ONGC/CS/SE/2023-24 11.08.2023

National Stock Exchange of India Ltd.
Listing Department
Exchange Plaza
Bandra-Kurla Complex
Bandra (E)
Mumbai – 400 051

Symbol-**ONGC**; Series – **EQ**

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai – 400 001
BSE Security Code No
Equity : **500312**
NCD : **959844, 959881, 960147, 960406**

Sub: Outcome of the Board Meeting

Madam/ Sir,

This is in continuation to our letter dated 02.08.2023, it is hereby informed that the Board of Directors of the Company at its meeting held today i.e.11.08.2023, has inter-alia considered and approved Unaudited Financial Results (Standalone and Consolidated) for the Quarter ended 30th June, 2023, the subject intimation in terms of applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) are as under:-

1. **Unaudited Financial Results (Standalone and Consolidated) for the quarter ended 30th June 2023**

   Pursuant to Regulation 33 & 52 of SEBI Listing Regulations, a Statement of Unaudited Financial Results (Standalone and Consolidated) along with limited review report of the Auditors thereon for the Quarter ended 30th June, 2023 is enclosed.

2. **Disclosure under Regulation 54(3) of SEBI Listing Regulations**

   Company has issued only Non-Convertible Debentures (NCDs), hence submission of Security Cover under Regulation 54 of SEBI Listing Regulations is not applicable.

3. **Disclosure under Regulation 52(7) & 52(7A) of SEBI Listing Regulations**

   The Company had issued four series of Non-Convertible Debentures (NCDs) aggregating to ₹4,140 Crore during FY 2020-21 for which funds were fully utilized for the intended purpose during the same year. Statements of "NIL" deviation were also filed on 13.11.2020 and 24.06.2021.Accordingly, submission of Statements of utilisation/ deviation in the use of proceeds of NCDs under Regulation 52(7) and 52(7A) of SEBI Listing Regulations is not applicable.

The Meeting of Board of Directors commenced at 17:45 hrs and concluded at 20:30 hrs.

This is for your information and record please.

Thanking you,
Yours faithfully,
For Oil and Natural Gas Corporation Ltd

RAJNI KANT Digitally signed by RAJNI KANT Date: 2023.08.11 20:43:06 +05'30'

Rajni Kant
Company Secretary & Compliance Officer

End.: As Above (30 Pages)

SARC & ASSOCIATES
Chartered Accountants
SARC Towers, D-191,
Okhla Industrial Estate,
Phase I, New Delhi – 110020

Kalani & Co
Chartered Accountants
703, VII Floor,
Milestone Building,
Gandhi Nagar Crossing,
Tonk Road, Jaipur-302015

R.G.N. Price & Co
Chartered Accountants
Simpsons Building,
861, Anna Salai,
Chennai - 600 002

S. Bhandari & Co LLP
Chartered Accountants
P-7, Tilak Marg,
C-Scheme,
Jaipur-302005

J Gupta & Co LLP
Chartered Accountants
YMCA Building
Mezzanine Floor,
25, Jawaharlal Nehru Road,
Kolkata –700 087

INDEPENDENT AUDITORS' LIMITED REVIEW REPORT ON THE UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2023

TO THE BOARD OF DIRECTORS OF
OIL AND NATURAL GAS CORPORATION LIMITED

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of Oil and Natural Gas Corporation Limited ("the Company") for the quarter ended June 30, 2023 (hereinafter referred to as "the Statement" and signed by us for the purpose of identification), being submitted by the Company pursuant to the requirements of Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("the Regulations").

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, *"Review of Interim Financial information performed by the Independent Auditor of the Entity"* issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the -Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement read with Notes thereon, prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other recognised accounting practices and policies,

has not disclosed the information required to be disclosed in terms of the Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. **Emphasis of Matter**

We draw attention to the following matters in the Notes to the Statement: -

(i) Note No.4, wherein it is stated that Directorate General of Hydrocarbons (DGH) had raised a demand on all the JV partners under the Production Sharing Contract with respect to Panna-Mukta and Mid and South Tapti contract areas (PMT JV), being BG Exploration and Production India Limited (BGEPIL) and Reliance Industries Limited (RIL) (together "the Claimants") and the Company (all three together referred to as "Contractors"), towards differential Government of India (GOI) share of Profit Petroleum and Royalty alleged to be payable by contractors pursuant to Government's interpretation of the Final Partial Award of Arbitral Tribunal (40% share of the Company amounting to USD 1624.05 million equivalent to Rs. 13,327 Crore, including interest upto 30th November, 2016). Subsequent to Tribunal Orders dated October 12, 2016, DGH vide letter dated May 25, 2017, June 4, 2018 and January 14, 2019 had asked contractor for re-casting of accounts of the PMT JV and for remitting the respective PI share of balance dues including interest till the date of remittance. As the Company is not a party to the arbitration, the details of the proceedings of arbitration and copy of the order of English Commercial Court (London High Court) are not available with the company. The Company has informed that the English Court has delivered its final verdict on May 2, 2018 following which the Arbitral Tribunal re-considered some of its earlier findings from the 2016 FPA (Revised Award). The Government of India and JV Partners have challenged parts of the Revised Award before English court. On February 12, 2020, the English Court passed a verdict favouring the challenges made by BGEPIL and RIL and also remitted the matter in the Revised Award back to Arbitral Tribunal for reconsideration. In January 2021, the Tribunal issued a verdict favouring BGEPIL/RIL on the remitted matter, which has been challenged by the GOI before the English Court. The English Court had delivered its verdict on June 9, 2022 dismissing the challenge made by GOI. The GOI filed an appeal against the English Court verdict of June 9, 2022 that was rejected by the English courts in August 2022.

Based on the information shared by BGEPIL, the GOI has also filed an execution petition before the Hon'ble Delhi High Court seeking enforcement and execution of the October 12, 2016 FPA. BGEPIL / RIL contend that GOI's execution petition is not maintainable and have opposed the reliefs sought by the GOI under the said petition. The hearings in the matter before the Hon'ble Delhi High Court concluded on August 4, 2022. The Delhi High Court issued a judgment dated June 2, 2023 that the Government's Execution Petition in respect of the 2016 FPA is premature, not maintainable and stands dismissed.

Pending finalization of the decision of the Arbitration Tribunal, the Company has indicated in their letters to DGH that the final recasting of the accounts is premature and the issues raised by DGH may be kept in abeyance and therefore no provision for the demand raised by DGH, amounting to US$ 1,624.05 million equivalent to Rs. 13,327 Crore has been considered necessary and has been treated as contingent liability.

(ii) Note No. 5, with respect to ongoing disputes/demands raised on various work centres of the company under Service Tax (ST) and Goods & Service Tax (GST) in respect of ST and GST on Royalty levied on Crude Oil and Natural Gas. Based on the legal opinion, the company has disputed such levies and is contesting the same at various forums. However, as an abundant caution, the Company has deposited the disputed Service Tax and GST on royalty along-with interest under-protest amounting to ₹ 12,191 Crore up to Jun 30, 2023.

As mentioned in the said note, the Company continues to contest such disputed matters before various forums based on the legal opinion as per which the Service Tax/GST on Royalty in respect of Crude oil and Natural gas is not applicable. However, considering the pending final decision in a similar matter by the Nine Judges' Bench of Hon'ble Supreme Court, which is yet to be constituted and keeping in view the considerable time elapsed, during the quarter and year ended March 31, 2023, the company made a provision towards these disputed taxes as a prudent and conservative practice in respect of the nominated fields, as per agreed terms in JV blocks where there are no disputes amongst the JV partners and to the extent of company's participating interest in the JV blocks where there are disputes amongst the JV partners. Accordingly, during the quarter and year ended March 31, 2023, the Company had provided ₹ 12,107 Crore towards disputed taxes for the period from April 1, 2016 to March 31, 2023 together with interest thereon up to March 31, 2023 towards the ST/GST on Royalty. Further, a similar provision of ₹ 641 Crore has also been made during the quarter ended June 30, 2023.

As further mentioned in the note, based on the legal opinions, with respect to JV blocks where there are disputes with JV partners, as per which the Service Tax/GST, if applicable on royalty, will required to be discharged by the JV partners in their respective share of participating interest in the JV blocks, and pending resolution of the disputes, other partners' share of disputed ST/GST on Royalty in such JV blocks together with interest upto June 30, 2023 amounting to ₹ 4,574 Crore has not been considered for provision and the same has been considered as contingent liability. The remaining disputed demand received by the Company towards penalty and other differences i.e. ₹ 1,865 Crore has also been considered as contingent liability.

As mentioned in the note, considering the experts' opinion, during the previous FY 2022-23, the aforesaid amount deposited under protest has been claimed in the Income Tax return / in the ongoing assessment & appellate proceedings, as an allowable expenditure under section 37 read with section 43B of the Income Tax Act, 1961 for the relevant earlier assessment years and also towards the current tax for the year ended March 31, 2023. The same has also been considered as an allowable expenditure while calculating the current tax for the quarter ended

June 30, 2023. The Company has also created deferred tax asset amounting to ₹ 90 Crore till June 30, 2023 in respect of the amounts yet to be deposited against the provision made for disputed taxes for the above periods.

(iii) Note No. 6, wherein it is mentioned that considering the Gazette Notification dated 11.07.2022, the Ministry of Petroleum & Natural Gas (MoP&NG) GoI notified de-regulation of sale of domestically produced crude oil. Para 3 of the said Notification provides for valuation of royalty, cess, other statutory levies and contractual payments based on the actual sales price or the price of the Indian Basket of crude oil, as calculated by Government nominated Agency on monthly basis, whichever is higher. Effective from October 1, 2022, the company started paying OID cess on the higher of the two prices, which continued till May 31, 2023. The company reviewed the liability for payment of OID Cess as per the provisions of the Oil Industry (Development) Act 1974 (OID Act) and also based on a legal opinion, and it was concluded by the company that OID cess being a duty of excise, in terms of OID Act it is payable on the transaction value (actual sale price). As a result the differential OID cess amounting to Rs 280 Crore for the period from October 1, 2022 to May 31, 2023 (Rs 244 Crore till March 31, 2023) was adjusted by the company while making the payment of OID cess for the month of June 2023. The liability for the month of June 2023 was also worked out on the basis of transaction value, which has resulted in lowering of liability by Rs. 24 crore. The matter has been taken up by the company with the MOPNG for clarification in terms of the above referred notification, and pending clarification on the matter, the company continues to reckon the liability of OID cess on the transaction value.

Our conclusion on the Statement is not modified in respect of the above matters.

6. **Other Matters**

(i) We have placed reliance on technical/commercial evaluation by the management in respect of categorization by the Company of wells as exploratory, development, producing and dry wells, allocation of costs incurred on them, proved (developed and undeveloped) / probable hydrocarbon reserves and depletion thereof on Oil and Gas Assets, impairment, liability for decommissioning costs, liability for NELP/ HELP and nominated blocks for under performance against agreed Minimum Work Programme.

(ii) The Statement includes the Company's proportionate share in the total value of expenditure and Income of 194 blocks under New Exploration Licensing Policy (NELPs)/ Hydrocarbon Exploration and Licensing Policy (HELPs)/ Discovered Small Fields (DSFs)/ Open Acreage Licensing Policy (OALPs) and Joint Operations (JOs) accounts for exploration and production, out of which 25 blocks have not been reviewed by us, the details of which are as under: -

- 1 block has been certified by other Chartered Accountant. In respect of this block, the Statement includes revenue amounting to Rs. 1,702.29 Crore and profit before tax including other comprehensive income amounting to Rs. 541.18 Crores respectively for

SARC & ASSOCIATES NEW DELHI-20 CHARTERED ACCOUNTANTS
KALANI & CO. JAIPUR CHARTERED ACCOUNTANTS
R.G.N. PRICE & CO. Chartered Accountants
S BHANDARI & CO LLP Chartered Accountants
J Gupta & Co LLP Kolkata Chartered Accountants

the quarter ended June 30, 2023. Our conclusion is solely based on the certificate of the other Chartered Accountant.

- 24 blocks have been certified by the management. In respect of these 24 blocks, the Statement includes revenue amounting to Rs. 316.66 Crore and profit/(loss) before tax including other comprehensive income amounting to Rs. (9.76) Crores respectively for the quarter ended June 30, 2023. Our conclusion is solely based on management certified accounts in respect of these blocks.

(iii) The Statement includes comparative figures for the quarter ended Jun 30, 2022, reviewed by the joint auditors of the Company, two of whom were the predecessor audit firms, where they had expressed an unmodified conclusion vide their report dated August 12, 2022 on such Standalone Financial Results.

Our conclusion on the Statement is not modified in respect of the above matters.

For SARC & ASSOCIATES
Chartered Accountants
Firm Reg. No.: 006085N

(Pankaj Sharma)
Partner (M. No. 086433)
UDIN: 23086433BGZHXN6102

For Kalani & Co
Chartered Accountants
Firm Reg. No.: 000722C

(Vikas Gupta)
Partner (M. No. 077076)
UDIN: 23077076BGZDBV7732

For R.G.N. Price & Co
Chartered Accountants
Firm Reg. No.: 002785S

(G. Surendranath Rao)
Partner (M. No. 022693)
UDIN: 23022693BGRKSM4407

For S. Bhandari & Co LLP
Chartered Accountants
Firm Reg. No.:
000560C/C400334

(Virendra Rai)
Partner (M. No. 015780)
UDIN: 23015780BGXELC2452

For J Gupta & Co LLP
Chartered Accountants
Firm Reg. No.:
314010E/E300029

(Abhishek Raj)
Partner (M. No. 302648)
UDIN: 23302648BGYBFA7976

Place: New Delhi
Dated: August 11, 2023

SARC & ASSOCIATES NEW DELHI-20 CHARTERED ACCOUNTANTS

KALANI & CO. JAIPUR CHARTERED ACCOUNTANTS

R.G.N. PRICE & CO. Chartered Accountants

S BHANDARI & CO LLP CA Chartered Accountants

J Gupta & Co LLP Kolkata Chartered Accountants

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OIL AND NATURAL GAS CORPORATION LIMITED
CIN No. L74899DL1993GOI054155
Regd.Office : Plot No. 5A- 5B, Nelson Mandela Road, Vasant Kunj, New Delhi, South West Delhi – 110070
Tel: 011-26754002, Fax: 011-26129091, E-mail: secretariat@ongc.co.in

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2023

(₹ in Crore unless otherwise stated)

Sl. No.	Particulars	Financial results for			
		Quarter ended 30.06.2023	Quarter ended 31.03.2023	Quarter ended 30.06.2022	Year ended 31.03.2023
		Unaudited	Audited	Unaudited	Audited
I	Revenue from operations	33,814.33	36,292.55	42,320.72	1,55,517.32
II	Other income	1,611.85	1,928.11	757.67	7,626.55
III	**Total income (I+II)**	**35,426.18**	**38,220.66**	**43,078.39**	**1,63,143.87**
IV	**EXPENSES**				
	Cost of materials consumed*	1,009.42	1,197.83	748.23	3,921.31
	Purchase of stock-in-trade	-	-	-	-
	Changes in inventories of finished/ semi finished goods and work in progress	212.00	123.39	(290.06)	(481.67)
	Employee benefits expense**	721.95	778.47	710.72	2,785.09
	Statutory levies	7,451.33	8,895.69	10,614.75	45,284.21
	Exploration costs written off				
	a. Survey Costs	1,206.79	1,748.68	759.92	3,939.66
	b. Exploratory well Costs	499.03	2,719.90	439.37	6,054.79
	Finance costs	1,007.70	707.69	635.56	2,699.60
	Depreciation, depletion, amortisation and impairment	4,991.17	4,835.90	4,510.12	16,795.16
	Other expenses	4,966.21	8,957.17	4,606.81	22,515.28
	Total expenses (IV)	**22,065.60**	**29,964.72**	**22,735.42**	**1,03,513.43**
V	**Profit before exceptional items and tax (III-IV)**	**13,360.58**	**8,255.94**	**20,342.97**	**59,630.44**
VI	Exceptional items	-	(9,235.11)	-	(9,235.11)
VII	**Profit before tax (V+VI)**	**13,360.58**	**(979.17)**	**20,342.97**	**50,395.33**
VIII	Tax expense:				
	(a) Current tax relating to:				
	- current year	3,333.00	2,887.00	5,156.00	12,620.00
	- earlier years	(0.88)	(2,365.58)	-	(2,844.82)
	(b) Deferred tax	13.42	(1,252.89)	(18.88)	1,791.28
	Total tax expense (VIII)	**3,345.54**	**(731.47)**	**5,137.12**	**11,566.46**
IX	**Profit for the period (VII-VIII)**	**10,015.04**	**(247.70)**	**15,205.85**	**38,828.87**
X	**Other comprehensive income (OCI)**				
	(a) Items that will not be reclassified to profit or loss				
	(i) Re-measurement of the defined benefit obligations	(11.67)	(24.93)	43.27	(46.38)
	- Deferred Tax	2.94	6.27	(10.89)	11.67
	(ii) Equity instruments through other comprehensive income	2,684.54	578.13	(1,458.36)	(235.62)
	- Deferred Tax	(238.46)	(50.92)	(97.55)	(248.32)
	Total other comprehensive income (X)	**2,437.35**	**508.55**	**(1,523.53)**	**(518.65)**
XI	**Total comprehensive income for the period (IX+X)**	**12,452.39**	**260.85**	**13,682.32**	**38,310.22**
XII	**Paid-up Equity Share Capital (Face value of ₹ 5/- each)**	**6,290.14**	**6,290.14**	**6,290.14**	**6,290.14**
XIII	Net worth##	2,70,298.22	2,57,845.84	2,50,830.39	2,57,845.84
XIV	Paid up Debt Capital / Outstanding Debt$	8,425.76	7,218.88	9,090.23	7,218.88
XV	Other equity	2,64,008.08	2,51,555.70	2,44,540.25	2,51,555.70
XVI	Capital Redemption Reserve	126.48	126.48	126.48	126.48
XVII	Debenture Redemption Reserve#	Not applicable	Not applicable	Not applicable	Not applicable
XVIII	Earnings Per Share (Face value of ₹ 5/- each) - not annualised				
	(a) Basic (₹)	7.96	(0.20)	12.09	30.86
	(b) Diluted (₹)	7.96	(0.20)	12.09	30.86
XIX	Debt Equity Ratio##	0.03	0.03	0.04	0.03
XX	Debt Service Coverage Ratio##	180.57	100.71	290.52	194.88
XXI	Interest Service Coverage Ratio##	180.57	100.71	290.52	194.88
XXII	Current Ratio##	1.54	1.29	1.36	1.29
XXIII	Long Term Debt to Working Capital##	0.26	0.45	0.45	0.45
XXIV	Bad debts to Account Receivable Ratio##	-	-	-	-
XXV	Current Liability Ratio##	0.33	0.38	0.39	0.38
XXVI	Total Debts to Total Assets##	0.02	0.02	0.03	0.02
XXVII	Debtors Turnover##	3.24	3.51	3.45	14.11
XXVIII	Inventory Turnover##	4.11	4.34	5.25	19.22
XXIX	Operating Margin (%)##	42.49	24.70	49.57	40.08
XXX	Net Profit Margin (%)##	29.62	(0.68)	35.93	24.97

* Represents consumption of raw materials and stores & spares. ** Employee benefits expense shown above is net of allocation to different activities.
$ comprises non-current and current borrowings. # Debenture Redemption Reserve is not required to be created by the company as per Companies (Share Capital and Debentures) Rules, 2014, as amended. ## Refer Note No.8.

SARC & ASSOCIATES NEW DELHI-20 CHARTERED ACCOUNTANTS

KALANI & CO. JAIPUR CHARTERED ACCOUNTANTS

R.G.N. PRICE & CO. Chartered Accountants

S BHANDARI & CO LLP Chartered Accountants

J Gupta & Co LLP Kolkata Chartered Accountants

OIL AND NATURAL GAS CORPORATION LIMITED
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STANDALONE SEGMENT WISE REVENUE, RESULTS, ASSETS & LIABILITIES

(₹ in Crore)

Sl. No.	Particulars	Quarter ended 30.06.2023	Quarter ended 31.03.2023	Quarter ended 30.06.2022	Year ended 31.03.2023
		Unaudited	Audited	Unaudited	Audited
1	**Segment Revenue**				
	Revenue from Operations				
	a) Offshore	23,076.86	25,013.33	27,990.38	1,04,113.81
	b) Onshore	10,737.47	11,279.22	14,330.34	51,403.51
	Total	33,814.33	36,292.55	42,320.72	1,55,517.32
	Less: Inter Segment Operating Revenue	-	-	-	-
	Revenue from operations	**33,814.33**	**36,292.55**	**42,320.72**	**1,55,517.32**
2	**Segment Result Profit(+)/Loss(-) before tax and interest from each segment**				
	a) Offshore	11,151.63	3,052.52	16,036.50	43,009.60
	b) Onshore	2,378.27	(3,589.52)	4,890.27	6,183.02
	Total	**13,529.90**	**(537.00)**	**20,926.77**	**49,192.62**
	Less:				
	i. Finance Cost	1,007.70	707.69	635.56	2,699.60
	ii. Other unallocable expenditure net of unallocable income.	(838.38)	(265.52)	(51.76)	(3,902.31)
	Profit before Tax	**13,360.58**	**(979.17)**	**20,342.97**	**50,395.33**
3	**Segment Assets**				
	a) Offshore	1,67,074.76	1,49,983.01	1,52,330.71	1,49,983.01
	b) Onshore	73,859.76	73,452.65	75,693.03	73,452.65
	c) Other Unallocated	1,54,421.60	1,43,601.43	1,26,420.71	1,43,601.43
	Total	**3,95,356.12**	**3,67,037.09**	**3,54,444.45**	**3,67,037.09**
4	**Segment Liabilities**				
	a) Offshore	69,924.62	55,199.68	51,014.44	55,199.68
	b) Onshore	17,897.55	17,639.48	16,363.52	17,639.48
	c) Other Unallocated	37,235.73	36,352.09	36,236.10	36,352.09
	Total	**1,25,057.90**	**1,09,191.25**	**1,03,614.06**	**1,09,191.25**

Note:- Above segment information has been classified based on Geographical Segment.

SARC & ASSOCIATES NEW DELHI-20 CHARTERED ACCOUNTANTS

KALANI & CO. JAIPUR CHARTERED ACCOUNTANTS

R.G.N. PRICE & CO. Chartered Accountants

S BHANDARI & CO LLP Chartered Accountants

J Gupta & Co LLP Kolkata Chartered Accountants

Notes:

1. The above financial results of the Company for the quarter ended June 30, 2023 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors in their respective meetings held on the August 11, 2023.

2. The financial results for the quarter ended June 30, 2023 have been reviewed by the Statutory Auditors as required under Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. The figures for the quarter ended March 31, 2023 are the balancing figures between audited figures in respect of the full financial year 2022-23 and the year-to-date figures upto the third quarter of 2022-23, which were subjected to limited review.

4. The Company, with 40% Participating Interest (PI), was a Joint Operator in Panna-Mukta and Mid and South Tapti Fields along with Reliance Industries Limited (RIL) and BG Exploration and Production India Limited (BGEPIL) each having 30% PI, (all three together referred to as "Contractors") signed two Production sharing Contracts (PSCs) with Government of India (Union of India) on December 22, 1994 for a period of 25 years. The PSCs for Panna Mukta and Mid & South Tapti have expired on December 21, 2019. In terms of the Panna Mukta Field Asset Handover Agreement, the Contractors of PMT JV are liable for the pre-existing liability.

   In December 2010, RIL & BGEPIL (JV Partners) invoked an international arbitration proceeding against the Union of India in respect of certain disputes, differences and claims arising out of and in connection with both the PSCs .The Ministry of Petroleum and Natural Gas (MoP&NG), vide their letter dated July 4, 2011, had directed the Company not to participate in the Arbitration initiated by the JV Partners (BGEPIL & RIL). MoP&NG has also stated that the Arbitral Award would be applicable to the Company also as a constituent of the Contractor for both the PSCs.

   Directorate General of Hydrocarbons (DGH), vide letter dated May 25, 2017 had informed the Company that on October 12, 2016, a Final Partial Award (FPA) was pronounced by the Tribunal in the said arbitrations. As informed by BGEPIL that on issues relating to the aforesaid disputes, additional Audit Award on January 11, 2018, Agreement Case Award on October 1, 2018 and Jurisdictional Award on March 12, 2019 were pronounced. However, the details of proceedings of the FPA and other Orders are not available with the Company. DGH, vide their letters dated May 25, 2017 and June 4, 2018, marked to the Contractors, had directed the payment of differential Government of India share of Profit Petroleum and Royalty alleged to be payable by Contractors pursuant to Government's interpretation of the FPA (40% share of the Company amounting to US$ 1,624.05 million, including interest up to November 30, 2016) equivalent to ₹ 13,327 Crore (March 31, 2023: ₹ 13,342 Crore). In response to the letters of DGH, the JV partners (with a copy marked to all Joint Venture

Partners) had stated that demand of DGH was premature as the FPA did not make any money award in favour of Government of India, since quantification of liabilities were to be determined during the final proceedings of the arbitration. Further the award had also been challenged before the English Commercial Court (London High Court). Based on the above facts, the Company had also responded to the letters of DGH stating that pending finality of the order, the amount due and payable by the Company was not quantifiable. In view of the Company, if any changes are approved for increase in the Cost Recovery Limit (CRL) by the Arbitral Tribunal as per the terms of the PSCs the liability to Government of India (GOI) would potentially reduce.

The English Court has delivered its final verdict on May 2, 2018 following which the Arbitral Tribunal re-considered some of its earlier findings from the 2016 FPA (Revised Award). The GOI and JV Partners have challenged parts of the Revised Award before English Court. On February 12, 2020, the English Court passed a verdict favouring the challenges made by BGEPIL and RIL and also remitted the matter in the Revised Award back to Arbitral Tribunal for reconsideration. BGEPIL has informed that the Tribunal issued a verdict in January 2021, favouring BGEPIL/RIL on the remitted matter, which was challenged by the GOI before the English Court. The English Court delivered its verdict on June 9, 2022 dismissing the GoI's challenges and upholding the Revised Agreements Award. The GOI filed an appeal against the English Court verdict of June 9, 2022 that was rejected by the English courts in August 2022.

Based on the information shared by BGEPIL, the GOI has also filed an execution petition before the Hon'ble Delhi High Court seeking enforcement and execution of the October 12, 2016 FPA. In January 2018, the Company along with the JV partners had filed an application with MC for increase in CRL in terms of the PSCs. BGEPIL / RIL contend that GOI's execution petition is not maintainable and have opposed the reliefs sought by the GOI under the said petition. The hearings in the matter before the Hon'ble Delhi High Court concluded on August 4, 2022. The Delhi High Court issued a judgment dated June 2, 2023 that the Government's Execution Petition in respect of the 2016 FPA is premature, not maintainable and stands dismissed.

The application has been rejected by MC. Pursuant to the rejection, the JV partners have filed a claim with Arbitral Tribunal. One of the JV partners has further informed the Company that the hearing before the Arbitral Tribunal has been partially heard during the quarter of October – December 2021. Substantial hearings have taken place since 2021 in respect of the Cost Recovery Limit increase applications filed by BGEPIL & RIL and an award is presently expected by Q4 2023-24.

DGH vide letter dated January 14, 2019 has advised to the contractors to re-cast the accounts for Panna-Mukta and Mid and South Tapti Fields for the year 2017-18. Pending finalization of the decision of the Arbitral Tribunal, the JV partners and the Company had indicated in

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their letters to DGH that the final recasting of the accounts was premature and thus the issues raised by DGH may be kept in abeyance.

During the financial year 2010-11, the Oil Marketing Companies, nominees of the GOI recovered US$ 80.18 million [(Share of the Company US$ 32.07 million equivalent to ₹ 263Crore (March 31, 2023: ₹ 263 Crore)] as per directives of GoI in respect of Joint Operation - Panna Mukta and Tapti Production Sharing Contracts (PSCs). The recovery is towards certain observations raised by auditors appointed by DGH under the two PSCs for the period 2002-03 to 2005-06 in respect of cost and profit petroleum share payable to GOI.

Pending finality by Arbitration Tribunal on various issues raised above, re-casting of the financial statements and final quantification of liabilities, no provision has been accounted in the financial statements. The demand raised by DGH, amounting to US$ 1,624.05 million equivalent to ₹ 13,327 Crore as on June 30, 2023 (March 31, 2023: ₹ 13,342 Crore) has been considered as contingent liability.

5. The Company had received demand orders from Service Tax Department at various work centres on account of Service Tax on Royalty in respect of Crude oil and Natural gas. Appeals against such orders have been filed before the Tribunals. The Ahmedabad Tribunal adjourned the matter sine-die vide order dated June 25, 2019, against which the Company has filed writ petition before Hon. Gujarat High Court and the matter is pending as of now. The Company had also obtained legal opinion as per which the Service Tax/GST on Royalty in respect of Crude oil and Natural gas is not applicable. Meanwhile, the Company also received demand order dated January 01, 2019 on account of GST on Royalty in the State of Rajasthan against which the Company filed writ petition (4919/2019) before Hon. High Court of Rajasthan, and the same is pending for final disposal. The Company also filed writ of mandamus (9961/2019) before Hon. High Court of Madras seeking stay on the levy of GST on royalty. The Hon. High Court of Madras closed the writ petition in hearing held on July 6, 2022 based on the department's rejection of the Company's GST refund applications without further examination on merit. However. liberty was granted to challenge the refund rejection order of department in accordance with law, accordingly, an appeal has been filed before the appellate authority challenging the department's refund rejection order. Disputes are also pending at various forums relating to various work centres in respect to GST on Royalty.

As an abundant caution, the Company has deposited the disputed Service Tax and GST on royalty along-with interest under-protest amounting to ₹ 12,191 Crore up to June 30, 2023 (₹ 11,558 Crore up to March 31, 2023). The Company continues to contest such disputed matters before various forums based on the legal opinion as per which the Service Tax/GST on Royalty in respect of Crude oil and Natural gas is not applicable. However, considering the pending final decision in a similar matter by the Nine Judges' Bench of Hon'ble Supreme Court, which is yet to be constituted and keeping in view the considerable time elapsed, during the quarter and year ended March 31, 2023, the company made a provision towards these disputed taxes as a prudent and conservative practice in respect of the nominated fields,

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as per agreed terms in JV blocks where there are no disputes amongst the JV partners and to the extent of company's participating interest in the JV blocks where there are disputes amongst the JV partners. Accordingly, during the quarter and year ended March 31, 2023, the Company had provided ₹ 12,107 Crore towards disputed taxes for the period from April 1, 2016 to March 31, 2023 together with interest thereon up to March 31, 2023 towards the ST/GST on Royalty. Further, a similar provision of ₹ 641 Crore has also been made during the quarter ended June 30, 2023.

The Company has also obtained a legal opinion from the Additional Solicitor General, Supreme Court of India and other legal expert, with respect to JV blocks where there are disputes with JV partners, as per which the Service Tax/GST, if applicable on royalty, will required to be discharged by the JV partners in their respective share of participating interest in the JV blocks, and pending resolution of the disputes, other partners' share of disputed ST/GST on Royalty in such JV blocks together with interest upto June 30, 2023 amounting to ₹ 4,574 Crore (₹ 4,332 Crores till March 31, 2023) has not been considered for provision and the same has been considered as contingent liability. The remaining disputed demand received by the Company towards penalty and other differences i.e. ₹ 1,865 Crore (₹ 1,862 Crore till March 31, 2023) has also been considered as contingent liability.

Considering the Experts' opinion on the subject, during the previous FY 2022-23 the aforesaid amount deposited under protest has been claimed in the Income Tax return / in the ongoing assessment & appellate proceedings, as an allowable expenditure under section 37 read with section 43B of the Income Tax Act, 1961 for the relevant earlier assessment years and also towards the current tax for the year ended March 31, 2023. The same has also been considered as an allowable expenditure while calculating the current tax for the quarter ended June 30, 2023. The Company has also created deferred tax asset amounting to ₹ 90 Crore till June 30, 2023 (₹ 88 Crores till March 31, 2023) in respect of the amounts yet to be deposited against the provision made for disputed taxes for the above periods.

6. Vide Gazette Notification No. F. No. Expl-15019 (25)/161/2019-ONG-D-V (E-34367) dated 11.07.2022, the Ministry of Petroleum & Natural Gas (MoP&NG) GoI notified de-regulation of sale of domestically produced crude oil. Para 3 of the said Notification provides that "Unless the contract provides otherwise, royalty, cess, other statutory levies and contractual payments such as profit petroleum, revenue share, etc. shall be valued based on the actual sales price or the price of the Indian Basket of crude oil, as calculated by Government nominated Agency on monthly basis, whichever is higher". Accordingly, effective from October 1, 2022, the company started paying OID Cess on the higher of the two prices, which continued till May 31, 2023.

The company reviewed the liability for payment of OID Cess as per the provisions of the Oil Industry (Development) Act 1974 (OID Act) and a legal opinion was also obtained in this regard. On the basis of above it was concluded that OID Cess being a duty of excise, in terms

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of section15(1) read with section 15(4) of OID Act, it is payable on the transaction value (actual sale price). The company decided to rework the OID Cess liability on the basis of transaction value retrospectively w.e.f. October 1, 2022 and accordingly the differential OID Cess amounting to ₹ 280 Crore for the period from October 1, 2022 to May 31, 2023 (₹ 244 Crore till March 31, 2023) was adjusted while making the payment of OID Cess for the month of June 2023. The liability for the month of June 2023 was also worked out on the basis of transaction value, which has resulted in lowering of liability by ₹ 24 Crore.

The matter has been taken up with the MoP&NG for clarification in terms of the above referred notification, and pending clarification on the matter, the company continues to reckon the liability of OID Cess on the transaction value.

7. An amount of ₹ 798 Crore is receivable from Public Sector Oil Marketing Companies (OMCs) towards sale of crude oil from western offshore region during March to June 2023, billed at benchmark price Dated Brent on provisional basis, pending finalisation of term sheet. OMCs have released payments for the said period as per pricing formula applicable till September 2022 after withholding the aforesaid amount. The discussions with OMCs for finalization of pricing terms are in process except for one of the OMCs with whom pricing terms have been finalised. Considering the progress in this regard, management is confident that the issue would be resolved soon in favour of the Company and accordingly the withheld amount of ₹ 798 Crore has been considered as good.

8. Formula used for computation of:
   a. Net worth (Total equity) = Equity share capital + Other equity
   b. Debt Equity Ratio = Total borrowings / Total equity.
   c. Interest Service Coverage Ratio = Earnings before interest, tax and exceptional item / Interest on borrowings (net of transfer to expenditure during construction).
   d. Debt Service Coverage Ratio = Earnings before interest, tax and exceptional item / [Interest on borrowings (net of transfer to expenditure during construction) + Principal repayments of Long Term borrowings].

      There are no scheduled principal repayments of Long Term borrowings during respective reported period therefore Interest Service Coverage Ratio and Debt Service Coverage Ratio are same in corresponding period.
   e. Current Ratio = Current assets / Current liabilities.
   f. Long term debt to Working capital = Non-current borrowings (including current maturity of non-current borrowings) / Working capital (excluding current maturity of non-current borrowings).
   g. Bad debts to Accounts receivable Ratio = Bad debts / Average trade receivables.
   h. Current liability Ratio = Current liabilities / Total liabilities.

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i. Total debts to Total assets = Total borrowings / Total assets.

j. Debtors turnover = Revenue from operations / Average trade receivables.

k. Inventory turnover = Revenue from operations / Average inventories.

l. Operating Margin (%) = Earnings before interest, tax and exceptional items / Revenue from operations.

m. Net Profit Margin (%) = Profit for the period / Revenue from operations.

9. Previous period's figures have been regrouped by the Company, wherever necessary, to conform to current period's grouping.

By order of the Board

(Pomila Jaspal)
Director (Finance)

In terms of our report of even date attached

For SARC & Associates
Chartered Accountants
Firm Reg. No. 006085N

(Pankaj Sharma)
Partner (M. No. 086433)

For Kalani & Co.
Chartered Accountants
Firm Reg. No: 000722C

(Vikas Gupta)
Partner (M. No. 077076)

For R.G.N. Price & Co.
Chartered Accountants
Firm Reg. No.002785S

(G Surendranath Rao)
Partner (M. No. 022693)

For S. Bhandari & Co. LLP
Chartered Accountants
Firm Reg. No.
000560C/C400334

(Virendra Rai)
Partner (M. No. 015780)

For J Gupta & Co. LLP
Chartered Accountants
Firm Reg. No. 314010E/E300029

(Abhishek Raj)
Partner (M. No. 302648)

Place: New Delhi
Date: August 11, 2023

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INDEPENDENT AUDITORS' LIMITED REVIEW REPORT ON THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2023

TO THE BOARD OF DIRECTORS OF

OIL AND NATURAL GAS CORPORATION LIMITED

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Oil and Natural Gas Corporation Limited ("the Holding Company") and its Subsidiaries (the Holding Company and its subsidiaries together referred to as ("the Group"), and its share of the net profit after tax and total comprehensive income of its Joint Ventures and Associates for the quarter ended June 30, 2023 (hereinafter referred to as "the Statement" and signed by us for the purpose of identification), being submitted by the Holding Company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Regulations").

2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* and also considering the requirements of Standard on Auditing (SA 600) on *"Using the Work of Another Auditor"* including materiality, both issued by the Institute of Chartered Accountants of India. This SRE requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters,

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and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

Sr. No.	Name of the entity
A	**Holding Company**
1	Oil and Natural Gas Corporation Limited
B	**Subsidiaries**
1	ONGC Videsh Limited *
2	Mangalore Refinery and Petrochemicals Limited *
3	Petronet MHB Limited
4	Hindustan Petroleum Corporation Limited *
C	**Joint Ventures**
1	ONGC Teri Biotech Limited
2	ONGC Tripura Power Company Limited *
3	ONGC Petro Additions Limited
4	Mangalore SEZ Limited *
5	Indradhanush Gas Grid Limited
6	Dahej SEZ Limited
D	**Associates**
1	Petronet LNG Limited *
2	Pawan Hans Limited
3	Rohini Heliport Limited

* As per Consolidated financial results

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the Review Reports of other auditors referred to in paragraph 7(iii) below, nothing has come to our attention that causes us to believe that the accompanying Statement read with Notes thereon, prepared in accordance with applicable Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued

thereunder and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in terms of the Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. **Emphasis of Matter**

We draw attention to the following matters in the Notes to the Statement:

(i) Note No.4, wherein it is stated that Directorate General of Hydrocarbons (DGH) had raised a demand on all the JV partners under the Production Sharing Contract with respect to Panna-Mukta and Mid and South Tapti contract areas (PMT JV), being BG Exploration and Production India Limited (BGEPIL) and Reliance Industries Limited (RIL) (together "the Claimants") and the Holding Company (all three together referred to as "Contractors"), towards differential Government of India (GOI) share of Profit Petroleum and Royalty alleged to be payable by contractors pursuant to Government's interpretation of the Final Partial Award of Arbitral Tribunal (40% share of the Holding Company amounting to USD 1624.05 million equivalent to Rs. 13,327 Crore, including interest upto 30th November, 2016). Subsequent to Tribunal Orders dated October 12, 2016, DGH vide letter dated May 25, 2017, June 4, 2018 and January 14, 2019 had asked contractor for re-casting of accounts of the PMT JV and for remitting the respective PI share of balance dues including interest till the date of remittance. As the Holding Company is not a party to the arbitration, the details of the proceedings of arbitration and copy of the order of English Commercial Court (London High Court) are not available with the Holding Company. The Holding Company has informed that the English Court has delivered its final verdict on May 2, 2018 following which the Arbitral Tribunal re-considered some of its earlier findings from the 2016 FPA (Revised Award). The Government of India and JV Partners have challenged parts of the Revised Award before English court. On February 12, 2020, the English Court passed a verdict favouring the challenges made by BGEPIL and RIL and also remitted the matter in the Revised Award back to Arbitral Tribunal for reconsideration. In January 2021, the Tribunal issued a verdict favouring BGEPIL/RIL on the remitted matter, which has been challenged by the GOI before the English Court. The English Court had delivered its verdict on June 9, 2022 dismissing the challenge made by GOI. The GOI filed an appeal against the English Court verdict of June 9, 2022 that was rejected by the English courts in August 2022.

Based on the information shared by BGEPIL, the GOI has also filed an execution petition before the Hon'ble Delhi High Court seeking enforcement and execution of the October 12, 2016 FPA. BGEPIL / RIL contend that GOI's execution petition is not maintainable and have opposed the reliefs sought by the GOI under the said petition. The hearings in the matter before the Hon'ble Delhi High Court concluded on August 4, 2022. The Delhi High Court issued a judgment dated June 2, 2023 that the Government's Execution Petition in respect of the 2016 FPA is premature, not maintainable and stands dismissed.

Pending finalization of the decision of the Arbitration Tribunal, the Holding Company has indicated in their letters to DGH that the final recasting of the accounts is premature and the issues raised by DGH may be kept in abeyance and therefore no provision for the demand raised by DGH, amounting to US$ 1,624.05 million equivalent to Rs. 13,327 Crore has been considered necessary and has been treated as contingent liability.

(ii) Note No. 5, with respect to ongoing disputes/demands raised on various work centres of the Holding Company under Service Tax (ST) and Goods & Service Tax (GST) in respect of ST and GST on Royalty levied on Crude Oil and Natural Gas. Based on the legal opinion, the Holding Company has disputed such levies and is contesting the same at various forums. However, as an abundant caution, the Holding Company has deposited the disputed Service Tax and GST on royalty along-with interest under-protest amounting to ₹ 12,191 Crore up to June 30, 2023.

As mentioned in the said note, the Holding Company continues to contest such disputed matters before various forums based on the legal opinion as per which the Service Tax/GST on Royalty in respect of Crude oil and Natural gas is not applicable. However, considering the pending final decision in a similar matter by the Nine Judges' Bench of Hon'ble Supreme Court, which is yet to be constituted and keeping in view the considerable time elapsed, during the quarter and year ended March 31, 2023, the Holding Company made a provision towards these disputed taxes as a prudent and conservative practice in respect of the nominated fields, as per agreed terms in JV blocks where there are no disputes amongst the JV partners and to the extent of company's participating interest in the JV blocks where there are disputes amongst the JV partners. Accordingly, during the quarter and year ended March 31, 2023, the Holding Company had provided ₹ 12,107 Crore towards disputed taxes for the period from April 1, 2016 to March 31, 2023 together with interest thereon up to March 31, 2023 towards the ST/GST on Royalty. Further, a similar provision of ₹ 641 Crore has also been made during the quarter ended June 30, 2023.

As further mentioned in the note, based on the legal opinions, with respect to JV blocks where there are disputes with JV partners, as per which the Service Tax/GST, if applicable on royalty, will required to be discharged by the JV partners in their respective share of participating interest in the JV blocks, and pending resolution of the disputes, other partners' share of disputed ST/GST on Royalty in such JV blocks together with interest upto June 30, 2023 amounting to ₹ 4,574 Crore has not been considered for provision and the same has been considered as contingent liability. The remaining disputed demand received by the Holding Company towards penalty and other differences i.e. ₹ 1,865 Crore has also been considered as contingent liability.

As mentioned in the note, considering the experts' opinion, during the previous FY 2022-23, the aforesaid amount deposited under protest has been claimed in the Income Tax return / in the ongoing assessment & appellate proceedings, as an allowable expenditure under section 37 read with section 43B of the Income Tax Act, 1961 for the relevant earlier assessment years and also towards the current tax for the year ended March 31, 2023. The same has also been considered as an allowable expenditure while calculating the current tax for the quarter ended June 30, 2023. The Holding Company has also created deferred tax asset amounting to ₹ 90 Crore till June 30, 2023 in respect of the amounts yet to be deposited against the provision made for disputed taxes for the above periods.

(iii) Note No. 6, wherein it is mentioned that considering the Gazette Notification dated 11.07.2022, the Ministry of Petroleum & Natural Gas (MoP&NG) GoI notified de-regulation of sale of domestically produced crude oil. Para 3 of the said Notification provides for valuation of royalty, cess, other statutory levies and contractual payments based on the "actual sales price or the price of the Indian Basket of crude oil, as calculated by Government nominated Agency on monthly basis, whichever is higher". Effective from October 1, 2022, the Holding Company started paying OID cess on the higher of the two prices, which continued till May 31, 2023. The Holding Company reviewed the liability for payment of OID Cess as per the provisions of the Oil Industry (Development) Act 1974 (OID Act) and also based on a legal opinion, and it was concluded by the Holding Company that OID cess being a duty of excise, in terms of OID Act it is payable on the transaction value (actual sale price). As a result the differential OID cess amounting to Rs 280 Crore for the period from October 1, 2022 to May 31, 2023 (Rs 244 Crore till March 31, 2023) was adjusted by the Holding Company while making the payment of OID cess for the month of June 2023. The liability for the month of June 2023 was also worked out on the basis of transaction value, which has resulted in lowering of liability by Rs. 24 crore. The matter has been taken up by the Holding Company with the MOP&NG for clarification in terms of the above referred notification, and pending clarification on the matter, the Holding Company continues to reckon the liability of OID cess on the transaction value.

(iv) Note No. 8 to the Statement and the Emphasis of Matter paragraphs (EOM) included in para 6(i) of the Independent Auditors' Review Report on the Consolidated Financial results of ONGC Videsh Limited, a subsidiary of the Holding Company, issued by Independent firms of Chartered Accountants vide their report dated August 8, 2023, the said EOM is reproduced as under:

"We draw your attention to Note no. 12.1 and 44(iii)(a) of the Consolidated Financial results regarding Investment which includes Rs.1,42,808.83 million classified (from oil, gas & other assets net of liabilities relating to the project Sakhalin -1) as "Investment pending proportionate ownership interest allotment" due to Decree of the Russian Federation for acquisition & transfer of all rights & obligations of the consortium under PSA of the Project "Sakhalin-1" to a new entity "Sakhalin- 1 LLC" incorporated in Russia by the Russian federation.

Further, as per Decree, allotment of shares in the new LLC is subject to transfer of the fund invested by the holding Company against the "Site Restoration Fund" amounting to

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Rs.48,277.63 million as on 14th October 2022 (i.e., the date of cessation of rights & obligations of the consortium) in the bank account of new entity "Sakhalin -1 LLC". Since transfer of the said fund/amount is still to be made by Holding Company, shares have not yet been allotted till date.

In the opinion of the management, rights & obligations are still evolving, hence, the accounting treatment given for the same will be revisited on finalization of the arrangement."

(v) Note No. 9 to the Statement and the Emphasis of Matter paragraphs (EOM) included in para 6(iii) of the Independent Auditors' Review Report on the Consolidated Financial results of ONGC Videsh Limited, a subsidiary of the Holding Company, issued by Independent Firms of Chartered Accountants vide their report dated August 08, 2023, the said EOM is reproduced as under:

"We draw your attention to Note no 44(xviii) of the Consolidated Financial Results regarding un-utilized balances of "Cash Calls" included under "Cash & Cash Equivalents" amounting to Rs. 2,007.69 million which are stated to have been lying in the overseas operators' Bank Account and recorded on the basis of expenditure statement i.e., Joint interest billing."

(vi) Note No. 12 to the Statement and the para 2 in the Emphasis of Matter paragraphs (EOM) included in the Independent Auditor's Review Report on the Financial results of ONGC Petro additions Limited (OPaL), a joint venture of the Holding Company, issued by an independent firm of Chartered Accountants vide their report dated August 07, 2023, the said EOM reproduced as under:

"The Company has incurred a net loss after tax of Rs. 9,081.45 million during the quarter ended June 30, 2023, accumulated losses to the tune of Rs. 1,38,488.41 million and Company is having negative working capital of Rs. 64,349.37 million as of that date. Net-worth of the Company has come down to negative, stands at Rs. 2,270.93 million as at June 30, 2023. In spite of these conditions which may cast a doubt on the ability of the Company to continue as a going concern, the management is of the opinion that going concern basis of accounting is appropriate in view of the cash flow forecasts and the plan management has put in place."

Our conclusion on the Statement is not modified in respect of the above matters.

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7. **Other Matters**

(i) We have placed reliance on technical/commercial evaluation by the management in respect of categorization by the Holding Company of wells as exploratory, development, producing and dry wells, allocation of costs incurred on them, proved (developed and undeveloped) / probable hydrocarbon reserves and depletion thereof on Oil and Gas Assets, impairment, liability for decommissioning costs, liability for NELP/ HELP and nominated blocks for under performance against agreed Minimum Work Programme.

(ii) The Statement includes the Holding Company's proportionate share in the total value of expenditure and Income of 194 blocks under New Exploration Licensing Policy (NELPs)/ Hydrocarbon Exploration and Licensing Policy (HELPs)/ Discovered Small Fields (DSFs)/ Open Acreage Licensing Policy (OALPs) and Joint Operations (JOs) accounts for exploration and production, out of which 25 blocks have not been reviewed by us, the details of which are as under: -

- 1 block has been certified by other Chartered Accountant. In respect of this block, the Statement includes revenue amounting to Rs. 1,702.29 Crore and profit before tax including other comprehensive income amounting to Rs. 541.18 Crores respectively for the quarter ended June 30, 2023. Our conclusion is solely based on the certificate of the other Chartered Accountant.

- 24 blocks have been certified by the management. In respect of these 24 blocks, the Statement includes revenue amounting to Rs. 316.66 Crore and profit/(loss) before tax including other comprehensive income amounting to Rs. (9.76) Crores respectively for the quarter ended June 30, 2023. Our conclusion is solely based on management certified accounts in respect of these blocks.

(iii) We did not review the interim financial results/information in respect of four subsidiaries included in the Statement, whose interim financial results/information reflect total revenues of Rs. 1,46,403.23 Crore, total net profit after tax of Rs. 7,930.96 Crore and total comprehensive income of Rs. 6,885.42 Crore, for the quarter ended June 30, 2023, respectively as considered in the Statement. The Statement also include the Group's share of Loss after tax of Rs. 331.33 Crore and total comprehensive income of Rs. (331.24) Crore for the quarter ended June 30, 2023, as considered in the Statement, in respect of six Joint Ventures and one Associate, whose financial results/information have not been reviewed by us. These interim financial results/ information have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associate is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

The Statement also includes the Group's share of net Loss after tax of Rs. 14.63 Crore and total comprehensive income of Rs. (14.63) Crore for the quarter ended June 30, 2023, as considered in the Statement, in respect of two Associates, based on their interim financial results/information, which have not been reviewed by their auditors or by us. These, interim financial results/information are certified by the management of the Holding Company. According to the information and explanations given to us by the Management, these, interim financial results/information are not material to the Group.

(iv) The Statement includes comparative figures for the quarter ended June 30, 2022, reviewed by the joint auditors of the Holding Company, two of whom were the predecessor audit firms, where they had expressed an unmodified conclusion vide their report dated August 12, 2022 on such Consolidated Financial Results.

Our conclusion on the Statement is not modified in respect of the above matters.

For SARC & ASSOCIATES
Chartered Accountants
Firm Reg. No.: 006085N

(Pankaj Sharma)
Partner (M. No. 086433)
UDIN: 23086433BGZHXO2547

For Kalani & Co
Chartered Accountants
Firm Reg. No.: 000722C

(Vikas Kumar Pareek)
Partner (M. No. 422687)
UDIN: 23422687BGYMVD6722

For R.G.N. Price & Co
Chartered Accountants
Firm Reg. No.: 002785S

(Aditya Kumar)
Partner (M. No. 232444)
UDIN: 23232444BGYTBY4124

For S. Bhandari & Co LLP
Chartered Accountants
Firm Reg. No.: 000560C/C400334

(P.P Pareek)
Partner (M. No. 071213)
UDIN: 23071213BGZHWV3311

For J Gupta & Co LLP
Chartered Accountants
Firm Reg. No: 314010E/E300029

(Abhishek Raj)
Partner (M. No. 302648)
UDIN: 23302648BGYBFB6987

Place: New Delhi
Dated: August 11, 2023

OIL AND NATURAL GAS CORPORATION LIMITED
CIN No. L74899DL1993GOI054155
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STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2023

(₹ in Crore)

Sl. No.	Particulars	Financial results for			
		Quarter ended 30.06.2023	Quarter ended 31.03.2023	Quarter ended 30.06.2022	Year ended 31.03.2023
		Unaudited	Audited	Unaudited	Audited
I	Revenue from operations	163,823.59	164,066.72	182,893.75	684,829.22
II	Other income	2,543.53	2,662.08	1,257.38	8,074.08
III	**Total income (I+II)**	**166,367.12**	**166,728.80**	**184,151.13**	**692,903.30**
IV	**Expenses**				
	(a) Cost of materials consumed*	41,316.67	40,726.23	51,027.24	187,630.18
	(b) Purchase of Stock-in-Trade	55,671.54	62,982.02	78,717.78	266,120.04
	(c) Changes in inventories of finished goods, stock-in-trade and work-in progress	3,473.82	(1,048.88)	(2,098.95)	2,566.08
	(d) Employee benefits expense**	1,813.28	1,915.55	1,672.52	6,806.95
	(e) Statutory levies	18,995.95	19,979.27	22,093.78	89,867.90
	(f) Exploration costs written off				
	(i) Survey costs	1,217.10	1,752.38	775.49	3,979.43
	(ii) Exploration well costs	622.81	2,813.31	451.42	6,201.54
	(g) Finance costs	2,363.94	2,068.11	1,639.88	7,889.36
	(h) Depreciation, depletion, amortisation and impairment	7,072.34	6,719.19	6,611.09	24,557.05
	(i) Other expenses	10,605.61	13,950.11	11,401.69	46,130.13
	Total expenses (IV)	**143,153.06**	**151,857.29**	**172,291.94**	**641,748.66**
V	**Profit before share of profit/(loss) of associates and joint ventures, exceptional items and tax (III - IV)**	**23,214.06**	**14,871.51**	**11,859.19**	**51,154.64**
VI	Share of profit of associates & joint ventures	525.75	(1,523.07)	1,035.06	34.06
VII	**Profit before exceptional items (V+VI)**	**23,739.81**	**13,348.44**	**12,894.25**	**51,188.70**
VIII	Exceptional items - Income/(expenses)	-	(7,444.66)	(673.66)	(8,137.94)
IX	**Profit before tax (VII+VIII)**	**23,739.81**	**5,903.78**	**12,220.59**	**43,050.76**
X	**Tax expense**				
	(a) Current tax relating to:				
	- current year	4,149.08	3,691.56	6,317.74	14,620.93
	- earlier years	82.01	(2,365.90)	-	(2,891.43)
	(b) Deferred tax	2,125.75	(1,123.34)	(2,677.90)	(1,456.35)
	Total tax expense (X)	**6,356.84**	**202.32**	**3,639.84**	**10,273.15**
XI	**Profit for the period (IX-X)**	**17,382.97**	**5,701.46**	**8,580.75**	**32,777.61**
XII	**Other comprehensive income (OCI)**				
	A Items that will not be reclassified to profit or loss				
	(a) Remeasurement of the defined benefit plans	(11.35)	(272.66)	44.69	(287.88)
	- Deferred tax	3.08	68.86	(11.22)	73.08
	(b) Equity instruments through other comprehensive income	2,666.62	694.36	(1,423.32)	(200.18)
	- Deferred tax	(238.46)	(50.92)	(97.55)	(248.32)
	(c) Share of other comprehensive income in associates and joint ventures, to the extent not to be reclassified to profit or loss	(0.48)	(1.67)	0.91	(2.67)
	- Deferred tax	-	-	-	-
	B Items that will be reclassified to profit or loss				
	(a) Exchange differences in translating the financial statement of foreign operation	(1,613.54)	(1,958.88)	10,019.29	5,654.14
	- Deferred tax	565.15	686.37	(3,508.87)	(1,990.20)
	(b) Effective portion of gains (losses) on hedging instruments in cash flow hedges	7.86	97.52	(544.14)	4.01
	- Deferred tax	(1.98)	(24.55)	136.95	(1.01)
	(c) Share of other comprehensive income in associates and joint ventures, to the extent to be reclassified to profit or loss	16.95	9.20	(52.03)	(129.69)
	Total Other Comprehensive Income (XII)	**1,393.85**	**(752.37)**	**4,564.71**	**2,871.28**
XIII	**Total Comprehensive Income for the period (XI+XII)**	**18,776.82**	**4,949.09**	**13,145.46**	**35,648.89**
XIV	Profit for the period attributable to:				
	- Owners of the Company	14,133.91	3,715.48	11,936.64	35,440.48
	- Non-controlling interests	3,249.06	1,985.98	(3,355.89)	(2,662.87)
		17,382.97	**5,701.46**	**8,580.75**	**32,777.61**
XV	Other comprehensive income attributable to:				
	- Owners of the Company	1,391.11	(760.24)	4,764.03	3,012.94
	- Non-controlling interests	2.74	7.87	(199.32)	(141.66)
		1,393.85	**(752.37)**	**4,564.71**	**2,871.28**
XVI	Total comprehensive income attributable to:				
	- Owners of the Company	15,525.02	2,955.24	16,700.67	38,453.42
	- Non-controlling interests	3,251.80	1,993.85	(3,555.21)	(2,804.53)
		18,776.82	**4,949.09**	**13,145.46**	**35,648.89**
XVII	**Paid up equity share capital (Face value of ₹5/- each)**	**6,290.14**	**6,290.14**	**6,290.14**	**6,290.14**
XVIII	Net worth#	320,151.74	301,255.04	296,797.41	301,255.04
XIX	Paid up Debt Capital / Outstanding Debt$	115,731.68	129,185.56	113,658.75	129,185.56
XX	Other Equity	290,014.65	274,357.16	270,181.95	274,357.16
XXI	Capital Redemption Reserve	191.75	191.75	191.75	191.75
XXII	Debenture Redemption Reserve	1,600.16	2,814.95	2,832.65	2,814.95
XXIII	Earnings per equity share: (Face value of ₹5/- each) - not annualised				
	(a) Basic (₹)	11.23	2.95	9.49	28.17
	(b) Diluted (₹)	11.23	2.95	9.49	28.17
XXIV	Debt Equity Ratio#	0.36	0.43	0.38	0.43
XXV	Debt Service Coverage Ratio#	2.59	4.03	11.02	3.93
XXVI	Interest Service Coverage Ratio#	18.04	10.98	19.93	12.84
XXVII	Current Ratio#	1.02	0.86	0.88	0.86
XXVIII	Long Term Debt to Working Capital#	9.52	***	***	***
XXIX	Bad debts to Account Receivable Ratio#	0.01	-	-	-
XXX	Current Liability Ratio#	0.37	0.42	0.45	0.42
XXXI	Total Debts to Total Assets#	0.18	0.21	0.18	0.21
XXXII	Debtors Turnover#	7.49	7.67	8.05	31.82
XXXIII	Inventory Turnover#	3.81	3.65	3.35	13.92
XXXIV	Operating Margin (%)#	15.93	9.40	7.95	8.63
XXXV	Net Profit Margin (%)#	10.61	3.48	4.69	4.79

* Represents consumption of raw materials and stores & spares ** Employee benefits expense shown above is net of allocation to different activities. $ comprises non-current and current borrowings. # Refer Note No. 13 *** Not disclosed as denominator is negative

OIL AND NATURAL GAS CORPORATION LIMITED
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CONSOLIDATED SEGMENT WISE REVENUE, RESULTS, ASSETS & LIABILITIES

(₹ in Crore)

Sl. No.	Particulars	Quarter ended 30.06.2023	Quarter ended 31.03.2023	Quarter ended 30.06.2022	Year ended 31.03.2023
		Unaudited	Audited	Unaudited	Audited
1	**Segment Revenue**				
	A. In India				
	(i) E&P				
	a) Offshore	23,076.85	25,013.31	27,990.38	104,113.80
	b) Onshore	10,669.13	11,212.68	14,241.26	51,115.65
	(ii) Refining & Marketing	144,063.14	144,041.34	157,500.99	591,522.50
	B. Outside India	2,367.81	2,238.39	3,767.94	11,676.33
	C. Others Unallocated	40.63	41.33	30.98	141.89
	Total	**180,217.56**	**182,547.05**	**203,531.55**	**758,570.17**
	Less: Inter Segment Revenue	16,393.97	18,480.33	20,637.80	73,740.95
	Revenue from operations	**163,823.59**	**164,066.72**	**182,893.75**	**684,829.22**
2	**Segment Result Profit(+)/Loss(-) before tax and interest from each segment**				
	A. In India				
	(i) E&P				
	a) Offshore	11,014.76	2,882.44	15,988.19	42,795.40
	b) Onshore	2,398.81	(3,571.42)	4,817.63	6,308.16
	(ii) Refining & Marketing	10,507.33	7,342.57	(8,936.42)	(5,678.78)
	B. Outside India	367.87	2,148.94	565.84	3,937.30
	Total	**24,288.77**	**8,802.53**	**12,435.24**	**47,362.08**
	Less:				
	i. Finance Cost	2,363.94	2,068.11	1,639.88	7,889.36
	ii. Other unallocable expenditure net of unallocable income	(1,289.24)	(692.43)	(390.17)	(3,543.99)
	Add: Share of profit/(loss) of joint ventures and associates:				
	A. In India				
	(i) Refining & Marketing	509.46	467.22	1,205.40	2,040.33
	(ii) Unallocated	(347.02)	(897.13)	(426.55)	(1,466.81)
	B. Outside India-E&P	363.30	(1,093.16)	256.21	(539.47)
	Profit before Tax	**23,739.81**	**5,903.78**	**12,220.59**	**43,050.76**
3	**Segment Assets**				
	A. In India				
	(i) E&P				
	a) Offshore	164,238.29	147,329.32	149,602.07	147,329.32
	b) Onshore	73,850.84	73,443.15	75,665.02	73,443.15
	(ii) Refining & Marketing	195,326.21	193,661.15	196,524.60	193,661.15
	B. Outside India	112,874.06	116,132.94	129,946.31	116,132.94
	C. Others Unallocated	94,337.34	83,962.17	68,108.74	83,962.17
	Total	**640,626.74**	**614,528.73**	**619,846.74**	**614,528.73**
4	**Segment Liabilities**				
	A. In India				
	(i) E&P				
	a) Offshore	69,859.36	55,136.15	50,925.20	55,136.15
	b) Onshore	17,883.87	17,625.88	16,350.59	17,625.88
	(ii) Refining & Marketing	143,225.88	149,494.40	152,354.53	149,494.40
	B. Outside India	52,433.33	54,812.53	67,318.55	54,812.53
	C. Others Unallocated	37,072.56	36,204.73	36,100.46	36,204.73
	Total	**320,475.00**	**313,273.69**	**323,049.33**	**313,273.69**

Note: Segments have been identified and reported taking into account the differing risks and returns, the groups structure and the internal reporting systems. These have been organized into the following Geographical and Business segments:

Geographical Segments: a) In India - Offshore and Onshore b) Outside India
Business Segments : a) Exploration & Production (E&P) b) Refining & Marketing of Petroleum products

SARC & ASSOCIATES NEW DELHI-20 CHARTERED ACCOUNTANTS

KALANI & CO. JAIPUR CHARTERED ACCOUNTANTS

R.G.N. PRICE & CO. Chartered Accountants

S BHANDARI & CO LLP Chartered Accountants

J Gupta & Co LLP Kolkata Chartered Accountants

Notes:

1. The above consolidated financial results of the Company for the quarter ended June 30, 2023 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors in their respective meetings held on the August 11, 2023.

2. The consolidated financial results of the Group [The Holding Company (the Company) and its subsidiaries] for the quarter ended June 30, 2023 have been reviewed by the Statutory Auditors as required under Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3. The figures for the quarter ended March 31, 2023 are the balancing figures between audited figures in respect of the full financial year 2022-23 and the year-to-date figures upto the third quarter of 2022-23, which were subjected to limited review.

4. The Company, with 40% Participating Interest (PI), was a Joint Operator in Panna-Mukta and Mid and South Tapti Fields along with Reliance Industries Limited (RIL) and BG Exploration and Production India Limited (BGEPIL) each having 30% PI, (all three together referred to as "Contractors") signed two Production sharing Contracts (PSCs) with Government of India (Union of India) on December 22, 1994 for a period of 25 years. The PSCs for Panna Mukta and Mid & South Tapti have expired on December 21, 2019. In terms of the Panna Mukta Field Asset Handover Agreement, the Contractors of PMT JV are liable for the pre-existing liability.

   In December 2010, RIL & BGEPIL (JV Partners) invoked an international arbitration proceeding against the Union of India in respect of certain disputes, differences and claims arising out of and in connection with both the PSCs .The Ministry of Petroleum and Natural Gas (MoP&NG), vide their letter dated July 4, 2011, had directed the Company not to participate in the Arbitration initiated by the JV Partners (BGEPIL & RIL). MoP&NG has also stated that the Arbitral Award would be applicable to the Company also as a constituent of the Contractor for both the PSCs.

   Directorate General of Hydrocarbons (DGH), vide letter dated May 25, 2017 had informed the Company that on October 12, 2016, a Final Partial Award (FPA) was pronounced by the Tribunal in the said arbitrations. As informed by BGEPIL that on issues relating to the aforesaid disputes, additional Audit Award on January 11, 2018, Agreement Case Award on October 1, 2018 and Jurisdictional Award on March 12, 2019 were pronounced. However, the details of proceedings of the FPA and other Orders are not available with the Company. DGH, vide their letters dated May 25, 2017 and June 4, 2018, marked to the Contractors, had directed the payment of differential Government of India share of Profit Petroleum and Royalty alleged to be payable by Contractors pursuant to Government's interpretation of the FPA (40% share of the Company amounting to US$ 1,624.05 million, including interest up to November 30, 2016) equivalent to ₹ 13,327 Crore (March 31, 2023: ₹ 13,342 Crore). In response to the letters of DGH, the JV partners (with a copy marked to all Joint Venture Partners) had stated that demand of DGH was premature as the FPA did not make any money award in favour of Government of India, since quantification of liabilities were to be determined during the final proceedings of the arbitration. Further the award had also been challenged before the English Commercial Court (London High Court). Based on the above facts, the Company had also responded to the letters of DGH stating that pending finality of the order, the amount due and payable by the Company was not quantifiable. In view of the Company, if any changes are approved for increase in the Cost Recovery Limit (CRL) by the Arbitral Tribunal as per the terms of the PSCs the liability to Government of India (GOI) would potentially reduce.

SARC & ASSOCIATES * NEW DELHI-20 * CHARTERED ACCOUNTANTS

KALANI & CO. * JAIPUR * CHARTERED ACCOUNTANTS

R.G.N. PRICE & CO. * Chartered Accountants

S BHANDARI & CO LLP * Chartered Accountants

J Gupta & Co LLP * Kolkata * Chartered Accountants

The English Court has delivered its final verdict on May 2, 2018 following which the Arbitral Tribunal re-considered some of its earlier findings from the 2016 FPA (Revised Award). The GOI and JV Partners have challenged parts of the Revised Award before English Court. On February 12, 2020, the English Court passed a verdict favouring the challenges made by BGEPIL and RIL and also remitted the matter in the Revised Award back to Arbitral Tribunal for reconsideration. BGEPIL has informed that the Tribunal issued a verdict in January 2021, favouring BGEPIL/RIL on the remitted matter, which was challenged by the GOI before the English Court. The English Court delivered its verdict on June 9, 2022 dismissing the GoI's challenges and upholding the Revised Agreements Award. The GOI filed an appeal against the English Court verdict of June 9, 2022 that was rejected by the English courts in August 2022.

Based on the information shared by BGEPIL, the GOI has also filed an execution petition before the Hon'ble Delhi High Court seeking enforcement and execution of the October 12, 2016 FPA. In January 2018, the Company along with the JV partners had filed an application with MC for increase in CRL in terms of the PSCs. BGEPIL / RIL contend that GOI's execution petition is not maintainable and have opposed the reliefs sought by the GOI under the said petition. The hearings in the matter before the Hon'ble Delhi High Court concluded on August 4, 2022. The Delhi High Court issued a judgment dated June 2, 2023 that the Government's Execution Petition in respect of the 2016 FPA is premature, not maintainable and stands dismissed.

The application has been rejected by MC. Pursuant to the rejection, the JV partners have filed a claim with Arbitral Tribunal. One of the JV partners has further informed the Company that the hearing before the Arbitral Tribunal has been partially heard during the quarter of October – December 2021. Substantial hearings have taken place since 2021 in respect of the Cost Recovery Limit increase applications filed by BGEPIL & RIL and an award is presently expected by Q4 2023-24.

DGH vide letter dated January 14, 2019 has advised to the contractors to re-cast the accounts for Panna-Mukta and Mid and South Tapti Fields for the year 2017-18. Pending finalization of the decision of the Arbitral Tribunal, the JV partners and the Company had indicated in their letters to DGH that the final recasting of the accounts was premature and thus the issues raised by DGH may be kept in abeyance.

During the financial year 2010-11, the Oil Marketing Companies, nominees of the GOI recovered US$ 80.18 million [Share of the Company US$ 32.07 million equivalent to ₹ 263 Crore (March 31, 2023: ₹ 263 Crore)] as per directives of GoI in respect of Joint Operation - Panna Mukta and Tapti Production Sharing Contracts (PSCs). The recovery is towards certain observations raised by auditors appointed by DGH under the two PSCs for the period 2002-03 to 2005-06 in respect of cost and profit petroleum share payable to GOI.

Pending finality by Arbitration Tribunal on various issues raised above, re-casting of the financial statements and final quantification of liabilities, no provision has been accounted in the financial statements. The demand raised by DGH, amounting to US$ 1,624.05 million equivalent to ₹ 13,327 Crore as on June 30, 2023 (March 31, 2023: ₹ 13,342 Crore) has been considered as contingent liability.

5. The Company had received demand orders from Service Tax Department at various work centres on account of Service Tax on Royalty in respect of Crude oil and Natural gas. Appeals against such orders have been filed before the Tribunals. The Ahmedabad Tribunal adjourned the matter sine-die vide order dated June 25, 2019, against which the Company has filed writ petition before Hon. Gujarat High Court and the matter is pending as of now. The Company had also obtained legal opinion as per which the Service Tax/GST on Royalty in respect of Crude oil and Natural gas is not applicable.

SARC & ASSOCIATES NEW DELHI-20 CHARTERED ACCOUNTANTS

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J Gupta & Co LLP Kolkata Chartered Accountants

Meanwhile, the Company also received demand order dated January 01, 2019 on account of GST on Royalty in the State of Rajasthan against which the Company filed writ petition (4919/2019) before Hon. High Court of Rajasthan, and the same is pending for final disposal. The Company also filed writ of mandamus (9961/2019) before Hon. High Court of Madras seeking stay on the levy of GST on royalty. The Hon. High Court of Madras closed the writ petition in hearing held on July 6, 2022 based on the department's rejection of the Company's GST refund applications without further examination on merit. However. liberty was granted to challenge the refund rejection order of department in accordance with law, accordingly, an appeal has been filed before the appellate authority challenging the department's refund rejection order. Disputes are also pending at various forums relating to various work centres in respect to GST on Royalty.

As an abundant caution, the Company has deposited the disputed Service Tax and GST on royalty along-with interest under-protest amounting to ₹ 12,191 Crore up to June 30, 2023 (₹ 11,558 Crore up to March 31, 2023). The Company continues to contest such disputed matters before various forums based on the legal opinion as per which the Service Tax/GST on Royalty in respect of Crude oil and Natural gas is not applicable. However, considering the pending final decision in a similar matter by the Nine Judges' Bench of Hon'ble Supreme Court, which is yet to be constituted and keeping in view the considerable time elapsed, during the quarter and year ended March 31, 2023, the company made a provision towards these disputed taxes as a prudent and conservative practice in respect of the nominated fields, as per agreed terms in JV blocks where there are no disputes amongst the JV partners and to the extent of company's participating interest in the JV blocks where there are disputes amongst the JV partners. Accordingly, during the quarter and year ended March 31, 2023, the Company had provided ₹ 12,107 Crore towards disputed taxes for the period from April 1, 2016 to March 31, 2023 together with interest thereon up to March 31, 2023 towards the ST/GST on Royalty. Further, a similar provision of ₹ 641 Crore has also been made during the quarter ended June 30, 2023.

The Company has also obtained a legal opinion from the Additional Solicitor General, Supreme Court of India and other legal expert, with respect to JV blocks where there are disputes with JV partners, as per which the Service Tax/GST, if applicable on royalty, will required to be discharged by the JV partners in their respective share of participating interest in the JV blocks, and pending resolution of the disputes, other partners' share of disputed ST/GST on Royalty in such JV blocks together with interest upto June 30, 2023 amounting to ₹ 4,574 Crore (₹ 4,332 Crores till March 31, 2023) has not been considered for provision and the same has been considered as contingent liability. The remaining disputed demand received by the Company towards penalty and other differences i.e. ₹ 1,865 Crore (₹ 1,862 Crore till March 31, 2023) has also been considered as contingent liability.

Considering the Experts' opinion on the subject, during the previous FY 2022-23 the aforesaid amount deposited under protest has been claimed in the Income Tax return / in the ongoing assessment & appellate proceedings, as an allowable expenditure under section 37 read with section 43B of the Income Tax Act, 1961 for the relevant earlier assessment years and also towards the current tax for the year ended March 31, 2023. The same has also been considered as an allowable expenditure while calculating the current tax for the quarter ended June 30, 2023. The Company has also created deferred tax asset amounting to ₹ 90 crore till June 30, 2023 (₹ 88 crore till March 31, 2023) in respect of the amounts yet to be deposited against the provision made for disputed taxes for the above periods.

6. Vide Gazette Notification No. F. No. Expl-15019 (25)/161/2019-ONG-D-V (E-34367) dated 11.07.2022, the Ministry of Petroleum & Natural Gas (MoP&NG) GoI notified de-regulation of sale of domestically produced crude oil. Para 3 of the said Notification provides that "*Unless the contract provides otherwise, royalty, cess, other statutory levies and contractual payments such as profit*

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petroleum, revenue share, etc. shall be valued based on the actual sales price or the price of the Indian Basket of crude oil, as calculated by Government nominated Agency on monthly basis, whichever is higher" Accordingly, effective from October 1, 2022, the Company started paying OID cess on the higher of the two prices, which continued till May 31, 2023.

The Company reviewed the liability for payment of OID Cess as per the provisions of the Oil Industry (Development) Act 1974 (OID Act) and a legal opinion was also obtained in this regard. On the basis of above it was concluded that OID cess being a duty of excise, in terms of section15(1) read with section 15(4) of OID Act, it is payable on the transaction value (actual sale price). The Company decided to rework the OID Cess liability on the basis of transaction value retrospectively w.e.f. October 1, 2022 and accordingly the differential OID cess amounting to ₹ 280 Crore for the period from October 1, 2022 to May 31, 2023 (₹ 244 Crore till March 31, 2023) was adjusted while making the payment of OID cess for the month of June 2023. The liability for the month of June 2023 was also worked out on the basis of transaction value, which has resulted in lowering of liability by ₹ 24 crore.

The matter has been taken up with the MoP&NG for clarification in terms of the above referred notification, and pending clarification on the matter, the Company continues to reckon the liability of OID cess on the transaction value.

7. An amount of ₹ 798 Crore is receivable by the Company from Public Sector Oil Marketing Companies (OMCs) towards sale of crude oil from western offshore region during March to June 2023, billed at benchmark price Dated Brent on provisional basis, pending finalisation of term sheet. OMCs have released payments for the said period as per pricing formula applicable till September 2022 after withholding the aforesaid amount. The discussions with OMCs for finalization of pricing terms are in process except for one of the OMCs with whom pricing terms have been finalised. Considering the progress in this regard, management is confident that the issue would be resolved soon in favour of the Company and accordingly the withheld amount of ₹ 798 Crore has been considered as good.

8. The Subsidiary Company, ONGC Videsh Limited (OVL) has considered the possible effects that may result from the special operations carried out by Russia in Ukraine, various sanctions that have been imposed on Russia by several countries and Russian Government's recent decrees in relation thereto. The Group has assessed the impact of these on its operations/assets in Russia namely Sakhalin-1 (Joint arrangement – 20% Stake), Vankorneft (Associate – 26% Stake) and Imperial Energy (Wholly owned subsidiary) as follows

Sakhalin-1:

OVL acquired 20% participating interest (PI) in Sakhalin-1 (S-1) project, an oil and gas field located in far-east offshore Russia through Production Sharing Agreement (PSA) in July 2001. Exxon Neftgaz Limited (ENL), a US major Exxon Mobil subsidiary, was the project's Operator. The Company accounted for its 20% participating interest (PI) in the project as joint operator on a proportionate consolidation basis. In line with the PSA, Joint Operating Agreement and Crude-Offtake Agreement, OVL was entitled to lift and sell oil and gas proportionate to its PI and discharge its obligations. Due to the special operations carried out by Russia in Ukraine from February 2022, various restrictions including international sanctions were imposed on Russia, thereby constraining crude oil evacuation from De-Kastri terminal and production from the S-1 project. Subsequently, the Operator ENL declared Force Majeure (FM) in April 2022.

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On 7th October 2022, the President of Russian Federation issued a Decree (Presidential Decree No. 723) for transfer of all rights and obligations of S-1 Consortium under the PSA to a new Russian limited liability company. Further, the Government of the Russian Federation on 12th October 2022, notified a Resolution (Resolution No. 1808) conveying that all rights and obligations of the Consortium under the PSA shall be transferred to a new company Sakhalin-1 Limited Liability Company (Sakhalin-1 LLC). Sakhalin-1 LLC established by the Government of the Russian Federation was registered in Yuzhno-Sakhalinsk, Russia on 14th October 2022 and the existing foreign parties in the PSA were required to give their consent to take ownership of shares in the charter capital of Sakhalin-1 LLC in proportion to their PI under the PSA.

OVL in compliance with the Presidential Decree, notified to the Government of the Russian Federation on 8th November 2022 of its consent to take ownership of 20% shares in the charter capital of Sakhalin-1 LLC in proportion to its PI under the PSA. The Government of Russian Federation vide order dated 9th November 2022 granted a proportionate share of 20% to OVL in the charter capital (nominal value of RUR 10,000) of Sakhalin-1 LLC. The grant was conditioned with transfer of the OVL's share in the existing accumulated abandonment fund relating to the S-1 project. OVL has received its share of the accumulated abandonment fund from the Foreign Party Administrator on 5th & 6th April 2023. OVL is in the process of completing transfer of its share of abandonment fund to Sakhalin-1 LLC to fulfil the condition precedent. Due to restrictions on Russian banks, OVL is in discussion with Sakhalin-1 LLC for identifying likely alternatives for fulfilling the condition precedent. Interest accrued on above fund along with the TDS thereon is due to S1 LLC. As on 30th June 2023, an amount of US$ 606.69 million (₹ 4,978 Crore) is held by OVL on behalf of Sakhalin-1 LLC, in a special purpose bank account opened with permission from the Reserve Bank of India.

Since the rights and obligations of consortium partners under the PSA have been transferred to Sakhalin 1 LLC, OVL may no longer be able to account for its proportionate share of assets and liabilities relating to the S-1 project for the transition period. OVL has therefore accounted for the same on net assets basis (i.e., carrying values of the assets net of liabilities pertaining to Sakhalin-1 project previously accounted for by OVL on proportionate consolidation basis) and ₹ 14,324 crore have been transferred to "Investment Pending Proportionate Ownership Interest in Equity of Sakhalin-1 LLC" effective from 14th October 2022. OVL will revisit the accounting treatment for the S-1 project on finalisation of the arrangement.

Post incorporation, interim financial statements of Sakhalin-1 LLC for the period 14th October 2022 to 31st December 2022 have been received. However, OVL has not received the financial statements for the period from 1st January 2023 to 30th June 2023 and thereafter. Further, limited information regarding field operations, production summary, wells summary, drilling, and crude transportation operations has been received from the project till 30th June 2023. Based on the above, OVL has estimated the profitability of Sakhalin-1 LLC for the period from 14th October 2022 to 30th June 2023. The estimate indicates operating profit for the period, however, as a matter of prudence the estimated share of profit is not accounted for by OVL as shares of Sakhalin-1 LLC are not yet allotted.

JSC Vankorneft:

In case of JSC Vankorneft, production from the field continues as per the Business Plan. The project being an equity-accounted entity, OVL is entitled to dividends. Dividends up to the calendar year 2022 have been received. Final dividend for calendar year 2022 amounting to Rouble 4.829 billion was received on 14th June 2023. Dividends from JSC Vankorneft (along with interest income thereon) amounting to Rouble 11.348 billion (₹ 1,070 crore) remains in Commercial Indo Bank LLC Moscow, Russia. Repatriation of the said dividends is presently subject to restrictions. As such, the amount is available for use by the OVL Group in the country and currency of receipt.

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Imperial Energy:

Imperial Energy's operations are continuing as per the Business Plan except for the price of crude oil sales being affected due to prevailing discount.

9. In respect of subsidiary OVL, balances with banks as on 30th June, 2023 includes unutilised portion of cash call of ₹ 201 crore (₹ 334 crore as at March 31, 2023) lying in bank account of overseas operators recorded based on joint interest billing (JIB) statements.

10. In respect of subsidiary OVL, Carry Interest and Interest accrued thereon, recoverable from the National Oil Company [Empresa Nacional De Hidrocarbonates, E.P (ENH)] of Mozambique are subject to balance confirmation from ENH. However, balance confirmation as on June 30, 2023 has been received from the Operator of the block (Total S.A, France). The management is confident that the amount of carry interest and interest accrued thereon would be recovered in due course, being a contractual obligation.

11. In respect of subsidiary OVL, in case of Area 1, Mozambique, wherein the OVL Group holds 16% participating interest through its subsidiaries ONGC Videsh Rovuma Ltd and Beas Rovuma Energy Mozambique Ltd., the operator intimated suspension of development activities due to declaration of force majeure in the project on account of security threat in April 2021. Considering the force majeure, capitalisation of borrowing cost has been suspended effective from April, 2021. Accordingly, the said borrowing cost amounting to ₹ 314 Crore along with stand-by expenditures of ₹ 70 Crore incurred during the quarter ended June 30, 2023 has been charged to the Statement of Profit and Loss.

12. In respect of Joint Venture ONGC Petro additions Limited (OPaL), the Company has incurred a net loss after tax of ₹ 908 crore during the quarter ended June 30, 2023, accumulated losses to the tune of ₹ 13,849 crore and Company is having negative working capital of ₹ 6,435 crore as of that date. Net worth of the Company has come down to negative, stands at ₹ 227 crore as at June 30, 2023. In spite of these conditions which may cast a doubt on the ability of the Company to continue as a going concern, the management of OPaL is of the opinion that going concern basis of accounting is appropriate in view of the cash flow forecasts and the plan, management has put in place.

13. Formula used for computation of:

    a. Net worth (Total equity) = Equity share capital + Other equity + Non-Controlling Interest
    b. Debt Equity Ratio = Total borrowings / Total equity.
    c. Interest Service Coverage Ratio = Earnings before interest, tax and exceptional item / Interest on borrowings (net of transfer to expenditure during construction).
    d. Debt Service Coverage Ratio = Earnings before interest, tax and exceptional item / [Interest on borrowings (net of transfer to expenditure during construction) + Principal repayments of Long Term borrowings].
    e. Current Ratio = Current assets / Current liabilities
    f. Long term debt to Working capital = Non-current borrowings (including current maturity of non-current borrowings) / Working capital (excluding current maturity of non-current borrowings).
    g. Bad debts to Accounts receivable Ratio = Bad debts / Average trade receivables.
    h. Current liability Ratio = Current liabilities / Total liabilities.
    i. Total debts to Total assets = Total borrowings / Total assets.
    j. Debtors turnover = Revenue from operations / Average trade receivables.

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k. Inventory turnover = Revenue from operations / Average inventories.
l. Operating Margin (%) = Earnings before interest, tax and exceptional items / Revenue from operations.
m. Net Profit Margin (%) = Profit for the period / Revenue from operations.

14. Previous period's figures have been regrouped by the Company, wherever necessary, to conform to current period's grouping.

By order of the Board

(Pomila Jaspal)
Director (Finance)

In terms of our report of even date attached

For SARC & Associates
Chartered Accountants
Firm Reg. No. 006085N

(Pankaj Sharma)
Partner (M. No. 086433)

For Kalani & Co.
Chartered Accountants
Firm Reg. No: 000722C

(Vikas Kumar Pareek)
Partner (M. No. 422687)

For R.G.N. Price & Co.
Chartered Accountants
Firm Reg. No.002785S

(Aditya Kumar S)
Partner (M. No. 232444)

For S. Bhandari & Co. LLP
Chartered Accountants
Firm Reg. No. 000560C/C400334

(P P Pareek)
Partner (M. No. 071213)

For J Gupta & Co. LLP
Chartered Accountants
Firm Reg. No. 314010E/E300029

(Abhishek Raj)
Partner (M. No. 302648)

Place: New Delhi
Date: August 11, 2023