



HAPPY  
*New Year*  
2023

Message from  
Managing Director  
ONGC VIDESH



## Dear Colleagues

The year 2022 began with the world witnessing the first green shoots of recovery after a debilitating pandemic. Economic activity rebounded with manufacturing and consumption-led demand recovery putting global economy back on its foot. Globally most oil companies reported exceptional profits be it from upstream, downstream or trading activities. It would be fair to say that coming on the back of the majorly disruptive COVID years of 2020 and 2021, the quantum of the economic uptick was not really anticipated.

However, geopolitical events in February would again put the world order and the reviving economic activity back into a cycle of uncertainty and the oil industry has not been immune to the same. Demand had started recovering in the end of 2021, with tightening inventories and a demand-supply gap, brought on by sustained underinvestment in the E&P cycle post-2015, finally reflecting in crude oil price and a shift from the sustained backwardation market structure. However, the Russia-Ukraine conflict would again inject substantial uncertainty into the industry, with oil prices breaching the USD 130/bbl barrier, a level last seen in 2008. As the effects of the conflict rippled through the oil markets, oil prices have remained volatile, to finally settle in USD 80-85/bbl range giving up the gains of 2022, as the world came to terms with a long-drawn out conflict.

We in ONGC Videsh have also been affected by the fallout of these geopolitical events. In fact, we were severely affected as one the largest production and revenue contributors in our portfolio went offline due to a Force Majeure situation. However, through protracted efforts, negotiations and also the unstinting support of the Government of India, we have re-entered the project. Some operational modalities remain, and our teams are working hard to resolve it at the earliest, and we should be back on stream as a full-fledged partner shortly. Geopolitics aside, we have also been witnessing 'once-in-a-lifetime' floods two years in a row in our assets in South Sudan, a stark reminder that climate change is not an armchair event but a stark reality. There too, we have managed to revive closed wells and put them back in production. Our Colombian operations continue to achieve operated-production success, and it is a matter of pride that a handful of people in the country office and HQs have managed to achieve production levels at par with some of the domestic assets.

The crises led to unprecedented structural shifts in global energy markets; the worlds (LNG) market of last resort i.e. Europe suddenly becoming the destination of first choice; Russian crude oil flowing to destinations like India which had traditionally remained niche; exporting nations in the middle east turning opportunistic Buyers; a sudden rejuvenation of sources like coal; major tightness in global shipping markets caused by longer voyages, and so on. It has also exacerbated a churn and thrown up opportunities in global M&A markets, several of which merit a closer evaluation by aspiring companies like ONGC Videsh. In fact these opportunities have the potential to leapfrog us to the next level of growth provided we are able to close quality projects, with the financial, technical and manpower support of parent, ONGC.

Though all these provide reasonable cause for optimism, we have to remember that H-1 of this financial year saw us reporting a loss, brought on largely by reduced realizations, adverse currency fluctuations and impairments which can be directly attributed to geopolitical events. Having acknowledged that these events were largely beyond our control, fiscal prudence and belt-tightening should be an ongoing mantra in this transitional landscape. I exhort each one of you to revisit the operating strategies to optimize costs, and keeping business focus at all times while exercising your decision-making mandates.

Our business planning processes needs to tested for portfolio and capital allocation choices against a wide range of price and production scenarios. I am looking forward for the input from every stakeholder to determine the future course of action in these times. It will help in establishing the priorities based on assessment of existing & going forward business risk and our competitive advantages & strengths, in which I expect serious consideration of all.

Being India's premier international energy explorer, ONGC Videsh is to remain steadfastly committed to its overarching goal of contributing to India's energy security. In alignment with ONGC Energy Vision 2040, we have to remain focused on our ambitious mission of increasing our production to become a 40 MMT0E international company by 2040.

Let us move confidently in the direction of our dreams...Let us push ourselves as no one else is going to do it for us...

Let me take this opportunity to wish a very happy, healthy, and prosperous 2023 for all the colleagues and their families and hope the New Year brings success and lasting happiness.

**Jai Hind!**

**Rajarshi Gupta**  
Managing Director

