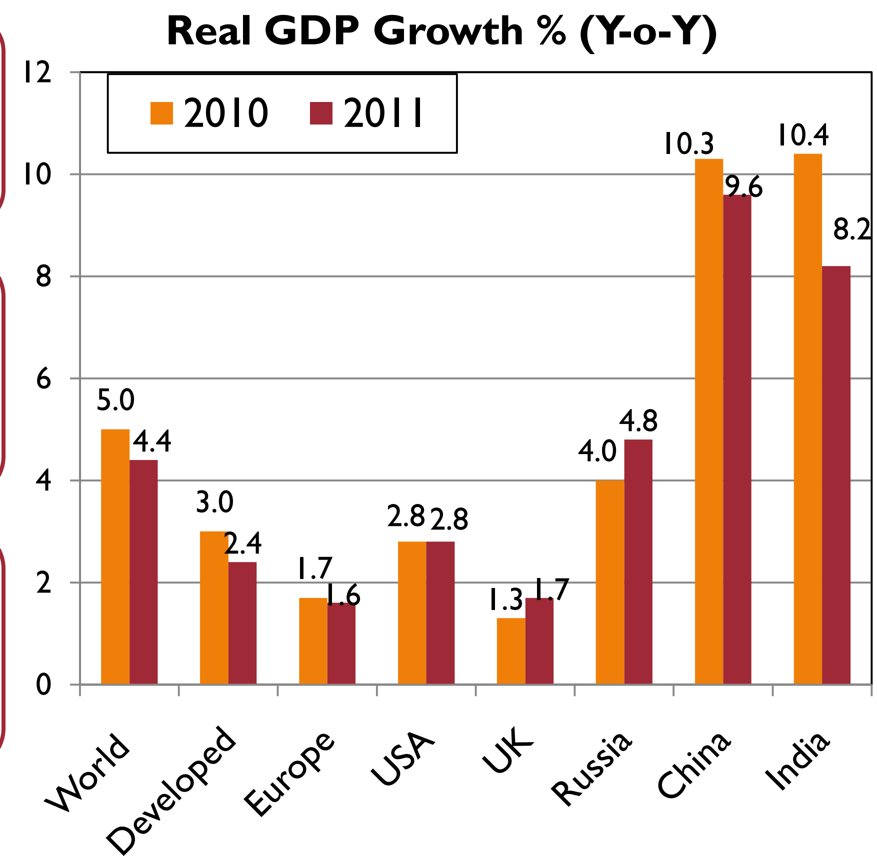
Leading to yet another recession?

- World economy projected to grow 4.3% in 2011 & 4.5% in 2012

Tepid pace of economic recovery. Activities slowing down. Increase in downside risks.

Global expansion unbalanced. Two speed economy.

Indian economy rather doing well; however, high inflation inimical to growth



Source: World Economy Outlook, June'2011

Global Economy

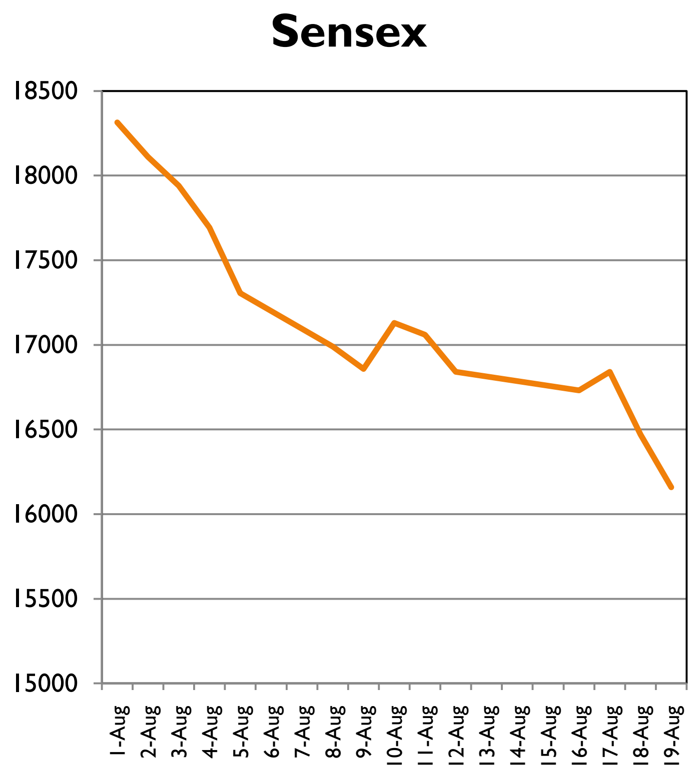
Yet another shock

- S&P downgrades US Govt. sovereign rating

Rising fears of a recession, danger of longer-term stagnation: outlook too grim

Euro zone already in deep financial trouble

Shockwave through global financial markets



Oil demand

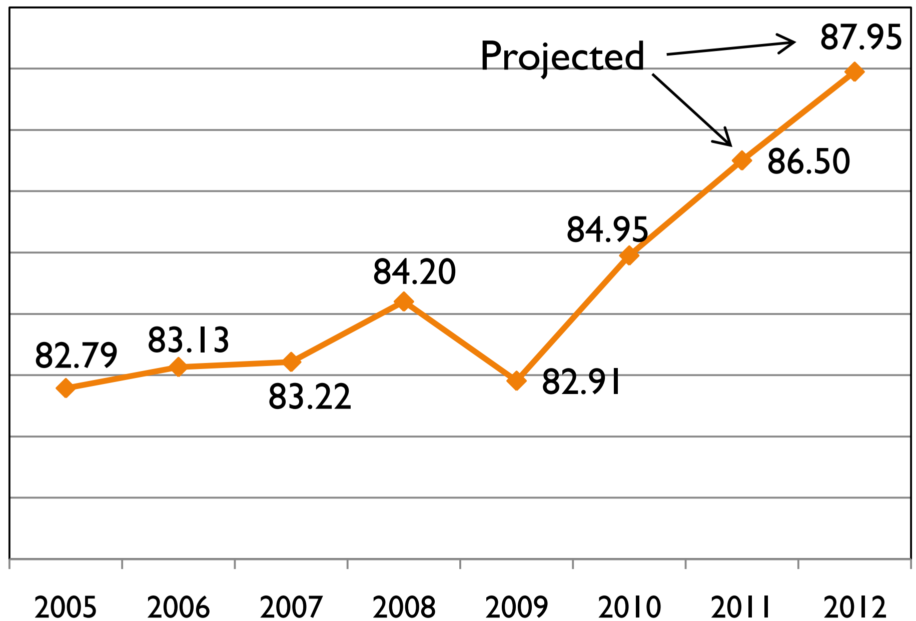
2010 witnessed second strongest year of global oil demand growth in last 30 years.

- Absolute demand expected to surpass pre-recession highs
- Oil demand grew by 2.4% in 2010; 84.95 mb/d in 2010 against 82.92 mb/d in 2009)

Projected demand
2011: 86.50 mb/d
2012: 87.95 mb/d

Most of the gains to come from emerging markets

Global liquid supply (mb/d)

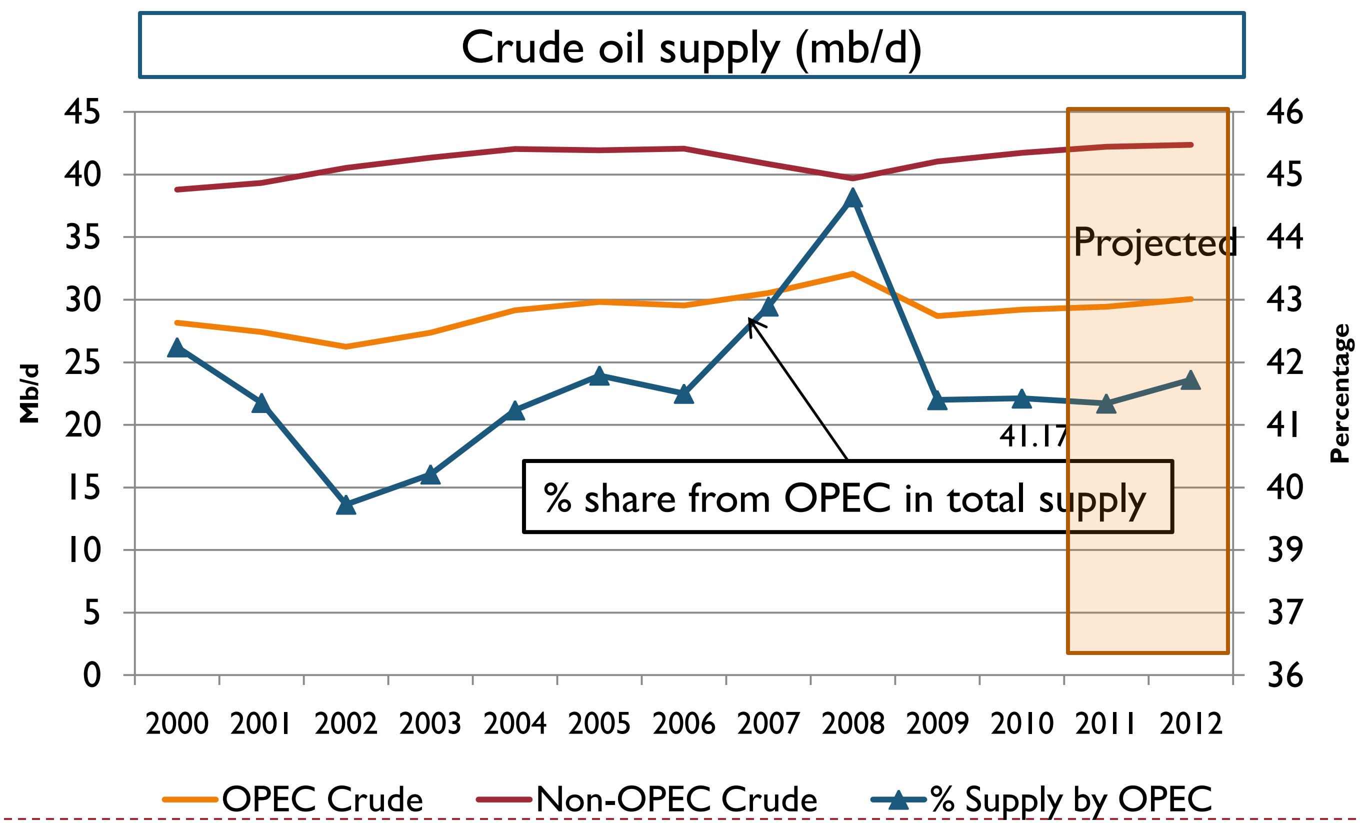


Source: PFC Energy (www.pfcenergy.com)

Oil supply

2010: OPEC supply 29.21 mb/d (41.17%) against non-OPEC supply of 41.75 mb/d (58.83%)

- Gains in non-OPEC supplies & ramping up of Iraqi production sufficient to meet bulk of incremental demand

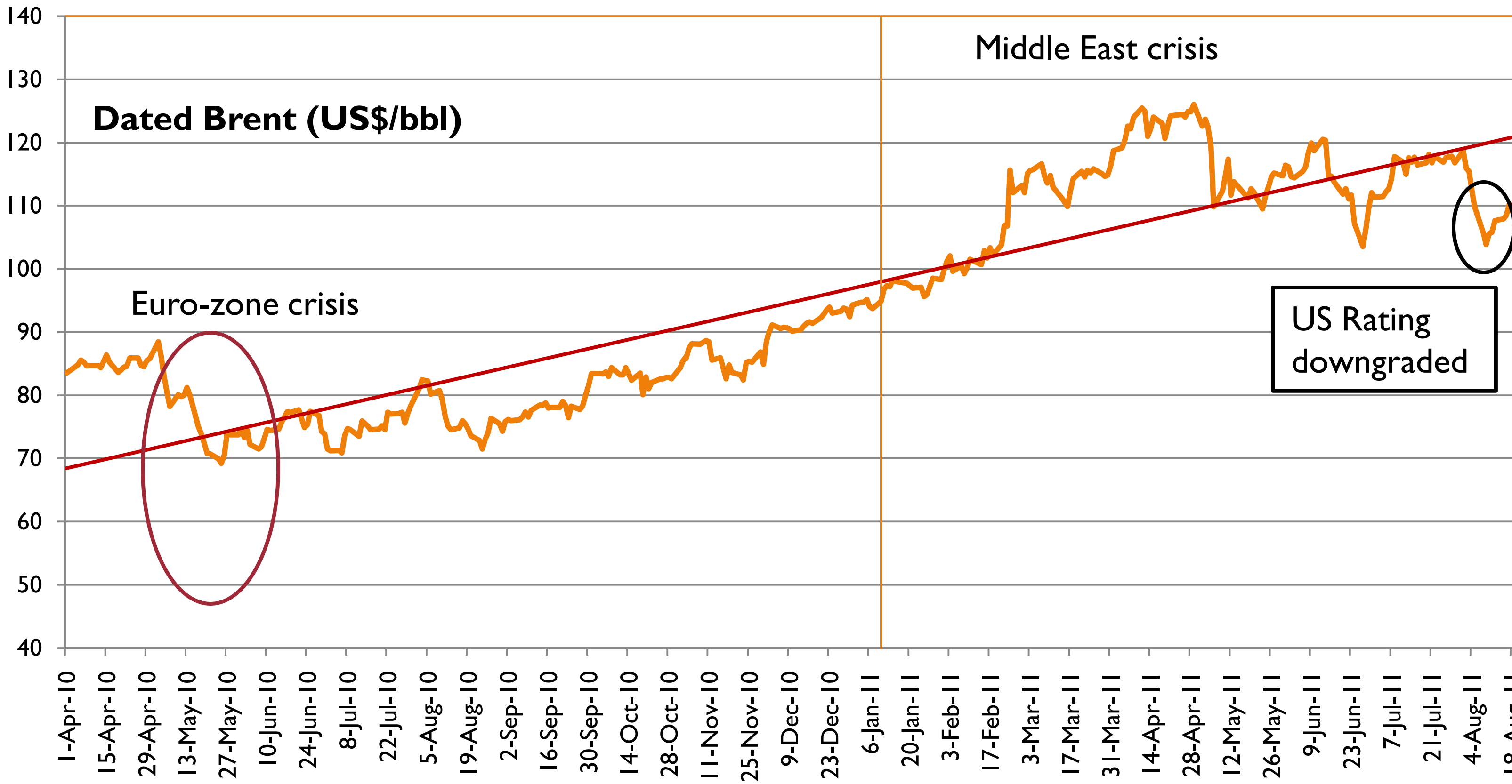


Source: PFC Energy (www.pfcenergy.com)

Crude oil price

Volatile crude oil price real concern for the country

- Middle East developments & USA development brings volatility



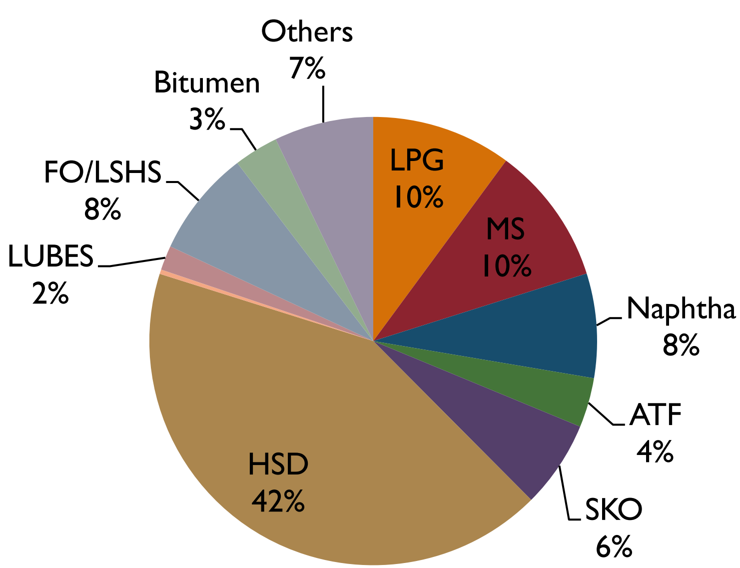
Source: GlobalData (www.energyetrack.com)

India: Rising consumption

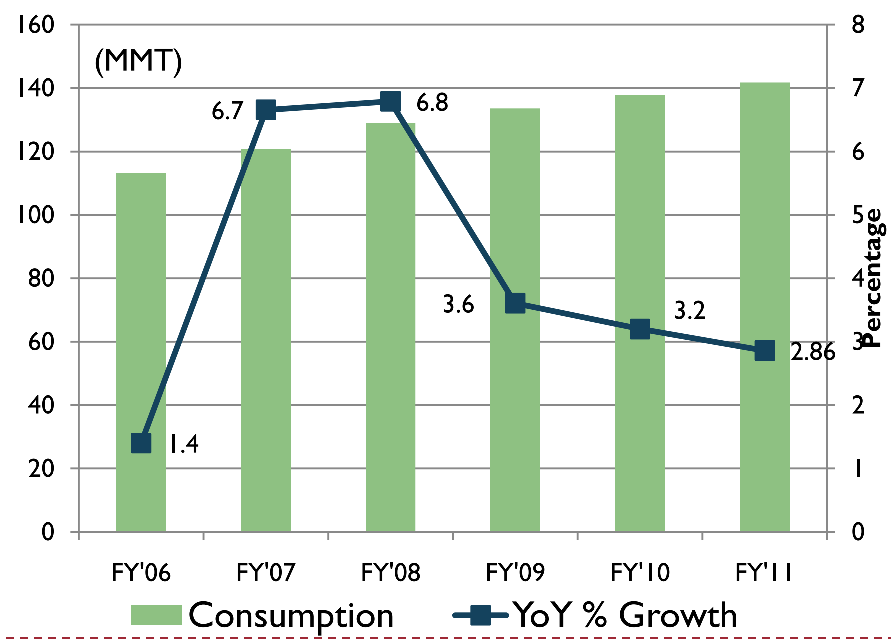
Petroleum products register 2.86% increase in consumption during FY'11. Total consumption 141.75 MMT (137.80 MMT)

- On Y-to-Y basis consumption increased by 2.86%
  - MS increased by 10.78%; LPG by 9.07% & Diesel by 6.65%. FO /LSHS by (-6.45%)

Products basket



Consumption of Petroleum Products



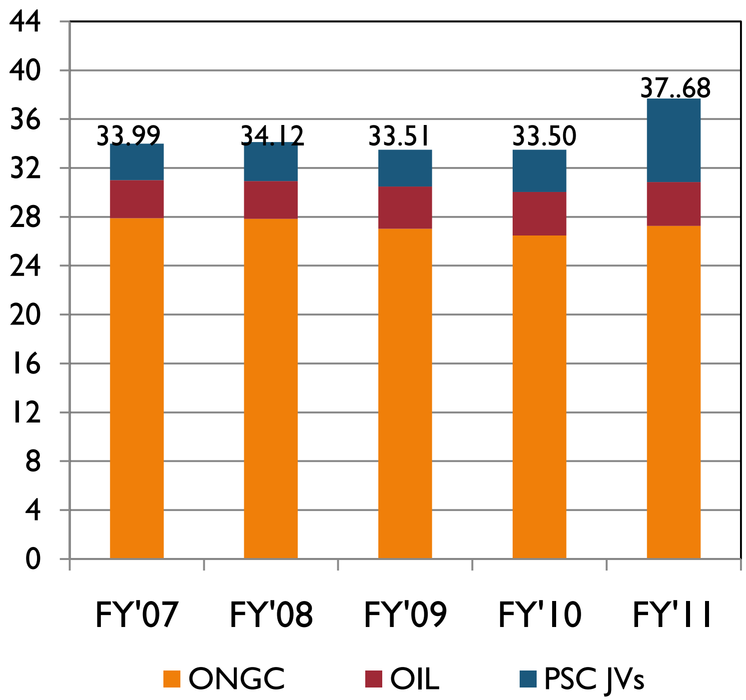
Source: PPAC, MoP&NG (http;//ppac.org.in)

India: Oil & Gas production

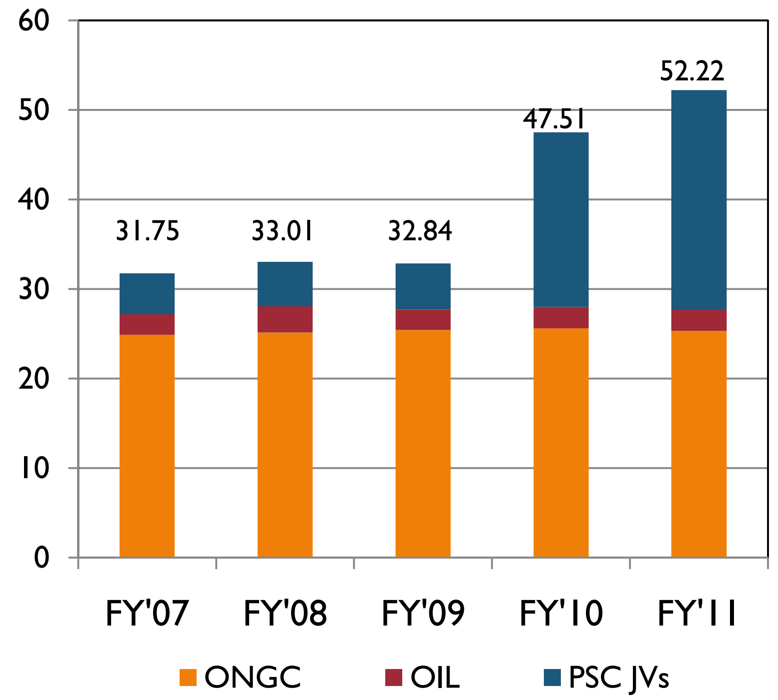
Rajasthan field contributes to enhance crude oil production in FY'11

- Gas production increases with higher contribution from East Coast

India: Crude oil production (MMT)



India: Natural Gas production (BCM)



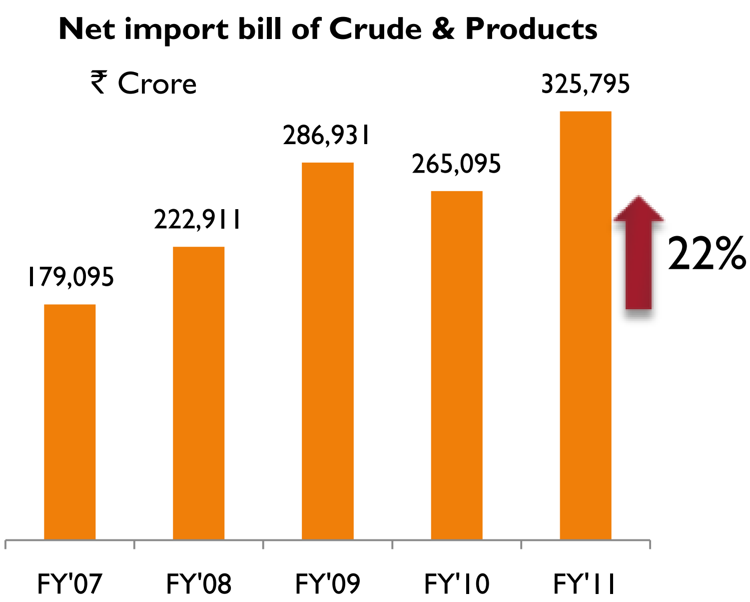
ONGC's production includes its share in PSC JVs

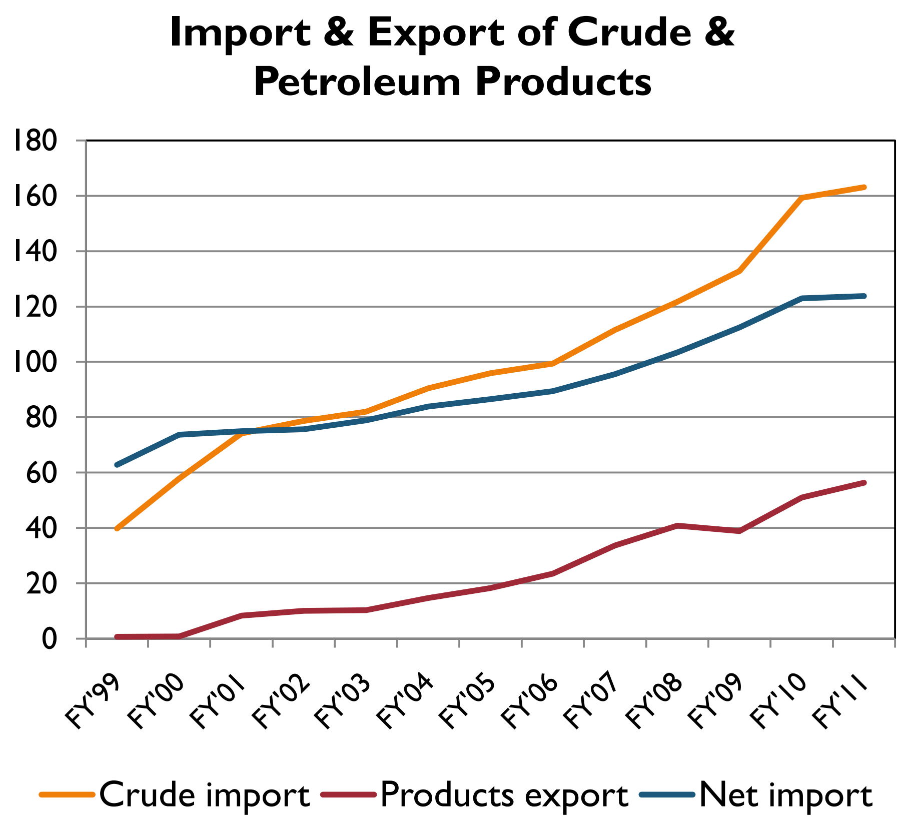
Source: MoP&NG (http;//petroleum.nic.in)

India: Import dependence

Increasing import dependence on oil

- Import dependency increased from 71.85% to 76.54% in last 5 years
- In FY'11, net import bill for crude oil & petroleum products increases by 22%





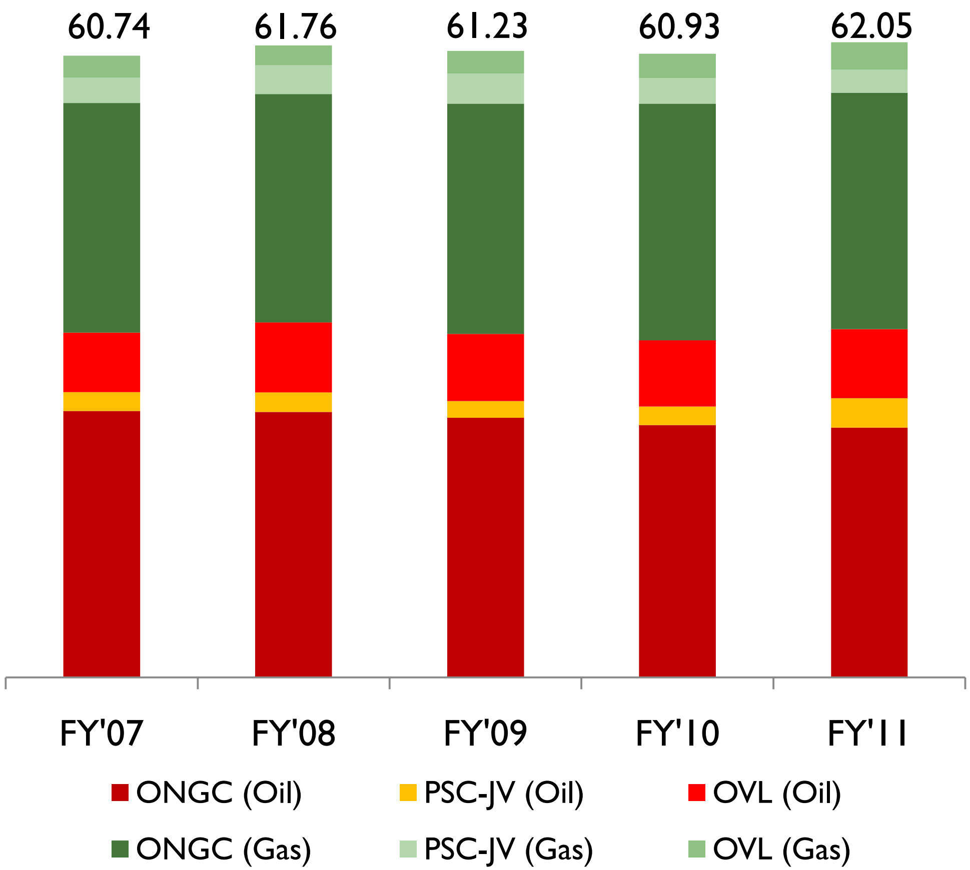
Source: PPAC, MoP&NG (http;//ppac.org.in)

2. Performance

ONGC Group

O+OEG Production

Highest ever O+OEG production

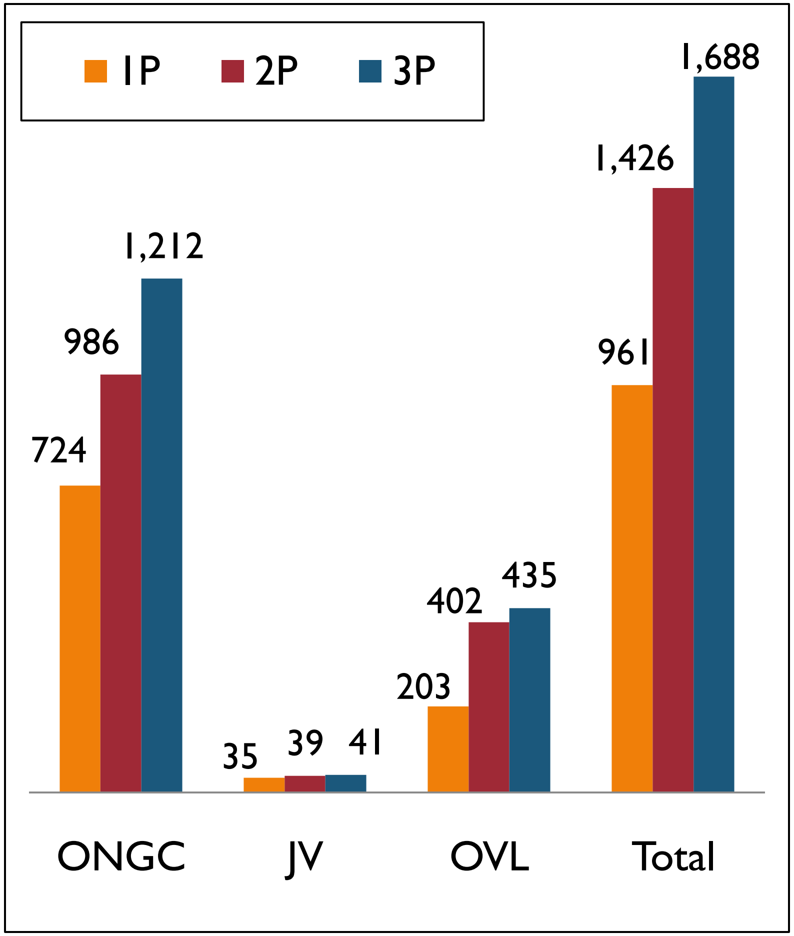


	FY'10	FY'11
Crude oil (MMT)		
ONGC	24.67	24.42
PSC-JV	1.79	2.86
OVL	6.49	6.76
Total	**32.95**	**34.04**
Natural Gas (BCM)		
ONGC	23.11	23.09
PSC-JV	2.49	2.23
OVL	2.38	2.69
Total	**27.98**	**28.02**
Total O+OEG (MTOE)	**60.93**	**62.05**

ONGC Group: O+OEG Reserves

Total Reserves (3P): 1,688.29 MTOE

	Oil	Gas	Total
ONGC	552.61	659.38	1211.99
PSC JV	20.37	20.93	41.30
OVL	270.46	164.54	435.00
Total	**843.44**	**844.86**	**1688.29**



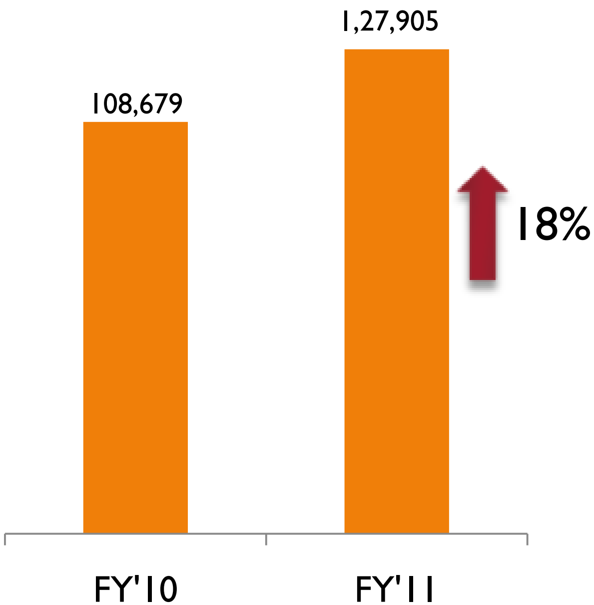
As on FY'11

ONGC Group: Financials

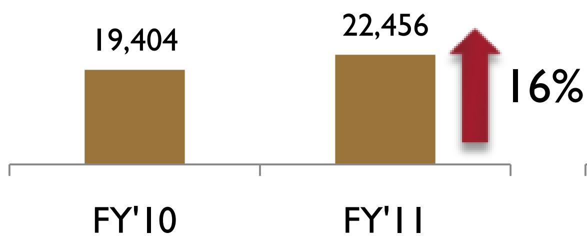
Highest-ever Turnover & PAT

₹ Crore

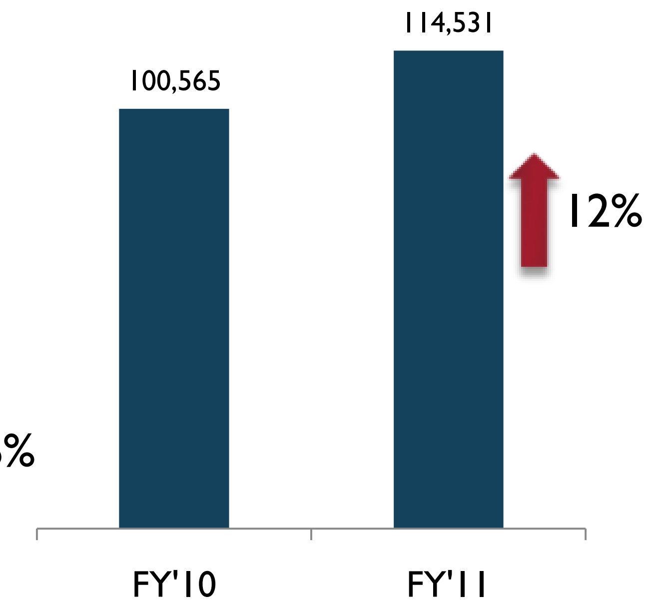
Turnover



PAT



Net Worth



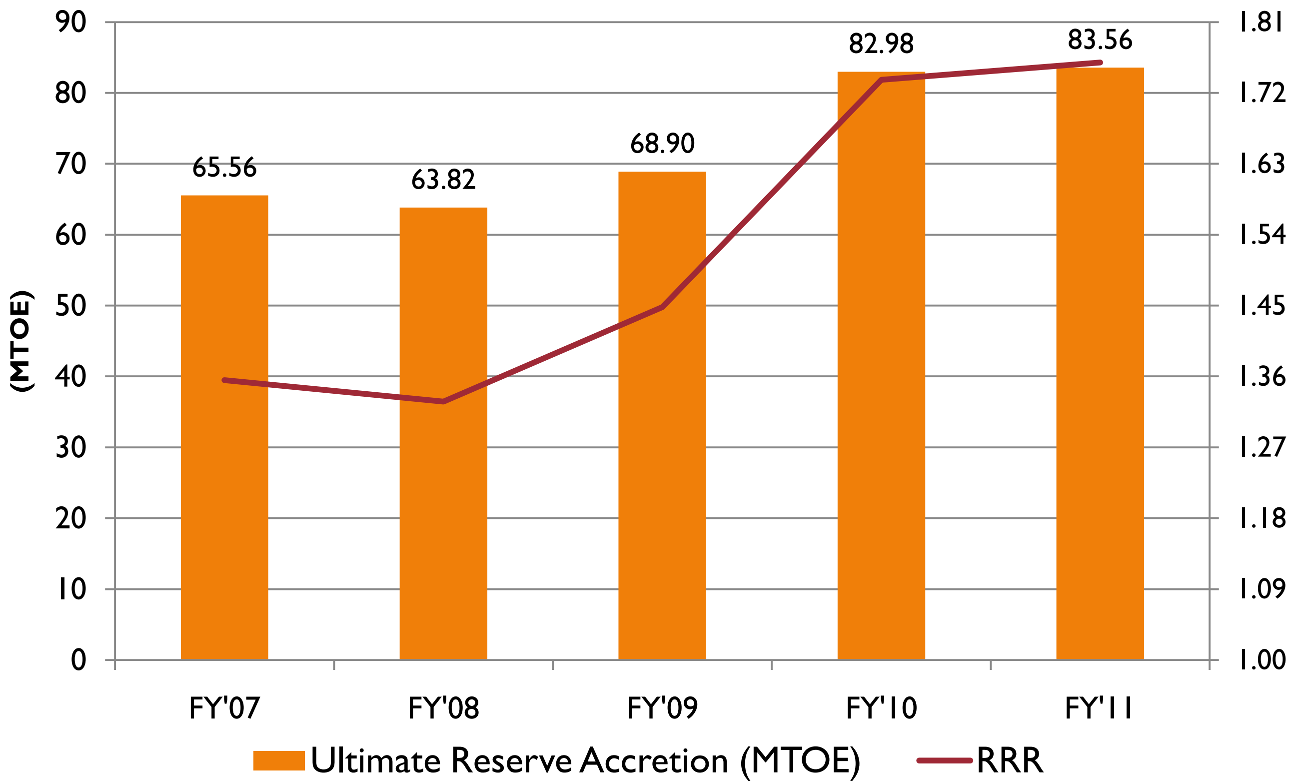
3. Performance

ONGC

ONGC: Reserve accretion (3P)

- 24 hydrocarbon discoveries (15 new prospects + 9 new pool)
- Ultimate Reserve accretion: 83.56 Mtoe the highest in last 2 decades

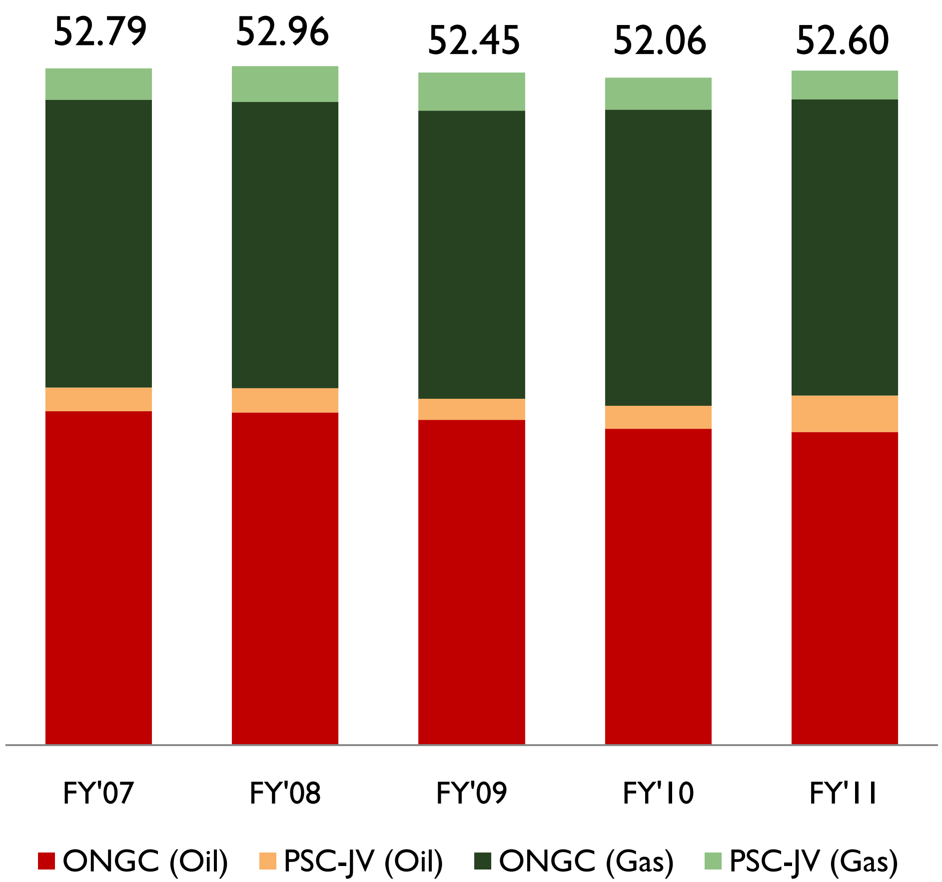
- FY'11: Reserve Replacement Ratio (RRR) is 1.76 (with 3P)



Mtoe: Million tonnes of oil equivalent

ONGC: O+OEG Production

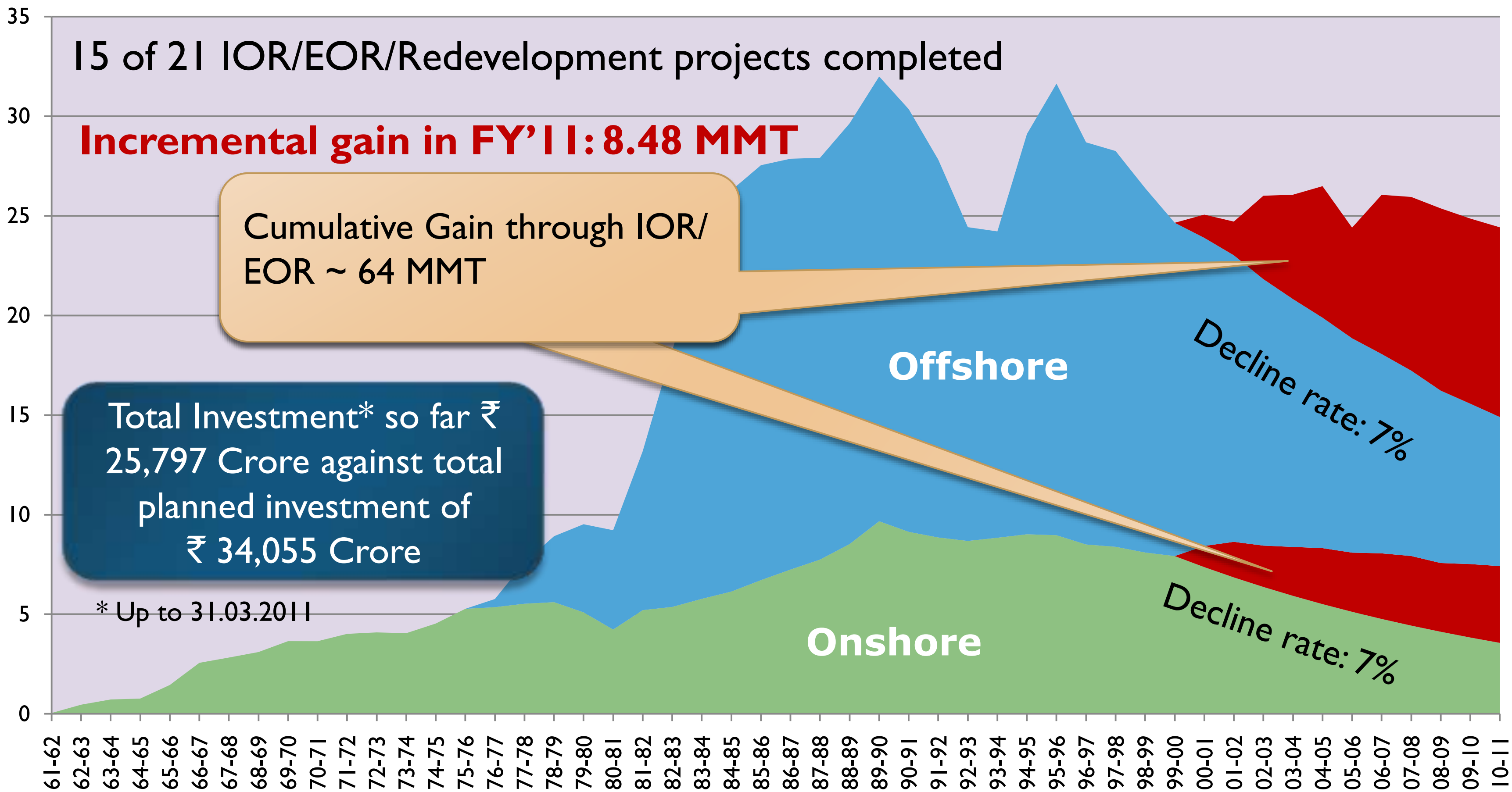
- Domestic O+OEG production level maintained



	FY'10	FY'11
Crude oil (MMT)		
ONGC	24.67	24.42
PSC-JV	1.79	2.86
Total	**26.46**	**27.28**
Natural Gas (BCM)		
ONGC	23.11	23.09
PSC-JV	2.49	2.23
Total	**25.60**	**25.32**
Total O+OEG (MTOE)	**52.06**	**52.60**

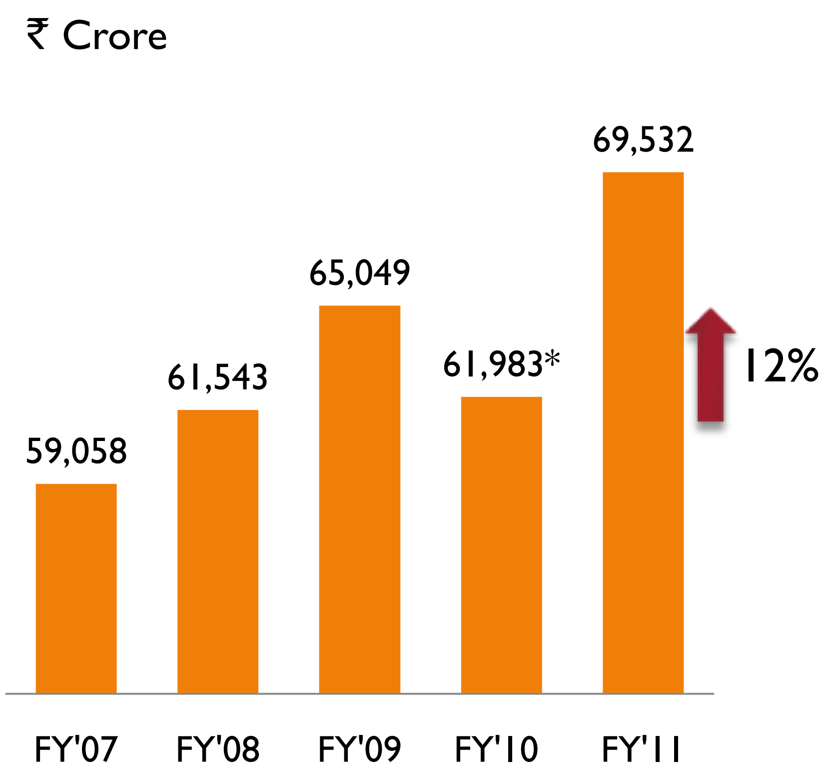
ONGC: IOR/EOR gains

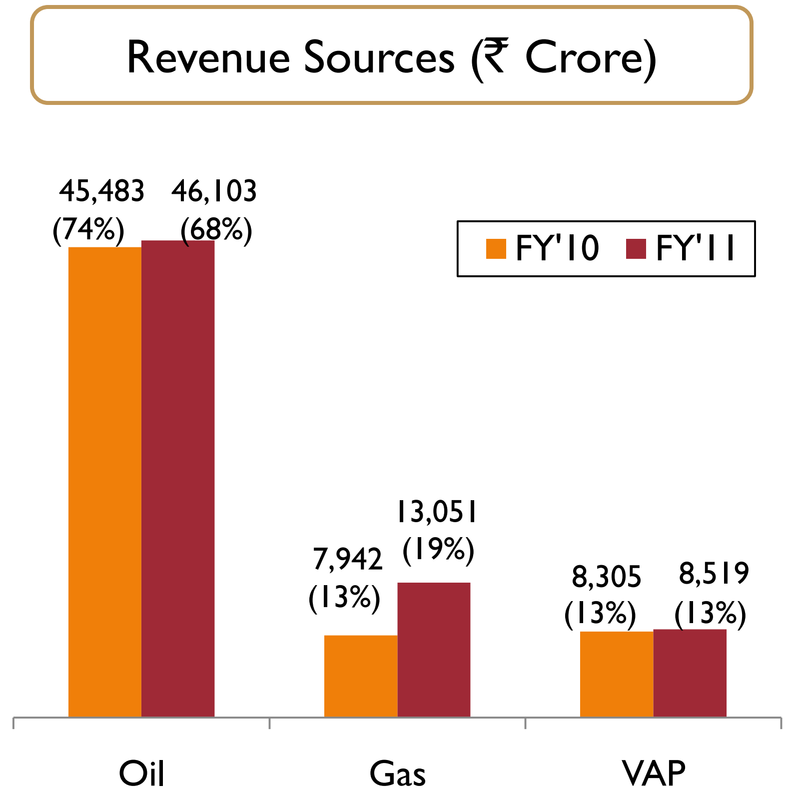
- Arresting decline rates in matured fields through IOR/EOR schemes
- Recovery factor increased from 28% (2000) to 33.5% (2011)



ONGC: Turnover

- Turnover up by 12%

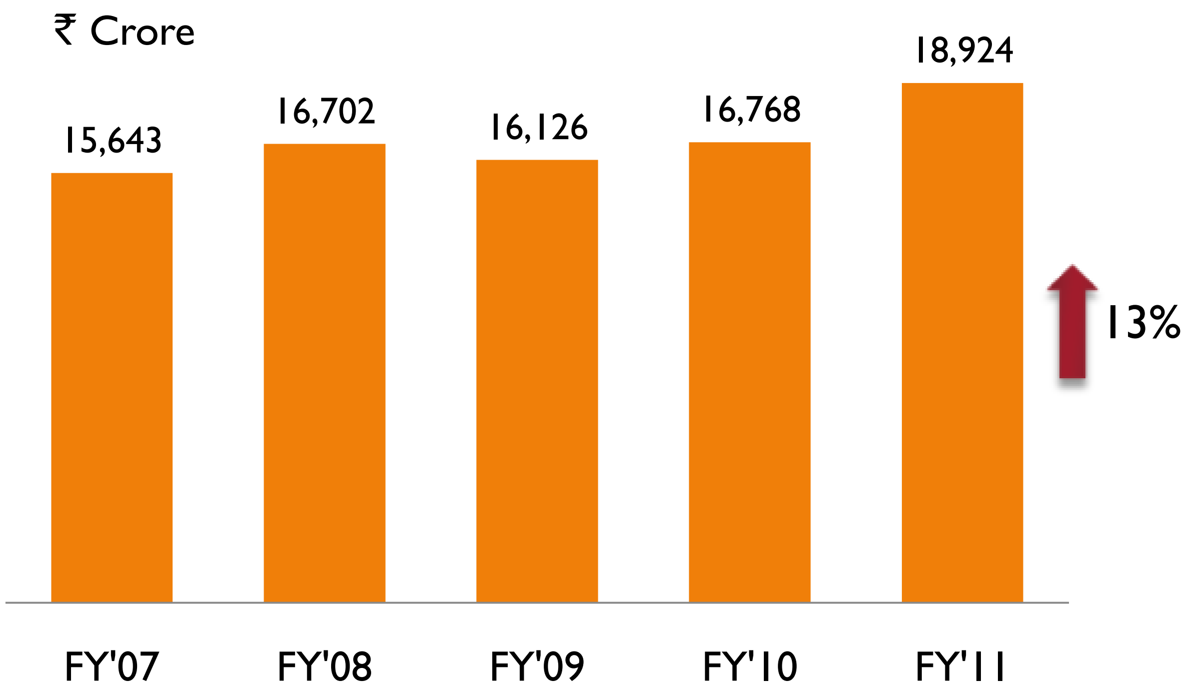




* Excludes trading of MRPL products

ONGC: Net Profit

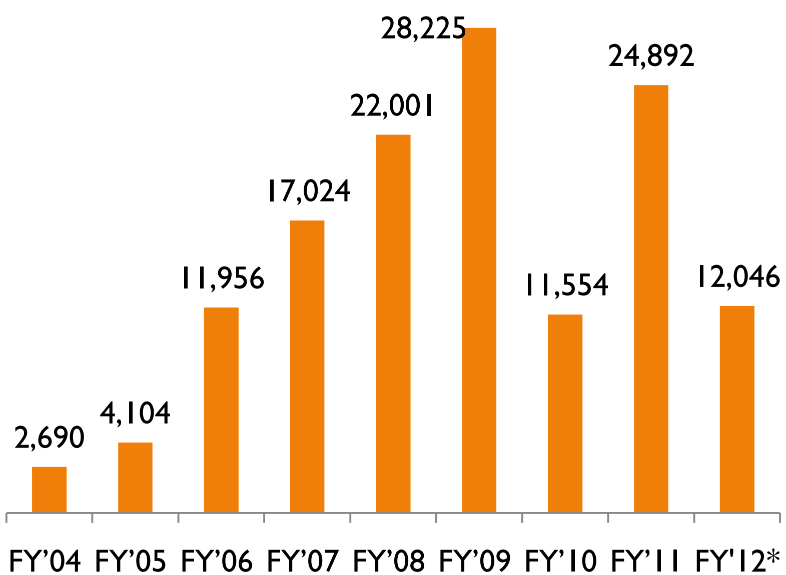
- Highest-ever Net Profit; up by 13%



ONGC: Subsidy sharing for OMCs

- FY'11: ONGC's share of subsidy discount ₹ 24,892.43 Crore
- Q1, FY'12: Subsidy discount: ₹ 12,046 Crore

Subsidy discount (₹ Crore)



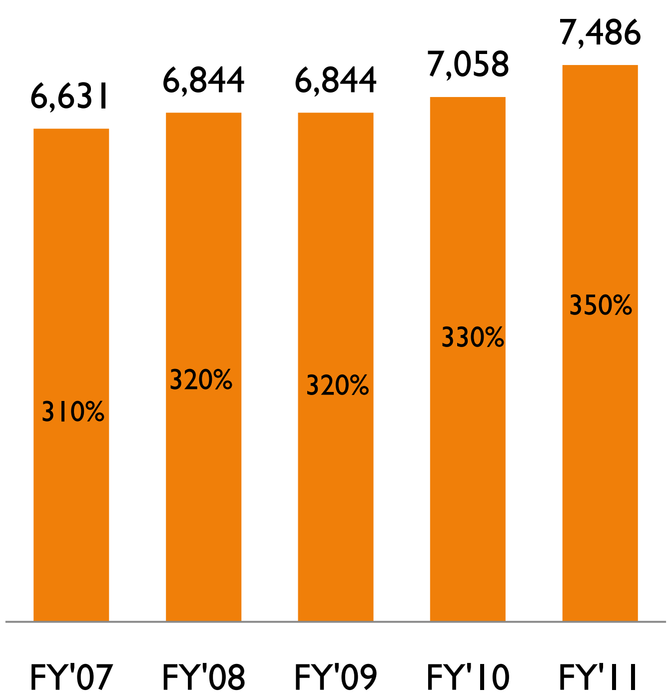
* Up to Q1

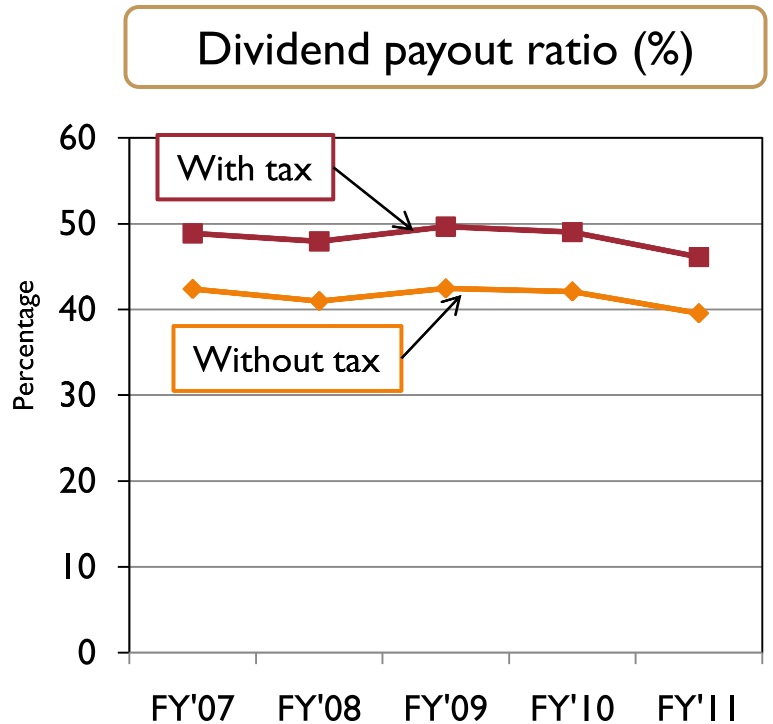
Crude oil price realization (US$/bbl)			
	Realizable	Discount	Realized
FY'07	66.33	22.11	44.22
FY'08	85.54	32.64	52.90
FY'09	86.15	38.45	47.70
FY'10	71.65	15.71	55.94
FY'11	89.41	35.64	53.76
FY'12*	121.59	72.53	48.76*

ONGC: Dividend

- Highest-ever Dividend payout of ₹ 7,486 Crore

FY'11: Bonus (1:1) and Share split to ₹ 5 face value

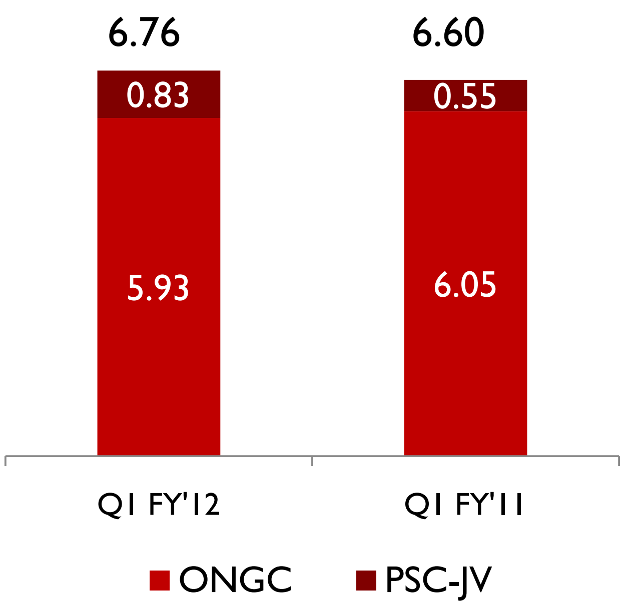




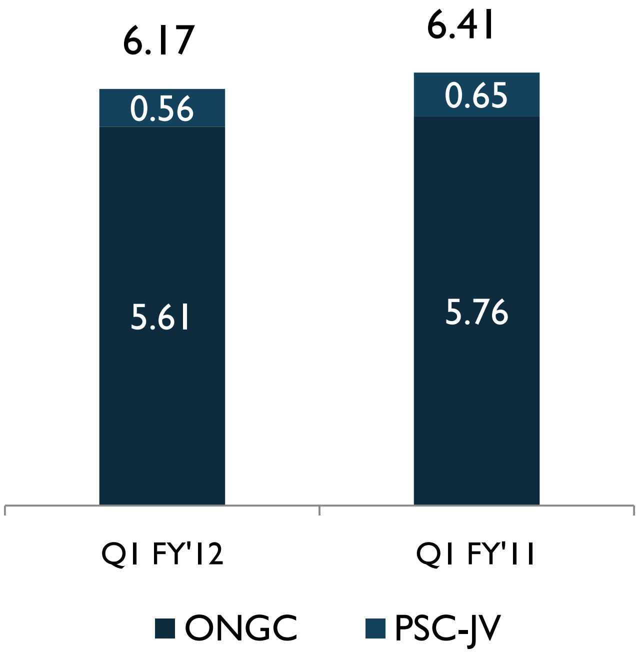
ONGC: Q1, FY'12

Domestic crude oil production up by 2.4% in Q1, FY'12

Crude oil production (MMT)



Gas production (BCM)



ONGC: Q1 FY'12 Financial Performance

Details	**Q1 FY'12**	**Q1 FY'11**	**% variation**
Sales Revenue (₹ Crore)	16,268	13,710	18.7
Net Profit (₹ Crore)	4,095	3,661	11.9
Subsidy Discount (₹ Crore)	12,046	5,515	118.4
Gross Realization (US$/bbl)	121.29	80.80	50.1
Net Realization (US$/bbl)	48.76	48.04	1.5
Gross Realization (₹/bbl)	5,426	3,690	47.1
Net Realization (₹/bbl)	2,181	2,194	(0.6)

4. Performance

ONGC Videsh Ltd.

ONGC Videsh Ltd. (OVL)

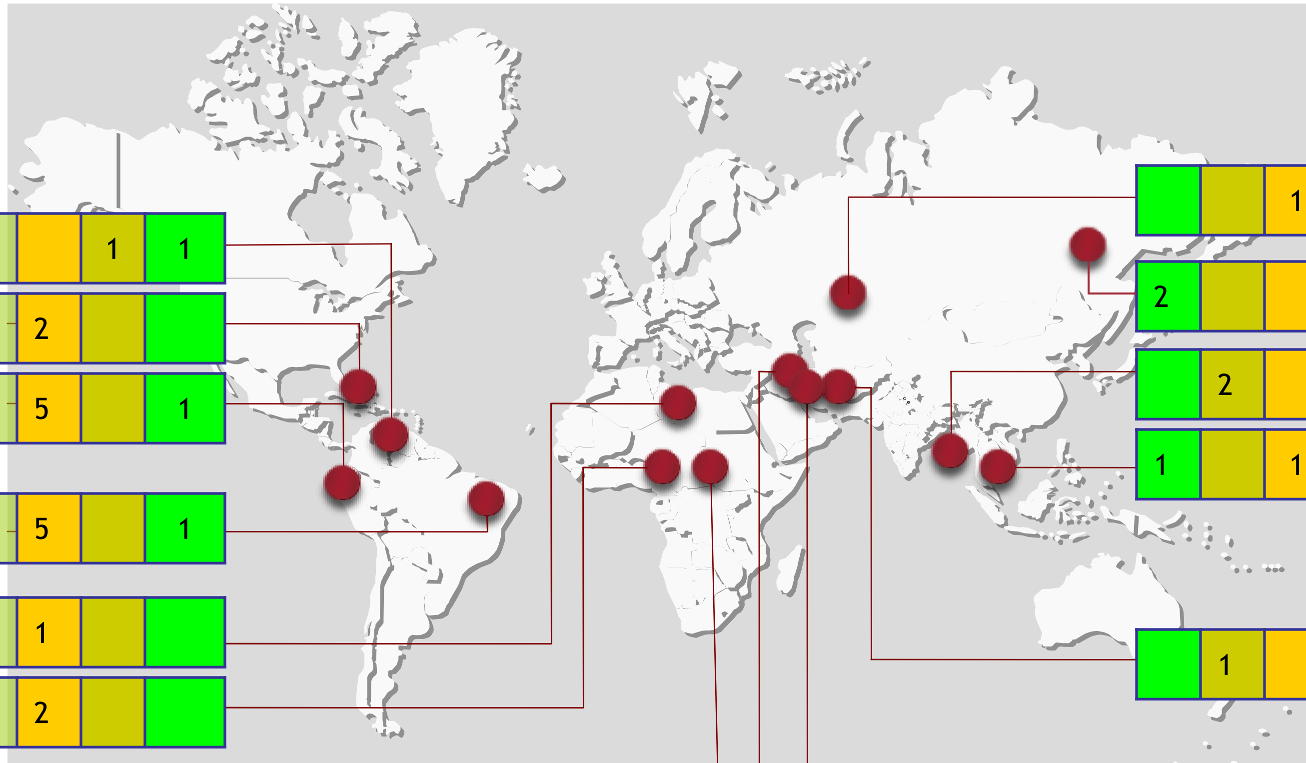
- OVL wholly owned subsidiary of ONGC

- International E&P company operating in 15 countries with 33 projects

- India's biggest MNC & third largest E&P company in India
- Overseas investment more than ₹59,000 Crore

OVL: Global footprint

33* Projects in 15 Countries	18 Exploration	5 Discovered	9 Producing



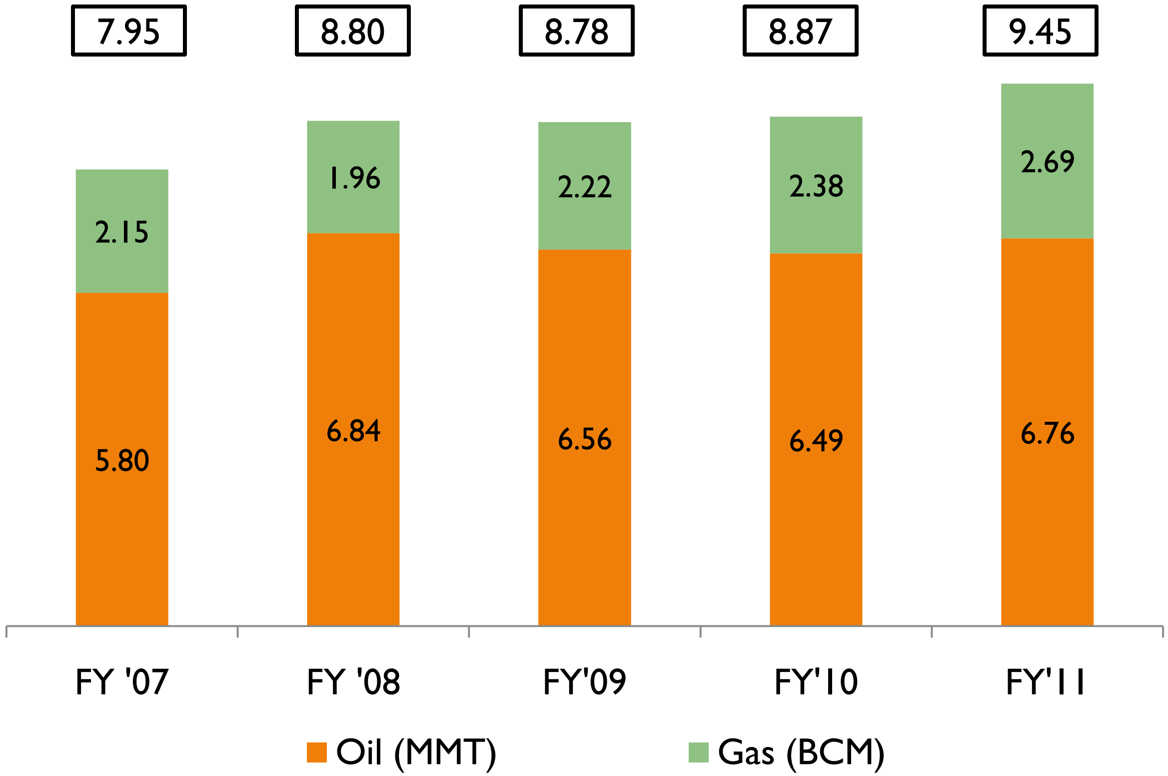
Country	Exploration	Discovered	Producing
Venezuela		1	1
Cuba	2		
Colombia	5		1
Brazil	5		1
Libya	1		
Nigeria	2		
North Sudan / South Sudan			2
Kazakhstan	1		
Russia			2
Myanmar		2	
Vietnam	1		1
Iran		1	
Iraq	1		
Syria		1	1

* 33rd Project is North Sudan's 741 km long completed Pipeline

OVL: O+OEG production

- OVL registers highest-ever production: 9.45 Mtoe of O+OEG

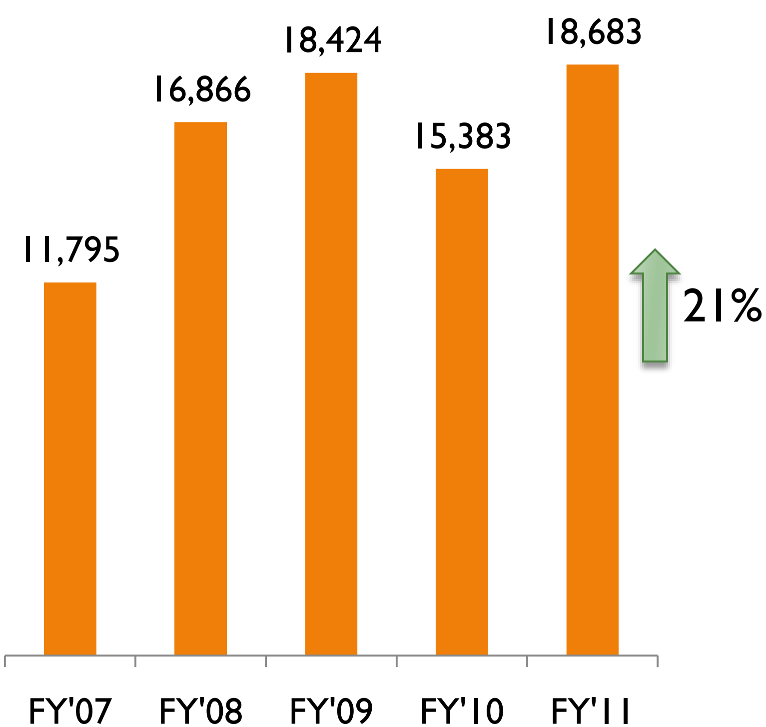
Odoptu field in Sakhalin commenced production from 15th Sept'2010 present production @54,000bbl/d



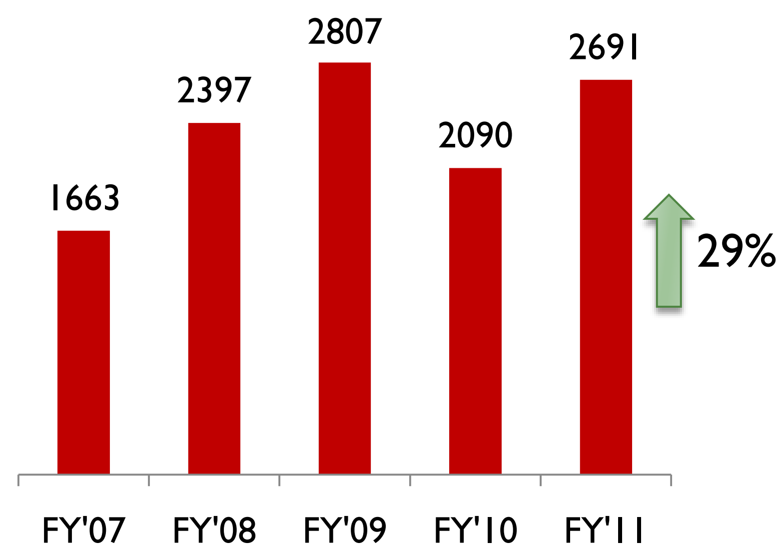
OVL: Financials

- FY'11: Highest-ever Turnover of ₹ 18,683; up by 21%

Turnover (₹ Crore)

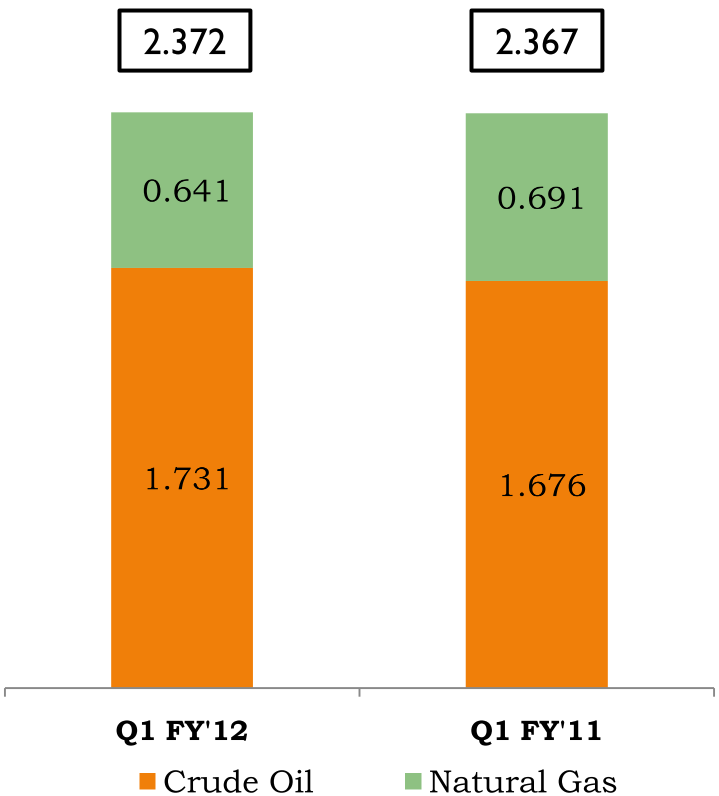


PAT (₹ Crore)



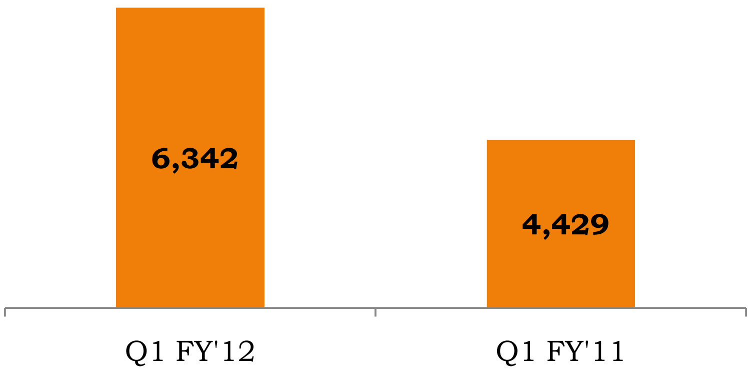
OVL: Q1 FY'12 Performance

Production (mtoe): 0.3% Up

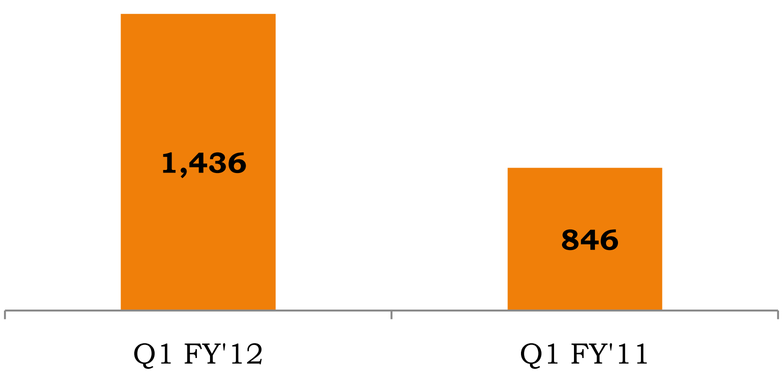


Financials (₹ Crore)

Turnover: 43% up



PAT: 70% up



OVL: Satpayev Block, Kazakhstan

- **Acquired 25% participative interest in Satpayev exploration block in Kazakhstan,**
- OVL signed agreement with KazMunaiGas on 16th April 2011
- Satpayev: a shallow water offshore block

Agreement signed on 16th April 2011 in presence of Dr. Manmohan Singh, Hon'ble Prime Minister of India and H.E. Nursultan Nazarbayev, President of Kazakhstan

OVL signs MOU with Uzbekneftega

- MOU for cooperation in E&P sector in Uzbekistan & third countries

- OVL signed MOU with Uzbekneftegaz (UNG) on 17th May, 2011 in presence of H.E. Mr. Rustam Azimov, First Deputy Prime Minister, Minister of Finance of Uzbekistan

5. Performance

MRPL

MRPL: Thru'put

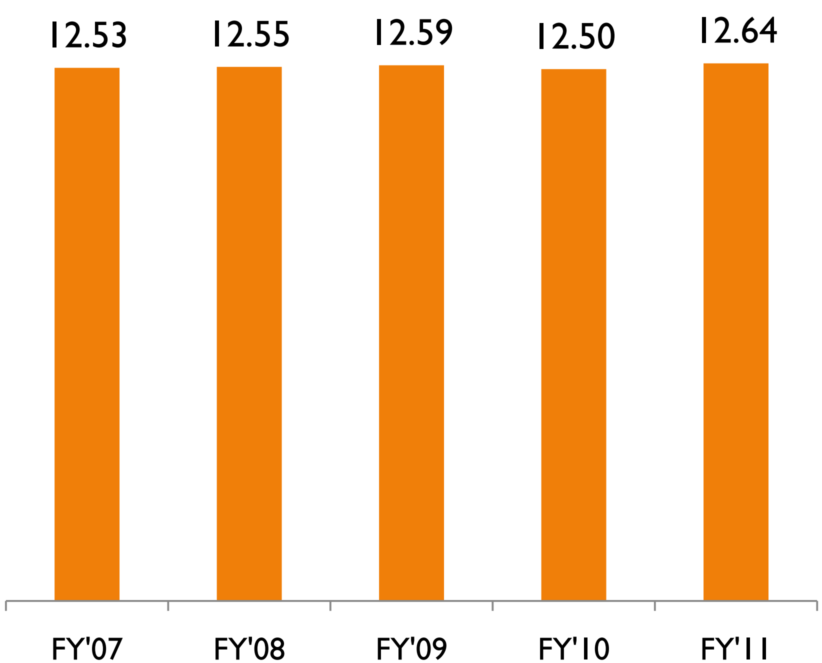
Highest-ever Refinery Thru'put

- FY'11: Capacity utilization 107%

<u>10th May'2011</u>

Bagged Petrofed
'Refinery of the Year'
award for excellent performance during FY'10

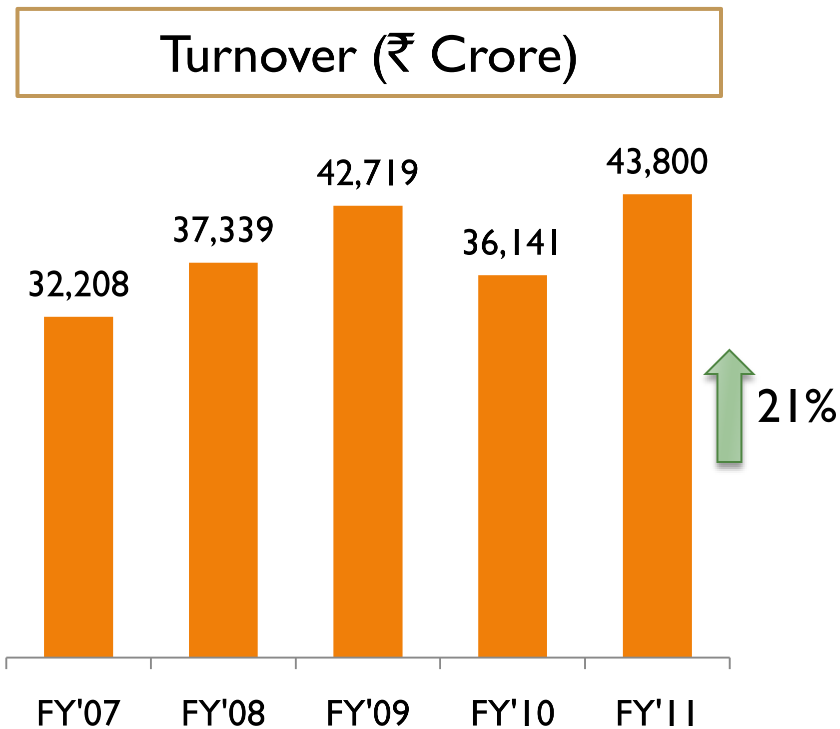
Thru'put (MMT)

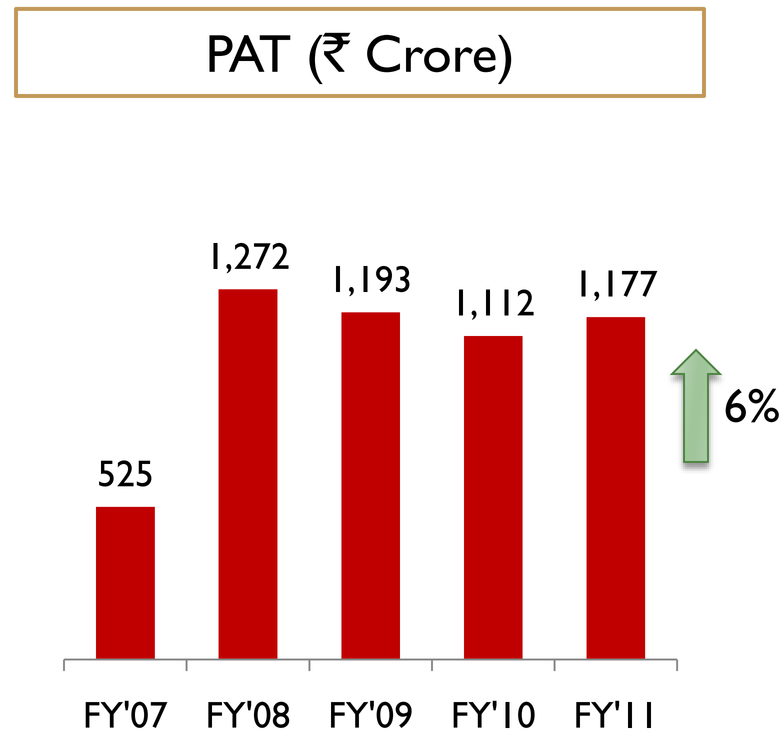


MRPL: Financials

Highest-ever Turnover; PAT up by 6%

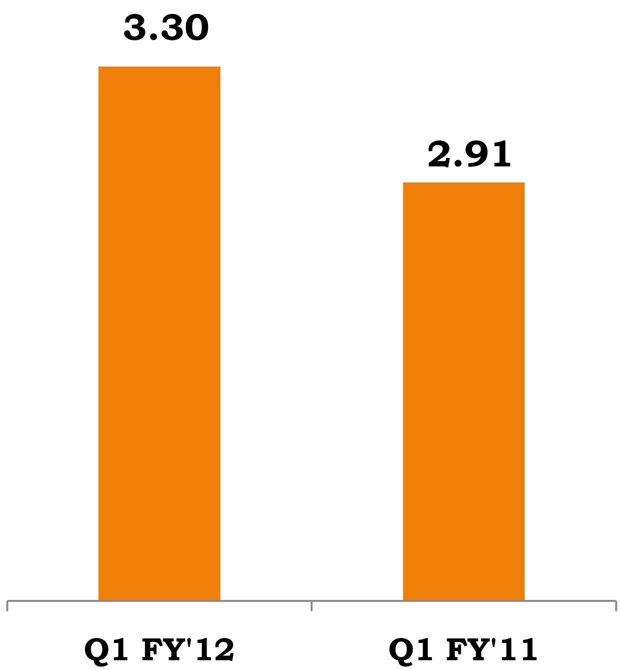
- FY'11: export of product worth ₹ 14,604 Crore
- FY'11: Dividend @12%





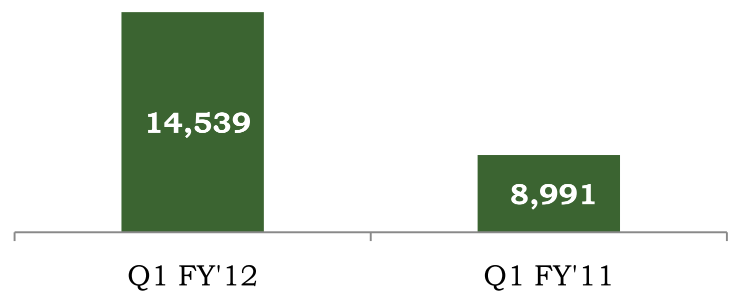
MRPL: Q1 FY'12 Performance

Thru'put (MMT): 13.4% up

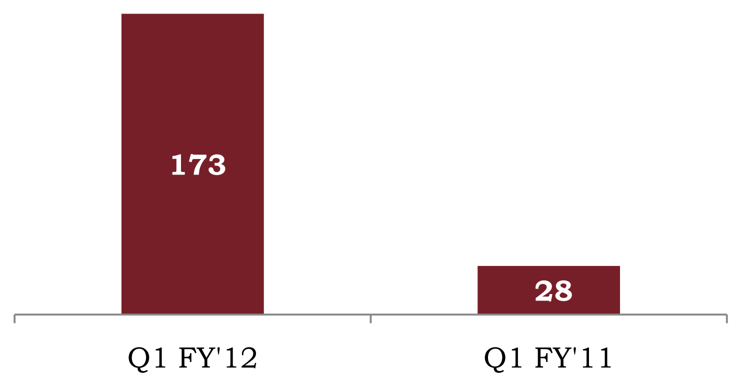


Financials (₹ Crore)

Turnover: 61.7% up



PAT: 618% up



6. Initiatives

Major projects

New field development

Sl.	Project	Project Cost (₹ Crore)
1	Development of C-series Fields Phase 1	3,195
2	Development of B-22 cluster Fields	2,921
3	Development of B-46 cluster Fields	1,457
4	Development of B-193 cluster Fields	5,633
5	Additional Development of D-1 Field	2,164
6	North Tapti Gas Field Development	755
7	G-1 & GS-15 Development	2,218
8	Development of Cluster -7 Fields	3,241
9	Development of WO-16 Cluster	2,523
10	Development of BHE & BH-35 Area	372

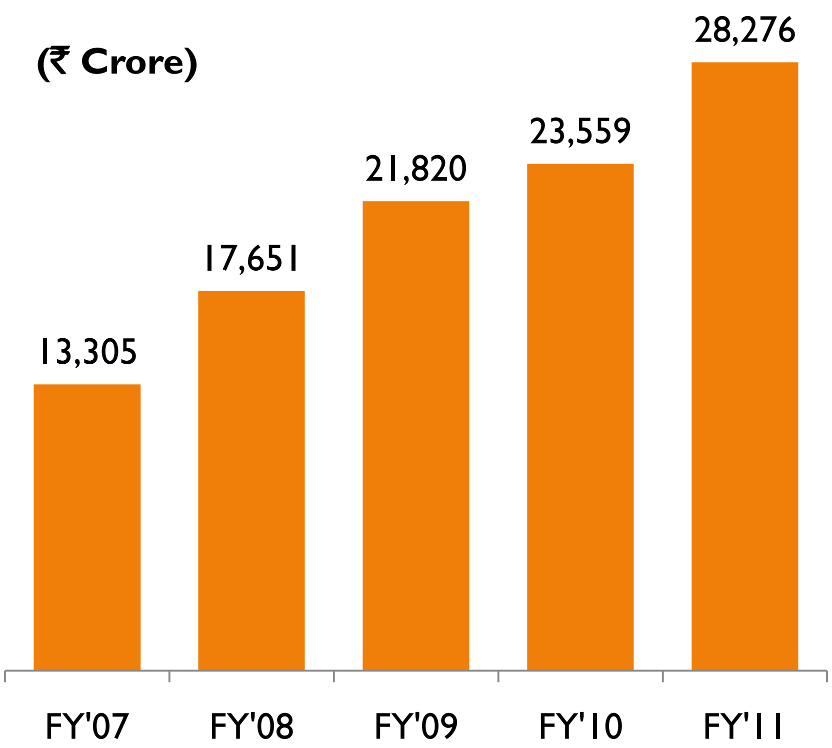
Major Projects

IOR/ Redevelopment projects

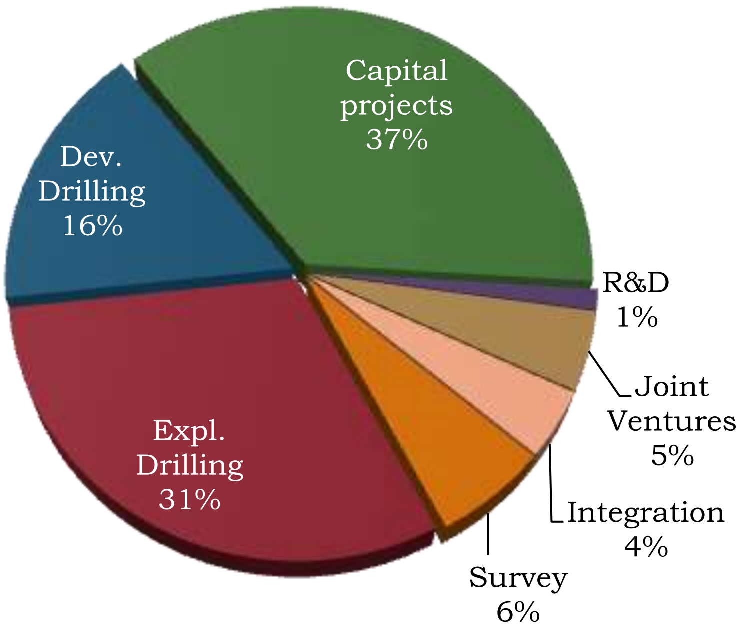
Sl.	Project	Project cost (₹ Crore)
IOR/ Redevelopment Projects		
1	Heera & South Heera Redevelopment	2,305
2	MHS Redevelopment Phase-II	8,813
3	MHN Redevelopment Phase-II	7,133
4	IOR Lakwa-Lakhmani	664
5	IOR Geleki	1,674
6	IOR Rudrasagar	439
E&P Infrastructure development		
1	Construction of new MHN Complex	6,326
2	Pipeline Replacement-2	3,796

ONGC: Capital Expenditure

- ₹ 104,610 Crore Capex in last 5 years
- FY'11: 98% of Capex on core activities



Budgeted Capex FY'12:
₹ 30,040 Crore



Shale gas

Shale gas strikes in first R&D well in Damodar valley

- Shale gas integrated Pilot project to drill 4 wells, 2 in Raniganj, West Bengal and 2 wells in North Karanpura, Jharkhand to find the potential of Shale gas in India basins.

Shale gas at the well site RNSG-1

- First well RNSG-1 proved presence of Shale gas on 25th Jan'2011
- R&D efforts continuing

Wind Farm

51 MW Wind farm commissioned in Gujarat in 2008

102 MW Wind farm planned to be set up in Rajasthan

First 51 MW wind farm commissioned in Gujarat on 6th Sept 2008

- Investment ₹ 800 Crore
- Likely commissioning in FY'14

Value-multiplier projects

ONGC Petro-additions Ltd.

- To produce: HDPE/LLDPE, Poly Propylene, Benzene
- Scheduled completion Q3, FY'13

ONGC Mangalore Petrochemicals Ltd.

- To produce Paraxylene/ Benzene
- Scheduled completion Q4, FY'12

ONGC Tripura Power Company Ltd.

- 726.6 MW Gas based power plant
- Scheduled completion Q4; FY'12

Integrity Pact

Transparency International recognizes ONGC's ethical & transparent business practices

ONGC occupies the Top rank in "Organizational Disclosure Practices"

Scores 100%, amongst 44 global oil & gas companies	Jointly shares top rank with BG and BHP Billiton	BP and Woodside joint second with 94% score	followed by Eni, Chevron, PDVSA, Petrobras, Petrochina, etc

Integrity Pact was signed with Transparency India Ltd. on 1st July'05

A first by any Indian company

Source: 'Promoting Revenue Transparency (PRT) Report 2011', Transparency International & Revenue Watch


Thank you