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## ONGC posts 16 pct dip in Q4 net profit

*Friday, 26 Jun, 2009*

BS reported that the biggest government owned company, Oil and Natural Gas Corporation, posted a 16% decline in net profit at INR 2,627 crore in the Q4 of 2008-09, on the back of lower crude oil production during the period. For the year, its net profit declined 3% to INR 16,126 crore from INR 16,702 in the previous year.

A further drop in net profit was prevented due to a smaller subsidy payout of INR 852 crore during the January to April quarter, though the oil and gas producer shelled out INR 28,225 crore as subsidy sharing, higher than the INR 22,001 crore in 2007-08, with oil marketing companies Indian Oil Corporation, Hindustan Petroleum and Bharat Petroleum. The decline in profit was despite the highest ever sales income of INR 63,949 crore, which was up by 6% from INR 60,137 crore in 2007-08.

In the Q4 ending March 31st, the fall in international crude oil prices saw the company's gross realization fall half to USD 47.85 from USD 100.37 in January to April 2009. But, the net realization after a low subsidy sharing was only little less at USD 43.4 a barrel, compared to USD 49.66 last year in the same quarter.

Rising oil prices may increase ONGC's subsidy burden, with the company estimating a USD 48 a barrel net realization on crude oil during the current year, after giving price discounts as part of subsidy sharing. So far, its gross billing of crude oil in the period starting April 1st has averaged to around USD 60 a barrel.

Mr RS Sharma CMD of ONGC said the profit declined on account of higher subsidy bill, temporary production shutdown and exceptional provisioning of INR 860 crore relating to an arbitration dispute concerning the Ravva oil field in Andhra Pradesh, in which Cairn India is an operator.

Mr Sharma said having a multiple pricing regime for gas was not good, since consumers lobby to get the cheapest price. New investments do not get justified at depressed prices.

(Sourced from Business Standard)

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