



OIL AND NATURAL GAS CORPORATION LIMITED

COMPANY SECRETARIAT

CS/ONGC/SE/2022-23

23.02.2023

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.- **500312**

Subject: Un-audited Financial Results for the Quarter and Nine months ended 31st December, 2022

Madam/ Sir,

This is with reference to subject filings made on 14.02.2023 with stock exchange(s).

The said filings inter-alia contained stand-alone and consolidated financial results for Q3 & 9MFY'23 along with Auditor's reports thereon. All these documents/ reports were signed on 14.02.2023 and dated accordingly except Auditor's Review report on Consolidated Financial Results which inadvertently mentioned 14.02.2022. *The said date of 14.02.2022 be read as 14.02.2023* at the last page of attached Auditor's report. A letter of joint Auditors in this regard is attached.

It is informed that there is no other change in attached Auditor's report except above-mentioned change.

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

RAJNI
KANT

Rajni Kant
Company Secretary & Compliance Officer

Encl.: As above (10 Pages)

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TO

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

Sub: Independent Auditor's Review Report dated February 14, 2023 issued by us on the Unaudited Consolidated Financial Results for the Quarter and Nine Months ended December 31, 2022 of Oil And Natural Gas Corporation Limited (ONGC)

Sir,

This has reference to the aforesaid Independent Auditor's Review Report on the Unaudited Consolidated Financial Results issued by the above joint statutory auditors of ONGC (copy of the said report is attached).

On the final page (page 8) of the said report, where the digital signatures of the signing partners of the five firms were affixed, the dates have been correctly captured as February 14, 2023. However, at the bottom of the said page, due to a typographical error, the date of signatures in the report was inadvertently mentioned as February 14, 2022 instead of February 14, 2023.

We hereby, request you to kindly read the date of signatures in the report on the last page as February 14, 2023, instead of February 14, 2022.

The inconvenience caused due to the above is regretted.

For SARC & ASSOCIATES

Chartered Accountants

Firm Reg. No.: 006085N

PANKAJ SHARMA Digitally signed by
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Date: 2023.02.18
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(Pankaj Sharma)

Partner (M. No. 086433)

Place: New Delhi

For Kalani & Co

Chartered Accountants

Firm Reg. No.: 000722C

Varun Bansal Digitally signed
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(Varun Bansal)

Partner (M. No. 402856)

Place: Jaipur

For R.G.N. Price & Co

Chartered Accountants

Firm Reg. No.: 002785S

SANJAY SURENDRANATH ATH Digitally signed by
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(Sanjay S)

Partner (M. No. 243151)

Place: Kochi

For S. Bhandari & Co LLP

Chartered Accountants

Firm Reg. No.: 000560C/C400334

Prem Prakash Pareek Digitally signed by Prem Prakash Pareek
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(P. P. Pareek)

Partner (M. No. 071213)

Place: Jaipur

For J Gupta & Co LLP

Chartered Accountants

Firm Reg. No: 314010E/E300029

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(Abhishek Raj)

Partner (M. No. 302648)

Place: Kolkata

Dated: February 18, 2023

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INDEPENDENT AUDITOR’S REVIEW REPORT ON UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2022

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/(loss) after tax and total comprehensive income / (loss) of its Joint Ventures and Associates for the quarter and nine months ended December 31, 2022 (hereinafter referred to as "the Statement" and digitally signed by us for the purpose of identification), being submitted by the Holding 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 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

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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, 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 Regulations, 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

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5. Based on our review conducted and procedures performed as stated in paragraph 3 as above, and based on the consideration of the Review Reports of other auditors referred to in paragraph 9 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.

Emphasis of Matter

6. We draw attention to the following matters in the Notes to the Statement:
- i. Note No. 3, 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 (BGEPIIL) 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. 13,446 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 for the year 2017-18 and for remitting the respective PI share of balance dues. 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 BGEPIIL 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 BGEPIIL/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

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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 and orders are awaited.

Pending finalization of the decision of the Arbitral 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. 13,446 Crore has been considered necessary and has been treated as contingent liability.

- ii. Note No. 4, with respect to ongoing disputes/demands raised on various work centres of the Holding Company by tax authorities 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. The estimated amounts under disputes as worked out towards ST and GST (including interest and penalty upto Dec 31, 2022) of Rs. 4,062 Crore and Rs. 13,271 Crore respectively (Total Rs 17,333 Crore), has been considered as contingent liability. As a measure of abundant caution, the Holding Company has deposited ST and GST along with interest under protest amounting to Rs 1,352 Crore and Rs 9,542 Crore respectively (Total Rs. 10,894 Crore).

As stated in the said Note, considering the expert opinion, GST deposited under protest for the FY 2021-22 of Rs. 1,783 Crore has been claimed by the Holding company as an allowable expenditure in the Income Tax return filed for the relevant assessment year and GST deposited under protest for the current period of Rs. 2,196 Crore has also been considered as an allowable expenditure while calculating the current tax for the quarter and nine months ended December 31, 2022 and accordingly deferred tax liability of Rs. 940 Crore has been created by the holding company in respect of the amount deposited under protest during the above periods. As per the said Note, the necessary adjustments for the previous years shall be made as and when such claims for the allowable expenditure will be made during the course of assessment/appellate proceedings for the relevant assessment years.

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- iii. Note No. 5, which explains that certain discovered small fields (DSF) of the holding Company were identified by Directorate General of Hydrocarbons, Ministry of Petroleum & Natural Gas, Government of India for bidding under Discovered Small Field Round III - 2021, and in terms of the said bid documents, the value of such fields was considered as Nil. These identified contract areas have been awarded to the winning bidders (awardees) in the month of August 2022 and the PML/PELs of these contract areas have been transferred / being transferred to the said awardees. Accordingly, during the nine months ended December 31, 2022, the company has charged off exploratory wells, development wells in progress and capital work in progress amounting to Rs. 2,184 Crore and reversed the accumulated impairment of Rs. 2,172 Crore on the said assets.
- iv. Note No.6 to the Statement and the Emphasis of Matter (EOM) paragraph included in para 7(i) of the Independent Auditor's Review Report on the Consolidated Financial Results of Mangalore Refinery and Petrochemicals Limited, a subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants vide their report dated January 30th, 2023, the said EOM is reproduced as under:

"We draw attention to Note No. 5 of the statement which prescribes that the Company is in the process of Human Resources (HR) integration of the employees of the erstwhile subsidiary company ONGC Mangalore Petrochemicals Limited (OMPL) with the company and the financial impact (if any) would be considered upon finalisation of the same."

- v. Note 8(a) to the Statement and the Emphasis of Matter paragraphs (EOM) paragraph included in para 6(i) of the Independent Auditor's Review Report on the Consolidated Financial results respectively of ONGC Videsh Limited, a subsidiary of the Holding Company, issued by an independent firm of Chartered Accountants vide their respective report dated February 10, 2023, the said EOM's are reproduced as under:

"We draw your attention to Note no 45(iii) of the Consolidated Ind AS Financial Results regarding significant event arising out of Decree of the Russian President leading to acquisition and transfer of all Rights & Obligations of the Consortium of "Sakhalin - 1 Project" (The key Oil & Gas producing asset which had been contributing significant portion of the operating revenue of the Holding Company) to a new entity "Sakhalin- 1 Limited Liability Company". The Holding Company is yet to receive shares in new entity, since as per Decree, the allotment of shares is subject to transfer of

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amount equal to "Investment made by the Holding Company against the Site Restoration Fund for INR 48,235.05 million" to the Bank Account of Sakhalin-1 LLC.

The Holding Company has classified all Oil & Gas producing assets including all other assets and liabilities relating to this project as "Investment - Pending Proportionate Ownership Interest in Equity of Sakhalin -1 LLC" at net carrying value as on 14th October 2022 amounting to INR 143,201.33 million (refer note 12.2 for details). Since, the legal and contractual position due to Decree is still evolving and rights & obligations as shareholder are yet to be crystalized, the accounting treatment done is subject to review and revision basis further developments.

Further, Crude oil evacuation and production from such assets was impacted due to sanctions imposed in February 2022, force majeure declared by the Operator in May 2022 and subsequently due to Decree by the Russian President."

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

Other Matters

7. 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.
8. The Statement includes the Holding Company's proportionate share in the total value of expenditure and Income of 193 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: -
 - a. 1 block has been certified by other Chartered Accountant. In respect of this block, revenue for the quarter and nine months ended December 31, 2022 amounting to Rs. 2,241.40 Crore and Rs. 8,045.00 Crore respectively and profit before tax including other comprehensive income for the quarter and nine months ended December 31, 2022 amounting to Rs. 194.19 Crore and Rs. 1,249.57 Crore respectively. Our conclusion is solely based on the certificate of the other Chartered Accountant.

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- b. 25 blocks have been certified by the management. In respect of these blocks, the Statement includes revenue for the quarter and nine months ended December 31, 2022 amounting to Rs. 378.47 Crore and Rs. 1,167.87 Crore respectively and profit/(loss) before tax including other comprehensive income for the quarter and nine months ended December 31, 2022 amounting to Rs. (126.86) Crore and Rs. (258.35) Crore respectively. Our conclusion is solely based on management certified accounts in respect of these blocks.
9. 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. 1,49,734.08 Crore and Rs. 4,56,798.35 Crore, total net profit/(loss) after tax of Rs. 829.35 Crore and Rs. (9,575.95) Crore and total comprehensive income of Rs. (471.36) Crore and Rs. (4,920.38) Crore for the quarter and nine months ended December 31, 2022 respectively as considered in the Statement. The Statement also include the Group's share of net profit/(loss) after tax of Rs. (142.61) Crore and Rs. (695.33) Crore and total comprehensive income of Rs. (142.41) Crore and Rs. (694.88) Crore for the quarter and nine months ended December 31, 2022 respectively, 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 associates 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 profit/(loss) after tax of Rs. (10.82) Crore and Rs. (38.64) Crore and total comprehensive income of Rs. (10.82) Crore and Rs. (38.64) Crore for the quarter and nine months ended December 31, 2022 respectively, 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.

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10. The Statement includes comparative figures for the quarter ended December 31, 2021, corresponding quarter and nine months ended December 31, 2021, 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 February 11, 2022 on such Consolidated Financial Results.

The Statement also includes figures for the year ended March 31, 2022, audited by the joint auditors of the Holding Company, two of whom were the predecessor audit firms, where they had expressed an unmodified opinion on such consolidated financial statements vide their report dated May 28, 2022.

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

For SARC & ASSOCIATES

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Partner (M. No. 086433)

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For Kalani & Co

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Place: New Delhi

Dated: February 14, 2022