



ONGC

STOCK INFO.	BLOOMBERG
BSE Sensex: 9,788	ONGC IN
S&P CNX: 2,886	REUTERS CODE
	ONGC.BO

1 November 2008

Neutral

Previous Recommendation: Neutral

Rs670

Equity Shares (m)	2,138.9
52-Week Range (Rs)	1,387/538
1,6,12 Rel. Perf. (%)	-11/8/1
M.Cap. (Rs b)	1,433.1
M.Cap. (US\$ b)	29.0

YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
END	(RS B)	(RS B)	(RS)	GROWTH (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
03/07A	823	178	83.1	15.4	8.1	2.2	29.0	27.9	1.5	3.3
03/08A	968	199	92.9	11.8	7.2	1.9	27.7	27.3	1.2	2.8
03/09E	1,239	257	120.0	29.2	5.6	1.5	30.1	30.7	0.9	2.2
03/10E	1,122	227	106.0	-11.7	6.3	1.3	22.7	22.9	0.9	2.2

Consolidated

- ONGC reported standalone PAT of Rs48b for 2QFY09 (v/s our estimate of Rs65.1b), down 6% YoY and 27% QoQ. Net realization decreased 32% QoQ and 17% YoY to US\$46.7/bbl.
- EBITDA for the quarter was Rs84b (v/s our estimate of Rs113b), flat YoY but down 28% QoQ.
- Lower than estimated numbers are primarily due to significantly higher subsidy burden at Rs126.6b (v/s our estimate of Rs98b), up 233% YoY and 29% QoQ. ONGC had given discounts of Rs60.8b in 2QFY08 and Rs98.1b in 1QFY09.
- Oil production (incl JV) at 6.85mmt was down 2% YoY and flat QoQ. Gas production (incl JV) of 6.43bcm was up 1.3% YoY and ~1% QoQ.
- The government had announced that the subsidy burden on upstream sector would be limited to Rs450b. However, there seems to be a rethink on the earlier announcement; hence the increased burden on ONGC during the quarter.
- We are revising our Brent oil price assumptions for FY09/FY10/FY11/long-term from US\$110/90/80/75/bbl to US\$100/80/75/65/bbl. We factor in 1/3rd upstream subsidy burden for FY09 in our estimates with ONGC's share at Rs357b. Our revised EPS estimates are Rs120 for FY09 and Rs106 for FY10. The stock trades at 6.3x FY10E EPS and 1.3x FY10E book value. We maintain **Neutral**.

QUARTERLY PERFORMANCE (STANDALONE)

(RS BILLION)

Y/E MARCH	FY08				FY09				FY08	FY09E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	136.9	154.1	151.2	156.3	200.5	174.1	148.7	175.5	598.5	698.8
Change (%)	-6.3	9.6	-2.9	26.0	46.5	12.9	-1.6	12.3	5.7	16.8
Raw Material and Purchases	13.6	16.1	16.4	24.7	27.7	29.5	22.0	31.6	70.8	110.8
Statutory Levies	29.0	32.0	32.3	33.8	31.4	31.3	23.9	28.5	127.1	115.0
Employee Costs	2.5	3.7	3.6	1.6	2.9	2.8	2.9	4.1	11.5	12.6
Other Exp (incl Stock Adj)	12.6	18.2	18.6	38.3	21.0	26.3	12.4	10.3	87.7	70.1
EBITDA	79.2	84.2	80.3	57.8	117.6	84.1	87.5	101.0	301.5	390.2
% of Net Sales	57.9	54.6	53.1	37.0	58.6	48.3	58.8	57.6	50.4	55.8
% Change	-2.3	14.6	-9.8	7.5	48.4	0.0	8.9	74.9	1.4	29.4
D,D & A	17.5	19.9	22.1	38.4	28.0	21.8	24.0	29.4	98.0	103.2
Interest	0.0	0.3	0.1	0.1	0.0	1.0	0.3	0.2	0.6	1.5
Other Income	8.4	12.1	8.6	20.3	10.5	14.9	8.9	10.3	49.5	44.6
PBT	70.0	76.1	66.7	39.5	100.0	76.2	72.1	81.7	252.3	330.1
Tax	23.9	25.1	23.1	13.3	34.1	28.1	24.5	27.8	85.3	114.6
Rate (%)	34.2	33.0	34.6	33.6	34.1	36.9	34.0	34.0	33.8	34.7
PAT*	46.1	51.0	43.7	26.3	65.9	48.1	47.6	53.9	167.0	215.5
Change (%)	11.9	13.8	-6.4	1.7	43.0	-5.7	9.0	105.3	5.4	29.1
Adjusted PAT	46.1	51.0	43.7	26.3	66.4	48.1	47.6	53.9	167.0	216.0

E: MOST Estimates

ONGC PERFORMANCE 2QFY09 V/S 1QFY09 (RS B)

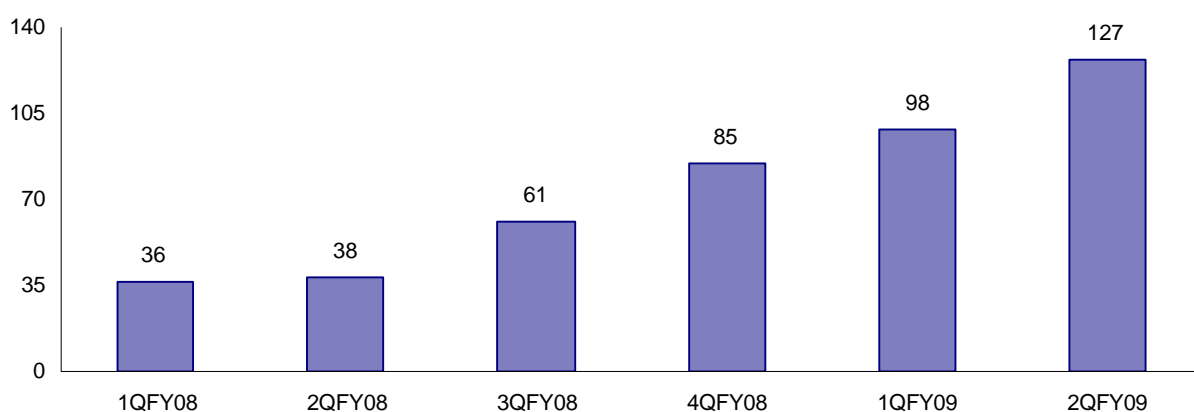
	1QFY09	2QFY09	CHG.	CHG. %	COMMENTS
Net Sales	200.5	174.1	(26.4)	-13	Higher subsidy burden at Rs127b v/s Rs98.1b in 1QFY09 Net realization lower at US\$47/bbl v/s US\$69/bbl in 1QFY09
Inc/Dec in Stock	0.1	0.5	0.4		
RM & Purchases	27.6	29.0	1.4	5	
Staff Cost	2.9	2.8	(0.1)	-5	
Statutory Levies	31.4	31.3	(0.0)	0	
Other Expenditure	21.0	26.3	5.3	25	Significant QoQ increase led by 1) water injection expenses in Bombay High and 2) Rs2b expenses for retrieval of sub-sea equipment at Rajamundhry
Total Exp	(83.0)	(89.9)	(7.0)	8	
EBITDA	117.6	84.1	(33.4)	-28	Significant decline due to higher subsidy burden
Interest	(0.0)	(1.0)	(0.9)	2,457	
D,D & A	(28.0)	(21.8)	6.1	-22	Significant QoQ decline due to a) Lower survey expenditure at Rs343 v/s ~Rs1b in 1QFY09 and 2) Lower dry wells at Rs33m v/s Rs551m in 1QFY09
Other Income	10.5	14.9	4.4	42	Increase led by dividend income accrued during the quarter.
Profit before Tax	100.0	76.2	(23.8)	-24	
Total Tax	31.5	24.2	(7.3)	-23	
Effective Tax Rate (%)	34.1	36.9		8	
Net Profit	65.9	48.1	(17.8)	-27	
Extraordinary	0.434	0.0	(0.4)	-100	1QFY09 includes Rs434m on account of settlement of insurance claim for flood damage at Hazira gas complex in August 2006.

Source: Company/ MOSL

Significantly higher subsidy burden impacts net realization

Increased subsidy burden was a big surprise. Oil prices are on a declining trend and logically the burden should have been at-the-most equal to last quarter if not less. The subsidy burden was Rs126.6b (v/s our estimate of Rs98b), up 233% YoY and 29% QoQ. ONGC had given discounts of Rs60.8b in 2QFY08 and Rs98.1b in 1QFY09.

STEEP INCREASE IN SUBSIDY BURDEN (RS B)



Source: Company/MOSL

ONGC SHARED 60% OF ITS GROSS REALIZATION IN 2QFY09 (US\$/BBL)

	FY06	FY07	1QFY08	2QFY08	3QFY08	4QFY08	FY08	1QFY09	2QFY09	QOQ %	YOY %
Total Underrecoveries (Rs b)	400	494	129	135	213	297	773	488	441	-9.7	227.9
ONGC Share (Rs b)	120	170	36.5	38.0	60.8	84.7	220	98.1	126.6	29.1	233.3
ONGC as % of Total	29.9	34.5	28.3	28.2	28.6	28.5	28.5	20.1	28.7		
Gross Crude Price	59.7	66.3	71.9	78.2	91.4	100.4	85.5	125.8	119.4	-5.1	52.6
Discount by ONGC	17.3	22.1	21.6	22.1	36.7	50.7	32.6	56.7	72.7	28.2	228.8
Net Realization	42.3	44.2	50.3	56.1	54.7	49.7	52.9	69.1	46.7	-32.4	-16.8
Discount as % of Gross	29.0	33.3	30.0	28.2	40.1	50.5	38.2	45.1	60.9		

Source: Company/MOSL

Gross realization was down by ~5% QoQ; and net realization declined 32%, led by higher subsidy sharing at Rs127b. ONGC had given discounts of Rs60.8b in 2QFY08 and Rs98.1b in 1QFY09.

The government had announced that the subsidy burden on upstream sector would be limited to Rs450b. However, there seems to be a rethink on the earlier announcement; hence the increased burden on ONGC during the quarter.

Subsidy shared by ONGC was 61% of the gross realization as against 45% in 1QFY09 and 28% in 2QFY08. Hence, net realization decreased 32% QoQ and 17% YoY to US\$46.7/bbl in 2QFY09.

Operational highlights

Oil production (incl JV) at 6.85mmt was down 2% YoY and flat QoQ. Gas production (incl JV) of 6.43bcm was up 1.3% YoY and ~1% QoQ.

OIL AND GAS PRODUCTION AND SALES

	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09	QOQ %	YOY %
Oil (incl JV) (mmt)								
Production	6.9	6.5	7.1	7.0	6.8	6.85	0.2	5.4
Sales	5.9	6.1	6.0	6.1	5.9	5.67	-4.3	-7.5
Gas incl (JV) (bcm)								
Production	6.1	6.4	6.5	6.1	6.4	6.43	0.6	1.3
Sales	5.0	5.2	5.3	4.9	5.2	5.21	0.6	0.4

Source: Company/ MOSL

Other highlights

- ✎ Depreciation, depletion and amortization stood at Rs21.8b, up 10% YoY and down 22% QoQ. The large QoQ decline is primarily due to lower survey expenditure at Rs3.4b v/s Rs9.6b in 1QFY09. Survey expenditure is typically lower in 2Q due to monsoon season.
- ✎ Other income was higher at Rs14.9b (up 23% YoY and 42% QoQ) due to dividend income accrued during the quarter.
- ✎ Five oil and gas discoveries in 2QFY09.

SIGNIFICANT INCREASE IN EXPLORATION CAPEX PLANNED OVER NEXT TWO YEARS

DESCRIPTION	FY08	FY09E	FY10E	2 YR CAGR FY08-FY10 (%)	FY10 OVER FY08 (%)
Survey	23.5	27.7	24.4	2	4
Expl. Drilling	24.3	32.4	36.3	22	49
Develop. Drilling	40.5	38.7	42.1	2	4
Research & Dev.	1.8	2.0	2.3	14	29
Capital	64.5	67.4	88.2	17	37
PSC/Joint Ventures	15.0	16.2	12.9	-7	-14
Integration Projects	7.0	12.1	2.6	-39	-63
Total	177	196	209	9	18

Source: Company/ MOSL

Imperial Energy acquisition update

In August 2008, ONGC had announced an all cash bid of GBP1.4b (~Rs114.5b) to acquire Imperial Energy Plc.

This deal was subject to the pre-conditions of receiving approvals from (1) Federal Anti-monopoly Service (FAS) of the Russian Federation in respect of anti-monopoly regulations, and (2) Governmental Commission of the Russian Federation in respect of certain restrictions on foreign ownership of Russian entities.

Recent media reports indicate that though Russia's Natural Resources Ministry has cleared the way; Russia's anti-trust regulator, FAS will require more time to review the takeover application.

Russia's Natural Resources Ministry has indicated that Imperial Energy's assets will be deemed as non-strategic, clearing the first of the two regulatory hurdles and allowing it to be bought and fully developed by foreigners. In Russia, strategic assets (defined as fields containing 70mmt of oil / 50bcm of gas in Russia) are not allowed to be developed by foreign companies.

However, Russia's anti-trust regulator has said that this deal could limit competition and wants more time to review the application.

We believe it will take more time to close this acquisition deal than expected previously.

Valuation and view

Revising oil price assumptions

We are revising our oil price assumptions for FY09/FY10/FY11/long-term from US\$110/90/80/75/bbl to US\$100/80/75/65/bbl. Our Brent oil price assumption for 3QFY09 and 4QFY09 is US\$75/bbl and US\$85/bbl respectively.

OIL PRICE REVISION (US\$/BBL)

	REVISED	PREVIOUS	CHG. %
FY09E	100	110	-10
FY10E	80	90	-11
FY11E	75	80	-6
FY12 and Long Term	65	75	-13

Source: MOSL

Subsidy assumptions

We have changed our subsidy sharing assumption for upstream companies from previously fixed Rs450b for FY09 to 1/3rd subsidy sharing. We continue to build 1/3rd subsidy sharing for FY10. Our subsidy sharing assumptions for FY09 and FY10 are Rs357b and Rs217b respectively for ONGC.

Revised earnings estimates

Our revised consolidated EPS estimates are Rs120 for FY09 and Rs106 for FY10.

REVISED ESTIMATES (RS B)

	FY09E			FY10E		
	REVISED	PREVIOUS	CHG. (%)	REVISED	PREVIOUS	CHG. (%)
Net Profit	257.0	274.4	-6.4	227.0	244.8	-7.3
EPS (Rs)	120.0	128.3	-6.4	106.0	114.4	-7.3

Source: MOSL

Maintain Neutral

We have revised our sum-of-the-parts based price target post 10% discount for subsidy concerns for ONGC to Rs942 (from Rs1,135).

We value ONGC's domestic business on DCF basis at Rs647/share. The implied value per barrel of 2P reserves (7,164mmboe) is US\$4.9/bbl. We value OVL for its current 2P reserves at the same value arrived for ONGC's domestic business (US\$4.9/bbl). The current value of OVL's 2P reserves is Rs162/share of ONGC.

We also separately value, on DCF basis, the Cairn-operated Rajasthan block (ONGC's stake 30%) at Rs24/share. As this is a pre-NELP block, ONGC is liable to pay royalty (@20%) for the entire production from the block (including Cairn's share of production). We also value the KG-DWN-98/2 block in KG Basin on DCF basis at Rs30/share.

The stock trades at 6.3x FY10E and 1.3x FY10E book value. We maintain **Neutral**.

SOTP VALUATION SUMMARY

	US\$B	RS B	RS/SHARE	VALUATION METHOD
ONGC Domestic	35	1,383	647	DCF basis
OVL	9	347	162	2P reserves @ US\$4.9/boe (same as ONGC)
KG-DWN-98/2	2	63	30	DCF basis
Rajasthan Block	1	51	24	DCF basis
Net Cash	7	280	131	FY09 end
Listed Investments				
MRPL	1.6	63	29	At our target price of Rs50/share
IOC	0.7	29	13	20% discount to market price
GAIL	0.5	18	9	20% discount to our target price of Rs372/sh.
Petronet LNG	0.1	3	1	20% discount to market price
Total	56.7	2,238	1,046	
Target price post 10% discount			942	

Source: MOSL

VALUATION OF RESERVES & RESOURCES

	MMBOE	VALUE (US\$B)	IMPLIED (US\$/BOE)
ONGC Domestic 2P Reserves	7,164	35	4.9
OVL - 2P Reserves	1,798	9	4.9
KG-DWN-98/2 Resources	425	2	3.8
Rajasthan Block	248	1	5.2
Total	9,635	47	4.8

Source: Company/ MOSL

Our FY09 EPS estimate of Rs120 factors in average Brent price of US\$100/bbl and exchange rate of Rs44.7/US\$. Below is the scenario analysis for ONGC's FY09 EPS at different crude oil prices and Rs/US\$ assumption. We factor in 1/3rd upstream subsidy burden for FY09 in our estimates with ONGC's share at Rs357b. ONGC has shared Rs224.7b subsidy burden in 1HFY09 and our estimates factor in Rs132b for 2HFY09.

LIKELY EPS SCENARIOS FOR FY09

		Oil Price (US\$/bbl)							
		90	95	100	105	110	120	130	140
Exchange Rate (US\$/bbl)	43.0	88.1	100.7	112.0	125.6	137.9	162.3	186.4	210.3
	44.7	92.6	107.1	120.0	135.8	150.0	178.1	206.1	233.8
	45.0	93.3	108.1	121.3	137.4	151.9	180.7	209.2	237.6
	46.0	95.9	111.8	126.0	143.3	158.9	189.9	220.6	251.2
	47.0	98.4	115.4	130.7	149.1	165.9	199.1	232.1	264.9

* Subsidy burden assumed at Rs357b for FY09

We also give alternate scenario for different subsidy sharing assumptions.

Base Case: Upstream burden to be 1/3rd for full year FY09.

Scenario 1: Upstream burden to be 1/3rd for 3QFY09 and 4QFY09.

Scenario 2: Upstream burden to be Rs450b as per government announcement.

LIKELY FY09 EPS AT DIFFERENT SUBSIDY SHARING ASSUMPTIONS

	1HFY09A	2HFY09		FY09E			
		BASE CASE	SCENARIO 1	SCENARIO 2	BASE CASE	SCENARIO 1	SCENARIO 2
Avg. Brent Oil Price (US\$/bbl)	119	80	80	80	100	100	100
Avg. Exchange Rate (Rs/US\$)	42.5	47.0	47.0	47.0	44.8	44.8	44.8
Total Underrecoveries (Rsb)	929	304	304	304	1,233	1,233	1,233
Upstream Burden (Rsb)	259	152	101	191	411	360	450
<i>As a % of Total</i>	27.9	49.9	33.3	62.8	33.3	29.2	36.5
Share of ONGC (Rsb)	225	132	88	167	357	313	392
Consolidated EPS (Rs)					120	132	111

Source: MOSL

ONGC: an investment profile

Company description

ONGC is a preeminent player in the exploration and production (E&P) space in India. With over 340 discoveries till date, it has established in-place hydrocarbon reserves of 6.6b ton of oil equivalent (btoe), with ultimate reserves of 2.4btoe. ONGC currently accounts for nearly 80% of India's domestic production of oil and gas.

Key investment arguments

- ✍ APM price hike long pending: More than a year has elapsed since the Tariff Commission recommended 16% increase in ONGC's producer price. The decision is not yet implemented pending the issue of final notification. ONGC is also seeking 15-20% annual increase in APM pricing. Long delay in price revision is a big concern. We do not assume any immediate price hike and would await actual announcements. From FY10 onwards, we build moderate gas price hikes of 5%.
- ✍ Non transparency in subsidy sharing: Subsidy sharing has remained ad-hoc historically. Though declined crude oil prices have reduced underrecoveries, ONGC's share remains ad-hoc. Though reduced oil prices is a welcome as underrecovery reduces, however non-transparency in the subsidy sharing is a concern.
- ✍ Increase in capex to boost E&P: For the Eleventh Plan, ONGC is targeting 60% higher domestic capex at Rs760b over the actual domestic spend in the Tenth Plan, which at Rs475b was 38% higher than the target

capex of Rs346b. The benefits of increased capex are already visible in reserve replacement ratio of over 1x in the last four years.

- ✍ Large NELP acreage to provide long term growth: ONGC has more than 50% of total NELP exploration acreage allotted. Of this, around 66% acreage is in high potential deep water. As bulk of this acreage is yet to be explored, we believe there is huge potential for hydrocarbon discoveries. ONGC has met with initial success in KG block - the country's and its first ultra-deep water discovery UD-1. With increased efforts towards E&P, we expect the company to report more oil and gas finds going forward.

Key investment risks

- ✍ Slowdown in exploration activity due to shortage in rig availability.
- ✍ Large subsidy burden and non-transparent sharing mechanism.

Recent developments

- ✍ 5 discoveries during 2QFY09 and 16 in 1HFY09 (28 in FY08).

Valuation and view

- ✍ ONGC trades at 6.3x FY10E on consolidated basis.
- ✍ Our SOTP-based price target of Rs942 post 10% discount for subsidy concerns. **Neutral**.

TARGET PRICE AND RECOMMENDATION

CURRENT PRICE (RS)	TARGET PRICE (RS)	UPSIDE (%)	RECO.
670	942	40.6	Neutral

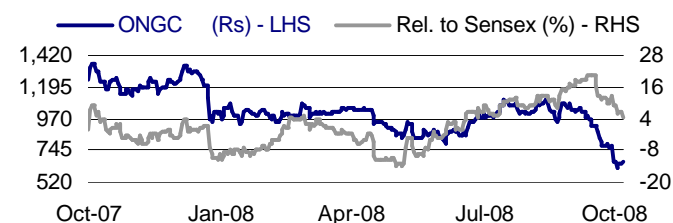
SHAREHOLDING PATTERN (%)

	SEP-08	JUN-08	SEP-07
Promoter	74.1	74.1	74.1
Domestic Inst	6.0	5.7	4.5
Foreign	6.4	7.0	8.6
Others	13.4	13.2	12.7

EPS: MOST FORECAST VS CONSENSUS (RS)

	MOST FORECAST	CONSENSUS FORECAST	VIATION (%)
FY09	120.0	119.6	0.3
FY10	106.0	114.5	-7.5

STOCK PERFORMANCE (1 YEAR)



INCOME STATEMENT		(Rs Million)			
Y/E MARCH	2007	2008	2009E	2010E	
Net Sales	822,615	967,824	1,239,175	1,121,531	
Growth (%)	16.4	17.7	28.0	-9.5	
Government Levies	173,076	189,697	198,616	203,903	
Other Operating Costs	287,595	373,789	540,556	462,310	
Operating Costs	460,670	563,486	739,173	666,213	
EBIDTA	361,945	404,338	500,003	455,318	
% of Net Sales	44.0	41.8	40.3	40.6	
Debt Charges (incl Exch Loss)	1,058	-1,135	-10,084	-8,976	
Exploration Write-offs	-47,066	-55,125	-57,743	-56,021	
Depn, Depl., Amrtsn & W/off	-72,612	-78,308	-79,525	-86,861	
Other Income	47,388	45,541	48,483	46,953	
PBT	277,472	309,211	401,135	350,412	
Tax	-89,054	-100,500	-124,237	-102,310	
Rate (%)	32.1	32.5	31.0	29.2	
Profit after current tax	188,417	208,711	276,898	248,102	
Deferred tax	-9,400	-6,499	-17,474	-18,403	
PAT	179,018	202,211	259,423	229,699	
Growth (%)	15.6	13.0	28.3	-11.5	
Net Profit (Adj.)	179,018	208,311	259,423	229,699	
Minority interest, assoc profits	-1,322	-3,489	-2,662	-2,896	
Net Profit post MI	177,696	198,723	256,761	226,803	

BALANCE SHEET		(Rs Million)			
Y/E MARCH	2007	2008	2009E	2010E	
Share Capital	21,389	21,389	21,389	21,389	
Reserves	640,606	752,738	908,631	1,046,872	
Net Worth	661,995	774,127	930,020	1,068,261	
Debt	16,005	9,445	25,832	31,232	
Deferred Tax	8,119	87,376	104,850	123,252	
Liability for Abandonment	151,857	129,325	131,711	134,561	
Minority Interest	8,321	11,448	14,131	17,048	
Capital Employed	919,296	1,011,720	1,206,545	1,374,355	
Gross Fixed Assets	671,591	736,385	799,244	867,960	
Less: Depreciation	486,235	542,424	585,331	641,135	
Capital WIP	64,055	86,351	135,587	173,879	
Net Fixed Assets	249,410	280,312	349,501	400,704	
Producing Properties	351,741	362,714	380,253	407,535	
Pre-producing Properties	46,248	57,877	66,175	72,605	
Investments (incl. mkt. se	35,832	44,821	37,874	37,874	
Goodwill	30,616	25,777	24,522	23,267	
Cash & Bank Balances	206,756	250,558	344,830	430,384	
Inventories	58,743	72,985	65,796	63,680	
Sundry debtors	48,167	70,469	59,946	56,027	
Loans & Advances	67,356	70,680	93,052	97,333	
Other Current Assets	7,382	10,652	15,166	15,092	
Total Curr. Assets	388,405	475,345	578,790	662,516	
Current Liabilities	133,745	167,214	152,792	157,905	
Provisions	49,211	67,913	77,779	72,241	
Total current liabilities	182,956	235,126	230,571	230,146	
Net Curr. Assets	205,449	240,219	348,219	432,369	
Total assets	919,296	1,011,720	1,206,545	1,374,354	

E: MOf Estimates

RATIOS					
Y/E MARCH	2007	2008	2009E	2010E	
Basic (Rs)					
EPS	83.1	92.9	120.0	106.0	
Cash EPS	143.4	158.3	192.4	181.4	
Book Value	309.5	361.9	434.8	499.4	
DPS	31.0	32.0	40.3	35.4	
Payout (incl. div tax)	43.3	39.4	39.3	39.0	
Valuation (x)					
P/E		7.2	5.6	6.3	
Cash P/E		4.2	3.5	3.7	
EV / EBITDA		2.8	2.2	2.2	
EV / Sales		1.2	0.9	0.9	
Price / Book Value		1.9	1.5	1.3	
Dividend Yield (%)		4.8	6.0	5.3	
Profitability Ratios (%)					
RoE	29.0	27.7	30.1	22.7	
RoCE	27.9	27.3	30.7	22.9	
Turnover Ratios					
Debtors (No. of Days)	21	22	19	19	
Fixed Asset Turnover (x)	3.5	3.7	3.9	3.0	

Leverage Ratio					
Y/E MARCH	2007	2008	2009E	2010E	
Net Debt / Equity (x)	-0.3	-0.4	-0.4	-0.4	

CASH FLOW STATEMENT		(Rs Million)			
Y/E MARCH	2007	2008	2009E	2010E	
OP/(Loss) before Tax	285,476	310,141	401,155	350,433	
DD & A	78,643	90,776	102,971	122,473	
Other op. expenses	-20,902	-1,620	4,998	0	
Direct Taxes Paid	-85,204	-105,083	-124,237	-102,310	
(Inc)/Dec in Wkg. Capital	19,940	-3,904	-13,729	1,404	
CF from Op. Activity	277,952	290,311	371,159	371,999	
(Inc)/Dec in FA & CWIP	-135,663	-168,144	-199,354	-203,283	
(Pur)/Sale of Investments	37,997	-15,493	6,948	0	
Inc from Invst	13,562	20,781	0	0	
CF from Inv. Activity	-84,105	-162,856	-192,407	-203,283	
Issue of Shares	7,028	1,665	0	0	
Inc / (Dec) in Debt	-6,608	-7,100	16,388	5,400	
Dividends Paid (incl. tax)	-76,950	-78,218	-100,868	-88,563	
Interest paid	-1,619	0	0	0	
CF from Fin. Activity	-78,148	-83,652	-84,480	-83,163	
Inc / (Dec) in Cash	115,699	43,802	94,272	85,554	
Add: Opening Balance	91,057	206,756	250,558	344,830	
Closing Balance	206,756	250,558	344,830	430,384	

*Consolidated financials



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Disclosure of Interest Statement

ONGC

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| 1. Analyst ownership of the stock | No |
| 2. Group/Directors ownership of the stock | No |
| 3. Broking relationship with company covered | No |
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