ओएनजीसी

ONGC

A COMPREHENSIVE COMPANY ANALYSIS REPORT

THE FINANCE AND INVESTMENT CELL
ARYABHATTA COLLEGE, DELHI UNIVERSITY

INTRODUCTION

Oil and Natural Gas Corporation Limited (ONGC) is a central public company owned by the Ministry of Oil and Natural Gas, Government of India, headquartered in Dehradun. It was established on August 14, 1956, by the Government of India and is one of the country's largest national oil and gas exploration and production companies.
ONGC produces about 70% of India's crude oil production and about 84% of its natural gas.
It was granted Maharatna status by the Govt. of India in November 2010.
According to Platts, ONGC ranks 25th among the top 250 energy companies in the world. The company supplies crude oil, natural gas, and value-added products to India's leading oil and gas refining and marketing companies. Its main products are crude oil and natural gas for the Indian market.

Products and services offered

ONGC, a Maharatna company, is one of India's largest crude oil and natural gas companies. It has contributed around 71% of India's domestic production, single-handedly writing India's hydrocarbon story.
Downstream companies such as IOC, BPCL, HPCL, and MRPL (the latter two are subsidiaries of ONGC) use crude oil as feedstock to produce petroleum products such as gasoline, diesel, kerosene, naphtha, and cooking gas LPG. ONGC supplies natural crude oil, gas, and value-added products to India's leading oil and gas refining and marketing companies. Its main products are crude oil and natural gas for the Indian market.

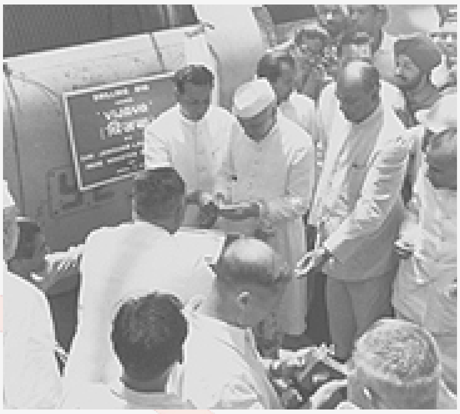
Production

ONGC has discovered seven out of its eight oil and gas wells in India. It has 8.98 billion tonnes of hydrocarbon reserves on its premises and has made over 570 oil and gas discoveries.
ONGC produces over 1.26 million barrels of oil equivalent per day, accounting for about 71% of India's domestic production. It owns the largest hydrocarbon land share in India and approximately 15% of India's total refining capacity.
ONGC has a well-integrated hydrocarbon value chain structure with interests in LNG and product transportation business. It also holds a 12.5% stake in Petronet LNG.

Infrastructures and facilities

The public sector company operates 14 seismic teams and manages 262 onshore production facilities, 69 drilling rigs (37 on lease), 268 offshore facilities, 54 working rigs (25 on lease), and 25,500 kilometers of land in India, including 4,500 kilometers of subsea pipelines. It also owns and operates more pipelines.
ONGC employs best-in-class business practices to modernize, scale, and integrate all Infocom systems.
Currently, the share price of ONGC is ₹159.00. The dividend yield of ONGC shares is 3.02%, which is the ratio of dividends paid by a company to its share price.

HISTORY



The Assam Oil Company in the northeast and the Attock Oil And Gas Company in the north-west were the only oil companies extracting oil in independent India prior to independence. Oil and gas extraction was found to be unsuitable in the majority of Indian sedimentary basins.

The government understood the need of oil and gas for quick economic growth and their crucial role in defence. The development of the nation's hydrocarbon industry was therefore considered crucial when the Economic Policy Statement of 1948 was being written.

Up until 1955, India's hydrocarbon reserves were primarily developed by private oil businesses. Oil was produced in Digboi, Assam (discovered in 1889) by the Assam Oil Company, and the Oil India Ltd(discovered in 1889). Naharkatiya and Moran were two variables being built in Assam by a 50/50 venture between the Indian Government and the Burmah Oil And Gas Company. West Bengal was the site of exploratory by the Indo-Stanvac Petroleum project, a partnership between the Indian government and the Standards Vacuum Oil Company of the United States. The neighbouring offshore and other sedimentary expanses of India remained mostly unexplored.

The government in 1955 was required to utilize the oil and natural gas resources located throughout the nation as a portion of the government sector growth. With this goal in mind, the Ministry of Natural Resources and Scientific Research created the Oil and Natural Gas Directorate in 1955. The department was formed by geologists from the Indian Geological Survey.

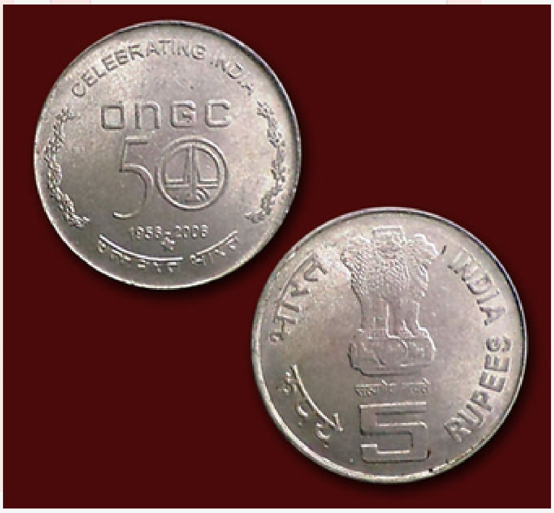
Former minister of natural resources, Mr. K D Malviya, led a mission to many countries to research the oil industry and assist in educating Indian experts about potential oil and gas deposits. In order to assist the administration, foreign professionals from the United States, West Germany, Romania, and the former Soviet Union visited India. Ultimately, the accompanying Soviet experts created a plan for the geological and geophysical investigations and drilling operations under the 2nd Five Year Plan (1956–1957 to 1960–1961).

The mineral oil industry was classified as a Schedule "A" industry, with the state having exclusive and exclusive responsibility for its future growth, by the Indian Government in April 1956.

ENTREPRENEURIAL EVOLUTION

The 25% share held by Talisman Energy in the Greater Nile Oil project was acquired in 2003 by ONGC Videsh Limited (OVL), the ONGC division in charge of its foreign assets.
The State Bank of India was the first Indian firm to have a commemorative coin issued in its honor, and ONGC became the second when a commemorative coin set was released in 2006 to mark the 50th anniversary of the company's inception.
In 2011, ONGC applied to purchase 2000 acres of land at Dahanu to process offshore gas. 2012 saw deep-water drilling by ONGC Videsh, Statoil ASA (Norway), and Repsol SA (Spain), off the northern coast of Cuba. On August 11, 2012, ONGC announced that it has discovered large quantities of oil in the D1 oilfield off the coast of India. This finding will enable ONGC to increase the field's output from about 12,500 barrels per day (bpd) to a peak output of 60,000 bpd.
For a total of $2.47 billion, OVL and Oil India successfully acquired Videocon Group's 10% share in a gas field in Mozambique in January 2014.
Oil and Natural Gas Corporation (ONGC) gave Larsen & Toubro (L&T) a $427 million offshore contract for the Bassein development project in June 2015.
The ONGC board approved a 5,050 crore investment in Tripura in February 2016 for the drilling of wells and the construction of surface infrastructure to generate 5.1 million standard cubic feet of gas per day from the state's reserves.
On 19 July 2017, the Indian government gave its approval for ONGC to buy Hindustan Petroleum Corporation.

Reports claim that during the months of April - February of the fiscal year 2022–23, ONGC's oil production fell from 20.80 million tonnes in the fiscal year 2018 to 16.88 million tonnes.
In spite of the company's continued decline in oil and gas output, ONGC stated in 2023 that it will spend a large amount of money on deepwater and ultra-deepwater exploration.
In May 2023, ONGC named Manish Patil as its director of human resources and declared that it will begin oil production in the Krishna Godavari Basin by June.



EVOLUTION OF TECHNOLOGY

Committee of ONGC Institutes

As the leading Maharatna in India, ONGC has led technological advancement in the nation by founding twelve top-tier institutes under the auspices of "The Committee of ONGC Institutes," or "COIN." These twelve institutions support the whole spectrum of oil and gas production, from the wellbore to the consumer end, and have grown to become the backbone of India's hydrocarbon industry.

EPINET

ONGC has set benchmarks for the industry to follow. In order to construct a virtual database and a real E&P information network for modeling different basins' petroleum systems, ONGC established EPINET. All production and drilling executives at various levels use SCADA to access online SCADA data and utilize it for enhanced operational effectiveness and productivity.

3-D virtual reality centers

For real-time communication and information on onshore and offshore applications, ONGC has set up four 3-D virtual reality centers known as the "Third Eye." These facilities are utilized by ONGC to network all of its centres together using parallel computing technology for all of its key projects. They are also used for exploration and production activities, including real-time surveillance of producing oil and gas fields.

Collaboration with Indian Institutes of Technology

In order to improve the exploration and production of hydrocarbons and alternative energy sources, ONGC signed a Memorandum of Collaboration (MoC) at the start of 2015 with seven IITs. According to the MoC, the R&D Institutes of ONGC and the IITs should collaborate on advanced research and development projects for the country's exploration and production (E&P) sector in general and the activities of ONGC related to the oilfield in particular.

FUNDAMENTAL ANALYSIS

RATIO ANALYSIS

1. DEBT-TO-EQUITY RATIO

The debt-to-equity ratio compares the value of a company's net assets to its debt.
Debt/equity = Total debt/ total shareholder's equity

Years	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
Debt-to-Equity Ratio	0.03	0.07	0.07	0.11	0.13

2.CURRENT RATIO

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year.
Current Ratio= Assets/Current Liabilities

Years	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
Current Ratio	0.98	0.86	0.67	0.61	0.44

3.GROSS PROFIT MARGIN RATIO

This ratio compares gross profits to the direct costs that go into manufacturing and selling a company's products
Gross Profit Margin=Net Sales Net Sales − COGS

Years	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
Gross Profit Margin Ratio	2.738	6.675	5.802	4.097	4.261

4.OPERATING PROFIT MARGIN

Operating profit margin is the ratio, expressed as a percentage, of your company's sales to the company's operating expenses.
Operating Margin=Revenue Operating Earnings

Years	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
Operating Profit Margin	17.54	7.35	5.27	14.08	10.90

5.NET PROFIT MARGIN (%)

The net profit margin, or simply net margin, measures how much net income or profit is generated as a percentage of revenue.
Net Profit Margin=
(Revenue- Cost of Goods Sold- Operating and other expenses- interest- taxes) * 100/ Revenue

Years	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
Net Profit Margin (%)	36.53	16.51	13.98	24.37	23.47

6.RETURN ON EQUITY

Return on equity (ROE) is a calculation of the financial performance of a company calculated by dividing net income by shareholders' equity.
ROE = Net Income / Shareholders' Equity

Years	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
Return on Equity	17.54	7.35	5.27	14.08	10.90

7.RETURN ON CAPITAL EMPLOYED

Return On Capital Employed (ROCE) refers to the financial ratio that helps assess the return that a company or business generates with respect to the capital it puts to use.
ROCE= EBIT/Capital Employed

Years	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
Return on Capital Employed	14.43	6.12	10.96	16.61	12.56

8.DIVIDEND YIELD

Dividend yield measures the quantum of earnings by way of total dividends that investors make by investing in that company.
Dividend Yield = Cash Dividend per share / Market Price per share * 100.

Years	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
Dividend Yield	10.50	3.60	5.00	7.00	6.60

9.PRICE-TO-EARNINGS

The price-to-earnings ratio is the ratio for valuing a company that measures its current share price relative to its earnings per share (EPS).
Price-to-Earnings = Share Price/ Earning Per Share

Years	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
Price-to-Earnings	4.53	7.91	7.95	6.58	10.32

10.PRICE-TO-GROWTH

The price/earnings-to-growth (PEG) ratio is a company's stock price to earnings ratio divided by the growth rate of its earnings for a specified time.
PEG Ratio = Price/ Annual EPS Growth

Years	MAR 22	MAR 21	MAR 20	MAR 19	MAR 18
Price-to-Growth	4.53	7.91	7.95	6.58	10.32

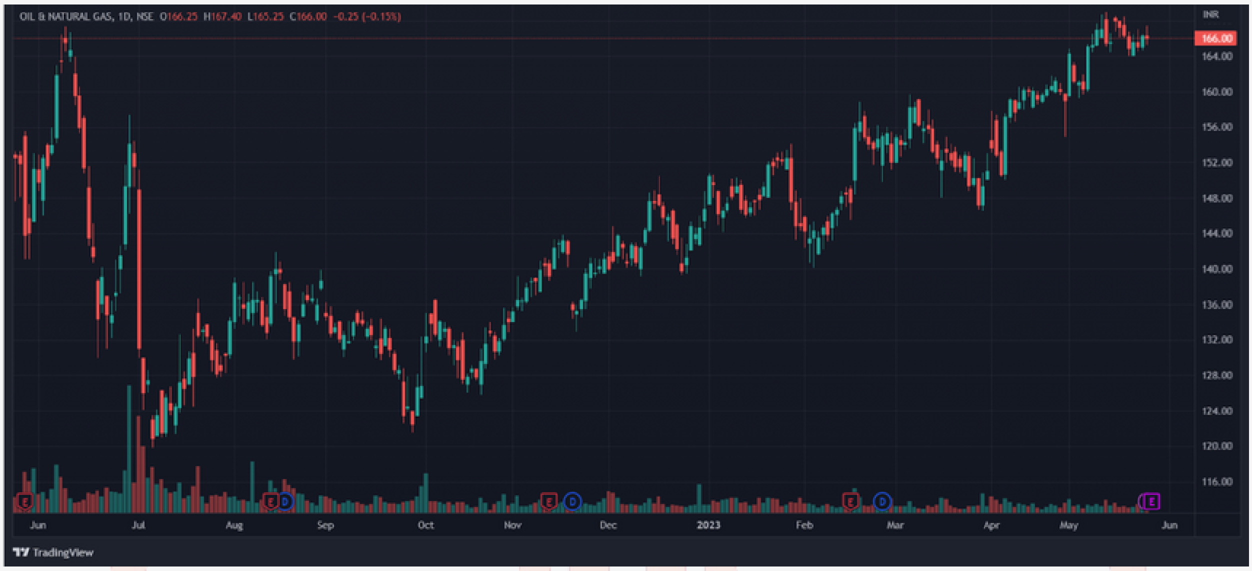
11.PERFORMANCE RATIOS

1.**Return on Equity (ROE):**
ROE measures the profitability of a company by calculating the return generated for each unit of shareholders' equity. It indicates how effectively a company is using its equity to generate profits.
Formula:
ROE = Net Income / Shareholders' Equity
2.**Return on Assets (ROA):**
ROA measures the profitability of a company in relation to its total assets. It shows how efficiently a company is utilizing its assets to generate profits.
Formula:
ROA = Net Income / Total Assets
3.**Return on Capital Employed (ROCE):**
ROCE measures the profitability of a company based on the capital employed, which includes both equity and debt. It indicates the return generated from the total capital invested in the business.
Formula:
ROCE = EBIT (Earnings Before Interest and Taxes) / (Total Equity + Total Debt)

	Mar 2022	Mar 2021	Mar 2020	Mar 2019	Mar 2018	Mar 2017
ROA(%)	8.52	3.88	2.01	5.84	5.24	6.08
ROE(%)	19.91	9.55	4.99	14.50	13.09	13.44
ROCE(%)	16.86	10.67	8.08	18.23	15.33	16.42

TECHNICAL ANALYSIS

CANDLESTICK CHARTS



The Indian government declared on July 1, 2022, that it would tax Indian companies that export petrol, diesel and jet fuel. On petrol and ATF (Aviation Turbine Fuel) exports, a tax of Rs 6 per litre would be applied, while on the export of diesel within the nation, a tax of Rs 13 per litre would be applied. The share price went from 151.55 on 30 June 2022 to 120.95 on 6 July 2022.

The government revised it again on 2 August 2022; this time, they reduced and increased the taxes on different fields. Diesel export taxes rose by Rs. 7 per litre on August 19, 2022. The tax rate on ATF was reinstated at Rs. 2 per litre. Hence the share price increased from 136.7 to 139.95 in that period.

The government raised the windfall profit tax on the export of diesel to Rs 13.5 per litre from Rs 7 per litre. The tax on Aviation Turbine Fuel (ATF) exports too, had been hiked to Rs 9 from Rs 2 per litre with effect from September 1. After this news, the share price once again fell from 134.7 to 122.5 in a span of a month.

The windfall tax changed from October 2022 to February 2023, but the significant change happen on 16 February 2023 when the government slashed the tax on the export of diesel to Rs 2.50 per litre from Rs 7.50 per litre, and excise duty on ATF to Rs 1.50 per litre from Rs 6 per litre. This helped the share to rise from 144.25 to 156.60, in about 20 days.

Following opposing opinions put out by Russia and Saudi Arabia in the OPEC energy commodities market, crude oil prices fell on May 26, 2023.

MICROECONOMIC ENVIRONMENT ASSESMENT

SWOT ANALYSIS

STRENGTH:-

- ONGC is a corporation with a strong brand name, high-profit margins, and revenues, and employs more than 30,000 people.
- Supplies over 30% of India's crude oil needs and contributes more than 70% of India's crude oil output and more than 80% of India's natural gas production.
- Has a strong business model and a market-leading concept, with a focus on using natural resources to save the planet.
- Owned by the Government of India, which provides strong financial backing.
- Strong advertising and branding and has received recognition from various awards, including a commemorative coin set to mark 50 years of ONGC.
- Has shown strong annual EPS growth and effectively uses shareholders' funds with a high Return on Equity (ROE).

WEAKNESS:-

- The efficiency of a firm may decrease due to slow bureaucratic decisions made by ONGC, which is a government-owned firm.
- ONGC's market share growth is limited due to intense rivalry, leading to lower profitability ratio and net contribution percent than the industry average.
- Invests less in R&D compared to the industry's fastest rising firms, and has limited success outside of its primary business.
- A lack of financial and technological resources is a fundamental issue for the company, which has contributed to India's economic slump.

OPPORTUNITIES:-

- ONGC can enjoy larger profit margins due to rising fuel/oil prices.
- The natural gas market expansion can create new business opportunities for ONGC.
- A low inflation rate can increase market stability and allow ONGC consumers to obtain credit at a lower interest rate.
- ONGC can increase its business by discovering more oil wells.
- ONGC can expand its global export market and establish international tie-ups.
- The use of new technology allows ONGC to adopt a unique pricing approach in the new market, which can help the organization to retain existing clients by delivering outstanding service and attract new customers through various value-added offers.

THREATS:-

- The business may be impacted by fluctuating crude oil prices.
- ONGC may face various legal lawsuits due to the differences in liability rules in different markets.
- In some areas, growing local distributor strengths can pose a challenge to ONGC since competition pays larger margins to local distributors.
- The introduction of hybrid and electric cars in the market can lead to a reduction in fuel consumption.
- ONGC faces fierce competition from both Indian and global oil companies.

COMPETITORS ANALYSIS

Being an oil and gas public company ONGC has rivals both public and private rivals.

Public Rivals
Indian Oil
Hindustan petroleum

Private Rivals
Reliance Industries

- Indian Oil-If we take stock performance as benchmark for this company its stock hast lost value in the past 5 years. It also hits it new low during COVID lockdown. ONGS'S stock has also taken a hit if we look the past 5 years performance
- Hindustan Petroleum-If we look at this company's number of employees it has around 10,000 employees whereas ONGC has a bigger workforce of around 25,000-30,000 employees
- Reliance Industries-Reliance Industries has diversified its sources of incomes unlike ONGC

BOARD OF DIRECTORS

Board of directors affect a company directly so they can be considered a part of the micro business environment.
Definition
Board of directors represent the shareholders of a company. They are responsible for policies of a company to oversee and manage the corporation. They give strategic direction to the company.
Who can have a board?
Private companies, Non-profit organisations and Charities.

Advantages of a Board of directors
1) They usually have a lot of experience on various fields they can give advice on the working of a company.
2) The Chief executive officer of a company reports to the board of directors of the company.This helps the CEO to have professional opinion on their objectives and plan of action.
3) Representation to shareholders-They give representation to shareholders so the corporation can communicate with the shareholders indirectly.
4) Credible and Reliable-Board of directors act only in the favor of the company they will do only what's good for the long run of a company.

Board Directors of ONGC

1) Arun Kumar Singh
The Chairman and CEO of Oil and Natural Gas Corporation Limited (ONGC) is now Arun Kumar Singh. On December 7th, 2022, he took over as the Chief of the Energy Maharatna.
He graduated from the National Institute of Technology in Patna as a mechanical engineer and has more than 36 years of varied experience in the oil and gas sector, both in India and overseas.
He previously served as the Chief Executive Officer of the Fortune Global 500 company and Maharatna, Bharat Petroleum Corporation Limited (BPCL).
Being an alumnus of the famous NIT, Patna and having a wealth of experience from various positions held as an employee offer ONGC an advantage over its rivals.

2) Om Prakash Singh
Mr. Singh, a renowned mechanical engineer, has more than 34 years of comprehensive experience in E&P operations both onshore and offshore, as well as exposure to the national and international markets. Before becoming director, Mr. Singh held a number of commanding positions within ONGC as he rose through the ranks. He deserves appreciation for his work handling the ONGC Tripura Asset, the Nhava Supply Base in Mumbai, the difficult deepwater drilling projects in India, and the international projects in Vietnam, Iran, Qatar, and Brazil.
The Drilling & Well Services division of this Maharatna E&P Company is led by Om Prakash Singh. Mr. Singh serves on many Board Level Committees of ONGC and the ONGC Group and is a Director on the Boards of OTPC, a subsidiary of ONGC, and NETC, a joint venture of OTPC.

3) Pankaj Kumar
With more than 34 years of expertise in ONGC's business functions, including operations management of offshore and onshore fields, well engineering, joint venture management, corporate strategic management, and asset management, Mr. Kumar is an expert in the oil and gas industry.

4) Pomila Jaspal
On April 19, 2022, Pomila Jaspal was appointed Director (Finance) of ONGC. Ms. Jaspal previously held the position of Director (Finance) at the ONGC-affiliated and Schedule 'A' CPSE Mangalore Refinery and Petrochemicals Ltd. (MRPL) from October 2019.

5) Ms. Sushma Rawat
From January 1, 2023, Ms. Sushma Rawat, Executive Director-Basin Manager, Assam & Assam Arakan Basin and OSD - Exploration, would be in charge of ONGC's Director (Exploration). After previous Director (Exploration) Rajesh Kumar Srivastava retired on December 31, 2022, she assumed control of the nation's top exploration post inside the flagship NOC E&P Company. Ms. Rawat previously served on the board of ONGC Petro Additions Ltd. and is currently a member of the board of ONGC Tripura Power Company Limited.

6) Mr. Manish Patil

Manish Patil began working at Energy Maharatna Oil and Natural Gas Corporation Limited (ONGC) on May 5, 2023, as the Director (Human Resource).

Mr. Patil, a mechanical engineer from the Government Engineering College in Raipur, also has a Post Graduate Diploma in Human Resources Management (HRM), an Executive MBA from the University of Ljubljana, an Advanced Diploma in Cyber Laws from the Government Law College, and a Mechanical Engineering degree

7) Mr. Praveen Mal Khanooja

Mr. Khanooja holds a M Tech in Management & Systems and a B Tech in Chemical Engineering.

He is the director proposed by the government.At the moment, Praveen Mal Khanooja serves as the ministry of petroleum and natural gas's additional secretary. Since November 2019, he has served as Director General of the Petroleum Planning & Analysis Cell (PPAC), a departmental unit of the Ministry of Petroleum & Natural Gas.

8) Manish Parikh

Manish Pareek is a lively debater, author, and practising attorney. He graduated from Rajasthan University in Jaipur with a law degree and a master's in business administration. He also has a postgraduate diploma in labour laws.He serves as ONGC's independent director.

9) Reena Jaitley

Ms. Reena Jaitly graduated in the arts from Punjab's Gurunanak Dev University. The Punjab State Forest Development Corporation Ltd., a Punjab State Government Company, nominated her as a director and elected her as chair.She serves as an impartial director for ONGC.

10) Syamchand Ghosh

Mr. Syamchand Ghosh is a graduate of North Bengal University with a master's degree in economics and a bachelor's degree in education.

11) V Ajit Kumar Raju

With more than 21 years of experience as a practising chartered accountant, Mr. V. Ajit Kumar Raju. He is a Partner with the chartered accounting company M/s. D M Associates.He serves as ONGC's sole independent director.

12) Dr. Prabhaskar Rai

Psychology professor Dr. Prabhaskar Rai. For the past 33 years, he has been instructing graduate and postgraduate students.He has a psychology PhD.He serves as ONGC's sole independent director.

13) Madhav Singh, Dr.

Dr. Madhav Singh is a practising physician who also works as a social worker, debater, and coordinator of human resource management. He received his graduation certificate from Rajasthan University's Maharaja College Jaipur.He serves as ONGC's sole independent director.

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STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2022

(₹ in Crore unless otherwise stated)

Sl. No.	Particulars	Financial results for				
		Quarter ended 31.03.2022	**Quarter ended 31.12.2021**	**Quarter ended 31.03.2021**	**Year ended 31.03.2022**	**Year ended 31.03.2021**
		Audited	**Unaudited**	**Audited**	**Audited**	**Audited**
I	Revenue from operations	34,497.24	28,472.91	21,188.91	1,10,345.40	68,141.09
II	Other income	1,343.74	1,491.64	3,132.39	6,515.58	7,142.51
III	**Total income (I+II)**	**35,840.98**	**29,964.55**	**24,321.30**	**1,16,860.98**	**75,283.60**
IV	**EXPENSES**					
	Cost of materials consumed*	882.41	872.76	552.49	3,272.46	1,980.73
	Purchase of stock-in-trade	-	-	-	-	-
	Changes in inventories of finished/ semi finished goods and work in progress	(0.59)	(43.07)	(136.41)	(142.95)	(426.35)
	Employee benefits expense**	764.43	694.98	630.65	2,887.71	2,307.25
	Statutory levies	8,856.03	6,989.64	5,410.72	27,932.24	16,423.68
	Exploration costs written off					
	a. Survey Costs	731.76	279.35	614.02	1,764.36	1,724.55
	b. Exploratory well Costs	1,808.96	838.51	1,360.15	3,743.93	4,660.98
	Finance costs	579.80	581.60	568.79	2,359.86	2,214.54
	Depreciation, depletion, amortisation and impairment	5,099.11	4,338.07	4,398.57	17,545.70	16,327.38
	Other expenses	5,404.77	3,989.55	4,607.94	16,457.68	15,043.08
	Total expenses (IV)	**24,126.68**	**18,541.39**	**18,006.92**	**75,820.99**	**60,255.84**
V	**Profit before exceptional items and tax (III-IV)**	**11,714.30**	**11,423.16**	**6,314.38**	**41,039.99**	**15,027.76**
VI	Exceptional items	-	-	2,613.21	-	1,375.03
VII	**Profit before tax (V+VI)**	**11,714.30**	**11,423.16**	**8,927.59**	**41,039.99**	**16,402.79**
VIII	Tax expense:###					
	(a) Current tax relating to:					
	- current year	3,073.00	2,604.00	232.00	9,454.00	3,056.00
	- earlier years	2.52	(33.18)	647.76	(478.00)	1,148.95
	(b) Deferred tax	(220.76)	88.62	1,313.86	(8,241.75)	951.40
	Total tax expense (VIII)	**2,854.76**	**2,659.44**	**2,193.62**	**734.25**	**5,156.35**
IX	**Profit for the period (VII-VIII)**	**8,859.54**	**8,763.72**	**6,733.97**	**40,305.74**	**11,246.44**
X	**Other comprehensive income (OCI)**					
	(a) Items that will not be reclassified to profit or loss					
	(i) Re-measurement of the defined benefit obligations	203.42	(11.23)	181.96	170.81	(51.21)
	- Deferred Tax	(51.20)	2.83	(63.59)	(197.91)	17.89
	(ii) Equity instruments through other comprehensive income	1,572.33	(2,491.16)	387.17	4,062.74	2,647.96
	- Deferred Tax	(116.66)	185.41	(28.45)	(303.73)	(195.77)
	Total other comprehensive income (X)	**1,607.89**	**(2,314.15)**	**477.09**	**3,731.91**	**2,418.87**
XI	**Total comprehensive income for the period (IX+X)**	**10,467.43**	**6,449.57**	**7,211.06**	**44,037.65**	**13,665.31**
XII	**Paid-up Equity Share Capital (Face value of ₹ 5/- each)**	**6,290.14**	**6,290.14**	**6,290.14**	**6,290.14**	**6,290.14**
XIII	Net worth##	2,37,148.09	2,28,882.21	2,04,558.57	2,37,148.09	2,04,558.57
XIV	Paid up Debt Capital / Outstanding Debt$	6,396.90	6,778.90	15,022.66	6,396.90	15,022.66
XV	Other equity	2,30,857.95	2,22,592.07	1,98,268.43	2,30,857.95	1,98,268.43
XVI	Debenture Redemption Reserve#	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
XVII	Earnings Per Share (Face value of ₹ 5/- each) - not annualised					
	(a) Basic (₹)	7.04	6.97	5.35	32.04	8.94
	(b) Diluted (₹)	7.04	6.97	5.35	32.04	8.94
XVIII	Debt Equity Ratio##	0.03	0.03	0.07	0.03	0.07
XIX	Debt Service Coverage Ratio##	186.81	163.42	79.73	142.18	55.95
XX	Interest Service Coverage Ratio##	186.81	163.42	79.73	142.18	55.95
XXI	Current Ratio##	0.98	1.03	0.86	0.98	0.86
XXII	Long Term Debt to Working Capital##	(9.48)	7.35	(1.25)	(9.48)	(1.25)
XXIII	Bad debts to Account Receivable Ratio##	-	-	-	-	-
XXIV	Current Liability Ratio##	0.37	0.33	0.32	0.37	0.32
XXV	Total Debts to Total Assets##	0.02	0.02	0.05	0.02	0.05
XXVI	Debtors Turnover##	3.44	3.56	3.08	11.27	10.84
XXVII	Inventory Turnover##	4.37	3.56	2.46	13.51	8.00
XXVIII	Operating Margin (%)##	35.64	42.16	32.48	39.33	25.30
XXIX	Net Profit Margin (%)##	25.68	30.78	31.78	36.53	16.50

* 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 company as per Companies (Share Capital and Debentures) Rules, 2014, as amended. ## Refer Note No.10. ### Refer Note No.7.

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 STANDALONE ASSETS & LIABILITIES AS AT 31ST MARCH, 2022

(₹ in Crore)

	Particulars	As at March 31, 2022 Audited	As at March 31, 2021 Audited
I.	**ASSETS**		
(1)	**Non-current assets**		
	(a) Property, Plant and Equipment		
	(i) Oil and Gas Assets	1,16,877.82	1,10,679.05
	(ii) Other Property, Plant and Equipment	9,760.47	9,068.07
	(iii) Right-of-use assets	10,114.91	10,735.39
	(b) Capital work in progress		
	(i) Oil and Gas Assets		
	1) Development wells in progress	6,613.26	5,497.04
	2) Oil and gas facilities in progress	19,352.30	17,263.68
	(ii) Others	2,788.12	2,050.56
	(c) Intangible assets	182.40	217.25
	(d) Intangible assets under development		
	(i) Exploratory wells in progress	13,217.03	16,137.80
	(e) Financial assets		
	(i) Investments	85,173.21	81,376.44
	(ii) Loans	1,447.06	1,176.07
	(iii) Deposits under site restoration fund	24,630.57	23,358.68
	(iv) Others	167.16	268.42
	(f) Non-current tax assets (net)	8,426.95	7,655.80
	(g) Other non-current assets	2,586.51	1,191.88
	Total non- current assets	**3,01,337.77**	**2,86,676.13**
(2)	**Current assets**		
	(a) Inventories	7,861.41	8,474.47
	(b) Financial assets		
	(i) Trade receivables	11,788.48	7,797.33
	(ii) Cash and cash equivalents	50.11	120.01
	(iii) Other bank balances	186.13	182.54
	(iv) Loans	244.22	225.35
	(v) Others	2,677.04	3,548.00
	(c) Other current assets	13,119.08	11,429.75
	Sub-total current assets	**35,926.47**	**31,777.45**
	Assets classified as held for sale	-	-
	Total current assets	**35,926.47**	**31,777.45**
	Total assets	**3,37,264.24**	**3,18,453.58**
II.	**EQUITY AND LIABILITIES**		
	EQUITY		
	(a) Equity share capital	6,290.14	6,290.14
	(b) Other equity	2,30,857.95	1,98,268.43
	Total equity	**2,37,148.09**	**2,04,558.57**
	LIABILITIES		
(1)	**Non-current liabilities**		
	(a) Financial liabilities		
	(i) Borrowings	6,396.90	6,327.52
	(ii) Lease Liabilities	5,464.98	6,308.42
	(iii) Others	1,702.69	6,380.29
	(b) Provisions	30,186.24	30,535.18
	(c) Deferred tax liabilities (net)	19,733.25	27,473.37
	(d) Other non-current liabilities	30.73	40.33
	Total non- current liabilities	**63,514.79**	**77,065.11**
(2)	**Current liabilities**		
	(a) Financial liabilities		
	(i) Borrowings	-	8,695.14
	(ii) Lease Liabilities	4,550.67	4,112.66
	(iii) Trade payables		
	- to micro and small enterprises	354.92	147.51
	- to other than micro and small enterprises	5,799.80	6,229.14
	(iv) Others	19,028.93	13,907.95
	(b) Other current liabilities	3,520.15	2,318.89
	(c) Provisions	3,346.89	1,385.83
	(d) Current tax liabilities (net)	-	32.78
	Total current liabilities	**36,601.36**	**36,829.90**
	Total liabilities	**1,00,116.15**	**1,13,895.01**
	Total equity and liabilities	**3,37,264.24**	**3,18,453.58**

MACROECONOMIC ASSESEMENT

The ongoing conflict between Russia and Ukraine, which escalated on February 24, caused global crude oil prices to surge over $100 per barrel. This situation is expected to benefit India's oil and gas producers in the first quarter of the year. With Russia being a major supplier of crude oil, fears of sanctions and restricted shipments have tightened the already limited oil market. As a result, state-owned Indian companies, Oil and Natural Gas Corporation (ONGC) and Oil India, are predicted to experience significant earnings growth. However, concerns have been raised about the production trajectory of ONGC, despite the positive impact of higher oil prices. Goldman Sachs predicts that oil prices will remain high due to demand-supply imbalances. Meanwhile, ONGC is facing difficulties in finding a vessel to transport crude oil from Russia due to Western sanctions. These obstacles stem from India's increased purchases of Russian oil after the conflict began. ONGC's financial results for the quarter ended March 2023 are expected to decline due to the government's windfall tax on domestic production. Analysts estimate a decrease in net profit and revenue, but an improvement in margins. The impact of the windfall tax on profitability will be closely monitored. The gas and value-added products unit is anticipated to contribute to sales growth, while oil and gas volumes are not expected to provide any surprises. The windfall tax was imposed by the government in July 2022 to counter excessive profits resulting from the Russia-Ukraine war's impact on global oil supply.

Some of the impacts of the Russia-Ukraine war on ONGC:

- Increased profits: The high oil prices have boosted ONGC's profits. In the March quarter of 2022, ONGC's net profit rose by 20% year-on-year to ₹16,026 crore. The company's revenue also rose by 29% year-on-year to ₹1.17 lakh crore.
- Disruption of operations in Russia: ONGC is having difficulty finding a vessel for the transportation of crude oil from Russia, as Western sanctions on Russia for its offensive against Ukraine continue to mount. ONGC has a 20% stake in the Sakhalin-1 oil and gas project, which is located in the Russian Far East. The project has been affected by sanctions imposed on Russia by the United States and its allies. ONGC has been unable to repatriate its dividend income from the project, and it has also been facing difficulties in transporting its equity oil.
- Uncertainty about the future: The war in Ukraine has created a great deal of uncertainty about the future of ONGC's operations in Russia. It is unclear how long the war will last and how it will affect oil production and demand. This uncertainty has made it difficult for ONGC to make accurate predictions about its future profits.

Oil Prices Spikes

The high oil prices can be attributed to Moscow's invasion of Ukraine, resulting in sanctions against Russia and disrupting global supply chains. As a result, countries seeking oil from alternative sources are paying a premium for it. ONGC, the state-run company, reported a 26% increase in third-quarter profit, driven by higher crude and gas prices. Its profit for the quarter ended December 31 was 110.45 billion rupees ($1.33 billion), compared to 87.64 billion rupees in the previous year. The demand for crude oil and natural gas remained strong as economic activity recovered post-pandemic, leading to a 35.5% increase in revenue from operations to 385.83 billion rupees. However, the company reported a 1% decline in total crude oil production (5.396 million metric tonnes) and a 3.8% drop in total gas production compared to the previous year. ONGC stated that uncertainties and constraints in the global supply chain due to the Russia-Ukraine conflict have adversely affected the production of crude oil and gas.

Stock comparison of ONGC with its competitors:

Company	2019	2022	2021	2022	2023
ONGC	145.73	124.3	93.2	157.3	166
OIL	174.3	155.95	108.7	214.05	260.6
SELAN	194.9	167.6	123.85	150.4	265.4
HINDOILEXP	116.9	98.8	87.8	210.95	183.95
IOC	89.3	83.63	61	82.2	90.2

EXAMINING CHANGES IN THE BUSINESS ENVIRONMENT

PESTEL ANALYSIS

ONGC PESTLE Analysis assesses the brand on its business tactics across various parameters. PESTLE analysis consists of various external factors like political, economic, social, technological (PEST) which impacts its business along with legal & environmental factors. The PESTEL or PESTLE Analysis helps in analysing or examining various factors which may help in assessing the business environment of the firm.

COMPONENTS OF PESTEL ANALYSIS:

Political Factors:

The political factors in the ONGC PESTLE Analysis can be explained as follows:

ONGC is a public sector enterprise and is considered one of highest profit making corporations in India. The Indian government holds around 75% equity stake in this company. Thus, it also becomes one of the major reasons why political factors have a great impact on the company and its working.

For instance,India's ONGC faced hurdles in the Russian Oil Shipments as it became difficult to find a vessel for the transportation of crude oil from Russia, as there were Western sanctions on Russia for its attack on Ukraine. The company faced problems in shipping 700,000 barrels of crude oil from Russia's Far East, according to the reports.

Government regulations and deregulation must be under the norms of World Trade Organization as it could have an impact on the industry entrants and thereby profits of the company. The size of government budgets also plays a major role in boosting the growth of the economy and thereby the profitability of the company.

Economic Factors:

- Economic growth rate

ONGC should review the economic growth rate of the countries while making international expansion decisions. Countries with high economic growth rates provide more opportunities to pursue long-term growth objectives. A slow economic growth rate leads towards more cautious spending by consumers, which can directly affect ONGC's revenue growth.

- Inflation

High oil price, inflation, unemployment indicate economic turmoil, which effects the consumption of people and also creates complications for organizations.

Higher fuel price and energy cost means that people will have to use a higher amount of their income to manage their transportation and cope with an overall increase in inflation (Elliott, 2023). Moreover, pandemic had led to increase in unemployment and layoffs. These factors have created additional economic pressure on the household and reduced their buying power.

Inflation also affects the operational expenditure of the oil and gas companies as a higher price of material pushes the prices higher. This price increase needs to be balanced out by the management. The production process and transporting the finished goods to the market incurs a higher cost due to the increased fuel prices.

Social Factors:

- Population Size

Increasing population leads to higher demand for oil-based products, benefiting the oil and gas industry. Industrial and urban development create market opportunities as fuel demand rises from households and businesses.

- Population Demographics

High population growth and a young population segment are favorable indicators for ONGC when targeting young consumers. It's important to consider the host country's attitude towards migration, as a positive attitude promotes diversity management practices. ONGC should adapt marketing strategies for diversity and inclusion, enabling recruitment from diverse cultural backgrounds. Workplace diversity enhances productivity, innovation, and overall performance.

Technological Factors:

In today's fast-paced technological landscape, ONGC should consider the following:

- Continuous innovation and technology adoption:

ONGC must continuously innovate and integrate new technologies into its production process. This ensures long-term market sustainability, profitability, and the ability to meet evolving customer demands.

- Energy Strategy 2040:

ONGC's Energy Strategy 2040 aims to transform the company into a future-ready energy entity, prepared to navigate tomorrow's energy landscape. It emphasizes technology integration, digitalization, strategic partnerships, and organizational restructuring.

- Monitoring technological innovations:

ONGC should closely monitor emerging technologies, such as 5G, to stay ahead of the competition. Assessing their potential for positive business outcomes, such as improved user experience and increased speed, will enable ONGC to drive industry transformations and redefine success rules.

By embracing technological advancements and staying abreast of ongoing innovations, ONGC can maintain a competitive edge, adapt to disruptions, and establish itself as a technology-driven industry leader.

Environmental Factors:

In the ONGC PESTLE Analysis, the environmental elements affecting its business are as below:

- Growing use of green energy:

The increasing adoption of renewable technologies to reduce reliance on natural resources has become a powerful trend across various sectors. ONGC should assess the level of support for renewable technologies within a country's technological infrastructure. In certain regions, governments provide attractive subsidies for the use of renewable energy sources. ONGC can leverage these opportunities by investing in renewable energy sources, aligning with sustainable business development objectives.

- Industry norms on recycling:

The closed-loop, circular economy principle is gaining traction in several industries and regions. Countries with supportive institutional mechanisms facilitate material recycling and reusing practices. Additionally, some customers actively participate in the recycling process. ONGC can capitalize on these sustainability trends to not only reduce environmental costs but also achieve economic benefits, such as reduced production costs. By embracing recycling initiatives, ONGC can contribute to environmental conservation while improving its bottom line.

Legal Factors:

Following are the legal factors in the ONGC PESTLE Analysis:

- Health and Safety Laws

Occupational health and safety laws area at the center of the operations of this sector. The companies have to make sure that health and safety standards are being followed and the related quality standards are implemented. For example ISO/TS 29001 defines the quality perimeters that have to be incorporated by the oil and gas companies

- Licensing Factors

The licensing requirements need to be fulfilled by the oil and gas companies in order to carry out with their operations. The management is required to have the permit for conducting exploration related activities.

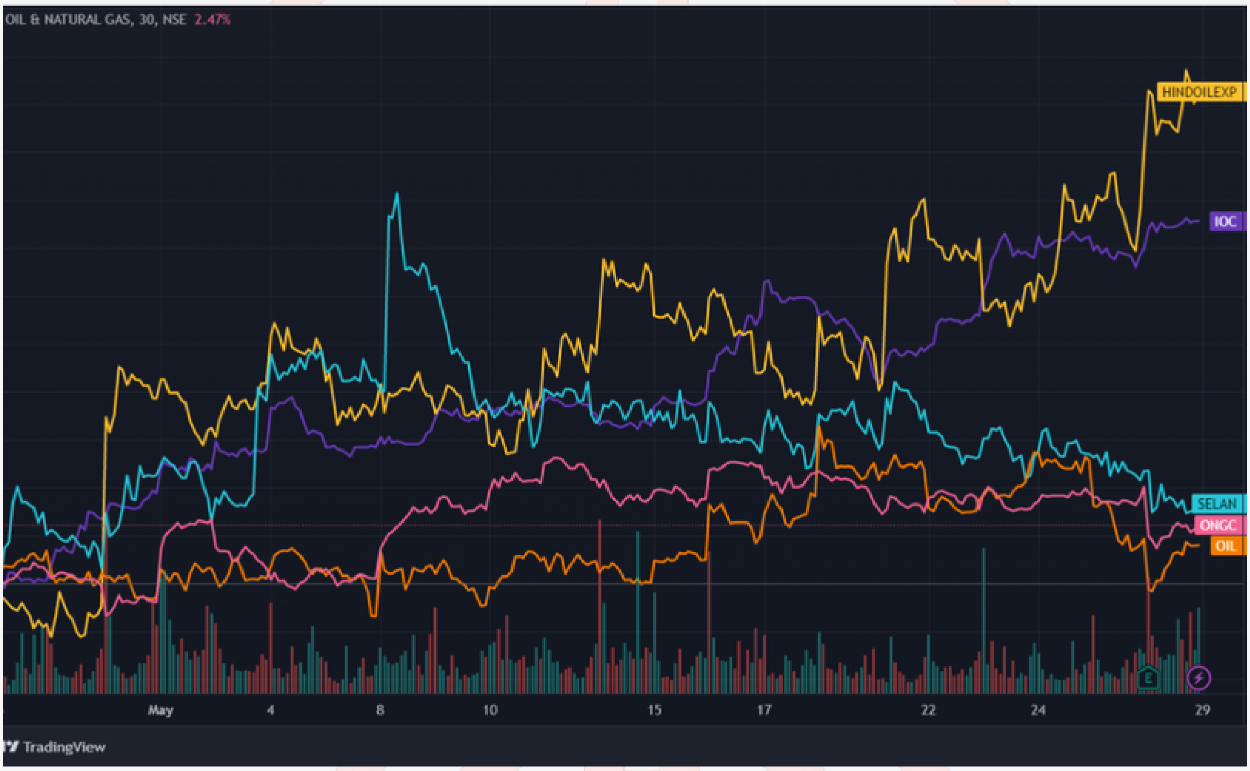
Conclusion

An in-depth understanding of external environmental dynamics enables ONGC to make the right international business expansion decisions. ONGC can stay ahead of the competition by timely identifying the opportunities and threats imposed by the external business environment, and adapting business strategies accordingly.

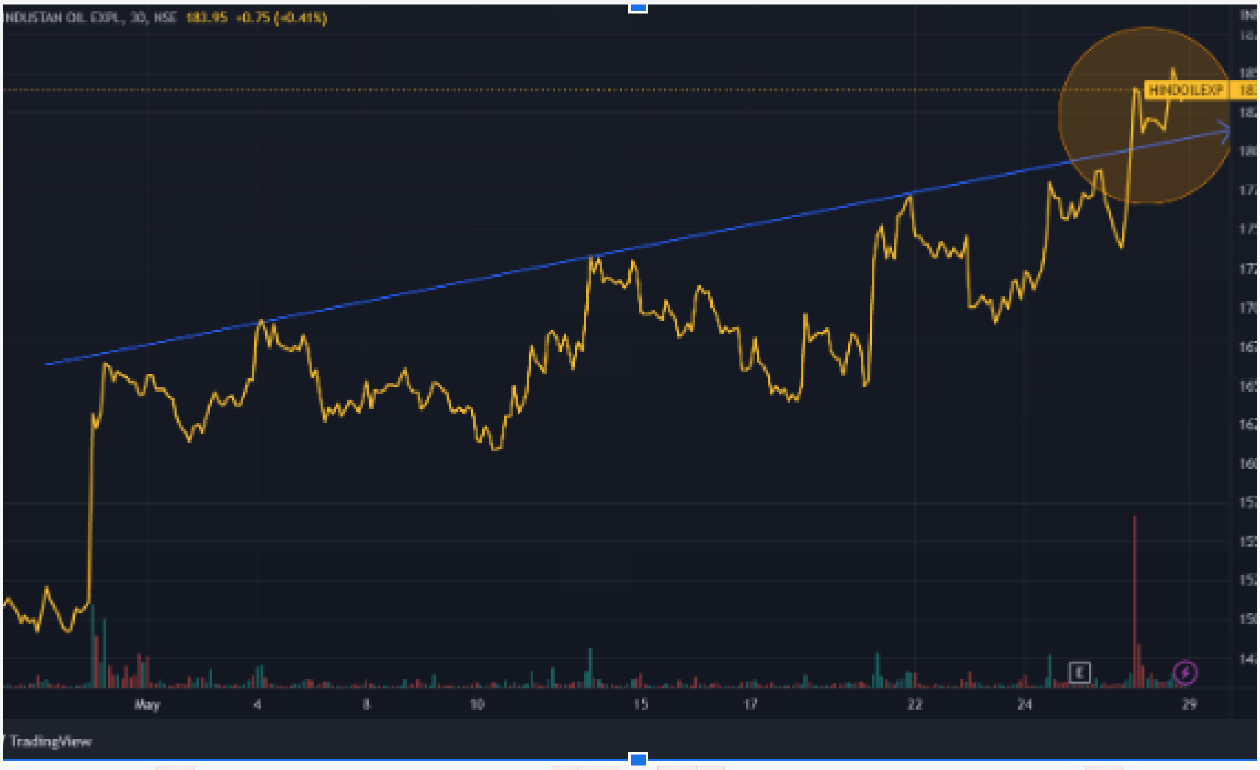
PORTFOLIO

A portfolio is a group of investments a person or organisation holds to diversify their holdings and earn benefits in return.
One thing that all portfolios should have in common is diversification, which entails purchasing stock in businesses like pharmaceutical, tech, auto, and real estate.
Although here we will discuss just one area - Oil, and focus on ONGC and companies in the same area. Them being - O.I.L., SELAN, Hindustan Oil Exploration Company & Indian Oil Corporation.

1-MONTH CHART: SHORT TERM



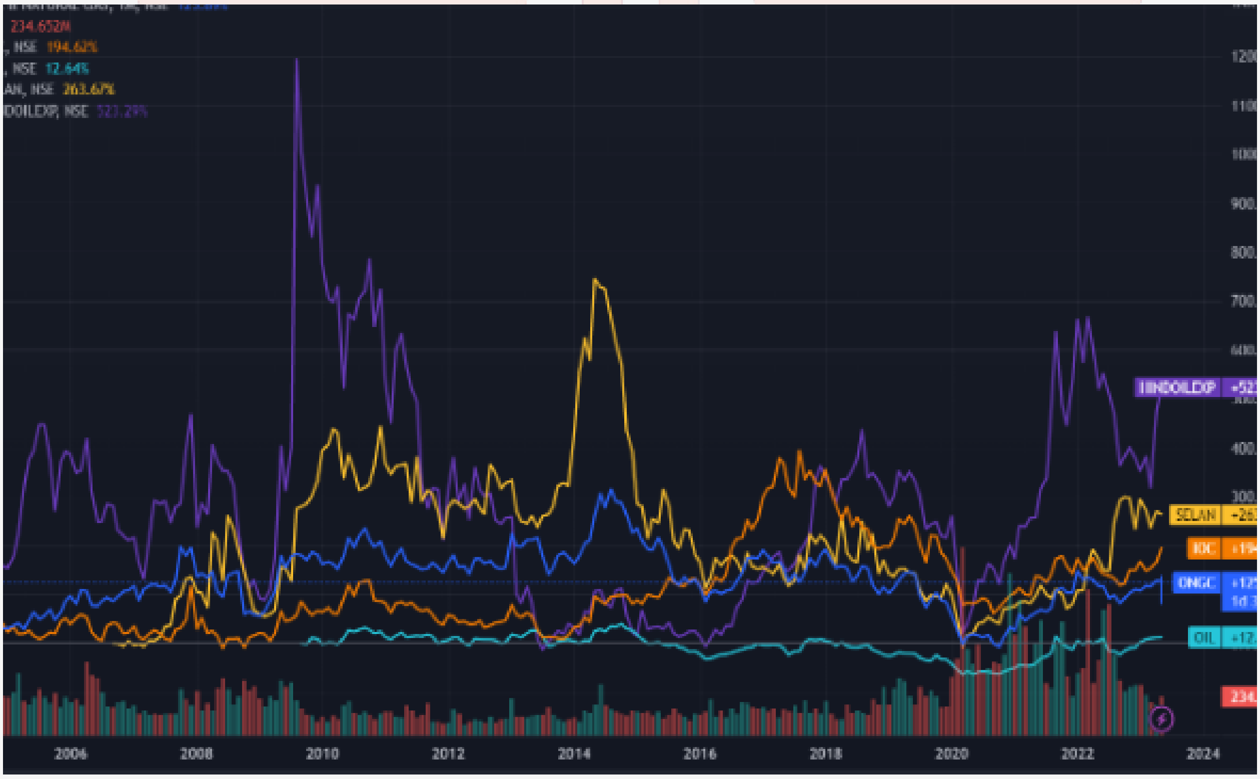
This is a 1-month chart (May 2023), this is used if you're buying a share for the next few months.
Here we can clearly see that Hindustan Oil Exploration is the stock on top with 20.54%. But IOC is the better option because HindOilExp exceeded the breakthrough. And now it will be very risky for the buyer to hold on and earn returns.



On the other hand, ONGC & OIL were pretty much consistent as compared to its competitor SELAN, which showed a significant movement on 8 May 2023, but it slowed down and fell within 2 days, the main reason was that its results of March 2023 came in and they had 14.11% more Net Sales than last year, March 2022.

- <u>RESULT of SHORT TERM</u>: The best option to go for will be IOC by holding the position for the next 2 months, based on the 1-month chart.

2-5 YEAR CHART: LONG TERM



This is a Long term chart starting from 2004 - 2023(Present) where it shows the price performance of direct competitors of ONGC. Through this, we can analyse the trends of various shares and how investible they are in the long term say 5-10 years.
Here we can see Hindustan Oil is the best-performing stock followed by SELAN, IOC, ONGC and OIL.
But Hindustan Oil is not that reliable because as we can see it reached its peak then drastically dropped down and made a slow recovery, the same goes for SELAN.
Here IOC and ONGC stand out from a long-term perspective due to their substantial growth and rise in price and OIL being the slow and steady one is the hidden gem in the lot.

- RESULT of LONG TERM: For a substantial amount of gain in the market one can park their funds in ONGC and IOC for long term

If one is aware of all risks and rewards they can park their funds in SELAN or Hindustan Oil because, in the near future, they may achieve another peak too. The new entrants in the market can start with OIL as a safer investment option.
In conclusion, ONGC emerges as a good investment opportunity after careful examination of numerous aspects. ONGC is in a good position to provide investors with favourable returns due to its strong market position, exploration capabilities, and long-term growth potential. Before making any investment decisions, it is crucial to undertake in-depth research, evaluate personal investing goals, and consider risk tolerance.

CONCLUSION

In conclusion, this paper includes a thorough analysis of Oil and Natural Gas Corporation Limited (ONGC), including its macroeconomic assessment, financial performance, and position in the Indian oil and gas business. Throughout the report, we have examined various aspects of ONGC, including its strengths, challenges, and prospects.

Firstly, the macroeconomic assessment highlighted the impact of the ongoing conflict between Russia and Ukraine on global crude oil prices. As a major supplier of crude oil, Russia's potential sanctions and restricted shipments have tightened the oil market, benefiting India's oil and gas producers, including ONGC. However, ONGC faces difficulties in finding vessels to transport crude oil from Russia due to Western sanctions, which may impact its financial results. Additionally, the microeconomic environment assessment highlighted ONGC's strengths, including its strong brand name, high-profit margins, and revenues, as well as its significant workforce of over 30,000 employees. These factors contribute to ONGC's position as a leading player in the Indian Oil and Gas industry.

Secondly, the financial performance analysis revealed that ONGC and Oil India are predicted to experience significant earnings growth in the first quarter of the year. However, concerns have been raised about ONGC's production trajectory despite the positive impact of higher oil prices. Analysts estimate a decrease in net profit and revenue for ONGC in the quarter ended March 2023, primarily due to the government's windfall tax on domestic production.

Furthermore, the report discussed the short-term and long-term charts of ONGC and its competitors. It was observed that ONGC and Oil India remained consistent compared to SELAN, which showed significant movement but later fell within two days. The long-term chart indicated that Hindustan Oil was the best-performing stock, followed by SELAN, Indian Oil Corporation (IOC), ONGC, and Oil India. However, Hindustan Oil and SELAN exhibited volatility in their price performance.

In summary, ONGC faces both opportunities and challenges in the current economic landscape. While the surge in global crude oil prices benefits the company, difficulties in transporting crude oil from Russia and the government's windfall tax on domestic production pose challenges. ONGC's financial performance may be impacted in the short term, but its strong brand name, high-profit margins, and dedicated workforce position it well for long-term success.

FUTURE

Looking ahead, ONGC has several opportunities to capitalize on. The increasing demand for energy, both domestically and globally, presents a favourable market for ONGC's oil and gas products. The company's strong presence in the Indian market, coupled with its extensive exploration and production capabilities, positions it well to meet the growing energy needs of the country.

ONGC's focus on technological advancements and innovation is another key factor that will contribute to its future success. By adopting advanced drilling techniques, implementing digital solutions, and investing in research and development, ONGC can enhance its operational efficiency, reduce costs, and improve overall productivity.
Furthermore, ONGC's commitment to sustainable practices and environmental stewardship is commendable. This not only aligns with global sustainability goals but also enhances ONGC's reputation as a responsible and environmentally conscious organization.

Finally, ONGC is a major player in the Indian oil and gas business, with a strong market presence, great financial performance, and a focus on innovation and sustainability. While challenges such as transportation difficulties and government regulations may impact its short-term results, ONGC's long-term prospects remain promising. By leveraging its strengths, capitalizing on market opportunities, and adapting to changing industry dynamics, ONGC is well-positioned to maintain its leadership position and contribute to India's energy security and economic growth.