



“ONGC Q3 FY11 Earnings Conference Call”

January 28, 2011



**MODERATORS: MR. D.K. SARRAF
MR. B.L GHASOLIA
MRS. PRITI MATHUR
MR. R. VIJAYARANGAN
MR. VIVEKANAND
MR. L. NELSON
MR. PRASID BHATTACHARYA
MR. RANGACHARYA
MR. MEHUL THANAWALA**



ONGC Limited
January 28, 2011

Moderator: Ladies and gentlemen, good day and welcome to the ONGC Results Conference Call hosted by JM Financial Institutional Securities Private Limited. As a reminder for the duration of the conference all participant lines are in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference, please signal an operator by pressing "*" and then "0" on your touchtone telephone. Please note that this conference is being recorded. At this time, I would like to hand the conference over to Mr. Mehul Thanawala of JM Financial. Thank you and over to you Sir.

Mehul Thanawala: Thank you Vivian and good evening to all of you. Thank you for joining us on the call of ONGC results. On behalf of JM Financial let me take this opportunity to welcome all of you to the Q3 FY'11 Earnings Call of ONGC. We have with us the management team of ONGC led by Mr. D.K. Sarraf, Director Finance, and I would like to hand over now to Mr. Sarraf, Director Finance and request them to take it over from here.

D.K. Sarraf: Thank you very much. I am D.K Sarraf and to begin with I would read a written statement on Q3 FY'11 results, which my colleagues have prepared and then we can take questions. Good evening Ladies And Gentlemen, I welcome you all in this ONGC Earning Call for Q3 FY'11. I am joined here by my colleague Mr. Ghasolia, Mrs. Priti Mathur, Mr. Vijayarangan, Mr. Nelson of investor relation cell, and I also have my colleague from OVL Mr. Vivekanand and Mr. Bhattacharya. Before I give you a synopsis of the financial results for the Q3 of this fiscal let me make a statement. As all of you may be aware that Government of India has decided to divest 5% of its holding in ONGC through an FPO, which is likely to hit the market in the month of March 2011. The lead managers and the legal advisors for this FPO have already been appointed by the Government of India in the Department of Disinvestment. The kick off meeting with the lead managers has already been held on 24th of this month. I have been informed by the legal advisors to the FPO that we are under the regulation and strict restriction of the relevant authorities until the FPO is over. As such we will not be in a position to either make futuristic statements or to entertain questions on future plans, etc., and therefore we would be restricting ourselves to more on the results for the third quarter and nine months ended December 31, 2010. I would also request you to appreciate this position and restrict your questions relating to the third quarter results. The financial results of the Q3 fiscal 2010 have been taken on account by the ONGC Board of Directors today i.e., January 28, 2011 and let me give a synopsis of the results.

The company has earned net profit after tax of Rs. 7,083 Crore during this quarter as against Rs. 3,054 Crore during the corresponding quarter of fiscal 2009-2010, an increase of Rs. 4,029 Crore, which amounts to an increase of 131.9%. The profit after tax for nine months ending December 31, 2010 is Rs. 16,133 Crore as against Rs. 12,991 Crore during nine months ending December 2009, which amounts to an increase of 24.2%. The increase in PAT was contributed mainly by the higher sales realisation of crude oil as well as gas, which on a combined basis amounts to Rs. 2,803 Crore. Increase of other income by way of receipt of surplus from Gas Pool account which is Rs.1,898 Crore and this was subsequent to an order from the Ministry of Petroleum in Dec'2010. In fact, in our quarterly results for Q2 of this fiscal, we had already made



ONGC Limited
January 28, 2011

a disclosure that though the directives are there from Government of India but since there were certain other issues in the last quarter, which were to be sorted out before we could receive the money. Further decrease in dry well expenditure has also contributed to higher profit during this quarter, which is about Rs.1,119 Crore. This increase in PAT was partly offset by increase in statutory levies to the extent of Rs.787 Crore, increase in operating expenditure to the extent of Rs.268 Crore and of course higher provision for income tax, which is Rs.1,899 Crore. All these comparison, which I have just mentioned is Q3 of the last fiscal to Q3 of this fiscal. Our share of subsidy towards under recoveries of oil marketing companies during Q3 this year stood at Rs.4,222 Crore as against Rs.3,497 Crore in Q3 of last fiscal, which has adversely impacted our PAT by Rs. 2,404 Crore after adjusting for the statutory levies and income tax. But for this under- recovery adjustment, the profit after tax for Q3 of this fiscal would have been Rs. 9,484 Crore as against Rs. 5,045 Crore in the corresponding quarter of previous year. The increase of Rs. 670 Crore in dividend and interest income in comparison to the same quarter of previous year is on account of reversal of interest on loans to OVL amounting to Rs. 460 Crore in Q3 of FY10 and increase in interest income on the deposits with Bank Rs 67 Crore and increase in interest on deposit on site restoration fund is Rs.167 Crore.

The revenues for Q3 of this fiscal was higher by Rs.3,291 Crore, which is about 21.4% at Rs.18,648 Crore as against Rs.15,357 Crore in the corresponding quarter of previous year. The increase is mainly due to price variation of crude Rs.925 Crore, gas Rs.1,561 Crore and value-added products Rs.279 Crore, and positive quantity variation of Rs.618 Crore and negative quantity variation of gas Rs. 94 Crore. Let me also tell you that the increase in gas revenue is due to increase in APM gas price to \$4.2/mmBtu (including royalty) which was effective from June 2010. Gross sales billing for crude oil during this quarter was \$89.13 per barrel as against \$76.66 per barrel in the same period last year, an increase of 16.27%. After giving discount by way of subsidy to downstream oil marketing companies the net realization for crude oil in this quarter was \$64.79 per barrel as against \$57.69 per barrel in the same period last year, an increase of 12.26%. This increase in net realization in USD terms was partly offset by strengthening of Indian rupee vis-à-vis USD during Q3 of the fiscal. Exchange rate of rupee vis-a-vis dollar stood at Rs.44.86/USD versus Rs.46.64/USD in the Q3 of last fiscal thus the post discount realization for crude oil in rupee terms stood at Rs. 2,906 per barrel in the current quarter versus Rs. 2,690 per barrel in the corresponding quarter last year, an increase of 8.07%, which means the difference between 12.26% and 8.06% is the impact due to strengthening of rupee.

Operating income had increased by Rs. 2,040 Crore in Q3 of this fiscal from Rs.188 Crore in Q3FY'10, which is quite a significant increase amounting to Rs.2,128 Crore during this quarter. This increase is mainly on account of receipt of Rs. 1,898 Crore from Gas Pool Account subsequent to the order from Ministry of Petroleum and Natural Gas. The same has also been disclosed in notes to the accounts, which you will be seeing tomorrow in the newspaper. Interest and dividend income has increased by Rs.670 Crore from a negative of Rs.11 Crore in Q3 of last fiscal to Rs.659 Crore in Q3 of this fiscal. Let me first explain to you why there was an income in



ONGC Limited
January 28, 2011

corresponding quarter last fiscal. In the first quarter and second quarter of FY'10 we had provided for interest receivables from ONGC Videsh Limited, which is our 100% subsidiary amounting to Rs. 460 Crore. A decision was taken by the board in Q3 FY'10 that no interest would be charged from OVL effective from April 1, 2009 and hence the interest receivable amounting to Rs. 460 Crore was reversed in the Q3 of last fiscal and because of this reversal of interest, the interest income during Q3 of last fiscal was a negative number and with the current number of Rs. 659 Crore during Q3 of this fiscal, there is an increase of Rs. 670 Crore in interest and dividend income. The rate of interest on Site Restoration Fund had also increased from 5% in Q3 of last fiscal to 8.5% in the current fiscal, which has resulted increased interest amount of Rs. 157 Crore on this account in the current quarter. The rate of interest on deposits with Banks and other PSUs has also increased, and this has also resulted in higher other income. The operating expenses for Q3 of this fiscal have increased by Rs. 180 Crore to Rs. 3,223 Crore from Rs. 3,043 Crore during Q3 of last fiscal. I would say that the increase of Rs. 180 Crore is quite small and reasonable. DD&A cost for the current quarter stood at Rs. 3,641 Crore as against Rs. 4,676 Crore during Q3 of last fiscal, a decrease of 22.1%; however, DD&A cost for nine months period of the current fiscal stood at Rs. 11,155 Crore as against Rs. 10,211 Crore during nine months of last fiscal, an increase of 9.2%. There is an increase of Rs. 156 Crore in depletion expenses, an increase of Rs. 224 Crore in depreciation in the current quarter as compared to the corresponding quarter last fiscal, which is mainly on account of addition of the facilities in Rajasthan block where we hold 30% share. Though there is a decrease of Rs.1,119 Crore in Dry Well expenses on quarter-to-quarter basis; however, there is an increase of Rs. 477 Crore on nine-month to nine-month basis. Survey expenses have also decreased by Rs. 594 Crore on a nine-month basis and is mainly because of less 2-D and 3-D survey that was done. During Q3 of current fiscal the statutory levies stood at Rs. 3,949 Crore as compared to Rs. 3,161 Crore, an increase of Rs. 788 Crore. One of the main reason for increase is towards royalty paid on crude oil from Rajasthan block, which is Rs. 546 Crore comprising royalty on ONGC share of production Rs.164 Crore and Rs. 382 Crore paid towards other partners share which is 70%. Further we paid increased royalty on gas amounting to Rs. 163 Crore and this was on account of increase in gas price from June 2010.

In terms of fiscal physical performance, there is a 6.1% increase in oil production at 7.027 million metric tonnes in the third quarter as opposed to 6.624 million metric tonnes in the corresponding quarter last year because of increase in production from Rajasthan block; however, gas production was lower by 1.6% at 6.353 billion cubic meter in this quarter versus 6.45 billion cubic meter in the same quarter last year because of shutdown at Panna Mukta platform. With this I finish my details of the third quarter results of fiscal 2010-2011 and we will be very happy to take questions from you but again to remind you as I said in the beginning please try to confine your questions on the quarterly results only. I and my team members would try to answer your questions. Thank you.

Moderator:

Thank you sir. Ladies and gentlemen we will now begin the question and answer session. The first question is from the line of Probal Sen from IDFC Securities, please go ahead.



ONGC Limited
January 28, 2011

Probal Sen: Good evening gentlemen. Congratulations on a good set of numbers. I have a couple of questions on the quarterly results; one is, what is the kind of CapEx that was incurred in this quarter and the number of wells drilled? The other question is around the site restoration fund, if you can just kindly explain the reason for that sharp increase that has happened in Q3 over the year as well as on Q-on-Q basis and lastly on the gas pool account just wanted to know does this pay out indicate the pay out for the whole year or is there something more that will perhaps come in the last quarter of the year?

D.K. Sarraf: Let me take the last two questions first and then I will handover to one of my team members to explain the number on CapEx during the quarter. The deposit, which we made under Site Restoration Fund is with SBI and they are to give us interest that is applicable on the last day of the fiscal year. For the purpose of accounting what we do is we keep on accruing the interest based on rate of last day of the quarter and keep on updating this. Now SBI's interest rate has gone up to 8.5% from 5% which has been adopted for the earlier quarters also.

On gas pool account, ONGC has been making contributions to gas pool account for a number of years because GAIL has sold some of the APM gas to non APM consumers. Further some of the non APM gas is being sold to APM gas consumers and these adjustments are being done in the gas pool account, which is being maintained by GAIL. Ministry of Petroleum and Natural Gas issued a directive that the gas pool account accumulation, which were more than Rs. 2,000 Crore at that time, should be refunded to those companies who have contributed in the sales and obviously whole of the contribution was from ONGC but GOI initially also said to retain about Rs. 400 Crore for any future contingency. So during this quarter we have received this money from GAIL who have kept Rs. 400 Crore and given the balance to us and it was not was received in cash, it was received by way of term deposit receipts and those deposit got endorsed to us. Mr. Vijayarangan would take the question on CapEx.

Vijayarangan: CapEx figures are yet to come; it will take some more time.

D.K. Sarraf: CapEx figures for Q3 will take some more time but what I can tell you in very, very generic term that we are almost on track as far as the expenditure is concerned. At the end of the fiscal there may be some variation but not a very significant variation

Probal Sen: Fair enough sir, thanks. Any data on the number of wells drilled in terms of exploration?

Priti Mathur: Well, to come to your question straight on the number of wells this Q3 we have drilled 96 wells, which included 3 deep water wells, 15 shallow water, and 78 on-shore wells. This is the summation of the development as well as the exploration wells. Now, coming to your question on the exploratory wells in particular total wells that were drilled were 29.

Moderator: Thank you. The next question is from the line of Nipun Sharma from Mirae Asset, please go ahead.



*ONGC Limited
January 28, 2011*

- Nipun Sharma:** Thank you for the presentation, just a very quick followup question on the exploration wells. I was hoping you guys could kindly break that up into deep water, shallow water, off-shore, and on-shore and second question is if you could kindly share the overseas production performance in Q3, if that is available?
- D.K. Sarraf:** OVL production performance for nine months from April to December 2010.
- Vivekanand:** This is 7 MMToe till December from April 2010.
- Nipun Sharma:** And what is the split between oil and gas?
- Vivekanand:** Oil is 5.041 and gas is 2.023.
- Priti Mathur:** As regards the breakup of the exploratory wells the total number of deep water wells was 3 this quarter, the shallow water well was 7, and on land wells were 19.
- Moderator:** Thank you. The next question is from the line of Amit Rastogi from Antique Stock Broking, please go ahead.
- Amit Rastogi:** Congratulations for good set of numbers. I have two questions and one is on the royalty, your royalty has come down during the quarter despite higher realizations. CAIRN also will have realized higher realization, can you throw some light on this?
- D.K. Sarraf:** Royalty is not lower, I will give you the royalty on oil and gas separately as onshore and offshore.
- Amit Rastogi:** Sir, royalty on oil and gas is already given; Rs.1,007 Crore is the number on crude oil and that is lower from Rs. 1,037 Crore in the second quarter.
- D.K. Sarraf:** In terms of rupee our realization has come down from Rs.2,918 per barrel to Rs.2,907 per barrel; hence royalty on the realization has come down.
- Amit Rastogi:** Okay, so how much is the CAIRN royalty you have paid on part of CAIRN?
- D.K. Sarraf:** Royalty, which we have paid for the Rajasthan block during the quarter, is Rs. 382 Crore.
- Amit Rastogi:** How much is the Cess?
- D.K. Sarraf:** Cess, both Cairn and ONGC are paying on their own share of production.
- Amit Rastogi:** Sir, you have not drilled any appraisal well in the deep water because I think you have drilled total wells in deep water that is three and total exploration wells is again three in deep water, so no appraisal wells being drilled in this quarter?



ONGC Limited
January 28, 2011

- Priti Mathur:** The wells, which we have drilled, exploratory wells, two of them are appraisal wells and one of them is an exploratory well.
- Amit Rastogi:** Any clarity on when you will file FDP, Field Development Plan for KG off-shore blocks?
- D.K. Sarraf:** I think this question we would not like to address.
- Moderator:** Thank you. The next question is from the line of Yogesh Patel from Arihant Capital, please go ahead.
- Yogesh Patel:** Sir, my question is related to the total crude sales to the total crude production ratio. If we compare this ratio with Q3 FY'11 with the previous quarter of Q2 FY'11 this has substantially come down from 86% to 83%. Can you throw some light on this?
- D.K. Sarraf:** The ratio cannot be compared on a quarter-to-quarter basis because as you might be aware that there are two modes of the sale, one is through pipelines and another is through ocean tanker. So far as pipeline sale is concerned, the same are evenly spread throughout the year, throughout the quarter and month for transport. When it comes to dispatches by ocean tanker, a substantial amount of crude is accumulated and then only dispatches, so I am not confirming but it is possible that some of the tanker, which is filled during the quarter has been dispatched during the next quarter i.e., in January, which is possible but I cannot confirm or I do not even have the data with me so if it is so then it should be accounted for in the closing stock, but if you see on a longer term basis the ratio is more or less constant.
- Yogesh Patel:** Geographically, which are the areas the company is focusing more in terms of our current exploration activities?
- D.K. Sarraf:** In India we have 7 basins. We are doing exploration in Eastern offshore, both shallow water as well as deep water, Cauvery basin also shallow water, deep water as well as all other areas are doing exploration. We will be doing the exploration in next couple of weeks in Andaman; rig is scheduled to go there for deep water drilling. Coming back to onshore we have exploratory efforts in Tripura, Assam, Gujarat and Tamilnadu. Even in Alaknanda Basin in Uttarakhand, Himachal also we are drilling a couple of exploratory locations in the recent past.
- Moderator:** Thank you. The next question is from the line of R.N. Sharma from B&K Securities, please go ahead.
- R.N. Sharma:** Congratulations on the excellent results that you have come out despite the higher subsidy and also I would like to compliment you for the excellent analyst data that you have given to all the analysts. I think this one is very detailed one, for which I would like to congratulate the investor relation team and this detailed one is very useful.



ONGC Limited
January 28, 2011

- D.K. Sarraf:** In fact, it is our passion to give as much data as feasible to the analysts and we believe that the continued supply of data by ONGC to analyst community as well as the investors help ultimately ONGC itself because we create value for ourselves and we will continue this endeavor in the future also.
- R. N. Sharma:** Thank you very much, we welcome this. Sir, I have two questions, one is I find that the Bombay High production it was being said that the decline would be arrested, so what is the status so far the production from Bombay High is concerned. Has the decline been arrested or it has been brought down compared to what it was earlier and what was the production in this quarter from Bombay High?
- D.K. Sarraf:** I do not have the data with me, but in general I can say, though we can confirm also, the decline is arrested in the sense that the overall production is slightly increasing and this is because of the special efforts ONGC has taken in terms of IOR/EOR schemes as well as production from some of the northern fields.
- Priti Mathur:** We just have the final figure for the current year and of course we can get back to you as to how the production has performed quarter to quarter but cumulative from April till December this year, we have produced 8.053 MMT.
- R. N. Sharma:** Okay, how does it compare with the previous nine months?
- Priti Mathur:** Well, December was 1.464, November 1.409, October 1.451, September 1.39, August 1.434, July 1.61, June 1.431, May 1.401, so more or less you see a steady production level.
- R. N. Sharma:** Yes, it is consistent at 1.4...
- Priti Mathur:** Around 1.4 you could say.
- R. N. Sharma:** The second part of the question, which is that I find that there has been a lower production so far the LPG is concerned, naphtha is concerned, and C2-C3 is concerned in the current quarter. So what are the reasons for lower production of these products.
- D.K. Sarraf:** This was due to shutdown in URAN plant and there was some problem with one of the cooling towers in our URAN plant, the production of value-added products, which is LPG, naphtha, and C2-C3 had to be shut down for 2 weeks in URAN. The decrease in gas production also is another reason because of which the production of LPG and C2-C3 decreased.
- R. N. Sharma:** Now that has been set right?
- D.K. Sarraf:** Yes, the problem is URAN has been set right.
- R. N. Sharma:** Okay, so the next quarter it would be back to the track?



ONGC Limited
January 28, 2011

- D.K. Sarraf:** I do not know whether it is going to be a futuristic statement, so let me not answer to be on the conservative side.
- Moderator:** Thank you. The next question is from the line of Pravesh Jain from IIFL, please go ahead.
- Pravesh Jain:** Sir, if I just calculated realization for the gas based on the revenue and volumes given there is a decline on a sequential basis in terms of gas realization. Could you give the reason for the same?
- D.K. Sarraf:** We have two types of gas, one is from the nominated block and another is from the production sharing contracts. The nominated blocks price post June is \$4.2, which includes royalty also, so the royalty would be 10% of \$4.2 mmbtu and if we net off the royalty it would be \$ 3.82 mmbtu. Since the calorific value of our gas, which we produce, is constant I believe that the total gas realization from nominated blocks would be in the ratio of our production and the realization should not come down. Similarly for the gas production from our PSCs and all of this gas is under long term contract, so there is no reason for the price of gas to come down. If you have some working on this you can send it to us and we can address that problem but to me there appears to be no reason that the price of gas should come down. It is quite possible that because of exchange rate variation at all these is in terms of USD. Rupee conversion there could be reduction and let me tell you exchange rates during Q2 was Rs. 46.50 and during Q3 it was 44.86, so there is a substantial decrease in the exchange rate, which comes to about 3.6%.
- Pravesh Jain:** Actually even adjusting for that my number is showing a decline.
- D.K. Sarraf:** I think you can talk to us on this separately
- Moderator:** Thank you. The next question is from the line of Sanjay Mukim from Credit Suisse, please go ahead.
- Sanjay Mukim:** I just have a followup question on the number you said for the royalty at Rajasthan field. This Rs.382 Crore you mentioned was 70% or 100% numbers.
- D.K. Sarraf:** Rs. 382 Crore as I said and that was 70%.
- Sanjay Mukim:** For the other 30% can you please provide the number...
- D.K. Sarraf:** Royalty on our share of 30% production is Rs.163.91 Crore.
- Moderator:** Thank you. The next question is from the line of Vidyadhar Ginde from DSP Merrill Lynch, please go ahead.
- Vidyadhar Ginde:** Sir, I just wanted to ask you on the status of the deep water rigs, which you were expecting in late 2010?



ONGC Limited
January 28, 2011

- D.K. Sarraf:** One rig has already been mobilized in the last week of December 2010 and we had ordered another rig, which was also supposed to come during the same time, but it has not come through and we really fear whether it is going to come or not.
- Vidyadhar Ginde:** So basically out of the two rigs, you may just get one?
- D.K. Sarraf:** Yes.
- Moderator:** Thank you. The next question is from the line of Neeraj Mansingka from Edelweiss Capital, please go ahead.
- Neeraj Mansingka:** My question is related to the tax rate. If you see the last three quarters the tax rate has been slightly varying. Last quarter, if you add the deferred tax and the current tax rates, it was around 36%, this quarter it is 33.4%. I wanted to understand two questions, one why does it vary to the extent of 3% range. Secondly, with the incremental production from new blocks like C-Series, do you get tax benefits, and are there more tax benefits in any of the new production that is coming in on the oil side?
- D.K. Sarraf:** First of all, let us take the tax rate issue, I have not made the working as what you are saying but we did some working yesterday evening and what I noticed was the current tax and the deferred tax taken together to PBT is almost same as the marginal tax rate and marginal tax rate has been constant during the year obviously, so there should not be any problem. The tax rate is 33.24, 31.15, and 32.89 during three quarters and for nine months taken together it is 32.40%. Can you please repeat the second question?
- Neeraj Mansingka:** Are there some tax benefits on the incremental new production that ONGC will be getting from C Series marginal field, which will be starting?
- D.K. Sarraf:** That is a gas field and I don't think there we will get any separate tax rebate on this production.
- Neeraj Mansingka:** Anything on the crude oil that is coming in, will it get qualified for the tax benefit?
- D.K. Sarraf:** We get 80IB benefit for crude oil production from a new block and depends on the block as has been provided under income tax act.
- Moderator:** Thank you. The next question is from the line of Avdooth Sabnis from RBS, please go ahead.
- Avdooth Sabnis:** Sir, what is the production share from the Rajasthan JV included in total production and the total sales volume of oil?
- D.K. Sarraf:** We are not having those numbers right away but let me see whether before we end if we can get the number.



ONGC Limited
January 28, 2011

- Avdooth Sabnis:** Sir, I think you mentioned total royalty paid for the third quarter. If I add up the Rs. 382 Crore and Rs. 164 Crore it works out to around Rs. 556 Crore for this quarter. Could you give me the figure for first and second quarter as well?
- D.K. Sarraf:** We will give the royalty cost 70% portion and then 30% you can calculate. For first quarter it was Rs.120 Crore, second quarter it was Rs.325 Crore, and third quarter it was Rs.382 Crore, this totals to Rs.828 Crore, so for Rs.828 Crore, 30% is Rs.355 Crore and while we take up other questions if possible we will get you the sum of our production also.
- Moderator:** Thank you. The next question is from the line of Amit Rastogi from Antique Stock Broking, please go a head.
- Amit Rastogi:** Sir, a followup question. Can you give us the production numbers from C-series, how much it has contributed in the last quarter and how much it is producing right now, the gas field?
- D.K. Sarraf:** All my colleagues are nodding their heads meaning we do not have these numbers, but we will get you these numbers for C-series gas production.
- Amit Rastogi:** Okay sir. Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Sanket Dhake from Span Capital, please go ahead.
- Sanket Dhake:** Sir, are you on target of your FY11 and FY12 production? And can you tell your international oil and gas production?
- D.K. Sarraf:** International oil and gas production was given for nine months. Crude oil was 5.041, gas was 2.023.
- Sanket Dhake:** And is Imperial Energy included?
- D.K. Sarraf:** Yes, obviously. I think my colleagues have got the numbers of oil production targets.
- Priti Mathur:** Well, as far as the targets are concerned we had a target of aprx. 27 MMT for the current year as mentioned in the MOU, which we signed with the Government of India and against that the actual that is being produced as on date till Q3 is 20.479 MMT, so if you ask me the projection I will not talk about.
- D.K. Sarraf:** Let me also add here that the MOU we signed with Government of India is some times by assuming very tough targets that we set for ourselves or the government sets for ourselves.
- Sanket Dhake:** Even in Q2 you have given your target as 26.7?
- Priti Mathur:** That is MOU target.



ONGC Limited
January 28, 2011

- Sanket Dhake:** Okay, for FY12 is there any substantial change or marginal change.
- D.K. Sarraf:** 28.175 MMT is the crude production target for 2011-2012, which is under review.
- Sanket Dhake:** And for the gas?
- D.K. Sarraf:** 25.45BCM, also under review.
- Sanket Dhake:** So there is no change from the Q2 target that you have given? Can you throw some light on the Tripura power plant?
- D.K. Sarraf:** Tripura power plant is being executed by OTPC, ONGC, Tripura Power Corporation, and ONGC has got 50% stake in this company and 0.5% is with the government of Tripura and 26% is with IL&FS, 23.5% is yet to be tied up. This company is executing a power generating plant of 726.3 megawatt at location called Palatana in Tripura. Most of the target dates for commissioning of plant are set to be met. There are two units, first unit should be commissioned by December 2011 and second unit by March 2012 as per the project report.
- Moderator:** Thank you. As there are no further questions in the queue, I would like to hand the conference over to Mr. Mehul Thanawala.
- Mehul Thanawala:** Before ending just one question from our side, can you throw some light on the discoveries that have been done during this quarter?
- D.K. Sarraf:** There have been five discoveries during the quarter and all these five discoveries are given in the press release set out by the company today evening and this press release would be available, this may already be available on our website, which you can go through. The first discovery is in Mahanadi offshore basin, second is in Western onshore basin, and third is in PL extension offshore, fourth is in Cauvery basin, and the last discovery is in Western offshore basin and there is a paragraph or two on each of these discoveries in our website.
- Mehul Thanawala:** Would you like to throw some light on the shale gas discovery, which has just come out day before yesterday?
- D.K. Sarraf:** Yes, for shale gas also there is a press release on our website already, which we released yesterday.
- Mehul Thanawala:** With that since there are no further question, I would like to take this opportunity to thank the management of ONGC for taking out their time and it has been a busy day for them so we must appreciate their time and thank you all for joining us at this time of the day. With this we close the conference. Thank you all and have a good day.
- D.K. Sarraf:** Thank you very much.



ONGC Limited
January 28, 2011

Moderator: Thank you. Ladies and gentlemen on behalf of JM Financial Institutional Securities Private Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.