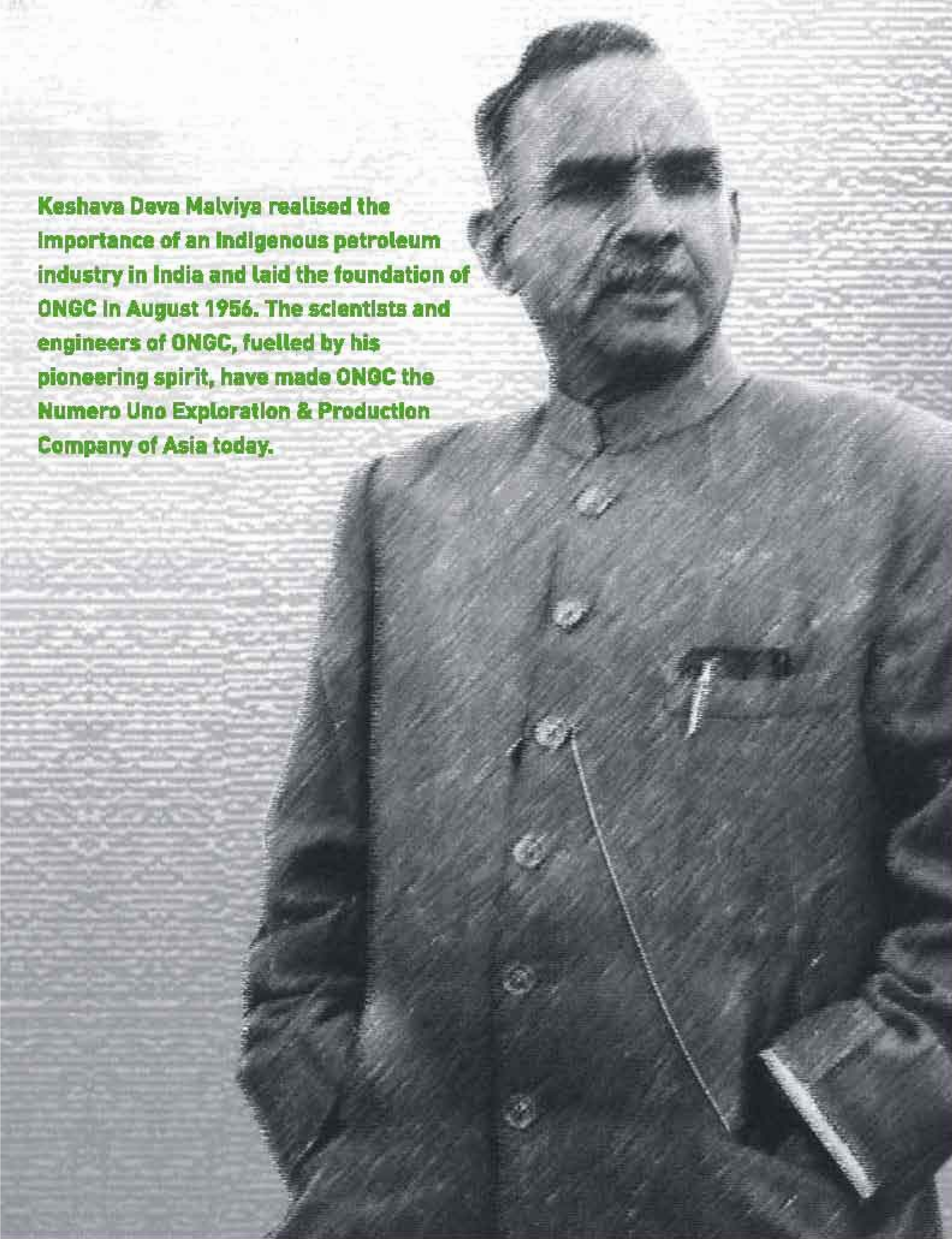
ANNUAL REPORT
2009-10

Towards a low carbon future.

ओएनजीसी
ONGC

At ONGC, we believe that enhanced productivity doesn't have to come at the cost of mother earth's well-being. Which is why, we offset carbon emissions with set timelines.

ONGC leads the way when it comes to achieving carbon neutrality within the energy sector. In an effort to do so, we've become the first PSU to receive emission reduction certificates from the United Nations. Achievements of this sort, coupled with growth, makes us the undisputed leader in our business. And, as the leader, admittedly, it feels a little lonely at the top. However, these days, with earning of 10,722 carbon credits, the spot looks refreshingly green.



Keshava Deva Malviya realised the importance of an indigenous petroleum industry in India and laid the foundation of ONGC in August 1956. The scientists and engineers of ONGC, fuelled by his pioneering spirit, have made ONGC the Numero Uno Exploration & Production Company of Asia today.

Dear Shareholders

It is indeed my privilege to share with you the admirable performance of ONGC in the fiscal FY'10. Once again, your Company has set many a milestones. After rigorous screening, the Government of India (GoI) has decided to bestow 'Maharatna' status to your Company with enhanced empowerments and distinctly higher stature as a premier Public Sector Enterprise.

In recent years we intensified our exploratory efforts which have started yielding desired results. During FY'10, ultimate reserve accretion (3P) has been 82.96 MTOE in ONGC operated fields; the highest in last two decades. Our organic Reserve Replacement Ratio (RRR) has exceeded one for the fifth consecutive year. RRR at 1.74 (3P reserves) during FY'10 is the highest in last two decades. Production levels too were maintained amidst global trend of declining production from ageing fields.

Your Company recorded the highest-ever Net Profit of ₹ 167,676 million. Its Net Worth became even more healthier at ₹ 864,413 million despite sharing under-recoveries of ₹ 115,540 million as per the Government directives.

The Board of Directors of your company have recommended final dividend of ₹ 15 per share (150%). With this the aggregate dividend for FY'10 at ₹ 33 per share (330%) is 10% more than the last year (320%) and the highest-ever in absolute terms.

On 25th June, 2010 the Government decontrolled price of Petrol and increased the prices of Diesel, LPG and SKO. This may help in reducing under-recoveries and uncertainties to some extent. The earlier decision w.e.f 1st June 2010 for revision in APM gas price from about US$ 1.79/ mmBtu to US$ 4.20/ mmBtu (including royalty) will certainly provide much needed upside to the gas business. As per this GoI decision, the non-APM gas from nominated fields shall fetch us even higher market determined price.

You will appreciate the fact that your Company continued to pursue growth strategy despite the fact that global economy was in shambles and the oil industry has been at crossroads since later half of 2008. In just a small span of time a number of pressure points have emerged for the industry which beg for finding a new energy paradigm for resolution.

As if constraints on easy to access oil, an ever increasing demand from the emerging economies, volatility in oil prices, declining discoveries, lower investments, and the environmental urgency of reducing carbon footprint were not enough, that now hate cries are emanating against the industry after Macondo blowout in Gulf of Mexico (GOM).

Sincere efforts are on to permanently cap oil flow and contain the spill by the operator; the accident is bound to prove a 'game changer' for upstream industry particularly offshore operations. Likely stricter regulations may put a spanner for E&P industry. The offshore, especially the deep and ultra-deepwater are one of the few frontier areas where future of oil and gas industry lies.

In such tight supply scenario, the industry is looking for all options. Shale gas revolution in USA, growing interest for ethanol, exploitation of tar-sands, exploration in arctic regions, etc., are few developments which will bring permanent changes for the industry. However, these initiatives are not hassle free. Increasing ethanol production is now linked with crippling shortage of critical food crops and increasing food inflation. Requirement and disposal of water is fast emerging as an environmental issue with shale gas exploitation. As such a balanced and sustainable approach becomes imperative for which industry will have to focus.

Your Company is also pursuing these opportunities aggressively, albeit with stricter and more rigorous approach to safety and unflinching commitment towards sound practices. Our approach for enhancing and augmenting oil and gas production has been multipronged; namely discover and develop new fields, arrest decline and augment production from matured fields, sourcing equity oil and gas from overseas assets and developing new gas sources. Alternate sources of energy also are a focus area.

We have set an accelerated programme for monetizing marginal and new fields. Of the 134 discoveries made since 2002 (21 of them in FY'10), a total of 58 discoveries have already been put on production. Few others are on fast track of appraisal and development; especially the Cluster-7, WO series, B-193, D-1 additional, B-22, North Tapti, etc. In addition, development programme of Northern Discovery Area (NDA) in KG-DWN 98/2 is set to begin after DGH gives its seal on Declaration of Commerciality (DOC). We have also taken up expeditious development of Daman-Tapti block. These are expected to propel our crude oil and gas production quite significantly in next few years with gas production over 100 mmscmd by 2016.

In the NELP-VIII round of bidding your Company has been awarded 17 of the 31 awarded blocks; 14 of them with operatorship. Your Company remains the largest acreage holder in the country and has prioritized exploratory efforts to convert these exploration licenses to mining lease.

Negating decline and augmenting production from the matured fields through technology and capital intensive IOR/ EOR schemes remains your Company's priority. A total of ` 209.44 billion has been invested since 2001 in 21 IOR/EOR schemes and re-development projects; out of these 14 schemes have been completed. This has resulted in a cumulative oil gain of 56 MMT till FY'10 and enhanced the recovery factor of these 15 fields from 27.5% in FY'01 to 33.5% in FY'10.

The growth vehicle of your Company, ONGC Videsh Limited (OVL) with 40 projects in 15 countries sourced 8.87 MTOE of oil and gas in FY'10; **the highest-ever**. I am also pleased to share that OVL led consortium has acquired a mega project with 40% participating interest in Carabobo project in Venezuela. The first oil from the project is expected to flow in 2012-13 with estimated peak production of 400,000 barrels of extra heavy oil per day in 2014-15; 44,000 bbl/day being OVL's share.

Another asset, the BC-10 in Brazil, where OVL has 15% participating interest commenced production from 12th July, 2009 onwards and is currently producing 72,500 bopd. Production from Imperial Energy assets in Russia, which was acquired in January, 2009 has been ramped up to 16,700 bopd from 6,000 bopd when it was acquired.

The nameplate capacity of Mangalore Refinery & Petrochemicals Ltd. (MRPL), a subsidiary of your Company, has been increased from 9.69 MMTPA to 11.82 MMTPA during FY'10. MRPL registered thruput of 12.5 MMT during FY'10. The refining capacity of the MRPL is being enhanced to 15 MMTPA by March, 2012.

Beyond core E&P activities, your Company's efforts towards new gas sources are also laudable. CBM production from the pilot Parbatpur, Jharia project has started in January 2010. Environmental clearance for UCG pilot project at Vatsan, Gujarat has been obtained. Your Company has also taken lead in exploration of Shale Gas in the country by launching an integrated pilot Shale gas project in Damodar valley in April 2010 in association with M/s Schlumberger and with an envisaged investment of ₹ 1,280 million.

The value-multiplier projects in the areas of Power, Petrochemicals, SEZ, etc., are at different stages of completion and all of these projects are scheduled to be commissioned during 2012/2013.

Alternate sources of energy have a huge potential and they may prove to be a significant contributor to the energy basket in future. Keeping this in view, your Company has adopted a holistic approach to leverage potential opportunity. Your Company is planning to establish another 100 MW Wind farm and a Photo-voltaic solar plant. ONGC Energy Centre, which is pursuing a number of alternate energy source projects, generates lot of hope in this regard.

For all these endeavours, your Company has catered for systematic and required investment plans. During FY'10, Capex has been ₹ 235.59 billion (11% more than FY'09) for its domestic operations, ₹ 49.92 billion for overseas operations and ₹ 14.15 billion for MRPL. During FY'11, Capex is estimated to be ₹ 265 billion for domestic operations, ₹ 86 billion for overseas operations and ₹ 32 billion for MRPL.

Your Company's 6th Clean Development Mechanism (CDM) project was registered with United Nations Framework Convention on Climate Change (UNFCCC) on 1st March, 2010. Here, I would like to share with you that UNFCCC has issued the first set of Carbon Emission Reduction (CER) units to ONGC for its first registered CDM project, 'Waste Heat Recovery Project at Mumbai High' on 18th March, 2010.

Ever mindful of its social responsibility, your Company has enhanced its contribution to Corporate Social Responsibility (CSR) projects to 2% of its net profit. These contributions now encompass the whole gamut of social fabric including welfare, health, education, culture, etc. Your Company's CSR initiatives have been bestowed with Gold Trophy for SCOPE Meritorious Award for Corporate Social Responsibility & Responsiveness for the year 2007-08 which was presented on 10th April, 2010.

Your Company is also fully committed to good Corporate Governance and ethical practices. Your Company unilaterally launched a Whistle Blower Policy on 1st December, 2009, again the first to adopt this unique policy.

You may be pleased to know that this year also your Company received 'nil' comments from CAG as well as Statutory Auditors; the fourth time in row and six times in last seven years.

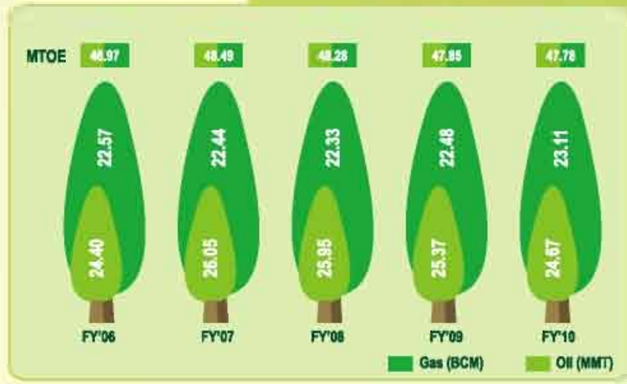
I will round up with a firm commitment and earnest efforts to fulfill what has been captured in the new Vision Statement of your Company: **"To be a global leader in integrated energy business through sustainable growth, knowledge excellence and exemplary governance practices."**

(R.S. Sharma)
Chairman & Managing Director

OPERATIONAL HIGHLIGHTS FY'10

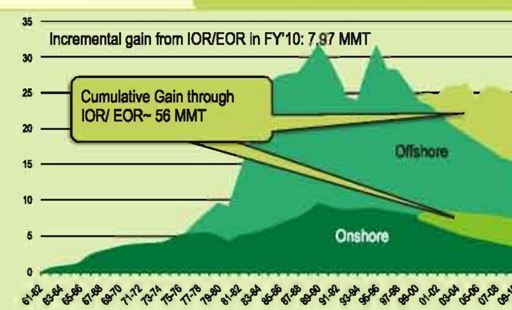
Highest Reserve Accretion in last two decades

Oil & Gas Production



VAP Production (KT)

IOR/EOR Campaign yielding results

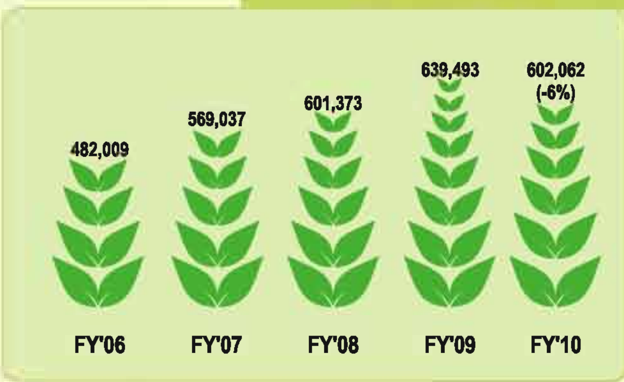


- 15 major fields operated by ONGC: Producing 60% of country's total oil for more than 30 years put on IOR/ EOR, Natural decline of these fields @ about 7% per year arrested
- Recovery Factor of these 15 fields rises from 27.5% in 2000 to 33.5% in 2010

Wells Drilled (Nos.)

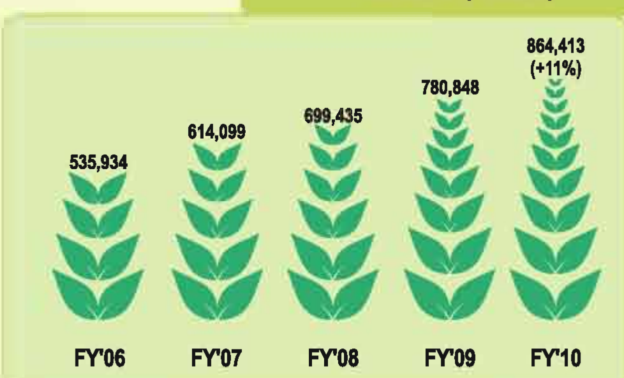
Oil & Gas Reserves (MTOE)

Turnover (₹ Million)

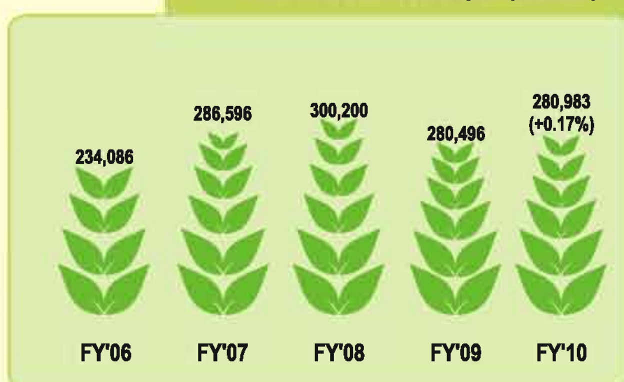


Net Profit (₹ Million)

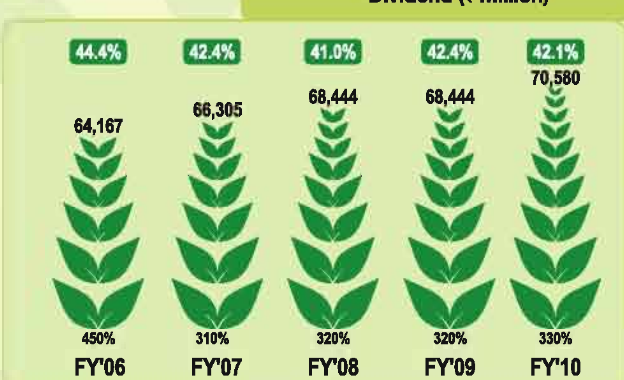
Net Worth (₹ Million)



Contribution of exchequer (₹ Million)

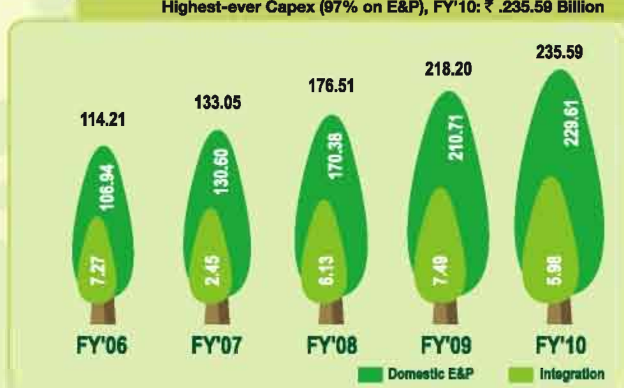


Dividend (₹ Million)



Capex (₹ Billion)

Highest-ever Capex (97% on E&P), FY'10: ₹ .235.59 Billion



R S Sharma
Chairman & Managing Director

Dr. A K Balyan
Director (Human Resource)
(upto 15th July, 2010)

A K Hazarika
Director (Onshore)

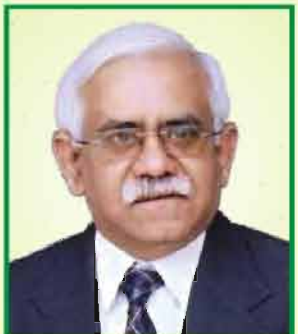
D K Pande
Director (Exploration)

U N Bose
Director
(Technology & Field Services)

D K Sarraf
Director (Finance)

S Vasudeva
Director (Offshore)

S Sundareshan
(upto 4th Feb, 2010)



S Bhargava
(from 15th March, 2010)

L M Vas

S S Rajsekar

S Balachandran

Santosh Nautiyal

Anita Das

R S Butola
Managing Director
ONGC Videsh Limited
(Special Invitee)

Registered Office
Tower II, Jeevan Bharati Building,
124, Indira Chowk, New Delhi – 110 001

Statutory Auditors
Padmanabhan Ramani & Ramanujam, Chennai
Singhi & Co. Kolkata
PSD & Associates, Jaipur
Arun K. Agarwal & Associates, New Delhi
Kalyaniwalla & Mistry, Mumbai

Bankers
State Bank of India

Subsidiaries
ONGC Videsh Ltd.
Mangalore Refinery & Petrochemicals Ltd.

Registrar & Share Transfer Agent
M/s. Karvy Computershare Private Ltd.
Plot No.17-24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081

105 – 108, 1st Floor Arunachal Building
19, Barakhamba Road, New Delhi – 110 001

Listed at
Bombay Stock Exchange
National Stock Exchange

Depositories
National Securities Depository Ltd.
Central Depository Services (India) Ltd.

Company Secretary
N. K. Sinha

Corporate Office
Tel Bhavan, Dehradun – 248 003
Uttarakhand

Cost Auditors
M/s. D.V. Joshi & Associates, Pune
M/s. K.G. Goyal & Associates, Jaipur
M/s. M. Krishnaswamy and Associates, Chennai
M/s. Mani & Co. Kolkata
M/s. Shome & Banerjee, Kolkata
M/s. N.I. Mehta & Co. Mumbai
M/s. Ramanath Iyer & Co., Delhi

Notice is hereby given that the 17th Annual General Meeting of the Members of **OIL AND NATURAL GAS CORPORATION LIMITED** will be held on Thursday, **the 23rd September, 2010 at 10:00 hrs. at Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi-110 049**, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, Profit & Loss Account for the year ended 31st March, 2010 together with the Reports of the Directors and the Auditors' thereon and comments of the Comptroller & Auditor General of India in terms of Section 619 of the Companies Act, 1956.
2. To confirm the payment of interim dividend and declare final dividend on equity shares for the year 2009-10.
3. To appoint a Director in place of Shri A. K. Hazarika, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri D. K. Pande, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri D. K. Sarraf, who retires by rotation and being eligible, offers himself for re-appointment.
6. To authorise Board of Directors of the Company to fix the remuneration of the Joint Statutory Auditors of the Company for the Financial Year 2010-11, in terms of the provisions of Section 619(2) read with Section 224(8)(aa) of the Companies Act, 1956 and to pass the following resolution, with or without modification(s), as Ordinary Resolution:

   "RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to decide and fix the remuneration of the Joint Statutory Auditors of the Company for the Financial Year 2010-11, as may be deemed fit by the Board"

SPECIAL BUSINESS:

ITEM No. 7

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Shri Sudhir Bhargava, Additional Secretary, Ministry of Petroleum & Natural Gas, who was appointed as an Additional Director under Section 260 of the Companies Act, 1956, effective 15th March, 2010 and holds office upto the 17th Annual General meeting and in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board of Directors

Regd. Office:
Jeevan Bharti Building
Tower II, 124 Indira Chowk,
New Delhi - 110 001.

(N. K. SINHA)
Company Secretary

9th August, 2010

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS (48 HRS.) BEFORE THE TIME OF COMMENCEMENT OF THE MEETING. BLANK PROXY FORM IS ATTACHED.**

2. Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business, as set out above is annexed hereto.

3. Brief resume of the Directors seeking re-appointment as mandated under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto and forms part of the Notice.

4. The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, the 14th September, 2010 to Thursday, the 23rd September, 2010 (both days inclusive).**

5. The Board had recommended a final Dividend of ₹ 15 per share at its meeting held on 28th May, 2010. The dividend, if approved by the Members at the said Annual General Meeting, will be paid before 22nd October, 2010 **to the members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before Monday, the 13th September, 2010 and the respective Beneficial Owners as at the close of business hours on Monday, the 13th September, 2010 as per details thereof to be furnished by the depositories.**

6. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrar and Transfer Agent of the Company – M/s. Karvy Computershare Private Ltd. (Karvy), Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad – 500 081; Phone Nos.: 040-23420815-19 & 1600-345-4001(Toll Free); Fax: No. 040-23420814; e-mail: **mailmanager@karvy.com.** Karvy is also the depository interface of the Company with both NSDL and CDSL.

   However, keeping in view the convenience of the Shareholders, documents relating to shares will continue to be accepted at Karvy Computershare Private Ltd.; 105-108, 1st Floor, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi-110 001; Phone Nos.: 011-41036370 (tele-fax) & 43528522 ; e-mail: **delhi@karvy.com** and at the Registered Office of the Company at 8th Floor, Jeevan Bharati, Tower-II, 124, Indira Chowk, New Delhi- 110 001; Phone No.: 011-23301277/23301299; e-mail: **secretariat@ongc.co.in .**

7. The Company has designated an exclusive e-mail ID called **secretariat@ongc.co.in** for redressal of shareholders'/investors' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at the above e-mail address.

8. Members holding shares in electronic form may please note that the bank account details and 9-digit MICR Code of their Bankers, as noted in the records of their depository, shall be used for the purpose of remittance of dividend through Electronic Clearing Service (ECS), or for printing on dividend warrants wherever applicable. Members are therefore requested to update their bank account particulars, change of address and other details with their respective Depository Participants for shares held in demat mode and to the Registrar and Share Transfer Agent for shares held in physical form.

9. Reserve Bank of India (RBI) is providing ECS facility for payment of dividend in select cities. Members holding shares in physical form are advised to submit particulars of their bank account, viz., names and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by 13th September, 2010, to M/s. Karvy Computershare Private Ltd.

10. Pursuant to section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid/unclaimed amount of dividend declared on 20th September, 2002 and Interim Dividend declared on 31.01.2003, to the Investor Education and Protection Fund of the Central Government. **The unpaid/unclaimed amount of Final Dividend declared on 29th September, 2003 for the financial year 2002-03 and interim dividend declared on 4th February, 2004 will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government by 28th October, 2010 and 3rd March, 2011 respectively. Members who have not encashed their dividend warrants pertaining to the said year may approach the Company or its Registrar & Share Transfer Agent for obtaining payment thereof.**

11. In order to avoid the incidence of fraudulent encashment of dividend warrants, the Members holding shares in physical form are requested to provide their Bank Account Number, Name and Address of the Bank/Branch to the Company or Karvy to enable them to incorporate the same in the dividend warrant.

12. Members desirous of obtaining any information/clarification(s) concerning the accounts and operations of the Company or intending to raise any query are requested to forward the same at least 10 days before the date of the meeting to Company Secretary at the Registered Office of the Company, so that the same may be attended to appropriately.

13. The Annual Accounts of the subsidiary companies and the related detailed information will be made available to the shareholders of the holding and subsidiary companies, desirous of seeking such information. Further, Annual Accounts of the subsidiary companies will also be kept for inspection, by any investor, at the Registered Office of the Company as well as at the Registered Office of the subsidiary companies, during its business hours.

14 Members who have not encashed their dividend warrants within its validity period may write to the Company at its Registered Office or M/s. Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company, for revalidating the warrants or payment in lieu of such warrants in the form of demand draft.

15. In terms of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail of the nomination facility by filing Form No. 2B in their own interest. Blank form can be had from Karvy on request. Members holding shares in dematerialised from may contact their respective DPs for registration of nomination.

16. Members holding physical shares in multiple folios in identical names are requested to send their share certificates to Company's Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Ltd. for consolidation.

17. Pursuant to Section 619(2) read with Section 224(8)(aa) of the Companies Act, 1956, the Auditors of a Government Company are appointed or re-appointed by the Comptroller and Auditor General (C&AG) of India and their remuneration is to be fixed by the Company in the Annual General Meeting. The General Meeting may authorise the Board to fix up an appropriate remuneration of Auditors for the year 2010-11 after taking into consideration the increase in volume of work and prevailing inflation, etc.

18. Members are requested:
   i) To bring their copies of Annual Report and Attendance Slip duly completed and signed at the meeting.
   ii) To quote their Folio/DP & Client identification No. in all correspondence.
   iii) Not to bring brief case, bags, eatables, cell phone etc. as they are prohibited inside the meeting hall for security reasons.
   iv) To notify immediately any change of their address and bank particulars to the Company or its Share Transfer Agent, in case shares are held in physical form.

   AND

   In case their shares are held in dematerialised form, information should be passed on directly to their respective Depository Participants and not to the Company/Share Transfer Agent, without any delay.
   v) To note that **no gift** will be distributed at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.7
APPOINTMENT OF SHRI SUDHIR BHARGAVA

Shri Sudhir Bhargava, Additional Secretary, Ministry of Petroleum & Natural Gas was appointed as an Additional Director and designated as Government Director on the Board of ONGC effective 15th March, 2010 vice Shri S. Sundareshan. In terms of section 260 of the Companies Act, 1956, he holds office upto the 17th Annual General Meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Shri Sudhir Bhargava as candidate for the office of Director. Shri Sudhir Bhargava, if appointed, will be liable to retire by rotation under sections 255 and 256 of the Companies Act, 1956 and subject to retirement by rotation under the Articles of Association of the Company.

Shri Sudhir Bhargava, born on 12th January, 1955, IAS–Rajasthan (1979) has served with distinction in various State and Central Government posts. Prior to joining MoP&NG, Shri Bhargava served as Joint Secretary in the Ministry of Chemicals & Fertilisers, Department of Fertilisers. Shri Sudhir Bhargava succeeds Shri S. Sundareshan, who has been elevated to Secretary, Ministry of Petroleum & Natural Gas.
Shri Sudhir Bhargava is a director on the Board of Indian Oil Corporation Ltd. and GAIL India Ltd. He holds 90 shares in ONGC.

None of the Directors, except Shri Sudhir Bhargava is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Shri Sudhir Bhargava, it would be in the interest of the Company to appoint him as a Director of the Company. The Board recommends the resolution for your approval.

By Order of the Board of Directors

Regd. Office:
Jeevan Bharati Building
Tower II, 124 Indira Chowk,
New Delhi - 110 001

(N K SINHA)
Company Secretary

9th August, 2010

Name	Shri A. K. HAZARIKA	Shri D. K. PANDE	Shri D. K. SARRAF
Date of Birth & Age	September 30, 1952, 57 years	January 13, 1951, 59 years	September 3, 1957, 52 years
Date of Appointment	September 9, 2004	September 23, 2005	December 27, 2007
Qualifications	B.E.(Mech)	B.Sc. (Hons) – Gold Medallist M.Sc. (Hons) in Geology	Associate Member of ICWAI and ICSI
No. of Shares held	640	1350	798
Experience in Specific Functional Areas	Holding the position of Director (Onshore); enriched and wide experience of about 30 years of several field and staff assignments in various disciplines including Regional Cementing In-charge, Head/Chief Well Services, handled various important & complex responsibilities	Currently holding the position of Director (Exploration); diverse and rich experience of about three decades in various fields including, hydrocarbon exploration and development, Basin Analyst and Field operations; In-charge of exploratory and development activities in acreages held by ONGC, R&D Institutes; guided and facilitated evaluation of overseas acreages for ONGC Videsh Ltd, pioneer in implementation of deepwater project "Sagar Samridhi", his initiatives led to discoveries in KG, Assam Arakan and Western Offshore basins, a sports lover and participated in 4th Antarctica Indian Expedition.	Currently holding the position of Director (Finance); nearly 30 years of rich and varied experience in the Oil Industry. Served in Oil India Ltd., ONGC Videsh Ltd. Also enriched with regulatory experience of serving in Oil Co-ordination Committee under MoP&NG.
Directorship held in other Public companies	• ONGC Videsh Ltd • ONGC Tripura Power Co. Ltd. • ONGC Teri –Biotech Ltd.	• ONGC Videsh Ltd • Energistics(Foreign Company)	• ONGC Videsh Ltd. • Mangalore Refinery & Petrochemicals Ltd. • Mangalore SEZ Ltd • ONGC Tripura Power Co. Ltd. • ONGC Petro-additions Ltd. • ONGC Mangalore Petrochemicals Ltd. • Petronet LNG Ltd.
Chairmanship/ Membership of Committees across all Public companies	**ONGC** Member • Project Appraisal • Health, Safety & Environment • Human Resource Management • COD for redressal of Grievances of the Parties	**ONGC** Member • Project Appraisal • Health, Safety & Environment • Human Resource Management **ONGC Videsh Ltd.** Member – Audit Committee	**ONGC** Member • Project Appraisal • Shareholders'/ Investors' Grievance • Human Resource Management • Remuneration • Health Safety & Environment • Financial Management • COD for redressal of Grievances of the Parties Permanent Invitee • Audit & Ethics **ONGC Videsh Ltd.** Member – Audit Committee **ONGC Tripura Power Company Ltd.** Member – Audit Committee

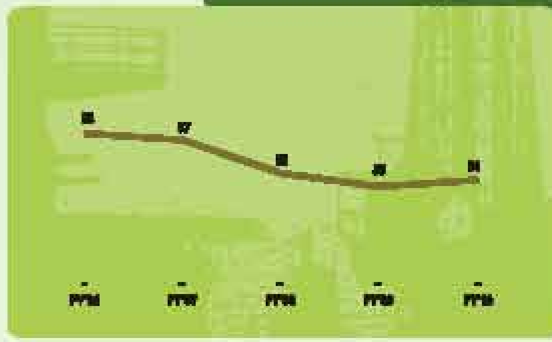
(₹ in million unless otherwise stated)	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
PHYSICAL						
Quantity Sold (Other than Trading)						
-Crude Oil (MMT)	**22.33**	22.88	24.08	24.42	22.45	24.09
-Natural Gas (MMM^3)	**20,598**	20,534	20,432	20,306	20,500	20,644
-LPG (000'Tonnes)	**1,108**	1,029	1,037	1,033	1,084	1,086
-Naptha/ARN (000'Tonnes)	**1,598**	1,545	1,442	1,442	1,578	1,567
-Ethane/Propane (000'Tonnes)	**533**	497	520	548	535	528
-Superior Kerosene Oil (000'Tonnes)	**166**	153	168	156	176	177
Quantity Sold (Trading)						
-Superior Kerosene Oil (000'KL)	**0**	441	308	563	432	970
-HSD (000'KL)	**4**	1742	1539	1394	874	1538
-Motor Spirit (000'KL)	**1**	273	232	121	110	262
FINANCIAL						
Income from Operations (Turnover)	**619,832**	650,494	615,426	590,575	494,397	472,454
Statutory Levies	**121,845**	118,013	129,768	122,516	99,738	103,258
Operating Expenses	**126,293**	123,812	106,823	102,016	76,762	71,397
Exchange Loss (Gain)	**(4,033)**	3,819	(1,070)	177	(172)	2
Purchases (Trading)	**139**	85,166	65,115	59,401	34,338	51,013
Profit Before Interest Depreciation & Tax (PBIDT)	**375,588**	319,684	314,790	306,465	283,731	246,784
Recouped Costs	**146,588**	120,849	97,979	94,994	84,573	62,016
Operating Income (PBIT)	**229,000**	198,835	216,811	211,471	199,158	184,768
Interest (Net)	**(20,839)**	(40,314)	(35,535)	(20,480)	(12,808)	(11,887)
Profit before Tax and Extraordinary Items	**249,839**	239,149	252,346	231,951	211,966	196,655
Extraordinary Items	**0**	658	0	4,751	6,405	0
Profit before Tax	**249,839**	239,807	252,346	236,702	218,371	196,655
Corporate Tax	**82,163**	78,544	85,330	80,273	74,063	66,825
Net Profit (PAT)	**167,676**	161,263	167,016	156,429	144,308	129,830
Dividend	**70,583**	68,444	68,444	66,305	64,167	57,037
Tax on Dividend	**11,616**	11,632	11,632	10,125	9,000	7,763
Share Capital	**21,389**	21,389	21,389	21,389	14,259	14,259
Net Worth	**864,413**	780,848	699,435	614,099	535,934	463,142
Borrowings	**50**	267	369	696	1,069	1,490
Working Capital	**342,714**	334,949	322,248	304,021	265,664	212,895
Capital Employed	**738,014**	640,583	604,844	540,744	493,763	419,926
Internal Resources Generation	**228,068**	172,449	185,158	242,253	142,847	117,120
Plan Expenditure	**235,591**	218,201	176,510	133,050	114,210	106,813
Contribution to Exchequer	**280,983**	280,496	300,200	286,596	234,086	228,117
Expenditure on Employees	**57,191**	47,396	60,484	48,833	30,147	27,465
Number of Employees	**32,826**	33,035	32,996	33,810	34,722	36,185
FINANCIAL PERFORMANCE RATIOS						
PBIDT to Turnover (%)	**60.6**	49.1	51.2	51.9	57.4	52.2
PBDT to Turnover (%)	**64.0**	55.3	56.9	55.4	60.0	54.8
Profit Margin (%)	**27.1**	24.8	27.1	26.5	29.2	27.5
Contribution to Exchequer to Turnover (%)	**45.3**	43.1	48.8	48.5	47.3	48.3
ROCE(PBIDT to Capital Employed) (%)	**50.9**	49.9	52.0	56.7	57.5	58.8
Net Profit to Equity (%)	**19.4**	20.7	23.9	25.5	26.9	28.0
BALANCE SHEET RATIOS						
Current Ratio	**2.38:1**	2.26:1	2.47:1	2.77:1	3.08:1	2.62:1
Debt Equity Ratio	**0.00006:1**	0.0003:1	0.001:1	0.001:1	0.002:1	0.003:1
Debtors Turnover Ratio (Days)	**19**	23	26	17	27	29
PER SHARE DATA						
Earning Per Share (₹)- before extraordinary items	**78.39**	75.19	78.09	71.66*	98.22	91.05
Earning Per Share (₹)- after extraordinary items	**78.39**	75.40	78.09	73.14*	101.20	91.05
Dividend (%)	**330**	320	320	310*	450	400
Book Value Per Share (₹)	**404**	365	327	287*	376	325

* Post bonus

2003-04	2002-03	2001-02	2000-01
23.94	23.90	22.88	23.38
21,103	21,110	20,446	20,501
1,161	1,198	1,157	1,211
1,856	1,842	1,881	1,514
534	619	528	570
216	234	231	221
0	0	0	0
0	0	0	0
0	0	0	0
329,270	353,872	238,574	242,704
89,158	92,334	58,742	55,515
58,848	70,856	49,084	61,594
38	191	469	1,269
0	0	0	0
181,230	190,492	129,279	134,326
55,881	41,439	38,399	47,394
125,349	149,053	90,880	86,932
(10,741)	(12,165)	(7,672)	(4,636)
136,090	161,238	98,552	91,568
0	0	0	0
136,090	161,238	98,552	91,568
49,446	55,946	36,573	39,280
86,644	105,293	61,979	52,288
34,222	42,778	19,969	15,685
4,385	2,376	0	1,600
14,259	14,259	14,259	14,259
400,024	356,061	295,119	301,476
2,118	3,827	30,381	41,911
191,595	127,132	109,249	91,386
395,299	352,170	329,061	310,331
93,089	81,735	68,448	50,020
68,520	60,890	40,408	36,072
168,582	191,016	108,799	111,428
25,619	25,921	21,847	23,164
38,033	39,352	40,280	40,226
55.0	53.8	54.1	54.2
58.3	57.2	57.8	56.1
28.3	29.8	26.0	21.5
51.2	54.0	45.6	45.8
46.8	64.0	39.2	42.4
21.7	28.8	21.0	17.3
2.79:1	2.45:1	2.62:1	2.89:1
0.01:1	0.01:1	0.10:1	0.14:1
26	41	34	26
60.8	73.8	43.5	36.7
60.8	73.8	43.5	36.7
240	300	140	110
281	250	207	211

Financial ratios: trend

ROCE (%)



Current Ratio (X:1)

Book Value (₹ per share)

EPS (₹ per share)

(₹ in million)	2009-10	2008-09	2007-08	2006-07
REVENUES				
Sales				
Crude Oil	**445,053**	391,718	386,805	372,090
Natural Gas	**73,797**	75,528	71,780	72,113
LPG	**21,924**	22,752	20,168	14,866
Naphtha/Aromatic Rich Naphtha	**47,137**	48,406	43,849	37,907
Ethane/Propane	**10,249**	9,890	9,291	9,095
Superior Kerosene Oil	**3,256**	16,701	10,775	15,754
HSD	**156**	61,910	48,621	42,037
Motor Spirit	**27**	11,062	9,159	4,530
Others	**463**	1,526	925	634
Price Revision Arrears	**0**	0	0	11
Sub- Total	**602,062**	639,493	601,373	569,037
Pipeline Revenue	**1,078**	2,329	1,522	82
Other Receipts	**15,512**	7,861	11,390	21,653
Accretion / (Decretion) in stock	**1,180**	811	1,141	(197)
Total Income from Operations	**619,832**	650,494	615,426	590,575
COST & EXPENSES				
Operating, Selling & General				
(a) Royalty	**54,832**	44,934	60,707	53,428
(b) Cess/ Excise Duty	**56,752**	59,174	61,106	62,024
(c) Natural Calamity Contingent Duty - Crude Oil	**1,062**	1,081	1,127	1,149
(d) Sales Tax	**2,990**	6,910	772	1,380
(e) Education Cess *	**1,719**	1,784	1,861	1,303
(f) Octroi & Port Trust Charges	**4,486**	4,130	4,195	3,232
Sub-Total (a to f)	**121,841**	118,013	129,768	122,516
Pipeline Operations (Excluding Depreciation)	**7,975**	6,963	7,318	6,460
Other Operational Costs	**118,322**	116,849	99,505	95,556
Exchange Loss	**(4,033)**	3,819	(1,070)	177
Purchases	**139**	85,166	65,115	59,401
Recouped Costs				
(a) Depletion	**45,302**	42,148	36,776	33,849
(b) Depreciation	**12,312**	14,491	14,060	16,249
(c) Amortisation	**89,407**	67,320	47,580	43,167
(d) Impairment	**(433)**	(3,110)	(437)	1,729
Sub-Total (a to d)	**146,588**	120,849	97,979	94,994
Total Cost & Expenses	**390,832**	451,659	398,615	379,104
Operating Income Before Interest & Tax	**229,000**	198,835	216,811	211,471
Interest				
-Payments	**686**	1,190	590	215
-Receipts	**21,525**	41,504	36,125	20,695
-Net	**(20,839)**	(40,314)	(35,535)	(20,480)
Profit before Tax and Extraordinary Items	**249,839**	239,149	252,346	231,951
Extraordinary Items	**0**	658.00	0	4,751
Profit before Tax	**249,839**	239,807	252,346	236,702
Corporate Tax (Net)	**82,163**	78,544	85,330	80,273
Net Profit	**167,676**	161,263	167,016	156,429
Dividend	**70,583**	68,444	68,444	66,305
Tax on Dividend	**11,616**	11,632	11,632	10,125
Retained Earnings For The Year	**85,477**	81,187	86,940	79,999

* Upto 2005-06, education cess is included in respective heads of levies.

2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
317,357	311,824	222,124	244,131	137,115	141,538
66,701	53,206	52,039	49,986	49,446	49,756
16,293	12,066	16,352	19,087	11,473	14,161
35,679	29,260	22,538	22,035	18,782	18,554
7,401	5,705	4,779	5,837	4,082	4,359
10,605	16,896	2,658	3,188	1,731	1,616
23,403	29,277	85	80	0	0
3,797	6,846	0	0	0	0
617	1,434	1,060	995	766	522
156	584	3,461	1,568	5,017	1,355
482,009	467,098	325,096	346,907	228,412	231,861
15	23	24	478	3,966	4,612
10,257	5,034	4,262	6,276	6,194	5,784
2,116	299	(112)	211	2	447
494,397	472,454	329,270	353,872	238,574	242,704
46,181	37,911	28,451	30,002	25,142	23,024
44,302	46,498	46,302	46,994	25,660	23,833
1,081	1,138	1,117	98	0	0
5,727	14,580	11,050	12,561	7,713	7,439
2,447	3,131	2,236	2,679	1,227	1,219
99,738	103,258	89,156	92,334	59,742	55,515
5,907	8,982	5,717	5,452	4,951	4,965
70,855	62,415	53,131	65,403	44,133	46,629
(172)	2	36	191	469	1,269
34,338	51,013				
29,702	24,851	23,323	17,497	15,638	15,759
23,759	5,437	6,057	7,599	8,286	10,602
31,437	31,588	26,339	16,181	14,228	18,172
(325)	140	162	162	247	2,861
84,573	62,016	55,881	41,439	38,399	47,394
295,239	287,686	203,921	204,819	147,694	155,772
199,158	184,768	125,349	149,053	90,880	86,932
470	377	468	1,132	2,469	3,984
13,278	12,264	11,209	13,317	10,141	8,620
(12,808)	(11,887)	(10,741)	(12,185)	(7,672)	(4,636)
211,966	196,655	136,090	161,238	98,552	91,568
6,405	0	0	0	0	0
218,371	196,655	136,090	161,238	98,552	91,568
74,063	66,825	49,446	55,945	36,573	39,280
144,308	129,830	86,644	105,293	61,979	52,288
64,167	57,037	34,222	42,778	19,963	15,685
9,000	7,763	4,385	2,375	0	1,600
71,141	65,030	48,037	60,140	42,016	35,003

(₹ in million)	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
RESOURCES				
A. Own				
1. Net Worth				
(a) Equity				
i) Share Capital	**21,389**	21,389	21,389	21,389
ii) Reserves & Surplus	**851,437**	765,965	684,785	597,851
Sub-Total	**872,826**	787,354	706,174	619,240
(b) Less : Deffered Revenue Expenditure	**8,413**	6,506	6,739	5,141
Net Worth	**864,413**	780,848	699,435	614,099
2. Long Term Liabilities				
Deferred Tax Liability	**89,182**	78,023	73,708	65,227
Provision For Gratuity & Abandonment *				
Total Own Funds (1 + 2)	**953,595**	858,871	773,143	679,326
B. Outside				
1. Unsecured Loans				
a) Indian Loans	**0**	0	0	202
b) Foreign Loans	**50**	267	369	494
Total Unsecured Loans	**50**	267	369	696
2. Deferred Credits (Principal Only)				0
Total Outside Resources	**50**	267	369	696
TOTAL RESOURCES (A+ B)	**953,645**	859,138	773,512	680,022
DISPOSITION OF RESOURCES				
A. Block Capital				
1. Fixed Assets	**156,485**	104,144	105,180	88,391
2. Producing Properties (Net)	**402,822**	361,580	301,874	295,685
less: Liability for Abandonment Cost	**164,007**	160,090	124,458	147,353
Total Block Capital	**395,300**	305,634	282,596	236,723
B. Working Capital				
a) Current Assets				
i) Inventories	**46,786**	40,607	34,806	30,338
ii) Debtors (Net of Provision)	**30,586**	40,838	43,604	27,594
iii) Cash & Bank Balances	**108,279**	121,405	160,143	136,704
iv) Deposit with Bank Under Site Restoration Fund Scheme #	**74,031**	69,557	64,033	56,103
v) Loans & Advances and Others	**278,031**	273,593	195,745	193,214
Sub-Total	**537,713**	546,000	498,331	443,953
Less				
(b) Current Liabilities and Provisions				
and Short Term Loans	**194,999**	211,051	176,083	139,932
(Excl. Prov. for Gratuity, Abandonment & Impairment)*				
Working Capital	**342,714**	334,949	322,248	304,021
C. CAPITAL EMPLOYED	**738,014**	640,583	604,844	540,744
D. INVESTMENTS	**57,720**	50,903	58,995	57,021
E. CAPITAL WORKS IN PROGRESS	**102,414**	116,965	70,745	48,251
F. EXPLORATORY/DEVELOPMENT WELLS IN PROGRESS	**55,497**	50,687	38,928	34,006
TOTAL DISPOSITION	**953,645**	859,138	773,512	680,022

* For the Year 2002-03 & 2001-02 Provision for Gratuity & Abondonement are included in Current Liabilities.
From the Year 2003-04, Provision for Gratuity is included in Current Liabilities and Liability for Abandonment has been deducted from Producing Properties.

\# Excluded for Current Ratio.

	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002	As at March 31, 2001
	14,259	14,259	14,259	14,259	14,259	14,259
	525,338	454,195	391,172	343,130	282,963	288,854
	539,597	468,454	405,431	357,389	297,222	303,113
	3,663	5,312	5,407	1,308	2,103	1,635
	535,934	463,142	400,024	356,081	295,119	301,478
	63,551	54,438	58,420	52,348	53,471	
						7,181
	599,485	517,580	458,444	408,429	348,590	308,659
	404	607	809	1,011	1,213	1,415
	665	883	1,309	2,616	29,168	38,411
	1,069	1,490	2,118	3,627	30,381	39,826
	0	0	0	0	0	2,085
	1,069	1,490	2,118	3,627	30,381	41,911
	600,554	519,070	460,562	412,056	378,971	350,570
	78,422	58,365	56,684	53,928	56,008	58,893
	275,833	229,607	227,372	171,110	163,804	160,052
	126,156	80,941	80,292			
	228,099	207,031	203,764	225,038	219,812	218,945
	30,385	25,692	24,057	15,710	14,526	15,369
	37,043	37,293	23,178	39,359	22,514	17,338
	42,792	58,488	55,735	36,309	49,105	20,545
	45,336	36,181	31,682	24,781	6,350	
	216,059	164,004	145,963	98,811	84,164	86,463
	371,615	321,658	280,615	214,970	176,659	139,715
	105,951	108,763	89,080	87,838	67,410	48,329
	265,664	212,895	191,535	127,132	109,249	91,386
	493,763	419,926	395,299	352,170	329,061	310,331
	48,885	40,367	44,217	39,826	33,232	23,607
	28,303	41,419	9,826	9,329	6,903	7,283
	29,603	17,358	11,220	10,731	9,775	9,349
	600,554	519,070	460,562	412,056	378,971	350,570

(₹ in million)	2009-10	2008-09	2007-08	2006-07
DETAILS OF DEPRECIATION ALLOCATED TO:				
Survey	**1,181**	1,555	1,029	863
Exploratory Drilling	**4,842**	3,005	2,151	1,672
Development	**34,098**	24,426	21,924	14,251
Profit & Loss Account	**12,201**	14,434	13,984	16,094
Others	**105**	136	70	48
Total	**52,427**	43,556	39,158	32,928
CONTRIBUTION TO EXCHEQUER				
CENTRAL				
1. Cess/Excise Duty	**56,759**	59,185	61,103	62,028
2. Natural Calamity Contingent Duty - Crude Oil	**1,062**	1,082	1,127	1,149
3. Royalty	**32,190**	31,394	30,631	27,920
4. Education Cess *	**1,719**	1,784	1,863	1,303
5. Corporate Tax				
a) On ONGC's Account	**71,203**	79,770	80,720	78,403
b) For Foreign Contractors	**7**	277	32	34
6. Dividend	**52,330**	50,744	50,744	49,159
7. Tax on Dividend	**11,616**	11,632	11,632	10,125
8. Customs Duties	**125**	354	815	1,441
9. Mumbai Port Trust Charges	**793**	657	742	691
Sub Total	**227,803**	236,879	239,409	232,253
STATE				
1. Sales Tax/VAT	**26,355**	26,258	26,899	25,998
2. Royalty	**22,649**	13,551	30,078	25,513
3. Octroi Duties etc.	**4,176**	3,808	3,814	2,832
Sub Total	**53,180**	43,617	60,791	54,343
Grand Total	**280,983**	280,496	300,200	286,596

* Upto 2005-06, education cess is included in respective heads of levies.

2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
722	575	760	712	370	463
1,885	1,503	1,517	1,590	1,748	1,680
13,605	10,623	9,322	9,587	9,725	9,000
22,226	5,435	6,056	7,594	7,865	10,602
89	106	25	55	0	8
38,527	18,242	17,680	19,538	19,708	21,753
44,302	46,501	46,314	47,008	25,662	23,862
1,081	1,138	1,117	98		
23,056	21,811	16,202	17,380	16,602	15,615
64,025	69,817	43,516	58,850	31,012	39,280
3	23	20	24	32	76
47,573	42,287	27,364	35,981	16,791	13,193
8,999	7,763	4,385	2,375	0	1,600
888	2,423	4,114	1,432	1,213	1,741
710	2,999	364	345	260	185
190,637	194,762	143,396	163,493	91,572	95,552
18,263	14,581	11,060	12,561	7,719	7,430
23,126	16,103	12,249	12,623	8,541	7,412
2,060	2,671	1,877	2,339	967	1,034
43,449	33,355	25,186	27,523	17,227	15,876
234,086	228,117	168,582	191,016	108,799	111,428

A. ENERGY TERMS

Development Well: A well drilled within the proved area of an Oil and Gas reservoir to the depth of a horizon known to be productive.

Exploratory Well: A well that is not a development well, a service well, or a stratigraphic test well i.e. well drilled in an unproved area for the purpose of finding and producing Oil or Gas.

Appraisal Well: A well drilled as part of an appraisal drilling programme, which is carried out to determine the physical extent of oil and gas reserves & characteristics thereof and the quantity of recoverable Petroleum therein.

Producing Property: These may be defined as the value assigned to crude oil or gas reserves which can be produced from existing facilities.

Unit Of Production Method: The method of depreciation (depletion) under which depreciation (depletion) is calculated on the basis of the number of production or similar units expected to be obtained from the asset by the enterprise.

Condensates: Liquid hydrocarbons produced with natural gas, separated by cooling and other means.

Development: Following discovery, drilling and related activities necessary to begin production of oil or natural gas.

Enhanced Recovery: Techniques used to increase or prolong production from oil and natural gas fields.

Exploration: Searching for oil and/or natural gas, including topographical surveys, geologic studies, geophysical surveys, seismic surveys and drilling wells.

Integrated Petroleum Company: A company engaged in all aspects of the industry from exploration and production of crude oil and natural gas (upstream) to refining, marketing and transportation products (downstream).

Liquefied Natural Gas (LNG): Gas that is liquefied under extremely cold temperatures and high pressure to facilitate storage or transportation in specially designed vessels.

Liquefied Petroleum Gas (LPG): Light gases, such as butane and propane that can be maintained as liquids while under pressure.

Natural Gas Liquids (NGL): Separated from natural gas, these include ethane, propane, butane and natural gasoline.

Heavy Cut: These are heavier hydrocarbons obtained in fractionation unit of Kerosene Recovery Process, where NGL is processed to yield Aromatic Rich Naphtha and Superior Kerosene Oil.

Oil Equivalent Gas (OEG): The volume of natural gas that can be burnt to give the same amount of heat as a barrel of oil (6,000 cubic feet of gas equals one barrel of oil).

Reserves: Oil and Natural Gas contained in underground rock formations called reservoirs. Proved reserves are the estimated quantities that geologic and engineering data demonstrate can be produced with reasonable certainty from known reservoirs under existing economic and operating conditions. Reserve estimates change as additional information becomes available. Recoverable reserves are those that can be produced using all known primary and enhanced recovery methods.

Mining Lease: The license issued for offshore and onshore properties for conducting development and production activity.

Petroleum Exploration License: The license issued for offshore and onshore properties for conducting exploration activity.

Work-Over: Remedial work to the equipment within a well, the well pipe work or relating to attempts to increase the rate of flow.

B. FINANCIAL TERMS

Recouped Cost: It refers to Depreciation, Depletion, Impairment and Amortisation charged in accounts. These are non-cash costs.

a) **Depreciation:** A measure of the wearing out, consumption or other loss of value of a depreciable asset arising from use, efflux of time or obsolescence through technology and market changes. It is provided for and allocated as mentioned in para 13 of the Significant Accounting Policies.

b) **Depletion:** A measure of exhaustion of a wasting asset (Producing Properties) represented by periodic write off of cost. It is computed with reference to the amortisation base by taking the related capital cost incurred divided by hydrocarbon reserves and multiplied by production.

c) **Impairment:** An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. Impairment Loss is recognized in the accounts as per para 7 of the Significant Accounting Policies.

d) **Amortisation:** It refers to the Dry wells and Survey expenditure expensed in the accounts in line with para 6.3.1 and 6.2 of the Significant Accounting Policies.

Royalty: It is a levy imposed under The Petroleum and Natural Gas Rules, 1959 payable to the respective State or Central Government granting the lease (Central Government in case of offshore) on crude oil and natural gas.

Cess: It is a levy imposed under The Oil Industry (Development) Act, 1974 on crude oil produced and payable to the Central Government.

Exploration Costs: Costs incurred in exploring property. Exploration involves identifying areas that may warrant examination and examining specific areas, including drilling exploratory wells.

Development Costs: Costs incurred in preparing proved reserves for production i.e. costs incurred to obtain access to proved reserves and to provide facilities for extracting, treating, gathering and storing oil and gas.

Production Costs: Costs incurred in lifting the oil and gas to the surface and in gathering, treating and storing the oil and gas.

Abandonment Cost: Abandonment costs are the costs incurred on discontinuation of all operations and surrendering the property back to the owner. These costs relate to plugging and abandoning of wells, dismantling of wellheads, production and transport facilities and to restoration of producing areas. Abandonment Cost is recognized in the accounts as per para 8 of the Significant Accounting Policies.

Absorption Costing: A method whereby the cost is determined so as to include the appropriate share of both variable and fixed costs.

Accounting Policies: The specific accounting principles and the methods of applying those principles adopted by an enterprise in the preparation and presentation of financial statements.

Accrual Basis of Accounting: The method of recording transactions by which revenues, costs, assets and liabilities are reflected in the accounts in the period in which they accrue. The 'accrual basis of accounting' includes considerations relating to deferrals, allocations, depreciation and amortisation. This basis is also referred to as mercantile basis of accounting.

Balance Sheet: A statement of the financial position of an enterprise as at a given date, which exhibits its assets, liabilities, capital, reserves and other account balances at their respective book values.

Book Value: The amount at which an item appears in the books of account or financial statements. It does not refer to any particular basis on which the amount is determined, e.g., cost, replacement value, etc.

Capital Commitment: Future liability for capital expenditure in respect of which contracts have been made.

Capital Employed: The finances deployed by an enterprise in its net fixed assets, investments and working capital. Capital employed in an operation may, however, exclude investments made outside that operation.

Capital Reserve: A reserve of a corporate enterprise which is not available for distribution as dividend.

Contingent Liability: An obligation relating to an existing condition or situation which may arise in future depending on the occurrence or non-occurrence of one or more uncertain future events.

Current Assets: Cash and other assets that are expected to be converted into cash or consumed in the production of goods or rendering of services in the normal course of business.

Deferred Expenditure: Expenditure for which payment has been made or a liability incurred but which is carried forward on the presumption that it will be of benefit over a subsequent period or periods. This is also referred to as deferred revenue expenditure.

Diminishing Balance Method: A method under which the periodic charge for depreciation of an asset is computed by applying a fixed percentage to its historical cost or substituted amount less accumulated depreciation (net book value). This is also referred to as written down value method.

Dividend: A distribution to shareholders out of profits or reserves available for this purpose.

Earning Per Share: The earnings in monetary terms attributable to each equity share, based on net profit for the period, before taking into account prior period items, extraordinary items and adjustments resulting from changes in accounting policies but after deducting tax appropriate thereto and preference dividends, divided by the number of equity shares issued and ranking for dividends in respect of that period.

Expenditure: Incurring a liability, disbursement of cash or transfer of property for the purpose of obtaining assets, goods and services.

Expense: A cost relating to the operations of an accounting period or to the revenue earned during the period or the benefits of which do not extend beyond that period.

Extraordinary Item: Gain or loss which arises from events or transactions that are distinct from ordinary activities of the enterprise and which are both material and expected not to recur frequently or regularly. This would also include material adjustments necessitated by circumstances, which, though related to previous periods, are determined in the current period.

Fictitious Assets: Item grouped under assets in a balance sheet which has no real value (e.g. the debit balance of the profit and loss statement).

First In, First Out (FIFO): Computation of the cost of items sold or consumed during a period as though they were sold or consumed in order of their acquisition.

Fixed Assets: Assets held for the purpose of providing or producing goods or services and that is not held for resale in the normal course of business

Fixed Cost: The cost of production which by its very nature remains relatively unaffected in a defined period of time by variations in the volume of production.

Fundamental Accounting Assumptions: Basic accounting assumption which underline the preparation and presentation of financial statements. They are going concern, consistency and accrual. Usually, they are not specifically stated because their acceptance and use are assumed. Disclosure is necessary if they are not followed.

Inventory: Tangible property held for sale in the ordinary course of business, or in the process of production for such sale, or for consumption in the production of goods or services for sale, including maintenance supplies and consumables other than machinery spares.

Investment: Expenditure on assets held to earn interest, income, profit or other benefits.

Materiality: An accounting concept according to which all relatively important and relevant items, i.e., items the knowledge of which might influence the decisions of the user of the financial statements are disclosed in the financial statements.

Net Assets: The excess of the book value of assets (other than fictitious assets) of an enterprise over its liabilities. This is also referred to as net worth or shareholders' funds.

Net Profit: The excess of revenue over expenses during a particular accounting period. When the result of this computation is negative, it is referred to as net loss. The net profit may be shown before or after tax.

Net Realisable Value: The actual/estimated selling price of an asset in the ordinary course of the business less cost of completion and cost necessarily to be incurred in order to make the sale.

Obsolescence: Diminution in the value of an asset by reason of its becoming out-of-date or less useful due to technological changes, improvement in production methods, change in market demand for the product or service output of the asset, or legal or other restrictions.

Prior Period Item: A material charge or credit which arises in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods.

Profit and Loss Statement: A financial statement which presents the revenues and expenses of an enterprise for an accounting period and shown the excess of revenues over expenses (or vice versa). It is also known as profit and loss account.

Provision: An amount written off or retained by way of providing for depreciation or diminution in value of assets or retained by way of providing for any known liability the amount of which cannot be determined with substantial accuracy.

Provisions for Doubtful Debts: A provision made for debts considered doubtful of recovery.

Straight Line Method: The method under which the periodic charge for depreciation is computed by dividing the depreciable amount of a depreciable asset by the estimated number of years of its useful life.

Sundry Debtor: Person from whom amounts are due for goods sold or services rendered or in respect of contractual obligations. Also termed as debtor, trade debtor, account receivable.

Surplus: Credit balance in the profit and loss statement after providing for proposed appropriations, e.g., dividend or reserves.

Useful life: Life which is either (i) the period over which a depreciable asset is expected to be used by the enterprise; or (ii) the number of production or similar units expected to be obtained from the use of the asset by the enterprise.

Wasting Asset: Natural resource which is subject to depletion through the process of extraction or use, e.g., mines, quarries.

Working Capital: The funds available for conducting day-to-day operations of an enterprise. Also represented by the excess of current assets over current liabilities including short-term loans.

Work in Process: Work in Process includes all materials which have undergone manufacturing or processing operations, but upon which further operations are necessary before the product is ready for sale.

Net Present Value: NPV is the present (discounted) value of future cash inflows minus the present value of the cash outflows.

Participating Interest: The share expressed as a percentage in the rights and obligations of each party to a Production Sharing Contract (PSC).

CMD & Board of Directors' during IXth Vichar Vishleshan

Dear Members,

It gives me immense pleasure to present, on behalf of the Board of Directors of your Company, the 17th Annual Report and Audited Statements of Accounts for the year ended 31st March, 2010, together with the Auditors' Report and Comments on the Accounts by the Comptroller and Auditor General of India (C & AG).

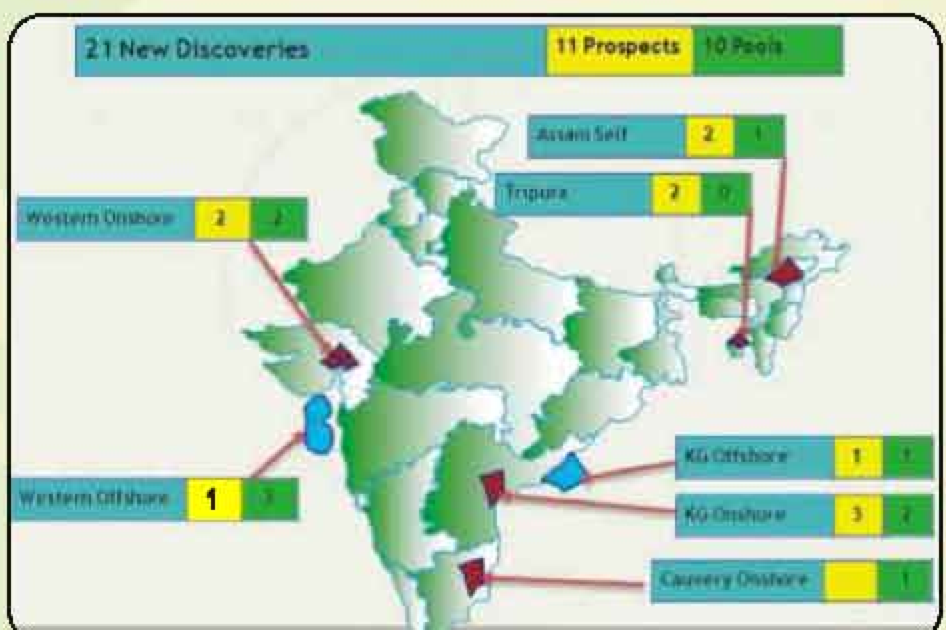
Your Company continues to achieve excellence in its core area of E&P sphere both in India as well as abroad, and also continues to win accolades from various quarters. Finance Asia, Hongkong has ranked ONGC as Number - 1 Top Blue Chip Company of India for 2009 (December 2009). ONGC is ranked at Second Position in Financial Express FE500 listing of Indian companies both in terms of Net Worth and Overall Composite Ranking (March 2009). Your Company has been ranked at 155th position in Forbes Global 2000 list of world's biggest companies for 2010 (April 2010). ONGC retains number one rank among Indian companies and has been ranked 95th among the Forbes Global 2000 biggest companies as per profit.

FinanceAsia, Hongkong has ranked ONGC as Number - 1 Top Blue Chip Company of India for 2009. ONGC is ranked at Second Position in Financial Express FE500 listing of Indian companies both in terms of net worth and overall composite ranking.

Physical Performance: 2009-10

Exploration

In recent years, your Company has intensified its exploratory efforts in domestic as well overseas basins to locate new oil and gas assets. These efforts paid good dividends in terms of new discoveries and reserve accretion. During FY'10, your Company made twenty one (21) discoveries in domestic fields operated by it - 14 in onshore and 7 in offshore areas. Out of 21 discoveries 11 were new prospect discoveries and 10 were new pool discoveries.



Highest reserve accretion in last two decades

ONGC accreted 82.98 Million Tonnes of Oil Equivalent (MTOE) of Ultimate Reserves (3P) in domestic operated fields - the highest in last two decades. Total reserve accretion in domestic basins has been 87.37 MTOE [including 4.39 MTOE from ONGC's share in Joint Ventures (JVs)]. Initial In-place reserve accretion in domestic basins was 273.42 MTOE including 22.82 MTOE from ONGC's share in JVs.

Reserve Replacement Ratio (RRR)

Reserve Replacement Ratio (RRR) i.e. the ratio of reserve accretion to the production of ONGC in its own domestic fields in this fiscal has been quite impressive at 1.74 for 3P reserves; again the highest in the last two decades. This is the 5th consecutive year ONGC maintained RRR of more than 1 against global feature of lower than 1 registered by large number of oil companies.

Oil & Gas production levels maintained

ONGC has maintained oil and gas production levels despite global trend of declining production from matured oil fields. During FY'10, the combined Oil and Gas production of ONGC, including OVL and ONGC's share in PSC-JVs, was 60.93 MTOE; marginally lower as compared to 61.23 MTOE in FY'09. Production from overseas fields registered 8.87 MTOE; the highest ever.

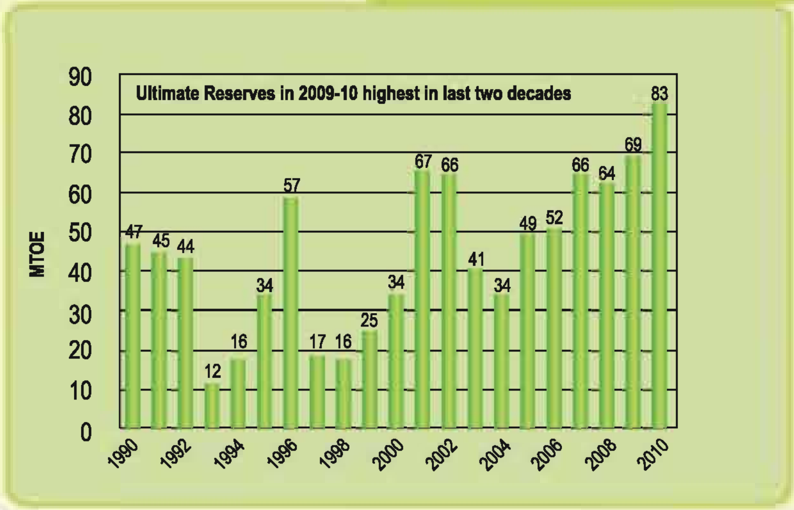
Largest oil & gas producer in the country

Oil and gas production from domestic fields, including ONGC's share in PSC JVs has been 52.06 MTOE during FY'10 against 52.45 MTOE during FY'09. ONGC accounted for 79% of India's crude oil and 54% of natural gas production during FY'10.

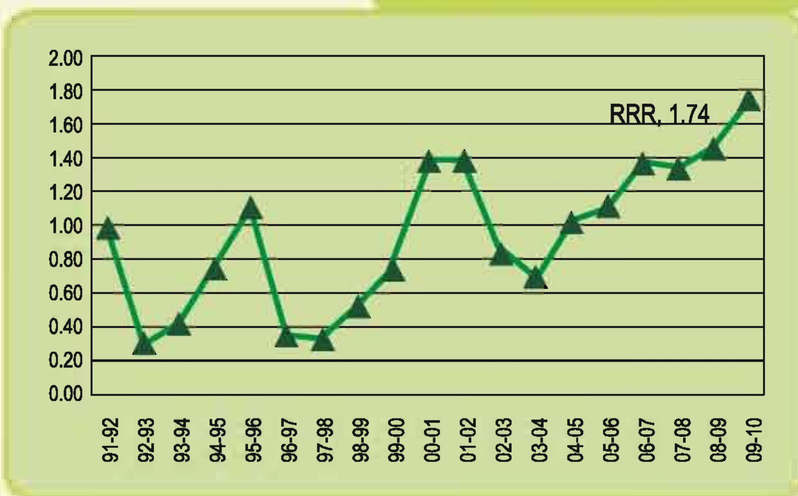
Highest-ever production from overseas assets

ONGC Videsh Limited (OVL), the flagship wholly owned subsidiary for overseas

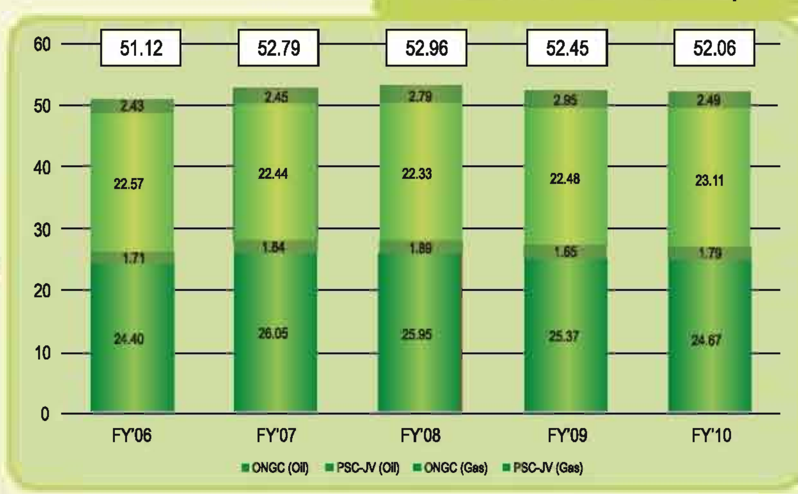
ONGC Ultimate Reserve Accretion Trend



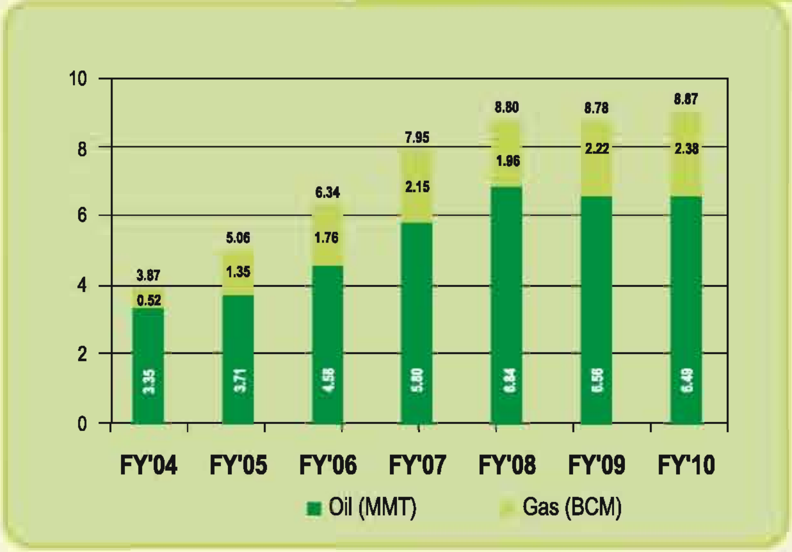
Reserve Replacement Ratio (RRR)



Domestic Oi & Gas Production (MTOE)



Overseas Oil & Gas Production



operations has now footprints across 15 countries with 39 projects. Since its first hydrocarbon revenue from overseas in 2002-03 from Vietnam, this year OVL registered highest-ever production of 8.87 MTOE of oil and gas.

First oil from RJ-ON-90/1

Your Company holds 30% participating interest in RJ-ON-90/1 pre-NELP block operated by Cairn Energy India Pty. Ltd. (CEIL). Till date, 25 discoveries have been made in the block with six major discoveries i.e., Mangala, Aishwariya, Raageshwari, Saraswati, Bhagyam and Shakti. Out of these discoveries, Mangala commenced production from 24th August, 2009; and it was dedicated to the nation by Hon'ble Prime Minister Dr. Manmohan Singh on 29th August, 2009 at Barmer, Rajasthan. Your Company is aggressively pursuing with the Government of India for reimbursement of royalty which it is paying on behalf of the operator.

New Projects

During FY '10 the Board has approved development of various offshore marginal fields viz additional development of D-1 field (13.962 MMT oil by 2025) at an investment of ₹ 21,636.5 Million, development of North Tapti gas field (4.116 BCM gas by 2021) at an investment of ₹ 7,557 Million and development of Cluster-7 fields (9.73 MMt of oil & condensate and 4.52 BCM gas by 2029) at an investment of ₹ 32,410 Million.

Your Company is currently implementing redevelopment projects in major fields of Western offshore at an estimated cost of ₹ 182 billion which includes Mumbai High North redevelopment phase II at ₹ 71 billion, Mumbai High South redevelopment phase II at ₹ 88 billion and Heera & South Heera redevelopment at ₹ 23 billion. During FY'10, the following new facilities were completed to enhance production:

- Installation of 4 Well Platforms C-39A, C-24, C-39-1 and C-22, along with associated modification and pipelines under **C-Series development.**
- Installation of Process Platform BCPA-2 with 2nd stage booster compressors for Bassein field (10MMSCMD) and Vasai East process facilities having liquid handling capacity of 12,000 bopd, Gas compression of 2.0 MMSCMD and water injection facility of 47,000 bwpd along with associated modifications under **Vasai East development project.**
- Three new smart well platforms ₹-15, ₹-16 and ₹-17 along with associated cables, pipelines and topside modification under **Mumbai High South Redevelopment Phase II.**

During the fiscal 2009-10, your Company brought 5 new marginal fields to production. With this total, 50 such fields are now on stream and these fields produced 2.0691 MTOE of oil and gas during 2009-10.

ONGC bags highest number of blocks in NELP-VIII

You would be pleased to note that in NELP-VIII bid round, ONGC in partnership with its consortia members, submitted the bids for 25 exploration blocks and won 17 of these. In the eight NELP rounds which have been rolled out so far, ONGC has won 50% of the blocks i.e.,121 out of total 242 blocks awarded by the Govt. of India. Your Company now holds 80 NELP blocks (70 as operator) and 62 nomination blocks.

CBM production

Your Company is operating in 5 CBM Blocks i.e., Jharia, Bokaro, North Karanpura and South Karanpura Blocks in Jharkhand and Raniganj Block in West Bengal. CBM production from Pilot Project at Parbatpur commenced from January, 2010. Final Development Plan (FDP) for Jharia block has been submitted for approval of the Government.

Value Added Products

The Hazira Plant of your Company started production of a new product Propane. During FY'10, 1,316 MT of Propane was sold. During FY'10, revenue from export of 1,568 MT of Naphtha has been ₹ 45,770 million; the highest-ever both in terms of quantity exported and revenue earned.

Alternate sources of energy

51 MW Wind power farms which your Company had set up near Bhuj in Gujarat with an investment of ₹ 3,080 million in September, 2009 is already operational. The electricity generated is wheeled through the Gujarat State Electricity Grid for captive consumption by ONGC at Ankleshwar, Ahmedabad, Mehsana and Vadodara.

ONGC Energy Centre set up by your Company for holistic research for new and alternate energy sources has been pursuing a number of new projects like. Thermo-chemical generation of hydrogen, Bioconversion of coal/oil to methane gas, Uranium exploration, Solid state lighting, Solar PV Energy Farm, etc.

SCOPE Gold Trophy for achievements in CSR and R&D

You will be delighted to know that your Company received the Gold Trophy for 'SCOPE Meritorious Award for Corporate Social Responsibility and Responsiveness for 2007-2008 and Gold Trophy for R&D, Technology Development and Innovation for the year 2008-09. The awards were presented by H.E. the President of India, Smt. Pratibha Devisingh Patil to CMD, ONGC on Public Sector Day i.e. on 10th April, 2010 at Vigyan Bhawan, New Delhi.

Mr. R.S. Sharma, CMD, ONGC receiving SCOPE meritorious award for Corporate Social Responsibility & Responsiveness for 2007-08 and Gold trophy for R & D Technology Development and Innovation for the year 2008-09 from H. E. The President of India, Smt. Pratibha Devi singh Patil on Public Sector Day

1. Financial Results

Despite volatile markets, your Company has earned a Profit After Tax of ₹167,676 million (₹ 161,263 million in 2008-09), up 3.98 %, which is incidentally the highest-ever.

During the year under review, your Company registered Gross revenue of ₹ 619,832 million (₹ 566,357 million in 2008-09), up 9.44%, by netting off the revenue from trading of products of Mangalore Refinery & Petrochemicals Limited (MRPL), a subsidiary of your Company, amounting to ₹ Nil (₹ 85,098 million in 2008-09).

Highlights:

Gross Revenue	₹ 619,832 million
Profit after Tax (PAT)	₹ 167,676 million
Contribution to Exchequer	₹ 280,988 million*
Return on Capital Employed	50.9 %
Debt-Equity Ratio	0.00006:1
Earning Per Share (₹)	78.39
Book Value Per Share (₹)	404

***OID Cess, Excise duty, Royalty, Corporate and Dividend Distribution Tax and Dividend on Government shareholding.**

Financial Results				**(₹ in million)**
	2009-10		**2008-09**	
Gross Revenue		**619,832**		651,455
Gross Profit		**396,054**		378,292
Less:				
Interest	**686**		1190	
Exchange Variation	**(4,033)**		3819	
Depreciation	**12,312**		14,491	
Amortisation	**89,407**		68,281	
Depletion	**45,302**		42,148	
Impairment	**(433)**		(3110)	
Provision/Write Offs	**2,974**		11,666	
Provision for Taxation (including deferred tax liability of ₹ 11,160 million)	**82,163**	**228,378**	78,544	217,029
Profit After Tax		**167,676**		**161,263**
Appropriations Profit & Loss B/F		**-**		(1)
Interim Dividend		**38,500**		38,500
Proposed Final Dividend		**32,083**		29,944
Tax on Dividend		**11,616**		11,632
Transfer to General Reserve		**85,477**		81,188
Total		**167,676**		**161,263**

Previous year figures have been regrouped wherever necessary

A process platform in Mumbai offshore

2. **Dividend**

   Your Company paid an interim dividend of ₹ 18 per share (180%), in December, 2009. The Board of Directors have recommended a final dividend of ₹ 15 per share (150%) making the aggregate dividend at ₹ 33 per share (330%) as compared to ₹ 32 per share (320%) paid in 2008-09. The total dividend will absorb ₹ 70,583 million, besides ₹ 11,616 million as tax on dividend, which is historically the highest dividend payout by the Company.

3. **Management Discussion and Analysis Report**

   In terms of Clause 49(IV)(F) of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report has been included and forms part of the Annual Report of the Company.

4. Production and Sales

Highlights of production and sales of Crude Oil, Natural Gas and Value- added products:

	Unit	Production		Sales		Value (₹ in million)	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Direct							
Crude Oil	(MMT)	*25.46	*27.02	22.33	22.88	445,040	391,907
Natural Gas	(BCM)	**25.59	**25.43	20.60	20.53	73,767	75,529
Ethane/Propane	000 MT	536	497	533	497	10,249	9,889
LPG	000 MT	1105	1026	1108	1029	21,924	22,752
Naphtha	000 MT	1592	1553	1596	1545	47,137	48,408
SKO	000 MT	165	156	166	153	3,255	4,448
Others						***463	***1,349
Sub Total						601,865	554,279
Trading							
Motor Spirit	000 KL			0.55	273	27	11,062
SKO	000 KL			-	441	-	12,253
HSD	000 KL			4.29	1742	156	61,883
Sub Total						183	85,198
Total						602,048	639,477

* Includes 1.79 MMT (Previous year 1.65 MMT) from Joint Ventures.

** Includes 2.49 BCM (Previous year 2.96 BCM) from Joint Ventures.

*** sale of electricity of ₹ 131 million (Previous year ₹ 205 million) regrouped to other income.

Aerial view of ONGC's onshore drilling location

5. **Oil & Gas Reserves**

Your Company has made voluntary disclosures in respect of Oil & Gas Reserves, conforming to SPE classification 1994 and US Financial Accounting Standards Board (FASB-69). ONGC has added 250.60 MTOE of oil and oil-equivalent gas (O+OEG) initial inplace volume with 82.98 MTOE of O+OEG as the ultimate reserve component during FY '10. The ultimate reserves accretion, including its share in joint ventures is 87.37 MTOE of O+OEG, which is the highest in last two decades.

Ultimate Reserve (3P) accretion O+OEG (in MTOE)					
Year	Domestic Assets (1)	ONGC's share in Domestic JVs (2)	Total Domestic Reserve (3)=(1)+(2)	OVL's Share in Foreign Assets (4)	Total (5)=(3)+(4)
2007-08	63.82	-0.34	63.48	46.73	110.21
2008-09	68.90	2.82	71.72	135.08	206.80
2009-10	82.98	4.39	87.37	0.35	87.72

6. **Statement of Reserve Recognition Accounting**

The concept of Reserve Recognition Accounting attempts to recognize income at the point of discovery of reserves and seeks to demonstrate the intrinsic strength of an organization with reference to its future earning capacity in terms of current prices for income as well as expenditure. This information is based on the estimated net proved reserves (developed and undeveloped) as determined by the Reserves Estimates Committee.

As per FASB-69 on disclosure about Oil and Gas producing activities, publicly traded enterprises that have significant Oil and Gas producing activities, are to disclose with complete set of annual financial statements, the following supplemental information:

a) Proved Oil and Gas reserve quantities

b) Capitalized costs relating to Oil and Gas producing activities

c) Cost incurred for property acquisition, exploration and development activities

d) Results of operations for Oil and Gas producing activities

e) A standardized measure of discounted future net cash flows relating to proved Oil and Gas reserve quantities

Your Company has disclosed information in respect of (a) and (d) above in the Annual Financial Statements. Your Company has made voluntary disclosure on standardized measure of discounted future net cash flows relating to proved oil and gas reserve at **Annexure-A** to this report as Statement of Reserve Recognition Accounting (RRA).

7. **Financial Accounting**

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and in compliance with all applicable Accounting Standards (AS-1 to AS-29) and Successful Efforts Method as per the Guidance Note on Accounting for Oil & Gas Producing Activities issued by The Institute of Chartered Accountants of India (ICAI) and provisions of the Companies Act, 1956.

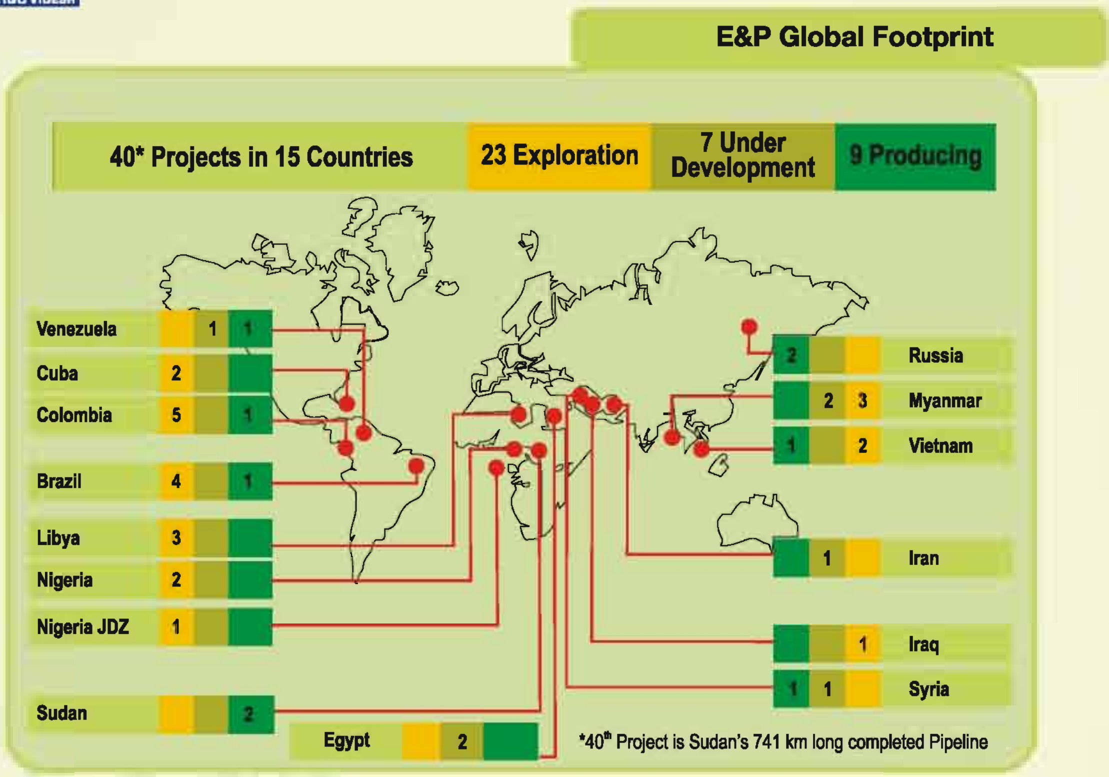
8. **Internal Control System**

The Company has well established and efficient internal control system and procedures. Your Company has already implemented SAP R/3 system for integration of various business processes across the organization. The system has now been upgraded from earlier version of MySAP 4.6C to ECC 6.0. The Company also has well defined financial powers of various executives in its Book of Delegated Powers (BDP). Integrated BDP has recently been revised to bring further delegation. The Company has in-house Internal Audit Department commensurate with its size of operations. Audit observations are periodically reviewed by the Audit & Ethics Committee of the Board and necessary directions are issued wherever required.

9. Subsidiaries

(i) ONGC Videsh Limited (OVL)

ONGC Videsh Limited, the wholly-owned subsidiary of your Company for overseas E&P activities, registered satisfactory performance during 2009-10. The company presently has participation in 40 projects in 15 countries.



The Big Deal

A consortium led by OVL signed a contract on 12th May, 2010 for 40% ownership in the company, formed for developing Carabobo-1-Norte and Carabobo-1-Centro heavy oil blocks in Venezuela. The Corporaci'n Venezolana del Petr'leo ("CVP"), a subsidiary of Petr'leos de Venezuela S.A. ("PDVSA"), Venezuela's state oil company, will hold the remaining 60% equity interest. The members of the OVL's Consortium are: OVL (11%), Indian Oil Corporation Limited (3.5%), Oil India Limited (3.5%), Repsol YPF (11.0%) and Petroliam Nasional Berhad ("PETRONAS") (11%). The company will build heavy oil production facilities, upgrading facilities and associated infrastructure. The upstream production facilities are expected to produce around 400,000 barrels per day of extra heavy oil of which approximately 200,000 barrels per day will be upgraded into light crude oil in a facility to be located in the Soledad area, Anzo'tegui State. The license term will be for 25 years with the potential for a 15 year extension.

Out of 39 projects, OVL is operator in 16 projects and joint operator in 6 projects. OVL is currently producing oil and gas from Greater Nile Oil Project and Block 5A in Sudan, Block 06.1 in Vietnam, Al Furat Project in Syria, Sakhalin-I Project and Imperial Energy in Russia, Mansarovar Energy Project in Colombia and San Cristobal Project in Venezuela. Block BC-10 in Brazil commenced production from 13th July, 2009. Block A-1 and A-3 in Myanmar and Carabobo Project in Venezuela are in development phase. North Ramadan Block, NEMED Project in Egypt and Farsi Offshore Block in Iran have discoveries and appraisal work is being carried out. Development for Abu Khashab and Rashid discoveries in Block-24, Syria has been approved by the Syrian Government and further exploration work is ongoing in the block. OVL had completed the Product Pipeline Project for Sudan Government and handed over the pipeline to it in October, 2005 and is currently under lease. The remaining projects are in exploration phase.

During 2009-10, OVL's consolidated share in production of oil and oil equivalent gas (O+OEG), was 8.87 MMT. OVL's consolidated gross revenue during 2009-10 was ₹ 153,828 million (₹ 184,235 million during 2008-09) down 16.5%. OVL's consolidated Profit After Tax during 2009-10 was ₹ 20,896 million (₹ 28,067 million during 2008-09) down by 25.55%. The reduction in Gross Revenue and Profit After Tax is mainly on account of fall in crude oil prices in the international markets during 2009-10.

Direct Subsidiaries of OVL:

a) ONGC Nile Ganga B.V. (ONGBV):

- ONGBV, a subsidiary of OVL, is engaged in E&P activities in Sudan, Syria, Venezuela and Brazil. ONGBV holds 25% Participating Interest (PI) in Greater Nile Oil Project (GNOP), Sudan with its share of oil production of about 2.126 MMT during 2009-10.
- It has 16.66% to 18.75% participative interest in four Production Sharing Contracts (PSCs) in Al Furat Project (AFPC), Syria with its share of oil and gas production of about 0.716 MMTOE during 2009-10.
- ONGBV also holds 40% PI in San Cristobal Project in Venezuela with its share of oil production of about 0.704 MMT during 2009-10.
- Further ONGBV has 15% PI in BC-10 Project in Offshore Brazil which has commenced production in 2009-10 contributing to OVL's share of 0.192 MMt oil during the year. The current total production of the project is about 60,000 barrels of oil per day.
- ONGBV also has 100% PI and is the operator of exploratory blocks BM-S-73 and BM-ES-42 and holds 25% PI in exploratory blocks Block BM-SEAL-4 and Block BM-BAR-1 all located in Deepwater Offshore, Brazil.

b) ONGC Narmada Limited (ONL):

ONL, a wholly-owned subsidiary of OVL is engaged in E&P activities in Nigeria-São Tomé & Principe, Joint Development Zone (JDZ) with 13.5% PI in deep water exploration Block-2.

OVL operations at sub zero temperature at Sakhalin, Russia

c) ONGC Amazon Alaknanda Limited (OAAL):

ONGC Amazon Alaknanda Limited

OAAL, a wholly-owned subsidiary of OVL, holds stake in E&P projects in Colombia, through Mansarovar Energy Colombia Limited (MECL), a 50:50 joint venture company with Sinopec of China. During 2009-10, OVL's share of production in MECL was about 0.409 MMT of oil.

Partners in Progress - OVL and Imperial Energy

d) Jarpeno Limited:

Jarpeno Limited

Jarpeno Limited, a wholly-owned subsidiary of OVL incorporated in Cyprus, acquired Imperial Energy Corporation plc., a UK listed upstream oil exploration and production entity with its main activities in Tomsk region of Western Siberia in Russia, in January, 2009. During 2009-10, Imperial Energy's production was about 0.543 MMT of oil.

e) AB Startkapitalet nr 5636 (name changed to Carabobo One AB):

OVL holds 11% in Carabobo project through a mixed company AB Startkapitalet nr 5636 (name changed to Carabobo One AB).

Joint Venture of OVL:

f) ONGC Mittal Energy Limited (OMEL)

OVL along with Mittal Investments Sarl (MIS) promoted OMEL, a joint venture company incorporated in Cyprus. OVL and MIS hold 98% equity shares of OMEL in the ratio of 49(OVL): 49(MIS) with balance 2% shares held by SBI Capital Markets Ltd. OMEL holds 45.5% and 64.33% PI in exploration Blocks OPL 279 and OPL 285 respectively in Nigeria. OMEL also holds 1.11% Class-C shares in ONGBV exclusively for AFPC Syrian Assets; such investment being financed by Class-C Preference Shares issued by OMEL in the ratio of 51:49 to OVL and MIS respectively.

(ii) Mangalore Refinery & Petrochemicals Limited (MRPL)

Your Company continues to hold 71.62% equity stake in MRPL, which has put in a commendable all-round performance, despite downturn during 2009-10.

Highlights

- Refinery crude thruput-12.50 MMT.
- Turnover- ₹ 360,809 million.
- Profit After Tax - ₹ 11,124 million.

Keeping in view its plans to make investments in various projects, a dividend of 12% has been recommended by its Board. MRPL has successfully completed the turnaround of the 6MMTPA unit as per schedule and also revamp of Gas Oil Desulphurisation unit. The distillate yield was highest ever 72.8% at an operating level of 12.5 MMTPA. The domestic dispatches were highest during the FY 2009-10. MRPL received the first parcel of "Mangala" crude from the Rajasthan oil field of ONGC and Cairn on 9th October, 2009. MRPL has achieved "Excellent" performance results under the MOU with ONGC, its holding company. MRPL achieved its lowest ever energy index in terms of MBTU/ BBL/ MRGF (MBN) of 58.27 during the year. The excellent operating, production and safety standards maintained by its Refinery have enabled MRPL to achieve remarkable energy saving and also an accident-free year. ICRA has reaffirmed their issuer rating of 'IrAAA' to MRPL for lowest credit risk. CRISIL issued rating of 'CrAAA' to MRPL indicating highest safety.

MRPL- Highest capacity Utilization amongst Indian Refineries

It bagged the following awards and accreditations during the year:

- Winner in the 'Most Safe Refinery' in last three years and runner up in 'Refineries' categories of OISD awards for the year 2008-09.
- Jawaharlal Nehru Centenary Award 2008-09 - Joint 1st Prize in Specific Energy Consumption Performance amongst all Refineries in Public Sector.
- Superstar Achiever Award - 2008 for best export performance from Kanara Chamber of Commerce and also State Level Export Award for the Year 2005-06 and 2006-07 from Govt. of Karnataka.

Direct Marketing

Direct marketing sales of MRPL registered an overall growth of 3% covering products Bitumen, Furnace Oil, Naphtha, Mixed Xylene, LSHS and Sulphur, with sales of 800 TMT in 2009-10. MRPL Shell Aviation Fuel Services Private Limited (a Joint Venture Company of MRPL and Shell Global) has made good progress in marketing of ATF to domestic airlines at Bangalore and Hyderabad airports and is likely to commence operation at Mangalore airport shortly.

Implementation of the Phase III Refinery Project with a project cost of ₹121,600 million, was on schedule during the year 2009-10. With a view to add value to the propylene, implementation of Polypropylene unit at a cost of ₹18,030 million has been approved. A contract for construction of ISBL facility has been placed on EIL for execution under open book execution method. Your Company has approved to extend a loan facility of ₹50,000 million for part financing the projects. OIDB has also sanctioned a loan of ₹2,000 million for the projects.

10. Exemption in respect of Annual Report of Subsidiaries and Consolidated Financial Statement

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956 copies of the Balance Sheets, Profit and Loss Accounts, Reports of the Board of the Directors and Reports of the Auditors of the subsidiary companies have not been attached to the Accounts of the Company. The Company will make these documents/details available upon request by any member of the Company interested in obtaining the same. Annual Reports of MRPL and OVL are available on website www.mrpl.co.in and www.ongcvidesh.com respectively.

In accordance with the Accounting Standard (AS)-21 on "Consolidated Financial Statements" read with AS-23 on "Accounting for Investments in Associates" and AS-27 on "Financial Reporting of Interests in Joint Ventures", audited Consolidated Financial Statements for the year ended 31st March, 2010 of the Company and its subsidiaries form part of the Annual Report.

11. Joint Ventures/ Associates

(i) ONGC Tripura Power Company Limited (OTPC)

ONGC has promoted OTPC with envisaged equity stake of 50% along with Govt of Tripura (0.5%) and IL&FS (26%) to set-up 726.6 MW (363.3 x 2) gas based Combined Cycle Power Plant (CCPP) at Palatana in Tripura to monetize its idle gas assets in Tripura. Various linkages like gas supply by ONGC and power off-take by NE states have been finalized. The JV company has also tied up debt for the project with Power Finance Corporation Limited. Bharat Heavy Electricals Limited has been engaged as EPC agency for completion of Generation Project on turnkey basis. The first phase of the project is likely to be completed by December, 2011.

(ii) ONGC Petro-additions Limited (OPaL)

Your Company has promoted a JV company "ONGC Petro-additions Limited" (OPaL) with 26% equity stake along with GAIL (19%) and Gujarat State Petroleum Corporation Ltd (GSPCL) (5%) to implement a mega petrochemical complex comprising of 1.1 MMTPA ethylene Cracker and global scale polymer units within Dahej SEZ as a step towards downstream integration. All major statutory approvals like Environmental Clearance from MoEF, SEZ Unit approval etc. have been obtained and major LSTK contracts relating to site infrastructure development, dual feed cracker contract, technology licensor(s) for downstream polymer units have been awarded. M/s EIL has been engaged as the PMC of the project.

(iii) Mangalore Special Economic Zone Limited (MSEZ)

ONGC with 26% equity stake in MSEZ along with KIADB (23%) and IL&FS+KCCI (51%), is promoting another SEZ in coastal Mangalore. Ministry of Commerce & Industry has formally notified to set up a Petro-chemical Specific SEZ in 1453 acres of land. MSEZ has allotted requisite land to ONGC Mangalore Petrochemical Ltd, a company promoted by ONGC, for setting up an aromatic based petrochemical unit. MSEZ has signed a Co-developer agreement with Indian Strategic Petroleum Reserves Limited (ISPRL) to develop a free trade zone for warehousing of Strategic Crude Reserve. Resettlement and Rehabilitation work of Project Displaced People is in progress over 136 acres of land. Requisite infrastructure like water supply system, pipe-line corridor etc. is under implementation.

(iv) ONGC Mangalore Petrochemicals Limited (OMPL)

ONGC has promoted OMPL with 46% equity participation, along with MRPL (3%) for setting up manufacturing facilities for 0.92 MMTPA Para-Xylene and 0.14 MMTPA Benzene from MRPL's aromatic streams in Mangalore SEZ as value addition project. The project is under implementation. Contracts relating to project management, technology licensor and site grading have been awarded while LSTK contract for process packages are under finalization. Debt syndication process has been completed and Rupee term loan agreement with bankers signed.

(v) ONGC TERI Biotech Limited (OTBL)

OTBL is a Joint Venture company of ONGC, incorporated on 26th March, 2007, with The Energy and Research Institute (TERI). The JV has been promoted for addressing the requirement of Bioremediation of oily sludges, Microbial Enhanced Oil Recovery, prevention of wax deposition bacteria in tubulars, flow assurance of line pipes for E&P operations. Apart from ONGC, OTBL is bagging contracts for application of above technologies from other companies like Oil India Limited, Railways, Refineries, private companies etc.

(vi) Petronet MHB Limited (PMHBL)

PMHBL is a JV company of ONGC (28.766%), HPCL (28.766%) and PIL (7.898%). Balance 34.57% of equity is held by the leading banks. It owns and operates a multiproduct pipeline to transport MRPL's products to hinterland of Karnataka. Maintaining its turnaround trend, PMHBL, as per unaudited results for the year 2009-10, has made a net profit of ₹50 million on a throughput of 2.53 MMT against Net profit of ₹20 million with throughput of 2.45 MMT during the year 2008-09.

(vii) Petronet LNG Limited (PLL)

ONGC has 12.5% equity stake in PLL, identical to similar stake by other Oil PSUs co-promoters viz., IOCL, GAIL and BPCL. PLL has started commissioning of Dahej LNG terminal of 10 MMTPA capacity and also commenced construction of LNG Receiving and Re-gasification Terminal of 5.0 MMTPA at Kochi. The turnover of PLL during 2009-10 was ₹106,491 million (previous year ₹ 84,287 million) and net profit was ₹4,045 million (previous year ₹5,184 million). PLL has declared a dividend of 17.5%, same as the previous year.

(viii) Pawan Hans Helicopters Limited (PHHL)

The Company has 21.5% equity stake in PHHL with balance 78.5% equity with the Government of India. PHHL is one of Asia's largest helicopter operators having a well balanced operational fleet of 36 helicopters. It provides helicopter support for ONGC's offshore operations. PHHL was successful in providing all the 12 Dauphin N and N3

Pawan Hans Helicopter engaged in Offshore operations helicopters fully compliant with AS-4 as per the new contract with ONGC. The net profit of PHHL for the year 2008-09 was ₹ 251.20 million and it paid a dividend of 10%. The accounts of PHHL for 2009-10 are under finalisation.

(ix) Dahej SEZ Limited (DSL)

Your Company with 23% equity stake along with Gujarat Industrial Development Corporation (26%) is developing a multi-product SEZ at Dahej in coastal Gujarat over 1717 hectares of land through an SPV "Dahej Special Economic Zone Ltd". SEZ has formally been approved by Ministry of Commerce & Industry and Gazette notification issued. This SEZ, now declared as Petroleum, Chemical, Petrochemical Investment Region (PCPIR) by Government of India, is operational since September 2009. Environment clearance from Ministry of Environment & Forest (MoEF) was received on 17th March 2010. About 90% of the saleable land has been allotted to prospective unit holders.

12. Other Projects / Business Initiatives

(a) C2-C3-C4 Extraction Plant ;

ONGC is setting up a C2-C3-C4 Extraction Plant at Dahej using LNG from PLL as feed stock. The plant is nearing mechanical completion with overall progress of 98.24% as on 31st March, 2010.

(b) Partnerships for growth

(i) ONGC led Consortium signs agreements for sourcing LNG from Iran

ONGC/OVL, in association with Hinduja Group and Petronet LNG have entered into agreements with Iranian authorities on 1st December, 2009 at New Delhi for participation in development of gas fields and liquefaction facilities in Iran. Indian participation would entitle supply of LNG up to a minimum of 6 MMTPA on long term basis.

(ii) MoU with M/s Sistema, Russia

OVL entered into a non-exclusive Memorandum of Understanding (MoU) on 8th December, 2009 at Moscow with M/s Sistema, a leading diversified industrial group of Russia to explore the possibilities of jointly studying and participating in attractive oil and gas assets in Russia and third countries.

(iii) MoU with ENARSA, NOC of Argentina

OVL signed an MoU with ENARSA, the national oil company of Argentina for cooperation in E&P ventures in Argentina, India and other countries on 14th October, 2009 in New Delhi in presence of H.E Dr. Cristina Fernandez de Kirchner, President of Argentina and Hon'ble Prime Minister of India, Dr. Manmohan Singh.

(iv) MoU with Bharat Petroleum Corporation Limited (BPCL)

ONGC executed an MoU with BPCL on 23rd February, 2010 for exploring opportunities in downstream gas business such as participation in CGD networks, laying natural gas pipelines, marketing of natural gas and CNG compression for developing CNG corridors across the state and national highways and for other mutually agreed business.

(v) MoU with GAIL India Limited

The MoU executed with GAIL for mutual co-operation in the areas of Natural Gas Pipelines, Transmission and Marketing business has been extended for two years w.e.f. 24th July, 2009

Agreement signing between CMD, ONGC and Minister of Oil & gas Republic of Iran

(vi) MoU with FMC Technologies (S) Pte Ltd, Singapore

ONGC and FMC Technologies (S) Pte Ltd, Singapore signed an MoU on 14th July, 2009 at New Delhi to pursue collaboration and competence enhancement in area of deepwater development.

MoU signing between ONGC & BPCL for exploring opportunities in downstream gas business

13. Information Technology

Project ICE

Project ICE, the ERP based business portal of ONGC was upgraded from MySAP 4.6c to ECC 6.0 to leverage the new functionalities of the latest ERP system consisting of Production Revenue Accounting (PRA), Governance, Risk & Compliance (GRC), Master Data Management (MDM), Identity Management (IDM), Occupation Health (OH), Mobile Asset Management. System based processes for Performance Related Pay (PRP), Perquisites and Online Claims and re-imbursements have now been enabled in totality.

E&P Disaster Recovery Server

E&P Document Management Disaster Recovery Server established at Vadodara was inaugurated on 10th November, 2009. With this, ONGC's efforts to create an online Central Repository of all accumulated intellectual assets has now been completed.

14. Health, Safety & Environment (HSE)

Your Company has implemented globally recognized QHSE management systems conforming to requirements of ISO 9001, OHSAS 18001 and ISO 14001 at ONGC facilities and certified by reputed certification agencies at all its operational units. Surveillance Audits for sustaining HSE accreditation was carried out in 402 units during the year. Corporate guidelines on incident reporting, investigation and monitoring of recommendations was developed and implemented for maintaining uniformity through out the organization in line with international practice.

Corporate Disaster Management Plan (CDMP) and guidelines have been developed for uniform disaster management all across ONGC. Your Company has also developed Occupational Health physical fitness criteria for employees deployed for offshore operations. Occupational Health (OH) module has now been populated on SAP system.

Ringal Plantation: Sustaining fragile ecosystem of Himalayas is one of the objectives underlined in National Action Plan on Climate Change launched by Hon'ble Prime Minister. Ringal has high carbon sequestration potential, is fodder for musk deer and has potential to provide employment opportunity to local people. In the first phase, 338,000 ringal plants have been planted in Joshimath and Kedarnath forest area in 125 hectare land during 2008-09. In the second phase, plantation of another 400,000 ringal saplings are envisaged in 160 hectares area of upper Himalayas.

Mangrove Plantation: Mangrove plantation has been undertaken by ONGC along the Dhadar river estuary in Gandhar area of Gujarat to protect flooding of water and degeneration of nearby land areas. Mangrove plantation on the shore line of Dhadar River in Gandhar area has been intensified. One of the important components of this project is spreading awareness about mangrove plantation in urban and coastal rural areas of Gujarat and Maharastra.

15. Clean Development Mechanism (CDM)

ONGC's 5th and 6th Clean Development Mechanism (CDM) projects namely - Energy Efficiency in Amine circulation pumps at Hazira and 51 MW wind power project at Gujarat, were registered with United Nations Framework Convention on Climate Change (UNFCCC) on 23rd Sept 2009 and 1st March 2010 respectively. The projects are estimated to earn annual Certified Emission Reduction (CER) of 85,762 and 4,043 respectively. Expected annual CERs earned by ONGC is about 210,000. In addition, two more CDM projects, viz Gas Flaring Reduction at Jorhat and Green Building project at Delhi have been successfully validated during the year. The total expected CERs from these two projects will be around 28,000 per annum.

ONGC's first CDM project, "Waste heat Recovery Project at Mumbai High" has been successfully verified and the United Nations Framework Convention on Climate Change (UNFCCC) issued the first set of Certified Emission Reduction (CERs) for this project on 18th March 2010. With this issuance, the decks are clear for ONGC to trade and earn revenues from CDM projects.

16. Human Resources

You are aware that your Company has vast pool of skilled and talented professionals-the most valuable asset for the company. Your Company continued to extend several welfare benefits to its employees and their families by way of comprehensive medical care, education, housing and social security. During the year 2009-10, your Company implemented various new and revised welfare policies for its employees. 75 employees were released under the Voluntary Retirement Scheme during the year. The Human Resource value of the employees based on "Lev and Schwartz" model is enclosed at Annexure 'B'.

Schematic representation of the upcoming Green Building "Subir Raha Bhawan" at Dehradun

Pay Revision of Executives

Ministry of Petroleum and Natural Gas issued Presidential Directives to implement revision of pay and allowances of Board level and below Board level executives in your Company dated, 24th April, 2009. Subsequently, revision of pay scales for executives w.e.f. 1st January, 2007 and revision of perquisites and allowances for executives w.e.f. 26th November, 2008 were implemented in your Company in June, 2009 and February, 2010 respectively.

Wage revision of unionised staff

The Unions had submitted their charter of demands in 2007 and a working group comprising representatives of Unions and the Management was constituted. The working group held three meetings before pay revision guidelines for executives were issued by DPE. Thereafter, the Unions submitted the modified charter of demands in October, 2009. The negotiations on the modified charter of demands have started and two meetings of the working group took place thereafter where issues have been discussed threadbare and certain issues have been clarified.

17. Employee Welfare Trusts

Your Company has established the following major Trusts for welfare of the employees:

- Employees Contributory Provident Fund (ECPF) Trust, managing Provident Fund accounts of employees of your Company.
- The Post Retirement Benefit Scheme (PRBS) Trust of your Company manages the pension scheme of the employees.
- The Composite Social Security Scheme (CSSS) formulated by your Company provides an assured ex-gratia payment in the event of unfortunate death or permanent disability of an employee in service. Families of deceased employees get a financial assistance under the scheme ranging between ₹ 1.5 million to ₹ 2.0 million.
- ONGC Sahayog Trust has been created for welfare of secondary workforce or their heirs, who are in financial distress. Gratuity Fund Trust has been created for payment of gratuity with provision of Gratuity Rules.
- Your Company implemented the Employees Pension Scheme (EPS1995), retrospectively w.e.f. 16th November, 1995.

Your Company implemented a single integrated seamless computerised accounting system for all welfare trusts pertaining to investments, accounts, settlement and contribution etc. Employee accounts are now maintained on the new system, duly reconciled and updated, and can be viewed by the employees themselves on Company's intranet. Almost all payments are made to the members through e-payment mechanism.

Implementation Of Government Directives For Priority Section

Your Company complies with the Government directives for Priority Section of the society. The percentage of Scheduled Caste (SC) and Scheduled Tribe (ST) employees were 15.80% and 8.53% respectively as on 1st April, 2010.

Your Company is fully committed for the welfare of SC and ST communities. The following welfare activities are carried out by your Company for their upliftment in and around its operational areas:

i) Annual component plan:

An amount of ₹ 30 million is distributed to various work centres of ONGC for implementation of welfare schemes. This fund is especially meant for providing help and support in areas like Education and training, Community development, Health care, etc.

ONGCians marching ahead

ii) Scholarship to SC and ST meritorious students :

Your Company spent ₹ 4.92 million for supporting 100 students of the SC and ST community for pursuing higher professional courses at different recognized institutes and universities.

Education is a focus area of ONGC's CSR activities

18. Industrial Relations

Your Company took structured initiatives to maintain harmonious Industrial Relations in the organization. Pursuant to the strike resorted to by the office bearers of ASTO (Association of Scientific and Technical Officers) in January, 2009, the recognition to ASTO was withdrawn. A Code of Conduct was framed and adopted for regulating the relations between the Officers' Association and the Management of your Company, which *inter-alia*, lays down a framework for bilateral resolution of all issues and disputes. Further, a new policy on recognition of Officers' Association incorporating the Code of Conduct was issued with the aim to bring in reforms through administrative decisions.

19. Grievance Management System

Your Company provides an easily accessible mechanism to the employees for redressal of their grievances, either through informal or formal channels. All key executives of your Company have designated a publicized time slot, thrice a week, to meet public representatives for speedy redressal of their grievances. Your Company has also approved creation of a 'single window front office' at all work-centres. An officer not below Chief Manager level is responsible for ensuring accessibility and responsiveness to public grievances.

20. Right to Information Act, 2005 (RTI Act)

An elaborate mechanism has been set up throughout the organisation to deal with the requests received under the RTI Act. During the year, 701 requests were received, out of which information was provided in respect of 600 requests and 2 cases were transferred to other public authorities. 91 requests were rejected. 8 applications were pending for supply of information as on 31st March, 2010 and these have been processed later on. Further, against a total of 152 appeals dealt with during the

Geophysical field personnel carrying out survey work

year, 68 were rejected and the balance 54 appeals were accepted and 30 appeals were pending as on 31st March, 2010 which have been dealt with later on.

21. Implementation of Official Language Policy

During the year, a series of initiatives were undertaken for promotion and propagation of Rajbhasha in official communication. Literary works in official language continued to be financially supported by your Company. In addition, all inductees at the executive level were exposed to the Official Language Policy of the Govt. of India. Your Company also contributed actively in publishing the bilingual Petroleum Terminology, an initiative of the Ministry of Petroleum and Natural Gas and in effective implementation of the Hindi Teaching Scheme of Govt. of India at all its regional work centres. Your company received appreciation from the Government of India for excellent progress of implementation of Official language directives.

22. Human Resource Development

32,978 ONGCians (as on 31st March, 2010) dedicated themselves for the excellent performance of your company during the year. Your Company believes in and acts on the premise that human capital is the vital source of competitive advantage. Toward this end, your Company initiated several path breaking measures listed below to foster development of its human capital.

a. Performance Management System and Performance Related Pay

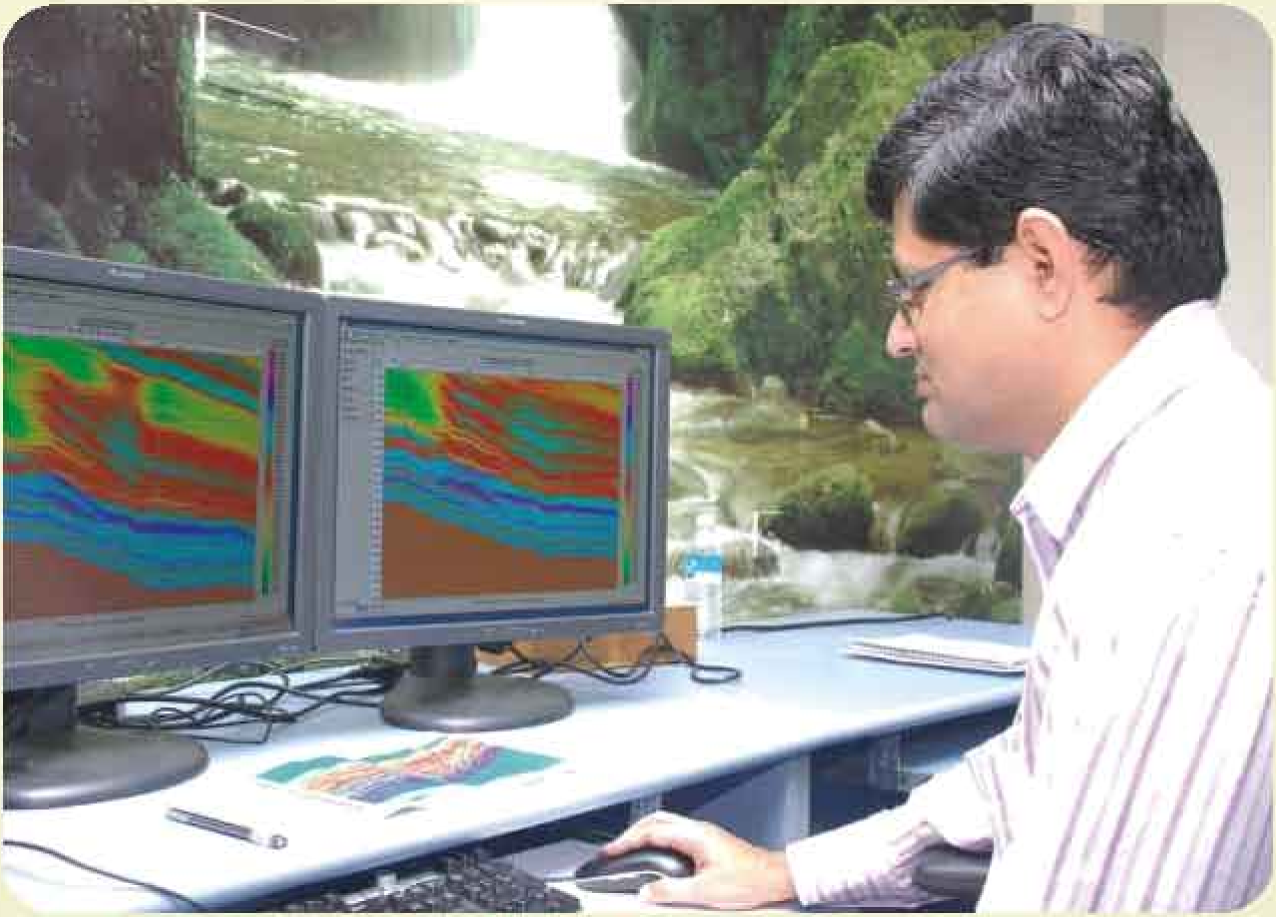
Your Company, in line with the DPE Guidelines is devising a robust performance management system which is effective in identifying and rewarding high performers. As part of the process, the performance appraisal system has been completely e-enabled. To strengthen transparency in the system performance ratings of the executives have been disclosed to them. Incentive payments for the year 2007-08 and 2008-09 were made during the year to the executives of your Company based on the MoU rating of the Company and the individual's performance.

b. **Training**

During the year, ONGC conducted various training programmes for its executives and staff spanning 140,510 training man days. His Excellency Dr. A.P.J. Abdul Kalam, Former President of India launched the Centre for Creative Leadership at ONGC Academy, Dehradun on 30th May, 2009. 12 "Orientation Programme on Creative Leadership" involving 309 officers have been conducted at different work centres targeting young corporate level officers through reputed management institutes of the country such as Indian Institute of Management and Admininstrative Staff College of India, Hyderabad. In addition, leadership development is the focus of a continuing programme for senior officers through Indian School of Business, Hyderabad.

c. **New Initiatives**

- An Employee Engagement Survey was carried out in your Company during the year with the help of a globally renowned consultant in which over 7,000 employees participated.
- To embed the guru-shishya ethos in your Company, a total of 38 senior level executives were trained as 'Coaches' and 45 as 'Mentors' during the year. Fresh joining inductees are being provided the guidance of such mentors for their seamless integration into your Company.
- Your Company is utilizing Assessment and Development Centres as an evaluating tool to assess potential of middle level managers and utilizing the assessment to impart Advanced Management Training to the high potential executives. During the year, 240 DGMs were assessed utilizing this methodology.



Geoscientist carrying out seismic interpretation at workstation in Regional Computer Centre, Chennai

- Multi-Disciplinary Team working, which is the essence of functioning of your company, was strengthened during the year with the aim to make it more effective and productive by engaging globally reputed consultants. Several recommendations of the consultants have been implemented with promising results and the effort is on to motivate more and more employees to adapt to these systems.

23. Accolades

Consistent with the trend in preceding years, your Company, its various operating units and its senior management officials have been in receipt of various awards and recognitions. Details of such accolades are placed at Annexure "C".

24. Sports

Your Company presently has around 170 sportspersons, including 123 international level performers, on its rolls who represent the Company in different games in addition to around 100 sportspersons on scholarship. Your Company sponsored mega sporting events like 2nd ONGC Nehru Cup International Tournament 2009 and World Snooker Championship. ONGCian Shri Pankaj Advani won his third Asian Billiards title in April, 2009 and created history by winning his maiden World Professional Billiards Championship in 2009. ONGCians Ms. Sinimole Poulose and Shri Gautam Gambhir were conferred with Arjuna Award in recognition of their achievements in athletics and cricket respectively. Shri Gautam Gambhir was also ranked No. 1 batsman in ICC Test world rankings. Shri Chetan Anand won the Dutch Open Grand Prix badminton Tournament in October, 2009 and also the Gold medal in SAF Games held at Dhaka, Bangladesh in February, 2010. Shri Rupesh Kumar finished Runners up in Australia Open Grand Prix badminton Tournament held in July, 2009. Shri K. Sasikiran was the member of the Chess team that won Bronze medal in World Team Championship at Bursa in January, 2010. Ms. Koneru Humpy won the 1st place in Fide World Women's Grand Prix Cycle event at Turkey in March, 2010.

Your Company maintained its supremacy in Petroleum Sports Promotion Board tournaments. During the year 2009-10, it has accumulated record breaking 176 points way ahead of other member companies.

25. Women Empowerment

Women employees constituted 6.1% of ONGC's workforce. During the year, programmes for empowerment and development, including programme on gender sensitization was organized. Your Company actively supported and nominated its lady employees for programmes organised by 'Women in Public Sector'(WIPS) and 'Women in Leadership Roles'.

26. Corporate Social Responsibility (CSR)

During the year, your Company operationalised the increase in its commitment from 0.75% to 2% of net profit for its Corporate Social Responsibilities (CSR) and focused on reaching out to the society through sustainable projects with active participation of the stakeholders. Twelve major focus areas of CSR activities were identified. Your Company is committed to

ONGCian Pankaj Advani, World Professional Billiards Champion(2009) receiving PSPB award from Shri Murli Deora, Minister of P&NG

follow the Guidelines on CSR issued by the Department of Public Enterprises. Major CSR Projects launched during the year are as follows:

- **Greening Initiative of the Southern Ridge, New Delhi:** The initiative envisages greening an approximate area of 1.5 sq.kms in and around the upcoming ONGC building (Rajiv Gandhi Urja Bhavan) and TERI university campus situated at Institutional Area, Vasant Kunj, New Delhi.

Director (Onshore) handing over ₹ One Crore cheque to Andhra Pradesh CM, Mr. K. Rosaiah for flood relief work

- **TERI-ONGC "Soldiers of the Earth" project:** The Soldiers of the Earth campaign is an all encompassing, environmental awareness generation programme. The campaign is aimed at sensitizing children and young adults towards a greener future.
- **Skill based vocational computer training:** Setting up and running of five centres named as Gandhi Institute of Computer Education & Information Technology at ONGC work centres at Dehradun, Sibsagar, Mehsana, Karaikal and Rajahmundry, for provision of free job/ entrepreneurship oriented computer education to youth belonging to marginalized sections of the society through institutes run by Bharatiya Vidya Bhavan.
- **'Asmita: Educating youth, rediscovering pride in India's heritage':** Production of a series of 13 films of 45-minutes duration each every year (for the next 5 years) on select topics of India's cultural heritage jointly with Surabhi Foundation and TERI for connecting the audience to India's cultural roots to evoke a sense of national pride.
- **'Ashadeep' - Girl child education programme:** Aimed to ensure continued schooling of the girl students belonging to economically weaker sections of society, with observable improved learning levels of the support receiving students. This is a unique and laudable initiative taken by ONGC Officers Mahila Samiti.
- **Multi-specialty hospitals:** Two multi-specialty hospital on P-P-P model proposed at Sivasagar, Assam and Ankleshwar, Gujarat.
- **Support to Hemophilia Federation (India):** Providing support for education of children with Hemophilia. Hemophilia is a genetically transmitted, life-long, life threatening bleeding disorder.
- **Mobile Medicare Units:** Implementation of Mobile Medicare Unit Project through Help-Age India for community based health care services to destitute older persons and other vulnerable citizens in 20 locations across the country.
- **Renewable energy for solar water pumping and home lighting:** Providing lighting and water to poor households in Gujarat and Tamil Nadu.
- **Mokshda Green Cremation System:** Setting up energy efficient and environmental friendly green cremation system in association with local municipal bodies at work centers of ONGC.
- **Conservation of ancient monuments:** To support Archaeological Survey of India in its endeavour for the conservation and development of the Ahom monuments at Sivasagar Assam.

27. Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;

(ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the year ended on that date;

(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

Dr. A.K Balyan, Director (HR), ONGC with Shri Milind Deora, Hon'ble Member of Parliament at the inauguration of the MRI facility at GT Hospital, Mumbai. Also present are Mrs Varshatai Gaikwad, Hon'ble MoS for Medical Education, Govt of Maharashtra and Mrs Anny Shekhar, MLA

(iv) The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

26. Corporate Governance

Your Company has taken structured initiatives towards Corporate Governance and its practices are valued by the various stakeholders. The practices evolve round multi-layered checks and balances to ensure transparency.

In terms of Clause 49 of the Listing Agreement, a report on Corporate Governance for the year ended 31.03.2010, supported by a certificate from the Company's Auditors confirming compliance of conditions, forms part of this Report.

Guidelines of Department of Public Enterprises (DPE), Government of India, on Corporate Governance which were earlier voluntary, have been made mandatory from May, 2010. ONGC has implemented the DPE guidelines to the maximum extent possible except with regard to appointment of requisite number of Independent Directors, which is being followed up with the Ministry of Petroleum & Natural Gas.

Your Company has voluntarily got its Secretarial Compliance Audit conducted for the financial year ended 31st March, 2010 from M/s A.N. Kukreja & Co., Company Secretaries in whole-time practice; their report forms part of this Annual Report.

In line with global practices, your Company has made all information, required by investors, available on the Company's corporate website www.ongcindia.com/investercenter.asp.

Apart from the mandatory measures required to be implemented as a part of Corporate Governance, ONGC has gone the extra mile in this regard for the benefit of the stakeholders:

(a) **Whistle Blower Policy :** A Whistle Blower Policy has been implemented as a voluntary initiative and is functional from 1st December, 2009. The policy ensures that a genuine Whistle Blower is granted due protection from any victimization. The Policy is available to all employees of the Company and has been uploaded on the intranet of the Company.

(b) **Annual Report on working of the Audit & Ethics Committee :** With a view to apprise the Board of the working of the Audit & Ethics Committee during the year, an elaborate annual report on the working of the Audit & Ethics Committee for FY '10 has been prepared and will be put up to Board for its information. This is in line with the recommendation of the C&AG. The first Annual Report of the Audit & Ethics Committee for the FY '09 was compiled and approved by the Committee.

(c) **MCA Voluntary Guidelines on Corporate Governance :** ONGC has implemented the voluntary guidelines on Corporate Governance issued by Ministry of Corporate Affairs to the extent feasible and within the competency domain of the management.

(d) **Enterprise-wide Risk Management (ERM) framework:** In response to the increasing need for corporate governance in the wake of several corporate disasters and decline in stakeholder confidence, SEBI set out requirements for Companies, under Clause 49 (of the listing agreement), to create an oversight mechanism to address risks. Accordingly your Company has developed a comprehensive Enterprise-wide Risk Management (ERM) framework. Under the framework Risk Register portfolio has been compiled and an ERM Policy has been firmed up. Risk Management process on pilot scale has been initiated in six representative locations i.e., Mumbai High, Rajahmundry and Assam Assets, Western Onshore Basin, Keshav Dev Malviya Institute of Petroleum Exploration (KDMIPE) and Hazira Plant.

You would be pleased to know that your Company has received 'Nil' comments from C & AG and Statutory Auditors for the year 2009-10. This is the fourth time in a row that the organization has received 'Nil' comments and six times in last seven years.

29. Statutory Disclosures

Section 274(1)(g) of the Companies Act, 1956 is not applicable to the Government Companies. Your Directors have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing Agreement.

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of the employees are set out in the annexure to the Directors' Report. However, having regard to the provisions of section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

30. Energy Conservation

The information required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed as Annexure - 'D'.

31. Auditors

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India (C&AG). M/s PSD & Associates, M/s. Padmanabhan Ramani & Ramanujam, M/s Singhi & Co., M/s Kalyaniwalla & Mistry and M/s Arun K. Agarwal & Associates, Chartered Accountants were appointed as Joint Statutory Auditors for the financial year 2009-10. The remuneration of the Statutory Auditors for annual audit assignments has been fixed at ₹ 11.75 million. Further a fee ranging between ₹ 10,000 to ₹ 40,000 for each Block (depending upon the quantum of activity in the Block) aggregating to ₹ 2.08 million is being paid to the Statutory Auditors for certification of the accounts of Joint Venture NELP Blocks. In addition ₹ 0.75 million is being paid for certification of compliance of conditions of Corporate Governance. The above fees are exclusive of applicable service tax and reimbursement of reasonable travelling and out of pocket expenses actually incurred.

CMD & Director (Offshore) with visiting dignitaries in an offshore platform

32. Auditors' Report on the Accounts

The comments of the C&AG form part of this Report as Annexure – 'E'. There is no qualification in the Auditors' Report and there are no supplementary comments by C&AG under Section 619(4) of the Companies Act, 1956. Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

33. Cost Audit

Pursuant to the directions of the Central Government for audit of Cost Accounts, the proposal for appointment of 7 firms of Cost Accountants as Cost Auditors for auditing the cost accounts of your Company for the year ended 31st March, 2010 was approved by the Central Government and they have accordingly been appointed.

34. Directors

During the year under report, Shri S. Sundareshan on taking over the charge as Secretary in the Ministry of Petroleum & Natural Gas (MoP&NG) submitted resignation from the Board of ONGC on 4th February, 2010. Subsequently, Shri Sudhir Bhargava, Additional Secretary, MoP&NG, Government of India was appointed as Government director on the Board of ONGC w.e.f 15th March, 2010. Your Directors place on record their deep appreciation for the valuable contributions made by Shri S. Sundareshan during his tenure.

Dr. A K Balyan, Director (HR) on his appointment as MD & CEO of Petronet LNG Limited, resigned from the Board of ONGC and was relieved on 15th July, 2010. Your Directors place on record their deep appreciation for the valuable contributions made by Dr. A K Balyan during his tenure as Director (HR) and in various capacities in ONGC.

The strength of the Board of Directors of ONGC as on 31st July, 2010 was 12 Directors, comprising 6 Executive Directors (Functional Directors including Chairman and Managing Director) and 6 Non-Executive Directors comprising 2 Government nominees and 4 Independent Directors.

Pursuant to the provisions of Section 255 and 256 of the Companies Act, 1956 and Clause 104(I) of the Articles of Association of the Company, Shri A K Hazarika, Shri D K Pande and Shri D K Sarraf retire by rotation at the 17th Annual General Meeting (AGM) and being eligible, offer themselves for reappointment.

Shri Sudhir Bhargava, who was appointed as Additional Director after the last AGM, holds office up to the 17th AGM. The Company has received notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, proposing his candidature for appointment as Director of the Company liable to retire by rotation.

Brief resume of the Directors seeking Appointment / Re-appointment, together with the nature of their expertise in specific functional areas and names of the companies in which they hold the directorship, number of shares held and the membership/ chairmanship of committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are given in the notice convening the 17th AGM of the Company, and form part of the Annual Report.

35. Acknowledgement

Your Directors are highly grateful for all the help, guidance and support received from the Ministry of Petroleum and Natural Gas, Ministry of Finance, DPE, MCA, MEA, and other agencies in Central and State Governments. Your Directors acknowledge the constructive suggestions received from Statutory Auditors and Comptroller & Auditor General of India and are grateful for their continued support and cooperation.

Your Directors thank all share-owners, business partners and members of the ONGC Family for their faith, trust and confidence reposed in ONGC.

Your Directors wish to place on record their sincere appreciation for the unstinting efforts and dedicated contributions put in by the ONGCians at all levels, to ensure that the Company continues to grow and excel.

On behalf of the Board of Directors

Place: New Delhi
(R.S.Sharma)

Date: 2nd August, 2010
Chairman and Managing Director

Standardised measure of Discounted Future Net Cash Flows relating to Proved Oil and Gas Reserve quantities as on 31st March, 2010.

(₹ in million)

Particulars	Gross Value as at		Present value (Discounted at 10%) as at	
	31st March, 2010	31st March, 2009	31st March, 2010	31st March, 2009
REVENUES				
OIL	7,867,192.91	7,020,106.35	3,746,236.98	3,424,402.41
GAS	2,113,383.30	1,214,415.98	966,613.81	612,658.72
Total Revenues	**9,980,576.21**	**8,234,522.33**	**4,712,850.79**	**4,037,061.13**
COSTS				
Operating, Selling & General	4,113,636.85	3,408,278.12	1,920,003.22	1,671,945.92
Corporate Tax	1,512,940.18	987,826.53	714,667.98	478,461.15
Sub Total	**5,626,577.03**	**4,396,104.65**	**2,634,671.20**	**2,150,407.07**
Evaluated Cost of Acquisition of Assets,				
Development and Abandonment				
a) Assets	801,282.30	671,575.40	523,913.71	400,951.79
b) Development	221,268.30	357,388.54	159,131.27	244,656.30
c) Abandonment	164,006.68	160,089.70	10,891.04	2,281.93
Sub Total	**1,186,557.28**	**1,189,053.64**	**693,936.02**	**647,890.02**
Total Cost	**6,813,134.31**	**5,585,158.29**	**3,328,607.22**	**2,798,297.09**
Net future earnings from Proved Reserves	**3,167,441.90**	**2,649,364.04**	**1,384,243.57**	**1,238,764.04**

Notes

1) The Revenues on account of crude oil have been worked out on the basis of average price for the year 2009-10. The average price for crude oil is net of Subsidy Discount. The Revenue of the Gas has been worked out on the basis of latest Price fixed (US$ 4.2/mmbtu including royalty) by MoPNG vide order dated 31st May, 2010.
2) Expenditure on Development, Acquisition of capital assets, Abandonment costs and Operating Expenditure have been considered at current costs i.e. as on 31.03.2010. Taxes and Levies have been considered at prevailing rates as on 31.03.2010. In computing future tax expenditure as on 31.03.2010, the Survey & Dry Well expenditure have been excluded.
3) The reserves have been estimated by ONGC's Reserve Estimates Committee following the standard international reservoir engineering practices.
4) Only Proved reserves have been considered. Probable or Possible reserves have not been considered. These reserves exclude ONGC's share of foreign JV Assets.
5) Both revenues and costs have been discounted to present value using 10% discounting factor. The Net future earnings, therefore, represent the net expected future cash inflows from production of recoverable reserves of crude oil and gas.
6) However, neither the estimated net reserves nor the related present value should be taken as a forecast of future cash flows or value of these reserves because (a) future estimated production schedules used in the valuation process are subject to change, (b) up-gradation of Probable and Possible reserves would significantly affect the gross and net present value of the expected future cash inflows, (c) future crude oil and natural gas prices are subject to change and (d) future expenditure on production (operating), development, acquisition cost of capital assets, abandonment costs and rates of taxes and levies, which may be at variance from those assumed herein.

Employees as on 31st March, 2010

Employee Group	Age Distribution				Total	
	<31	31-40	41-50	51-60	2009-10	2008-09
(A) Technical						
Executive	1290	1182	8216	8854	19542	19110
Non-Executive	124	544	1575	823	3066	3452
Total (A)	**1414**	**1726**	**9791**	**9677**	**22608**	**22562**
(B) Non-Technical						
Executive	174	460	1602	2706	4942	4834
Non-Executive	46	659	2198	2373	5276	5639
Total (B)	**220**	**1119**	**3800**	**5079**	**10218**	**10473**
Grand Total (A+B)	**1634**	**2845**	**13591**	**14756**	**32826**	**33035**

Note: Whole time Directors excluded

Valuation as on 31st March, 2010

(₹ in million)

Employee Group	Age Distribution				Total	Value per Employee	
	<31	31-40	41-50	51-60		2009-10	2008-09
(A) Technical							
Executive	37,389	31,039	150,096	82,588	301,112	15.4	13.5
Non-Executive	1,557	6,233	16,288	4,469	28,547	9.3	9.2
Total (A)	**38,946**	**37,272**	**166,384**	**87,057**	**329,659**	**14.6**	**12.9**
(B) Non-Technical							
Executive	4,923	11,703	27,225	23.104	66,955	13.5	11.8
Non-Executive	590	6,909	18,097	9,144	34,740	6.6	6.6
Total (B)	**5,513**	**18,612**	**45,322**	**32,248**	**101,695**	**10.0**	**9.0**
Grand Total (A+B)	**44,459**	**55,884**	**211,706**	**119,305**	**431,354**	**13.1**	**11.7**

- Valuation based on most widely used "Lev & Schwartz" model.
- Aggregate future earnings during remaining employment period of employees, discounted @ 7% p.a., provides present valuation.
- Future earning based on current emoluments with normal incremental profile.

International Rankings

1. **No. 3 E&P Company in the world**

   Ranked as number three E&P Company in the World and 26th among leading global energy majors as per Platts Top 250 Global Energy company rankings 2009; based on assets, revenues, profits and Return on Invested Capital (ROIC) (November, 2009).

2. **No. 24 in PFC ENERGY 50**

   Ranked 24th among the Global publicly-listed energy companies as per "PFC Energy 50" list (January, 2010).

3. **FinanceAsia ranks ONGC no. 1 among Indian Blue Chips.**

   Ranked number 1 Top Blue Chip of India in the Finance Asia 100 list for 2009 with the highest aggregate net profit (before exceptional) over the period 2006-2008. ONGC has been ranked at 10th position in Asia and at 1st position among 19 Indian Companies which are in the FA100 list on aggregate profit (December, 2009).

4. **ONGC ranked at 155th position in Forbes Global 2000 list for 2010**

   ONGC has been ranked at 155th position in the Forbes Global 2000 list 2010 (April, 2010) of the world's biggest companies. ONGC maintains number One rank among Indian companies and has been ranked 95th among the global 2000 biggest companies as per profit (April, 2010).

Indian Rankings

5. **ONGC ranked at second position in FE500 list 2010**

   ONGC has been ranked at second position as per Financial Express's FE500, listing of Indian companies. ONGC stands at second both in net worth and overall composite ranking based on parameters like top line growth, net worth, market cap etc (March, 2009).

6. **Business Today Ranks ONGC as Best Company to Work for in Core Sector**

   Business Today has ranked ONGC at top of Best Companies to Work for in Core sector. ONGC scores high at 13th place in overall ranking amongst all the Indian Companies, including public and private (February, 2010).

Accreditation

7. **Accreditation of Internal Audit Department**

   Quality Management System (QMS) of Internal Audit Department (IAD) of ONGC has been upgraded from ISO 9001:2000 to ISO 9001:2008 (November, 2009).

Awards

8. **SCOPE Meritorious Awards**

   ONGC won the Gold Trophy for SCOPE Meritorious Award for Corporate Social Responsibility & Responsiveness for the year 2007-08 and Gold Trophy for R&D, Technology Development & Innovation for the year 2008-09. The awards were presented by H.E. President of India, Smt. Pratibha Devisingh Patil to CMD on Public Sector Day i.e., 10th April, 2010 at New Delhi.

9. **ONGC bags four National Safety Awards in Oil Mines Category**

   ONGC has bagged four National Safety Awards in Oil Mines Category for year 2007. This is fourth consecutive year that ONGC has bagged these awards; instituted by the Ministry of Labour & Employment, Govt. of India to motivate, appreciate and recognise the extraordinary performance in the area of mines safety. These awards were given away by H.E. Mr. N. Hamid Ansari, Hon'ble Vice President of India at New Delhi on 23rd October, 2009.

10. **OISD Awards**

    ONGC and MRPL have won the following six 'Oil Industry Safety Awards' for the year 2008-09, instituted by Oil Industry Safety Directorate (OISD), MoP&NG. **Cauvery Asset** has been declared as winner in the category Oil & Gas Assets (Onshore) on safety standards.

    1. **Heera Processing plant** has been adjudged as the best **Offshore Production** Platform under PSUs category on safety standards.
    2. **Sagar Shakti** has been adjudged as the best **Offshore Drilling Rig**, under PSU category on safety standards.

3. MRPL has been ranked at number two in Refineries category.
4. MRPL has also been rated as the most safe refinery in last three years.
5. ONGC's Rajahmundry Asset has been rated as the most safe Onshore Oil & Gas Asset in last three years.
6. ONGCian Shri Supriyo Chowdhury, Chief Engineer (Drilling), Assam Asset has been selected for a cash award for his valuable contribution in the area of safety.

Shri R. S. Sharma, CMD, ONGC receiving Oil Industry Safety Award from Shri Murli Deora, Minister for Petroleum & Natural Gas, Government of India

11. **ONGC sweeps PSPB Awards**

ONGC swept this year's Petroleum Sports Promotion Board Annual Awards. ONGC won the Petroleum Ministers Trophy 7th time in succession (October, 2009).

12. **Dainik Bhaskar India Pride Awards for Excellence**

ONGC bagged the coveted Gold Award in the Oil and Gas Category of the "Dainik Bhaskar India Pride Awards for Excellence in PSUs" instituted by the Dainik Bhaskar Group (October, 2009).

13. **Golden Peacock Award for Corporate Governance**

ONGC has been conferred with Golden Peacock Award for Excellence in Corporate Governance for 2009 instituted by the World Council of Corporate Governance, London (October, 2009).

14. **ONGC bags Best Overall Performance Award for oil and gas conservation programmes**

ONGC bagged the Best Overall Performance Award instituted by Petroleum Conservation Research Association (PCRA) amongst the upstream Sector Oil Companies for the oil and gas conservation programmes during the year 2009 (January, 2010).

CMD with Board of Directors receives the best overall performance award from Shri Murli Deora, Minister for Petroleum & Natural Gas, Government of India

15. **ONGC bags 5th BML Munjal Award for Excellence in Learning & Development**

ONGC clinched 5th BML Munjal Award for Excellence in Learning & Development in Public Sector category, instituted in the name of Dr. Brijmohan Lall Munjal (BML), Chairman, Hero Group (March, 2010).

16. **DSIJ Award to ONGC**

ONGC clinched two DSIJ - PSU awards 2010, one for excellent Overall Performance in the category of Heavy Weights and the other for Highest Market capitalisation amongst PSU's in the category of Wealth Builders (April, 2010).

17. **ONGC gets Amity Leadership for Business Excellence for leveraging IT**

ONGC has been awarded Amity Leadership for Business Excellence award for leveraging IT in Oil & Gas Sector instituted by the Amity University (January, 2010).

18. **ONGC receives 'Delhi Green Award'**

ONGC has been awarded the 'Delhi Green Award' as a part of the regional excellence series initiated by Planman Media titled 'The Sunday Indian Mega Excellence Awards 2009, Delhi and NCR' (July, 2009).

Shri R.S. Sharma, CMD, ONGC receiving 5th BML Munjal Award from Shri Kapil Sibal, Minister HRD

19. Hazira Plant bags commendation at the CII- ITC Sustainability Awards 2009

ONGC, Hazira Plant received "Commendation for Strong Commitment" among independent units for the year 2009 at the CII - ITC Sustainability Awards (November, 2009).

Shri S. Vasudeva, Director (Offshore) receives the award on behalf of ONGC, Hazira Plant

20. CSR Award for Cauvery Asset

Cauvery Asset, Karaikal of ONGC has been awarded ₹ 5 Lakh and Citation by the Govt. of Tamil Nadu for its valuable contribution towards CSR during the year 2007-08.

Awards to Individuals

1. Business Today ranks CMD, ONGC among top ten Indian CEOs

Business Today in 7th Feb, 2010 edition has also ranked Mr. R.S Sharma, CMD ONGC at 9th amongst the top Ten Indian CEOs, under section CEO-Watch for the year 2009.

2. CMD conferred with "Amity Leadership Award for Corporate Excellence"

Mr. R.S. Sharma, CMD, ONGC has been conferred 'Amity Leadership Award for Corporate Excellence in the Oil & Gas Industry' by Amity Business School (September, 2009).

3. Confederation of Indian Industry felicitates R. S. Sharma, CMD, ONGC

Mr. R S Sharma, CMD, ONGC and Chairman, CII Apex Council of PSEs was felicitated by CII at a glittering function in New Delhi on Tuesday, May 11, 2010. Mr. Sharma was felicitated for his outstanding contribution to the cause of PSEs. Despite his commitments for the most valuable PSE of India, Mr. Sharma has always been keen to address the larger issues of the Indian industry in general and the Public Sector in particular.

4. Fire Service Medal to ONGCians

Three ONGCians, Mr Neeraj Sharma, Chief Manager (Fire Services), Assam Asset, Mr L.R. Dutta, Fire Officer, Assam Asset and Mr N.C. Das, Asst. Chief Inspector (Fire Services), Cachar Forward Base were bestowed "Fire Service Medal for Meritorious Service" by the Government of India on the occasion of Independence Day 2009.

A. ENERGY CONSERVATION

The following measures were taken towards energy conservation during FY'10.

a. 212 energy audits were conducted during FY'10. At the same time, 468 energy audits observations were neutralized.

b. Energy conservation awareness and efficient use of energy by celebrating OGCF-10 at all the locations of ONGC and carried out different activities like cycle rally, LPG Quiz programme, quiz, drawing, slogan, essay competition, Drivers awareness programmes, Nukkad Natak, exhibition, free pollution check up, street play etc.

c. Trainings on Energy conservation techniques were imparted at all locations of ONGC to create awareness as part of energy conservation. Total 18,350 employees attended these training programme.

d. New energy efficient light sources like CFL, sodium lights, T-5 Tube lights, etc., were fitted in place of inefficient lights.

e. Calendars, stickers & literature on "Energy Conservation Techniques" under the campaign of "URJA UDAI" were distributed among the employees and their families for awareness.

f. A conference on "Emerging Technologies and Issues in LED Lamps" was jointly held with UREDA.

g. Trimming/ stage blanking of lean amine charge pumps at Hazira Plant helped in saving to the tune of 5 Lacs kWH of energy. This project is registered with UNFCCC as a CDM project.

h. Replaced more than 15 years old 80 diesel engines in drilling rigs by energy efficient one and achieved fuel saving and higher reliability.

i. Gas flaring in ONGC has been brought down from 6% of production in 2001-02 to 2.79% in 2009-10, a reduction of 784 MMSCM per annum over 2001-02, valued at about ₹ 5,500 million at the gas rate of US $ 4.2 /MMBTU.

CM, Delhi addressing during the ONGC Greening Initiative for the Southern Ridge

The following initiatives which were taken earlier and are contributing towards annual savings

Panoramic view of ONGC Hazira Plant

a. Use of waste heat recovery at platforms, rigs & plants at Hazira & Uran for oil heating, water purification & steam generation.

b. Use of energy efficient equipment, devices such as turbo expanders at Hazira & Uran, compression system for gas flaring reduction, tank vapour recovery system, VFD's etc.

c. Thermal energy cost reduction achieved by maintenance of steam traps at processing plants at Hazira & Uran.

d. Harnessed solar energy by using solar water heaters and use of photovoltaic panels at various locations at Dehradun, Uran, Unmanned platforms in offshore, Rajahmundry, CWS Baroda ,Jodhpur.

e. Use of Gas engines and gas turbines for power generation at Rajahmundry, Cauvery, Assam, Ankleshwar Assets, Hazira & Uran Plants & Platforms in offshore .

f. Inter fuel substitution at Bokaro, Agartalla, Rajahmundry & Karaikal and proper capacity utilisation of equipments.

g. Carried out Maintenance management contract for SRPs and achieved availability more than 99% and gained more oil production.

Impact of measures for reduction of energy consumption and consequent impact on the cost of production of goods.

Above measures have resulted in reduction of significant quantity of fuel consumption (HSD, Natural gas and electricity)

B. RESEARCH AND DEVELOPMENT

1. Specific areas in which R&D was carried out

- Development of rapid technique for detection of gaseous hydrocarbon oxidizers for geo-microbial survey.
- Development of the process for mass cultivation of selected Microalgae for hydrocarbon production: A project in collaboration with Central Food Technology Research Institute (CFTRI), Mysore has been taken up.
- Identification of suitable chemical additives for the flow assurance problem of heavy crude oils and mitigation of paraffin/ asphaltenes deposition in well conduits and transportation lines.
- Designing of polymer gel formulations for profile modification / water shut – off jobs suitable for arresting water production in oil & gas wells in various Indian oil fields.
- Analysis of sub- surface samples to generate PVT parameters. Reservoir characterization (in terms of permeability) of different Indian oil/gas fields.
- Collaborative work on MEOR application in reservoirs with temperature above 90° C is in progress and its field trial in Nandej field is planned.
- Optimisation of Gel System for Profile modification & Water shut-off jobs.
- Estimating flood front movement using streamline modeling.
- High resolution seismic survey (HRSS) for exploration and development of UCG.
- Methodology for processing of Multi component and Long offset data.
- Seismic imaging of Oil Production rate.
- Investigations on biogenic gas source and entrapment styles in Krishna-Godavari Basin for understanding on various geochemical aspects of the source of biogenic gas.
- Simulation studies for CBM exploitation in Parbatpur block in Jharia.
- Shale gas potential & prospectivity in Indian basins.
- Basin Centered gas Exploration in Indian basins.

2. Benefit derived as a result of the above R&D

- Helping in the planning of exploration activities in the Basin.
- Analysis time of detection of gaseous hydrocarbon is reduced to 3 days instead of 10 days, thus making the technique rapid and increasing the efficiency.
- Microbial utilisation of crude oil under anaerobic condition is found to be extremely slow. However the wells Viraj # 7, Viraj # 33, NK# 69 and NK#166 can be taken up for MEOR by injecting only nutrients
- The studies on the source of biogenic gas indicate helped in understanding the nature of organic matter in sediments and its origin and concentration.
- The studies resulted in identification of true oxygen index (OI) and atomic O/C as suitable geochemical proxies to quantify the generation of biogenic methane.
- Ensuring flow assurance of oils and improving its productivity.
- Arresting excessive water production and enhancement in oil productivity.
- The generated PVT data is used in various reservoir engineering calculation for optimal field exploitation.
- Characterisation of reservoir heterogeneity in terms of permeability provides valuable information useful in the context of further field development, profile modification, water shut-off and stimulation jobs.
- The R&D carried out so far has provided deep insight into the shale gas habitats, principles & practices, technological applications in exploration & production. Also, direct gas measurements in the cored sections in shales in different Indian basins has provided the data on different properties like gas contents, gas holding capacity of shales, gas saturation factors and gas deliverability characteristics; which has bearing on the prospectivity of the basin.
- The R&D carried out was basin specific in the Cambay basin to carry out studies & generate data to assess the Basin Centered Gas BCGA prospectivity in the Tankari Depression of the Cambay basin.
- Successful application of MEOR has helped in improving oil mobility in extremely viscous Charada#3 well.
- Optimisation of Gel System has helped in improving well productivity through rigless jobs and has given positive responses in terms of oil gain.
- The streamline modeling study was useful in proper placement of development wells in Kalol - VA.
- The simulation of CBM carried out for Parbatpur block in Jharia has helped in placing the development wells for development of 18 sq.km of Parbatpur area which envisaged gas production plateau of 4.8 ~ 5.0 lakh m3/d for 8 years.
- The high resolution seismic survey (HRSS) has helped in the engineering design of Vastan UCG pilot project.
- The processing of multi component and Long offset data will benefit in proper utilisation of reflections captured at longer offset and can help in deeper seismic imaging including sub-basalt imaging.
- Seismic imaging of Oil Production rate will be quite beneficial in producing assets for well monitoring and optimised well placement.

Republic Day celebration at ONGC offshore platform

Control room of ONGC's offshore platform

3. **Institute of Drilling Technology - Specific areas in which R&D was carried out during 2009-10 & benefits derived as a result of the above R&D**

- Development of Drilling fluids for Deep water drilling

  Benefit: In-house capabilities in designing drilling fluids for deep water.

- Feasibility studies of non damaging HTHP pay zone drilling fluid for HTHP wells

  Benefit: In-house capability in designing NDDF upto 1500C.

- Designing of LTMO drilling fluid for sub-hydrostatic pay zone drilling using (HGS-8000) along with return permeability & wellbore clean up studies

  Benefit: Formulation for sub hydrostatic reservoir.

- Formulation of specifications of HTHP fluid loss control agent, Hostadrill 4706 or equivalent; HTHP deflocculant; Polysperse XIIT or equivalent;

  Benefit: Quality assurance of HTHP additives for its procurement.

- Biodegradability of polymers like PHPA, PAC(LVG), PAC(R), XCP etc and determination of their shelf life for improvement of specifications

  Benefit: Optimal utilisation of polymers in oil well drilling.

- Screening of suitable biocide for Polymer mud IDT.R&D

  Benefit: Checking degradation of polymer mud.

- Formulation of very low weight (close to hydrostatic-1.05) drilling fluid systems for drilling large sections of shale and reservoir sand alterations without isolation by casing

  Benefit: Enhancement of drilling productivity through application of rock mechanics principle.

- Design of silicate based drilling fluid for challenging wells to provide gauge hole and maximum inhibition in water based mud systems

  Benefit: Gauged hole, Well bore stability, Enhancement of drilling productivity

- Field trial of IDT developed Amine (Choline Chloride) base High Performance Water based mud system

  Benefit: Successfully field implemented in 2 wells of Ahmedabad asset #LMHT & #LMHR with enhancement of ROP, achieving near gauge hole saving in rig days.

- Sticking severity reduction by spherical beads

  Benefit: Minimising incidence of stuck up

- Formulation of drilling fluid for Gandhar area of Ankleshwar asset.

  Benefit: Enhancement of drilling productivity through application of rock mechanics principle.

- Corrosively evaluation of Polyamine enhanced water base mud system

  Benefit: Minimising corrosion in metallic materials.

- Solutions to challenges faced in cementation of deep water wells

  Benefits: In house capabilities in designing cement slurry for deep water.
- Comprehensive study and designing of cement slurry for expandable liner cementation in MR

  Benefits: Quality liner cementation job.
- Field support services for providing cementation plan and cement slurry designs for all types of cementation on specific requirement in i) MBP Basin, Kolkata; ii) CBM Development Project, Bokaro, iii) Frontier Basin, Dehradun, iv) OVL Blocks

  Benefits: Quality cementation jobs.
- Analysis of cementation failure in ISC Well # SNIA at Mehsana Asset and suggesting remedial measures

  Benefits: Rectification of cementing failure.
- Study of Air Percussion Drilling of Top Hole Sections

  Benefits: For faster drilling of Hard rock sections of the top hole section.
- Study of Liner drilling and its application in ONGC fields

  Benefits: To drill complicated depleted zones in faster manner.
- Feasibility studies and Well planning for DHAB in Dhondharmukh area of A&AA Basin – to Probe the Hydrocarbon Potential of Tura & Sylhet formations in environmentally fragile area.

  Benefits: To save the environment and achieve our targets of Oil exploration.
- Well Planning for OVL wells: Well Engineering, Mud Design and Cement slurry design of OVL Block Wells
- Well plan of B128-RB-1X (for Vietnam)
- Tentative casing seat selection & casing design for well BM-S-73 (for Brazil)
- Tentative casing seat selection & casing design for wells of N-34/N35 of Cuba offshore.

  Benefits: To drill the wells in safe and fast manner.

4. IOGPT, Navi Mumbai: Specific areas in which R&D carried out in 2009-10 and benefits derived as a result of this R&D

- Deep Penetrating Acid System (DPRAS) & gelled acid in horizontal 08 wells of MH Asset: Realised Oil gain 781 (bopd)
- Self Diverting Acid (SDA) in multilayered 08 wells of MH & N&H Asset: Realised Oil gain 1050 (bopd)
- Multistage Acid Fracturing in 05 wells of N&H Asset: Realised Oil gain 740 (bopd)
- Solvent Treatment jobs in 04 wells of N&H Asset: Realised Oil gain 521 (bopd)
- Visco Elastic Self Diverting Acid (VSDA) jobs design given for 03 of MH & 07 N & H Asset, Chemical procurement under progress
- Specialised bio polymer Water control jobs in Narimanam field. Substantial decrease in water reduction achieved.
- Enzyme technology for mud cake removal in 03 Horizontal wells of MH Asset: Observed better productivity
- Designed & implemented a new solvent system for Wax removal in ICG-ICP line successfully, Mumbai High Asset.
- IOGPT developed formulation for scale removal in 03 wells of MH asset with realised Liquid gain of 963 BLPD and oil gain of 129 BOPD

5. IEOT, Navi Mumbai: Specific areas in which R&D carried out in 2009-10 and benefits derived as a result of this R&D

- Use of composite materials (water service, helideck, pumps,storage tanks, tubings, pipelines) for onshore and offshore installations.

  Benefits: To minimise life cycle costs
- Developed Software based on the latest The Society of Naval Architects & Marine Engineers (SNAME) guidelines (2005) for determining the Jack up leg penetration and possibility of Punch Through

  Benefits: To calculate the bearing capacity of the spud cans and determine the susceptibility for punch through of jack-up rigs.

- Minimum facility platform for marginal fields

  Benefits: To optimise platform cost for cost sensitive marginal fields

- HAZOP/HAZID Study for CPF-Gandhar, Hazira and Uran plant

  Benefits: Enhancement of safety and productivity

- Material of construction for handling/injection of Acid Gas into B-193 reservoir of B&S asset, MOC for B-193-BPB pipeline and impact of mixing of highly sour B-193 gas on Bassein (36" dia & 42' dia) pielines and air injection pilot in Gamij field

  Benefits: Optimisation of cost with better quality and without sacrificing HSE requirement

6. Future Plan of Action

- Generation of PVT data for catering the needs of operational areas of ONGC. Ultimate objective is to develop basin-wise applicable three dimensional model of permeability and storage capacity which can be useful for better understanding of reservoir heterogeneity as well as for more realistic performance prediction through simulation studies.
- For exploration and exploitation Shale gas based on the integrated analysis and finding, a Pilot project has been approved by ONGC in Damodar Basin. An international agency with due expertise and experience in shale gas exploitation has been hired as domain consultant.
- As a result of the R&D work, prospective areas in the Tankari Depression has been narrowed down and drillable locations are being proposed for testing the Basin Centered Gas for the first time in an Indian Basin.
- Collaborative work on MEOR application in reservoirs with temperature above 90°C is in progress. Microbial system for high temperature reservoirs (above 90°C) have been successfully tested in laboratory and their field trial is planned in Nandej field.
- Induction of Passive Seismic topmography technology through hiring of services as a pilot study in the NE area was carried out in Sector V-C of Cachar. The results are under examination.
- Recently, offshore seismic acquisition has been carried out using technology DISCover (Deep Interpolated Streamer Coverage), which will give 3D seismic data with enhanced bandwidth, providing both high resolution and deep penetration. In this method mid to high frequency data from shallow towed streamers and low frequency data from deeper towed streamers are acquired simultaneously. This is expected to give improved imaging beneath highly absorptive overburdens such as basalt and salt, or acquiring data suitable for inversion to absolute rock properties. The data is acquired by M/s Western Geco in Western Offshore Basin on pilot scale and processing is in progress.
- Jambusar area in South Cambay basin covering NW part of NELP-VI block CB-ONN-2004/3 identified for acquiring Spectraseis data. Action has been initiated for confirming deliverables.
- Negotiations for a collaborative project with IIT, Kharagpur on "Intelligent Seismic Data Analysis in general and Intelligent Reservoir Characterisation" are underway.
- A collaborative project with Colorado School of Mines, USA on "time lapse AVO investigation in carbonates" is under active consideration.

7. Technology Absorption and Adaptation

- **Continuous Flow Isotope Ratio Mass Spectrometer (CF-IRMS)**

  Stable isotope ratio mass spectrometer is a dual inlet cum continuous flow isotope ratio mass spectrometer and is used for stable isotopic ratio determination in oil/gas/rock samples. The instrument has a capability to study stable isotope ratios of carbon, hydrogen, nitrogen and oxygen present in natural gases, oils and sediments.

- **Pyrolysis-Gas Chromatography-Mass Spectrometry:** Pyrolysis-GC-MS uses anaerobic thermal degradation to split macromolecule into fragments separated and identified using GC/MS, thus yielding detailed structural information on organic matter composition.
- Dual Furnace Elemental Analyzer (Euro EA3000) for CHNS/O determination.
- State-of-the-art X-ray Diffractometer was successfully installed and working satisfactorily in Sedimentology Div. of KDMIPE in January, 2010.
- State-of-the-art TIMS (Thermal Ionisation Mass Spectrometer) was successfully installed and working satisfactorily in

Geo-chronology & Fission Track Div. of KDMIPE in October, 2009.

- IES Basin Modelling System & Software installed in KDMIPE.
- **Corporate Licensing of Interpretation Software**

  The corporate licensing of PAN System and PANMESH software, Kingdom Suite interpretation software implemented last year are completely absorbed in ONGC during this year.

  The following new software has been inducted under corporate licensing:
- Open Detect s/w from M/s dGB Earth Sciences
- **Seismic Data Processing Software -Thrustline**

  Site specific licenses of Thrustline software for imaging in thrust fold areas and complex geology terrain from M/s GEOTOMO for GEOPIC, Dehradun and RCC Jorhat inducted last year are being absorbed in ONGC.
- **High Pressure Air Injection Laboratory (HPAI) Set up:** This process would be instrumental in identifying candidate reservoirs for air injection as a part of EOR efforts and extending the heavy oil learning curve to the light/medium oil system.
- **Fraca++**: Studies for mapping and modelling fracture network has been taken up for Borholla Basement.
- Rheological studies of fluid for characterization and rheological behaviour studies of EOR emulsion. This is being used for viscosity and rheology measurements of crude oil in thermal tube experiments.
- **Integrated PVT Package from M/s Chandler Engineering, Houston, USA.** The facility is regularly being used in PVT sample studies for phase behaviour, molar composition and solid deposition studies for enhanced reservoir fluid characterisation and thermodynamic evaluation in mercury-free environment.
- **Multi-Component Seismic Survey - 3D - 3C** Multi component seismic API technology inducted through departmental crew A&AA Basin in 2007-08. Now, six of the new data acquisition systems have been procured along with digital multi-component sensors, which are capable of carrying out multi-component survey. 3D-3C seismic data survey is being carried out in Laplingaon area of A&AA Basin, Jorhat. The data is being acquired and processed in consultation with Dr. Garota
- **New Data Acquisition System -** 14 new state-of-the-art data acquisition system with 24 bit delta sigma technology has been procured. These systems will be capable of mixed mode (Analog/ digital/ geophone/ hydrophone) operation with high channel count to facilitate seismic data acquisition in logistically difficult areas as well as in geologically complex areas with smaller bin size. Data acquired with the new digital system have shown remarkable improvement in the imaging of the deeper events after processing.

8. Collaborative projects with Foreign Institutes/Domain Experts/MoU.

- **Structural Modeling Projects by M/s Midland Valley Exploration**

  M/s MVE has been issued LOI to carry out "Long term consultancy services for three years on structural modeling". The scope of work involves three year consultancy services that include training and project work in the latest version of M/S MVE software to a team of twenty executives from Basins & Institutes, in order to create domain experts in structural modeling. Besides technology transfer nine projects will be carried out along with a team of ONGC geoscientists in order to impart with the knowledge of best practices in structural modeling.
- **Study of subsurface samples of Krishna-Godavari Basins with Prof. Dr. Gerta Keller, Princeton University, Princeton, USA**

  As a joint collaborative project between KDMIPE Dehradun and RGL, Chennai, in association with Prof. Dr. Gerta Keller, Princeton University, Princeton, USA is under way. This study will lead to high resolution dating and intra-basinal correlation of subsurface sections across K/T Boundary in KG Basin leading ultimately to better understanding of geological history and possible causes of mass extinctions.
- **Interpretation of G&G Data of Mahanadi Basin in collaboration with Mr. C.D. Johnston an Independent seismic interpreter & Integrator from Alberta, Canada.**

  Interpretation and integration of all seismic and other available G&G data of Mahanadi Basin covering approx.60,000 sq. km. so as to bring out Paleogeography, defined Petroleum System and also to identify prospective areas.

- **Interpretation of G&G data in collaboration with Dr. Ben Law**

  For the purpose of viewing and evaluating the potential of basin-centered gas accumulations and shale gas in the onshore and offshore basins of India.
- Mr. Anthony Beckett was engaged as an expert for drilling of High pressure, High Temperature wells in offshore areas.
- Collaborative Research Project with IIT-Kharagpur on "Estimation of lifetime & lifecycle cost of FRP pipes manufactured using various technologies for offshore & onshore applications."
- Collaboration with DNV, Norway for qualification of new composite technology for Pipes, Storage tanks, Shafts and risers, LNG storage and transport, Pressure vessels, Steel structure repair without hot work
- Collaboration with Norwegian Composite Center, Norway and NTNU, Norway for material characterization for high temperature performance composite materials

Engineers at work in well head at Rudrasagar, Assam

9. Information Regarding Imported Technology imported during the last five years:

S. No.	Technology Imported	Year
A (i)	• "StrataBug" software for Bio-stratigraphy. • Log data processing software - GEOFRAME containing ELAN PLUS, dip-meter, image processing and interpretation package along with hardware. • State of Art digital micro gravitymeter, Proton Precession magnetometer together with DGPS, Total station and Auto level for topographical survey to meet the requirements of precision GM survey. • ISO Prime GC-IRMS • Sun servers and work-stations for EPINET (Exploration & Production Information Network) • Suit of 2D/3D Move Software of Mid land valley • Three Numbers PC based software from Geographix. • Geosec2D Paradigm software installed in F15K server • Configured five sun blade 150 systems with PCI cards and installed windows XP so as to work both as workstation and PC. • IBM P690(8CPU) Petrobank server upgraded to 32 CPU for supplementing seismic data processing • 3 No's of Mobile Processing Units (MPU) for reducing API cycle time. • PC based Seismic Interpretation system with matching hardware and software. • High temperature anaerobic bio-reactor. • Microscope with image analyser. • Refrigerated centrifuge. • Incubated shaker. • High temperature incubator. • High precision metering pump. • End Face grinder.	2005-06
(ii)	• Data Station (DASTA - 720) • GV Isoprime Continuous Flow Isotope Ratio Mass Spectrometry (CF-IRMS) • Varian CP3800 Natural Gas Analyzer • GC-MS-MS(Varian) • Latest releases of Landmark / Hampson Russell / Jason / GeoQuest Interpretation Software installed as part of regular M&S. • Geo-Vision Centre (Virtual Reality Centre) with SGI Onyx 3900 Server (16 CPU, 64 GB RAM) installed for 3 Pipe, Curved screen, immersive volume visualization using the software from M/s Paradigm. • Petrel Suite of Software along with Interactive Petrophysics from M/s GeoQuest Systems Installed. • Latest release of Solaris Operating System version 10 installed and configured for future migration of Landmark Application Software. • Netvault Backup Software for Lanfree / SAN backup installed. • ZFS (Zeta Byte file system) was created on one SUN machine with Solaris 10 for performance evaluation with respect to existing UFS file system. • BigIron Foundry Gigabit Ethernet switch upgraded to 120 gigabit fiber ports along with redundant power module to provide seamless gigabit network connectivity to all servers and clients throughout GEOPIC. • EPOS3SE upgraded to RFC (Rock & Fluid Canvas)	2006-07

S. No.	Technology Imported	Year
	• Q - Marine. • Sea bed logging. • GX Technology. • Digital Multilevel Vertical seismic profiling (VSP). • Air borne Electromagnetic Survey. • Multi Transient Electro Magnetic (MTEM) technique. • Virtual Drilling Technology.	
(iii)	• Rapid Solvent Extraction Unit (Soxtherm System). • Petrobank Master Data Store (MDS), from M/S Halliburton Offshore Services Inc.- a multi-client solution for the management of E&P technical data. • 64 CPUs SGI ALTIX machine. • 48 node IBM PC Cluster system with dual CPU per node equipped with Geocluster4.1 application software of M/S CGG. • 272 node IBM PC Cluster system with dual CPU per node equipped with OMEGA application software of M/S Western Geco • Corporate Licensing of Interpretation software from M/s Hampson Russel, M/s Landmark, M/s Geoquest and M/s Paradigm. • CGG Geocluster application software for processing. • WGC Omega: application software for processing. • StatMod MC and EarthMod FT modules added to Fugro-Jason's MyBench software suite. • LWD / Geosteering with Laterolog tool. • Compact combo LWD tool. • FPWD - Formation Pressure While Drilling tool. • "Air Injection Laboratory" for identifying candidate reservoirs for air injection as a part of EOR efforts. • Cluster Computing capabilities have been established, which will reduce significant run-time of various G&G applications and reservoir simulation processes. • Four licenses for G&G modules (OpenWorks-2, SeisWorks-1 and StratWorks-1 of M/s Landmark Graphic Corporation). • Three licenses for Reservoir Simulation (Model Builder-3 of M/s Computer Modeling Group Limited). • PC Cluster technology, both Hardware and Software, for seismic data processing. • 3D - 3C Multi-Component Seismic Survey. • Four numbers of state-of-the-art multi component digital VSP equipment. • 14 new state-of-art data acquisition system with 24 bit delta sigma technology.	2007-08
(iv)	• Latest releases of Landmark/Hampson Russell/Jason/GeoQuest/Paradigm/Midland Valley / GOCAD Interpretation Software installed as part of regular M&S. • Corporate licensing of existing Petral and Geoframe suit of interpretation software from M/s Schlumberger • Induction of Basin modeling software "Petromod" from M/s IES Germany and pore pressure prediction software "Drill works Predict" from M/S Knowledge systems • Thrustline software for imaging in thrust fold areas and complex geology terrain from M/s GEOTOMO. • FASTVEL software for automatic residual move out application from M/s PARADIGM. • Procured two nos. of Precision Air Conditioner (18 TR & 9 TR) of Emersion make from OES M/S WIPRO Ltd.	2008-09

S. No.	Technology Imported	Year
	• 125 TB and 50 TB of SATA based Storage System is being provided for PC Cluster of OMEGA and CGG Applications Software. • Procured 100 Nos of 3592 magnetic media. • Up gradation of Processing LAN from 100 Mbps to Gigabit LAN. • State-of-the-art LTO-4 Tape Library has been procured and commissioned. • High end Workstations (22 Nos) inducted for interpretation and Processing. • Long Term Technical Services by M/s Midland Valley Exploration (MVE), U.K. for Structural Modeling • IES Basin Modeling Technology • STAR Structural Analogues for Reservoirs, U.K • State-of-the-art automatic fission track dating system in Geochronology and fission track division. • Probe-Global E&P database from Petroconsultant S.A. • Magnetotelluric System (MT) • Integrated PVT Package from M/s Chandler Engineering, Houston, USA.	
(v)	• Latest releases of Landmark / Hampson Russell / Jason / GeoQuest / Paradigm / Midland Valley / GOCAD/ DrillWorks/ Petromod/ Kingdom suite/ OpendTect/ PANSYSTEM & PANMESH Interpretation Software installed as part of regular M&S. • Unlimited site specific license of PANSYSTEM s/w for all ONGC offices within corporate deal and 3 licenses of PANMESH s/w under corporate license from M/s EPS. • 100% Corporate licensing of Geoframe/ Petrel s/w from M/s GeoQuest and finalisation of its corporate AMC. • 100% corporate licensing of Paradigm interpretation s/w and finalisation of its corporate AMC. • RokDoc software (1D / 2D / 3D / Chronoseis) from M/s ICON SCIENCE has been inducted in GEOPIC. • IES Basin Modeling Technology • Auto Counting FT system. • Landmark's R5000 software was successfully installed in Linux Based workstation. • Pipe conveyed logging system.	2009-10
B	Has the technology been fully absorbed?	Yes
C	If not fully absorbed, areas where this has not taken place, reasons thereof, and future plans of action	Not applicable

10. Expenditure on Research & Development

(₹ in million)

	2009-10	2008-09
Capital	213.67	500.60
Recurring	1,985.78	1,574.44
Total	2,199.45	**2,075.04**
Total R&D Expenditure as a percentage of Total Turnover	0.35%	0.32%

11. Information on Foreign Exchange Earnings and Outgo

(₹ in million)

	2009-10	2008-09
Foreign Exchange Earnings	45,870.97	34,324.54
Foreign Exchange Outgo	147,775.81	115,602.49

Modernised Sucker Rod operation in progress

Comments of the Comptroller and Auditor General of India under section 619 (4) of the Companies Act, 1956 on the accounts of Oil and Natural Gas Corporation Limited for the year ended 31 March 2010

The preparation of financial statements of Oil and Natural Gas Corporation Limited for the year ended 31st March 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done vide their Audit Report dated 28st May 2010.

I, on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Oil and Natural Gas Corporation Limited for the year ended 31st March 2010. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

For and behalf of the
Comptroller and Auditor General of India

Sd/-
Sarit Jafa
Principal Director of Commercial Audit
& *ex-officio* Member, Audit Board II Mumbai.

Place: Mumbai
Date: 25th June 2010

Our most valuable asset - Our people

Meeting in progress with dignitaries and navy personnel in Mumbai offshore

Economy Growth (%YoY, 2010)

1. The Economy

Global economy continues to be under shadow of one of the worst global economic downturn. Dubai debacle, then economic turmoil in Greece and now doubts about the financial health of certain other countries in the European Union bears testimony to the fact that all is still not well with the financial health of many countries.

Global economy shrunk by 0.6% in 2009 on account of 3.2% decline in advanced economies; Europe being the worst affected with a decline of 4.1%. However, developing Asia grew by 6.6% led by China (8.7%) and India (5.7%).

WEO 2010 (April 2010) projects that in 2010 the world output may increase by 4.2% over 2009 and growth in advanced economies is expected to be 2.3% over 2009. Emerging and Developing economies are projected to grow by 6.3% over 2009; led by China (10%) and India (8.8%).

Striking an optimistic note in July, 2010, IMF raised its 2010 world growth forecast to 4.6% and boasted estimates for the US and China. India is projected to grow at 9.5%. However, IMF warned that 'risks have risen sharply" and Europe has to quickly resolve debt problems and restore confidence in banks.

During the fiscal 2009-10 Gross Domestic Product (GDP) in India registered a growth of 7.4% against 6.7% during 2008-09.

Helped by timely and appropriate measures taken by the government in the form of fiscal and monetary stimulus, the Indian economy kept up momentum despite weak recoveries in advanced economies.

India: Real GDP Growth (%)

2. Oil & Gas Industry & developments

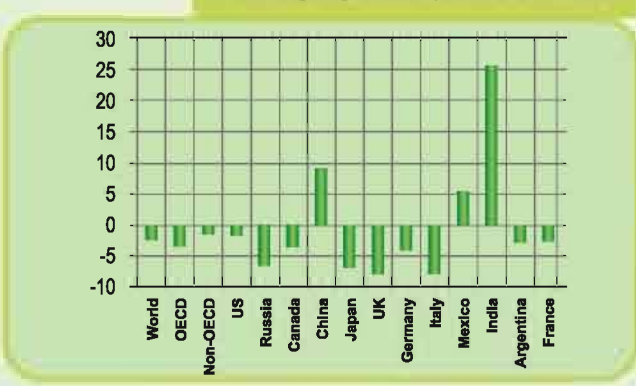
Oil consumption

Global crude oil consumption declined by 1.4% in 2009; from 85.04 million barrels per day (mb/d) in 2008 to 84.04 mb/d in 2009. Consumption declined in OECD countries by 4.3%. USA and Japan, the two leading economies of the world, registered a decline of 4.2% and 9.3% respectively. In contrast, non-OECD countries registered 2.3% increase in crude oil consumption led by countries like China and India.

% Change in Crude oil consumption in 2009 over 2008

Oil consumption is also increasing in large number of developing nations in the Middle East, Latin America and Africa which may be maintained in near future based on growth patterns. As global economy gains momentum crude oil consumption is bound to increase. In short-term, crude oil demand is projected to be 84-86 mb/d in 2010 and 86-87 mb/d in 2011.

% Change in gas consumption in 2009 over 2008



Natural gas consumption

Natural gas consumption also declined in OECD countries by 3.3% in 2009 (from 1,488.1 BCM in 2008 to 1,439.1 BCM in 2009). China and India registered an increase of 9.1% and 25.5% respectively. A significant development in India was commencement of new supplies from the East coast.

Demand pulls & crude oil price volatility

Sustained increase in crude oil demand up to 2007 (CAGR of 1.5% during 1997-2007; CAGR of 3.3% in case of non-OECD countries) coupled with perceived supply constraints, complexities in the oil market and resultant inter-plays at commodity exchanges resulted in high volatility in crude oil prices.

Crude Oil prices: Dated Brent (US$/bbl)

The upward journey of price started in 2004 and peaked to US$ 147/bbl in July, 2008. Thereafter there was a free fall to US$35/bbl in December 2008. The volatility proved beyond doubt that factors other than fundamentals had taken the driver's seat.

Demand shrinkage and collapse of oil prices forced OPEC to cut supplies by 4.2 mb/d in late 2008. As a result, oil prices started increasing since January, 2009 to hover in the range of US$ 75-85 per barrel.

Though this price band is perceived to be in 'goldilocks range' – comfortable for producers as well as consumers – the volatility still exists. Dated Brent touched US$ 88/bbl in the first week of May, 2010 and within two weeks the prices fell below US$ 70/bbl due to economic turmoil in Euro-zone; inching up intermittently thereafter.

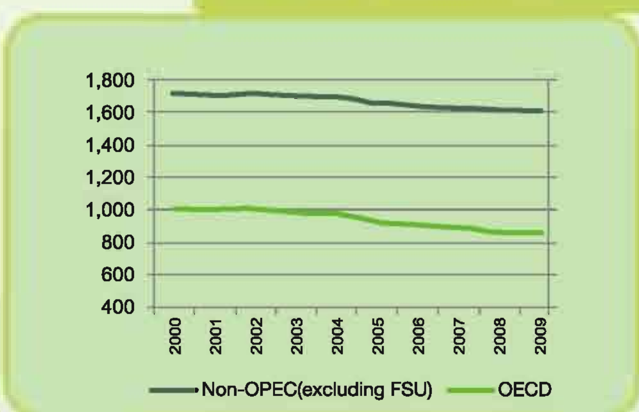
Natural Gas Price: Henry Hub (US $/mmBtu)

The gas price (Henry hub) also followed volatility of oil price curve. It increased to US$ 12.68/mmBtu in June, 2008 only to crash to US$ 1.88/mmBtu in September, 2009; currently hovering around US$ 4.70/mmBtu.

Prices to remain volatile as fundamentals have not changed

World over oil field depletion, declining discovery rates, insufficient new projects and waning investment in E&P projects is a real concern which may bring in complications for the industry in future.

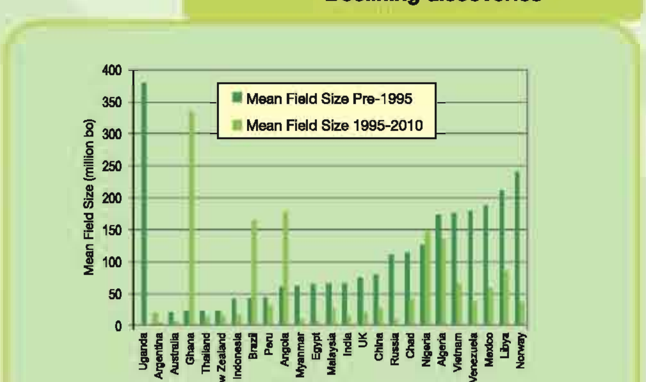
Crude oil production (MMT)



Field depletion

During the period 2000-2009, in Non-OPEC countries {other than Former Soviet Union (FSU) countries} crude oil production declined by 6.3%. In OECD countries oil production declined by 15%. Arresting decline in these fields is the biggest challenge for the industry which requires systematic technology interventions and capital infusion.

Declining discoveries



Source: PFC Energy

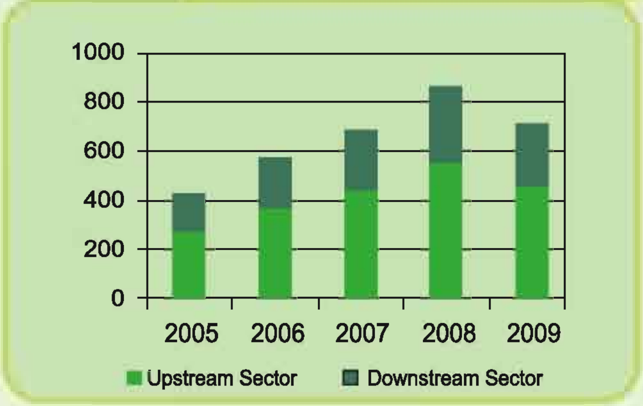
Declining discoveries

Since 2004 more than 2,000 discoveries have been reported from different parts of the world (Source: GlobalData), except a few large discoveries in the Gulf of Mexico, most of the discoveries are small. A large number of these discoveries are in deepwater and ultra deepwater locations for which technology and investment remains a challenge. The mean field size post 1995 has decreased in most of the regions except those in few African and FSU countries (Former Soviet Union) where exploratory efforts were mobilized during last decade.

Oil & Gas Investments

In high oil price regime, the industry attracted huge investments. Total investment in the sector doubled in just four years i.e., US$ 428 billion in 2005 to US$ 864 billion in 2008 (Source: GlobalData). The industry leaped forward even to take risky projects in the challenging geographical location and unconventional sources. However, in volatile market conditions majority of the companies revisited their capital expenditure plans, many projects were slashed and cautious approach became the strategy the world over. As a result investment during 2009 declined by 19% compared to 2008 (Source: GlobalData). In case the prices remain low it will discourage the industry from making big moves.

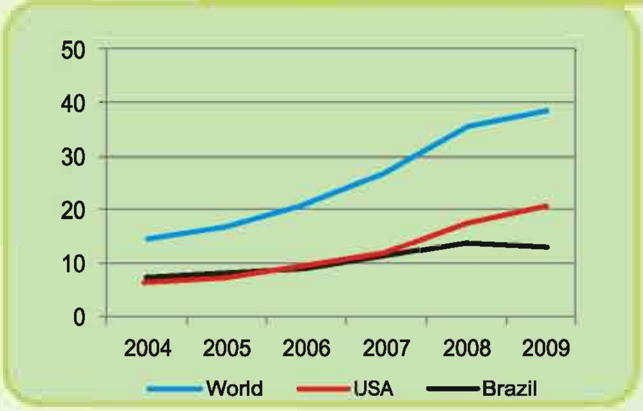
Oil industry investment (billion US$)



Bio-fuels

In recent years, bio-fuel has emerged as a preferred cost-effective substitute. Global ethanol production increased by 158% in last six years {from 14.9 in 2004 to 34.4 million tonnes of oil equivalent (mtoe) in 2009}; mainly due to increase in production in USA and Brazil, which account for about 87% of the global ethanol production. During the period 2004-2009, ethanol production in USA and Brazil increased by 216% and 78% respectively (Source: BP Statistical Review 2010). However, ethanol as a partial substitute may pose a big question mark over global food security.

Ethanol production (mtoe)



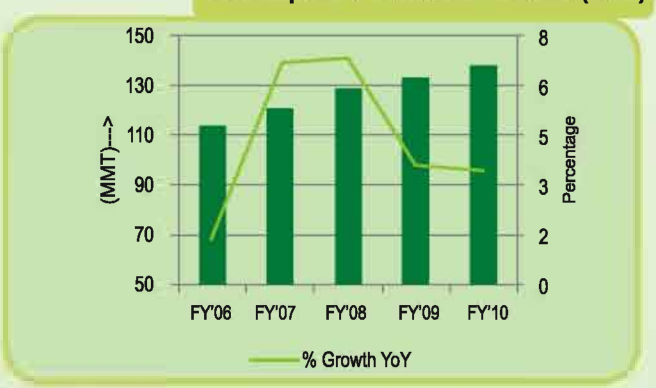
Shale gas revolution

In a short span of time, the Shale gas revolution in USA has changed the basics of gas business. Shale gas now accounts for 20% of the gas production in USA which is expected to increase to 50% of the supply by 2035. However, attendant environmental concerns still remain unresolved.

The 'Game changer'

The British Petroleum (BP) operated Deepwater Horizon rig disaster, in the Gulf of Mexico, is going to change the oil game by raising grave concerns about offshore drilling. Tougher restrictive regulations may shortly be in place.

Consumption of Petroleum Products (MMT)



3. Indian Oil & Gas Industry

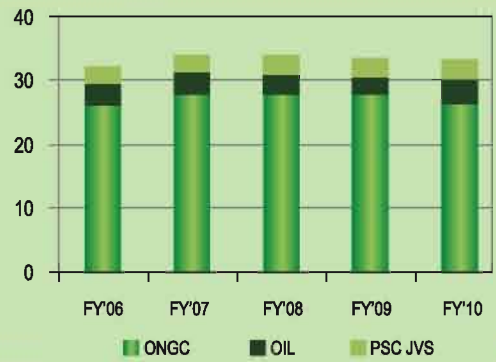
Increasing consumption of petroleum products

Oil and natural gas consumption in India posted robust growth during the recent years i.e. at a Compounded Annual Growth Rate (CAGR) of 5.1% in last 5 years (FY'06 to FY'10). Consumption of most of the products increased substantially except Naphtha and Fuel oil which were substituted by new gas supplies.

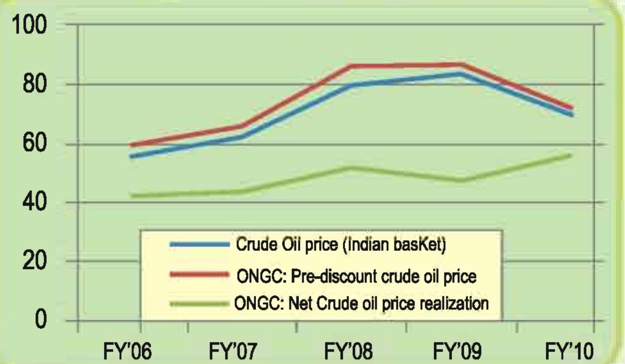
Crude oil production

During FY'10, domestic crude oil production has been 33.51 MMT (ONGC's share 26.46 MMT) almost same the same level as during FY'09. Production levels could be maintained because of systematic technology and capital infusion in old and matured fields and bringing new discovered fields to production. RJ-ON-90/1 block, in which your Company has 30% participative interest, commenced production from 24th August, 2009. Presently it is producing more than 1,05,000 bopd. The peak production from the field is expected to be around 210,000 bopd by Q4 of FY'12.

India: Crude Oil production (MMT)



Crude Oil Price (US $/bbl)



ONGC: Crude oil price realised (US $/bbl)

Crude oil price (Indian basket) and under-recoveries

During FY'10, average crude oil price for the Indian basket has been US$ 69.76/bbl against US$ 83.57/bbl during FY'09. Though the oil prices increased at a staggering CAGR of 20.8% during the period FY'05 to FY'09, the Indian basket prices of four sensitive petroleum products i.e., HSD, MS, LPG & SKO were controlled by the government to make these products available to the consumers at affordable prices.

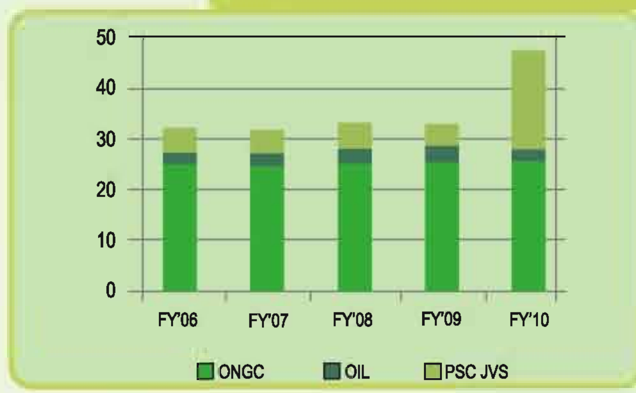
ONGC's average gross crude price in FY'10 has been US$ 71.65/bbl (against US$ 86.15/bbl in FY'09); however, the net crude price realization to ONGC has been US$ 55.94/bbl (against US$ 47.70/bbl in FY'09) after sharing under-recoveries of US$ 15.71/bbl to Oil Marketing Companies (OMCs) as per the government directives. ONGC's share of under-recoveries during FY'10 has been ₹ 115.54 billion (previous year ₹ 282.25 billion).

Discount on Sales (₹ Billion)

Petroleum products price revised but under-recoveries to stay

Government of India decontrolled the price of Motor Sprit (MS) on 25th June, 2010. At the same time, prices for HSD, LPG and SKO were also hiked. The price hike may help in reducing under-recoveries to some extent; however, it does not ensure wiping out the subsidies as per present policies. During the first quarter of FY'11, the upstream and mid-stream companies ONGC, OIL, and GAIL shared ₹ 66,907 million as under recoveries; ONGC accounting for more than 82% (₹ 55,155 million).

India: Natural Gas Production (BCM)



Natural Gas production

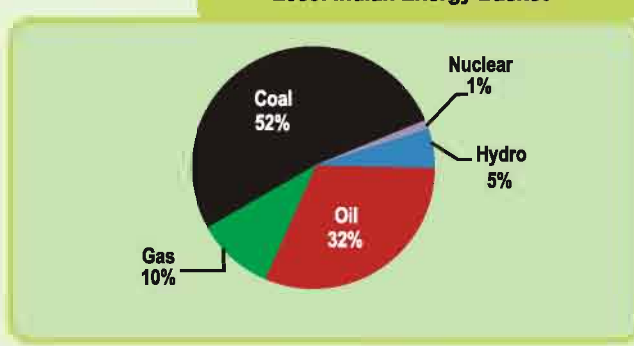
During FY'10 domestic natural gas production has been 47.51 BCM - the highest-ever (ONGC's share 25.59 BCM). Major upside came from the new production from D-6 field of Reliance Industries Ltd. (RIL) in the East Coast which commenced production from 1st April, 2009.

Share of natural gas to increase in the Indian Energy basket

Compared to world primary energy basket, Indian scenario is slightly different. In India, Coal remains the dominant fuel with a share of 52% (against 29% in world) in energy basket followed by Oil with a share of 32% (against 35% in the world).

During the year 2009, share of natural gas in Indian energy basket increased to 10% (against 8% in 2008). However, it remains much lower than global average share of 24%.

2009: Indian Energy Basket



Big impetus for gas business

The gas business in India got big impetus with two remarkable decisions. Hon'ble Supreme Court of India upheld the decision of the Government to fix a price of US$ 4.2/mmbtu for D-6 gas. Subsequently, the Government enhanced the price of APM (Administered Price Mechanism) gas, produced by ONGC and OIL from nominated blocks, from around US$ 1.79/mmbtu to US$ 4.2/mmbtu (including royalty). This will help in wiping out the under-recoveries in gas business and incentivize investment.

4. Operational performance

Your Company has been able to maintain oil and gas production levels in recent years through two pronged strategy; optimizing production from existing old fields and bringing new fields to stream. Oil and gas production profile from domestic as well as overseas assets during last five years are as below:

Oil and gas production	FY'10	FY'09	FY'08	FY'07	FY'06
Crude Oil Production (MMT)	**32.95**	**33.69**	**34.68**	**33.69**	**30.69**
ONGC	24.67	25.37	25.95	26.05	24.40
JV Share	1.79	1.76	1.89	1.84	1.71
OVL	6.49	6.56	6.84	5.80	4.58
Natural Gas Production (BCM)	**27.98**	**27.65**	**27.08**	**27.04**	**26.75**
ONGC	23.11	22.48	22.33	22.44	22.57
JV Share	2.49	2.95	2.79	2.45	2.43
OVL	2.38	2.22	1.96	2.15	1.75

Accelerated and intensive exploration campaign initiated by your Company helped in accreting good quantity of oil and gas reserves which helped in improving position of the proved reserves (1P).

Proved Reserves (MTOE)	FY'10	FY'09	FY'08	FY'07	FY'06
Estimated Net Proved O+OEG Reserves	**962.90**	**949.53**	**925.05**	**938.98**	**924.05**
ONGC	737.31	720.18	722.21	698.72	669.36
JV share	39.60	39.12	41.76	45.50	47.85
OVL	185.99	190.23	161.08	194.76	206.84

Group Gathering Station at Cauvery Asset

5. Financial performance

ONGC (Stand alone)

(₹ in million)

Particulars	FY'10	FY'09	% Increase/(Decrease)
Income:			
Crude Oil	445,053	391,718	13.62
Natural Gas	73,797	75,528	(2.29)
Value Added Products	83,212	172,247	(51.69)
Total Sales	**602,062**	**639,493**	**(5.85)**
Other Income	16,590	10,190	62.81
Gross Margin	**396,054**	**378,292**	**4.70**
EBIDTA	375,588	319,684	17.49
PAT	**167,676**	**161,263**	**3.98**
EPS	78.39	75.40	3.98
Dividend per share	33	32	3.13
Net Worth	864,413	780,848	10.70
% Return on net worth	19.40	20.65	
Capital Employed	738,013	640,583	15.21
% Return on capital employed	50.89	49.91	
Capital Expenditure	235,590	218,200	7.97

ONGC Group

(₹ in million)

Particulars	FY'10	FY'09	% increase/(Decrease)
Sales:			
Crude Oil	527,312	491,127	7.37
Natural Gas	81,405	82,835	(1.73)
Value Added Products	452,998	519,978	(12.88)
Total Sales	**1,061,715**	**1,093,940**	**(2.95)**
Other Income	20,343	15,125	34.50
Gross Margin	489,453	492,546	(0.63)
EBIDTA	475,374	433,792	9.59
PAT	**194,035**	**197,953**	**(1.98)**
EPS	90.72	92.55	(1.98)
Net Worth	1,005,653	915,729	9.82
% Return on net worth	19.29	21.62	
Capital Employed	869,009	752,781	15.44
% Return on capital employed	54.70	57.60	

Note: Segment information as per Accounting Standard (AS) - 17, is detailed elsewhere in the report.

6. Opportunities & Threats

In recent years India has emerged as one of the most vibrant energy markets in the world. Demand for all forms of energy registered robust growth and is going to sustain with fast growing Indian economy. This provides an opportunity to your Company to meaningfully integrate in the entire energy value-chain to leverage business opportunities.

Presently, more than 33% of the sedimentary basins in India are either unexplored or poorly explored. Yet-to-find (YTF) hydrocarbons may be located in these areas which may throw up opportunities for the companies who are able to take lead in these frontier areas.

Government of India is now looking for Open Acreage Licensing Policy (OALP), an operator friendly flexible system. Your Company will have opportunity to leverage its vast exploration data base to its advantage.

Improving recovery factor of the existing matured fields provides enormous opportunity in terms of production upside to your Company. These established fields have significant scope in terms of brown-field development leveraging superior technology. The Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) techniques which your Company has mastered over the years provide good opportunity for association and growth in global oil business as number of operators or countries are looking for such know-how and skills.

Presently, more than 90% of the global oil and gas reserves are controlled by the National Oil Companies (NOCs) in various countries. Establishing meaningful relation with the NOCs provides opportunity for growth.

Commercialization of new sources of energy like CBM, UCG, Shale gas, etc., has substantial upside for growth. At the same time alternate sources of energy have also enormous potential. Early lead in cost effective commercialization of these sources through innovative technologies and solutions is an opportunity.

Hydrocarbon exploration is now being principally focused in frontier areas like - deeper pays, deepwater, ultra-deepwater and high risk stratigraphic traps. These so called 'invisible frontiers' are becoming an increasingly important target. Regional or 'new geology' will once again become critical as it was in the initial wildcatting days.

Likely strict regulations for offshore E&P operations may emerge as one of the biggest threats for E&P operations globally.

7. Risks and Concerns

E&P business due to inherent uncertainties has always been highly risky.

New technology and solutions for new plays would require concerted efforts with substantial investment; however, volatile price regime is emerging as a drag for the industry where focus is more on reducing costs all the while responsibly addressing infrastructure and environmental issues.

Depleting fields in most of the matured basins is a concern for the industry; however, designed solutions in present market conditions and uncertainties appear to be elusive. This may have direct impact on future supplies.

As far as India is concerned, seventy eight percent of the offshore acreage is in deepwater and ultra-deepwater. The success in deep waters especially in the East Coast has opened up vast area for active exploration; however, capital and technology intensive exploration drive can only unleash potential from these deeper challenges.

Sharing of under-recoveries on adhoc basis remains a concern for your Company. Besides, there always remains a concern for Health, Safety and Environment owing to very nature of E&P operation and geographical location of its operation like high seas.

8. Strategic business pursuits

Your Company, keeping in view the dynamics of the industry and opportunities in the energy sector, has well defined its strategies for sustaining growth. Basic premise for the strategy evolves round – creating energy and value assets on continuous basis for sustained growth. The strategic pursuits of your Company are:

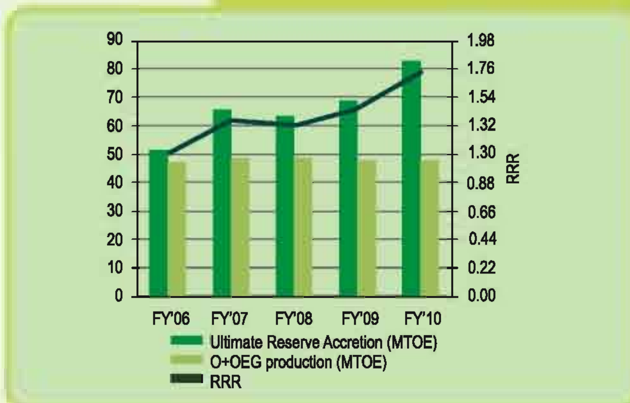
a. Intensive exploration to locate new oil & gas assets.
b. Expeditious development of discoveries.
c. Arresting decline from the matured fields.
d. Leverage its position as a favoured partner globally for overseas energy projects.
e. Developing new sources of energy like – CBM, UCG, Shale gas, etc.
f. Establish alternate energy as commercially viable option.
g. Value-multiplication through integration in hydrocarbon and energy value-chains.

Intensive exploration

Your Company has intensified exploratory efforts in recent years to locate new oil and gas assets and accrete more and more reserves. During last 5 years (FY'06 to FY'10) your Company acquired 126,222 Line Kilometer (LKM) of 2D and 111,923 Square Kilometer (Sq.Km) of 3D Seismic data and drilled 525 numbers of exploratory wells in domestic basins.

These exploratory inputs helped your Company to accrete more than one billion tonnes of in-place hydrocarbon reserves in domestic basins. The average Reserve Replacement Ratio (RRR) in last five years has been 1.39 (with 3P reserves) which implies that your Company accreted more reserve than it produced.

ONGC: Reserve Accretion trend



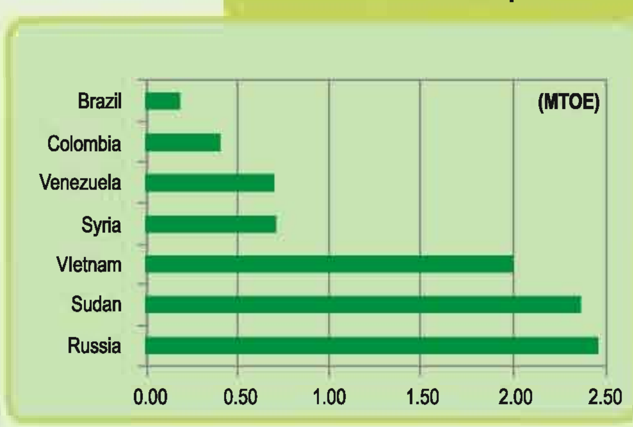
Expeditious Development of Discoveries

During the period 2002-2010 your Company made 134 discoveries (84 onland and 50 offshore). Out of these 134 discoveries, 58 discoveries (56 onshore & 2 offshore) have already been put on production. Seven discoveries will commence production during the current fiscal i.e, FY'11. Systematic efforts are on to bring balance discoveries to stream. Most of these discoveries are in offshore (including deepwater) and few in Tripura which are linked with commissioning of 726.6 MW Power Plant, for which lead time for creating required infrastructure is generally more. However, most of the shallow water discoveries will be on stream by 2012-13.

Arresting Decline

Prudent reservoir management is an established practice in your Company. Systematic interventions are made on continuous basis to maintain the health of the reservoirs. Since 2001, your Company has taken up 21 IOR/ EOR and redevelopment schemes in 15 major fields to arrest natural decline. Out of these 21 schemes, 14 schemes have already been completed. So far your Company has invested ₹ 209.44 billion in these schemes and will be investing another ₹ 156 billion in ongoing 7 schemes. These schemes helped your Company to maintain production levels by arresting decline in the major fields and improving recovery factor. The cumulative oil gain from these schemes has been more than 56 MMT; 7.97 MMT during FY'10. At the same time recovery factor of these major fields also improved from 28% in FY'01 to 33.5% in FY'10.

OVL: Production profile



Overseas operations

Over the years your Company has systematically established itself as a favoured partner in global E&P business. ONGC Videsh Ltd. (OVL), the flagship wholly owned subsidiary for overseas operations, has footprints across 15 countries with 40 projects. During FY'10, it sourced 8.87 MTOE of O+OEG; the highest-ever. Production came from 9 producing assets in seven countries.

New sources of energy

Your Company is aggressively pursuing technology intensive solutions to leverage potential of new sources of energy like – Coal Bed Methane (CBM), Under Ground Coal Gasification (UCG), Shale Gas, etc.

a. Coal Bed Methane (CBM)

Your Company is pursuing CBM exploration in five blocks i.e., Jharia, Bokaro, North Karanpura, Raniganj and South Karanpura. Your Company has submitted Final Development Plan (FDP) for approval to the Government of India for Parbatpur area in Jharia Block with estimated in-place reserve of 17.72 BCM. However, CBM production from Pilot Project at Parbatpur, Jharia, Jharkhand commenced in January 2010. Your Company has also taken up a collaborative research project with University of New South Wales, Australia for reservoir characterization and rock in-situ stress and natural fracture characterization in Bokaro, North Karanpura and Jharia blocks.

b. Underground Coal Gasification (UCG)

Your Company has identified Vastan Mine block in Gujarat for UCG Pilot Project with estimated investment of US$ 15.32 million. Environmental clearance has been obtained from the Ministry of Environment & Forest for pursuing the pilot project. Request has also been submitted for award of the Minning Lease (ML) for the Vastan mine block.

c. Shale Gas Exploration

Your Company launched an integrated R&D pilot project for shale gas exploration on 23rd April, 2010 in Damodar Basin, Jharkhand, the first of its kind in the country.

Alternate sources of energy

After successful commissioning of a 50 MW wind farm in Gujarat, your Company is planning for another 100 MW wind farm. Further, feasibility of setting up a 10 MW grid-connected Solar Photo Voltaic (PV) project is being studied.

ONGC Energy Centre, a dedicated centre, created by your Company for holistic research and development of energy sources beyond hydrocarbon and conventional sources has taken up several projects such as - Thermo-chemical Reactor for hydrogen generation, Bio-conversion of Coal/ Oil to methane, Solar Thermal Engine, LED project, Uranium exploration, etc.

9. Value-multiplication and integration projects

Refining

Mangalore Refinery & Petrochemicals Ltd (MRPL), subsidiary of your Company, increased its nameplate capacity to 11.82 MMTPA from 9.69 MMTPA. The refining capacity of the MRPL is being enhanced to 15 MMTPA; the project is on track and is expected to be completed by 2012.

Petrochemicals

The two petrochemical plants ONGC Petro-additions Limited (OPaL) and ONGC Mangalore Petrochemicals Limited (OMPL) promoted by your Company are progressing well and are expected to become operational in 2012 and 2013 respectively. These projects have basically been promoted for value-multiplication of in-house produced Naphtha at Uran, Hazira, and Mangalore and C2-C3 components at C2-C3 extraction plant at Dahej.

Power

726.6 MW (363.3 x 2) gas based Combined Cycle Power Plant (CCPP) being set up by ONGC Tripura Power Company Ltd. (OTPC), an

SPV promoted by your Company, at Pallatana, Tripura aims to monetize its idle gas assets in the state of Tripura. This plant is scheduled to be operational in 2011-12.

10. Outlook

Exploration acreage

Your Company has been awarded 17 NELP blocks (including 4 as non-operator) in NELP VIII round of bidding for which the contracts were signed on 30th June, 2010. Including these, your Company holds Petroleum Exploration License (PEL) for 93 NELP blocks (10 as non-operator). In addition, it holds 62 PEL nomination blocks and 320 Petroleum Mining Lease (PML). Your Company endeavours to convert most of the PEL areas into PML to have sufficiently large portfolio of E&P assets.

Exploration programme

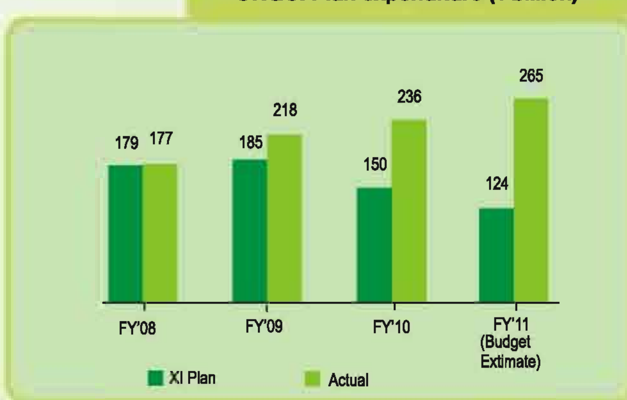
In first three years (FY'08, FY'09 & FY'10) of XI plan period itself, your Company over achieved 2D seismic survey targets (110,275 LK against XI target of 54,359 LK) and achieved 89% (67,886 sq km against XI plan target of 76,398) of 3D seismic survey target. Total 1,023 wells (Exploratory wells: 332 & Development wells: 691) were drilled during the period (62% of the XI plan target of 1,651 wells). Your Company accreted 718 MToE of O+OEG in-place hydrocarbon in first three years of plan against XI Plan target of 1,000 MToE. With the present deployment of 120 drilling rigs (78 owned and 42 charter-hired) your Company plans to drill 728 wells (Exploratory: 254 & Development: 474), including 30 deepwater wells, during balance two years of the plan period (FY'10 & FY'11).

New field development

Your Company has taken up a number of new offshore fields for development with envisaged investment of ₹ 181,060 million. Notable among these projects are: C-Series, G-1 & GS-15, B-22, B-193, B-46, D-1, North Tapti and Cluster-7. C-series field has already commenced production and other fields will be on stream from 2011-12 and have potential to provide substantial upside to O+OEG production starting from 2011-12. Expeditious development of Daman fields – Daman (Main), Daman (North), B-23 & B-24, is also being taken up.

Your Company discovered natural gas in NELP-1 block KG-DWN-98/2. The block is currently under appraisal stage and is divided into two discovery area Northern Discovery Area (NDA) consisting of discoveries like – Padmavati, Kanakdurga, Annapurna, N-1, D/KT, U, A, W and E in the water depth of 594 to 1,283 meters and Southern Discovery Area (SDA) consisting of UD-1 discovery in ultra-deepwater at a water depth of 2,841 meters. Field Development Plans (FDP) shall be in place after appraisal of discoveries. However, your Company has already submitted request for Declaration of Commerciality (DOC) to DGH for NDA on 16th July, 2010.

ONGC: Plan expenditure (₹ billion)

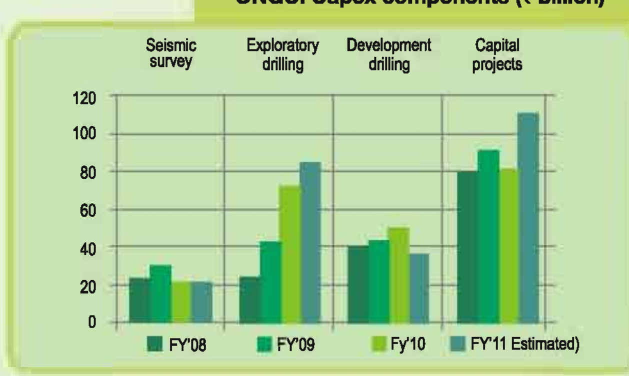


Plan expenditure

During the year FY'11, your Company has earmarked a budget of ₹ 265,230 million for domestic operations; about 9.3% for seismic survey; 31.9% for exploratory drilling; 13.7% for development drilling; 36.8% for capital projects and purchases; 5% for domestic E&P JVs and balance 3.2% is for R&D and integration projects.

In first three years of XI Plan period, plan expenditure for domestic operations has been ₹ 630,701 million against total plan outlay of ₹ 759,838 million (i.e., 83% of the total plan outlay for XI plan).

ONGC: Capex components (₹ billion)



About 56% (₹ 256 billion) of the XI Plan outlay of ₹ 453 billion for OVL has already been invested towards overseas E&P operations and acquisitions in the first three years of the plan period. OVL's plan expenditure during two terminal years of XI plan will be more guided by acquisition of new E&P projects for which OVL is aggressively scouting for.

Overseas E&P

Presently (as on 31st March, 2010), OVL has reserve base of 356.78 MTOE (2P reserves) which translates to R/P ratio (Reserve to Production ratio) of more than 40 years at present production level (i.e., 8.87 during FY'10). Participation in Carabobo project is going to enhance 2P reserves of OVL by 45 MMT.

As expected, production from three major assets – GNOP (Sudan) and Sakhalin-1 (Russia) - have entered into decline phase; however, OVL recorded highest-ever O+OEG production in FY'10 due to contribution from the new assets like BC-10 (Brazil), Imperial Energy (Russia), etc. Production from Imperial Energy fields in Russia was enhanced to 16,700 barrels of oil per day (bopd) from 6,000 bopd at the time of acquisition in January 2009.

BC-10 deepwater field in Brazil commenced production from 12th July 2009 and is currently producing about 72,500 bopd. Blocks A1 and A3 in Myanmar, in which OVL has 20% stake, are expected to commence production from mid-2013. First oil from Carabobo project is expected to flow in 2012-13 with estimated peak production of 400,000 barrels of extra heavy oil per day in 2014-15 (OVL's share 44,000 bopd).

11. Internal Control Systems

Over the years your Company has developed robust internal control systems for all gamuts of its operations. A dedicated group - Performance Management and Benchmarking Group (PMBG) - monitors performance of all the business units on continuous basis. Besides technical and quality monitoring teams at business unit level continuously monitors technology and field operations. Internal audit is conducted in-house as well as through outsourcing in certain areas requiring specialization. Statutory auditors are appointed by Comptroller and Auditor General of India (C&AG) for fixed tenures. Oil Industry Safety Directorate (OISD) conducts safety audits periodically.

Your Company revised the Book of Delegated Powers (BDP) in 2009 for financial and administrative delegations with focus on fiscal and administrative discipline and decentralization of certain powers. All transactions in the company are carried out on SAP R/3 ERP based business portal which was upgraded from mySAP 4.6c to ECC 6.0 to leverage the new functionalities of the latest ERP system consisting of Production Revenue Accounting (PRA), Governance, Risk & Compliance (GRC), Master Data Management (MDM), Identity Management (IDM), Occupation Health (OH), Mobile Asset Management (MAM).

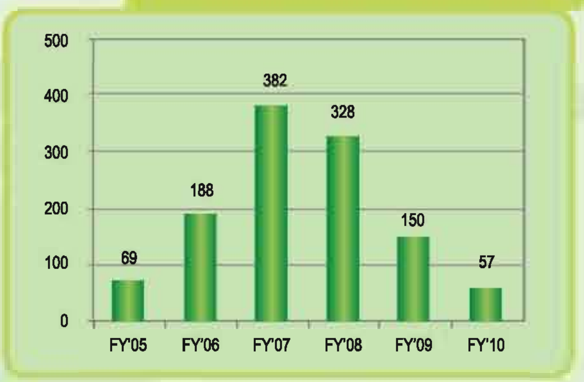
Your Company has institutionalized Invoice Monitoring System (IMS) and all payments are made electronically through a time-bound monitored process. Even all payments to the employees are now system based including Performance Related Pay (PRP), Perks and other claims and re-imbursements.

Audit & Ethics committee of the Board oversees the functioning of Internal Audit and control systems. Your Company implemented Whistle Blower policy w.e.f. from 1st December 2009. The Company is in the process of formulating a fraud prevention policy.

12. Human Resource Development

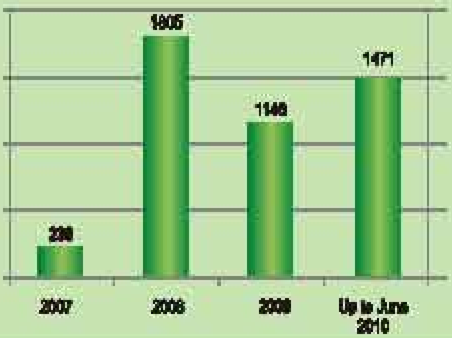
Your Company is priviledged to have experienced pool of technical and professional manpower who dedicate themselves for excellence. ONGC, recognized as the best company to work in core sector in India (Business Today; 7th Feb 2010 edition), kept its promise to strengthen its HR activities through innovative initiatives.

ONGC: Attrition (No. of Officers)



Some of the significant initiatives towards human resource development have been: Coaching & Mentoring scheme, Business Games, Employee Engagement Survey, HR Audit, Assessment Development Centre (ADC), etc. Structured

ONGC: manpower induction



Initiatives have been taken to institutionalize Multi Disciplinary Team (MDT) concept throughout the organization for its core activities.

Your Company has been able to contain attrition in recent years due to proactive managerial interventions and policies. During the year FY'10, 57 executives left the organization compared to 150 during FY'09 and 328 during FY'08.

Beginning 2010, more than 1,500 people will be superannuating every year. Keeping this in view your Company has also firmed up long-term recruitment plan for accelerated induction and training of manpower for core E&P activities ensuring availability of talent.

13. Corporate Governance

The initiatives taken by your Company are detailed in the Corporate Governance report, a part of the Annual report.

14. Corporate Social Responsibility (CSR)

Initiatives taken by your Company towards CSR are detailed in Directors' Report.

15. Cautionary Statement

Statements in the Management Discussion and Analysis and Directors Report describing the Company's objectives, projections and estimates, are forward-looking statements and progressive within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors. Readers are cautioned not to place undue reliance on the forward looking statements.

ONGCians undergoing training of usage of Piggy Net

Parliamentarian Delegation in ONGC's offshore rig

In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE) and some of the best practices followed globally on Corporate Governance, the Corporate Governance of the Company is led by strong emphasis on human values, individual dignity and adherence to honest, ethical and professional conduct.

ONGC is committed to achieving highest level of transparency, openness and accountability and fairness in all areas of operation, meeting the aspirations of all its stakeholders with primary objective of enhancing shareholders value, timely and balanced disclosure of all material information to all the stakeholders and protection of their interest.

The Company has put in place a sound system of internal control to mitigate the risks and comply with the laws of land, rules & regulations in true letter and spirit with a view to provide oversight and guidance to management in strategy implementation.

1. CORPORATE GOVERNANCE RECOGNITIONS

In recognition of excellence in Corporate Governance, the following accolades have been conferred on ONGC in recent years:

(i) ICSI National Award for Excellence in Corporate Governance-2003'- by the Institute of Company Secretaries of India;

(ii) 'SCOPE Meritorious Award for Corporate Governance 2006-07' by the Standing Conference on the Public Enterprises;

(iii) Golden Peacock Award for Excellence in Corporate Governance' by the Institute of Directors in the years 2002, 2005 and 2006;

(iv) Golden Peacock Global Award" for Corporate Governance by World Council for Corporate Governance, U.K. in the years 2005, 2007, 2008 and 2009;

(v) Golden Peacock Award' for Excellence in Corporate Social Responsibility in Emerging Economies - 2006 by World Council for Corporate Governance, U.K. in 2006.

2. BOARD OF DIRECTORS

2.1 COMPOSITION, MEETINGS AND ATTENDANCE

The Company is managed by a Board of Directors, which formulates strategies, policies and reviews its performance periodically. The Chairman & Managing Director (CMD) and six Whole-Time Directors viz. Director (Human Resource), Director (Onshore), Director (Exploration), Director (Technology & Field Services), Director (Finance) and Director (Offshore) manage the business of the Company under the overall supervision, control and guidance of the Board.

2.2 COMPOSITION

The Board of Directors has an adequate combination of Executive (Functional) and Non-executive Directors. As on 31st March, 2010, the Board had 13 members, comprising 7 Functional Directors (including the Chairman & Managing Director) and 6 Non-executive Directors (comprising 2 part-time official nominee Directors and 4 part-time non-official Directors) nominated by the Government of India. To share the global experience and business strategies, Managing Director, ONGC Videsh Limited is a permanent invitee to the meetings of the Board.

2.3 Board/ Committee Meetings and Procedures

(A) Institutionalised decision making process

With a view to institutionalize all corporate affairs and set up systems and procedures for advance planning for matters requiring discussion/ decisions by the Board, the Company has defined guidelines for the meetings of the Board of Directors and Committees thereof. These guidelines seek to systematize the decision making process at the meetings of Board/ Committees, in an informed and efficient manner. Company's guidelines relating to Board Meetings are applicable to Committee Meetings as far as practicable.

(B) Scheduling and selection of Agenda Items for Board/ Committee Meetings

(i) The meetings are convened by giving appropriate advance notice after obtaining approval of the Chairman of the Board/ Committee. To address specific urgent need, meetings are also being called at a shorter notice. In case of exigencies or urgency, resolutions are passed by circulation.

(ii) Detailed agenda containing the management reports and other explanatory statements are circulated in advance in the defined agenda format amongst the members for facilitating meaningful, informed and focused decisions at the meetings. Where it is not practicable to circulate any document or the agenda is of confidential nature, the same is tabled with the approval of CMD. Sensitive subject matters are discussed at the meeting without written material being circulated. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted.

(iii) The agenda papers are prepared by the concerned officials, sponsored by the concerned functional Directors and approved by the CMD. Duly approved agenda papers are circulated amongst the members of the Board/ Committee by the Company Secretary or by the convener of the Committee.

(iv) The meetings of the Board/ Committees are generally held at the Company's Registered Office in New Delhi.

(v) The Board/ Committee is given presentations covering Finance, Production, Operations, Major Business Segments, Human Resources, Marketing, Joint Venture Operations.

(vi) The members of the Board/ Committee have complete access to all information of the Company and are also free to recommend inclusion of any matter in agenda for discussion. Senior officials are called to provide additional inputs to the items being discussed by the Board/Committee, as and when necessary.

(vii) Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist the Committee in its work.

(C) Recording minutes of proceedings at the Board /Commitee Meetings

Minutes of the proceedings of each Board/Committee meeting are recorded. Draft minutes are circulated amongst all members of the Board/Committee for their critical appreciation and comments. The comments are incorporated in the minutes, which are finally approved by the Chairman of the Board/Committee. These minutes are confirmed in the next Board/ Committee Meeting. Minutes of the meetings of the Committees are also noted by the Board in its next meeting. The finalized minutes are entered in the Minutes Book.

(D) Follow-up mechanism

The guidelines for the Board/ Committee meetings provide for an effective post-meeting follow-up, review and reporting process for the action taken on decisions/instructions/directions of the Board and Committee. As per the Board's decision, the Company Secretary intimates the Action Points arising from deliberation during the meeting to the Functional Directors who in turn provide updates to be apprised to the Board on the areas of their responsibilities in the next meeting. Functional Directors submit follow-up Action Taken Report (ATR) once in a quarter.

(E) Compliance

Functional Directors are responsible to ensure adherence to all the applicable provisions of law, rules, guidelines etc. A Quarterly Compliance Report (collected from all work centres) confirming adherence to all the applicable laws, rules, guidelines and internal instructions/ manuals, including on Corporate Governance, is reviewed by the Audit & Ethics Committee and the Board.

(F) Training and Evaluation of non-executive Board members

The non-executive Board members are eminent personalities having wide experience in the field of business, education, industry, commerce and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions. Detailed presentation on the business module, performance, plans etc of ONGC are made to the non-executive Board members, on their induction on the Board of ONGC. They are nominated by the Company for suitable programmes/ seminars from time to time. In addition, at the Board/ Committee/ other meetings, detailed presentations are made by senior executives/ professionals/ consultants on business related issues, risk assessment, impact of regulatory changes on strategy etc. The Company has not adopted any mechanism for evaluating individual performance of non-executive Board members.

On job training of executives under progress

2.4 BOARD MEETINGS

During the year 2009-10, thirteen Board meetings were held on April 2, May 5, June 6 & 24, July 23, August 28, September 23, October 29, November 27, December 18 , 2009 and January 21, February 22 and March 25, 2010.

The minimum and maximum interval between any two Board meetings was 17 days and 35 days respectively.

Attendance:

Names & Designation	No. of Board meetings held during the year	Board meetings attended	Whether attended last AGM (23.09.09)	As on 31.03.2010			
				No. of other Directorships #		No. of Committee memberships*	
				Listed	Others	Chairman	Member
a) Executive Directors							
Shri R.S. Sharma Chairman & Managing Director	13	13	Yes	1	5	Nil	Nil
Dr. A.K. Balyan Director (Human Resources)	13	12	No	2	6	Nil	1
Shri A.K. Hazarika Director (Onshore)	13	12	Yes	Nil	3	Nil	Nil
Shri D.K. Pande Director (Exploration)	13	12	Yes	Nil	1	Nil	1
Shri U.N. Bose Director (T&FS)	13	12	Yes	1	1	Nil	1
Shri D.K. Sarraf Director (Finance)	13	13	Yes	Nil	4	Nil	4
Shri Sudhir Vasudeva Director (Offshore)	13	13	Yes	1	2	Nil	2
b) Non-Executive Directors							
(i) Part-time Official Directors- Govt. nominees.							
Shri S. Sundareshan Addl. Secretary, MoP&NG (upto 04.02.2010)	11	10	No	2	1	Nil	Nil
Smt. L.M. Vas Addl Secretary, MoF	13	7	Yes	Nil	Nil	Nil	Nil
Shri Sudhir Bhargava Addl. Secretary, MoP&NG (from 15.03.2010)	1	1	NA	2	Nil	Nil	Nil
(ii) Part-time Independent Directors							
Dr. R.K.Pachauri (upto 25.06.2009)	4	1	NA	1	Nil	Nil	3
Shri V.P.Singh (upto 25.06.2009)	4	4	NA	2	Nil	Nil	3
Shri P.K.Choudhury (upto 25.06.2009)	4	3	NA	2	6	3	5

Dr. Bakul H. Dholakia (upto 25.06.2009)	4	2	NA	2	1	2	5
Smt. Chanda Kochhar (upto 23.06.2009)	3	1	NA	1	4	1	1
Shri S.S. Rajsekar	13	12	Yes	1	1	Nil	4
Shri S. Balachandran	13	13	Yes	2	2	2	4
Shri Santosh Nautiyal	13	13	Yes	1	1	Nil	1
Smt Anita Das (from 05.08.2009)	8	8	Yes	Nil	Nil	Nil	2

Does not include directorships of foreign companies, Section 25 companies and private limited companies.

* Chairmanship/ Membership of the Audit Committee and Shareholders'/ Investors' Grievance Committee of public limited companies (including ONGC).

Notes: (I) The Company being a PSU, all Directors are appointed/ nominated by the President of India;
(ii) Directors are not inter-se related to other Directors;
(iii) Directors do not have any pecuniary relationships or transactions with the Company;
(iv) The Directorships/Committee memberships are based on the latest disclosure received;
(v) None of the Director is a member of more than 10 Committees or Chairman of more than 5 Committees, across all the companies in which he is a Director.

3. STRATEGY MEET

The Company has a practice of periodic retreats where all members of the Board and senior officials of the Ministry of Petroleum & Natural Gas discuss issues of Corporate Strategy and Policy. The 8th Strategy Meet was held on 1st November, 2009 at New Delhi

4. CONCLAVE

To have the benefit of cumulative knowledge and experience of the elders of the ONGC family, an assembly of the past and present members of the erstwhile Oil & Natural Gas Commission and Board is organized every year. The 8th Conclave was held on 22-23 November, 2008 at Thiruvananthapuram, Kerala.

5. VICHAR VISHLESHAN

The Key Executives in-charge of Assets, Basins, Plants, Services and Institutes meet periodically with CMD and the Functional Directors to review performance and to formulate future plans. During the year under review, 9th 'Key Executive Meet' (Vichar Vishleshan) was held at Lonavala on 16th and 17th January, 2010.

6. RESUME OF DIRECTORS PROPOSED TO BE RE-APPOINTED

The brief resume of Directors retiring by rotation and Additional Director seeking appointment including nature of their experience in specific functional areas, names of companies in which they hold directorship and membership/ chairmanship of Board / Committee is appended to the notice calling the Annual General Meeting.

7. BOARD COMMITTEES

The Company has the following Committees of the Board:

7.1 AUDIT & ETHICS COMMITTEE

The terms of reference of the Audit & Ethics Committee are in accordance with Section 292A of the Companies Act, 1956, Guidelines set out in Clause 49 of the Listing Agreement and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises in May 2010.

Composition

The Committee is headed under the stewardship of Shri S.Balachandran, an Independent non-executive Director w.e.f. 11.11.2008. Shri S. Balachandran is a B.Sc Gold medalist and an M.Sc. First class. He joined Indian Railway Accounts Service in 1971. He served in the Senior Management level in Indian Railway Finance Corporation Limited including as its Managing Director. He worked as Under Secretary and Deputy Secretary of UPSC and Joint Director of C&AG. All members of the Committee have requisite financial and management experience and have held senior positions in other reputed organizations.

Director (Finance), Chief-Corporate Finance and Chief Internal Audit are the permanent invitees. Representatives of Statutory Auditors and Cost Auditors are invited to attend and participate in the meetings. Functional Directors, Executives of Finance and other departments are invited on need basis.

The Chairman of the Audit & Ethics Committee was present at the last AGM of the Company.

Company Secretary acts as the Secretary to the Committee.

Role of Audit & Ethics Committee

The role of the Audit & Ethics Committee includes the following:

(i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

(ii) Recommending to the Board, the fixation of audit fees of the Statutory Auditors.

(iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

(iv) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

- matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
- changes, if any, in accounting policies and practices and reasons for the same;
- major accounting entries involving estimates based on the exercise of judgement by management;
- significant adjustments made in the financial statements arising out of audit findings;
- compliance with listing and other legal requirements relating to financial statements;
- disclosure of any related party transactions; and
- qualifications in the draft audit report.

(v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

(vi) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

Maintenance work in progress in ONGC's Group Gathering Station

CMD recieves the FICCI award from Shri Pranab Mukherjee, Hon'ble Union Finance Minister

(vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

(viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

(ix) Discussion with internal auditors any significant findings and follow up thereon.

(x) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

(xi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

(xii) To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non-payment of declared dividends) and creditors.

(xiii) To review the functioning of the Whistle Blower Mechanism.

(xiv) Discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.

(xv) To review the Audit paras referred to A&EC by the Internal Audit / Board and / or Govt. of India and to provide its suggestions / guidance / comments on the issues referred to it.

(xvi) To review the financial statements and the investments made by the unlisted subsidiary company.

(xvii) To carry out any other functions as is mentioned in the Terms of Reference.

Annual Report on the working of the Audit & Ethics Committee

In order to present a comprehensive view of the working of the A&EC of ONGC, the First Annual Report on the working of the A&EC for the year 2008-09 was compiled and reviewed by the A&EC.

The aforementioned report briefly gives a background about the constitution, the legal framework, terms of reference, items considered by A&EC and details of major observations / suggestions of the Committee during the year and action taken thereon.

Audit & Ethics Committee Meetings

During the year 2009-10, eleven meetings of Audit & Ethics Committee were held on April 1, May 5, June 24, July 23, August 28, October 29, November 24, 2009 and January 21, February 22 and March 3 & 25, 2010.

Attendance:

Members	No. of meetings held during the tenure	Meetings attended
Shri P.K.Choudhury, Chairman (upto 25.06.2009)	3	2
Dr. Bakul H.Dholakia (upto 25.06.2009)	3	2
Dr. R.K. Pachauri (upto 25.06.2009)	3	0
Shri V.P.Singh (upto 25.06.2009)	3	3
Shri S. Balachandran	11	11
Shri Santosh Nautiyal	11	11
Shri S.S.Rajsekar	8	7
Smt Anita Das (from 28.08.2009)	6	5
Permanent Invitees:		
Shri D.K. Sarraf, Director (Finance)	11	11
Shri S. Dhandapani, Chief - Corporate Finance	11	10
Shri Pradeep Prasad, Chief - Internal Audit	11	10

7.2 REMUNERATION COMMITTEE

The Remuneration Committee of ONGC considers various aspects of remuneration payable to Executive and Non-Executive Directors. Further, in terms of DPE Guidelines the Remuneration Committee decides the annual bonus/variable pay pool and policy for its distribution across the executives and non unionized supervisors, within the prescribed limits.

The Committee is headed by Smt Anita Das, an Independent Director w.e.f. 27th November, 2009. Prior to this date, Shri S Sundareshan was the Chairman of the Committee. Shri Santosh Nautiyal, independent Director, Shri A.K. Balyan Director (HR) and Shri D.K.Sarraf, Director (Finance) are the members of the Committee.

ONGC being a Government Company, terms and conditions of appointment and remuneration of Executive (whole-time functional) Directors are determined by the Government through administrative ministry, the Ministry of Petroleum & Natural Gas. Non-executive part-time official Directors do not draw any remuneration. Non–executive part-time non-official Directors are paid sitting fees of ₹ 20,000 for each Board/ Committee meeting attended by them.

One meeting of the above Committee was held on 1st December, 2009. All members were present.

7.2.1 DIRECTORS' REMUNERATION

Remuneration of Directors for the year ended 31st March, 2010 was as follows:

a) Executive Directors

(₹ in million)

Sl. No.	Names	Salary Including DA	Other benefits & perks	Performance Incentives	Contribution to PF & other Funds	Provision for Leave, Gratuity & PRBS as per AS-15	Grand Total	Term Up to
1.	Shri R.S. Sharma	2.40	0.61	2.32	0.22	0.07	5.62	31.01.2011
2.	Dr. A. K. Balyan	2.43	0.32	2.00	0.22	0.08	5.05	31.07.2011
4.	Shri A.K. Hazarika	2.29	0.24	2.00	0.21	0.08	4.82	30.09.2012
5.	Shri D.K.Pande	2.30	0.52	2.00	0.22	0.07	5.11	22.09.2010
6.	Shri U.N.Bose	2.47	0.32	2.00	0.22	0.07	5.08	26.09.2010
7.	Shri D.K Sarraf	2.34	0.41	1.89	0.22	0.07	4.93	26.12.2012
8.	Shri Sudhir Vasudeva	2.07	0.20	1.25	0.15	0.07	3.74	31.01.2014

Note: • Notice period of 3 months or salary in lieu thereof is required for severance of service.

• Performance Related Pay of Functional Directors (including CMD) is paid as per D.P.E. norms.

(b)Non-Executive Directors (Part-time non-official)

Non-Executive non-official Directors were paid sitting fees at the rate of ₹ 20,000 for attending each meeting of the Board/ Committees thereof. Details of sitting fees paid during the year under review are as follows:

Names	Sitting fees (₹ in million)
Shri V.P.Singh(upto 25.06.2009)	0.28
Shri P. K .Choudhury (upto 25.06.2009)	0.18
Dr. R.K.Pachauri (upto 25.06.2009)	0.02
Dr. Bakul H. Dholakia (upto 25.06.2009)	0.12
Smt. Chanda Kochhar (upto 23.06.2009)	Nil
Shri S.S. Rajsekar	0.76
Shri S. Balachandran	1.04
Shri Santosh Nautiyal	0.88
Smt Anita Das (from 05.08.2009)	0.52
Total	**3.80**

7.2.2 STOCK OPTIONS

The Company has not issued any Stock Options to its Directors/ Employees.

7.2.3 EQUITY SHARES HELD BY DIRECTORS

Except as stated hereunder, none of the Directors, hold any Equity Shares in the Company as per the declarations made by them to the Company:

Name of Directors	No. of Shares held
Shri R.S.Sharma	1,075
Dr.A.K.Balyan	600
Shri A.K. Hazarika	1,160
Shri D.K. Pande	1,350
Shri U.N.Bose	298
Shri D.K.Sarraf	798
Shri Sudhir Vasudeva	1,363
Shri V.P.Singh (upto 25.06.2009)	100
Shri Sudhir Bhargava	90

7.3 SHAREHOLDERS'/ INVESTORS' GRIEVANCES COMMITTEE

The Shareholders'/ Investors' Grievances Committee specifically looks into redressing of Shareholders' and Investors' complaints/ grievances pertaining to transfer/transmission of shares, non-receipt of annual reports, dividend payments, issue of duplicate certificates and other miscellaneous complaints. The Committee oversees and reviews performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of Company's Code of Conduct for Prevention of Insider Trading in ONGC's securities.

The Committee is headed by Smt Anita Das, an Independent Director. Shri S.S. Rajsekar, Shri S. Balachandran, Shri A.K. Balyan Director (HR) and Shri D.K. Sarraf, Director (Finance) are the Members of the Committee. Shri P.K. Choudhury and Shri R.K. Pachauri were also members of the Committee upto 25.06.2009. The Company Secretary acts as a Convener to the Committee.

During the year 2009-10, **four** meetings were held on April 02, July 23, December 18, 2009 and March 25, 2010. The attendance particulars are under:

Members	Meetings held during the tenure	Meetings attended
Shri P.K. Choudhury (upto 25.06.2009)	1	1
Dr. R.K.Pachauri (upto 25.06.2009)	1	0
Smt Anita Das (from 28.08.2009)	2	2
Shri S.S. Rajsekar	4	4
Shri S. Balachandran	4	4
Dr. A. K. Balyan	4	4
Shri D. K. Sarraf	4	4

7.3.1 REDRESSAL OF INVESTORS' GRIEVANCE

The Company addresses all complaints, suggestions and grievances of the investors expeditiously and usually resolves the issues within 7 days except in case of dispute over facts or other legal constraints.

Except for the complaints pertaining to 'Offer for Sale' by Government of India, the Company received 7 shareholders' complaints from Stock Exchanges/ SEBI which inter-alia includes non-receipt of dividend/ annual report, issue of Bonus Shares, payment for fraction Bonus Shares etc. The complaints were duly attended to and the Company/ RTA have furnished necessary documents/information to the shareholders. As far as the Investors' Grievances on "ONGC Offer for Sale-2004" is concerned, considerable progress has been made by constant interaction with SEBI and MCS.

No request for share transfer is pending beyond 30 days except those that are disputed or sub-judice. All requests for de-materialization of shares are likewise processed and confirmation communicated to investors and Depository Participants within 10 working days.

The total number of complaints/ queries/ correspondence received and replied/ attended to the satisfaction of the shareholders was 2140. 3 complaints were pending as on 31st March, 2010, which have since been settled.

7.3.2 SETTLEMENT OF GRIEVANCES

Investors may register their complaints in the manner stated below

Sl.No.	Nature of Complaint	Contact Office	Action to be taken
1 .	Complaint regarding allocation of Shares, Refund order under Offer for Sale, 2004 by Govt. of India	Shri Aniruddha Mitra, Director MCS Limited, F-65 Okhla Industrial Area, Phase-I, Delhi- 110020 Phone Nos.011-41406149,51-52 . e-mail: admin@mcsdel.com.	Application giving details of Application No, No. of shares applied , No. of Shares allotted, DP ID, Client ID, Nature of complaint, Applicant Name(s) Applicant Name(s) and complete postal address.
2	Dividend from financial years 2002-03 (final) to 2009-10 (interim) and all matters pertaining to Bonus Shares and shares held in Physical mode	M/s Karvy Computershare Private Ltd., Plot No.17-24, Vittal Rao Nagar Madhapur, Hyderabad - 500081 Phone Nos. 040- 23420815-819. Fax No: 040- 23420814. e-mail: mailmanager@karvy.com OR	Letter on plain paper stating the nature of complaint, Folio/DPID/Client ID No; lodging of original shares and other documents/instruments as the case may be.
	***For* Physical Shares-** Change of address, status, Bank account, mandate, ECS mandate etc.	M/s Karvy Computershare Private Ltd., 105-108 Arunachal Building, Ist floor,19, Barakhambha Road, New Delhi-110001, Phone Nos. 011-41036370 (tele-fax) & 43528522 e-mail: delhi@karvy.com	**Members are requested to apply for renewal or issue of duplicate dividend warrants for the final Dividend 2002-03 before 30th September, 2010. The unpaid dividend amount for the year 2002-03 will be transferred by the**

			Company to the Investor Education & Protection Fund (IEPF) set up by Govt. of India and no claim will lie against IEPF or against the Company.
3.	*For* Dematted Shares- Change of address, status, Bank account, mandate, ECS mandate etc.	Concerned Depository Participant (DP) where the Shareholder is maintaining his/her account	As per instructions of DP
4.	All complaints except of Sl.no.3	Company Secretary Oil and Natural Gas Corporation Ltd., 124, Indira Chowk, New Delhi-110001 Phone: 011-23301299 & 23301257 Fax : 011 - 23311326 e-mail: secretariat@ongc.co.in	On plain paper stating nature of complaint, folio/D P I D/Client ID No., Name and address.

7.3.3 INVESTOR RELATIONS CELL

In line with global practices, the Company is committed to maintain, the highest standards of Corporate Governance, reinforcing the relationship between the Company and its Shareholders. 'Investor Service Center' with information frequently required by investors and analysis is available on the Company's corporate website www.ongcindia.com. This website provides updates on financial statements, investor-related events and presentations, annual reports, dividend information and shareholding pattern, media releases, company overview and report on Corporate Governance etc.

A Core Team comprising of senior, experienced officials, headed by Director (Finance) have been assigned the responsibilities for up-keeping the said link. Besides, the said team is also instrumental in maintaining close liaison and to share information through periodic meets including tele-conferencing in India and abroad, regular press meets with investment bankers, research analysts, the media, institutional investors etc. The Company is committed to take such other steps as may be necessary to fulfil the expectations of the stakeholders.

7.4 HUMAN RESOURCE MANAGEMENT COMMITTEE

The terms of reference of Human Resource Management Committee include consideration of all issues/ areas concerning Human Resource Planning & Management, HR policies and initiatives and Promotions for the post of Group General Manager and Executive Director and appeals of officers in terms of CD&A Rules of ONGC.

Dr. Bakul. H. Dholakia was the Chairman of the Committee upto 25.08.2009. Shri S.S. Rajsekar became Chairman of the Committee w.e.f. 28.08.2009. Shri S. Balachandran, Shri R.S. Sharma (CMD) and all Functional Directors are other members of the Committee. Director (HR) is the Member-Convener of the Committee.

During the year 2009-10, five meetings were held on August 11, November 24, December 30, 2009 and January 21, March 25, 2010. These meetings were attended by the members of the Committee, as under

Geophysicists carrying out processing in workstation

Members	Meetings held during the tenure	Meetings attended
Shri S.S. Rajsekar (from 28.08.2009)	5	5
Shri S. Sundareshan (upto 27.08.2009)	1	0
Shri S. Balachandran	5	5
Shri R.S. Sharma	5	5
Dr. A.K. Balyan	5	5
Shri A.K. Hazarika	5	3
Shri D.K.Pande	5	4
Shri U.N.Bose	5	4
Shri D.K.Sarraf	5	5
Shri Sudhir Vasudeva	5	3

7.5 PROJECT APPRAISAL COMMITTEE

The Project Appraisal Committee examines and makes recommendations to the Board on projects/ capital investment exceeding ₹ 250 Crore. Proposals upto ₹ 250 Crore are appraised in-house, while the proposals exceeding ₹ 250 Crore are first appraised by Financial Institutions and thereafter considered by the Project Appraisal Committee who recommends the proposal to the Board with their views. The Project Appraisal Committee also monitors IOR/ EOR Schemes.

Shri V.P. Singh was the Chairman of the Committee upto 25.06.2009. Shri Santosh Nautiyal, Independent Director became Chairman of the Committee w.e.f 28.08.2009. Shri S. Balachandran, Shri S.S. Rajsekar, Smt Anita Das, Shri Sudhir Vasudeva, Shri S. Sundareshan (upto 04.02.2010), Shri D.K. Sarraf & concerned Functional Directors are the members of the Committee. Director (Offshore) is the Member-Convener of the Committee.

During the year 2009-10, **ten** meetings were held on April 1, May 5 & 27, June 6, July 9, August 8, September 22, November 27, 2009 and January 8, March 19, 2010. These meetings were attended by the members of the Committee, as under:

Members	Meetings held during the tenure	Meetings attended
Shri V.P.Singh, Chairman (upto 25.06.2009)	4	4
Shri Santosh Nautiyal Chairman (from 28.08.2009)	10	10
Shri P.K.Choudhury (upto 25.06.2009)	4	2
Shri S. Balachandran	10	10
Shri S. Sundareshan (upto 04.02.2010)	9	8
Shri S.S. Rajsekar (from 28.08.2009)	4	3
Smt Anita Das (from 28.08.2009)	4	4
Shri Sudhir Vasudeva	10	10
Shri D.K.Sarraf	10	9
Dr. A.K. Balyan*	3	3
Shri A.K.Hazarika*	1	1
Shri D.K.Pande*	2	2
Shri U.N.Bose *	3	3

* These Directors attended the meetings as member concerning the Projects of their responsibilities.

7.6 HEALTH, SAFETY & ENVIRONMENT COMMITTEE

The terms of reference includes review of policy, processes and systems on Health, Safety, Environment and Ecology aspects. Shri S.S Rajsekar, an Independent Director is the Chairman of the Committee. Director (Onshore) acts as a Member-Convener.

Shri Santosh Nautiyal, Shri R.S. Sharma (CMD), Shri S. Sundareshan (upto 04.02.2010) and all Functional Directors are members of the Committee.

During the year 2009-10, **two** meetings were held on February 22 and March 25, 2010. These meetings were attended by the members of the Committee, as under:

Members	Meetings held during the tenure	Meetings attended
Dr. R K Pachauri, Chairman (upto 25.06.2009)	0	0
Shri S. S.Rajsekar, Chairman (from 28.08.2009)	2	2
Shri S. Sundareshan (upto 04.02.2010)	0	0
Shri Santosh Nautiyal	2	2
Shri R.S. Sharma	2	1
Dr. A.K. Balyan	2	2
Shri A.K.Hazarika	2	2
Shri D.K.Pande	2	1
Shri U.N.Bose	2	2
Shri D.K.Sarraf	2	2
Shri Sudhir Vasudeva	2	2

7.7 FINANACIAL MANAGEMENT COMMITTEE

Mandate of the Committee includes looking into the matters pertaining to Budget, Delegation of Powers (Empowerment), Commercial Issues, Forex and Treasury Management, Investments, Risk Management, Capital Structure, Issue of Securities, Short and Long Term Loans, periodical Performance Review of subsidiaries.

Dr. Bakul. H. Dholakia was the Chairman of the Committee upto 25.06.2009. Shri S. Balachandran, Independent Director became Chairman w.e.f 28.08.2009.

Shri Santosh Nautiyal, Smt Anita Das, Shri D.K. Sarraf and concerned Functional Directors are the members. Shri V.P.Singh and Shri P.K.Choudhury, Independent Directors were members upto 25.06.2009. Director (Finance) is the Member -Convener.

During the year 2009-10, **four** meetings of the Committee were held on April 2, August 28, October 27 and November, 26, 2009. These meetings were attended by the members of the Committee, as under:

Members	Meetings held during the tenure	Meetings attended
Dr. Bakul H. Dholakia, Chairman (upto 25.06.2009)	1	1
Shri S. Balachandran, Chairman (from 28.08.2009)	4	4
Shri V.P.Singh (upto 25.06.2009)	1	1
Shri P. K .Choudhury (upto 25.06.2009)	1	1
Shri Santosh Nautiyal	2	2
Smt Anita Das	2	2
Shri D.K.Sarraf	4	4
Shri Sudhir Vasudeva *	1	1

*Attended the meetings as member concerning the Projects of his responsibilities.

7.8 COD FOR REDRESSAL OF GRIEVANCES OF THE PARTIES

Committee of Directors (COD) for Redressal of Grievances of the parties has been constituted to review the grievances of the parties for suitable Redressal.

Shri V.P. Singh was the Chairman of the Committee upto 25.06.2009. Shri Santosh Nautiyal, an Independent Director became Chairman of the Committee w.e.f. 28.08.2009. Other members of the Committee are Shri S.S. Rajsekar, Shri S. Balachandran (w.e.f 28.08.2009), Smt Anita Das, Shri A.K. Hazarika, Shri U.N. Bose, Shri D.K. Sarraf and concerned Functional Directors. Director (T&FS) is the Member-Convener of the Committee. Shri R.K. Pachauri and Dr. Bakul. H. Dholakia were members upto 25.06.2009.

During the year 2009-10, **five** meetings of the committee were held on April 1, August 11, September 22, December 18, 2009 and March 25, 2010. These meetings were attended by the members of the Committee, as under:

Members	Meetings held during the tenure	Meetings attended
Shri V.P. Singh, Chairman (upto 25.06.2009)	1	1
Shri Santosh Nautiyal, Chairman (from 28.08.2009)	5	5
Dr. R.K. Pachauri (upto 25.06.2009)	1	0
Dr. Bakul H. Dholakia (upto 25.06.2009)	1	1
Shri S.S. Rajsekar	5	5
Shri S. Balachandran (w.e.f 28.08.09)	3	3
Smt Anita Das (w.e.f 28.08.09)	3	3
Shri A.K. Hazarika	5	5
Shri D.K. Pande*	2	2
Shri U.N. Bose	5	5
Shri D.K. Sarraf	5	5
Shri A.K. Balyan*	1	1
Shri Sudhir Vasudeva*	3	3

*These Directors attended the meetings as member concerning the Projects of their responsibilities.

7.9 OTHER FUNCTIONAL COMMITTEES

Apart from the above, the board constitutes, from time to time, functional committees with specific terms of reference as it may deem fit. Meetings of such committees are held as and when the need for discussing the matter concerning the purpose arises. Time schedule for holding the meetings of such committees are finalized in consultation with the committee members.

8. CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT

The Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. A code of conduct, evolved in line with the industry practices was adopted by the Board on the recommendations of Audit and Ethics Committee. A copy of the Code has been placed on the Company's website www.ongcindia.com.

All members of the Board and senior management i.e. 'Key Executives' have confirmed compliance with the Code of Conduct for the year under review. A declaration signed by Chairman & Managing Director is given below:

"I hereby confirm that the Company has obtained from the members of the Board and senior management (Key Executives), affirmation that they have complied with the Code of Conduct for Directors and senior management in respect of the financial year 2009-10."

8.1 ONGC'S CODE ON INSIDER TRADING

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board has approved the "The Code of Internal Procedures and Conduct in dealing with the Securities of ONGC". The objective of the Code is to prevent purchase and/ or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Insiders (Directors, Advisors, Key Executives, Designated Employees and other concerned persons) are prohibited to deal in the Company's shares and derivatives thereof during the closure of Trading Window and other specified period(s). To deal in securities, beyond specified limit, permission of Compliance Officer is required. All Insiders are also required to disclose related information periodically as defined in the Code.

8.2 CEO/ CFO CERTIFICATION

In terms of revised Clause 49 of the Listing Agreement, the certification by the CEO/ CFO on the financial statements and internal controls relating to financial reporting for the year 2009-10 was submitted to the Board on 28th May, 2010

9.0 FINANCE MANUAL

With the approval of Executive Committee, Finance Manual has been issued on 4th June, 2009. ONGC Finance Manual is a compendium based on the existing practices and systems, comprehensively covering various finance activities such as accounting, budgeting, costing, pre-audit, treasury management etc. This manual will provide the users with existing practices, processes, finance policies & procedures, and will guide Finance officers while ensuring consistency and uniformity across locations in terms of processes and methodologies followed. The detailed documented guidelines/policies of Finance function in ONGC would also be of great help for new incumbents' and Finance officers on transfers. The knowledge documented would also enlighten outside agencies like Statutory Auditors, Government Auditors associated with ONGC in the years to come.

10. SUBSIDIARY MONITORING FRAMEWORK

The Company has two direct subsidiary companies, Mangalore Refinery and Petrochemicals Ltd. (MRPL, listed, material) and ONGC Videsh Ltd. (OVL, unlisted, non-material). The list of subsidiaries of MRPL and OVL is given in the consolidated accounts of ONGC which forms part of the Annual Report. All subsidiaries of the Company are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. As a majority shareholder, the Company nominates its representatives on the Boards of subsidiary companies and monitors the performance of such companies periodically.

Performance of the listed and unlisted subsidiary companies is reviewed by the Audit and Ethics Committee and the Board as under:

a) Financial Statements of the subsidiary companies, are reviewed by the Audit and Ethics Committee;

b) Minutes of the meetings of the Board of Directors of the subsidiaries, alongwith gist thereof, are placed before the Company's Board, periodically;

c) A statement of all significant transactions and arrangements entered into by the subsidiary companies are also reviewed by the Company.

The Company does not have any material unlisted subsidiary companies in terms of the clause 49 of the Listing Agreement.

11. COMPLIANCE OFFICER

The Company Secretary has been nominated as the Compliance Officer. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and the regulatory authorities for governance matters.

12. ANNUAL GENERAL MEETINGS

Location, date and time of the AGMs held during the preceding 3 years are as under:

Year	Location	Date	Time (IST)
2006-07	Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi- 110049	19.09.2007	10.30 a.m.
2007-08	Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi- 110049	19.09.2008	10.00 a.m.
2008-09	Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi- 110049	23.09.2009	10.00 a.m.

There were no special resolutions passed by the Company at the last 3 AGMs. No special resolution was passed last year through postal ballot. No special resolution is proposed to be conducted through postal ballot.

13. DISCLOSURES

13.1 MATERIAL CONTRACTS/ RELATED PARTY TRANSACTIONS

The Company has not entered into any material financial or commercial transactions with the Directors or the Management or their relatives or the companies and firms, etc., in which they are either directly or through their relatives interested as Directors and/or Partners except with certain PSUs, where the Directors are Directors without the required shareholdings. The Company has obtained declarations from all concerned in this regard, which were noted by the Board.

Transactions with related parties are disclosed in Note No. 22 of Schedule 27 to the Accounts. Being a State Enterprise, no disclosure has been made in respect of the transactions with State Enterprises, including subsidiary companies, in line with Accounting Standard-18 on Related Party Transactions.

13.2 COMPLIANCES

The Company has complied with applicable rules and the requirement of regulatory authorities on capital market and no penalties or strictures were imposed on the Company during last three years.

All returns/ reports were filed within stipulated time with stock exchanges/ other authorities.

14. MEANS OF COMMUNICATION

- **Quarterly/ Annual Results:** The Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges, immediately after these are approved. These financial results are normally published in the leading English and vernacular dailies having wide circulation across the country. The results are also displayed on the web site of the Company **www.ongcindia.com.** The results are not sent individually to the shareholders.

- **News Release, Presentation etc.:** The official news releases, detailed presentations made to media, institutional investors, financial analysts etc. are displayed on the Company's website www.ongcindia.com.

- **Website:** The Company's website www.ongcindia.com contains separate dedicated section 'Investor Relations' where the shareholders information is available. Full Annual Report, Shareholding Pattern and Corporate Governance Report etc. is also available on the web-site in a user-friendly manner.

- **Annual Report:** Annual Report containing inter-alia, Audited Accounts, Consolidated Financial Statements, Directors' Report, Management Discussion and Analysis (MD&A) Report, Auditors' Report, Corporate Governance Report including Information for the Shareholders and other important information is circulated to the members and others entitled thereto.

15. SHAREHOLDERS' INFORMATION

15.1 ANNUAL GENERAL MEETING

Date	:	23rd September, 2010
Time	:	10:00 Hrs
Venue	:	Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi-110049.

15.2 FINANCIAL CALENDER

Adoption of Quarterly Results for the Quarter ending	Upto
June 30, 2010	15th August, 2010
September 30, 2010	15th November, 2010
December 31, 2010	15th February, 2011
March 31, 2011(audited)	30th May, 2011

15.3 BOOK CLOSURE PERIOD

The Book Closure period is from Tuesday, the 14th September, 2010 to Thursday, the 23rd September, 2010 (both days inclusive) for the payment of Final Dividend.

15.4 DIVIDEND PAYMENT DATE

Final Dividend would be paid on 28th September, 2010.

15.5 LISTING ON STOCK EXCHANGES:

The equity shares of the Company are part of the Sensex and S&P CNX Nifty Index and are listed on the following Stock Exchanges:

Name & Address	Telephone/Fax/ E-mail ID/Website ID	Trading Symbol
Bombay Stock Exchange (BSE) P.J. Towers, Dalal Street, Mumbai-400001	Telephone:022-22721233/4 Fax: 022-22721919 E-mail: info@bseindia.com Website:www.bseindia.com	**500312 ONG CORP. LTD**
National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra(E), Mumbai-400051	Telephone: 022-26598100-8114 Facsimile: 022-26598120 E-mail: cc_nse@nse.co.in Website:www.nseindia.com	**ONGC**

15.6 LISTING FEES

Annual listing fees for the year 2009-10, as applicable has been paid to the above Stock Exchanges.

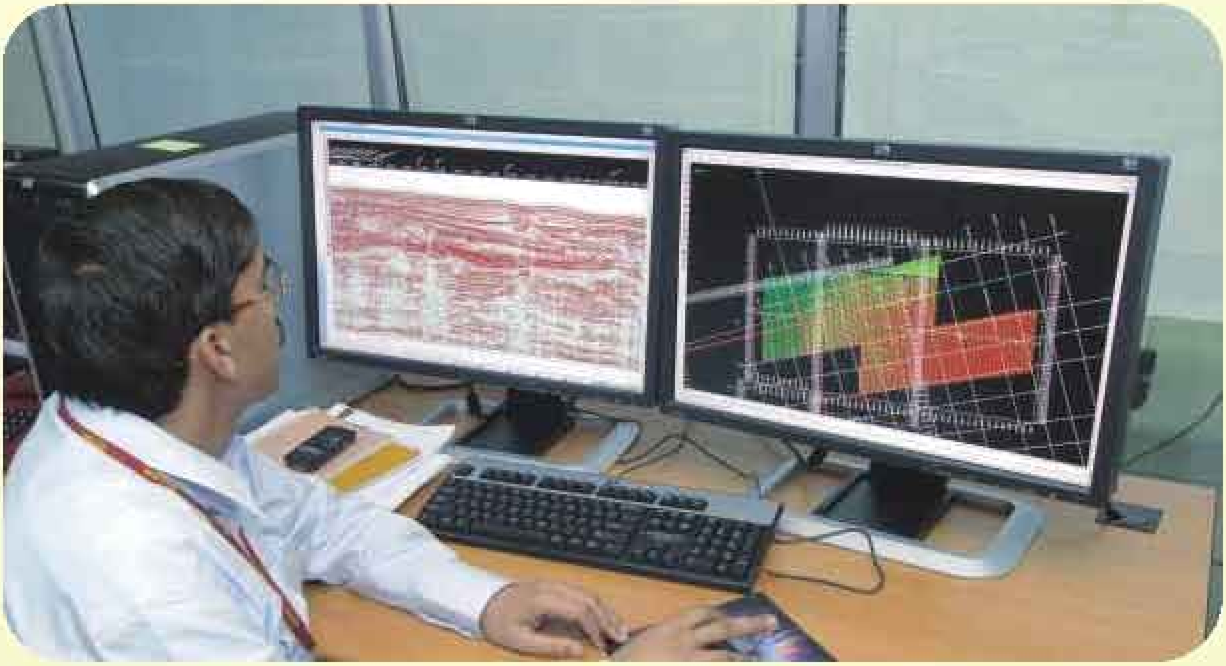
15.7 DEMAT ISIN NUMBERS IN NSDL and CDSL

(Stock Code): INE213A01011

Custody Fee of NSDL and CDSL has been paid till 31st March, 2010

15.8 STOCK MARKET INFORMATION

The stock price performance of ONGC scrip during the past 5 years in comparison to BSE Indices and S&P CNX Nifty is plotted below:



Contour mapping in progress during 3-D interpretation

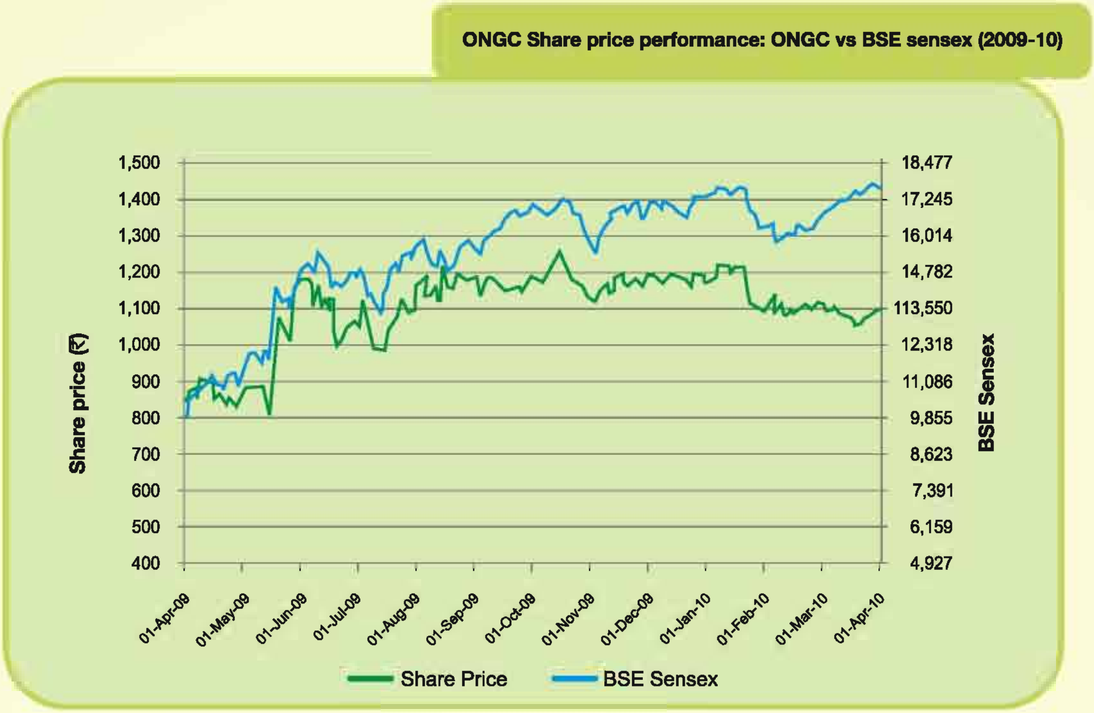
ONGC Share performance: ONGC vs BSE sensex (2005-10)

15.8.1 STOCK MARKET DATA

Month	Bombay Stock Exchange			National Stock Exchange		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr '09	922.50	752.50	6,571,018	922.50	751.20	35,014,418
May '09	1,218.95	802.00	10,137,492	1220.00	802.35	55,140,323
Jun '09	1,203.00	971.25	7,282,015	1220.00	964.00	47,689,096
Jul '09	1,176.90	965.10	12,080,715	1177.70	963.00	52,467,831
Aug '09	1,229.80	1,109.05	6,243,215	1230.00	1108.10	34,888,834
Sep '09	1,213.00	1,135.40	5,483,649	1214.25	934.25	28,607,955
Oct '09	1,273.50	1,101.25	3,043,249	1277.65	1126.30	20,547,687
Nov '09	1,227.35	1,109.05	3,030,289	1211.80	1105.20	19,321,542
Dec '09	1,217.00	1,155.00	1,893,858	1217.00	1152.75	13,553,010
Jan '10	1,245.90	1,082.00	2,812,041	1246.75	1075.00	17,777,969
Feb '10	1,155.00	1,066.35	2,103,812	1155.00	1036.75	12,902,959
Mar '10	1,135.85	1,046.00	3,191,404	1138.60	1045.15	19,311,176

Source: Web-sites of BSE and NSE

15.8.2 PERFORMANCE IN COMPARISON TO BROAD BASED INDICES FOR 2009-10



16. SHARE TRANSFER SYSTEM

Karvy Computershare Private Ltd. (Karvy) are the Registrar and Share Transfer Agent for physical shares. Karvy is also the depository interface of the Company with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL)

With a view to expedite the process of transfer of shares which are received in physical form, the Board had constituted an Officers Committee which usually meets once in a fortnight to consider and approve the shares received for transfer, transmission, re-materialization and dematerialization etc. and 23 meetings of the aforesaid Committee were held during 2009-10. The shares received in physical form are transferred expeditiously, provided the documents are complete and the share transfer is not under any dispute. The Minutes of the Officers Committee are placed to the Shareholders'/ Investors' Grievance Committee. A summary of transfer/ transmission of securities so approved by the Officers Committee are placed at Board Meetings. The share certificates duly endorsed are sent to the shareholders by RTA. Confirmation in respect to the requests for dematerialization of shares is sent to the respective depositories i.e. NSDL and CDSL, expeditiously.

Pursuant to the Clause 47-C of the Listing Agreement, certificates on quarterly basis confirming due compliance of share transfer formalities by the Company, certificate for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 are sent to the stock exchanges.

In addition, as a part of the capital integrity audit, a Secretarial Audit Report for reconciliation of the share capital confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL, is placed before the Board on a quarterly basis. A copy of the Audit Report is submitted to the stock exchanges.

The total number of transfer deeds processed and shares transferred during the last three years are as under:

Years	No. of transfer deeds processed	No. of shares transferred
2009-10	175	16,575
2008-09	420	17,944
2007-08	561	25,023

17. SHAREHOLDING PATTERN AS ON 31st MARCH, 2010

Category	No. of Shares held	Percentage of Shareholding
President of India	1,585,740,673	74.14
Banks, Financial Institutions and Insurance Companies	122,789,667	5.74
Foreign Institutional Investors	89,101,089	4.17
Mutual Funds & UTI	47,279,827	2.21
NRIs	885,465	0.04
Bodies Corporate:		
• Government Companies	215,881,124	10.09
• Others	40,937,851	1.91
Employees	2,048,738	0.10
Public	34,208,096	1.60
Total	**2,138,872,530**	**100.00**

17.1 TOP 10 SHAREHOLDERS AS ON 31st MARCH, 2010

S.No	Name	No. of Shares held	% of total Shareholding
1	President of India	1,585,740,673	74.14
2	Indian Oil Corporation Limited	164,480,857	7.69
3	Life Insurance Corporation Of India	110,999,015	5.18
4	GAIL (India) Limited	51,400,267	2.40
5	ICICI Prudential Life Insurance Company Limited	15,383,813	0.72
6	Franklin Templeton Investment Funds	11,859,660	0.55
7	Bajaj Allianz Life Insurance Company Limited	4,697,488	0.22
8	PCA India Infrastructure Equity Open Limited	4,139,716	0.19
9	HDFC Standard Life Insurance Company Limited	3,696,587	0.17
10	Abu Dhabi Investment Authority - Gulab	3,541,251	0.17

17.2 DISTRIBUTION OF SHAREHOLDING BY SIZE AS ON 31st MARCH, 2010

Category (no. of shares)	Number of Shareholders	% of Shareholders	Total number of Shares	% of Share holding
1 - 500	378,464	95.82	21,853,106	1.04
501 - 1000	12,321	3.12	9,312,114	0.45
1001 - 2000	2,835	0.72	3,603,569	0.17
2001 - 3000	248	0.06	617,284	0.03
3001 - 4000	140	0.04	493,996	0.02
4001 - 5000	68	0.02	309,265	0.02
5001 - 10000	199	0.05	1,431,028	0.07
10001 & Above	684	0.17	2,101,252,168	98.21
Total	**394,959**	**100.00**	**2,138,872,530**	**100.00**

17.3 GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS AS ON 31st MARCH, 2010

S. No	City	Shareholders		Shareholding	
		Nos	% age	No of shares	%age of holding
1	Ahmedabad	26,934	6.82	2,820,727	0.13
2	Bengaluru	16,536	4.19	1,111,492	0.05
3	Chennai	15,442	3.91	3,802,174	0.18
4	Guwahati	6,385	1.62	1,533,797	0.07
5	Hyderabad	8,592	2.18	6,23,419	0.03
6	Kolkata	25,714	6.51	3,356,036	0.16
7	Mumbai	98,159	24.85	469,296,365	21.94
8	New Delhi	29,634	7.50	1,640,601,087	76.70
9	Pune	8,658	2.19	557,563	0.03
10	Vadodara	16,923	4.28	3,103,247	0.15
11	Others	141,982	35.95	12,066,623	0.56
	Total	394,959	100.00	2,138,872,530	100.00

17.4 History of Paid-up Equity Share Capital (Face value of ₹ 10 each)

Year	No. of Shares	Cumulative	Details
1993-94	10	10	Initial Subscription to the Memorandum of Association on 23rd June, 1993
1993-94	342,853,716	342,853,726	Issued to the President of India on 1st February, 1994 on transfer of Undertaking of Oil and Natural Gas Commission in terms of Oil and Natural Gas Commission (Transfer of Undertaking and Repeal) Act, 1993
1994-95	6,639,300	349,493,026	Issued to the Employees at a premium of ₹ 260 per Share
1995-96	1,076,440,966	1,425,933,992	Issue of Bonus Shares in ratio of 3.08: 1 on 24th April, 1995 by Capitalization of General Reserve (Includes 600 shares issued to employees in 1995 to 96 and bonus shares thereon.
2006-07	(-)18,972 712,957,510	1,425,915,020 2,138,872,530	Forfeiture of Shares on 12th April, 2006 Issue of Bonus Shares in ratio of 1:2 on 8th November, 2006 by Capitalization of General Reserve.
As on 31st March, 2010	-	2,138,872,530	

18. CORPORATE BENEFITS

DIVIDEND HISTORY

Years	Interim / Final	Rate %	Per Share (₹)	Amount (₹ in million)
2005-06	Interim	250	25	35,648.35
	Final	200	20	28,518.68
2006-07	Interim	180	18	38,499.66
	Final	130	13	27,805.31
2007-08	Interim	180	18	38,499.66
	Final	140	14	29,944.22
2008-09	Interim	180	18	38,499.66
	Final	140	14	29,944.22
2009-10	Interim	180	18	38,499.66
	Final (Proposed)	150	15	32,083.09

19. TRANSFER OF UNPAID/ UNCLAIMED DIVIDEND AMOUNT TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)

During the year under report, an amount of ₹ 3,744,255 and ₹ 3,888,213 pertaining to unpaid dividend for the financial year 2001-02 and 2002-03 (Interim) respectively was transferred to the Investor Education & Protection Fund (IEPF) set up by the Central Government. This is in accordance with the sections 205A and 205C of the Companies Act, 1956 requiring transfer of dividend remaining unclaimed and unpaid for a period of 7 years from the due date to the IEPF.

Unclaimed final dividend for the year 2002-03 (Final) is due for transfer to IEPF on or before 28th October, 2010. All Shareholders, whose dividend is unpaid, are requested to lodge their claim with M/s Karvy, the RTA by submitting an application before 30th September, 2010 since no claim will lie against the Company or the IEPF once the dividend amount is deposited in IEPF

Members who have not encashed their dividend warrants within their validity period may write to the Company at its Registered office or M/s Karvy, the RTA, for revalidating or obtaining duplicate warrant.

Given below are the proposed dates for transfer of the unclaimed dividend to IEPF by the Company during this and next calendar year:

Financial Year	Date of Declaration	Proposed Date for transfer to IEPF*
2002-03 - Final	29.09.2003	28.10.2010
2003-04 - Interim	04.02.2004	03.03.2011
Final	29.09.2004	28.10.2011

*Indicative dates, actual dates may vary

20. DEMATERIALIZATION OF SHARES AND LIQUIDITY

Description	No. of Shareholders	Shares	% to Equity
CDSL	71,094	252,428,921	11.80
NSDL	316,694	327,817,869	15.33
PHYSICAL	7,171	1,558,625,740	72.87
Total	**394,959**	**2,138,872,530**	**100.00**

The shares of the Company are in compulsory dematerialized segment and are available for trading in depository system of both National Securities Depository Limited and Central Depository Services (India) Limited. As on 31st March, 2010, 553,131,857 Equity shares forming 25.86% of divested shareholding, stood dematerialized.

21. OUTSTANDING GDRs/ ADRs / WARRANTS OR CONVERTIBLE INSTRUMENT

No GDRs, ADRs, Warrants or Convertible Instruments have been issued by the Company.

22. ASSETS/ BASINS/ PLANTS/ INSTITUTES

A. ASSETS

1. Mumbai High Asset, Mumbai
2. Neelam & Heera Asset, Mumbai
3. Bassein & Satellite Asset, Mumbai
4. Ahmedabad Asset, Ahmedabad
5. Ankleshwar Asset, Ankleshwar
6. Mehsana Asset, Mehsana
7. Rajahmundry Asset, Rajahmundry
10. Karaikal Asset, Karaikal
11. Assam Asset, Nazira
12. Tripura Asset, Agartala
13. Eastern offshore Asset, Kakinada, Andhra Pradesh

B. BASINS

1. Western Offshore Basin, Mumbai
2. Western Onshore Basin, Vadodara
3. KG-PG Basin, Chennai
4. Cauvery Basin, Chennai
5. Assam & Assam-Arakan Basin, Jorhat
6. MBA Basin and CBM Development Project, Kolkata/Bokaro
7. Frontier Basin, Dehradun

C. PLANTS

1. Uran Plant, Uran
2. Hazira Plant, Hazira
3. C2-C3-C4 Plant, Dahej, Gujarat

D. INSTITUTES

1. Keshava Deva Malaviya Institute of Petroleum Exploration (KDMIPE), Dehradun
2. Institute of Drilling Technology (IDT), Dehradun
3. Institute of Reservoir Studies, (IRS), Ahmedabad
4. Institute of Oil & Gas Production Technology, (IOGPT), Navi Mumbai
5. Institute of Engineering & Ocean Technology, (IEOT), Navi Mumbai
6. Geo- data Processing & Interpretation Center (GEOPIC), Dehradun
7. ONGC Academy, Dehradun
8. Institute of Petroleum Safety, Health & Environment Management, (IPSHEM), Goa
9. Institute of Biotechnology & Geotectonics Studies (INBIGS), Jorhat
10. School of Maintenance Practices (SMP), Vadodara

11. Centre for Excellence in Well Logging (CEWL), Vadodara
12. Regional Training Institutes, (RTIs) Navi Mumbai, Chennai, Sibasagar and Vadodara.

23. INVESTOR SERVICES AND ADDRESSES FOR SHAREHOLDERS' CORRESPONDENCE

These have been given at **7.3** above.

24. RISK MANAGEMENT

The framework for risk assessment and minimisation there to has been evaluated and further improvements, if any, suggested by experts shall be launched.

25. COMPLIANCE CERTIFICATE FROM THE AUDITORS

Certificate from the Auditors of the Company, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed to the Directors' Report forming part of the Annual Report. The Certificate has also been forwarded to the stock exchanges where the securities of the Company are listed.

26. ADOPTION OF NON-MANDATORY REQUIREMENTS OF CLAUSE 49

The following non-mandatory requirements have been implemented and reflected elsewhere in this report;

- The Company has constituted a **Remuneration Committee** (Refer para 7.2).
- **Shareholders' Rights** - Communication of financial results (Refer para 14)
- **Audit Qualifications** - the Company is in the regime of unqualified financial statements.
- **Training of Board members** and **mechanism for evaluation of non-executive Board members** {Refer para 2.3(f)}
- During the year, the Company has put in place a comprehensive **Whistle Blower Policy** which has been hosted on the intranet of ONGC.

The said policy provides an opportunity to the employees to raise concerns and to access in good faith the Audit & Ethics Committee, to the highest possible standards of ethical, moral and legal business conduct. The Policy ensures an open communication, in case employees observe unethical and improper practices or any other wrongful conduct in the Company and provides necessary safeguards for protection of employees from reprisals or victimization and to prohibit managerial personnel from taking any adverse personnel action against those employees.

27. GUIDELINES ON CORPORATE GOVERNANCE BY DPE

In May, 2010, the Department of Public Enterprises (DPE) has notified mandatory Guidelines on Corporate Governance, 2010 for Central Public Sector Enterprises. The Board of Directors of ONGC have adopted these guidelines as the Board approved policy on Corporate Governance. .

No items of expenditure have been debited in books of accounts, which are not for the purpose of business. No expenses, which are personal in nature, have been incurred for the Board of Directors and top management.

Administrative Expenses

The administrative and Office expenses is 5.22% of total expenses (excluding the purchases of MRPL Products) in 2009-10 as against 4.67% in 2008-09.However, the administrative and office expenses is 5.21 % of total expenses (including the purchases of MRPL Products) in 2009-10 as against 3.79 % during the previous year.

28. SECRETARIAL COMPLIANCE REPORT

Secretarial Compliance Report confirming compliance to the applicable provisions of Companies Act, 1956, Listing Agreement, SEBI guidelines and all other related rules and regulations relating to capital market, though not mandatory, obtained from a practicing Company Secretary, was noted by the Board and forms part of the Directors' Report.

29. FEE TO STATUTORY AUDITORS

The fee paid/ payable to the Statutory Auditors for the year is Rs 14.58 million (previous year ₹ 12.75 million) including ₹ 0.75million (previous year ₹ 0.75 million) as fee for Certification of Corporate Governance Report, ₹ 3 million (previous year ₹ 2.4 million) for Limited review report and ₹ 2.08 million (previous year ₹ 1.60 million) for NELP Certification plus applicable service tax and reasonable travelling and out of pocket expenses actually incurred / reimbursable.

To
The Members
Oil And Natural Gas Corporation Ltd.

We have examined the compliance of conditions of Corporate Governance by **Oil And Natural Gas Corporation Limited** for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination as carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing agreement) issued by The Institute of Chartered Accountants of India and was limited to review the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company, except that the Board of Directors does not comprise of the required number of independent directors and non-executive directors as per the terms of provisions of Clause 49 of the Listing Agreement, has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Kalyaniwalla & Mistry
Chartered Accountants
(Firm Regn No : 104607W)

(Ermin K. Irani)
Partner (Mem. No. 35646)

For Arun K. Agarwal & Associates
Chartered Accountants
(Firm Regn. No : 003917N)

(Arun Agarwal)
Partner (Mem. No. 82899)

For Singhi & Co.
Chartered Accountants
(Firm Regn. No : 302049E)

(B.K.Sipani)
Partner (Mem. No. 88926)

For P.S.D. & Associates
Chartered Accountants
(Firm Regn. No : 004501C)

(Prakash Sharma)
Partner (Mem. No. 72332)

For Padmanabhan Ramani & Ramanujam
Chartered Accountants
(Firm Regn. No : 002510S)

(G Vivekananthan)
Partner (Mem. No. 28339)

New Delhi
29th July, 2010

The Board of Directors,
Oil and Natural Gas Corporation Ltd
Regd. Office: Jeevan Bharti,Tower II,
124, Indira Chowk,
New Delhi-110001.

We have examined the registers, records and documents of Oil and Natural Gas Corporation Ltd. (the Company) for the financial year ended on 31.3.2010 according to the provisions of:

The Companies Act, 1956 and Rules made under the Act;

The Depositories Act, 1996 and the Regulations and Byelaws framed under the Act;

The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

The Equity Listing Agreement with the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Ltd. and

Guidelines on Corporate Governance for Central Public Sector Enterprises as stipulated in the O.M.No. 18(8)/2005-GM dated 14th May, 2010 of the Ministry of Heavy Industries and Public Enterprises, Government of India ("the DPE Guidelines on Corporate Governance").

Based on our examination and verification of records produced to us and according to the information and explanations given to us by the Company, in our opinion, the Company has complied with the provisions of the Companies Act, 1956 ("the Act") and Rules made under the Act and the Memorandum and Articles of Association of the Company with regard to:

(a) Maintenance of statutory registers and documents and making necessary entries therein;

(b) Filing of the requisite forms and returns with the Registrar of Companies, NCT of Delhi and Haryana within the time prescribed under the Act and the Rules made thereunder.

(c) Service of documents by the Company on its members and the Registrar of Companies.

(d) Closure of Register of Members and Share Transfer Books of the Company from 15th September 2009 to 23rd September 2009 (both days inclusive).

(e) Notice of Board Meetings and Committee meetings of Directors;

(f) Convening and holding of the meetings of Directors and Committees of Directors including passing of resolutions by circulation;

(g) The 16th Annual General Meeting held on 23rd September 2009.

(h) Minutes of proceedings of General Meeting and meetings of Board and its committees.

(i) Constitution of Board of Directors and appointment, retirement and re-appointment of directors;

(j) Appointment of Chairman and Managing Director, Whole Time Directors and non-executive Directors and their remuneration.

(k) The Directors disclosed their interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities and their disclosures have been noted and recorded by the Board.

(l) Transfers and transmission of shares and issue and delivery of original and duplicate certificates of shares; dematerialization/ rematerialization of shares;

(m) Declaration and payment of dividend including interim dividend;

(n) Transfer of certain amounts as required under the Act to the Investor Education and Protection Fund;

(o) Investment of Company's funds including inter corporate loans and investments.

(p) Appointment and remuneration of Auditors.

(q) Appointment of Cost Auditors under Section 233B of the Act.

(r) The Company made application to the Central Government seeking exemption from provisions of Section 212(1) of the Act in relation to its subsidiary companies for the year 2009-10. Approval of Central Government has been received vide letter No.47/506/2010-CL-III dated 04.06.2010.

(s) The Company wherever necessary has kept in abeyance rights to dividend declared at the Annual General Meeting held on 23rd September, 2009 and interim dividend declared on 18.12.2009, pending registration of transfer of shares in compliance with the provisions of the Act.

(t) The Company has not invited/accepted any deposits falling within the purview of Section 58A of the Act during the financial year.

(u) The Company has not made any secured borrowings during the financial year ended on 31st March, 2010.

(v) The Company has not bought back any shares during the financial year.

(w) The Company has not altered any provisions of its Memorandum of Association or Articles of Association during the financial year.

(x) The Company has created a trust, namely, the ONGC Employees Contributory Provident Fund Trust for its employees. The Company has deposited both the employees' and employer's contribution with the above Trust within the prescribed time pursuant to Section 418 of the Act.

(y) The Company has substantially observed the Secretarial Standards issued by the Institute of Company Secretaries of India, although recommendatory in nature.

(z) There was no prosecution initiated against or show cause notice received by the Company and no fines or any other punishment was imposed on the Company, its Directors and officers during the financial year for any offences under the Act.

2. We further report that the Company has complied with the provisions of the Depositories Act, 1996 and Regulations framed there-under with regard to dematerialisation/rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

3. We further report that:

(i) The Company has complied with the requirements of Equity Listing Agreements entered into with the Bombay Stock Exchange Ltd and the National Stock Exchange of India Ltd. except that the Board of Directors does not comprise of the required number of independent and non-executive directors as per clause 49(I)(A) of the Listing Agreements.

(ii) The Company has complied with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 with regard to disclosures and maintenance of records required under the Regulations.

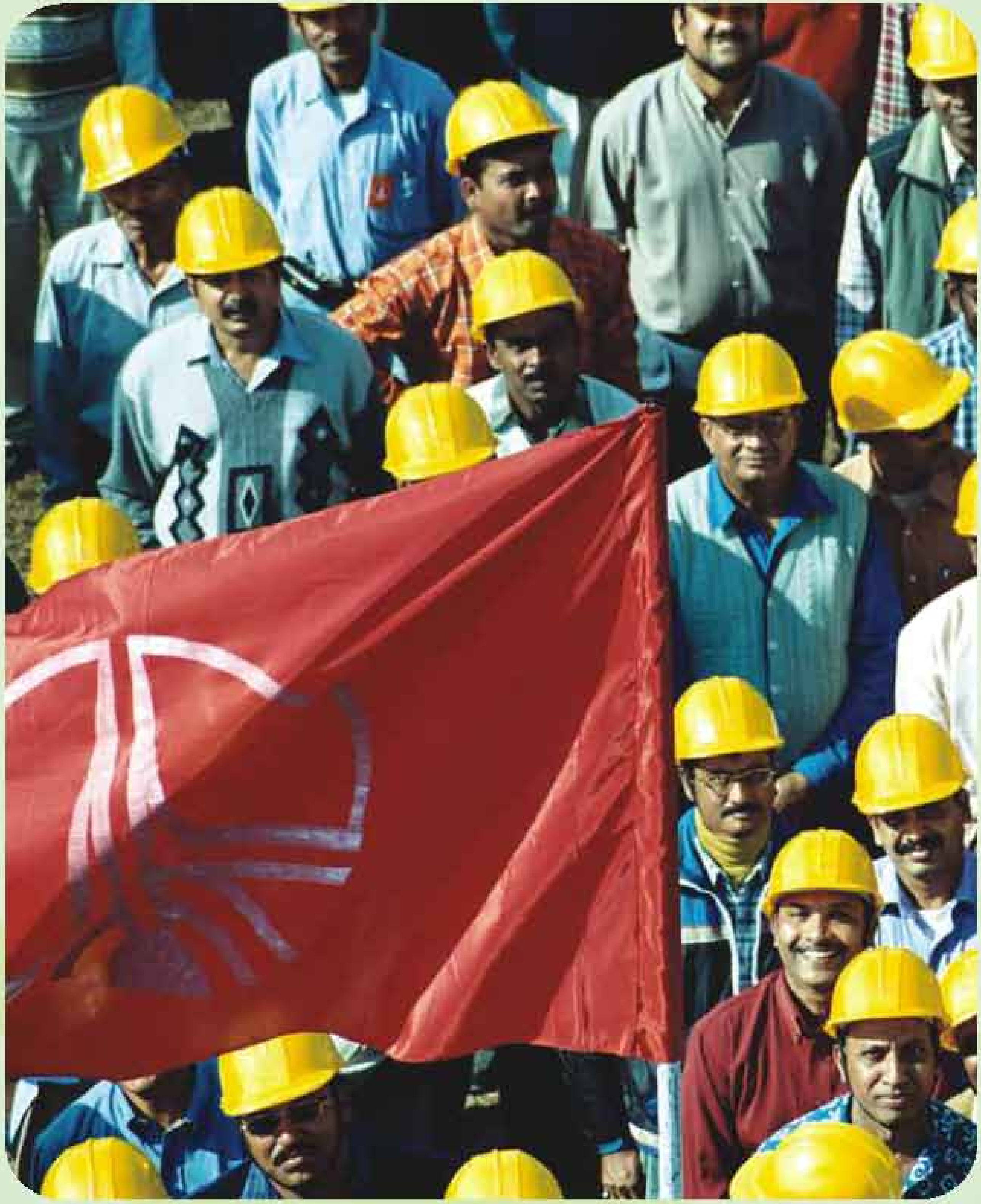
(iii) The Company has complied with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the Regulations.

4. In our opinion and to the best of our information and according to explanations given to us by the management, we certify that, **except** the composition of the Board of Directors with regard to independent Directors, and appointment of one independent Director on the Boards of its subsidiary companies, the Company has complied with the DPE guidelines on Corporate Governance.

For A. N. Kukreja & Co.
Company Secretaries.

(A. N. Kukreja)
Proprietor
CP No.2318

New Delhi
20th July, 2010.



Sr.No	Name of Subsidiary Company	(US$ in million)								
		As on 31.03.2010					For the year 2009-10			
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
		Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (except in case of investment in the subsidiaries)	Turnover	Profit before Taxation	Provision for Taxation	
1	ONGC Videsh Ltd									
2	Mangalore Refinery & Petrochemicals Limited									
3	ONGC Nile Ganga B.V.*	0.10	2,042.96	2,664.72	621.66	-	1,814.85	650.23	229.49	
4	ONGC Narmada Limited	0.16	(11.54)	20.75	32.13	-	-	(2.47)	-	
5	ONGC Amazon Alaknanda Limited*	437.50	217.50	697.79	42.79	-	139.06	72.66	15.35	
6	ONGC Do Brasil Explorancao Petrolifera Ltda	0.00	-	0.00	-	-	-	-	-	
7	ONGC Campos Ltda.	185.16	(46.25)	702.37	563.46	-	31.16	(1.67)	(18.03)	
8	ONGC Nile Ganga (Cyprus) Ltd.	0.00	123.79	123.91	0.13	-	-	1.12	0.11	
9	ONGC Nile Ganga (San Cristobal) B.V.*	0.07	347.52	481.30	133.71	-	299.60	187.84	92.60	
10	Jarpeno Limited	0.19	1,927.38	3,251.71	1,324.14	-	-	5.23	0.04	
11	Imperial Energy Corporation Plc.	5.07	934.23	940.31	1.01	-	-	21.24	0.31	
12	Imperial Energy Limited	-	11.93	11.93	-	-	-	(7.12)	-	
13	Rus Imperial Corporation plc.	0.59	-	0.59	-	-	-	-	-	
14	Imperial Energy Finance (Jersey) Limited	-	-	-	-	-	-	-	-	
15	Biancus Holdings Limited	-	18.37	1,173.02	1,154.65	-	-	1.07	0.16	
16	Rus Imperial Limited	-	-	-	-	-	-	-	-	
17	Imperial Energy Tomsk Limited	-	(4.64)	11.16	15.80	-	-	(0.61)	-	
18	Imperial Energy (Cyprus) Limited	0.03	23.25	185.04	161.76	-	-	(6.60)	-	
19	Imperial Energy Nord Limited	0.03	104.53	313.01	208.45	-	-	(7.09)	-	
20	Imperial Energy Gas Limited	-	(0.17)	-	0.17	-	-	(0.03)	-	
21	Nefsilius Holdings Limited	-	(0.11)	1.01	1.12	-	-	(0.04)	-	
22	RK Imperial Energy Kostanai Limited	-	(0.09)	-	0.09	-	-	(0.02)	-	
23	Imperial Frac Services (Cyprus) Limited	-	(0.14)	-	0.14	-	-	(0.03)	-	
24	Freshspring Investments Limited	-	(0.11)	-	0.11	-	-	(0.02)	-	
25	Redcliffe Holdings Limited	-	(2.40)	37.33	39.73	-	-	(1.09)	-	
26	San Agio Investments Limited	-	(5.87)	29.91	35.78	-	-	(7.71)	0.32	
27	Imperial Energy Kostanai Limited	-	11.35	11.35	-	-	-	(0.04)	-	
28	OOO Sibinterneft	-	(12.55)	11.09	23.64	-	-	(4.81)	-	
29	OOO Allianceneftegaz	-	9.67	348.58	338.91	-	141.07	(35.58)	-	
30	OOO Nord Imperial	-	(26.42)	703.86	730.28	-	31.60	(108.32)	-	
31	OOO Imperial Energy	-	-	-	-	-	-	-	-	
32	OOO Imperial Energy Tomsk Gas	-	(0.23)	0.04	0.27	-	-	(0.05)	-	
33	OOO Stratum	-	(0.01)	-	0.01	-	-	-	-	
34	OOO Imperial Trans Service	-	0.77	2.99	2.22	-	-	0.01	-	
35	OOO Rus Imperial Group	-	10.07	77.88	67.81	-	-	7.08	-	
36	TOO Sevkazgra	-	-	-	-	-	-	-	-	
37	AB Startkapitalet nr 5636* (Name changed to Carabobo One AB)	0.01	(0.01)	0.03	0.03	-	-	(0.01)	-	
38	Petro Carabobo Ganga B.V.	0.02	(0.01)	0.02	0.01	-	-	(0.01)		

*including figures in respect of Subsidiaries & JV Companies.

Exchange Rate

As on 31.03.2010 — 1 US$ = ₹ 45.1300

Average Rate for 2009-10 — 1 US$ = ₹ 47.4433

Note:-

In view of exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account, Report of Directors and Auditors of the Subsidiary are not attached to the Balance Sheet of the Company. The annual accounts of the subsidiary and the related detailed information will be made available to the holding company and subsidiary investors, seeking such information at any point of time. The same are also available for inspection by any investor at the Registered Office of the Company as well as at the Registered Office of the Subsidiary. The details of the accounts of individual subsidiary are available at www.ongcindia.com.

		(₹ in million)									
		As on 31.03.2010					For the year 2009-10				
(i)	(j)	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Profit after Taxation	Proposed Dividend	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (except in case of investment in the subsidiaries)	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
		10,000.00	49,485.41	284,984.79	225,499.38	1,359.84	48,357.27	18,940.30	7,229.02	11,711.28	-
		17,618.50	38,347.02	145,828.27	89,862.75	16,236.62	318,851.74	16,918.45	5,794.68	11,123.77	2,103.13
420.74	-	4.51	92,198.78	120,258.81	28,055.52	-	86,102.47	30,849.06	10,887.76	19,961.29	-
(2.47)	-	7.22	(520.80)	936.45	1,450.03	-	-	(117.32)	-	(117.32)	-
57.31	-	19,744.38	9,815.78	31,491.26	1,931.11	-	6,597.47	3,447.23	728.25	2,718.98	-
-	-	0.02	-	0.02	-	-	-	-	-	-	-
16.36	-	8,356.27	(2,087.26)	31,697.96	25,428.95	-	1,478.33	(79.23)	(855.40)	776.17	-
1.01	-	0.09	5,586.51	5,592.24	5.64	-	-	53.14	5.22	47.92	-
95.24	-	3.16	15,683.58	21,721.07	6,034.33	-	14,214.01	8,911.75	4,393.25	4,518.50	-
5.19	-	8.57	86,982.66	146,749.67	59,758.44	-	-	248.13	1.90	246.23	-
20.93	-	228.81	42,161.80	42,436.19	45.58	-	-	1,007.70	14.71	992.99	-
(7.12)	-	-	538.40	538.40	-	-	-	(337.80)	-	(337.80)	-
-	-	26.63	-	26.63	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
0.91	-	-	829.04	52,938.39	52,109.35	-	-	50.76	7.59	43.17	-
-	-	-	-	-	-	-	-	-	-	-	-
(0.61)	-	-	(209.40)	503.65	713.05	-	-	(28.94)	-	(28.94)	-
(6.60)	-	1.35	1,049.27	8,350.86	7,300.23	-	-	(313.13)	-	(313.13)	-
(7.09)	-	1.35	4,717.44	14,126.14	9,407.35	-	-	(336.37)	-	(336.37)	-
(0.03)	-	-	(7.67)	-	7.67	-	-	(1.42)	-	(1.42)	-
(0.04)	-	-	(4.96)	45.58	50.55	-	-	(1.90)	-	(1.90)	-
(0.02)	-	-	(4.06)	-	4.06	-	-	(0.95)	-	(0.95)	-
(0.03)	-	-	(6.32)	-	6.32	-	-	(1.42)	-	(1.42)	-
(0.02)	-	-	(4.96)	-	4.96	-	-	(0.95)	-	(0.95)	-
(1.09)	-	-	(108.31)	1,684.70	1,793.01	-	-	(51.71)	-	(51.71)	-
(8.03)	-	-	(264.91)	1,349.84	1,614.75	-	-	(365.79)	15.18	(380.97)	-
(0.04)	-	-	512.23	512.23	-	-	-	(1.90)	-	(1.90)	-
(4.81)	-	-	(566.38)	500.49	1,066.87	-	-	(228.20)	-	(228.20)	-
(35.58)	-	-	436.41	15,731.42	15,295.01	-	6,692.83	(1,688.03)	-	(1,688.03)	-
(108.32)	-	-	(1,192.33)	31,765.20	32,957.54	-	1,499.21	(5,139.06)	-	(5,139.06)	-
-	-	-	-	-	-	-	-	-	-	-	-
(0.05)	-	-	(10.38)	1.81	12.19	-	-	(2.37)	-	(2.37)	-
-	-	-	(0.45)	-	0.45	-	-	-	-	-	-
0.01	-	-	34.75	134.94	100.19	-	-	0.47	-	0.47	-
7.08	-	-	454.46	3,514.72	3,060.27	-	-	335.90	-	335.90	-
-	-	-	-	-	-	-	-	-	-	-	-
(0.01)	-	0.45	(0.45)	1.35	1.35	-	-	(0.36)	-	(0.36)	-
(0.01)		0.90	(0.45)	0.90	0.45	-	-	(0.38)	-	(0.38)	-

To

The Members Of Oil And Natural Gas Corporation Limited

1. We have audited the attached Balance Sheet of OIL AND NATURAL GAS CORPORATION LIMITED (the Company) as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto in which are incorporated the Company's share in the total value of assets, liabilities, expenditure and income of 124 blocks under New Exploration Licensing Policy (NELPs)/ Joint Venture (JVs) accounts for exploration and production out of which 70 NELP/ JV accounts have been audited by one of the firms of statutory auditors, 47 NELPs /JVs accounts have been certified by other firms of Chartered Accountants and 7 NELP/JVs are as certified by the management (Refer Note 24.3.1 and 24.3.2 of Schedule 27 of the financial statements). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have placed reliance on technical/ commercial evaluation by the management in respect of categorization of wells as exploratory, development and producing, allocation of cost incurred on them, depletion of producing properties / impairment on the basis of the proved developed hydrocarbons reserves, liability for abandonment costs, liability under NELP and nominated blocks for under performance against agreed Minimum Work Programme and allocation of depreciation on process platforms to transportation and facilities.
4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure (read with paragraph 1 above) a statement on the matters specified in paragraph 4 and 5 of the said Order.
5. Further to our comments referred to in paragraph 4 above we report as follows:

5.1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

5.2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

5.3. The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

5.4. In our opinion, the Profit and Loss Account, the Balance Sheet and the Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

5.5. Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required as per notification number GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs.

5.6. Without qualifying our opinion we invite attention to Note no. 2.1 to 2.3 of Schedule 27 in respect of recognition of sales revenue of crude oil and natural gas and Note no. 13 of Schedule 27 regarding certain observations made by auditors of a Jointly Controlled assets- Panna Mukta & Tapti, impact of which is not ascertainable, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes to account, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31^{st} March, 2010;

b) In the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and

c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Arun K. Agarwal & Associates
Chartered Accountants
(Firm Regn. No: 003917N)

(Rajesh Surolia)
Partner (Mem. No. 88008)

For Singhi & Co.
Chartered Accountants
(Firm Regn. No: 302049E)

(B. K. Sipani)
Partner (Mem. No. 88926)

For P.S.D. & Associates
Chartered Accountants
(Firm Regn. No: 004501C)

(Prakash Sharma)
Partner (Mem. No. 72332)

For Kalyaniwalla & Mistry
Chartered Accountants
(Firm Regn. No: 104607W)

(Ermin K. Irani)
Partner (Mem.No.35646)

For Padmanabhan Ramani & Ramanujam
Chartered Accountants
(Firm Regn. No: 002510S)

(K. R. Ganesh)
Partner (Mem. No 22439)

New Delhi
28^{th} May, 2010

1. a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   b) As per information and explanations given to us, the fixed assets, other than those which are underground/ submerged/ under joint venture / assets held by employees, having substantial value have been physically verified by the management in phased manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. The reconciliation of physically verified assets with the book records is in progress. Discrepancies noticed on physical verification and consequential adjustments are carried out on completion of reconciliation. According to the information and explanations given by the management and in our opinion, the same is not material.

   c) The Company has not disposed off a substantial part of fixed assets during the year.

2. a) The inventory has been physically verified in a phased manner (excluding inventory lying with third parties, at some of the site-locations, inventory with joint ventures and material in transit) during the year by the management. In our opinion, the frequency of verification is reasonable.

   b) In our opinion, the procedures of physical verification of inventory followed by the management are generally reasonable and adequate in relation to the size of the Company and nature of its business.

   c) The Company has generally maintained proper records of inventory except for recording of consumption at a few of its site-locations. In our opinion the discrepancies noticed on physical verification between the physical stock and book records were not material having regard to the size of the Company and nature of its business. In cases where discrepancies noticed on physical verification have been identified with inventory records, necessary adjustments have been carried out in the books. In respect of cases where the reconciliation is not complete, the management has stated that the same would be adjusted in due course.

3. a) The Company has granted secured loans to seven parties covered in the register maintained under section 301 of the Companies Act, 1956. The amount outstanding at the year end is ₹ 0.56 million and the maximum amount outstanding at any time during the year was ₹ 3.58 million.

   b) The rate of interest and other terms and conditions of the loans granted are not prejudicial to the interest of the Company.

   c) The payment of principal amount and interest are regular.

   d) There is no overdue amount in respect of loans granted to the parties listed in the register maintained under section 301 of the Companies Act, 1956.

   e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and consequently , the requirements of clause (iii)(f) and (iii)(g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.

4. In our opinion, and according to the information and explanations given to us, the internal control procedures are generally adequate and commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.

5. a) In our opinion and according to the information and explanations given to us, there is no contract or arrangement that needs to be entered in the register required to be maintained pursuance of section 301 of the Companies Act, 1956.

   b) Accordingly, the provisions of clause 4 (v) (b) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.

6. The Company has not accepted any deposits from the public.

7. The Company has an internal audit system, which in our opinion is commensurate with the size and nature of its business.

8. We have broadly reviewed the books of account relating to materials, labour and other items of costs maintained by the Company pursuant to the Rule made by the Central Government for the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

9. a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. There are no such material outstanding statutory dues accrued in accounts as of the last date of the financial year concerned for a period of more than six months from the date they became payable.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

b) According to the information and explanations given to us, the disputed statutory dues are as under:

Name of the Statute	Nature of the dues	Amount (₹ In Million)	Period to which the amount relates (financial year)	Forum where dispute is pending
Income tax Act, 1961	Income Tax	5,280.79	1994-95 to 2009-10	Revisionary Authority
		1,386.69	2005-06 to 2009-10	Appellate Authority
		65.78	2000-01 to 2009-10	High Court
		8,997.01	1991-92 to 2009-10	Supreme Court
	Total	**15,730.27**		
Central Excise Act 1944	Central Excise duty / Interest / Penalty	4.54	2005-06 to 2009-10	Commissioner
		15.18	2006-07 to 2007-08	CBE & C
		1185.89	2002-03 to 2009-10	CESTAT
		147.32	1980-81 to 2006-07	High Court
	Total	**1,352.93**		
The Customs Act, 1962	Customs Duty /	1,133.02	1998-99 to 2009-10	Asst. Commissioner
	Penalty /	10.00	2007-08	CESTAT
	Interest	1,437.47	1995-96 to 1996-97	Ministry of Finance
	Total	**2580.49**		
Oilfields (Regulation & Development Act, 1948) / AP Mines and Geology Act	Royalty / Surface rent / Interest / Penalty	18,849.79	1992-93 to 2009-10	Dept. of Geology and Mining, A.P. High Court
AP Mineral Bearing Lands (Infrastructure) Cess	Cess	1,171.84	2004-05 to 2009-10	Dept. of Geology and Mining, A.P. High Court
Oil Industries (Development) Act,1974	Cess / Interest	7.72	2004-05 to 2009-10	Commissioner
		7.07	2002-03 to 2004-05	CESTAT
		8.61	2001-02 to 2003-04	High Court
	Total	**23.40**		
Central Sales Tax Act 1956 and respective States' Sales Tax Act	Sales tax /	13,257.25	1978-79 to 2009-10	Demand Notice
	Turnover Tax /	5.69		Deputy Commissioner
	Penalty /	1,092.02	2001-02 to 2006-07	Joint Commissioner
	Interest	6.99	1992-93 to 2002-03	CT - Appeals
		8,732.35	2004-05 to 2005-06	Tribunal
		0.35	2006-07	High Court
	Total	**23,094.65**		
Municipal Corporation of Mumbai Act (Octroi Rules, 1965)	Octroi Duty	66.89	1978-79 to 2009-10	Supreme Court
Assam Specified Land Taxation Act	Tax on Crude oil and Natural Gas	2,274.50	2004-05 to 2009-10	Guwahati High Court

10. The Company does not have accumulated losses at the end of the current financial year and has not incurred cash losses either during the year or during the immediately preceding financial year.

11. The Company has not issued any debentures and has not defaulted in repayment of dues to financial institutions or banks.

12. In our opinion and according to the information and explanation given to us, the Company has not granted loans and advance so on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi mutual benefit fund/ society. Accordingly, the provision of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
14. In our opinion and according to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanation given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interest of the Company, since these guarantees are given for the subsidiary companies promoted by the Company.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short terms basis have been used for long term investment.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures.
20. The Company has not raised any money by way of public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For Arun K. Agarwal & Associates
Chartered Accountants
(Firm Regn. No: 003917N)

(Rajesh Surolia)
Partner (Mem. No. 88008)

For Singhi & Co.
Chartered Accountants
(Firm Regn. No: 302049E)

(B. K. Sipani)
Partner (Mem. No. 88926)

For P.S.D. & Associates
Chartered Accountants
(Firm Regn. No: 004501C)

(Prakash Sharma)
Partner (Mem. No. 72332)

For Kalyaniwalla & Mistry
Chartered Accountants
(Firm Regn. No: 104607W)

(Ermin K. Irani)
Partner (Mem.No.35646)

For Padmanabhan Ramani & Ramanujam
Chartered Accountants
(Firm Regn. No: 002510S)

(K. R. Ganesh)
Partner (Mem. No 22439)

New Delhi
28th May, 2010

Panoramic view of ONGC's offshore platform

OIL AND NATURAL GAS CORPORATION LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2010

(₹ in million)

	Schedule		As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	21,388.87		21,388.87
Reserves and Surplus	2	851,437.15		765,965.28
			872,826.02	787,354.15
LOAN FUNDS				
Unsecured Loans	3		49.75	267.35
DEFERRED TAX LIABILITY (NET)			89,182.13	78,022.35
LIABILITY FOR ABANDONMENT COST			164,006.68	160,089.65
TOTAL			1,126,064.58	1,025,733.50
APPLICATION OF FUNDS				
FIXED ASSETS	4			
Gross Block		715,537.79		613,556.05
Less: Depreciation and Impairment		559,052.77		509,412.32
NET BLOCK		156,485.02		104,143.73
CAPITAL WORKS-IN-PROGRESS	5	102,413.54		116,964.57
			258,898.56	221,108.30
PRODUCING PROPERTIES	6			
Gross Cost		843,112.16		757,297.13
Less: Depletion and Impairment		440,290.04		395,717.19
NET PRODUCING PROPERTIES			402,822.12	361,579.94
EXPLORATORY/DEVELOPMENT WELLS-IN-PROGRESS	7		55,496.83	50,687.37
INVESTMENTS	8		57,720.33	50,903.21
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	9	46,785.72		40,606.71
Sundry Debtors	10	30,586.37		40,838.04
Cash and Bank Balances	11A	108,279.29		121,405.48
Deposit with Scheduled Bank Under Site Restoration Fund Scheme	11B	74,031.06		69,556.64
Other Current Assets	12	6,333.05		13,548.86
Loans and Advances	13	271,697.74		260,043.83
		537,713.23		545,999.56
LESS: CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities	14	120,875.63		140,252.80
Provisions	15	74,124.02		70,798.18
		194,999.65		211,050.98
NET CURRENT ASSETS			342,713.58	334,948.58
MISCELLANEOUS EXPENDITURE	16		8,413.16	6,506.10
(To the extent not written off or adjusted)				
TOTAL			1,126,064.58	1,025,733.50
SIGNIFICANT ACCOUNTING POLICIES	26			
NOTES TO ACCOUNTS	27			

Schedules referred to above form an integral part of the Balance Sheet

For and On behalf of the Board

(N. K. Sinha)
Company Secretary

(D. K. Sarraf)
Director (Finance)

(R. S. Sharma)
Chairman & Managing Director

In terms of our report of even date attached

For Arun K. Agarwal & Associates
Chartered Accountants
(Rajesh Surolia)
Partner (Mem. No. 88008)

For Singhi & Co.
Chartered Accountants
(B. K. Sipani)
Partner (Mem. No. 88926)

For P.S.D & Associates
Chartered Accountants
(Prakash Sharma)
Partner (Mem. No. 72332)

For Kalyaniwalla & Mistry
Chartered Accountants
(Ermin K. Irani)
Partner (Mem.No. 35646)

For Padmanabhan Ramani & Ramanujam
Chartered Accountants
(K. R. Ganesh)
Partner (Mem. No.22439)

New Delhi
May 28, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(₹ in million)

	Schedule	2009-10	2008-09
INCOME			
Gross Sales	17	602,048.19	639,477.08
Less Excise Duty		2,185.42	3,494.11
Net Sales		599,862.77	635,982.97
Other Income	18	41,866.86	53,122.72
		641,729.63	689,105.69
EXPENDITURE			
(Increase)/ Decrease in stock	19	(1,180.38)	(811.02)
Purchases		139.31	85,166.03
Production, Transportation, Selling and Distribution Expenditure	20	243,199.46	232,438.87
Depreciation, Depletion, Amortisation and Impairment	21	146,431.88	119,541.97
Financing Costs	22	144.23	1,189.17
Provisions and Write-offs	23	2,974.01	11,665.77
Adjustments relating to Prior Period (Net)	24	182.69	765.31
		391,891.20	449,956.10
Profit before Tax and Extraordinary items		249,838.43	239,149.59
Extraordinary items		-	657.73
Profit before Tax		249,838.43	239,807.32
Provision for Taxation			
- Current Tax (including Wealth Tax ₹ 22.50 million, Previous year ₹ 20.00 million)		71,202.50	79,070.00
- Earlier years		(199.41)	(5,540.19)
- Deferred Tax		11,159.78	4,314.36
- Fringe Benefit Tax		-	700.00
Profit after Taxation		167,675.56	161,263.15
Surplus at the beginning		0.13	0.95
BALANCE AVAILABLE FOR APPROPRIATION		167,675.69	161,264.10
APPROPRIATIONS			
Proposed Dividend		32,083.09	29,944.22
Interim Dividend		38,499.71	38,499.71
Tax on Dividend		11,615.61	11,632.04
Transfer to General Reserve		85,477.00	81,188.00
Balance carried to Balance Sheet		0.28	0.13
		167,675.69	161,264.10
Earnings per Equity Share - Basic and Diluted (₹)	25		
(Face Value ₹ 10/-Per Share)			
- before Extraordinary items (net of tax)		78.39	75.19
- after Extraordinary items		78.39	75.40
SIGNIFICANT ACCOUNTING POLICIES	26		
NOTES TO ACCOUNTS	27		

Schedules referred to above form an integral part of the Profit & Loss Account.

For and On behalf of the Board

(N. K. Sinha) **Company Secretary**	(D. K. Sarraf) **Director (Finance)**	(R. S. Sharma) **Chairman & Managing Director**

In terms of our report of even date attached

For Arun K. Agarwal & Associates **Chartered Accountants**	**For Singhi & Co.** **Chartered Accountants**	**For P.S.D & Associates** **Chartered Accountants**
(Rajesh Surolia) **Partner (Mem. No. 88008)**	(B. K. Sipani) **Partner (Mem. No. 88926)**	(Prakash Sharma) **Partner (Mem. No. 72332)**
For Kalyaniwalla & Mistry **Chartered Accountants**	**For Padmanabhan Ramani & Ramanujam** **Chartered Accountants**	
(Ermin K. Irani) **Partner (Mem.No. 35646)**	(K. R. Ganesh) **Partner (Mem. No.22439)**	

New Delhi
May 28, 2010

SCHEDULE-1

(₹ in million)

	As at 31st March, 2010	As at 31st March, 2009
SHARE CAPITAL		
Authorised:		
15000,000,000 Equity Shares of ₹ 10 each	**150,000.00**	150,000.00
Issued and Subscribed:		
2138,891,502 Equity Shares of ₹ 10 each	**21,388.92**	21,388.92
Paid up:		
2138,872,530 Equity Shares of ₹ 10 each	**21,388.73**	21,388.73
Add: Shares forfeited	**0.14**	0.14
TOTAL	**21,388.87**	21,388.87

Notes : The above includes:

(i) 342,853,716 Equity Shares issued as fully paid up to the President of India without payment being received in cash in terms of Oil and Natural Gas Commission (Transfer of Undertaking and Repeal) Act, 1993.

(ii) 1,789,397,876 Equity Shares issued as fully paid up by way of bonus shares by capitalisation of General Reserve and Securities Premium.

SCHEDULE-2

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
RESERVES AND SURPLUS			
Capital Reserve *		**159.44**	159.44
(As per last year Balance Sheet)			
Deferred Government Grant			
a) Opening Balance	**44.73**		51.75
b) Less: Deduction during the year **	**5.28**		7.02
		39.45	44.73
Securities Premium Account		**168.12**	168.12
(As per last year Balance Sheet)			
Insurance Reserve		**2,500.00**	2,500.00
(As per last year Balance Sheet)			
General Reserve			
a) Opening Balance	**763,092.86**		681,904.86
b) Add: Transferred from Profit and Loss Account	**85,477.00**		81,188.00
		848,569.86	763,092.86
Profit and Loss Account		**0.28**	0.13
TOTAL		**851,437.15**	765,965.28

* Represents assessed value of assets received as gift

** Represents the amount equivalent to Depreciation transferred to Profit & Loss Account

SCHEDULE-3

(₹ in million)

	As at 31st March, 2010	As at 31st March, 2009
UNSECURED LOANS		
Long Term		
Foreign Currency Loans:		
- From Banks	**49.75**	267.35
TOTAL	**49.75**	**267.35**
Repayable within one year	**49.75**	213.85

SCHEDULE - 4

FIXED ASSETS

(₹ in million)

	GROSS BLOCK				DEPRECIATION AND IMPAIRMENT						NET BLOCK	
						For the Year	Impairment					
	As at 1st April, 2009	Additions during the year	Deletions/ Adjustments during the year	**As at 31st March, 2010**	Up to 31st March, 2009	Deprecia-tion	Charged	Reversed	Deletions/ Adjustments during the year	**Up to 31st March, 2010**	**As at 31st March, 2010**	As at 31st March, 2009
Land												
i)Freehold	2,134.16	129.68	4.52	**2,259.32**	19.67	0.00	0.37	4.12	2.07	**13.85**	**2,245.47**	2,114.49
ii)Leasehold	5,601.39	9.76	0.02	**5,611.13**	306.31	51.53	0.00	0.00	(0.71)	**358.55**	**5,252.58**	5,295.08
Buildings and Bunk Houses	11,811.15	862.08	(26.77)	**12,700.00**	6,638.29	407.18	3.67	83.60	(36.24)	**7,001.78**	**5,698.22**	5,172.86
Railway Sidings	89.95	0.00	0.00	**89.95**	82.06	1.10	0.00	0.00	0.00	**83.16**	**6.79**	7.89
Plant and Machinery	578,989.25	99,949.50	3,348.93	**675,589.82**	491,089.10	50,807.06	228.43	86.93	2,891.95	**539,145.71**	**136,444.11**	87,900.15
Furniture & Fittings	4,821.74	3,360.02	48.31	**8,133.45**	3,350.81	661.36	1.08	4.94	69.01	**3,939.30**	**4,194.15**	1,470.93
Vehicles, Survey Ships, Crew Boats and Helicopters	5,367.16	55.59	20.30	**5,402.45**	4,547.27	247.35	0.02	2.21	21.16	**4,771.27**	**631.18**	819.89
	608,814.80	**104,366.63**	**3,395.31**	**709,786.12**	**506,033.51**	**52,175.58**	**233.57**	**181.80**	**2,947.24**	**555,313.62**	**154,472.50**	**102,781.29**
Intangibles-Software	4,741.25	1,012.09	1.67	**5,751.67**	3,378.81	362.00	0.01	0.00	1.67	**3,739.15**	**2,012.52**	1,362.44
TOTAL	**613,556.05**	**105,378.72**	**3,396.98**	**715,537.79**	**509,412.32**	**52,537.58**	**233.58**	**181.80**	**2,948.91**	**559,052.77**	**156,485.02**	**104,143.73**
Previous Year	574,637.76	42,092.72	3,174.43	**613,556.05**	469,457.68	43,613.11	135.99	1,053.56	2,740.90	**509,412.32**	**104,143.73**	-
The above includes the Corporation's Share in Joint Venture Assets	31,032.55	3,868.97	195.83	**34,705.69**	23,557.07	2,901.22	0.00	0.00	64.47	**26,393.82**	**8,311.87**	-
Previous year	29,788.08	1,441.24	196.77	31,032.55	19,859.27	3,863.13	28.61	0.00	193.94	23,557.07	7,475.48	

Notes:

1. Land includes lands in respect of certain projects for which execution of lease/conveyance deeds are in process.
2. Registration of title deeds in respect of certain Buildings is pending execution.
3. Depreciation for the year includes ₹ 110.99 million taken to prior period (Previous year ₹ 56.90 million).
4. Depreciation on Intangibles-Software for the year is after reducing ₹ 424.55 million being amount written back on recomputation (Refer Note 6 of Schedule 27).

SCHEDULE-5

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
CAPITAL WORKS-IN-PROGRESS			
Buildings		**776.45**	266.61
Plant and Machinery		**100,692.79**	115,105.37
Advances for Capital Works and Progress Payments		**20.12**	119.17
Capital Stores (including in transit)	**1,457.20**		1,847.39
Less: Provision for Non-Moving Items	**43.26**		141.11
		1,413.94	1,706.28
TOTAL		**102,903.30**	**117,197.43**
Less: Impairment			
Opening Balance	**232.86**		405.15
Provided for the year	**364.17**		143.63
Transfer to Fixed Assets	**(61.64)**		(276.64)
Write back of Impairment	**(45.63)**		(39.28)
TOTAL		**489.76**	**232.86**
NET CAPITAL WORKS-IN-PROGRESS		**102,413.54**	**116,964.57**

SCHEDULE - 6

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
PRODUCING PROPERTIES			
Gross Cost			
Opening Balance		**757,297.13**	657,547.27
Transfer from Exploratory Wells-in-Progress		**1,720.38**	2,260.44
Transfer from Development Wells-in-Progress		**52,128.45**	42,916.86
Depreciation on Facilities		**29,119.11**	19,251.65
Increase/(Decrease) in estimated Abandonment costs		**2,847.09**	35,320.91
TOTAL		**843,112.16**	**757,297.13**
Less: Depletion & Impairment			
Opening Balance	**395,717.19**		355,673.65
Depletion for the year	**45,301.63**		42,147.91
Transfer of Impairment from Development Wells in Progress	**17.96**		98.61
Impairment provided for the year	**11.50**		893.97
Write back of Impairment	**(758.24)**		(3,096.95)
TOTAL		**440,290.04**	**395,717.19**
NET PRODUCING PROPERTIES		**402,822.12**	**361,579.94**

SCHEDULE - 7

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
A) EXPLORATORY WELLS-IN-PROGRESS			
Gross Cost			
Opening Balance		40,193.57	31,884.70
Expenditure during the year	68,801.85		40,959.23
Less : Sale proceeds of Oil and Gas (Net of levies)	38.43		47.31
		68,763.42	40,911.92
Depreciation during the year		4,841.63	3,005.45
		113,798.62	75,802.07
Less :			
Transfer to Producing Properties	1,720.38		2,260.44
Wells written off during the year	65,028.68		33,019.92
Other adjustments	(43.03)		328.14
		66,706.03	35,608.50
		47,092.59	40,193.57
Less : Provision for Dry Wells (Refer Note 8 of Sch-27)		9,383.67	8,465.19
EXPLORATORY WELLS-IN-PROGRESS		37,708.92	31,728.38
B) DEVELOPMENT WELLS-IN-PROGRESS			
Opening Balance		19,026.48	13,408.31
Expenditure during the year		45,965.55	43,361.42
Depreciation during the year		4,979.20	5,173.61
Less: Transfer to Producing Properties		52,128.45	42,916.86
TOTAL		17,842.78	19,026.48
Less: Impairment			
Opening Balance	67.49		260.22
Transfer to Producing Properties	(17.96)		(98.61)
Provision for the year	5.83		67.00
Write back during the year	(0.49)		(161.12)
TOTAL		54.87	67.49
NET DEVELOPMENT WELLS-IN-PROGRESS		17,787.91	18,958.99
EXPLORATORY/DEVELOPMENT WELLS-IN-PROGRESS (A+B)		55,496.83	50,687.37

SCHEDULE - 8

(₹ in million)

	No. of Shares/ Bonds/Units	Face Value per Share/ Bond/Unit (in ₹)	**As at 31st March, 2010**	As at 31st March, 2009
INVESTMENTS (AT COST)				
LONG-TERM INVESTMENTS				
(Fully Paid Up, unless otherwise stated)				
A. TRADE INVESTMENTS				
1. Equity Shares (Quoted)				
i) Indian Oil Corporation Limited	212,906,190	10	**13,720.49**	13,720.49
(Includes 106,453,095 bonus shares received during the year)	(106,453,095)			
ii) GAIL (India) Limited	61,259,323	10	**2,451.06**	2,451.06
iii) Mangalore Refinery and Petrochemicals Ltd.(Subsidiary)	1,255,354,097	10	**10,405.73**	10,405.73
iv) Petronet LNG Limited	93,750,000	10	**987.50**	987.50
2. Equity Shares (Unquoted)				
i) Pawan Hans Helicopter Limited	24,500	10,000	**245.00**	245.00
ii) Petronet MHB Limited	157,841,000	10	**1,578.41**	1,578.41
iii) Oil Spill Response Limited	100	*	**0.01**	0.01
iv) In wholly owned subsidiary ONGC-Videsh Ltd.	100,000,000	100	**10,000.00**	10,000.00
v) Mangalore SEZ Limited	13,000,000	10	**130.00**	130.00
vi) ONGC Mangalore Petrochemicals Ltd.	23,000	10	**0.23**	0.23
vii) ONGC Petro Additions Limited	20,967	10	**0.21**	0.21
viii) ONGC Teri Biotech Limited	24,990	10	**0.25**	0.25
ix) ONGC Tripura Power Company Ltd.				
- Fully Paid	52,000	10	**0.52**	0.52
- Partly Paid (₹ 5 per share)	267,438,000	10	**1,337.19**	1,337.19
x) Dahej SEZ Limited	24,800	10	**0.25**	-
	(-)			
3. Oil Companies Govt. of India Special Bonds (Unquoted)				
i) 7% Government of India Special Bonds 2012	851,907	10,000	**8,519.07**	8,519.07
ii) 8.40% Oil Companies' Government of India Special Bonds 2025	197,370	10,000	**1,973.70**	1,973.70
TOTAL TRADE INVESTMENTS			**51,349.62**	51,349.37
Less: Provision for Dimunition (Petronet MHB Ltd.)			**446.66**	446.66
			50,902.96	50,902.71
B. NON-TRADE INVESTMENTS (Unquoted)				
12% UP State Development Loan-2011	1	500,000	**0.50**	0.50
CURRENT INVESTMENTS				
NON-TRADE INVESTMENTS				
Mutual Funds (Unquoted)				
i) UTI Liquid Cash Plan	5,003,216		**5,100.51**	-
	(-)			
ii) UTI Treasury Advantage Fund	1,715,997		**1,716.36**	-
	(-)			
TOTAL CURRENT INVESTMENTS			**6,816.87**	0.00
GRAND TOTAL			**57,720.33**	50,903.21
Total Quoted Investments			**27,564.78**	27,564.78
Total Unquoted Investments			**30,155.55**	23,338.43
			57,720.33	50,903.21
Total Market value of Quoted Investments			**190,907.75**	111,439.51

* GBP one each, total value ₹ 6,885/-

Figures in parenthesis relate to previous year.

SCHEDULE - 9

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
INVENTORIES			
Finished Goods (Including Carbon Credits)		6,768.09	5,587.71
Raw Materials-Condensate		5.47	19.52
Stores and spare parts			
- on hand	40,195.55		34,252.58
- in transit (including inter-project transfers)	3,439.01		4,209.66
	43,634.56		38,462.24
Less: Provision for Non-Moving Inventories and Materials in transit	3,734.49		3,601.55
		39,900.07	34,860.69
Unservicable Items		112.09	138.79
TOTAL		46,785.72	40,606.71

SCHEDULE-10

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
SUNDRY DEBTORS			
(Unsecured, Considered Good unless otherwise stated)			
Debts - Outstanding for a period exceeding six months :			
- Considered Good	1,346.60		1,324.25
- Considered Doubtful	2,789.13		3,131.81
		4,135.73	4,456.06
Other Debts :			
- Considered Good	29,239.77		39,513.79
- Considered Doubtful	4.04		0.15
		29,243.81	39,513.94
Less: **Provision for Doubtful Debts**		2,793.17	3,131.96
TOTAL		30,586.37	40,838.04

SCHEDULE-11

(₹ in million)

	As at 31st March, 2010	As at 31st March, 2009
A) CASH AND BANK BALANCES		
Cash balance on hand	8.36	9.70
Balances with Scheduled Banks in:		
Current Accounts	2,664.43	1,247.48
Fixed Deposits	105,450.76	119,790.71
Balances with Non-Scheduled Banks in:		
Current Account with Citi Bank- London (Maximum balance outstanding at any time during the year ₹ 241.79 million Previous year ₹ 465.73 million)	108.82	241.79
Current Account with Barclays Bank- London (Maximum balance outstanding at any time during the year ₹ 196.46 million Previous year ₹ 308.15 million)	46.92	115.80
TOTAL	108,279.29	121,405.48
B) DEPOSIT WITH SCHEDULED BANK UNDER SITE RESTORATION FUND SCHEME*	74,031.06	69,556.64

* Deposited u/s 33ABA of the Income Tax Act, 1961 and can be withdrawn only for the purposes specified in the Scheme.

SCHEDULE - 12

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
OTHER CURRENT ASSETS			
(Unsecured, Considered Good unless otherwise stated)			
Interest Accrued On			
- Investments		37.85	37.98
- Deposits with Banks/PSUs		3,288.57	7,987.27
- Others			
- Considered Good	2,978.08		5,491.21
- Considered Doubtful	24.20		1.32
	3,002.28		5,492.53
Less: Provision	24.20		1.32
		2,978.08	5,491.21
Other Accounts pending adjustment			
- Considered Good	28.55		32.40
- Considered Doubtful	899.19		872.49
	927.74		904.89
Less: Provision for Doubtful Accounts	899.19		872.49
		28.55	32.40
TOTAL		6,333.05	13,548.86

SCHEDULE-13

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
LOANS AND ADVANCES			
Loans to Public Sector Undertakings and Other Bodies Corporate		**1,024.51**	1,345.11
Loans and Advances to Subsidiaries		**173,873.79**	168,495.38
Advances against Equity pending allotment		**13,453.64**	7,469.89
Loans and Advances to Employees*		**8,994.93**	11,967.53
Advances recoverable in cash or in kind or for value to be received		**37,985.30**	22,094.60
Recoverable from Petroleum Planning & Analysis Cell (PPAC)		**6.36**	6.36
Insurance Claims		**33.82**	11.05
Deposits:			
a) With Customs/Port Trusts etc.		**43.35**	31.67
b) With Public Sector Undertakings		**15,000.00**	20,000.00
c) Others		**6,625.89**	5,956.86
		257,041.59	237,378.45
Less : Provision for Doubtful Claims/Advances		**5,902.03**	4,431.32
		251,139.56	232,947.13
Income Tax :			
Advance payment of Income Tax (Including Advance payment of Wealth Tax ₹ 35.29 million Previous year ₹ 31.38 million)	**317,358.80**		252,776.37
Less: Provision	**296,800.62**		225,679.67
(Including provision for Wealth Tax ₹ 62.50 million Previous year ₹ 60.00 million)		**20,558.18**	27,096.70
TOTAL		**271,697.74**	**260,043.83**
Particulars of loans and advances:			
Secured		**6,378.44**	5,898.86
Unsecured - Considered Good		**265,319.30**	254,144.97
- Considered Doubtful		**5,902.03**	4,431.32
		277,599.77	264,475.15
Less : Provision for Doubtful Loans & Advances		**5,902.03**	4,431.32
TOTAL		**271,697.74**	**260,043.83**

* Loans and advances to employees include an amount of ₹ 0.56 million (Previous Year ₹ 3.58 million) outstanding from whole time Directors. Maximum amount outstanding during the year ₹ 3.58 million(Previous Year ₹ 3.96 million).

SCHEDULE - 14

(₹ in million)

	As at 31st March, 2010	As at 31st March, 2009
CURRENT LIABILITIES		
Sundry Creditors for Supplies/Works		
- Micro, Small & Medium Enterprises	**10.21**	6.34
- Subsidiaries	**0.00**	4,562.75
- Others	**63,915.39**	64,652.01
Liability for Royalty/Cess/Sales tax etc.	**10,735.93**	10,797.21
Liability for Gratuity	**302.99**	10,101.90
Deposits from Suppliers, Contractors	**4,992.24**	6,414.69
Other Liabilities	**40,741.72**	43,561.70
Unclaimed Dividend *	**177.15**	156.20
TOTAL	**120,875.63**	**140,252.80**

* No amount is due for payment to Investor Education and Protection Fund

SCHEDULE - 15

(₹ in million)

	As at 31st March, 2010	As at 31st March, 2009
PROVISIONS		
Leave	**13,934.10**	13,426.64
Post Retirement Medical & Terminal Benefits	**14,719.48**	13,209.26
Others	**8,058.75**	9,129.04
Proposed Dividend	**32,083.09**	29,944.22
Tax on Proposed Dividend	**5,328.60**	5,089.02
TOTAL	**74,124.02**	**70,798.18**

SCHEDULE - 16

(₹ in million)

	As at 31st March, 2010	As at 31st March, 2009
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Deferred Revenue Expenditure		
Dry Docking Charges	**6,612.99**	4,529.70
Mobilisation Charges	**1,800.17**	1,976.40
TOTAL	**8,413.16**	**6,506.10**

SCHEDULE - 17

(₹ in million)

		For the Year 2009-10	For the Year 2008-09
SALES			
Own Products		617,335.70	575,104.58
Less :			
Transfer to Exploratory Wells in Progress	52.70		67.07
Government of India's (GoI's) share in Profit Petroleum	15,418.29		20,757.99
		15,470.99	20,825.06
		601,864.71	554,279.52
Traded Products		183.48	85,197.56
TOTAL		602,048.19	639,477.08

SCHEDULE-18

(₹ in million)

		For the Year 2009-10	For the Year 2008-09
OTHER INCOME			
Contractual Short Lifted Gas Receipts		26.88	189.67
Pipeline Transportation Receipts		1,078.02	2,329.18
Surplus from Gas Pool Account		4,415.79	-
Other Contractual Receipts		1,575.63	1,411.68
Income from Trade Investments :			
Dividend on Long term Investments			
- From subsidiaries	1,506.42		1,506.42
- Others	1,293.26		1,216.19
	2,799.68		2,722.61
Interest on Long Term Investments	762.13		1,372.55
		3,561.81	4,095.16
Income from Non Trade Investments :			
Dividend on Current Investments		463.52	233.47
Interest on Long Term Investments		0.06	0.06
Interest Income on :			
Deposits with Banks/PSUs (Tax deducted at source ₹ 1,907.47 million. Previous year ₹ 4,948.08 million)	11,542.79		22,271.69
Loans and Advances to Subsidiaries (Tax deducted at source ₹ 149.47 million Previous year ₹ 1,734.43 million)	880.27		7,654.13
Loans and Advances to Employees	312.38		304.67
Income Tax Refund	2.91		791.08
Site Restoration Fund Deposit	4,267.83		5,503.72
Delayed Payment from Customers and Others (Tax deducted at source ₹ 50.98 million Previous year ₹ 26.19 million)	493.59		650.34
		17,499.77	37,175.63
Excess Provisions written back		633.90	714.46
Liabilities no longer required written back		913.03	1,456.76
Exchange Gain (Net)		4,032.94	-
Miscellaneous Receipts		7,665.51	5,516.65
TOTAL		41,866.86	53,122.72

SCHEDULE-19

(₹ in million)

	For the Year 2009-10	For the Year 2008-09
(INCREASE)/DECREASE IN STOCK		
Closing Stock - Finished Goods	**6,767.53**	5,587.71
- Carbon Credits	**0.56**	-
Opening Stock - Finished Goods	**5,587.71**	4,776.69
- Carbon Credits	**-**	-
NET (INCREASE)/DECREASE IN STOCK	**(1,180.38)**	**(811.02)**

SCHEDULE-20

(₹ in million)

	For the Year 2009-10	For the Year 2008-09
PRODUCTION, TRANSPORTATION, SELLING AND DISTRIBUTION EXPENDITURE		
Royalty	**54,899.51**	44,906.57
Cess	**54,538.03**	55,788.35
Natural Calamity Contingent Duty	**1,061.67**	1,081.40
Excise Duty on stock (Net)	**0.22**	(108.39)
Sales Tax	**2,989.58**	6,925.78
Service Tax	**212.75**	256.52
Education cess	**1,718.99**	1,795.54
Octroi and Port Trust Charges	**4,484.28**	4,129.85
Staff Expenditure	**11,074.85**	8,886.34
Workover Operations	**31,172.60**	26,226.11
Water Injection, Desalting and Demulsification	**11,037.73**	8,608.44
Consumption of Raw Materials, Stores and Spares	**5,703.12**	7,681.49
Pollution Control	**4,376.50**	3,748.73
Transport Expenses	**3,235.67**	3,070.62
Insurance	**974.46**	816.56
Power and Fuel	**1,163.41**	1,408.46
Repairs and Maintenance	**5,682.10**	5,601.94
Contractual payments including Hire charges etc.	**6,410.32**	6,371.54
Other Production Expenditure	**3,684.78**	5,277.22
Transportation and Freight of Products	**7,975.10**	6,962.66
Research and Development	**1,985.78**	1,574.44
General Administrative Expenses	**20,430.78**	17,033.62
Exchange Loss (Net)	**-**	3,819.04
Other Expenditure	**8,387.23**	10,576.04
TOTAL	**243,199.46**	**232,438.87**

Note: The above expenses have been classified in accordance with Part II of Schedule VI to the Companies Act, 1956 and exhibited in note 27.7 of Schedule 27.

SCHEDULE-21

(₹ in million)

		For the Year 2009-10	For the Year 2008-09
DEPRECIATION, DEPLETION, AMORTISATION AND IMPAIRMENT			
Survey		23,524.49	32,560.64
Wells written off		65,837.75	33,509.44
Depletion		45,301.63	42,147.91
Depreciation	52,426.59		43,556.21
Less : Allocated to :			
Survey	1,181.07		1,554.72
Exploratory Drilling	4,841.63		3,005.45
Development Drilling	4,979.20		5,173.61
Depreciation on Facilities	29,119.11		19,251.65
Others	104.85		136.48
	40,225.86		29,121.91
		12,200.73	14,434.30
Impairment Loss			
During the year	553.44		1,240.59
Less: Reversal during the year	986.16		4,350.91
		(432.72)	(3,110.32)
TOTAL		146,431.88	119,541.97

SCHEDULE-22

(₹ in million)

	For the Year 2009-10	For the Year 2008-09
FINANCING COSTS		
INTEREST		
i) On Fixed Loans		
Foreign Currency Loans	5.33	9.97
ii) On Cash Credit	11.75	57.13
iii) Others	127.15	1,122.07
TOTAL	144.23	1,189.17

SCHEDULE-23

(₹ in million)

		For the Year 2009-10	For the Year 2008-09
PROVISIONS AND WRITE-OFFS			
PROVISIONS			
For Doubtful Debts		**12.87**	155.72
For Doubtful Claims/Advances		**1,845.73**	2,154.78
For Non-Moving Inventory		**61.06**	41.54
For Others		**93.20**	8,778.72
Sub-Total		**2,012.86**	**11,130.76**
WRITE-OFFS			
Disposal/Condemnation of Fixed Assets (Net)		**61.88**	87.61
Claims/Advances	**42.90**		7.60
Less: Provision	**-**		4.70
		42.90	2.90
Inventory		**105.03**	225.17
Bad debts	**224.97**		-
Less: Provision	**207.80**		-
		17.17	
Others		**734.17**	219.33
Sub-Total		**961.15**	**535.01**
TOTAL		**2,974.01**	**11,665.77**

SCHEDULE-24

(₹ in million)

	For the Year 2009-10	For the Year 2008-09
ADJUSTMENTS RELATING TO PRIOR PERIOD (NET)		
A. EXPENDITURE		
Statutory levies *	(32.18)	0.23
Other production, selling & distribution expenditure *	(188.55)	(1955.39)
Interest -Others	542.24	0.45
Survey	(64.40)	(120.96)
Dry Wells	109.40	2331.94
Depreciation	110.99	56.90
Sub-Total	**477.50**	**313.17**
B. INCOME		
Sales	13.29	(189.51)
Interest -Others	0.07	-
Other Income	281.45	(262.63)
Sub-Total	**294.81**	**(452.14)**
TOTAL	**182.69**	**765.31**

* The above expenses have been classified in accordance with Part II of Schedule VI to the Companies Act, 1956 and exhibited in note 27.7 of Schedule 27.

SCHEDULE-25

	For the Year 2009-10	For the Year 2008-09
		(₹ in million)
EARNINGS PER EQUITY SHARE		
A) Net Profit after Tax	**167,675.56**	161,263.15
Less:		
B) Extraordinary items	-	657.73
C) Tax impact on Extraordinary items	-	(223.56)
D) Net Profit before Extraordinary items (net of tax)	**167,675.56**	160,828.98
E) Number of Shares	**2,138,872,530**	2,138,872,530
		(Amount in ₹)
Basic & Diluted earnings per equity share		
- Before extraordinary items (net of tax)- (D/E)	**78.39**	75.19
- After extraordinary items- (A/E)	**78.39**	75.40

SCHEDULE-26

1. Accounting Conventions

The financial statements are prepared under the historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP), applying the Successful Efforts Method as per the Guidance Note on Accounting for Oil and Gas Producing Activities issued by the Institute of Chartered Accountants of India and Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

3. Government Grants

Government grants for acquisition of fixed assets are initially treated as Capital Reserve and are subsequently recognized as income in the Profit & Loss Account on a systematic basis over the useful life of the assets in the proportion in which depreciation on those assets is charged.

4. Fixed Assets

4.1 Fixed assets are stated at historical cost less accumulated depreciation and impairment. Fixed assets received as donations/gifts are capitalised at assessed values with corresponding credit taken to Capital Reserve.

4.2 All costs relating to acquisition of fixed assets till the time of bringing the assets to working condition for intending use are capitalised.

5. Intangible Assets

Costs incurred on intangible assets, resulting in future economic benefits are capitalized as intangible assets.

6. Exploration, Development and Production Costs

6.1 Acquisition Cost

Acquisition cost of an oil and gas property in exploration/development stage is taken to acquisition cost under the respective category. Such costs are capitalized by transferring to Producing Property when it is ready to commence commercial production. In case of abandonment, such costs are expensed. Acquisition cost of a producing oil and gas property is capitalized as Producing Property.

6.2 Survey Cost

Cost of Survey and prospecting activities conducted in the search of oil and gas are expensed in the year in which these are incurred.

6.3 Exploratory/ Development Wells in Progress

6.3.1 All acquisition costs, exploration costs involved in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalised as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per policy no. 6.4.1 or expensed in the year when determined to be dry or of no further use, as the case may be.

6.3.2 All wells under "Exploratory Wells in Progress" which are more than two years old from the date of completion of drilling are charged to Profit and Loss Account except those wells where it could be reasonably demonstrated that the well has proved reserves and the development of the field in which the wells are located has been planned.

6.3.3 All costs relating to Development Wells are initially capitalized as Development Wells in Progress and transferred to Producing Properties on completion as per policy no. 6.4.

6.4 Producing Properties

6.4.1 Producing Properties are created in respect of an area/field having proved developed oil and gas reserves, when the well in the area/field is ready to commence commercial production.

6.4.2 Cost of temporary occupation of land, successful exploratory wells, all development wells, depreciation on related equipment, facilities and estimated future abandonment costs are capitalised and reflected as Producing Properties.

6.5 Depletion of Producing Properties

Producing Properties are depleted using the 'Unit of Production Method'. The rate of depletion is computed with reference to an area covered by individual lease/licence/asset/amortization base by considering the proved developed reserves and related capital costs incurred including estimated future abandonment costs. In case of acquisition, cost of Producing Properties is depleted by considering the proved reserves. These reserves are estimated annually by the Reserve Estimates Committee of the Company, which follows the International Reservoir Engineering Procedures.

6.6 Production Costs

Production costs include pre-well head and post well head expenses including depreciation and applicable operating costs of support equipment and facilities.

6.7 Side tracking

6.7.1 The cost of abandoned portion of side tracked exploratory wells is charged to Profit and Loss Account as dry wells.

6.7.2 The cost of abandoned portion of side tracked development wells is considered as part of cost of development wells.

6.7.3 The cost of sidetracking in respect of existing producing wells is capitalized if it increases the proved developed reserves otherwise, charged to Profit and Loss Account as workover expenditure.

7. Impairment

Producing Properties, Development Wells in Progress (DWIP) and Fixed Assets (including Capital Works in Progress) of a "Cash Generating Unit" (CGU) are reviewed for impairment at each Balance Sheet date. In case, events and circumstances indicate any impairment, recoverable amount of these assets is determined. An impairment loss is recognized, whenever the carrying amount of such assets exceeds the recoverable amount. The recoverable amount is its 'value in use' or 'net selling price' (if determinable) whichever is higher. In assessing value in use, the estimated future cash flows from the use of assets and from its disposal at the end of its useful life are discounted to their present value at appropriate rate.

An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, is allocated to its assets on a pro-rata basis. Subsequent to impairment, depreciation is provided on the revised carrying value of the assets over the remaining useful life.

8. Abandonment Cost

8.1 The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring offshore well sites and allied facilities are recognized in respective assets when the well is complete / facilities are installed.

8.2 The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring onshore well sites are recognized when the well is complete. Cost relating to dismantling, abandoning and restoring its allied facilities are accounted for in the year in which such costs are incurred as the salvage value is expected to take care of the abandonment costs. The abandonment cost on dry well is charged to Profit and Loss Account.

Liability for abandonment cost is updated based on the technical assessment available at current costs with the Company.

9. Joint Ventures

The Company has Joint Ventures in the nature of Production Sharing Contracts (PSC) with the Government of India and various bodies corporate for exploration, development and production activities.

9.1 The income, expenditure, assets and liabilities of the Jointly Controlled Assets are merged on line by line basis according to the participating interest with the similar items in the Financial Statements of the Company and adjusted for depreciation, depletion, survey, dry wells, abandonment, impairment and sidetracking in accordance with the accounting policies of the Company.

9.2 Consideration for the right to participate in operations recoverable from new Joint Venture Partners are :

1. Reduced from respective capitalized cost wherever applicable
2. Reduced from current expenditure to the extent it relates to current year.
3. Balance is considered as miscellaneous receipts.

9 .3 The hydrocarbon reserves in such areas are taken in proportion to the participating interest of the Company.

10. Investments

Long-term investments are valued at cost. Provision is made for any diminution, other than temporary, in the value of such investments.

Current Investments are valued at lower of cost and fair value.

11. Inventories

11.1 Finished goods (other than Sulphur) and stock in pipelines/tanks and carbon credits are valued at Cost or net realisable value whichever is lower. Cost of Finished goods is determined on absorption costing method. Sulphur is valued at net realisable value. The value of inventories includes excise duty, royalty (wherever applicable) but excludes cess.

11.2 Crude oil in unfinished condition in flow lines upto Group Gathering Stations/platform and Natural Gas in Pipelines are not valued.

11.3 Inventory of stores and spare parts is valued at Weighted Average Cost or Net Realisable Value whichever is lower. Provisions are made for obsolete and non moving inventories.

11.4 Unserviceable items, when determined, are valued at estimated Net Realizable Value.

12. Revenue Recognition

12.1 Revenue from sale of products is recognized on transfer of custody to customers.

12.2 Sale of crude oil and gas produced from Exploratory Wells in Progress is deducted from expenditure on such wells.

12.3 Sales are inclusive of all statutory levies except Value Added Tax (VAT). Any retrospective revision in prices is accounted for in the year of such revision.

12.4 Revenue in respect of the following is recognized when there is reasonable certainty regarding ultimate collection:

a. Short-lifted quantity of gas.

b. Gas pipeline transportation charges and statutory duties thereon.

c. Reimbursable subsidies and grants.

d. Interest on delayed realization from customers.

e. Liquidated damages from contractors/suppliers.

13. Depreciation and Amortisation

13.1 Depreciation on fixed assets is provided for under the written down value method in accordance with the rates specified in Schedule XIV to the Companies Act, 1956.

13.2 Depreciation on additions/deletions during the year is provided on pro rata basis with reference to the date of additions/deletions except items of Plant and Machinery used in wells with 100% rate of depreciation and low value items not exceeding ₹ 5000/- which are fully depreciated at the time of addition.

13.3 Depreciation on subsequent expenditure on fixed assets arising on account of capital improvement or other factors, is provided for prospectively.

Depreciation on refurbished/revamped assets which are capitalized separately is provided for over the reassessed useful life at rates which are not less than the rates specified in Schedule XIV to the Companies Act, 1956.

13.4 Depreciation on fixed assets (including support equipment and facilities) used for exploration, drilling activities and on related equipment and facilities is initially capitalised as part of exploration cost, development cost or producing properties and expensed/depleted as stated in policy 6 above.

13.5 Leasehold land is amortized over the lease period except perpetual leases.

13.6 Intangible assets are amortized over the useful life not exceeding five years from the date of capitalization.

14. Foreign Exchange Transactions

Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year end are translated using mean exchange rate prevailing on the last day of the financial year. The loss or gain thereon and also the exchange differences on settlement of the foreign currency transactions during the year are recognized as income or expense and adjusted to the profit and loss account except where such liabilities and /or transactions relate to fixed assets/ projects and these were incurred/ entered into before 1.4.2004 in which case, these are adjusted to the cost of respective fixed assets.

15. Employee Benefits

15.1 All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.

15.2 Employee Benefit under defined contribution plans comprising provident fund etc. is recognized based on the undiscounted obligations of the company to contribute to the plan. The same is paid to a fund administered through a separate trust.

15.3 Employee benefits under defined benefit plans comprising of gratuity, leave encashment, compensated absences, post retirement medical benefits and other terminal benefits are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit Method. Actuarial Liability in excess of respective plan assets is recognized during the year.

15.4 Liability for gratuity as per actuarial valuation is funded with a separate trust.

16. Voluntary Retirement Scheme

Expenditure on Voluntary Retirement Scheme (VRS) is charged to Profit and Loss Account when incurred.

17. General Administrative Expenses

General administrative expenses which are identifiable to Assets, Basins & Services are allocated to activities and the balance are charged to Profit and Loss Account. Such expenses at Headquarters are charged to Profit and Loss Account.

18. Insurance claims

The company accounts for insurance claims as under :-

18.1 In case of total loss of asset by transferring, either the carrying cost of the relevant asset or insurance value (subject to deductibles), whichever is lower under the head "Claims Recoverable-Insurance" on intimation to Insurer. In case insurance claim is less than carrying cost, the difference is charged to Profit and Loss Account.

18.2 In case of partial or other losses, expenditure incurred/payments made to put such assets back into use, to meet third party or other liabilities (less policy deductibles) if any, are accounted for as "Claims Recoverable-Insurance". Insurance Policy deductibles are expensed in the year the corresponding expenditure is incurred.

18.3 As and when claims are finally received from insurer, the difference, if any, between Claims Recoverable-Insurance and claims received is adjusted to Profit and Loss Account.

19. Research Expenditure

Revenue expenses on Research are charged to Profit and Loss Account, when incurred.

20. Taxes on Income

Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Deferred Tax Liability / Asset resulting from 'timing difference' between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

21. Borrowing Costs

Borrowing Cost specifically identified to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss Account.

22. Rig Days Costs

Rig movement costs are booked to the next location planned for drilling. Abnormal Rig days costs are considered as unallocable and charged to Profit and Loss Account.

23. Deferred Revenue Expenditure

Dry docking charges of Rigs/ Multipurpose Supply Vessels (MSVs), Geo Technical Vessels (GTVs), Well Stimulation Vessels, Offshore Supply Vessels (OSVs), Rig/equipment mobilization expenses and other related expenditure are considered as deferred expenditure and amortized over the period of use not exceeding five years.

24. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are disclosed by way of notes to accounts.

SCHEDULE-27

1. In terms of the decision of Government of India (GoI), the Company has shared under-recoveries of Oil Marketing Companies (OMCs) for the year 2009-10 by allowing discount in the prices of Crude Oil, PDS Kerosene and domestic LPG based on provisional rates of discount communicated by Petroleum Planning and Analysis Cell, Ministry of Petroleum & Natural Gas (MoP&NG). The Company does not foresee any material impact on finalization of discount rates.

   The impact of discount is as under:

(₹ in million)

Decrease in	For the year ended	
	2009-10	**2008-09**
Gross Revenue	**115,543.07**	282,252.09
Less: Value Added Tax (VAT)	**2,760.27**	7,373.66
Sales Revenue	**112,782.80**	274,878.43
Less: Statutory Levies	**13,534.06**	35,549.26
Profit Before Tax	**99,248.74**	**239,329.17**

2.1 Sales revenue in respect of Crude Oil is based on the pricing formula agreed with the customers for the period from 01.04.2002 to 31.03.2004. Pending finalization of fresh Memorandum of Understanding (MOU)/Crude Oil Sale Agreement (COSA) with the customers, the same pricing formula has been provisionally adopted from 01.04.2004 onwards. However, for Crude Oil produced in Assam, benchmark price revised by MoP&NG w.e.f. 01.04.2008 has been adopted.

2.2 Sales revenue in respect of Natural Gas under Administered Price Mechanism (APM) is based on the gas prices fixed on provisional basis as per directives dated 20.06.2005 and 05.06.2006 of the GoI, MoP&NG.

2.3 Adjustments, if any, on account of Para 2.1 and 2.2 above shall be carried out on finalization of agreements/ receipt of government directives. However, the Company does not foresee any material impact on current year's results.

3. MoP&NG vide letters dated 15.03.10 and 09.04.10 have directed GAIL (India) Limited (GAIL) that difference between consumer price and producer price revised vide MoP&NG letter dated 5th June, 2006 for APM gas being supplied to City Gas Distribution Projects and small consumers having allocations up to 0.05 MMSCMD should be transferred by GAIL from surplus in Gas Pool Account to the producers. Accordingly, an amount of ₹ 4,415.79 million on account of above for the period from 06.06.06 to 31.03.10 has been recognised during the current year.

4. The MOU for trading in products of Mangalore Refinery and Petrochemicals Limited (MRPL), a subsidiary of the Company, expired on 31st March, 2009, and accordingly no trading activity of their products was carried out during the year. Sales revenue and Purchases on account of trading of such products in the previous year was ₹ 85,098.15 million and ₹ 85,073.62 million respectively.

5.1 During the year, the Company has changed its accounting policy on abandonment cost and started providing the full eventual estimated liability towards costs relating to dismantling, abandoning and restoring of onshore well sites. Such cost of onshore well site has been capitalized to Producing Property/Development Wells in Progress /Exploratory Wells in Progress when completed and in case of dry wells it is charged to Profit & Loss account. This has resulted in increase in Producing Property by ₹ 8,353.36 million, Exploratory Wells in Progress by ₹ 166.64 million and Development Wells in Progress by ₹ 102.57 million with corresponding increase in abandonment liability by ₹ 8,622.57 million. This has also resulted in increase in Depletion cost by ₹ 403.72 million and cost of dry wells by ₹ 88.50 million with corresponding decrease in profit before tax by ₹ 492.22 million.

5.2 Further, in case of offshore wells, upto the previous year the Company was providing full eventual estimated liability towards costs relating to dismantling, abandoning and restoring of offshore wells/facilities that were forming part of producing properties. However, during the current year, the Company started providing such liability in respect of wells completed and facilities capitalized also whether they are transferred to Producing Property or not. This has resulted in increase in 'Development Wells in Progress' by ₹ 305.52 million and corresponding increase in abandonment liability by a similar amount. This has no impact on profit before tax.

6. During the year, the Company changed its accounting policy of amortising intangible assets from Written Down Value Method @ 40% to Straight Line Method over the useful life not exceeding a period of 5 years in order to systematically amortize its intangible assets. This has resulted in decrease in Depreciation, Depletion, Amortisation and Impairment by ₹ 424.55 million, consequently activity cost decreased by ₹ 3.22 million and Profit before tax increased by ₹ 421.33 million.

7. In Ravva Joint Venture, the demand towards additional profit petroleum raised by GoI, based on the decision of the Malaysian High Court, was disputed by the Operator M/s. Cairn Energy India Limited, due to difference in interpretation of provision of Production Sharing Contract (PSC) in respect of computation of Post Tax Rate of Return (PTRR). The Company is not a party to the dispute but agreed to abide by the decision applicable to the Operator. As the dispute between the Operator and GoI was not resolved, the Company made a provision in Financial Year 2008-09 amounting to ₹ 5,771.14 million (USD 113.82 million) on account of additional profit petroleum and ₹ 2,829.86 million (USD 54.88 million) towards interest thereon totaling to ₹ 8,601.00 million (USD 168.70 million) as an abundant precaution. GoI has recovered such amount subsequently.

The appellate authority of Honorable Malaysian High Court of Kuala Lumpur, Malaysia has set aside the decision of the Malaysian High Court and the decision of arbitral tribunal in favour of Operator was restored on 15th September 2009. GoI has filed an appeal in the Federal Court of Malaysia against such restoration.

An additional interest of ₹ 65.41 million (USD 1.45 million) has been provided during the year. Pending final outcome of this appeal, the provision is retained at ₹ 7,679.21 million (USD 170.15 million) net of reversal of ₹ 987.20 million towards exchange gain during the year.

8. The Company acquired 90% Participating Interest in Exploration Block KG-DWN-98/2 from M/s Cairn Energy India Ltd. in 2004-05 for a lump sum consideration of ₹ 3,711.22 million which was capitalized under Exploratory Wells in Progress as per Accounting Policy No. 6.3. Subsequent exploratory drilling costs of wells in this block were capitalized as Exploratory Wells in Progress. Initial-in-Place-Reserves have been established in this block and a conceptual development plan is also under preparation. This being deep water block, needs more time for completion of appraisal programme. However, the Company as an abundant precaution made a provision of ₹ 6,104.80 million and ₹ 2,360.39 million in respect of above costs in 2007-08 and 2008-09 respectively. Since there is no significant change in status of this block during the current year, the expenditure amounting to ₹ 918.48 million on the wells completed upto 31st March 2008, being more than two years old is provided for in the current year.

9. As per the Production Sharing Contracts signed by the Company with the GoI, the Company is required to complete Minimum Work Programme (MWP) within stipulated time. In case of delay in completion of the MWP, Liquidated Damages (LD) is payable for extension of time to complete MWP. Further, in case the Company does not complete MWP or surrender the block without completing the MWP, the estimated cost of completing balance work programme is required to be paid to the GoI. LD amounting to ₹ (-)78.41 million net of reversal (Previous year ₹ 563.28 million) and cost of unfinished MWP ₹ 3,148.58 million (Previous year ₹ 1,439.51 million) paid/payable to the GoI is included in survey and wells written off expenditure in Schedule 21.

10. In respect of 16 (Previous year 16) Deepwater NELP Blocks, company's share in LD and MWP amounting to ₹ 12,037.37 million (Previous year ₹ 6,229.03 million) and ₹ 33,024.85 million (Previous year ₹ 13,075.42 million) respectively has not been provided for, since the rig moratorium proposal is under consideration of GoI as per the letter dated 18.08.2008 from Director General of Hydrocarbons (DGH). Out of the above, MWP amounting to ₹ 1,770.62 million (Previous year Nil) has already been completed during the year and balance amounting to ₹ 31,254.23 million (Previous year ₹ 13,075.42 million) is included in Capital Commitment (Note No 27.1.2).

11. The Finance (No. 2) Act, 2009 has specified the definition of "undertaking" for the purpose of claiming tax holiday under section 80-IB(9) of Income Tax Act, 1961 to be 'all blocks licensed under a single contract' retrospectively whereas the company had earlier considered each 'well' as an "undertaking".Since the amendment still requires clarity on various issues and also considering the advice of legal experts, the company continued to make provision for tax without considering the benefit u/s 80-IB(9).

12. The Jharia CBM Block was awarded by GoI to ONGC-CIL consortium on nomination basis for exploration and exploitation of Coal Bed Methane (CBM) gas. Ministry of Coal (MoC) later awarded a coal mining block to the private company which overlapped with a part of the Company's CBM Block. It was decided by the MoC and MoP&NG that such area of exploratory wells drilled by the Company are excluded from the mining area to the private company. These well sites are permanently acquired by the Company and the titles are in the name of the Company. Pending resolution and receipt of equitable land for future exploration activities in consideration of the overlapped area, amounting to ₹ 1.54 million incurred on exploratory wells is shown under Exploratory Wells in Progress.

13. In case of Jointly Controlled Assets - Panna Mukta & Tapti (ONGC Share - 40%), where Block's auditors have opined regarding non ascertainment and adjustment of certain observations raised by auditors appointed by Director General Hydrocarbon (DGH) under Production Sharing Contract for the period 1994 to 2007 in respect of cost and profit petroleum share. Pending resolution of such issues, no adjustment has been made in the accounts of the operator. The amount of liability arising out of such observations has not been quantified and impact of the same on Company's accounts is unascertainable.

14. Pending finalization, the Company provided liability for pay revision in respect of unionized category of employees amounting to ₹ 1,910.00 million during the year (till 31.03.2010 ₹ 4,100.00 million) and is allocated to activities as per the policy of the company.

15. Details of purchase and sale/ redemption of Current Investments during the year:

Particulars	UTI Liquid Cash Plan UTI		Treasury Advantage Fund	
	No of Units @ ₹ 1019.4457	Amount (₹ in million)	No of Units @ ₹ 1000.2141	Amount (₹ in million)
Opening Balance	- (-)	- (-)	- (-)	- (-)
Purchases	468,866,246.935 (363,040,424.811)	477,983.68 (370,100.00)	193,059,225.362 (-)	193,100.55 (-)
Dividend Reinvested	1,08,501.298 (229,014.778)	110.61 (233.47)	3,52,837.098 (-)	352.91 (-)
Redemption	463,971,531.839 (363,269,439.589)	472,993.78 (370,333.47)	191,696,065.044 (-)	191,737.10 (-)
Closing Balance	5,003,216.394 (-)	5,100.51 (-)	1,715,997.416 (-)	1,716.36 (-)

16. The Company changed the rate of depreciation on all Trunk Pipelines and Onshore Flow Lines (assets below ground) from 27.82% to 100% based on technical assessment by the management during 2005-06. The Company made a reference to the Ministry of Corporate Affairs (MCA) during 2006-07 for confirmation of the rate of depreciation. Pending confirmation by the MCA, Company continues to charge depreciation at 100% on such assets.

17. The Company has a system of physical verification of Inventory, Fixed Assets and Capital Stores in a phased manner at regular intervals. Adjustment of differences, if any, will be accounted for after examination of these differences.

18. Some balances of Debtors, Creditors and Loans & Advances are subject to confirmation/ reconciliation. Adjustments, if any, will be accounted for on receipt/ confirmation of the same after examination.

19. Disclosure under the Revised Accounting Standard -15 on "Employee Benefits"

19.1 Brief Description: A general description of the type of Defined Benefit Plans is as follows:

19.1.1 Earned Leave (EL) Benefit

Accrual - 30 days per year

Encashment while in service - 75% of Earned Leave balance subject to a maximum of 90 days per calendar year

Encashment on retirement - maximum 300 days

19.1.2 Good Health Reward (Half pay leave)

Accrual - 20 days per year

Encashment while in service - Nil

Encashment on retirement - 50% of Half Pay Leave balance.

19.1.3 Gratuity

15 days salary for every completed year of service. Vesting period is 5 years and the payment is restricted to ₹ 1.00 million.

19.1.4 Post Retirement Medical Benefits -

Upon payment of one time prescribed contribution by the employees, full medical benefits on superannuation and on voluntary retirement subject to the completion of minimum 20 years of service and 50 years of age.

19.1.5 Terminal Benefits

At the time of superannuation, employees are entitled to settle at a place of their choice and they are eligible for Transfer Traveling Allowance. Employees are gifted a silver plaque also, depending upon their level.

19.2 The amounts recognized in financial statements for defined contribution plans are as under:

(₹ in million)

Defined Contribution Plans	Amount recognised during the year	Contribution for Key Management Personnel
Contributory Provident Fund	2864.09 (1,702.90)	1.38 (0.69)
Employee Pension Scheme-95	206.27 (209.29)	0.03 (0.04)
Composite Social Security Scheme	209.06 (212.24)	0.05 (0.05)

19.3 The amounts recognized in the balance sheet for post employment benefit plans are as under:

(₹ in million)

Sl No.	Particulars	Gratuity	Leave	Post Retirement Medical Benefits	Terminal Benefits
1	Present Value of Funded Obligation	17,772.42 (17,423.08)	- (-)	- (-)	- (-)
2	Fair Value of Plan Assets	17,469.42 (8,133.78)	- (-)	- (-)	- (-)
3	Present Value of Unfunded Obligation	- (-)	13,740.85 (13,235.47)	14,077.09 (12,728.86)	642.39 (480.40)
4.	Unrecognised Past Service Cost	- (-)	- (-)	- (-)	- (-)
5	Net Liability	302.99 (9,289.30)	13,740.85 (13,235.47)	14,077.09 (12,728.86)	642.39 (480.40)
6	Liability for Retired employees	- (812.60)	193.25 (191.17)	- (-)	- (-)
7	Total Provision	302.99 (10,101.90)	13,934.10 (13,426.64)	14,077.09 (12,728.86)	642.39 (480.40)

19.4 The amounts included in the fair value of plan assets of gratuity fund are as follows:

(₹ in million)

Defined Contribution Plan	During the year
Reporting Enterprise's own financial instruments	Nil (Nil)
Any Property occupied by, or other assets used by the reporting enterprise.	Nil (Nil)

19.5 Reconciliation showing the movements during the period in the net liability recognised in the balance sheet:

(₹ in million)

Sl No.	Particulars	Gratuity	Leave	Post Retirement Medical Benefits	Terminal Benefits
1.	Opening defined benefit obligation	17,423.08 (16,318.38)	13,235.47 (10,861.95)	12,728.86 (10,699.42)	480.40 (435.14)
2.	Current Service Cost	732.74 (736.47)	594.44 (-189.29)	281.44 (263.29)	26.58 (20.40)
3.	Past Service Cost	- (-)	- (-)	- (-)	- (-)
4.	Interest Cost	1,306.73 (1,142.29)	992.65 (705.92)	954.66 (748.96)	36.03 (30.46)
5.	Actuarial losses (gains)	(502.66) (-468.44)	1,876.44 (2,984.68)	3,075.28 (1,430.71)	130.05 (7.16)
6.	Exchange differences on foreign plans	- (-)	- (-)	- (-)	- (-)
7.	Benefits paid	1,187.47 (305.61)	2,958.17 (1,127.79)	2963.16 (413.52)	30.66 (12.76)
8.	Closing defined benefit obligation	17,772.42 (17,423.08)	13,740.84 (13,235.47)	14,077.09 (12,728.86)	642.39 (480.40)

19.6 The total amount recognized in the financial statements before allocation is as follows: (₹ in million)

Sl No.	Particulars	Gratuity	Leave	Post Retirement Medical Benefits	Terminal Benefits
1.	Current Service Cost	732.74 (736.47)	594.43 (588.21)	281.44 (263.29)	26.57 (20.40)
2.	Interest on Obligation	1,306.73 (1,142.29)	992.65 (705.91)	954.66 (748.96)	36.03 (30.46)
3.	Expected return on plan assets	1,451.37 (630.24)	- (-)	- (-)	- (-)
4.	Net actuarial Losses / (Gains) recognised in year	(284.77) (-468.44)	1,876.44 (2,984.68)	3,075.28 (1,430.71)	130.05 (7.16)
5.	Past Service Cost	- (-)	- (-)	- (-)	- (-)
6.	Losses (Gains) on curtailments and settlement	- (-)	- (-)	- (-)	- (-)
7.	Total included in 'employee benefit expense'.	303.34 (780.08)	3,463.54 (4,278.80)	4311.39 (2,442.96)	192.65 (58.02)
8.	Actual return on plan assets	1,233.47 (630.08)	- (-)	- (-)	- (-)

Investments of Gratuity Trust

Particulars	% of Investment as at	
	As at 31.03.10	As at 31.03.09
Central Govt. Securities	30.56	46.60
State Govt. Securities	14.24	19.52
PSU Bonds	29.99	33.88
Treasury Bills	1.43	-
Insurance Investment	23.40	-
Equity Mutual Fund	0.38	-
Total	**100.00**	**100.00**

19.7 Principal actuarial assumption at the balance sheet date (expressed as weighted averages):

(₹ in million)

Sl No.	Particulars	Gratuity	Leave	Post Retirement Medical Benefits	Terminal Benefits
1.	Discount rate	7.5% (7%)	7.5% (7%)	7.5% (7%)	7.5% (7%)
2.	Expected return on plan assets	8.33% (8.09%)	NA	NA	NA
3.	Annual increase in costs	NA	NA	5 % (5%)	5 % (5%)
4.	Annual Increase in Salary	5% (5%)	5 % (5%)	NA	NA

Note : Figures in parenthesis represent last year's figure.

20. Disclosure under Accounting Standard -16 on "Borrowing Costs"

The Company did not incur any borrowing cost for any qualifying asset. No borrowing cost is capitalised during the year (previous year Nil).

21. Disclosure under Accounting Standard -17 on "Segment Reporting"

The segment information is presented under the notes to accounts of the Consolidated Financial Statements as required under the standard.

22. Disclosure under Accounting Standard -18 on "Related Party Disclosure"

22.1 Name of related parties and description of relationship:

22.1.1 Joint Ventures/Jointly Controlled Entities

Sl. No	Name	Relationship
i)	Ravva	Joint Venture
ii)	CY-OS-90/1(PY3)	Joint Venture
iii)	Panna, Mukta & Tapti	Joint Venture
iv)	CB-OS-1	Joint Venture
v)	CB-OS-2	Joint Venture
vi)	GK-OSJ-3	Joint Venture
vii)	RJ-ON-90/1	Joint Venture
viii)	RJ-ONN-2003/1	Joint Venture
ix)	KK-DWN-2004/1	Joint Venture
x)	ONGC Mangalore Petrochemicals Limited	Joint Controlled Entity
xi)	Petronet LNG Limited	Joint Controlled Entity
xii)	ONGC Teri Biotech Limited	Joint Controlled Entity
xiii)	Mangalore SEZ Limited	Joint Controlled Entity
xiv)	ONGC Petro Additions Limited	Joint Controlled Entity
xv)	ONGC Tripura Power Co. Limited	Joint Controlled Entity
xvi)	Dahej SEZ Limited	Joint Controlled Entity

22.1.2 Key Management Personnel:

Whole-time Functional Directors:

i) Shri R.S. Sharma, Chairman and Managing Director

ii) Dr. A. K. Balyan

iii) Shri A.K. Hazarika

iv) Shri U. N. Bose

v) Shri D.K. Pande

vi) Shri D.K.Sarraf

vii) Shri Sudhir Vasudeva

22.2 Details of Transactions

22.2.1 Joint Ventures/ Jointly Controlled Entities

(₹ in million)

Details	2009-10	2008-09
Services Received from :		
a) Ravva	**60.40**	78.59
b) ONGC Teri Biotech Limited	**151.26**	-
Services Provided to :		
a) Ravva	**11.19**	10.52
b) Panna Mukta & Tapti	**2,329.66**	4,126.80
c) ONGC Petro Additions Limited	**162.54**	295.72
d) Petronet LNG Limited	**3.57**	0.76
e) Mangalore SEZ Limited	**1.80**	-
f) ONGC Tripura Power Co. Limited	**3.94**	-
Purchase of Condensate (Panna Mukta & Tapti)	**4,584.91**	8,273.69
Advance :		
a) ONGC Petro Additions Limited	**4,560.00**	3,290.00
b) ONGC Mangalore Petrochemicals Limited	**1424.00**	945.77
Amount Receivable :		
a) Panna Mukta & Tapti	**2,009.68**	2,998.74
b) ONGC Petro Additions Limited	**138.99**	9.10
c) ONGC Tripura Power Co. Limited	**0.95**	-
d) Petronet LNG Limited	**0.60**	-
Amount Payable :		
a) Panna Mukta & Tapti	**67.96**	-
b) ONGC Teri Biotech Limited	**31.26**	-
Advance outstanding :		
a) ONGC Petro Additions Limited	**7,850.00**	3,290.00
b) ONGC Tripura Power Co. Limited	**1,233.87**	1,233.87
c) ONGC Mangalore Petrochemicals Limited	**4,369.77**	2,945.77
d) Dahej SEZ Limited	**-**	0.25

22.2.2 Key Management Personnel

(₹ in million)

Particulars	2009-10	2008-09
Remuneration to Directors	**34.35**	17.94
Amount Receivable	**0.56**	3.58
Amount Payable	**3.58**	1.23

23. Disclosure under Accounting Standard -22 on "Accounting for Taxes on Income"

The Company has Net Deferred Tax Liability as at 31st March, 2010 of ₹ 89,182.13 million (Previous year ₹ 78,022.35 million). The break up of Deferred Tax Liability is as under:

(₹ in million)

Particulars	As at 31.03.2010	As at 31.03.2009
(i) Liabilities		
Depletion of Producing Properties	**133,460.20**	122,470.73
Depreciation Allocated to Wells in Progress and expenses relating to NELP blocks	**7,038.26**	5,294.21
Deferred Revenue Expenditure written off	**2,794.64**	2,211.42
Development Wells-in-Progress	**5,908.70**	6,444.16
Others	**2,367.89**	1,969.65
Total (i)	**151,569.69**	**138,390.17**
(ii) Assets		
Depreciation	**4,677.42**	5,021.17
Dry wells written off	**13,298.28**	6,474.70
Provision for Non Moving Inventories	**1,285.75**	1,324.95
Provision for Doubtful Debts/Claims/ Advances/ Interest	**3,229.18**	2,887.20
Provision for Abandonment	**28,882.40**	29,888.16
Provision for Leave Encashment	**4,628.56**	4,563.72
Provision toward Additional Profit Petroleum & interest-Ravva	**2,550.84**	2,923.48
Statutory duties unpaid u/s 43B	**424.44**	633.31
Others	**3,410.69**	6,651.13
Total (ii)	**62,387.56**	**60,367.82**
Deferred Tax Liability (Net)(i - ii)	**89,182.13**	**78,022.35**

24. Disclosure under Accounting Standard - 27 on Financial Reporting of Interest in Joint Ventures:

24.1 Jointly Controlled Assets

In respect of certain blocks, the Company's Joint Ventures (JV) with certain bodies corporate have entered into Production Sharing Contracts (PSCs) with GoI. Details of these blocks and JVs as on 31.03.2010 are as under:

Sl. No.	Blocks	Company's PI *
A	**Jointly Operated JVs**	
1	Panna, Mukta and Tapti	40% (40%)
B	**Non-Operated JVs**	
2	Ravva	40% (40%)
3	CY-OS-90/1 (PY3)	40% (40%)
4	RJ-ON-90/1	30% (30%)
5	CB-OS/2 -Exploration Phase	25%(25%)
	CB-OS/2 -Development Phase	50% (50%)
6	CB-ON/7 -Development Phase**	30% (30%)
7	CB-ON/3 - Development Phase**	30% (30%)
8	GK-OSJ-3	25% (25%)
9	RJ-ONN-2002/1	40% (40%)
10	AA-ONN-2002/3	70% (70%)
11	AN-DWN-2003/2	45%(45%)
12	KG-ONN-2003/1	51% (51%)
13	RJ-ONN-2003/1	36%(36%)
14	PR-OSN-2004/1	35% (35%)
15	CB-ON/2- Development phase**	30% (Nil)
16	RJ-ONN-2005/3	40%(Nil)
17	AA-ONJ/2	40% (40%)
C	**ONGC Operated JVs**	
18	CB-OS/1 Exploration Phase	32.89 %(32.89%)
	CB-OS/1 Development Phase**	55.26% (32.89%)
19	KG-DWN-98/2	65% (65%)
20	KG-DWN-98/4	55% (55%)
21	MN-DWN-98/3	60% (60%)
22	VN-ONN-2003/1**	100% (51%)
23	MN-OSN-2000/2	40% (40%)
24	CY-DWN-2001/1	45% (55%)
25	AA-ONN-2001/2	80% (80%)
26	AA-ONN-2001/3	85% (85%)
27	KK-DWN-2002/2	80% (80%)
28	KK-DWN-2002/3	80% (80%)
29	KG-DWN-2002/1	70% (70%)
30	MN-DWN-2002/1	36% (36%)
31	CY-ONN-2002/2	60% (60%)
32	CB-ONN-2002/1**	100% (70%)
33	AA-ONN-2002/4	90% (90%)

34	MN-DWN-2002/2	75% (75%)
35	GS-OSN-2003/1	51% (51%)
36	KK-DWN-2004/1	45% (45%)
37	CY-DWN-2004/1	70% (70%)
38	CY-DWN-2004/2	70% (70%)
39	CY-DWN-2004/3	70% (70%)
40	CY-DWN-2004/4	70% (70%)
41	CY-PR-DWN-2004/1	70% (70%)
42	CY-PR-DWN-2004/2	70% (70%)
43	KG-DWN-2004/1	70% (70%)
44	KG-DWN-2004/2	60% (60%)
45	KG-DWN-2004/3	70% (70%)
46	KG-DWN-2004/5	50% (50%)
47	KG-DWN-2004/6	60% (60%)
48	KG-OSN-2004/1	55% (55%)
49	CB-ONN-2004/1	50% (50%)
50	CB-ONN-2004/2	50% (50%)
51	CB-ONN-2004/3	40% (40%)
52	CB-ONN-2004/4	50% (50%)
53	CY-ONN-2004/1	80% (80%)
54	CY-ONN-2004/2	80% (80%)
55	MB-OSN-2005-1	80% (80%)
56	MB-OSN-2005-5	70% (70%)
57	MB-OSN-2005-6	80% (80%)
58	AN-DWN-2005/1	90% (90%)
59	KG-DWN-2005/1	70% (70%)
60	KK-DWN-2005/2	90% (90%)
61	KG-OSN-2005/1	60% (60%)
62	KG-OSN-2005/2	80% (80%)
63	Raniganj	74% (74%)
64	Jharia	90% (90%)
65	NK-CBM-2001/1	80% (80%)
66	BK-CBM-2001/1	80% (80%)
67	CB-ONN-2005/4	51% (Nil)
68	CB-ONN-2005/10	51% (Nil)
69	PR-ONN-2005/1	80% (Nil)
70	WB-ONN-2005/4	75% (Nil)
71	AA-ONN-2005/1	60% (Nil)
72	GV-ONN-2005/3	80% (Nil)
73	HF-ONN-2001/1	65% (100%)
74	CB-ONN-2001/1**	100% (70%)

* PI - Participating Interest
**Approval towards assignment of PI is awaited from GoI

24.2 List of the blocks surrendered during the year are given below:

Sl. No.	Joint Ventures / PSCs	Company's PI *
1	WB-OSN-2000/1	85%
2	GV-ONN-2003/1	51%
3	RJ-ONN-2001/1	30%
4	KK-OSN-2001/2	100%
5	KK-OSN-2001/3	100%

* PI - Participating Interest

24.3 The Financial position of the JV/NELP blocks are as under:

(₹ in million)

	No. of JVs/ NELP Blocks	Assets	Liabilities	Income	Expenditure	Profit / (-) Loss before tax
NELP Block-100% PI*	19	1,822.27	165.89	0.11	7,149.44	-7,149.33
	(19)	(1,126.02)	(638.60)	(0.08)	(13,668.21)	(-13,668.13)
Blocks with other partners	74	90,350.03	29,287.34	51,148.14	39,842.90	11,305.24
	(67)	(67,655.63)	(32,876.06)	(49,971.59)	(40,258.55)	(9,713.04)
Surrendered till date	31	219.26	6,184.08	0.28	5,616.40	-5,616.12
	(26)	(155.22)	(1,902.51)	(0.10)	(3,147.64)	(-3147.54)
Total	**124**	**92,391.56**	**35,637.31**	**51,148.53**	**52,608.74**	**-1,460.21**
	(112)	**(68,936.87)**	**(35,417.17)**	**(49,971.77)**	**(57,074.40)**	**(-7,102.63)**

24.3.1 The financial statements of 117 (Previous year 93) out of 124 (Previous year 112) JVs/NELP as per para no. 24.3 have been incorporated in the accounts to the extent of Company's participating interest in assets, liabilities, income, expenditure and profit/(loss) before tax on the basis of statements certified in accordance with production sharing contract and the same has been adjusted for changes as per accounting policy No. 9.1 in Schedule-26.

24.3.2 In respect of balance 7 (Previous year 19) JVs/NELP assets, liabilities, income and expenditure amounting to ₹ 69.80 million (Previous year ₹ 32.93 million), ₹ 143.98 million (Previous year ₹ 921.25 million), ₹ 152.55 million (Previous year ₹ 0.06 million) and ₹ 812.85 million (Previous year ₹ 478.69 million) respectively have been incorporated on the basis of uncertified statements prepared under the production sharing contracts and the same has been adjusted for changes as per accounting policy No. 9.1 in Schedule-26.

24.4 In respect of Farm Out agreements, where necessary approval from Central Government has been obtained during the year, a sum of ₹ 1,196.19 million (Previous year ₹ 4,979.55 million) has been considered recoverable from the farmers towards the share of expenditure incurred from the effective date of the farm out agreement and has been credited to Miscellaneous Receipts amounting to ₹ 1,049.66 million (Previous year ₹ 4,976.82 million) in respect of earlier years and the balance current year expenditure has been credited to respective natural heads.

24.5 Jointly Controlled Entities:

24.5.1 Company has ownership interest in following Jointly Controlled Entities:

Name	Country of Incorporation	Ownership Interest (%)	
		As at 31.03.2010	As at 31.03.2009
Petronet LNG Limited	India	**12.50**	12.50
Petronet MHB Limited	India	**28.77**	28.77
Mangalore SEZ Limited	India	**26.00**	26.00
ONGC Mangalore Petrochemicals Limited	India	**46.00**	46.00
ONGC Petro Additions Limited	India	**41.93**	41.93
ONGC Tripura Power Co. Limited	India	**49.52**	49.52
ONGC Teri Biotech Limited	India	**49.98**	49.98
Dahej SEZ Limited	India	**49.60**	-

24.5.2 The Company's share in assets, liabilities, income, expenses, contingent liabilities and capital commitments of Jointly Controlled Entities (excluding for Dahej SEZ Limited for which Financials Statements have not been received):

(₹ in million)

	Description	As at 31.03.2010	As at 31.03.2009
i)	Assets		
	Long term assets	**25,391.73**	14,263.76
	Investments	**748.38**	699.43
	Current assets	**3,585.24**	3,311.73
ii)	Liabilities		
	Current liabilities and provisions	**5,132.17**	2,768.57
	Other liabilities	**12,195.27**	6,730.55
iii)	Deferred tax liabilities	**243.45**	154.42
iv)	Income	**13,686.42**	10,864.63
v)	Expenses	**12,874.03**	9,850.47
vi)	Contingent liabilities	**1,815.24**	2,196.99
vii)	Capital commitments	**46,051.70**	36,235.60

24.5.3 The Company has given an undertaking to Power Finance Corporation (PFC), for an additional funding up to ₹ 2,234.00 million in respect of ONGC Tripura Power Co. Limited (OTPC) for cost overrun, if any.

25 Disclosure under Accounting Standard - 28 on "Impairment of Assets"

25.1 The Company is engaged mainly in the business of oil and gas exploration and production where each cost centre used for depreciation (depletion) purposes is identified as independent Cash Generating Unit (CGU) for assessing the impairment in Producing Properties and fixed assets etc. on the basis of 'value in use'. The Company has tested all its CGUs for impairment as on 31.03.2010 by applying discount rates of 17.31% (Previous year 16.61 %) for Rupee transactions and 13.07 % (Previous year 13.40 %) for crude oil and value added products revenue measured in USD as on 31.03.2010.

25.2 During the year ₹ 553.45 million (Previous year ₹ 1,240.59 million) was provided as an additional impairment loss in respect of certain CGUs. Further, impairment loss to the extent of ₹ 986.17 million (Previous year ₹ 4,350.91 million) has been reversed in respect of DVP Jorhat and Ratna CGUs due to increased sale price and accretion in reserves.

26 Disclosure under Accounting Standard - 29 on "Provisions, Contingent Liabilities and Contingent Assets"

Movement in Provisions - Others

For Court cases, arbitration and others, where the timing of expected outflows is upon settlement of the proceedings:

(₹ in million)

Particulars	2009-10	2008-09
Opening Balance	**9,129.04**	490.38
Add: Provision made during the year	**93.20**	8,778.72
Less: Provision written back/ reclassified/ reduction during the year	**(1,163.49)**	(140.06)
Closing Balance	**8,058.75**	9,129.04

27 Disclosures under Schedule VI to the Companies Act, 1956:

27.1 Capital Commitment not provided for:

27.1.1 Estimated amount of contracts remaining to be executed on capital account:-

i) In respect of Company -₹ 184,507.29 million (Previous year ₹ 112,871.64 million).

ii) In respect of Joint Ventures - ₹ 194.47 million (Previous year ₹ 3,026.16 million).

27.1.2 Estimated amount of Minimum Work Programme (MWP) committed under various 'Production Sharing Contracts' with Government of India/ Nominated Blocks:

i) In respect of NELP blocks in which the Company has 100% participating interest - ₹ 33,419.14 million (Previous year ₹ 21,016.72 million).

ii) In respect of Nominated Blocks ₹ 1,128.13 million (Previous year Nil).

iii) In respect of NELP blocks in Joint Ventures - ₹ 87,076.90 million (Previous year ₹ 51,675.97 million).

27.2 **Contingent Liabilities:**

Claims against the Company/ disputed demands not acknowledged as debt:-

(₹ in million)

		As at 31.03.2010	As at 31.03.2009
I	In respect of Company		
	i. Income Tax	**15,721.36**	20,723.73
	ii. Excise Duty	**2,372.44**	1,648.95
	iii. Custom Duty	**1,447.47**	1,447.47
	iv. Royalty	**18,849.79**	360.39
	v. Cess	**12.76**	4.92
	vi AP Mineral Bearing Lands (Infrastructure) Cess	**1,171.84**	922.92
	vii. Sales Tax	**20,135.52**	7,271.46
	viii. Octroi	**66.89**	66.89
	ix. Specified Land Tax (Assam)	**2,274.50**	1,646.06
	x. Claims of contractors in Arbitration / Court	**21,262.90**	62,796.57
	xi. Others	**17,317.84**	5,038.78
	Sub Total (A)	**100,633.31**	101,928.14
II	In respect of Joint Ventures		
	i. Income Tax	**8.91**	8.91
	ii. Excise Duty	**322.42**	-
	iii. Custom Duty	**3,457.89**	3,262.74
	iv. Royalty	**-**	12.39
	v. Cess	**10.64**	10.64
	vi. Sales Tax	**2,959.13**	2,941.15
	vii. Claims of contractors in Arbitration / Court	**740.73**	471.74
	viii. Others	**4,898.72**	550.41
	Sub Total (B)	**12,398.44**	7257.98
	TOTAL (A + B)	**113,031.75**	**109,186.12**

The above claims / demands are at various stages of appeal and in the opinion of the Company are not tenable.

27.3 **Bank Guarantees given by the Company:**

i) ₹ 3,426.38 million (Previous year ₹ 1,542.65 million) including ₹ 1,142.37 million (Previous year ₹ 1,495.11 million) for NELP Blocks where the Company has 100% participating interest.

ii) In respect of Joint Ventures - ₹ 7,082.46 million (Previous year ₹ 4,947.94 million).

iii) Out of total Bank Guarantees of ONGC an amount of ₹ 7,044.00 million (Previous year ₹ 4,544.32 million) has been provided in respect of MWP committed under various 'Production Sharing Contracts' with Government of India and Nominated Blocks which is also included in Capital Commitments under para 27.1.2.

27.4 **Corporate Guarantees executed by the Company on behalf of its wholly owned subsidiary, ONGC Videsh Limited (OVL) and ONGC Nile Ganga BV (wholly owned subsidiary of OVL):**

27.4.1 Guarantees executed for financial obligations:

i) Amount of Guarantee ₹ 38,043.51 million (Previous year ₹ 57,062.28 million).

ii) Amount Outstanding ₹ 34,932.70 million (Previous year ₹ 56,447.65 million).

27.4.2 Performance Guarantees executed under the contracts:

Guarantee in respect of Sakhalin Project in favour of Exxonneftgas Ltd., M/s. Roseneft-S, SMNG-S and RN-Astra towards performance of Company's obligation under Joint Operating Agreement without any financial ceiling.

27.5 Corporate Guarantees executed by the Company on behalf of its subsidiary, MRPL:

i) Amount of Guarantee ₹ 16,246.80 million (Previous year ₹ 18,356.40 million).

ii) Amount Outstanding ₹ 4,828.91 million (Previous year ₹ 3,295.49 million).

27.6 Uncalled liability on partly paid shares is ₹ 1,337.19 million (Previous Year ₹ 1,337.19 million) against which advance paid ₹ 1,233.87 million (Previous Year ₹ 1,233.87 million).

27.7 Details of Expenditure

Details of expenditure incurred on natural heads and its allocation:

(₹ in million)

		2009-10	2008-09
Manpower Cost			
(a) Salaries, Wages, Ex-gratia etc.	**44,906.49**		34,366.17
(b) Contribution to Provident and other funds	**3,279.42**		2,124.73
(c) Provision for gratuity	**(497.01)**		1,112.92
(d) Provision for leave	**3,458.56**		3,577.40
(e) Provision for Post Retirement Medical & Terminal Benefits	**1,506.64**		2,027.89
(f) Staff welfare expenses	**4,537.15**		4,186.82
Sub Total:		**57,191.25**	47,395.93
Consumption of Raw materials, Stores and Spares		**24,179.46**	23,889.07
Cess		**54,547.67**	55,788.33
Natural Calamity Contingent Duty		**1,061.86**	1,081.40
Excise Duty		**2,184.11**	3,382.86
Royalty		**54,867.27**	44,930.67
Sales Tax		**2,990.02**	6,926.28
Octroi/BPT		**4,966.61**	4,464.74
Service Tax		**225.01**	293.43
Education cess		**1,711.65**	1,798.34
Rent		**1,370.29**	1,317.22
Rates and taxes		**547.32**	476.98
Hire charges of equipments and vehicles		**112,624.66**	83,664.85
Power, fuel and water charges		**2,603.81**	2,707.88
Contractual drilling, logging, workover etc.		**115,529.46**	69,970.28
Contractual security		**2,586.76**	1,751.16

Repairs to building	**1,253.18**	628.83
Repairs to plant and machinery	**1,693.49**	1,787.86
Other repairs	**3,495.34**	3,607.14
Insurance	**2,382.00**	1,890.72
Expenditure on Tour / Travel	**2,638.31**	2,815.47
Contribution	**666.99**	746.93
Miscellaneous expenditure	**8,901.93**	9,961.23
Exchange Variation	**-**	3,819.04
	460,218.45	375,096.64
Less:		
Allocated to exploration, development drilling, capital jobs, recoverables etc.	**215,054.30**	141,118.82
Excise duty adjusted against sales revenue	**2,185.42**	3,494.11
Prior Period Adjustment	**(220.73)**	(1,955.16)
Production, Transportation, Selling and Distribution Expenditure	**243,199.46**	**2,32,438.87**

27.8 Quantitative Details

27.8.1 Sales

		2009-10			2008-09		
Particulars	**Unit**	**Quantity**	**Value (₹ in million)**		Quantity	Value (₹ in million)	
Crude Oil*	MT	**22,331,012**	**454,867.46**	**-**	22,879,209	407,901.68	-
Less: From Exploratory areas	-	**2,870**	**42.43**	**-**	4,099	63.51	-
Less: Government of India's share in Profit Petroleum	-	**-**	**9,785.35**	**445,039.68**	-	15,930.69	391,907.48
Natural Gas*	$000M^3$	**20,598,972**	**79,440.41**	**-**	20,534,094	80,358.44	-
Less: From Exploratory areas		**3,056**	**10.27**	**-**	1,072	3.56	-
Less: Government of India's share in Profit Petroleum	-	**-**	**5,632.94**	**73,797.20**	-	4,827.30	75,527.58
Liquified Petroleum Gas	MT	**1,107,556**	**-**	**21,923.69**	1,029,220	-	22,752.31
Naphtha	MT	**1,598,430**	**-**	**47,137.36**	1,544,868	-	48,406.27
Ethane/Propane	MT	**533,383**	**-**	**10,248.63**	496,603	-	9,889.55
Superior Kerosene Oil	MT	**165,542**	**-**	**3,255.42**	152,836	-	4,448.38
Superior Kerosene Oil - (Trading)	KL	**-**	**-**	**-**	440,772	-	12,253.13
LSHS	MT	**15,908**	**-**	**411.09**	23,457	-	653.91
HSD	MT	**-**	**-**	**-**	1,090	-	27.44
HSD incl. ULS HSD (Trading)	KL	**4,289**	**-**	**155.97**	1,742,039	-	61,882.54
Motor Spirit (Trading)	KL	**548**	**-**	**26.97**	272,689	-	11,061.54
Aviation Turbine Fuel (ATF)	MT	**1,718**	**-**	**51.72**	15,377	-	665.87
Others	-	**-**	**-**	**0.46**	-	-	1.08
Total	**-**	**-**	**-**	**602,048.19**	**-**	**-**	**639,477.08**

*Quantity includes share from Joint Ventures

27.8.2 Opening and Closing Stock of goods produced:

Particulars	Unit	2009-10		2008-09	
		Quantity	Value (₹ in million)	Quantity	Value (₹ in million)
Opening stock					
Crude Oil	MT	**974,231**	**5,062.67**	920,280	4,217.23
Liquefied Petroleum Gas	MT	**7437**	**30.65**	7,633	30.08
Naphtha	MT	**117,353**	**403.14**	108,292	461.34
Ethane/Propane	MT	**841**	**6.67**	766	5.67
Superior Kerosene Oil	MT	**9,107**	**39.05**	5,632	22.10
Aviation Turbine Fuel	MT	**1,136**	**6.32**	859	5.58
Low Sulphur Heavy Stock	MT	**166**	**1.09**	122	1.80
High Speed Diesel	MT	**4,121**	**35.71**	3,122	29.84
High Speed Diesel *	KL	**54**	**1.29**	48	1.45
Motor Spirit*	KL	**14**	**0.43**	6	0.25
Others			**0.69**		1.35
			5,587.71		**4,776.69**
Closing stock					
Crude Oil	MT	**1,025,390**	**6,244.55**	974,231	5,062.67
Liquefied Petroleum Gas	MT	**7,061**	**32.90**	7,437	30.65
Naphtha	MT	**110,614**	**418.23**	117,353	403.14
Ethane/Propane	MT	**838**	**7.00**	841	6.67
Superior Kerosene Oil	MT	**8,540**	**32.11**	9,107	39.05
Aviation Turbine Fuel	MT	**915**	**5.03**	1,136	6.32
Low Sulphur Heavy Stock	MT	**644**	**5.92**	166	1.09
High Speed Diesel	MT	**1,855**	**19.03**	4,121	35.71
Propane	MT	**82**	**0.13**	-	-
High Speed Diesel *	KL	**52**	**1.64**	54	1.29
Motor Spirit*	KL	**13**	**0.55**	14	0.43
Carbon Credits	Units	**10,508**	**0.56**	-	-
Others			**0.44**		0.69
			6,768.09		**5,587.71**

* Purchased for trading

27.8.3 **Licensed Capacity, Installed Capacity and Actual Production (Capacity as certified by the Management):**

Products	Unit	2009-10		2008-09	
		Installed Capacity per annum	Actual Production Quantity	Installed Capacity per annum	Actual Production Quantity
Crude Oil	MT	NA	26,464,102	NA	27,127,596
Natural Gas	000 M^3	NA	25,594,428	NA	25,435,844
Liquified Petroleum Gas	MT	1,158,000	1,104,948	1,158,000	1,026,319
Ethane/Propane	MT	570,000	534,964	570,000	496,663
Naphtha	MT	1,502,878	1,591,750	1,468,228	1,553,018
SKO	MT	314,300	164,974	304,400	156,302
ATF	MT		7,860		21,464
LSHS	MT	16,270	16,386	16,270	23,501
HSD	MT	42,637	35,726	42,637	36,186
LDO	MT	4,950	158	-	-

Notes:

1. Licensed Capacity is not applicable for Crude Oil & Natural Gas.
2. Production includes internal consumption and intermediary losses.
3. Production of 28,835 MT Crude Oil and 1,268 TM^3 Natural Gas is included being the difference between 30% participating interest and 23.55% entitlement interest in JV Block RJ ON 90/1.
4. Crude Oil includes condensate 1.958 MMT (Previous year 2.006 MMT).

27.8.4 **Purchases:**

Products	Unit	2009-10		2008-09	
		Quantity	Value (₹ in million)	Quantity	Value (₹ in million)
Superior Kerosene Oil	KL	-	0.12	4,40,772	12,248.73
HSD	KL	4,280	119.24	98,410	3,729.69
ULS HSD	KL	-	-	16,43,636	58,133.71
Motor Spirit	KL	550	19.54	2,72,690	11,053.63
Others		-	0.42	-	0.27
Total			139.32		85,166.03

27.8.5 Raw Material Consumed:

	Unit	2009-10		2008-09	
		Quantity	Value at cost (₹ in million)	Quantity	Value at cost (₹ in million)
(For production of Liquified Petroleum Gas, Ethane/Propane, Naphtha, Superior Kerosene Oil, Low Sulphur High Stock, Aviation Turbine Fuel and High Speed Diesel)					
Out of own production:					
Crude Oil	MT	**118,167**	**585.22**	139,641	623.60
Natural Gas	000M^3	**830,668**	**3,150.97**	771,412	3,000.13
Gas Equivalent Condensate	000M^3	**496,881**	**916.93**	568,571	992.89
Purchases :					
Gas Equivalent Condensate	MT	**112,116**	**2,766.01**	162,941	4,983.87

27.9 Consumption of Raw Materials, Stores and Spare Parts:

	2009-10		2008-09	
	Amount (₹ in million)	%	Amount (₹ in million)	%
Imported	**4,867.53**	**20.14**	4,205.42	17.60
Indigenous	**19,311.93**	**79.86**	19,683.65	82.40
Total	**24,179.46**	**100.00**	23,889.07	100.00

27.10 Value of Imports on CIF Basis:

(₹ in million)

	2009-10	2008-09
Capital items *	**55,433.81**	30,581.09
Stores and Spare Parts	**7,548.87**	7,875.45
Total	**62,982.68**	38,456.54

*Includes stage payments made against capital works.

27.11 Expenditure in Foreign Currency:

(₹ in million)

	2009-10	2008-09
Interest	**5.33**	9.97
Services	**102,562.41**	90,660.55
Others	**37,278.43**	35,881.71
Total	**139,846.17**	126,552.23

27.12 **Earnings in Foreign Currency:**

(₹ in million)

	2009-10	2008-09
Services	27.25	4.72
FOB value of Sales	45,832.44	34,246.68
Others	11.28	73.14
Total	45,870.97	34,324.54

27.13 **Managerial Remuneration (included in 27.7 above):**

(₹ in million)

AMOUNT PAID OR PAYABLE TO DIRECTORS	2009-10	2008-09
Remuneration to Functional Directors:		
Salaries and Allowances	16.29	7.83#
Contribution to Provident & Other Funds	1.46	0.77
Performance Related Payments / Incentives	13.46	2.95
Other Benefits and Perquisites*	2.62	1.92
Leave Encashment and Gratuity on retirement of Directors	-	1.62
Provision for Leave, Gratuity and Post Retirement Benefits as per revised AS-15	0.52	2.85
Sub total	34.35	17.94
Independent Directors:		
Sitting Fees	3.70	3.52
Total	38.05	21.46

includes adhoc advance paid on account of pay revision due from 01.01.2007.

* does not include cost of medical treatment availed from the Company's own medical facilities as the amount is not determinable.

27.14 **AUDITORS' REMUNERATION (included in 27.7 above):**

(₹ in million)

	2009-10	2008-09
Audit Fees	7.17	7.17
For Certification work etc.	5.79	5.29
Travelling and Out of Pocket Expenses	13.41	15.09
Total	26.37	27.55

28. Disclosure under Guidance Note on "Oil & Gas Producing Activities" (approved by Reserve Estimates Committee):

28.1 Company's share of Proved Reserves on the geographical basis is as under:

Details		Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MTOE)**	
		As at 31.03.10	As at 31.03.09	**As at 31.03.10**	As at 31.03.09	**As at 31.03.10**	As at 31.03.09
Offshore	**Opening**	**222.710**	226.420	**196.712**	198.011	**419.422**	424.431
	Addition	**19.620**	14.910	**33.624**	18.221	**53.244**	33.131
	Production	**18.060**	18.620	**19.819**	19.520	**37.879**	38.140
	Closing	**224.260**	222.710	**210.517**	196.712	**434.777**	419.422
Onshore	**Opening**	**191.760**	190.340	**148.125**	149.206	**339.885**	339.546
	Addition	**5.810**	8.990	**9.678**	4.627	**15.488**	13.617
	Production	**7.660**	7.570	**5.576**	5.708	**13.236**	13.278
	Closing	**189.900**	191.760	**152.227**	148.125	**342.127**	339.885
Total	**Opening**	**414.470**	416.760	**344.837**	347.217	**759.307**	763.977
	Addition	**25.430**	23.900	**43.302**	22.848	**68.732**	46.748
	Production	**25.73**	26.19	**25.395**	25.228	**51.125**	51.418
	Closing	**414.150**	414.47	**362.744**	344.837	**776.894**	759.307

28.2 Company's share of Proved Developed Reserves on the geographical basis is as under:

Details		Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MTOE)**	
		As at 31.03.10	As at 31.03.09	**As at 31.03.10**	As at 31.03.09	**As at 31.03.10**	As at 31.03.09
Offshore	Opening	**176.440**	182.900	**126.770**	122.892	**303.210**	305.792
	Addition	**15.060**	12.160	**22.910**	23.398	**37.970**	35.558
	Production	**18.060**	18.620	**19.819**	19.520	**37.879**	38.140
	Closing	**173.440**	176.440	**129.860**	126.770	**303.300**	303.210
Onshore	**Opening**	**148.490**	148.140	**111.069**	112.317	**259.559**	260.457
	Addition	**5.39**	8.580	**5.644**	4.961	**11.034**	13.541
	Production	**7.61**	8.230	**5.535**	6.209	**13.145**	14.439
	Closing	**146.26**	148.490	**111.178**	111.069	**257.438**	259.559
Total	**Opening**	**324.930**	331.040	**237.839**	235.209	**562.769**	566.249
	Addition	**20.450**	20.740	**28.554**	28.359	**49.004**	49.099
	Production	**25.670**	26.850	**25.354**	25.729	**51.024**	52.579
	Closing	**319.710**	324.930	**241.039**	237.839	**560.749**	562.769

* Crude Oil includes oil condensate and does not include 0.940 MMT (previous year 0.842 MMT) of Condensate due to line condensation and 198.6 MMM^3 (previous year 159 MMM^3) of CSU off gas.

** MTOE denotes "Million Tonne Oil Equivalent" and for calculating Oil equivalent of Gas, 1000 M^3 of Gas has been taken to be equal to 1 MT of Crude Oil.

Variations in totals, if any, are due to internal summation and rounding off.

29 **Disclosure pursuant to the clause 32 of the Listing Agreement:**

(₹ in million)

Particulars	Outstanding as at 31.03.2010	Maximum Amount Outstanding during the year 2009-10	Outstanding as on 31.03.2009	Maximum Amount Outstanding during the year 2008-09
a) Loans to Subsidiaries*				
i) ONGC Videsh Limited (OVL)*	**162,722.58**	**162,722.58**	153,064.77	154,035.12
ii) Mangalore Refinery & Petrochemicals Limited (MRPL)	**10,800.00**	**15,000.00**	15,000.00	15,000.00
b) To Associates	**Nil**	**Nil**	Nil	Nil
c) Where there is no repayment schedule ONGC Videsh Limited (OVL)	**162,722.58**	**162,722.58**	153,064.77	154,035.12
d) Having repayment schedule of beyond seven years : to employees	**6378.44**	**6378.44**	5,898.86	6,449.64
e) Where no interest or interest below Section 372A of Companies Act ONGC Videsh Limited (OVL)	**162,722.58**	**162,722.58**	153,064.77	154,035.12
f) In the nature of loans to Firms/ companies in which directors are interested	**Nil**	**Nil**	Nil	Nil

*Excludes Current account transactions

g) Investments by the ONGC Videsh Limited (OVL), loanee:

Name of Subsidiary	As at 31st March 2010		As at 31st March, 2009	
	No. of Shares	₹ in million	No. of Shares	₹ in million
a) ONGC Nile Ganga BV				
Class A	**40**	**8,462.12**	40	8,536.32
Class B	**100**	**21,155.29**	100	21,340.82
Class C	**880**	**234.25**	5,500	1,377.86
b) ONGC Narmada Limited				
Equity Shares	**20,000,000**	**6.94**	20,000,000	6.94
c) ONGC Amazon Alaknanda Ltd.				
Equity Shares	**12000**	**0.56**	12000	0.56
Preference Shares	**437,488,000**	**20,190.07**	437,488,000	20,190.07
d) Jarpeno Limited, Cyprus				
Equity Shares	**1,350**	**0.06**	1,000	0.06
Preference Shares	**192,210**	**86,744.37**	Nil	Nil
e) Carabobo one AB Ltd.	**1000**	**0.76**	Nil	Nil

Notes :

1. Loan to OVL is repayable within a notice period of minimum one year and carries no interest during the year 2009-10 and 2010-11. During the previous year, rate of interest was 6% per annum.

2. Loan to MRPL carries interest @ 7% per annum and is repayable at quarterly intervals. In view of the prepayment of loan installments by MRPL, balance loan is repayable over a period of 3 years in quarterly installments, commencing from FY 2011-12. However, Company can recall this loan on a notice period of 90 days and MRPL can also prepay whole or part of the loan, as per their convenience.

3. The Company has not advanced any money to its employees for the purposes of investment in the securities of the Company.

30 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

Company had sought confirmation from the vendors whether they fall in the category of Micro, Small or Medium Enterprises. Based on the information available, the required disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 is given below:

(₹ in million)

Particulars	2009-10	2008-09
a) Principal amount remaining unpaid but not due as at year end	10.21	6.34
b) Interest due thereon as at year end	-	-
c) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
e) Interest accrued and remaining unpaid as at year end	-	-
f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-

31 Disclosure on Foreign currency exposures at year end that have not been hedged by derivative instrument or otherwise are given below:

(Figures in million)

Particulars	As at 31.03.10		As at 31.03.09	
	Amount in Foreign Currency	Equivalent ₹	Amount in Foreign Currency	Equivalent ₹
Loans Japanese Yen	102.97	49.75	514.54	267.35
Import Creditors				
Australian Dollar	-	-	0.11	3.75
Euros	28.48	1722.11	3.84	258.27
British Pound	1.67	113.50	0.95	69.16
Japanese Yen	413.29	199.64	134.75	70.13
Norwegian Kroner	4.61	34.71	0.00	0.00
Singapore Dollar	0.09	2.79	0.00	0.05
Canadian Dollar	0.04	1.98	0.00	0.00
United States Dollar	758.34	34,220.66	395.49	19,937.79
Total		36,295.39		20,339.15
Export Receivables				
United States Dollar	68.25	3079.78	-	-

32 Previous year's figures have been regrouped/ reclassified, wherever necessary, to conform to current year's classification.

33 Figures in parenthesis as given in these Notes to Accounts relate to previous year.

(₹ in million)

		Year Ended 31st March, 2010		Year Ended 31st March, 2009
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax and extraordinary items		**249,838.43**		239,149.59
Adjustments For:				
Prior Period Items	**182.69**		765.32	
Recouped Costs (Represented by Depreciation, Depletion and Amortisation)				
Gross Amount	**146,431.88**		119,541.97	
Actual expenditure	**(88,181.19)**		(55,605.73)	
Non-cash Recouped Costs	**58,250.69**		63,936.24	
-Interest on Borrowings	**144.23**		1,189.17	
- Foreign Exchange Loss/(Gain)	**(1,948.82)**		2,193.99	
- Provision for Leave Encashment	**507.46**		2,465.06	
- Provision for AS-15 Benefits	**1,510.22**		2,074.71	
- Other Provision and Write offs	**2,340.11**		10,951.31	
-Interest Income	**(18,261.96)**		(38,548.24)	
- Excess Liability written Back	**(913.03)**		(1,456.76)	
- Deferred Government Grant	**(5.29)**		(7.02)	
- Dividend Income	**(3,263.20)**	**38,543.10**	(2,956.08)	40,607.70
Operating Profit before Working Capital Changes		**288,381.53**		279,757.29
Adjustments for:-				
- Debtors	**10,573.29**		2,646.61	
- Loans and Advances	**(13,664.46)**		(13,150.71)	
- Other Current Assets	**(22.85)**		86.35	
- Deferred Revenue Expenditure	**(2,641.23)**		13.59	
- Inventories	**(6,417.00)**		(5,684.41)	
- Trade Payable and Other Liabilities	**(16,443.72)**	**(28,615.97)**	23,325.60	7,237.03
Cash generated from Operations		**259,765.56**		286,994.32
Direct Taxes Paid (Net of tax refund)		**(55,813.76)**		(63,558.50)
Cash Flow before prior period		**203,951.80**		223,435.82
Prior period items (Cash items)		**(71.70)**		(708.42)
Net Cash Flow from Operating Activities 'A'		**203,880.10**		**222,727.40**
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Net)		**(90,495.70)**		(88,013.20)
Exploratory and Development Drilling		**(49,080.08)**		(59,345.39)
Purchase of Investments		**(12,800.87)**		(5,391.06)
Sale of Investments		**-**		9,556.37
Loans and advances to Subsidiary		**(5,378.41)**		(40,739.90)
Loans to Public Sector Undertakings and Other Bodies Corporate		**320.60**		670.83
Deposit with Public Sector Undertakings		**5,000.00**		(20,000.00)
Dividend Received from Subsidiary		**1,506.42**		1,506.42
Dividend Received from Associates		**24.50**		-
Dividend Received from Others		**1,732.28**		1,449.66
Extraordinary Item-Insurance Claims Received		**-**		657.73
Tax paid on Excess of insurance Claim over book value		**-**		(223.56)

(₹ in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Interest Received	**25,451.04**	38,286.57
Tax paid on Interest Income	**(8,650.81)**	(13,013.61)
Net Cash Flow from Investing Activities 'B'	**(132,371.03)**	**(174,599.14)**
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Long Term Borrowings	**(217.60)**	(102.07)
Dividend Paid	**(68,422.98)**	(68,419.41)
Tax on Dividend	**(11,376.03)**	(11,632.04)
Interest Paid	**(144.23)**	(1,189.17)
Net Cash Flow from Financing Activities 'C'	**(80,160.84)**	**(81,342.69)**
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	**(8,651.77)**	**(33,214.43)**
Cash and Cash Equivalents as at 1st April, 2009 (Opening Balance)	**190,962.12**	224,176.55
Cash and Cash Equivalents as at 31st March, 2010 (Closing Balance)	**182,310.35**	190,962.12

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
2. Adjustments have not been made to "Purchase of Fixed Assets" (Investing Activities), on account of increase/decrease in Capital Creditors. The impact of the above is not readily ascertainable.
3. Cash and Cash equivalents represent:-

(₹ in million)

	2009-10	2008-09
a) Cash and Bank Balances	**108,279.29**	121,405.48
b) Deposits with Bank under Site Restoration Fund Scheme *	**74,031.06**	69,556.64
Total	**182,310.35**	190,962.12

4. Brackets indicate cash outflow/ deduction.
5. Previous year figures have been re-grouped/re-classified wherever necessary to confirm to the current years presentation.

*Deposited u/s 33 ABA of the Income Tax Act, 1961 and can be withdrawn only for the purposes specified in the scheme.

For and On behalf of the Board

(N. K. Sinha)
Company Secretary

(D.K. Sarraf)
Director (Finance)

(R.S.Sharma)
Chairman & Managing Director

In terms of our report of even date attached

For Arun K. Agarwal & Associates
Chartered Accountants

(Rajesh Surolia)
Partner (Mem. No. 88008)

For Singhi & Co.
Chartered Accountants

(B. K. Sipani)
Partner (Mem. No. 88926)

For P.S.D & Associates
Chartered Accountants

(Prakash Sharma)
Partner (Mem. No. 72332)

For Kalyaniwalla & Mistry
Chartered Accountants

(Ermin K. Irani)
Partner (Mem.No. 35646)

For Padmanabhan Ramani & Ramanujam
Chartered Accountants

(K. R. Ganesh)
Partner (Mem. No.22439)

New Delhi
May 28, 2010

SEGMENT INFORMATION-STAND ALONE

(₹ in million)

Particulars	2009-10					2008-09				
	Offshore	Onshore	Total Segments	Unallocated	Grand Total	Offshore	Onshore	Total Segments	Unallocated	Grand Total
Segment Revenue	468,648	153,362	622,011	674	622,685	456,975	191,198	648,173	710	648,883
Segment Results										
Segment Result Profit(+)/Loss(-)	195,635	42,582	238,217		238,217	188,097	18,048	206,145		206,145
Unallocated Corporate Expenses			0	9,218	9,218			0	7,311	7,311
Operating Profit	195,635	42,582	238,217	-9,218	228,999	188,097	18,048	206,145	-7,311	198,834
Interest			0	686	686			0	1,189	1,189
Interest/Dividend Income			0	21,525	21,525			0	41,504	41,504
Income Taxes			0	82,163	82,163			0	78,544	78,544
Profit from Ordinary Activities	195,635	42,582	238,217	-70,542	167,675	188,097	18,048	206,145	-45,539	160,605
Extraordinary Gain *			0		0	658		658		658
Net Profit	195,635	42,582	238,217	-70,542	167,675	188,755	18,048	206,803	-45,539	161,263
Other Information										
Segment Assets	558,363	285,472	843,835		843,835	535,290	222,969	758,259		758,259
Unallocated Corporate Assets			0	481,007	481,007			0	482,268	482,268
Total Assets	558,363	285,472	843,835	481,007	1,324,842	535,290	222,969	758,259	482,268	1,240,527
Segment Liabilities	249,628	63,049	312,676		312,676	267,778	57,993	325,771		325,771
Unallocated Corporate Liabilities			0	139,340	139,340			0	127,402	127,402
Total Liabilities	249,628	63,049	312,676	139,340	452,016	267,778	57,993	325,771	127,402	453,173
Capital Expenditure	188,071	102,376	290,447	3,226	293,673	186,434	45,613	232,047	3,250	235,297
Depreciation (Recouped Cost)**	114,157	31,769	145,927	661	146,588	95,797	24,344	120,141	708	120,849
Other Non-cash Expenses	2,814	101	2,915	59	2,974	11,181	264	11,445	221	11,666

* Excess of Insurance Claims over book value.

** Also includes Depletion, Amortisation and Impairment Loss.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	55-54155	State Code	55
Balance Sheet Date	31-03-2010		

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue	Right Issue
-	-
Bonus Issue	**Private Placement (Issued to employees only)**
-	-

III. Position of Mobilisation and Deployment of funds(Amount in ₹ Thousands)

	Total Liabilities	Total Assets
	1321064230	1321064230
Source of Funds	Paid-up Capital	Reserves & Surplus
	21388873	851437160
	Secured Loans	Unsecured Loans
	-	49746
	Deferred Tax Liability	Liability For Abandonment Cost
	89182124	164006676
	Current Liability	
	194999651	
Application of Funds	Net fixed Assets	Investments
	717217514	57720330
	Current Assets	Misc. Expenditure
	537713231	8413155
	Accumulated Losses	

IV. Performance of Company (Amount In ₹ Thousands)

Turnover(Gross Revenue)	Total Expenditure
641729649	391891221
Profit /(Loss) Before Tax	Profit /(Loss) After Tax
249838428	167675560
Earning per Share in ₹	Dividend Rate %
78.39	330%

V. Generic Name of Three Principal Products / Services of Company (as per monetary terms)

Item Code No.	27090000
Product Description	Crude Oil
Item Code No.	27112100
Product Description	Natural Gas
Item Code No.	27111900
Product Description	Liquified Petroleum Gas

(N. K. Sinha)
Company Secretary

(D.K. Sarraf)
Director(Finance)

(R.S. Sharma)
Chairman & Managing Director

Place: New Delhi
Dated: May 28, 2010

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,

Sl. No.	Name of the Subsidiary	1. The Financial Year of the Subsidiary ends on	2. Date from which it became Subsidiary:	3. (a) Number of shares held by Oil and Natural Gas Corporation Limited alongwith its nominees in the Subsidiary at the end of the financial year of the Subsidiary**
1	ONGC Videsh Limited	31st March, 2010	1st February,1994	10,00,00,000 Equity shares of ₹ 100 each
2	Mangalore Refinery and Petrochemicals Limited	31st March, 2010	30th March, 2003	1,25,53,54,097 Equityshares of ₹ 10 each
3	ONGC Nile Ganga B.V.	31st December, 2009	12th March, 2003	40 Class "A" & 100 Class "B" shares of Euro 453.78 each & 880 Class "C" Shares of Euro 1 each directly, rest 720 Class "C" shares are held by OMEL which is JV Company of OVL & Mittal Investment Sarl (MIS)
4	ONGC Narmada Limited	31st March, 2010	7th December, 2005	20 million shares of one Naira each
5	ONGC Amazon Alaknanda Limited****	31st March, 2010	8th August, 2006	12,000 Equity & 437,488,000 Preference shares of one USD each
6	ONGC Do Brasil Explorancao Petrolifera Ltda.	31st December, 2009	7th July, 2006	1,000 quotas of BRL 1 each
7	ONGC Campos Ltda.	31st December, 2009	16th March, 2007	329,769,113 quotas of BRL 1 each
8	ONGC Nile Ganga (Cyprus) Ltd.	31st December, 2009	26th November, 2007	222,826 Shares of 0.01 USD each
9	ONGC Nile Ganga (San Cristobal) B.V.	31st December, 2009	29th February, 2008	54,000 shares of Euro 1 each
10	Jarpeno Limited	31st December, 2009	12th August, 2008	1,350 Equity shares of 1 EUR each & 192,210 Optionally Convertible Redeemable Preference shares of USD 1 each
11	Imperial Energy Corporation Plc.	31st March, 2010	13th January, 2009	104,607,145 shares of 0.025 GBP each
12	Imperial Energy Limited	31st March, 2010	13th January, 2009	2 share of 1 GBP
13	Rus Imperial Corporation plc.	31st March, 2010	13th January, 2009	30,000,001 shares of 0.05 GBP each
14	Imperial Energy Finance (Jersey) Limited	31st March, 2010	13th January, 2009	2 No Par Value shares
15	Biancus Holdings Limited	31st December, 2009	13th January, 2009	1,000 shares of 1.71 EUR each
16	Rus Imperial Limited	31st March, 2010	13th January, 2009	99 shares of 1 GBP each
17	Imperial Energy Tomsk Limited	31st December, 2009	13th January, 2009	1,000 shares of 1.71 EUR each
18	Imperial Energy (Cyprus) Limited	31st December, 2009	13th January, 2009	11,000 shares of 1.71 EUR each
19	Imperial Energy Nord Limited	31st December, 2009	13th January, 2009	11,000 shares of 1.71 EUR each
20	Imperial Energy Gas Limited	31st December, 2009	13th January, 2009	2,000 shares of 1 EUR each
21	Nefsilius Holdings Limited	31st December, 2009	13th January, 2009	1,000 shares of 1.71 EUR each
22	RK Imperial Energy Kostanai Limited	31st December, 2009	13th January, 2009	1,000 shares of 1.71 EUR each
23	Imperial Frac Services (Cyprus) Limited	31st December, 2009	13th January, 2009	1,000 shares of 1.71 EUR each
24	Freshspring Investments Limited	31st December, 2009	13th January, 2009	1,000 shares of 1.71 EUR each
25	Redcliffe Holdings Limited	31st December, 2009	13th January, 2009	1,000 shares of 1.71 EUR each
26	San Agio Investments Limited	31st December, 2009	13th January, 2009	1,000 shares of 1.71 EUR each
27	Imperial Energy Kostanai Limited	31st March, 2010	13th January, 2009	2 share of 1 GBP
28	OOO Sibinterneft	31st December, 2009	13th January, 2009	full charter capital 100,000 RUR
29	OOO Allianceneftegaz	31st December, 2009	13th January, 2009	full charter capital 50,000 RUR
30	OOO Nord Imperial	31st December, 2009	13th January, 2009	full charter capital 100,000 RUR
31	OOO Imperial Energy	31st December, 2009	13th January, 2009	full charter capital 10,000 RUR
32	OOO Imperial Energy Tomsk Gas	31st December, 2009	13th January, 2009	full charter capital 10,000 RUR
33	OOO Stratum	31st December, 2009	13th January, 2009	full charter capital 100,000 RUR
34	OOO Imperial Trans Service	31st December, 2009	13th January, 2009	full charter capital 100,000 RUR
35	OOO Rus Imperial Group	31st December, 2009	13th January, 2009	full charter capital 100,000 RUR
36	TOO Sevkazgra	31st December, 2009	13th January, 2009	full charter capital 1,701,235,780 tenge
37	AB Startkapitalet nr 5636 (Name changed to Carabobo One AB Ltd.)	31st March 2010	25th February, 2010	1000 ordinary shares of 100 SEK each
38	Petro Carabobo Ganga B.V.	31st December 2010*	26th February, 2010	18,000 shares of 1 Euro each

* The first financial year as subsidiary would end on 31st December, 2010

**Includes shares held through subsidiaries also.

***At the closing rate of exchange, there is a Foreign Exchange Translation Reserve of ₹ 11,314.90 million, which has not been adjusted.

****Including figures in respect of JV Companies.

3. (b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary	4. The net aggregate amount of the Subsidiary's Profit/(Loss) so far it concerns the members of the Holding Company:			
	4. (a) Not dealt within the Holding Company's accounts		4. (b) Dealt within the Holding Company's accounts:	
	4. (a) (i) For the period 1st April, 2009 to 31st March, 2010 (₹ in million)***	4. (a) (ii) For the previous period (s) of the Subsidiary since it became the Holding Company's Subsidiary (₹ in million):	4. (b) (i) For the period 1st April, 2009 to 31st March, 2010 (₹ in million)	4. (b) (ii) For the previous period (s) of the Subsidiary since it became the Holding Company's Subsidiary (₹ in million):
100%	11711.28	44125.17	0	1050
71.63%	7967.75	27314.98	1506.42	4644.8
Class A & B 100% Class C 77.491%	11710.27	47405.20	-	14098.77
100%	-117.32	-400.35	-	-
100%	2718.98	7054.25	-	-
100%	0.00	0.00	-	-
100%	776.17	-2467.02	-	-
100%	47.92	-1.79	-	-
100%	4518.50	2814.85	-	-
100%	246.28	-76.24	-	-
100%	992.66	161.59	-	-
100%	-337.75	-102.40	-	-
100%	0.00	-0.05	-	-
100%	-0.19	-0.05	-	-
100%	43.03	100.05	-	-
100%	0.00	-0.02	-	-
85%	-29.18	-6.95	-	-
100%	-313.22	-34.61	-	-
100%	-336.33	-52.12	-	-
100%	-1.23	-0.19	-	-
100%	-1.99	-0.10	-	-
100%	-1.00	-0.11	-	-
100%	-1.42	-0.18	-	-
100%	-1.14	-0.32	-	-
100%	-51.86	-7.35	-	-
100%	-380.78	27.35	-	-
100%	-2.09	-0.51	-	-
55.9% (Net Interest 47.5%)	-228.01	-79.85	-	-
100%	-1687.84	-1695.40	-	-
100%	-5138.87	-3817.57	-	-
100%	0.00	0.00	-	-
95%	-2.61	-1.66	-	-
100%	-0.14	-0.05	-	-
100%	0.62	-5.06	-	-
100%	335.66	-492.86	-	-
100%	0.00	-0.34	-	-
100%	0.02	-	-	-
100%	(0.38)	-	-	-

(N K Sinha)
Company Secretary

(D K Sarraf)
Director (Finance)

(R. S. Sharma)
Chairman & Managing Director

Place: New Delhi
Dated: May 28, 2010

(₹ in million unless otherwise stated)	2009-10	2008-09	2007-08
FINANCIAL			
Income from Operations (Gross)	**1,085,787**	1,105,621	1,036,483
Statutory Levies	**213,391**	229,963	240,025
Operating Expenses	**407,693**	430,150	374,072
Exchange Loss/(Gain)	**(10,671)**	11,716	1,018
Profit Before Interest Depreciation & Tax (PBIDT)	**475,374**	433,792	421,368
Recouped Costs	**187,391**	155,705	139,533
Operating Income (PBIT)	**287,983**	278,087	281,835
Interest(Net)	**(16,431)**	(32,950)	(27,375)
Profit before Tax and Extraordinary Items	**304,414**	311,037	309,210
Extraordinary Items- Excess of Insurance Claims over BV	**0**	658	0
Profit before Tax	**304,414**	311,695	309,210
Corporate Tax	**107,138**	110,094	106,999
Profit after Tax	**197,276**	201,601	202,211
Share in Associates for the year	**78**	99	21
Profit relating to minority	**3,319**	3,747	3,509
Group Profit after Tax	**194,035**	197,953	198,723
Dividend	**70,583**	68,444	68,444
Tax on Dividend	**11,992**	12,017	12,014
Share Capital	**21,389**	21,389	21,535
Net Worth (Equity)	**1,005,653**	915,729	774,127
Borrowings	**51,769**	13,091	9,427
Working Capital	**192,787**	172,257	240,202
Capital Employed	**869,009**	752,781	693,329
FINANCIAL PERFORMANCE RATIOS			
PBIDT to Turnover (%)	**43.8**	39.2	40.7
PBDT to Turnover (%)	**45.3**	42.2	43.3
Profit Margin(%)- incl. extraordinary items	**17.9**	17.9	19.2
ROCE(PBIDT to Capital Employed) (%)	**54.7**	57.6	60.8
Net Profit to Equity (%)- incl. extraordinary items	**19.3**	21.6	25.7
BALANCE SHEET RATIOS			
Current Ratio	**1.38:1**	1.31:1	1.75:1
Debt Equity Ratio	**0.05**	0.01	0.01
Debtors Turnover Ratio(Days)	**24**	24	25
PER SHARE DATA			
Earning Per Share (₹)- before extraordinary items	**90.72**	92.35	92.91
Earning Per Share (₹)- after extraordinary items	**90.72**	92.55	92.91
Dividend (%)	**330**	320	320
Book Value Per Share(₹)*	**470**	428	362

*Post Bonus in 2006-07

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
898,872	755,854	630,663	465,200	355,082	238,679
216,411	175,823	155,922	118,979	93,177	59,742
307,502	255,258	186,967	139,374	72,330	49,161
(2,675)	(463)	203	61	356	118
377,634	325,236	287,571	206,786	189,219	129,658
124,154	103,549	73,940	65,797	41,681	38,743
253,480	221,687	213,631	140,989	147,538	90,915
(19,241)	(11,715)	(10,991)	(7,772)	(12,671)	(7,894)
272,721	233,402	224,622	148,761	160,209	98,809
4,751	6,405	0	0	0	0
277,472	239,807	224,622	148,761	160,209	98,809
98,454	84,932	79,416	53,880	55,785	36,593
179,018	154,875	145,206	94,881	104,424	62,216
102	107	114	156	(8)	0
1,424	1,006	1,930	1,234	(259)	0
177,696	153,976	143,390	93,803	104,675	62,216
66,305	64,167	57,535	34,222	42,778	19,963
10,383	9,172	8,156	4,385	2,375	0
21,416	14,259	14,259	14,259	14,259	14,259
661,994	564,017	480,583	407,397	356,388	296,357
12,964	22,342	23,870	29,073	55,527	32,644
202,408	173,164	135,348	107,709	91,928	95,400
618,263	513,037	430,333	405,765	389,478	311,787
42.0	43.0	45.6	44.5	53.3	54.3
44.2	44.6	47.3	46.1	56.9	57.6
19.8	20.4	22.7	20.2	29.5	26.1
61.1	63.4	66.8	51.0	48.6	41.6
26.8	27.3	29.8	23.0	29.4	21.0
1.79:1	1.97:1	1.74:1	1.67:1	1.82:1	2.39:1
0.02	0.04	0.05	0.07	0.16	0.11
20	21	27	23	44	34
81.61	105.00	100.56	65.78	73.41	43.63
83.08	107.98	100.56	65.78	73.41	43.63
310	450	400	240	300	140
310	396	337	286	250	208

(₹ in million)	2009-10	2008-09	2007-08
REVENUES			
Sales			
Crude Oil	**527,312**	491,127	543,631
Natural Gas	**81,405**	82,835	78,560
LPG	**21,924**	22,752	20,169
Naptha/Aromatic Rich Naptha	**47,137**	48,406	43,848
Ethane/Propane	**10,249**	9,890	9,291
Superior Kerosene Oil	**3,255**	16,701	10,775
HSD	**156**	61,910	48,621
Motor Spirit	**27**	11,062	9,159
Others	**370,250**	349,257	254,297
Price Revision Arrears	**0**	0	0
Sub- Total	**1,061,715**	1,093,940	1,018,351
Pipeline Revenue	**3,126**	5,267	4,644
Other Receipts	**17,217**	9,858	12,387
Accretion / (Decretion) in stock	**3,729**	(3,444)	1,101
Total Revenues	**1,085,787**	1,105,621	1,036,483
COST & EXPENSES			
Operating, Selling & General			
(a) Royalties	**103,561**	111,574	121,057
(b) Cess/ Excise Duty	**98,831**	103,571	108,838
(c) Natural Calamity Contingent Duty - Crude Oil	**1,062**	1,081	1,127
(d) Sales Tax	**3,734**	7,823	2,947
(e) Education Cess*	**1,719**	1,784	1,861
(f) Octroi & Port Trust Charges	**4,484**	4,130	4,195
Sub-total (a to f)	**213,391**	229,963	240,025
Pipeline Operations (Excluding Depreciation)	**11,967**	10,725	10,343
Other Operating Costs	**395,726**	419,425	363,729
Exchange Loss/(Gain)	**(10,671)**	11,716	1,018
Recouped Costs			
(a) Depletion	**62,242**	55,883	49,259
(b) Depreciation	**20,767**	21,822	27,874
(c) Amortisation	**104,815**	81,110	62,837
(d) Impairment	**(433)**	(3,110)	(437)
Sub-Total (a to d)	**187,391**	155,705	139,533
Total Cost & Expenses	**797,804**	827,534	754,648
Operating Income Before Interest &Tax	**287,983**	278,087	281,835
Interest			
-Payments	**5,564**	2,386	1,135
-Receipts	**21,995**	35,336	28,510
-Net	**(16,431)**	(32,950)	(27,375)
Profit before Tax and Extraordinary Items	**304,414**	311,037	309,210
Extraordinary Items- Excess of Insurance Claims over book value	**0**	658	0
Profit before Tax	**304,414**	311,695	309,210
Corporate Tax (Net)	**107,138**	110,094	106,999
Profit after Tax	**197,276**	201,601	202,211
Share in Associates for the year	**78**	99	21
Profit relating to minority	**3,319**	3,747	3,509
Group Profit after Tax	**194,035**	197,953	198,723
Profit & Loss Account Balance b/f	**93,335**	58,990	28,795
Adjustments	**(21)**	(107)	0
Dividend	**70,583**	68,444	68,444
Tax on Dividend	**11,992**	12,017	12,014
Retained Earnings For The Year	**204,774**	176,375	147,060

*upto 2005-06, education cess is included in respective heads of levies.

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
475,295	382,311	299,765	222,347	245,049	137,155
80,117	73,383	57,759	53,508	50,858	49,446
14,867	16,279	12,066	16,352	19,087	11,473
37,907	35,679	29,260	22,538	22,035	18,782
9,095	7,401	5,705	4,779	5,837	4,082
15,754	10,605	16,896	2,658	3,189	1,731
42,037	23,403	29,277	85	80	0
4,530	3,797	6,846	0	0	0
183,064	188,892	164,217	127,037	1,748	725
11	156	584	3,461	1,568	5,017
862,677	741,906	622,375	452,765	349,451	228,411
3,351	3,214	23	24	478	3,966
23,029	11,279	6,989	11,028	6,268	6,300
9,815	(545)	1,276	1,383	(1,115)	2
898,872	755,854	630,663	465,200	355,082	238,679
104,558	85,242	65,692	44,740	30,762	25,141
100,160	76,755	68,556	58,647	47,057	25,660
1,149	1,080	1,138	1,117	98	0
6,009	10,299	17,405	12,239	12,572	7,714
1,303	0	0	0	0	0
3,232	2,447	3,131	2,236	2,688	1,227
216,411	175,823	155,922	118,979	93,177	59,742
9,122	7,732	10,320	6,095	5,500	4,951
298,380	247,526	176,647	133,279	66,830	44,210
(2,675)	(463)	203	61	356	118
46,439	34,318	27,802	25,748	17,637	15,961
29,060	28,556	10,223	10,758	7,651	8,288
46,925	41,001	35,774	29,129	16,231	14,247
1,730	(326)	141	162	162	247
124,154	103,549	73,940	65,797	41,681	38,743
645,392	534,167	417,032	324,211	207,544	147,764
253,480	221,687	213,631	140,989	147,538	90,915
1,906	1,597	1,644	3,785	1,183	2,493
21,147	13,312	12,635	11,557	13,854	10,387
(19,241)	(11,715)	(10,991)	(7,772)	(12,671)	(7,894)
272,721	233,402	224,622	148,761	160,209	98,809
4,751	6,405	0	0	0	0
277,472	239,807	224,622	148,761	160,209	98,809
98,454	84,932	79,416	53,880	55,785	36,593
179,018	154,875	145,206	94,881	104,424	62,216
102	107	114	156	(8)	0
1,424	1,006	1,930	1,234	(259)	0
177,696	153,976	143,390	93,803	104,675	62,216
8,848	1	1	0	58	(179)
0	0	0	0	0	0
66,305	64,167	57,535	34,222	42,778	19,963
10,383	9,172	8,156	4,385	2,375	0
109,856	80,638	77,700	55,196	59,580	42,074

(₹ in million)	2009-10	2008-09	2007-08
RESOURCES			
A. Own			
1. Net Worth			
(a) Equity			
i) Share Capital	**21,389**	21,389	21,535
ii) Reserves & Surplus	**992,677**	900,846	759,331
Sub-Total	**1,014,066**	922,235	780866
(b) Less Deferred Revenue Expenditure	**8,413**	6,506	6,739
Net Worth	**1,005,653**	915,729	774,127
2. Long Term Liabilities			
Net Deferred Tax Liability	**102,912**	92,231	87,376
Total Own Funds (1 + 2)	**1,108,565**	1,007,960	861,503
B. Minority Interest	**16,432**	14,113	11,448
C. Outside			
1. Unsecured Loans			
a) Indian Loans	**34,550**	6,015	2,079
b) Foreign Loans	**10,260**	1,492	1,458
Total Unsecured Loans	**44,810**	7,507	3,537
2. Secured Loans	**6,959**	5,584	5,890
Total Outside Resources	**51,769**	13,091	9,427
TOTAL RESOURCES (A+ B+C)	**1,176,766**	1,035,164	882,378
DISPOSITION OF RESOURCES			
A. Goodwill on consolidation	**95,385**	114,039	25,777
B. Block Capital			
1. Fixed Assets	**243,762**	184,956	193,961
2. Producing Properties (Net)	**511,665**	452,980	362,714
Less: Libility for Abandonment Cost	**174,590**	171,451	129,325
Total Block Capital	**580,837**	466,485	427,350
C. Working Capital			
a) Current Assets			
i) Inventories	**82,400**	65,424	72,985
ii) Debtors (Net of Provision)	**71,424**	71,814	70,469
iii) Cash & Bank Balances	**149,704**	156,331	186,525
iv) Deposit with Bank Under Site Restoration Fund Scheme#	**74,138**	69,624	64,034
v) Loans & Advances and Others	**127,998**	143,953	81,332
Sub-Total	**505,664**	507,146	475,345
Less:			
(b) Current Liabilities and Provisions			
and Short Term Loans	**312,877**	334,889	235,143
Working Capital	**192,787**	172,257	240,202
D. CAPITAL EMPLOYED	**869,009**	752,781	693,329
E. INVESTMENTS	**51,593**	34,803	44,821
F. CAPITAL WORKS IN PROGRESS	**176,039**	165,222	86,351
G. EXPLORATORY/DEVELOPMENT WELLS IN PROGRESS	**80,125**	82,358	57,877
TOTAL DISPOSITION	**1,176,766**	1,035,164	882,378

Excluded for Current Ratio.

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
21,416	14,259	14,259	14,259	14,259	14,259
645,719	553,421	471,941	399,158	344,433	284,289
667,135	567,680	486,200	413,417	358,692	298,548
5,141	3,663	5,617	6,020	2,304	2,191
661,994	564,017	480,583	407,397	356,388	296,357
81,119	71,633	57,894	54,250	47,116	53,471
743,113	635,650	538,477	461,647	403,504	349,828
8,321	7,230	6,204	4,274	5,029	0
1,881	1,745	1,643	1,541	5,729	1,658
4,526	13,181	11,718	8,431	5,488	30,986
6,407	14,926	13,361	9,972	11,217	32,644
6,557	7,416	10,509	19,101	44,310	0
12,964	22,342	23,870	29,073	55,527	32,644
764,398	665,222	568,551	494,994	464,060	382,472
30,616	17,103	13,683	14,591	12,790	0
185,355	138,806	116,689	117,049	119,932	56,013
351,741	312,639	245,554	246,708	190,493	166,913
151,857	128,675	80,941	80,292	25,665	6,539
385,239	322,770	281,302	283,465	284,760	216,387
58,744	49,432	43,730	35,529	25,635	14,526
48,167	44,271	47,091	29,310	42,843	22,514
150,653	45,721	66,035	64,564	40,035	50,845
56,103	45,336	36,180	31,682	24,781	6,350
74,738	120,683	77,192	60,835	40,456	65,315
388,405	305,443	270,228	221,920	173,750	159,550
185,997	132,279	134,880	114,211	81,822	64,150
202,408	173,164	135,348	107,709	91,928	95,400
618,263	513,037	430,333	405,765	389,478	311,787
35,832	35,579	26,555	30,307	30,603	30,232
64,055	76,292	87,775	13,520	9,338	6,903
46,248	40,314	23,888	45,402	34,641	33,550
764,398	665,222	568,551	494,994	464,060	382,472

Report of the Auditors to the Board of Directors of Oil and Natural Gas Corporation Limited on the Consolidated Financial Statements of Oil and Natural Gas Corporation Limited, its Subsidiaries, Joint Ventures and Associates

We have audited the attached Consolidated Balance Sheet of Oil and Natural Gas Corporation Limited ("the Company"), and its subsidiaries, joint ventures and associates (hereinafter referred to as "Group"), as at March 31, 2010 and the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date and annexed thereto. These financial statements are the responsibility of the management of the Company and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21- 'Consolidated Financial Statements', and Accounting Standard (AS) 23- 'Accounting for Investment in Associates in Consolidated Financial Statements' and Accounting Standard (AS) 27-'Financial Reporting of Interests in Joint Ventures'.

3. These financial statements include Company's share in the total value of assets, liabilities, expenditure, income and net profit of 124 NELPs / Joint Ventures (JVs) accounts for exploration and production out of which 70 NELPs / Joint Venture accounts have been audited by one of the firms of Statutory Auditors, 47 NELPs / JVs accounts have been certified by other firms of Chartered Accountants and 7 NELPs/JV have been certified by the management, as detailed in Note no. 29.1.3 and 29.1.4 of Schedule 27.

4. We did not audit the financial statements of the following Joint Venture companies:

(₹ in million)

Name of Joint Venture	Company's share of Total Assets	Company's share of Total Revenue
Petronet LNG Ltd.	7,451.80	13,433.65
Petronet MHB Ltd.	1,319.31	199.02
ONGC Petro Additions Ltd.	13,465.72	-
Mangalore SEZ Ltd.	1,341.97	1.72
ONGC Mangalore Petrochemicals Ltd.	2,498.68	4.84
ONGC Teri Biotech Ltd.	75.52	38.25
ONGC Tripura Power Company Limited (consolidated financial statements)	3,572.35	8.94

These financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, so far as it relates to the amounts included in respect of these Joint Venture companies is based solely on the report of those auditors.

5. We did not audit the consolidated financial statements of Mangalore Refinery and Petrochemicals Limited, a subsidiary, whose financial statements reflect total assets of ₹ 145,817.29 million as at March 31, 2010 and total revenues of ₹ 328,738.97 million and net cash flow amounting to ₹ 1,937.49 million for the year ended on that date. These financial statements have been audited by other auditors whose report has been furnished to us, and in our opinion, so far as it relates to the amounts included in respect of this subsidiary is based solely on the report of those auditors.

6. We did not audit the consolidated financial statements of ONGC Videsh Limited (OVL), a subsidiary, whose financial statements reflect total assets of ₹ 388,212.48 million as at March 31, 2010 and total revenues of ₹ 153,828.01 million and net cash flow amounting to ₹ 600.23 million for the year ended on that date. These consolidated financial statements of OVL have been audited by other auditors whose consolidated report has been furnished to us, and in our opinion, so far as it relates to the amounts included in respect of the above is based solely on the report of those auditors. These consolidated financial statements of OVL comprise of:

(a) Consolidated financial statements of the following subsidiaries / Joint Venture Companies which are prepared under respective local laws / Production Sharing Contract/ Joint Operating Agreement.

(i) Subsidiaries audited as per Indian GAAP by local firm of auditors:

(₹ in million)

Particulars	Total Asset	Total Liability	Revenue	Expenditure
ONGC Nile Ganga BV	1,21,456.22	29,253.31	89,693.88	69,838.78
Jarpeno Ltd.	1,00,914.56	24,496.29	8,711.85	18,259.05

(ii) Subsidiary audited as per US GAAP by local firm of auditors:

(₹ in million)

Particulars	Total Asset	Total Liability	Revenue	Expenditure
ONGC Amazon Alaknanda Ltd.	31,491.39	1,930.94	7,104.97	4,394.63

(iii) Subsidiary financial statements certified by local firm of auditors for which audit report was not issued:

(₹ in million)

Particulars	Total Asset	Total Liability	Revenue	Expenditure
ONGC Narmada Ltd.	936.55	1,450.11	8.88	126.20

(iv) Subsidiary unaudited, as certified by the Management:

(₹ in million)

Particulars	Total Asset	Total Liability	Revenue	Expenditure
Carabobo One AB Ltd.	1.72	1.44	0.02	0.39

(v) Joint Venture Company audited as per IFRS as adopted by European union by local firm of auditors:

(₹ in million)

Particulars	Total Asset	Total Liability	Revenue	Expenditure
ONGC Mittal Energy Ltd.	5,328.58	6,068.10	61.57	1,372.99

In respect of:

(i) Item no. (i), (ii) and (v) above so far it relates to amounts included, is based solely on the report of the other auditors and

(ii) Item no. (iii) and (iv) above so far it relates to amounts included, we do not express any opinion on the same and also do not have responsibility for impact, if any, in the consolidated financial statements.

(b) Company's share of Assets, Liabilities, Revenues and Expenditure in the Joint Ventures of OVL include 27 projects held in the books of the respective Subsidiary/Joint Venture as mentioned in 6(a) above and 9 projects which have been certified under respective local laws / Production Sharing Contract/ Joint Operating Agreement by local audit firm and 7 projects have been certified by the management as detailed in Note no. 29.2 of Schedule 27.

7. For the purpose of considering the investment in Pawan Hans Helicopters Ltd, an associate in the consolidated financial statements, the share of profit for the year ended 31st March, 2010, amounting to ₹ 75.31 million based on unaudited accounts and differential profit of ₹ 2.82 million for FY 2008-09 based on audited accounts (₹ 54.09 million) and unaudited accounts (₹ 51.27 million) has been considered in the current year due to the reasons explained in Note 4.2 of Schedule 27. We did not audit the financial statements of this associate, and in our opinion, so far as it relates to the amounts included in respect of this associate, is based solely on the financial statements certified by the management.

8. We have placed reliance on technical / commercial evaluation by the management in respect of categorization of wells as exploratory, development and producing, allocation of cost incurred on them, depletion of producing properties / impairment on the basis of proved developed hydrocarbon reserves, liability for abandonment costs, liabilities under NELP for under performance against Minimum Work Programme and allocation of depreciation on process platforms to transportation and facilities.

9. Without qualifying our opinion attention is invited to:

   (a) Note No.3 of Schedule 27 in the Notes to Account for not consolidating the company's interest in Dahez SEZ Limited, A Joint Venture entity, due to the reasons stated therein.

   (b) Note 7.1 to 7.3 of Schedule 27 in respect of recognition of Sales Revenue of crude oil and natural gas.

   (c) Note No.19 of Schedule 27 in the Notes to Account, regarding certain observations made by auditors of a Jointly Controlled assets - Panna Mukta & Tapti, impact of which is not ascertainable and

   (d) Note No. 32.4 of Schedule-27 regarding non-availability of head-wise expense details as required by Schedule VI to the Companies Act, 1956.

10. We report that on the basis of information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company, its subsidiaries, joint ventures and associates and certification of management in respect of unaudited accounts referred to in Para 3 and 6 above, we are of the opinion that the consolidated financial statements read with notes to account give a true and fair view in conformity with the accounting principles generally accepted in India:

    (a) in the case of the Consolidated Balance Sheet of the state of affairs of the Group as at March 31, 2010; and
    (b) in the case of the Consolidated Profit and Loss Account of the results of the Group for the year ended on that date; and
    (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Arun K. Agarwal & Associates
Chartered Accountants
(Firm Regn. No: 003917N)

(Rajesh Surolia)
Partner (Mem. No. 88008)

For Singhi & Co.
Chartered Accountants
(Firm Regn. No: 302049E)

(B. K. Sipani)
Partner (Mem. No. 88926)

For P.S.D. & Associates
Chartered Accountants
(Firm Regn. No: 004501C)

(Prakash Sharma)
Partner (Mem. No. 72332)

For Kalyaniwalla & Mistry
Chartered Accountants
(Firm Regn. No: 104607W)

(Ermin K. Irani)
Partner (Mem.No.35646)

For Padmanabhan Ramani & Ramanujam
Chartered Accountants
(Firm Regn. No: 002510S)

(K. R. Ganesh)
Partner (Mem. No 22439)

New Delhi
28th May, 2010

Technicians engaged in maintenance work in CBM drill site

(₹ in million)

	Schedule		As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	21,388.87		21,388.87
Reserves and Surplus	2	992,677.54		900,846.13
			1,014,066.41	922,235.00
MINORITY INTEREST			16,431.64	14,113.51
LOAN FUNDS				
Secured Loans	3	6,959.27		5,583.83
Unsecured Loans	4	55,709.98	62,669.25	60,007.47
DEFERRED TAX LIABILITY			103,076.90	92,416.81
LIABILITY FOR ABANDONMENT COST			174,590.37	171,451.24
TOTAL			1,370,834.57	1,265,807.86
APPLICATION OF FUNDS				
GOODWILL ON CONSOLIDATION				
Gross		110,742.82		124,603.65
Less: Amortisation		15,357.36		10,564.74
NET			95,385.46	114,038.91
FIXED ASSETS	5			
Gross Block		901,926.40		784,247.57
Less: Depreciation and Impairment		658,164.47		599,291.73
NET BLOCK		243,761.93		184,955.84
CAPITAL WORKS-IN-PROGRESS (NET)	6	176,039.21		165,221.80
			419,801.14	350,177.64
PRODUCING PROPERTIES	7			
Gross Cost		1,031,074.13		913,234.25
Less: Depletion and Impairment		519,409.15		460,253.83
NET PRODUCING PROPERTIES			511,664.98	452,980.42
EXPLORATORY/DEVELOPMENT WELLS -IN-PROGRESS (NET)	8		80,124.91	82,358.51
INVESTMENTS			51,593.14	34,803.47
DEFERRED TAX ASSETS			164.69	185.98
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	9	82,400.07		65,423.89
Sundry Debtors	10	71,423.52		71,813.51
Cash and Bank Balances	11A	149,703.83		156,331.20
Deposit with Bank Under Site Restoration Fund Scheme	11B	74,138.43		69,624.35
Other Current Assets	12	7,430.89		11,309.10
Loans and Advances	13	120,566.90		132,644.25
		505,663.64		507,146.30
LESS: CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities	14	226,818.90		210,526.96
Provisions	15	75,157.73		71,862.63
		301,976.63		282,389.59
NET CURRENT ASSET			203,687.01	224,756.71
MISCELLANEOUS EXPENDITURE	16		8,413.24	6,506.22
(To the extent not written off or adjusted)				
TOTAL			1,370,834.57	1,265,807.86
SIGNIFICANT ACCOUNTING POLICIES	26			
NOTES TO THE ACCOUNTS	27			

Schedules referred to above form an integral part of the Balance Sheet

For and On behalf of the Board

(N. K. Sinha) **Company Secretary**	(D.K. Sarraf) **Director (Finance)**	(R.S.Sharma) **Chairman & Managing Director**

In terms of our report of even date attached

For Arun K. Agarwal & Associates **Chartered Accountants**	**For Singhi & Co.** **Chartered Accountants**	**For P.S.D & Associates** **Chartered Accountants**
(Rajesh Surolia) **Partner (Mem. No. 88008)**	(B. K. Sipani) **Partner (Mem. No. 88926)**	(Prakash Sharma) **Partner (Mem. No. 72332)**
For Kalyaniwalla & Mistry **Chartered Accountants**	**For Padmanabhan Ramani & Ramanujam** **Chartered Accountants**	
(Ermin K. Irani) **Partner (Mem.No. 35646)**	(K. R. Ganesh) **Partner (Mem. No.22439)**	

New Delhi
May 28, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(₹ in million)

	Schedule	2009-10	2008-09
INCOME			
Gross Sales	17	1,061,688.44	1,094,129.42
Less : Excise Duty		44,142.77	48,245.55
Net Sales		1,017,545.67	1,045,883.87
Other Income	18	52,727.60	50,721.47
		1,070,273.27	1,096,605.34
EXPENDITURE			
Decrease/(Increase) in stocks	19	(3,728.81)	3,444.04
Purchases		37.92	0.25
Production, Transportation, Selling and Distribution Expenditure	20	571,745.36	610,190.77
Depreciation, Depletion, Amortisation and Impairment	21	187,188.30	154,303.84
Financing Costs	22	5,021.90	2,385.07
Provisions and Write-offs (Net)	23	5,995.57	15,349.95
Adjustments relating to Prior Period (Net)	24	(400.61)	(105.75)
		765,859.63	785,568.17
Profit before Tax and Extraordinary items		304,413.64	311,037.17
Extraordinary Items		-	657.73
Profit before Tax		304,413.64	311,694.90
Provision for Taxation			
- Current Tax (including Wealth Tax ₹ 25.79 million Previous year ₹ 39.17 million)		95,756.65	110,335.27
- For Earlier years		(176.45)	(4,463.88)
- Deferred Tax		11,557.72	3,500.97
- Fringe Benefit Tax		-	721.07
Profit after Taxation		197,275.72	201,601.47
Add: Share of Profit/(Loss) in Associate		78.13	98.83
Less: Share of Profit/(Loss)- Minority Interest		3,318.52	3,746.86
Group Profit after Tax		194,035.33	197,953.44
Surplus at the beginning		93,335.23	58,989.56
Adjustment due to Change in holding		(21.32)	(107.30)
BALANCE AVAILABLE FOR APPROPRIATION		287,349.24	256,835.70
APPROPRIATIONS			
Proposed Dividend on Preference Shares		0.01	0.01
Proposed Dividend on Equity Shares		32,083.09	29,944.22
Capital Redemption Reserve		-	0.10
Tax on Proposed Dividend		5,705.15	5,474.39
Interim Dividend		38,499.71	38,499.71
Tax on Interim Dividend		6,287.01	6,543.02
Transfer to General Reserve		87,242.72	83,039.02
Transfer to Debenture Redumption Reserve		1,154.19	-
Balance carried to Balance Sheet		116,377.36	93,335.23
		287,349.24	256,835.70
Earnings per Equity Share - Basic and Diluted (₹)	25		
(Face Value ₹ 10/-Per Share)			
- before extraordinary items (net of tax)		90.72	92.35
- after extraordinary items		90.72	92.55
SIGNIFICANT ACCOUNTING POLICIES	26		
NOTES TO THE ACCOUNTS	27		

Schedules referred to above form an integral part of the Profit & Loss Account

For and On behalf of the Board

(N. K. Sinha) **Company Secretary**	(D. K. Sarraf) **Director (Finance)**	(R. S.Sharma) **Chairman & Managing Director**

In terms of our report of even date attached

For Arun K. Agarwal & Associates **Chartered Accountants**	**For Singhi & Co.** **Chartered Accountants**	**For P.S.D & Associates** **Chartered Accountants**
(Rajesh Surolia) **Partner (Mem. No. 88008)**	(B. K. Sipani) **Partner (Mem. No. 88926)**	(Prakash Sharma) **Partner (Mem. No. 72332)**
For Kalyaniwalla & Mistry **Chartered Accountants**	**For Padmanabhan Ramani & Ramanujam** **Chartered Accountants**	
(Ermin K. Irani) **Partner (Mem.No. 35646)**	(K. R. Ganesh) **Partner (Mem. No.22439)**	

New Delhi
May 28, 2010

Schedule to the Consolidated Balance Sheet

SCHEDULE-1

(₹ in million)

	As at 31st March, 2010	As at 31st March, 2009
SHARE CAPITAL		
Authorised:		
15000,000,000 Equity Shares of ₹ 10 each	**150,000.00**	150,000.00
Issued and Subscribed:		
2138,891,502 Equity Shares of ₹ 10 each	**21,388.92**	21,388.92
Paid up:		
2138,872,530 Equity Shares of ₹ 10 each	**21,388.73**	21,388.73
Add: Share forfeited	**0.14**	0.14
	21,388.87	21,388.87
TOTAL	**21,388.87**	**21,388.87**

Notes : The above includes:

(i) 342,853,716 Equity Shares issued as fully paid up to the President of India without payment being received in cash in terms of Oil and Natural Gas Commission (Transfer of Undertaking and Repeal) Act, 1993.

(ii) 1,789,397,876 Equity Shares issued as fully paid up by way of bonus shares by capitalisation of General Reserve and Securities Premium.

Schedule to the Consolidated Balance Sheet
SCHEDULE-2

(₹ in million)

		As at 31st March, 2010		As at 31st March, 2009
RESERVES AND SURPLUS				
Capital Reserve *				
a) Opening Balance	1,103.02		931.18	
b) Addition/(deduction) during the year **	(87.96)	1,015.06	171.84	1,103.02
Deferred Government Grant				
a) Opening Balance	44.73		51.75	
b) Deduction during the year ***	5.28		7.02	
		39.45		44.73
Securities Premium Account		312.45		312.45
Capital Redemption Reserve		0.09		0.10
Insurance Reserve		2,500.00		2,500.00
General Reserve				
a) Opening Balance	788,151.50		705,112.48	
b) Transferred from Profit and Loss Account	87,242.72		83,039.02	
		875,394.22		788,151.50
Foreign Exchange Translation Reserve		(4,115.28)		15,399.10
Debenture Redumption Reserve				
a) Opening Balance	0.00			
b) Transferred from Profit and Loss Account	1,154.19	1,154.19		0.00
Profit and Loss Account		116,377.36		93,335.23
TOTAL		992,677.54		900,846.13

Note: Includes ₹ (-) 380.82 million share of jointly controlled entities. (Previous year ₹ 435.09 million)

* Includes ₹ 159.44 million being assesed value of assets received as gift.
** Includes Capital Reserve on Consolidation ₹ 4.18 million (Previous year ₹ 4.18 million)
*** Represents the amount equivalent to Depreciation for the year transferred to Profit and Loss Account.

Schedule to the Consolidated Balance Sheet

SCHEDULE-3

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
SECURED LOANS			
(a) Foreign Currency Term Loans			
- From Banks		-	914.75
(b) RupeeTerm Loans			
- From Banks	3,334.26		3,560.45
- From Financial Institutions	372.13		-
- From Others	1,009.62	4,716.01	1,062.07
(c) Working Capital facilities			
- Rupee Loans from Banks		2,243.26	46.56
TOTAL		6,959.27	5,583.83

Note: Includes ₹ 3,537.92 million share of jointly controlled entities. (Previous year ₹ 3,194.43 million)

SCHEDULE-4

(₹ in million)

	As at 31st March, 2010	As at 31st March, 2009
UNSECURED LOANS		
(a) Long Term		
Foreign Currency Loans:		
- From Banks/Financial Institutions	9,325.80	267.35
Sales Tax Deferment Loan	2,742.62	2,478.64
(b) Non - Recourse deferred credit (Foreign Currency Loan) (in respect of Joint Venture)	934.26	1,225.36
(c) Short term loan-Commercial Paper	10,900.00	52,500.00
(d) Other Loans	8,407.30	3,536.12
(e) Non Convertible Redeemable Bonds	23,400.00	-
TOTAL	55,709.98	60,007.47
Repayable within one year	19,360.74	56,419.51

Note: Includes ₹ 14,188.35 million share of jointly controlled entities. (Previous year ₹ 9,815.60 million)

Schedule to the Consolidated Balance Sheet
SCHEDULE-5

Fixed Assets

(₹ in million)

PARTICULARS	GROSS BLOCK				DEPRECIATION AND IMPAIRMENT						NET BLOCK	
	As at 1st April, 2009	Additions during the year	Deletions/ adjustments during the year	**As at 31st March, 2010**	Upto 31st March 2009	For the Year: Depreciation	For the Year: Impairment: Charged	For the Year: Impairment: Reversed	Deletions/ Adjustments during the year	**Upto 31st March 2010**	**As at 31st March, 2010**	As at 31st March, 2009
Land i) Freehold	2,230.64	130.39	4.52	**2,356.51**	19.67	-	0.37	4.12	2.07	**13.85**	**2,342.66**	2,210.97
ii) Leasehold	8,479.61	1,180.76	(4.17)	**9,664.54**	309.75	54.19	-	-	(0.71)	**364.65**	**9,299.89**	8,169.86
Buildings and Bunk Houses	20,507.20	1,679.13	137.65	**22,048.68**	7,794.40	769.16	3.67	83.60	(20.29)	**8,503.92**	**13,544.76**	12,712.80
Railway Sidings	134.62	-	-	**134.62**	82.62	1.20	-	-	-	**83.82**	**50.80**	52.00
Plant and Machinery												
i) Owned	723,919.04	116,762.02	(1,067.77)	**841,748.83**	570,921.98	61,129.23	228.43	86.93	(1,808.67)	**634,001.38**	**207,747.45**	152,997.06
ii) Taken on Lease	428.13	-	-	**428.13**	-	-	-	-	-	**-**	**428.13**	428.13
Furniture and Fittings	16,792.45	3,622.63	7,791.51	**12,623.57**	11,402.72	(5,594.39)	1.08	4.94	74.14	**5,730.33**	**6,893.24**	5,389.73
Vehicles,Survey Ships, Crew Boats,Aircrafts and Helicopters	6,639.89	216.26	74.03	**6,782.12**	5,183.85	374.82	0.02	2.21	61.26	**5,495.22**	**1,286.90**	1,456.04
	779,131.58	123,591.19	6,935.77	**895,787.00**	595,714.99	56,734.21	233.57	181.80	(1,692.20)	**654,193.17**	**241,593.83**	183,416.59
Intangibles	5,115.99	1,025.07	1.66	**6,139.40**	3,576.74	396.22	0.01	-	1.67	**3,971.30**	**2,168.10**	1,539.25
TOTAL	784,247.57	124,616.26	6,937.43	**901,926.40**	599,291.73	57,130.43	233.58	181.80	(1,690.53)	**658,164.47**	**243,761.93**	184,955.84
Previous year	736,384.96	46,425.86	(1,436.75)	**784,247.57**	542,423.94	57,208.88	135.99	1,053.56	(576.48	**599,291.73**	**184,955.84**	
The above includes the Corporation's share in Joint Venture Assets	119,279.17	19,241.31	3,453.49	**135,066.99**	73,878.86	9,778.28	-	-	1,972.36	**81,684.78**	**53,382.21**	
Previous year	110,836.18	4,457.89	(3,985.10)	**119,279.17**	57,593.17	13,182.69	28.61	-	(3,074.39)	**73,878.86**	**45,400.31**	

Notes:

1. Additions to Plant and Machinery are net of ₹ (-) 3,122.02 million on account of foreign currency translation adjustment during the year (Previous year ₹ 4,756.66 million).
2. Land includes land in respect of a certain projects for which execution of lease/conveyance deeds are in process.
3. Registration of title deeds in respect of certain Buildings is pending execution.
4. Plant & Machinery-owned includes an amount of ₹ 782.98 million (Previous year ₹ 782.98 million) being MRPL's share of an asset jointly owned with another company.
5. Net Fixed Assets include ₹ 6,741.12 million share of jointly controlled entities (Previous year ₹ 3,920.95 million).
6. Depreciation for the year includes ₹ 119.66 million taken to prior period (Previous year ₹ 150.62 million).
7. Plant & Machinery includes Jetty & Trestle (Gross block of ₹ 45,437.82 million). As per the agreement, ownership of assets will be transferred to the Gujarat Maritime Board in the year 2035.
8. Depreciation on intangible software for the year is after reducing ₹ 424.55 million being amount written back on recomputation (Refer Note 10 of Schedule 27).

Schedule to the Consolidated Balance Sheet
SCHEDULE-6

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
CAPITAL WORKS-IN-PROGRESS			
Buildings		**776.45**	266.61
Plant and Machinery		**117,253.46**	119,496.68
Overseas Projects		**33,029.36**	29,286.46
Advances for Capital Works and Progress Payments		**12,026.79**	7,413.97
Capital Stores (including in transit)	**1,457.20**		1,847.39
Less: Provision for Non Moving Items	**43.26**	**1,413.94**	141.11
Others		**12,028.97**	7,284.66
TOTAL		**176,528.97**	**165,454.66**
Less : Impairment			
Opening balance		**232.86**	405.15
Impairment provided for the year		**364.17**	143.63
Transfer to Fixed Assets		**(61.64)**	(276.64)
Reversed during the year		**(45.63)**	(39.28)
TOTAL		**489.76**	232.86
NET CAPITAL WORKS- IN- PROGRESS		**176,039.21**	**165,221.80**

Note: Includes ₹ 21,413.91 million share of jointly controlled entities.(Previous year ₹ 14,148.92 million)

SCHEDULE-7

(₹ in million)

	As at 31st March, 2010	As at 31st March, 2009
PRODUCING PROPERTIES		
Gross Cost		
Opening Balance	**913,234.25**	758,543.99
Acquisition Cost	**698.97**	2,019.05
Expenditure during the year	**10,876.01**	7,671.43
Depreciation on facilities	**29,119.11**	19,251.65
Transfer from Exploratory Wells-in-Progress	**16,218.44**	2,700.48
Transfer from Development Wells-in-Progress	**63,862.33**	54,842.96
Increase / (Decrease) in estimated Abondonment Cost	**2,951.59**	37,845.56
Foreign Currency Translation Adjustments	**(9,467.40)**	12,052.11
Other Adjustments	**3,580.83**	18,307.02
Total (Gross)	**1,031,074.13**	**913,234.25**
Less: Depletion & Impairment		
Opening Balance	**460,253.83**	395,829.94
Depletion for the Year	**62,242.14**	55,883.07
Transfer of Impairment from Development Wells in Progress	**17.96**	98.61
Foreign Currency Translation Adjustments	**(5,361.49)**	6,863.62
Impairment provided for the year	**11.50**	893.97
Write back / Reversed during the year	**(758.24)**	(3,096.95)
Other Adjustments	**3,003.45**	3,781.57
Total	**519,409.15**	**460,253.83**
NET PRODUCING PROPERTIES	**511,664.98**	**452,980.42**

Note: Includes NIL share of jointly controlled entities (Previous year NIL)

Schedule to the Consolidated Balance Sheet

SCHEDULE-8

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
EXPLORATORY/DEVELOPMENT WELLS -IN-PROGRESS			
A) EXPLORATORY WELLS-IN-PROGRESS			
Gross Cost			
Opening Balance		69,047.13	46,474.36
Expenditure during the year	87,454.80		44,666.12
Less : Sale proceeds of Oil and Gas (Net of levies)	38.43	87,416.37	47.31
Depreciation during the year		7,671.69	9,267.36
		164,135.19	100,360.53
Less:			
Transfer to Producing Properties		16,218.44	2,700.48
Wells written off during the year		72,124.75	36,754.72
Other Adjustments		8,720.82	(6,359.03)
Foreign Currency Translation Adjustments		(625.36)	(1,782.77)
		67,696.54	69,047.13
Less: Provision for Dry Wells		9,409.63	8,529.89
NET EXPLORATORY WELLS-IN-PROGRESS (A)		58,286.91	60,517.24
B) DEVELOPMENT WELLS-IN-PROGRESS			
Opening Balance		21,908.76	17,767.20
Expenditure during the year		50,718.54	53,152.34
Depreciation during the year		4,979.20	5,173.61
Other Adjustments		8,519.55	-
Foreign Currency Translation Adjustments		(370.85)	658.57
Less: Transfer to Producing Properties		63,862.33	54,842.96
		21,892.87	21,908.76
Less : Impairment			
Opening balance		67.49	260.22
Transfer to Producing Properties		(17.96)	(98.61)
Provision for the year		5.83	67.00
Write back / Reversed during the year		(0.49)	(161.12)
		54.87	67.49
NET DEVELOPMENT WELLS - IN - PROGRESS (B)		21,838.00	21,841.27
EXPLORATORY/DEVELOPMENT WELLS -IN-PROGRESS (A+B)		80,124.91	82,358.51

Note: Includes ₹ 1,376.59 million share of jointly controlled entities (Previous year ₹ 1,156.67 million).

Schedule to the Consolidated Balance Sheet

SCHEDULE-9

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
INVENTORIES			
Finished Goods (Including Carbon Credits)		19,275.18	15,209.57
Raw Material			
- in hand	10,547.66		5,047.45
- in transit	5,400.09	15,947.75	3,721.26
Stock in Process		1,090.92	692.84
Stores and spare parts			
- in hand	46,733.00		40,534.31
- in transit (including inter-project transfers)	3,510.15		4,222.79
	50,243.15		
Less: Provision for Non Moving Stores and Spare parts	4,269.02	45,974.13	4,143.12
Unserviceable Items		112.09	138.79
TOTAL		82,400.07	65,423.89

Note: Includes ₹ 344.73 million share of jointly controlled entities (Previous year ₹ 513.86 million).

SCHEDULE-10

(₹ in million)

	As at 31st March, 2010	As at 31st March, 2009
SUNDRY DEBTORS		
(Unsecured, Considered Good unless otherwise stated)		
Debts - Outstanding for a period exceeding six months :		
- Considered Good	2,054.36	1,779.36
- Considered Doubtful	3,444.96	3,559.31
Other debts :		
- Considered Good	69,369.16	70,034.15
- Considered Doubtful	21.07	16.62
	74,889.55	75,389.44
Less: Provision for Doubtful Debts	3,466.03	3,575.93
TOTAL	71,423.52	71,813.51

Note: Includes ₹ 662.79 million share of jointly controlled entities (Previous year ₹ 861.71 million).

Schedule to the Consolidated Balance Sheet

SCHEDULE-11

(₹ in million)

	As at 31st March, 2010	As at 31st March, 2009
A) CASH AND BANK BALANCES		
Cash balance in Hand*	16.44	16.29
Balances with Scheduled Banks in:		
Current Accounts	7,463.09	9,104.21
Fixed Deposits	135,431.64	139,073.17
Balances with Non-Scheduled Banks	1,292.60	1,218.44
Bank Balances (In respect of Joint ventures of OVL)	5,500.06	6,919.09
Total	149,703.83	156,331.20
B) Deposit with Bank Under Site Restoration Fund Scheme**	74,138.43	69,624.35

Note: Includes ₹ 2,370.84 million share of jointly controlled entities (Previous year ₹ 2,575.24 million).

* Includes Gold Coins valued ₹ 1.36 million (Previous year ₹ 0.30 million).

** Deposited u/s 33ABA of the Income Tax Act, 1961 and can be withdrawn only for the purposes specified in the Scheme.

SCHEDULE-12

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
OTHER CURRENT ASSETS			
(Unsecured, Considered Good unless otherwise stated)			
Interest Accrued On			
- Investments		37.85	37.98
- Deposits with Banks/PSUs/Financial Institutions		4,353.63	8,224.95
- Others			
- Considered Good	3,010.86		3,007.40
- Considered Doubtful	24.20		1.32
	3,035.06		3,008.72
Less : Provision	24.20	3,010.86	1.32
Other Accounts pending adjustments			
- Considered Good	28.55		38.77
- Considered Doubtful	899.19		872.49
	927.74		911.26
Less: Provision for Doubtful Accounts	899.19	28.55	872.49
TOTAL		7,430.89	11,309.10

Note: Includes ₹ 5.03 million share of jointly controlled entities (Previous year ₹ 28.36 million).

Schedule to the Consolidated Balance Sheet
SCHEDULE-13

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
LOANS AND ADVANCES			
Loans to Public Sector Undertakings & Other Body Corporate		**1,024.51**	1,345.11
Advance against equity pending allotment		**7,058.01**	4,183.58
Loans and Advances to Employees		**9,361.78**	12,172.18
Advances Recoverable in Cash or in Kind or for Value to be received		**55,160.22**	39,072.51
Recoverable from Petroleum Planning & Analysis cell (PPAC)		**6.36**	6.36
Carry finance		**7,723.69**	7,466.51
Insurance Claims		**33.82**	400.01
Investment in Lease		**5,697.53**	12,956.82
Deposits:			
a) With Customs/Port Trusts etc.		**54.70**	42.81
b) With Financial Institutions/PSUs		**15,000.00**	20,000.00
c) Others		**6,955.53**	11,102.74
		108,076.15	108,748.63
Less : Provision for Doubtful Claims/advances		**13,167.61**	11,208.17
		94,908.54	97,540.46
Income Tax :			
Advance payment of Income Tax (Including advance payment of Wealth Tax ₹ 35.37 million Previous year ₹ 37.96 million)	**353,439.67**		296,506.82
Less: Provision (Including provision for Wealth Tax ₹ 141.11 million Previous year ₹ 116.79 million)	**327,781.31**	**25,658.36**	261,403.03
TOTAL		**120,566.90**	**132,644.25**
Particulars of loans and advances:			
Secured		**6,446.24**	5,957.38
Unsecured - Considered Good		**114,120.66**	126,686.87
- Considered Doubtful		**13,167.61**	11,208.17
		133,734.51	143,852.42
Less : Considered Doubtful and provided for		**13,167.61**	11,208.17
TOTAL		**120,566.90**	**132,644.25**

Note: Includes ₹ 761.64 million share of jointly controlled entities (Previous year ₹ 402.84 million).
Loans to employees include an amount of ₹ 0.7 million (Previous year ₹ 4.13 million) outstanding from whole time Directors.
Maximum amount outstanding during the year ₹ 4.27 million (Previous year ₹ 4.71 million).

Schedule to the Consolidated Balance Sheet

SCHEDULE-14

(₹ in million)

	As at 31st March, 2010	As at 31st March, 2009
CURRENT LIABILITIES		
Sundry Creditors for Supplies / Works :		
- Micro, Small & Medium Enterprises	**10.95**	63.43
- Other than Micro, Small & Medium Enterprises	**126,805.86**	100,076.89
Liability for Royalty/Cess/Sales tax etc.	**10,792.05**	10,882.62
Unpaid Matured debentures *	**4.28**	42.42
Unclaimed Interest on debentures *	**0.74**	7.77
Unclaimed Dividend*	**177.15**	156.20
Liability for Gratuity	**498.70**	10,294.92
Deposits from Suppliers/Contractors	**5,106.41**	6,416.26
Deferred Credit on Gas Sales	**3.61**	5.99
Other Liabilities	**69,353.68**	64,745.07
Liablity on Foreign Currency Forward Contracts	**-**	196.27
Interest Accrued but not due on loans	**-**	7.36
Sundry Creditors for Supplies / Works (in respect of Joint Ventures)	**14,065.47**	17,631.76
TOTAL	**226,818.90**	**210,526.96**

Note: Includes ₹ 4,497.88 million share of jointly controlled entities (Previous year ₹ 2,152.04 million).

* No amount is due for Payment to Investor Education and Protection Fund.

SCHEDULE-15

(₹ in million)

	As at 31st March, 2010	As at 31st March, 2009
PROVISIONS		
Leave	**14,245.94**	13,667.15
Post Retirment Medical & Terminal Benefit	**14,877.25**	13,323.32
Others	**8,246.30**	9,453.55
Proposed Dividend	**32,083.09**	29,944.22
Tax on Proposed Dividend	**5,705.15**	5,474.39
TOTAL	**75,157.73**	**71,862.63**

Note: Includes ₹ 206.98 million share of jointly controlled entities (Previous year ₹ 223.19 million).

Schedule to the Consolidated Balance Sheet
SCHEDULE-16

(₹ in million)

	As at 31st March, 2010	As at 31st March, 2009
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Deferred Revenue Expenditure		
Dry Docking Charges	**6,612.99**	4,529.70
Mobilisation Charges	**1,800.25**	1,976.52
TOTAL	**8,413.24**	**6,506.22**

Note: Includes ₹ 0.08 million share of jointly controlled entities (Previous year ₹ 0.12 million).

Schedule to the Consolidated Profit and Loss Account
SCHEDULE-17

(₹ in million)

		For the Year 2009-10	For the Year 2008-09
SALES			
Sales		**1,077,159.43**	1,114,954.48
Less :			
Transfer to Exploratory Wells in Progress	**52.70**		67.07
Government of India's (GOI's)share in Profit Petroleum	**15,418.29**	**15,470.99**	20,757.99
TOTAL		**1,061,688.44**	**1,094,129.42**

Note: Includes ₹ 14,442.57 million share of jointly controlled entities (Previous year ₹ 10,707.52 million).

Schedule to the Consolidated Profit and Loss Account

SCHEDULE-18

(₹ in million)

		For the Year 2009-10	For the Year 2008-09
OTHER INCOME			
Contractual Short Lifted Gas Receipts		26.88	189.67
Pipeline Transportation Receipts		3,125.91	5,267.38
Reimbursement from Govt. of India		4,415.79	-
Other Contractual Receipts		1,541.51	1,415.72
Lease Income		317.82	376.97
Income from Trade Investments :			
Dividend on Long term Investments	1,479.22		1,500.67
Interest on Long Term Investments	783.97		1,391.64
Profit on sale of Investment	0.55		3.89
		2,263.74	2,896.20
Income from Non Trade Investments :			
Interest on Long Term Investments		0.06	0.06
Dividend on Current Investments		490.57	258.88
Interest Income on :			
Deposits with Banks/Financial Institutions	13,965.44		23,750.41
(Tax deducted at source ₹ 2120.82 million Previous year ₹ 5,142.63 million)			
Loans and Advances to Employees	315.60		317.59
Income Tax Refund	2.91		791.08
On Site Restoration Fund Deposit	4,267.83		5,503.72
Delayed Payment from Customers and Others	688.38		1,818.55
(Tax deducted at source ₹ 50.98 million Previous year ₹ 26.21 million)		19,240.16	32,181.35
Exchange Variation		10,670.63	-
Excess Provisions written back		766.26	1,112.38
Liabilities no longer required written back		913.03	1,456.76
Miscellaneous Receipts		8,955.24	5,566.10
TOTAL		**52,727.60**	**50,721.47**

Note: Includes ₹ 102.50 million share of jointly controlled entities (Previous year ₹ 185.62 million).

SCHEDULE-19

(₹ in million)

		For the Year 2009-10	For the Year 2008-09
DECREASE/(INCREASE) IN STOCKS			
Closing Stock			
Stock in Process	1,090.92		692.84
Finished Products	17,197.04		14,668.09
Carbon Credits	0.56		-
		18,288.52	15,360.93
Opening Stock			
Stock in Process	692.84		1,473.30
Finished Products	14,695.31		17,302.38
Less : Adjustment	828.44		(29.29)
		14,559.71	18,804.97
NET DECREASE/(INCREASE) IN STOCKS		(3,728.81)	3,444.04

Schedule to the Consolidated Profit and Loss Account

SCHEDULE-20

(₹ in million)

	For the Year 2009-10	For the Year 2008-09
PRODUCTION, TRANSPORTATION, SELLING AND DISTRIBUTION EXPENDITURE		
Royalty	**103,592.72**	111,546.34
Cess	**54,538.03**	55,788.35
Sales Tax	**3,733.74**	7,839.33
Natural Calamity Contingent Duty	**1,061.67**	1,081.40
Excise Duty on Stocks (Net)	**150.29**	(462.93)
Service Tax	**906.88**	2,474.44
Education Cess	**1,718.99**	1,795.54
Octroi and Port Trust Charges	**4,484.28**	4,129.85
Staff Expenditure	**14,070.70**	11,619.33
Workover Operations	**31,172.60**	26,226.11
Water Injection, Desalting and Demulsification	**11,037.73**	8,608.44
Consumption of Raw material, Stores and Spares & etc.	**257,080.89**	286,301.97
Pollution Control	**4,315.68**	3,748.73
Transport Expenses	**3,235.67**	3,070.62
Insurance	**1,185.45**	965.67
Power and Fuel	**1,347.28**	1,610.32
Repairs and Maintenance	**6,700.45**	6,366.73
Contractual payments including Hire charges etc.	**6,410.32**	6,375.09
Other Production Expenditure	**19,310.75**	17,171.73
Transportation and Freight of Products	**11,966.97**	10,724.94
Research and Development	**1,985.78**	1,574.44
General Administrative Expenses	**20,430.78**	17,033.62
Exchange Variation	**-**	11,715.95
Other Expenditure	**11,307.71**	12,884.76
TOTAL	**571,745.36**	**610,190.77**

Note: Includes ₹ 12,420.93 million share of jointly controlled entities (Previous year ₹ 9,433.41 million).
The above expenses classified in accordance with Part II of Schedule VI to the Companies Act, 1956 and exhibited in Note no. 32.4 of Schedule 27.

Schedule to the Consolidated Profit and Loss Account
SCHEDULE-21

(₹ in million)

		For the Year 2009-10	For the Year 2008-09
DEPRECIATION, DEPLETION, AMORTISATION AND IMPAIRMENT			
Survey		**26,549.04**	38,947.96
Pre Acquisition Expenditure		**243.51**	726.53
Wells Written off		**72,959.78**	37,308.94
Amortisation of Goodwill		**4,978.91**	2,876.56
Depletion		**62,242.14**	55,883.07
Depreciation*	**63,710.72**		57,058.26
Less : Allocated to :			
Survey	**1,181.07**		1,554.72
Exploratory Drilling	**7,671.69**		9,267.36
Development Drilling	**4,979.20**		5,173.61
Depreciation on Facilities	**29,119.11**		19,251.65
Others	**112.01**		139.82
	43,063.08	**20,647.64**	21,671.10
Impairment loss			
During the year	**553.44**		1,240.59
Less : Reversal during the year	**986.16**		4,350.91
		(432.72)	(3,110.32)
TOTAL		**187,188.30**	**154,303.84**

Note: Includes ₹ 712.44 million share of jointly controlled entities (Previous year ₹ 895.96 million).

* Refer note 2.1 of Schedule-27.

SCHEDULE-22

(₹ in million)

	For the Year 2009-10	For the Year 2008-09
FINANCING COSTS		
(i) Interest:		
On Fixed Loans		
- Foreign Currency Loans	**5.33**	9.97
On Term Loans from Banks	**254.34**	206.46
(ii) Lease Finance Charges	**463.30**	-
On Cash Credit	**11.75**	57.13
On Others	**1,037.26**	1,255.04
(iii) Discount on Commercial Papers	**3,249.92**	856.47
TOTAL	**5,021.90**	**2,385.07**

Note: Includes ₹ 288.07 million share of jointly controlled entities (Previous year ₹ 310.01 million).

Schedule to the Consolidated Profit and Loss Account

SCHEDULE-23

(₹ in million)

		For the Year 2009-10		For the Year 2008-09
PROVISIONS AND WRITE-OFFS				
PROVISIONS				
Provision for Doubtful Debts		1,160.60		2,390.92
Provision for Doubtful Claims/Advances		1,845.73		2,172.86
Provision against Non-Moving Inventories		145.49		91.73
Provison for Others		93.20		8,778.72
Sub-Total		3,245.02		13,434.23
WRITE-OFFS				
Loss on Disposal/Condemnation of Fixed Assets (Net)		71.58		92.05
Claims/Advances Written Off	42.90		8.58	
Less: Provisions	-	42.90	4.70	3.88
Inventories Written Off		105.03		225.17
Bad debts Written Off	224.97			
Less: Provisions	207.80	17.17		-
Other Write offs		2,513.87		1,594.62
Sub-Total		2,750.55		1,915.72
TOTAL		5,995.57		15,349.95

Note: Includes ₹ 874.49 million share of jointly controlled entities (Previous year ₹ 172.93 million).

SCHEDULE-24

(₹ in million)

	For the Year 2009-10	For the Year 2008-09
ADJUSTMENTS RELATING TO PRIOR PERIOD (NET)		
Statutory levies*	(32.18)	0.23
Other Production Expenditure*	(806.15)	(1,956.65)
Interest -Others	542.24	0.46
Depreciation	119.66	150.62
Survey	(64.40)	(620.58)
Dry well	109.40	1,870.87
Amortisation of Goodwill	38.35	-
Total Debit	(93.08)	(555.05)
Sales	26.01	(189.51)
Interest -Others	0.07	-
Other Income	281.45	(259.79)
Total Credit	307.53	(449.30)
Net Debit/(Credit)	(400.61)	(105.75)

Note: Includes ₹ Nil share of jointly controlled entities (Previous year ₹ (-) 2.70 million).

* The above expenses classified in accordance with Part II of Schedule VI to the Companies Act, 1956 and exhibited in note no 32.4 of Schedule 27.

Schedule to the Consolidated Profit and Loss Account
SCHEDULE-25

(₹ in million)

		For the Year 2009-10	For the Year 2008-09
EARNING PER SHARE			
A)	Net Profit after Tax	**194,035.33**	197,953.44
	Less:		
B)	Extraordinary items	**-**	657.73
C)	Tax impact on Extraordinary items	**-**	(223.56)
D)	Net Profit before Extraordinary items (net of tax)	**194,035.33**	**197,519.27**
E)	Number of Shares	**2,138,872,530**	**2,138,872,530**
			(Amount in ₹)
Basic & Diluted earnings per equity share			
	- Before extraordinary items (net of tax) - (D/E)	**90.72**	**92.35**
	- After extraordinary items - (A/E)	**90.72**	**92.55**

SCHEDULE-26 | SIGNIFICANT ACCOUNTING POLICIES

A. Principles of Consolidation

The Consolidated financial statements relate to the Company (Oil and Natural Gas Corporation Limited), its Subsidiaries, Joint Venture entities and Associates. The consolidated Financial Statements have been prepared on the following basis: -

i) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".

ii) The financial statements of Joint Venture entities are combined by applying proportionate consolidation method on a line by line basis on like items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS-27) - "Financial Reporting of Interests in Joint Ventures".

iii) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements except as otherwise stated in the Notes to the Accounts.

iv) The difference between the cost of investment in the Subsidiaries/Associates/ Joint Ventures, over the net assets at the time of acquisition of shares in the Subsidiaries/Associates is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve as the case may be.

v) Minority Interest's share of Net Profit/Loss of Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the Net Income attributable to the shareholders of the Company.

vi) Minority Interest's share of Net Assets of Consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and the equity of the Company's shareholders.

vii) In case of foreign subsidiaries and Joint Ventures, foreign currency transactions are translated as per the provisions of Accounting Standard (AS)-11 - "Accounting for Effects of changes in Foreign Exchange Rates" in the Consolidated Financial Statements.

viii) In case of Associates, where the company directly or indirectly through Subsidiaries holds more than 20% of equity, investments in Associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".

ix) The difference between the proceeds from disposal of investments in a subsidiary and the carrying amount of its assets less liabilities as on the date of disposal is recognised in the Consolidated Statement of Profit and Loss Account as the profit or loss (as applicable) on disposal of the investment in the subsidiary.

B. Investments other than in Subsidiaries, Associates and Joint Ventures have been accounted for as per Accounting Standard (AS) -13 "Accounting for Investments".

C. Other Significant Accounting Policies:

1. Accounting Conventions

The financial statements are prepared under the historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP), applying the Successful Efforts Method as per the Guidance Note on Accounting for Oil and Gas Producing Activities issued by the Institute of Chartered Accountants of India and Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, income and expenses of the reporting period. The difference between the actual results and estimates are recognised in the period in which the results are known or materialised.

3. Government Grants

Government grants for acquisition of fixed assets are initially treated as Capital Reserve and are subsequently recognised as income in the Profit & Loss Account on a systematic basis over the useful life of the assets in the proportion in which depreciation on those assets is charged.

4. Fixed Assets

4.1 Fixed assets are stated at historical cost less accumulated depreciation and impairment. Fixed assets received as donations/gifts are capitalised at assessed values with corresponding credit taken to Capital Reserve.

4.2 All costs relating to acquisition of fixed assets till the time of bringing the assets to working condition for intending use are capitalised.

5. Intangible Assets

5.1 Costs incurred on intangible assets, resulting in future economic benefits are capitalised as intangible assets.

6. Exploration, Development and Production Costs

6.1 Acquisition Cost

Acquisition cost of an oil and gas property in exploration/development stage is taken to acquisition cost under the respective category. In case of overseas projects, the same is taken to capital work in progress. Such costs are capitalised by transferring to Producing Property when it is ready to commence commercial production. In case of abandonment, such costs are expensed. Acquisition cost of a producing oil and gas property is capitalised as Producing Property.

6.2 Survey Cost

Cost of Survey and prospecting activities conducted in the search of oil and gas are expensed in the year in which these are incurred.

6.3 Exploratory/ Development Wells in Progress

6.3.1 All acquisition costs, exploration costs involved in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalised as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per policy no. 6.4.1 or expensed in the year when determined to be dry or of no further use, as the case may be.

6.3.2 All wells under "exploratory wells in progress" which are more than two years old from the date of completion of drilling are charged to Profit and Loss Account except those wells where it could be reasonably demonstrated that the well has proved reserves and the development of the field in which the wells are located has been planned.

6.3.3 All costs relating to development wells are initially capitalised as development wells in progress and transferred to producing properties on completion as per policy no. 6.4.

6.4 Producing Properties

6.4.1 Producing Properties are created in respect of an area/field having proved developed oil and gas reserves, when the well in the area/field is ready to commence commercial production.

6.4.2 Cost of temporary occupation of land, successful exploratory wells, all development wells, depreciation on related equipment, facilities, and estimated future abandonment costs are capitalised and reflected as Producing Properties.

6.5 Depletion of Producing Properties

Producing properties are depleted using the "Unit of Production Method". The rate of depletion is computed with reference to an area covered by individual lease/licence/ asset/amortisation base by considering the proved developed reserves and related capital costs incurred including estimated future abandonment costs. In case of acquisition, cost of producing properties is depleted by considering the Proved Reserves. These reserves are estimated annually by the Reserve Estimates Committee of the Company, which follows the International Reservoir Engineering Procedures.

6.5.1 Production Costs

Production costs include pre-well head and post well head expenses including depreciation and applicable operating costs of support equipment and facilities.

6.6 Side tracking

6.6.1 The cost of abandoned portion of side tracked exploratory wells is charged to Profit & Loss Account as dry wells.

6.6.2 The cost of abandoned portion of side tracked development wells is considered as part of cost of development wells.

6.6.3 The cost of sidetracking in respect of existing producing wells is capitalised if it increases the Proved Developed Reserves otherwise, charged to Profit & Loss Account as workover expenditure.

7. Impairment

Producing Properties, Development Wells in Progress (DWIP) and Fixed Assets (incl. Capital Works in Progress) of a "Cash Generating Unit" (CGU) are reviewed for impairment at each Balance Sheet date. In case, events and circumstances indicate any impairment, recoverable amount of these assets is determined. An impairment loss is recognised, whenever the carrying amount of such assets exceeds the recoverable amount. The recoverable amount is its 'value in use' or 'net selling price' (if determinable) whichever is higher. In assessing value in use, the estimated future cash flows from the use of assets and from its disposal at the end of its useful life are discounted to their present value at appropriate rate.

An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, is allocated to its assets on a pro-rata basis. Subsequent to impairment, depreciation is provided on the revised carrying value of the assets over the remaining useful life.

8. Abandonment Cost

8.1 The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring offshore well sites and allied facilities are recognised in respective assets when the well is complete / facilities are installed.

8.2 The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring onshore well sites are recognised when the well is complete. Cost relating to dismantling, abandoning and restoring its allied facilities are accounted for in the year in which such costs are incurred as the salvage value is expected to take care of the abandonment costs. The abandonment cost on dry well is charged to Profit and Loss Account.

Liability for abandonment cost is updated based on the technical assessment available at current costs with the Company.

9. Joint Ventures

The Company has Joint Ventures in the nature of Production Sharing Contracts (PSC) with the Government of India, Govt. of foreign countries and various bodies corporate for exploration, development and production activities.

9.1 The income, expenditure, assets and liabilities of the Jointly Controlled Assets are merged on line by line basis according to the participating interest with the similar items in the Financial Statements of the Company and adjusted for depreciation, depletion, survey, dry wells, abandonment, impairment and sidetracking in accordance with the accounting policies of the Company.

9.2 Consideration for the right to participate in operations recoverable from new Joint Venture Partners are :

1. Reduced from respective capitalised cost wherever applicable
2. Reduced from current expenditure to the extent it relates to current year.
3. Balance is considered as miscellaneous receipts.

9.3 The hydrocarbon reserves in such areas are taken in proportion to the participating interest of the Company.

10. Investments

10.1 Long-term investments are valued at cost. Provision is made for any diminution, other than temporary, in the value of such investments.

10.2 Current Investments are valued at lower of cost and fair value.

11. Inventories

11.1 Finished goods (other than Sulphur) and stock in pipelines/tanks and carbon credits are valued at Cost or net realisable value whichever is lower. Cost of finished goods is determined on absorption costing method. Sulphur is valued at net realisable value. The value of inventories includes excise duty and royalty wherever applicable but excludes cess.

11.2 Crude Oil in unfinished condition in flow lines upto Group Gathering Stations/platform and Natural Gas in Pipelines are not valued.

Stock-in-Process is valued at cost or net realisable value whichever is lower. Cost is determined at Raw material and Proportionate Conversion cost.

11.3 Raw material is valued at lower of cost or net realisable value. Cost is determined on First in First Out (FIFO) basis.

11.4 Inventory of stores and spare parts is valued at Weighted Average Cost or net realisable value whichever is lower. Provisions are made for obsolete and non moving inventories.

11.5 Unserviceable items, when determined, are valued at estimated net realisable value.

12. Revenue Recognition

12.1 Revenue from sale of products is recognised on transfer of custody to customers. Any difference as of the reporting date between the entitlement quantity minus the quantities sold in respect of crude oil (including condensate), if positive is treated as inventory and, if negative, is adjusted to revenue by recording the same as liability.

12.2 Sale of crude oil and gas produced from exploratory wells in progress is deducted from expenditure on such wells.

12.3 Sales are inclusive of all statutory levies except Value Added Tax (VAT). Any retrospective revision in prices is accounted for in the year of such revision.

12.4 Revenue in respect of fixed price contracts is recognised for the quantum of work done on the basis of percentage of completion method. The quantum of work done is measured in proportion of cost incurred to date to the estimated total cost of the contract or based on reports of physical work done.

12.5 Finance income in respect of assets given on finance lease is recognised based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

12.6 Revenue in respect of the following is recognised when there is reasonable certainty regarding ultimate collection:

a. Short lifted quantity of gas.

b. Gas pipeline transportation charges and statutory duties thereon.

c. Reimbursable subsidies and grants.

d. Interest on delayed realisation from customers.

e. Liquidated damages from contractors/suppliers.

13. Depreciation and Amortisation

13.1 Depreciation on fixed assets (including those taken on finance lease) is provided for under the written down value method in accordance with the rates specified in Schedule XIV to the Companies Act, 1956.

13.2 Depreciation on additions/deletions during the year is provided for on prorata basis with reference to the date of additions/deletions except items of Plant and Machinery used in wells with 100% rate of depreciation and low value items not exceeding ₹ 5000/- which are fully depreciated at the time of addition.

13.3 Depreciation on subsequent expenditure on fixed assets arising on account of capital improvement or other factor is provided for prospectively.

Depreciation on refurbished/revamped assets which are capitalised separately is provided for over the reassessed useful life at rates which are not less than the rates specified in Schedule XIV to the Companies Act, 1956.

13.4 Depreciation on fixed assets (including support equipment and facilities and taken on finance lease) used for exploration, drilling activities and on related equipment and facilities is initially capitalised as part of exploration cost, development cost or producing properties and expensed/depleted as stated in policy 6 above.

13.5 Leasehold land is amortised over the lease period except perpetual leases

13.6 Intangible assets are amortised over the estimated useful life not exceeding ten years from the date of capitalisation.

14. Foreign Exchange Transactions

14.1 Foreign currency transactions on initial recognition in the reporting currency are accounted for at the exchange rates prevailing on the date of transaction.

14.2 At each Balance Sheet date, foreign currency monetary items are translated using the mean exchange rates prevailing on the balance sheet date and non-monetary items are translated using the exchange rate prevailing on the date of transaction or on the date when the fair value of such item was determined.

14.3 The loss or gain thereon and also the exchange differences on settlement of the foreign currency transactions during the year are recognised as income or expense and adjusted to the profit and loss account except where such liabilities and /or transactions relate to fixed assets/ projects and these were incurred/ entered into before 1.4.2004; in which case, these are adjusted to the cost of respective fixed assets.

14.4 In respect of the Company's integral foreign operations:

14.4.1 The foreign currency transactions on initial recognition in the reporting currency are recorded following the policy stated in 14.1. For practical reasons, the average exchange rate of the relevant month is taken for the transactions of the month in respect of joint venture operations, where actual date of transaction is not available.

14.4.2 At each Balance Sheet date, monetary and non-monetary items are translated following the policy stated in 14.2.

14.4.3 All exchange differences are treated following the policy stated in 14.3.

14.5 The financial statements of the non-integral foreign operations of the company are incorporated in the financial statements using the following principles:

14.5.1 The assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the average of the exchange rate prevailing on the date of the balance sheet;

14.5.2 Income and expense items of the non-integral foreign operation are translated at the average exchange rates for the period to which the financial statements relate;

14.5.3 The resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operation.

14.5.4 Exchange differences arising on the company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve until the disposal of such investment, at which time they are recognised as income or as expenses.

14.6 In the case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortised as income or expense over the life of the contract as well as exchange difference on such contracts, i.e. difference between the exchange rate at the reporting / settlement date and the exchange rate on the date of inception / the last reporting date, is recognised as income / expense for the period.

Forward exchange contracts other than those covered under -Accounting Standard-11 on The effect of Changes in Foreign Exchange Rates, are marked to market basis at the reporting date and the losses are charged to Profit & Loss A/c. Unrealised gains are ignored.

15. Employee Benefits

15.1 All short term employee benefits are recognised at their undiscounted amount in the accounting period in which they are incurred.

15.2 Employee Benefit under defined contribution plans comprising provident fund etc. is recognised based on the undiscounted obligations of the company to contribute to the plan. The same is paid to a fund administered through a separate trust.

15.3 Employee benefits under defined benefit plans comprising of gratuity, leave encashment, compensated absences, post retirement medical benefits and other terminal benefits are recognised based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the projected unit credit method. Actuarial Liability in excess of respective plan assets is recognised during the year.

15.4 Provision for gratuity as per actuarial valuation is funded with a separate trust.

16. Voluntary Retirement Scheme

Expenditure on Voluntary Retirement Scheme (VRS) is charged to Profit and Loss Account when incurred.

17. General Administrative Expenses

General Administrative Expenses which are identifiable to Assets, Basins & Services are allocated to activities and the balance are charged to Profit and Loss Account. Such expenses at Headquarters are charged to Profit and Loss Account.

18. Insurance claims

The company accounts for insurance claims as under :-

18.1 In case of total loss of asset by transferring, either the Carrying cost of the relevant asset or Insurance Value (subject to deductibles), whichever is lower under the head "Claims Recoverable-Insurance" on intimation to Insurer. In case insurance claim is less than carrying cost, the difference is charged to Profit and Loss Account.

18.2 In case of partial or other losses, expenditure incurred/payments made to put such assets back into use, to meet third party or other liabilities (Less policy deductibles) if any, are accounted for as "Claims Recoverable-Insurance". Insurance Policy deductibles are expensed in the year the corresponding expenditure is incurred.

18.3 As and when claims are finally received from Insurer, the difference, if any, between Claims Recoverable-Insurance and Claims received is adjusted to Profit and Loss Account.

19. Research Expenditure

Revenue expenses on Research are charged to Profit and Loss Account, when incurred.

20. Taxes on Income

Provision for current tax is made as per the provisions of the Income Tax Act, 1961/other applicable tax laws. Deferred Tax Liability / Asset resulting from 'timing differences' between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is recognised and carried forward only to the extent that there is virtual certainty that the asset will be realised in future.

21. Borrowing Costs

Borrowing Cost specifically identified to the acquisition or construction of qualifying assets is capitalised as part of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss Account.

22. Rig Days Costs

Rig movement costs are booked to the next location planned for drilling. Abnormal rig days' costs are considered as unallocable and charged to Profit and Loss Account.

23. Deferred Revenue Expenditure

23.1 Dry docking charges of Rigs/ Multipurpose Supply Vessels (MSVs), Geo Technical Vessels (GTVs), Well Stimulation Vessels, Offshore Supply Vessels (OSVs), Rig/equipment mobilisation expenses and other related expenditure are considered as deferred expenditure and amortised over the period of use not exceeding five years.

23.2 Transportation Costs in respect of the quantity of gas short transported, for which the right exists to transport such gas in subsequent periods at no charge, is treated as Deferred Expenditure in the year of payment. The same is treated as cost in the year in which the gas is actually transported for the quantity transported or in the year in which the right to transport such gas ceases, whichever is earlier.

24. Claims

Claims/Surrenders on/to Petroleum Planning and Analysis Cell, Government of India are booked on 'in principle acceptance' thereof on the basis of available instructions/clarifications subject to final adjustments, as stipulated. All other claims and provisions are booked on the merits of each case.

25. Lease

25.1 Assets given on Lease:

25.1.1 Assets given on finance lease are accounted for as per Accounting Standard (AS) 19 "Leases". Such assets are included as a receivable at an amount equal to the net investment in the lease.

25.1.2 Initial direct costs incurred in respect of finance leases are recognised in the statement of profit and loss in the year in which such costs are incurred.

25.2 Assets taken on Lease

25.2.1 Assets taken on finance lease are capitalised and recognised at the lower of the fair value of the asset and the discounted value of the minimum lease installments. The lease payments are bifurcated into repayment and interest components, based on a fixed interest rate and installment as derived from the underlying agreement. The lease commitments are carried under liabilities exclusive of interest. The interest component is recognised in the profit and loss account in accordance with the lease installments.

25.2.2 Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

26. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognised nor disclosed in the financial statements. Contingent liabilities, if material, are disclosed by way of notes to accounts.

27. Accounting for derivatives

As per the ICAI Announcement, Accounting for Derivatives, other than those covered under -AS-11, is done on marked to market basis and the losses are charged to Profit & Loss Account. Unrealised gains are ignored.

28. Goodwill on Consolidation

Goodwill arising on Consolidation of Companies having Hydrocarbon reserve is amortised based on "Unit of Production Method" considering the related Proved Reserves. Other goodwill on consolidation is not amortised.

SCHEDULE- 27 | NOTES TO ACCOUNTS

1. The Consolidated Financial Statements represent consolidation of accounts of the Company (Oil and Natural Gas Corporation Limited), its subsidiaries and joint venture entities as detailed below:

Sl No.	Name of the Subsidiaries/ Joint Venture Companies	Country of Incorporation	Proportion of Ownership Interest		Status of Audit as on
			31 March 2010	31 March 2009	31 March 2010
1.	ONGC Videsh Limited (OVL)	India	100%	100%	Audited
1.1	ONGC Nile Ganga BV (ONGBV) Class A and Class B Class C	Netherlands	100% 55% by OVL and 45% by OMEL	100% 55% by OVL and 45% by OMEL	Audited
1.1 (i)	ONGC Do Brasil Explorancao Petrolifera Ltda.	Brazil	100%	100%	Audited
1.1 (ii)	ONGC Campos Ltda.	Brazil	100%	100%	Audited
1.1 (iii)	ONGC Nile Ganga (Cyprus) Ltd.	Cyprus	100%	100%	Audited
1.1 (iv)	ONGC Nile Ganga (San Cristobal) B.V.	Netherlands	100%	100%	Audited
1.2	ONGC Narmada Limited (ONL)	Nigeria	100%	100%	Audited
1.3	ONGC Amazon Alaknanda Limited (OAAL)	Bermuda	100%	100%	Audited
1.4	ONGC Mittal Energy Limited (OMEL)-JV	Cyprus	49.98%	49.98%	Audited
1.5	Jarpeno Limited	Cyprus	100%	100%	Audited
1.5 (i)	Imperial Energy Corporation Plc*	UK	100%	100%	Audited
1.5 (ii)	Imperial Energy Limited*	UK	100%	100%	Audited
1.5 (iii)	Rus Imperial Corporation plc*	UK	100%	100%	Audited
1.5 (iv)	Imperial Energy Tomsk Limited	Cyprus	85%	85%	Audited
1.5 (v)	Imperial Energy (Cyprus) Limited	Cyprus	100%	100%	Audited
1.5 (vi)	Imperial Energy Nord Limited	Cyprus	100%	100%	Audited
1.5 (vii)	Imperial Energy Gas Limited	Cyprus	100%	100%	Audited
1.5 (viii)	Nefsilius Holdings Limited	Cyprus	100%	100%	Audited
1.5 (ix)	RK Imperial Energy Kostanai Limited	Cyprus	100%	100%	Audited
1.5 (x)	Imperial Frac Services (Cyprus) Limited	Cyprus	100%	100%	Audited
1.5 (xi)	Freshspring Investments Limited	Cyprus	100%	100%	Audited
1.5 (xii)	Redcliffe Holdings Limited, Cyprus	Cyprus	100%	100%	Audited
1.5 (xiii)	San Agio Investments Limited	Cyprus	100%	100%	Audited
1.5 (xiv)	Imperial Energy Trading AG	Switzerland	Liquidated in Dec 09	100%	Audited
1.5 (xv)	Imperial Energy Finance (Jersey) Limited *	Jersey	100%	100%	Audited
1.5 (xvi)	Biancus Holdings Limited	Cyprus	100%	100%	Audited

Sl No.	Name of the Subsidiaries/ Joint Venture Companies	Country of Incorporation	Proportion of Ownership Interest		Status of Audit as on
			31 March 2010	31 March 2009	31 March 2010
1.5 (xvii)	Rus Imperial Limited *	UK	100%	100%	Audited
1.5 (xviii)	Imperial Energy Kostanai Limited *	UK	100%	100%	Audited
1.5 (xix)	OOO Sibinterneft	Russian Federation	47.5%	47.5%	Audited
1.5 (xx)	OOO Allianceneftegaz	Russian Federation	100%	100%	Audited
1.5 (xxi)	OOO Nord Imperial	Russian Federation	100%	100%	Audited
1.5 (xxii)	OOO Imperial Energy	Russian Federation	100%	100%	Audited
1.5 (xxiii)	OOO Imperial Energy Tomsk Gas	Russian Federation	95%	95%	Audited
1.5 (xxiv)	OOO Stratum	Russian Federation	100%	100%	Audited
1.5 (xxv)	OOO Imperial Trans Service	Russian Federation	100%	100%	Audited
1.5 (xxvi)	OOO Rus Imperial Group	Russian Federation	100%	100%	Audited
1.5 (xxvii)	TOO Sevkazgra	Kazakhstan	100%	75%	Audited
1.5 (xxviii)	OOO Imperial Frac Service	Russian Federation	50%	50%	Audited
1.6	Carabobo One AB	Sweden	100%	N/A	Unaudited
1.6.(i)	Petro Carabobo Ganga B.V.	The Netherlands	100%	N/A	Unaudited
2.	Mangalore Refinery and Petrochemicals Ltd. (MRPL)	India	71.62%	71.62%	Audited
3.	Petronet LNG Limited (PLL) (JV)	India	12.50%	12.50%	Audited
4.	Petronet MHB Ltd (PMHBL) (JV)	India	28.77%	28.77%	Audited
5.	Mangalore SEZ Ltd (MSEZ) (JV)	India	26.00% $	26.00%	Audited
6.	ONGC Managalore Petrochemicals Ltd. (OMPL) (JV)	India	46.00% #	46.00%	Audited
7.	ONGC Petro Additions Ltd. (OPAL) (JV)	India	41.93%	41.93%	Audited
8.	ONGC Tripura Power Company Ltd. (JV)	India	49.52%	49.52%	Audited
9.	ONGC Teri Biotec Ltd. (JV)	India	49.98%	49.98%	Audited
10.	Dahej SEZ Limited (JV)	India	49.60	-	Refer Note 3

* Under Liquidation
$ Does not include holding of 0.96% by OMPL.
# Does not include holding of 3% by MRPL

2. In view of different sets of environment/prevalent laws in the respective countries in which the subsidiaries/JVs are operating, the accounting policies followed (for treatment of depreciation of fixed assets, sales revenue and royalty etc.) by the subsidiaries/JVs are different from the accounting policies of the Company. Such different accounting policies have been adopted in respect of the following:

2.1 Depreciation on Fixed Assets (Schedule 5) (₹ in million)

Names of Subsidiaries/JV	Accounting Policies		Proportion - Depreciation		Proportion - Net Block	
	Company	Subsidiaries/ JV	2009-10	2008-09	2009-10	2008-09
MRPL	Written Down Value Method at the rates specified in Schedule XIV.	Straight Line Method	**3,904.56**	3,821.76	**32,674.59**	36,319.32
Petronet LNG Ltd.			**200.75**	127.65	**3,597.36**	1,829.24
Petronet MHB Ltd.*			**122.12**	126.30	**971.85**	1,093.65
Mangalore SEZ Ltd.			**0.37**	0.24	**2.91**	2.65
OMPL			**1.82**	1.62	**3.90**	4.51
OPaL			**2.66**	0.12	**7.43**	5.94
Jarpeno Limited			**116.94**	134.45	**778.62**	615.05
OAAL			**655.53**	430.27	**3,657.97**	3580.92
OMEL			**16.74**	5.08	**44.92**	19.14
Total- Proportion			**5,021.49**	**4,647.49**	**41,739.55**	**43,470.42**
Total CFS			**57,076.51**	**57,157.73**	**232,122.60**	**174,575.01**

Above table excludes Free hold land and Lease hold land.

*In respect of Joint Venture - Petronet MHB Ltd (PMHBL), Cost of Right of way for laying pipeline amounting to ₹ 38.67 million (Previous year ₹ 38.67 million) included above is capitalised as intangible asset and being perpetual in nature is not amortised.

2.2 ONGBV, the subsidiary of OVL follows the entitlement method for revenue recognition associated with sale of crude oil and liquids for its share of petroleum production as specified in the Exploration Production Sharing Agreement (EPSA) and Crude Oil Pipeline Agreement (COPA). The amount involved is ₹ 66,283.67 million (Previous year ₹ 82,410.16 million) shown as sales under Schedule-17.

2.3 The Subsidiary of OVL, ONGBV conducts its operations in Sudan jointly with Sudapet the national oil company of Sudan among others. All government stakes other than income taxes are considered to be royalty interest. Royalties on production represent the entitlement of the government of Sudan to a portion of ONGBV's share of crude oil and liquid production and are recorded using the rates in effect under the terms of the contract at the time of production. Royalties / Taxes in Syrian concession are accounted similarly by ONGBV. The amount involved is ₹ 43,287.70 million (Previous year ₹ 62,096.09 million) under the head Royalty in Schedule -20.

2.4 The subsidiaries and joint venture entities of subsidiary - OVL provide for the retirement benefits in accordance with the laws of their respective jurisdictions. The net impact on account of the difference in accounting policy is not ascertainable.

2.5 In respect of OPaL, Foreign Exchange Variation amounting to ₹ 156.16 million (Previous year ₹ (-) 34.93) has been treated as incidental expenditure during construction period and shown as Capital Work in Progress.

3. In the absence of certified financial statements of Dahej SEZ Limited for the year 2009-10, the same has not been considered for consolidation.

4.1 The Associate considered in the Consolidated Financial Statements is as under:

Name of the Associate	Country of incorporation	Proportion of ownership interest	
		2009-10	2008-09
Pawan Hans Helicopters Limited	India	21.54 %	21.54 %

4.2 In respect of Pawan Hans Helicopters Limited (PHHL), the audited Annual Accounts for the year 2009-10 have not been received. In the current year, the un-audited accounts for the year 2009-10 and the audited accounts for the year 2008-09 have been provided by PHHL and considered. The share of profit of ₹ 75.31 million and ₹ 2.82 million (difference in Profit After Tax between unaudited accounts and audited accounts) for the year 2009-10 and 2008-09 respectively have been considered as share of profit in Associate. Dividend amounting to ₹ 24.50 million has been received during the year 2009-10. No significant events or transactions between the company (or its subsidiaries) and PHHL have occurred which cause for adjustment in consolidated accounts.

4.3 Due to different nature of their operations, Pawan Hans Helicopters Limited, the Associate of the Company, follows different accounting policies. It is not practicable for the Company to make adjustment for the purposes of applying the equity method.

5. The Minority Interest is net of ₹ 701.96 million (Previous year ₹ 705.19 million) in respect of Jarpeno Limited. The losses applicable to the minority in consolidated subsidiaries of Jarpeno Limited are exceeding the minority interest in the equity of the subsidiaries. However, the excess applicable to the minority, are not adjusted against the majority interest in view of the minority shareholders obligation to make good the losses and their ability to make good the losses as the economic value of oil reserves attributable to minority shareholders is considered to be higher than the accumulated losses for minority shareholders.

6. In terms of the decision of Government of India (GoI), the Company has shared under- recoveries of Oil Marketing Companies (OMCs) for the year 2009-10 by allowing discount in the prices of Crude Oil, PDS Kerosene and domestic LPG based on provisional rates of discount communicated by Petroleum Planning and Analysis Cell, Ministry of Petroleum & Natural Gas (MoP&NG). The Company does not foresee any material impact on finalization of discount rates. The impact of discount is as under:

(₹ in million)

Decrease in	For the Year ended	
	2009-10	2008-09
Gross Revenue	115,543.07	282,252.09
Less: Value Added Tax (VAT)	2,760.27	7,373.66
Sales Revenue	112,782.80	274,878.43
Less: Statutory Levies	13,534.06	35,549.26
Profit Before Tax	99,248.74	239,329.17

7.1 Sales revenue in respect of Crude Oil from Indian Operations is based on the pricing formula agreed with the customers for the period from 01.04.2002 to 31.03.2004. Pending finalisation of fresh Memorandum of Understanding (MoU) /Crude Oil Sale Agreement (COSA) with the customers, the same pricing formula has been provisionally applied from 01.04.2004 onwards. However, for Crude Oil produced in Assam, benchmark price revised by MoP&NG w.e.f. 01.04.2008 has been adopted.

7.2 Sales revenue in respect of Natural Gas under Administered Price Mechanism (APM) is based on the gas prices fixed on provisional basis as per directives dated 20.06.2005 and 05.06.2006 of the GoI, MoP&NG.

7.3 Adjustments, if any, on account of para 7.1 and 7.2 above shall be carried out on finalisation of agreements/ receipt of government directives. However, the Company does not foresee any material impact on current year's results.

8. MoP&NG vide letters dated 15.03.10 and 09.04.10 have directed GAIL (India) Limited (GAIL) that difference between consumer price and producer price revised vide MoP&NG letter dated 5th June, 2006 for APM gas being supplied to City Gas Distribution Projects and small consumers having allocations up to 0.05 MMSCMD should be transferred by GAIL from surplus in Gas Pool Account to the producers. Accordingly, an amount of ₹ 4,415.79 million on account of above for the period from 06.06.06 to 31.03.10 has been recognised during the current year.

9.1 During the year, the Company has changed its accounting policy on abandonment cost and started providing the full eventual estimated liability towards costs relating to dismantling, abandoning and restoring of onshore well sites. Such cost of onshore well site has been capitalised to Producing Property/Development Wells in Progress /Exploratory Wells in Progress when completed and in case of dry wells it is charged to Profit & Loss account. This has resulted in increase in Producing Property by ₹ 8,353.36 million, Exploratory Wells in Progress by ₹ 166.64 million and Development Wells in Progress by ₹ 102.57 million with corresponding increase in abandonment liability by ₹ 8,622.57 million. This has also resulted in increase in Depletion cost by ₹ 403.72 million and cost of dry wells by ₹ 88.50 million with corresponding decrease in profit before tax by ₹ 492.22 million.

9.2 Further, in case of offshore wells, upto the previous year the Company was providing full eventual estimated liability towards costs relating to dismantling, abandoning and restoring of offshore wells/facilities that were forming part of producing properties. However, during the current year, the Company started providing such liability in respect of wells completed and facilities capitalised also whether they are transferred to Producing Property or not. This has resulted in increase in 'Development Wells in Progress' by ₹ 305.52 million and corresponding increase in abandonment liability by a similar amount. This has no impact on profit before tax.

10. During the year, the Company changed its accounting policy of amortising intangible assets from Written Down Value Method @ 40% to Straight Line Method over the useful life not exceeding a period of 5 years in order to systematically amortise its intangible assets. This has resulted in decrease in Depreciation, Depletion, Amortisation and Impairment by ₹ 424.55 million, consequently activity cost decreased by ₹ 3.22 million and Profit before tax increased by ₹ 421.33 million.

11. In the Finance Act, 2009, the definition of eligible undertaking for the purpose of claiming tax holidays under section 80-IB(9) of Income Tax Act, 1961 has been changed to 'Block' retrospectively in place of 'Well' as considered earlier. Since the amendment requires clarity on various issues and considering the advice of legal experts, the company continued to make provision for tax without considering the benefit u/s 80-IB(9).

12. Acquisitions Carabobo Project

The consortium of ONGC Videsh Limited ("OVL", 11.0%), Indian Oil Corporation Limited ("IOC", 3.5%), Oil India Limited ("OIL", 3.5%), Repsol YPF ("Repsol", 11.0%) and Petroliam Nasional Berhad ("PETRONAS", 11.0%), was awarded by the Government of Venezuela, 40% ownership interest in an "Empresa Mixta" (or "Mixed Company") which will develop the Carabobo 1 Norte and Carabobo 1 Centro blocks located in the Orinoco Heavy Oil Belt. The Corporación Venezolana del Petróleo ("CVP"), a subsidiary of Petróleos de Venezuela S.A. ("PDVSA"), Venezuela's state oil company, will hold the remaining 60% equity interest. A wholly owned subsidiary of the Company, Carabobo One AB was incorporated in Sweden on 25 February 2010. Petro Carabobo Ganga B.V. a wholly owned subsidiary of Carabobo One AB was incorporated in the Netherlands on 26 February 2010. Petro Carabobo Ganga B.V. will hold 11% shares in the Mixed Company. The Mixed Company contract for the development and production from Carabobo-1 Project was signed on 12 May 2010 in Caracas.

13. Foreign Currency Translation Reserve:

The Subsidiary-OVL has followed the Accounting Standard AS- 11 on "Effects of Changes in Foreign Exchange Rates" for incorporating in the consolidated financial statements following the principles for translation of the financial statements of Non-integral Foreign Operations. Accordingly, the resulting exchange loss of ₹ 19,514.38 million (Previous Year ₹ 23,965.05 million exchange gain) has been accounted as foreign currency translation reserve and shown in Schedule 2 as per details given below:

(₹ in million)

Particulars	**2009-10**	**2008-09**
Opening Balance	15,399.10	(8,565.95)
Addition/ (Deduction) during the year	(19,514.38)	23,965.05
Closing balance (As per Schedule - 2)	(4,115.28)	15,399.10

14. **Amortisation of Goodwill on Consolidation:**

Goodwill arising on Consolidation of Companies having Hydrocarbon reserves has been amortised amounting to ₹ 4,978.91 million (Previous year ₹ 2,876.56 million) in respect of following projects/subsidiaries :-

(₹ in million)

Particulars	2009-10	2008-09
Cumulative Goodwill Amortisation at beginning of the year	**10,564.74**	7,625.12
Amortisation for the year:		
GNOP, Sudan (ONGC Nile Ganga B.V.)	**471.46**	750.84
MECL Project, Colombia (ONGC Amazon Alaknanda Ltd.)	**1,445.38**	1,549.68
BC-10 Project, Brazil, Offshore (Through ONGC Nile Ganga B.V)	**169.76**	N/A
San Cristobal Project, Venezuela (ONGC Nile Ganga (San Cristobal) B.V.)	**379.19**	300.89
Imperial Energy Project, Russia (Jarpeno Ltd.)	**2,513.12**	275.15
Sub-total	**4,978.91**	**2,876.56**
Foreign currency translation difference	**(186.29)**	63.06
Cumulative Goodwill Amortisation at end of the year	**15,357.36**	10,564.74

15. In Ravva Joint Venture, the demand towards additional profit petroleum raised by GoI, based on the decision of the Malaysian High Court, was disputed by the Operator M/s Cairn Energy India Limited, due to difference in interpretation of provision of Production Sharing Contract (PSC) in respect of computation of Post Tax Rate of Return (PTRR). The Company is not a party to the dispute but agreed to abide by the decision applicable to the Operator. As the dispute between the Operator and GoI was not resolved, the Company made a provision in Financial Year 2008-09 amounting to ₹ 5,771.14 million (USD 113.82 million) on account of additional profit petroleum and ₹ 2,829.86 million (USD 54.88 million) towards interest thereon totaling to ₹ 8,601.00 million (USD 168.70 million) as an abundant precaution. GoI has recovered such amount subsequently.

    The appellate authority of Honorable Malaysian High Court of Kuala Lampur, Malaysia has set aside the decision of the Malaysian High Court and the decision of arbitral tribunal in favour of Operator was restored on 15th September 2009. GoI has filed an appeal in the Federal Court of Malaysia against such restoration.

    An additional interest of ₹ 65.41 million (USD 1.45 million) has been provided during the year. Pending final outcome of this appeal, the provision is retained at ₹ 7,679.21 million (USD 170.15 million) net of reversal of ₹ 987.20 million towards exchange gain during the year.

16. The Company acquired 90% Participating Interest in Exploration Block KG-DWN- 98/2 from M/s Cairn Energy India Ltd. in 2004-05 for a lump sum consideration of ₹ 3,711.22 million which was capitalised under Exploratory Wells in Progress as per Accounting Policy No.6.3. Subsequent exploratory drilling cost of wells in this block were capitalised as Exploratory Wells in Progress. Initial-in-Place-Reserves have been established in this block and a conceptual development plan is also under preparation. This being deep water block, needs more time for completion of appraisal programme. However, the Company as an abundant precaution made a provision of ₹ 6,104.80 million and ₹ 2,360.39 million in respect of above costs in 2007-08 and 2008-09 respectively. Since there is no significant change in status of this block during the current year, the expenditure amounting to ₹ 918.48 million on the wells completed upto 31st March 2008, being more than two years old is provided for in the current year.

17. As per the Production Sharing Contracts signed by the Company with the GoI, the Company is required to complete Minimum Work Programme (MWP) within stipulated time. In case of delay in completion of the MWP, Liquidated Damages (LD) is payable for extension of time to complete MWP. Further, in case the Company does not complete MWP or surrender the block without completing the MWP, the estimated cost of completing balance work programme is required to be paid to the GoI. LD amounting to ₹ (-)78.41 million net of reversal (Previous year ₹ 563.28 million) and cost of unfinished MWP ₹ 3,148.58 million (Previous year ₹ 1,439.51 million) paid/payable to the GoI is included in survey and wells written off expenditure in Schedule 21.

18. In respect of 16 (Previous year 16) Deepwater NELP Blocks, company's share in LD and MWP amounting to ₹ 12,037.37 million (Previous year ₹ 6,229.03 million) and ₹ 33,024.85 million (Previous year ₹ 13,075.42 million) respectively has not been provided for, since the rig moratorium proposal is under consideration of GoI as per the letter dated 18.08.2008 from Director General of Hydrocarbons (DGH). Out of the above MWP amounting to ₹ 1,770.62 million (Previous year Nil) has already been completed during the year and balance amounting to ₹ 31,254.23 million (Previous year ₹13,075.42 million) is included in Capital Commitment (Note No 32.1).

19. In case of Jointly Controlled Assets - Panna Mukta & Tapti (ONGC Share - 40%), where Block's auditors have opined regarding non ascertainment and adjustment of certain observations raised by auditors appointed by Director General Hydrocarbon (DGH) under Production Sharing Contract for the period 1994 to 2007 in respect of cost and profit petroleum share. Pending resolution of such issues, no adjustment has been made in the accounts of the operator. The amount of liability arising out of such observations has not been quantified and impact of the same on Company's accounts is unascertainable.

20. In respect of a Subsidiary MRPL, Forward contracts of US $ 1.90 million is outstanding as on 31st March 2010 (US$ 56.17 million as on 31st March, 2009), which were entered into, to hedge the risk of changes in foreign currency exchange rates on future export sales against existing long term export contract. Keeping in view of the principle of prudence, the Company, has recognised an amount of ₹ Nil (Previous Year : ₹ 226.38 million) towards the mark to market (MTM) loss (net) as on 31st March 2010 (included under the head exchange fluctuation (net)) on outstanding forward contracts mentioned. During the year Mark to Market Gain on theses unexpired contracts as on March 31, 2010 amounting to ₹ 1.85 million has not been considered in the financial Statements.

21. In respect of a Subsidiary OVL, the hedging gain for the year is ₹ 19.42 million (Previous year gain ₹ 153.65 million) comprises of unrealised losses of ₹ 14.22 million and realised gains of ₹ 33.64 million (Previous year realised losses of ₹ 71.99 million and realised gains of ₹ 225.64 million) in respect of hedging of crude oil against prices by OMEL.

22. ONGBV along with its consortium partners (ONGBV's share being 25%) charges tariff for transporting crude oil through a pipeline, which is under the rights of Greater Nile Oil Project (GNOP) under Crude Oil Pipeline Agreement (COPA). The tariff is charged under the provisions of Crude Oil Pipeline Agreement (COPA) and Crude Oil Transportation Agreement (COTA) signed with the Government of Sudan (GoS). The pipeline and all associated rights would be permanently transferred to the GoS at a date, which comes after duration of 15 years from the startup date, which falls on 01.09.2014 or when consortium achieves expected economic return of 16.2%, whichever comes later as per COPA. By way of various letters from late 2006 till Nov 2008, the GoS, through its Ministry of Energy & Mining (MEM), has been insisting the Consortium to transfer the pipeline together with all revenues; with effect from 01.10.2006 i.e. the date on which Consortium had achieved expected economic return of 16.2%. The Consortium does not agree with the contention of GoS for an early transfer of pipeline i.e. prior to 01.09.2014 and the dispute is under arbitration with a claim by MEM, GoS of USD 876.10 Million (ONGBV's share being USD 219.03 million equivalent to ₹ 9884.82 million) as on 31.03.2010. Hearing before the arbitral tribunal is scheduled in July 2010 and the Consortium is confident of an award in its favour. As such no provision has been made in the financial statements.

23. The Company changed the rate of depreciation on all Trunk Pipelines and Onshore Flow Lines (assets below ground) from 27.82% to 100% based on technical assessment by the management during 2005-06. The Company made a reference to the Ministry of Corporate Affairs (MCA) during 2006-07 for confirmation of the rate of depreciation. Pending confirmation by the MCA, Company continues to charge depreciation at 100% on such assets.

24. Some balances of Debtors, Creditors and Loans & Advances are subject to confirmation/reconciliation. Adjustments, if any, will be accounted for on receipt/ confirmation of the same after examination.

25.Disclosure under Accounting Standard -17 on "Segment Reporting"

25.1 The Consolidated Segment Information as per Accounting Standard AS-17 for the Company is given below

(₹ in million)

Particulars	2009-10						2008-09					
	In India			Outside India	Unallocated	Grand Total	In India			Outside India	Unallocated	Grand Total
	E&P		Refining				E&P		Refining			
	Offshore	Onshore					Offshore	Onshore				
Revenue												
External Sales	424,693.22	152,407.48	361,440.94	139,989.53	14,197.80	1,092,728.97	403,095.52	189,329.32	339,321.87	165,892.32	11,426.07	1,109,065.10
Inter Segment Sales	43,955.10	-	4,606.43	15,131.88	-	63,693.41	53,878.98	-	90,161.54	17,108.78	-	161,149.30
Total Revenue	468,648.32	152,407.48	366,047.37	155,121.41	14,197.80	1,156,422.38	456,974.50	189,329.32	429,483.41	183,001.10	11,426.07	1,270,214.40
Results												
Segment Result Profit(+)/Loss(-)	195,635.13	42,382.14	15,662.63	44,110.17		297,790.07	188,097.80	17,495.19	18,663.01	59,280.55		283,536.55
Unallocated Corporate Expenses					9,806.35	9,806.35					5,450.35	5,450.35
Operating Profit	195,635.13	42,382.14	15,662.63	44,110.17	(9,806.35)	287,983.72	188,097.80	17,495.19	18,663.01	59,280.55	(5,450.35)	278,086.20
Interest					5,564.14	5,564.14					2,385.52	2,385.52
Interest/Dividend Income					21,994.05	21,994.05					35,336.49	35,336.49
Income Taxes					107,137.92	107,137.92					110,093.43	110,093.43
Profit from Ordinary Activities	195,635.13	42,382.14	15,662.63	44,110.17	(100,514.36)	197,275.72	188,097.80	17,495.19	18,663.01	59,280.55	(82,592.81)	200,943.74
Extraordinary Gain						-	657.73					657.73
Net Profit	195,635.13	42,382.14	15,662.63	44,110.17	(100,514.36)	197,275.72	188,755.53	17,495.19	18,663.01	59,280.55	(82,592.81)	201,601.47
Other Information												
Segment Assets	558,363.39	285,185.38	145,605.09	385,915.95		1,375,069.82	535,289.87	222,655.30	107,135.59	389,783.23		1,254,863.99
Unallocated Corporate Assets					301,354.47	301,354.47					296,890.13	296,890.13
Total Assets	558,363.39	285,185.38	145,605.09	385,915.95	301,354.47	1,676,424.28	535,289.87	222,655.30	107,135.59	389,783.23	296,890.13	1,551,754.12
Segment Liabilities	249,627.51	63,048.66	89,355.44	106,921.36		508,952.97	267,778.48	57,971.32	59,549.39	119,046.63		504,345.82
Unallocated Corporate Liabilities					153,404.87	153,404.87					125,173.28	125,173.28
Total Liabilities	249,627.51	63,048.66	89,355.44	106,921.36	153,404.87	662,357.84	267,778.48	57,971.32	59,549.39	119,046.63	125,173.28	629,519.10
Capital Expenditure	188,070.85	102,360.98	14,862.15	58,565.88	14,596.90	378,456.77	186,434.20	45,613.20	3,612.14	87,586.05	10,445.07	333,690.66
Depreciation*	114,157.39	31,732.45	3,939.72	36,577.50	984.24	187,391.30	95,797.04	24,287.46	3,873.87	30,784.19	962.21	155,704.77
Other Non-cash Expenses	2,814.04	101.23	188.33	2,833.22	58.76	5,995.58	11,180.78	264.10	191.94	3,479.14	233.99	15,349.95

* Also Includes Depletion,Amortisation and Impairment Loss.

Segment Revenue in respect of Onshore segment for the year ended 31st March,2010 includes ₹ 183.48 million (Previous year ₹ 85,197.56 million) on account of trading of products of MRPL- a subsidiary of ONGC.

Segment Result in respect of Onshore segment for the year ended 31st March,2010 includes profit of ₹ 8.32 million (Previous year loss of ₹ 78.43 million) on account of trading of products of MRPL- a subsidiary of ONGC.

25.2 **Notes :**

25.2.1 The annexed matrix presentation depicts the geographical segments based on assets as primary segments and business segments as secondary segments.

25.2.2 Segments have been identified and reported taking into account the differing risks and returns, the organisation structure and the internal reporting systems. These have been organised into the following main geographical and business segments:

Geographical Segments

a) In India - Offshore
- Onshore

b) Outside India.

Business Segments

a) Exploration & Production
b) Refining

25.2.3 Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amount allocated on reasonable basis. Unallocated includes common expenditure incurred for all the segments and expenses incurred at the corporate level.

25.2.4 Inter Segment Sales have been priced at prevailing market rates.

25.2.5 Segment Assets includes ₹ 2,168.10 million of Intangible Assets (Previous year - ₹1,539.25 million)

25.2.6 Reconciliation of the Segment Revenue with the Revenue as per Schedules 17 , 18 & 24 is given below:

(₹ in million)

Particulars	Schedule	2009-10	2008-09
Sales - As per P&L Account	17	1,061,688.44	1,094,129.42
Other Income	18	52,727.60	50,721.47
Prior period Sales	24	26.01	(189.51)
Prior period other Income	24	281.45	(259.79)
Total		**1,114,723.50**	**1,144,401.59**
Less:			
Income from trade investments	18	2,263.74	2,896.20
Income from Non trade investments	18	490.63	258.94
Interest income on Deposits with banks/FIs,IT Refund, SRF Fund and carry Finance	18	19,240.16	32,181.35
Segment Revenue		**1,092,728.97**	**1,109,065.10**

26. Disclosure under Accounting Standard -18 on "Related Party Disclosure"

26.1 Name of related parties and description of relationship :

26.1.1 Joint Ventures/Jointly Controlled Entities

Sl No.	Name	Relationship
A	**Joint Venture in India**	
i	Ravva	Joint Venture in India
ii	CY-OS-90/1(PY3)	Joint Venture in India
iii	Panna, Mukta & Tapti	Joint Venture in India
iv	CB-OS-1	Joint Venture in India
v	CB-OS-2	Joint Venture in India
vi	GK-OSJ-3	Joint Venture in India
vii	RJ-ON-90/1	Joint Venture in India
viii	RJ-ONN-2003/1	Joint Venture in India
ix	KK-DWN-2004/1	Joint Venture in India

Sl No.	Name	Relationship
B	**Joint Controlled Entity in India**	
i	ONGC Mangalore Petrochemicals Limited	Joint Controlled Entity in India
ii	Petronet LNG Limited	Joint Controlled Entity in India
iii	ONGC Teri Biotech Limited.	Joint Controlled Entity in India
iv	Mangalore SEZ Limited	Joint Controlled Entity in India
v	ONGC Petro-additions Limited	Joint Controlled Entity in India
vi	ONGC Tripura Power Co. Limited	Joint Controlled Entity in India
vii	Dahej SEZ Ltd	Joint Controlled Entity in India
C	**Joint Ventures/Associates of Subsidiary**	
i	Block 06.1 Project, Vietnam	Joint Ventures (Outside India) through OVL
ii	Sakhalin-1 Project, Russia	Joint Ventures (Outside India) through OVL
iii	Block 1a, 1b, 2a, 2b & 4 Project, Sudan	Joint Ventures (Outside India) through OVL
iv	Block 5A Project, Sudan	Joint Ventures (Outside India) through OVL
v	MECL, Colombia	Joint Ventures (Outside India) through OVL
vi	AFPC, Syria	Joint Ventures (Outside India) through OVL
vii	Block BC-10, Brazil	Joint Ventures (Outside India) through OVL
viii	Block BM-SEAL-4, Brazil	Joint Ventures (Outside India) through OVL
ix	Block BM-BAR-1, Brazil	Joint Ventures (Outside India) through OVL
x	Block A-1 Project, Myanmar	Joint Ventures (Outside India) through OVL
xi	Block A-3 Project, Myanmar	Joint Ventures (Outside India) through OVL
xii	Farsi Block Project, Iran	Joint Ventures (Outside India) through OVL
xiii	Block 6 North Ramadan Project, Egypt	Joint Ventures (Outside India) through OVL
xiv	Block NC-189 Project, Libya	Joint Ventures (Outside India) through OVL
xv	Block XXIV Project, Syria	Joint Ventures (Outside India) through OVL
xvi	Block 2, JDZ, Nigeria / STP	Joint Ventures (Outside India) through OVL
xvii	Block 25-29, 35 (Part) & 36 Project, Cuba	Joint Ventures (Outside India) through OVL
xviii	Khartoum - Port Sudan Pipeline Project, Sudan	Joint Ventures (Outside India) through OVL
xix	ONGC Mittal Energy Limited, Cyprus	Joint Ventures (Outside India) through OVL
xx	Block NEMED in Offshore, Egypt	Joint Ventures (Outside India) through OVL
xxi	Block RC-8, Colombia	Joint Ventures (Outside India) through OVL
xxii	Block RC-9, Colombia	Joint Ventures (Outside India) through OVL
xxiii	Block RC-10, Colombia	Joint Ventures (Outside India) through OVL
xxiv	Block SSJN-7, Colombia	Joint Ventures (Outside India) through OVL
xxv	MTPN Block, Congo	Joint Ventures (Outside India) through OVL
xxvi	San Cristobal Project, Venezuela	Joint Ventures (Outside India) through OVL
xxvii	ONGC Nile Ganga B.V. , The Netherlands	Joint Ventures (Outside India) through OVL
xxviii	Imperial Energy Tomsk Limited, Cyprus	Joint Ventures (Outside India) through OVL
xxix	OOO Sibinterneft, Russian Federation	Joint Ventures (Outside India) through OVL
xxx	OOO Imperial Energy Tomsk Gas,Russian Federation	Joint Ventures (Outside India) through OVL
xxxi	TOO Sevkazgra, Russian Federation	Joint Ventures (Outside India) through OVL
xxxii	Shell MRPL Aviation Fuels & Services Pvt. Limited	Joint Venture of MRPL
xxxiii	Mangalam Retail Services Limited	Joint Venture of MRPL
D	**Related Parties of JV Entities**	
i	Infrastructure Leasing & Financial Services Ltd. (IL&FS)	Joint Venture of OTPC
ii	IL&FS Infrastructure Development Corp. Ltd.	Associate of OTPC
iii	IL&FS Energy Development Company Ltd.	Associate of OTPC
iv	IL&FS Technology Limited	Associate of OTPC
v	IL&FS Financial Services Limited	Associate of OTPC
vi	IL&FS IIDC Fund	Associate of OMPL

26.1.2 **Key Management Personnel:**

Functional Directors:

Sl No.	Parent Company
i)	Shri R.S. Sharma, Chairman & Managing Director
ii)	Dr. A. K. Balyan
iii)	Shri A.K. Hazarika
iv)	Shri U. N. Bose
v)	Shri D.K. Pande
vi)	Shri D.K.Sarraf
vii)	Shri Sudhir Vasudeva
	Subsidiaries and Joint Ventures
viii)	Mr R. S. Butola, Managing Director,ONGC Videsh Limited
ix)	Mr J. Thomas, Director (Exploration), ONGC Videsh Limited
x)	Mr S. P. Garg, Director (Finance), ONGC Videsh Limited
xi)	Mr A. Mathur, Director (Commercial) (till 31st August'2009), ONGC Videsh Limited
xii)	Mr S.Roychoudhary, Director (Commercial)(with effect from 01st September, 2009), ONGC Videsh Limited
xiii)	Ir. A. R. Baron Mackay Holding B.V., Director, ONGC Nile Ganga B.V.,
xiv)	Dr. C. M. Lamba, Director, ONGC Nile Ganga B.V. (till 18th December, 2009)
xv)	Mr Costas Christoforou, Director, Jarpeno Limited
xvi)	Ms Arlene Nahikian, Director, Jarpeno Limited
xvii)	Ms. K. Antoniadou, Director, Jarpeno Limited
xviii)	Ms. E. Chrysanthou, Director, Jarpeno Limited
xix)	Mr A. Loizou, Director, Jarpeno Limited
xx)	Mr. Roland Göransson, Director, Carabobo One AB
xxi)	Mr. Richard Chindt, Director, Carabobo One AB
xxii)	Shri U.K. Basu, Managing Director, MRPL
xxiii)	Shri L.K. Gupta, Director (Finance). MRPL
xxiv)	Shri Prosad Dasgupta (Managing Director & CEO), PLL
xxv)	Shri Amitava Sengupta (Director-Finance & Commercial), PLL
xxvi)	Shri C. S. Mani (Director-Technical), PLL.
xxvii)	Shri I.S.N. Prasad, Managing Director, Mangalore SEZ
xxviii)	Shri Rajiv Banga, Mangalore SEZ
xxix)	Shri P.P. Nadkarni, Managing Director, PMHBL
xxx)	Shri Alok Mukherjee (whole time Director & CEO), OTPCL

26.2 Details of Transactions

26.2.1 Joint Ventures/ Jointly Controlled Entities

(₹ in million)

	Details	2009-10	2008-09
	Sale of Products to		
a)	Shell MRPL Aviation Fuels & Services Pvt. Limited	1,643.97	1,090.74
	Services Received from :		
a)	Ravva	60.40	78.59
b)	ONGC Teri Biotech Ltd	151.26	-
	Services Provided to :		
a)	Ravva	11.19	10.52
b)	Panna Mukta & Tapti	2,329.66	4,126.80
c)	ONGC Petro-additions Ltd.	162.54	295.72
d)	Petronet LNG Limited	3.57	0.76
e)	Mangalore SEZ Ltd.	1.80	-
f)	ONGC Tripura Power Co. Pvt. Ltd.	3.94	-
g)	JVs of OVL	158.00	46.25
h)	ONGC Mangalore Petrochemicals Limited	52.40	-
	Interest Income (JVs of OVL)	351.07	439.94
	Purchase of Condensate (Panna Mukta & Tapti)	4,584.91	8,273.69
	Capital Contribution to (JVs of OVL)	0.77	-
	Advance :		
a)	ONGC Petro-additions Ltd.	4,560.00	3,290.00
b)	ONGC Mangalore Petrochemicals Ltd.	1424.00	2945.77
	Amount Receivable :		
a)	Panna Mukta & Tapti``	2,009.68	2,998.74
b)	ONGC Petro-additions Limited	138.99	9.10
c)	ONGC Tripura Power Co. Pvt. Ltd	0.95	-
d)	Petronet LNG Limited	0.60	-
	Amount Payable :		
a)	Panna Mukta & Tapti	67.96	-
b)	ONGC Teri Biotech Ltd	31.26	-
	Advance Outstanding :		
a)	ONGC Petro-addition Limited	7,850.00	3,290.00
b)	ONGC Tripura Power Co. Pvt. Ltd	1,233.87	1,233.87
c)	ONGC Mangalore Petrochemicals Ltd.	4,369.77	2,945.77
d)	Dahej SEZ Ltd.	-	0.25

The above represents the full value of the transaction without restricting to percentage of interest in Joint Venture.

26.2.2 Key Management Personnel

Remuneration Paid to Key Management Personnel ₹78.16 million (Previous year ₹48.27 million)

27. Disclosure under Accounting Standard -19 on "Leases"

27.1 Asset taken on Lease:

ONGBV owns 15% equity shares in Tamba B.V. The Netherlands; with the balance held by Shell E and P Offshore Services B.V., The Netherlands ("SEPBV"), and Petobras Netherlands B.V. The Netherlands ("PNBV"). Tamba B.V. has been established to facilitate the development and production of hydrocarbons in the BC-10 concession, Campos Basin area in Brazil. Tamba B.V. has a third party lease for major oil field equipment (FPSO) and constructed other sub-sea assets for onwards lease to the BC-10 Project. Both financial leases commenced on 31st December 2008. The financial statements of Tamba BV were prepared and audited for the period ending December 31st, 2009. For the period, January 1st, 2010 to March 31st, 2010, the financial statements were reviewed by the auditors of Tamba BV.

Tamba BV leases part of its assets from a third party, the risks and rewards incidental to ownership are largely transferred to it. These assets are capitalised and recognised in the balance sheet as from the moment the lease contract is concluded, at the lower of the fair value of the asset and the discounted value of the minimum lease instalments. The lease instalments payable are broken down into repayment and interest components, based on a fixed interest rate and instalments as derived from the underlying agreement. The lease commitments are carried under long-term liabilities exclusive of interest. The interest component is recognised in the profit and loss account in accordance with the lease instalments.

Revenue of finance lease contracts represents the transfer of economic ownership from Tamba BV (lessor) to the lessee of the asset, being an affiliate. Cost of sales represents the costs associated with the finance lease contracts. The Company's share of the lease liability (at USD 1= ₹45.13) are tabulated below:

Lease liability	₹ in million
Opening balance as at 1st January 2009	5,205.89
Interest	545.03
Lease Payments	(1,243.40)
Downtime Provision	9.71
Closing balance as at 31st March 2010	4,517.23

The Company's 15% share of future estimated minimum lease expenses in the period and their present values are scheduled to be as follows:

(₹ in million)

Particulars	< 1Year	1-5 Years	>5Years	Total
Future minimum lease payments:	840.77	3,047.63	3,078.09	6,966.49
Present value of minimum lease payments	798.80	2,332.09	1,410.09	4,540.98

Tamba BV has entered into a 15 year lease contract for the supply of the FPSO "Espirito Santo" with a third party. The lease contract contains priced termination options for each of the 15 years and priced extension options for the 4 years following the initial 15 year term. The company can exercise a priced purchase option during the term of the lease. Certain operational elements that are priced in the contractual rates are escalated per 5 year intervals on the basis of agreed price indices.

27.2 Asset given on Lease :

The Subsidiary - OVL had completed the execution of the 12"X741 Kms multi product pipeline from Khartoum Refinery to Port Sudan for the Ministry of Energy and Mining of the Government of Sudan (MEM) on Build, Own, Lease and Transfer (BOLT) basis and handed over the same to MEM during the financial year 2005-06. The project was implemented in consortium with Oil India Limited, Company's share being 90%.

The EPC Contractor executing the project claimed additional costs aggregating to ₹ 1,676.46 million (Previous year ₹ 1,894.15 million), Company's share being ₹ 1,508.82 million, (Previous year ₹ 1,704.73 million), which have not been accepted by the Company. However, the claims have been forwarded to MEM for their approval for an aggregate amount of receivables from MEM of ₹ 2,083.95 million (Previous year ₹ 2,354.55 million), Company's share being ₹ 1,875.56 million (Previous Year ₹ 2,119.10 million). Pending final approval by MEM, no revenue in this respect has been recognised. The EPC Contractor has initiated arbitration with a claim for ₹ 1,150.24 million (USD 25.49 million) plus interest against the Company. Pending settlement with the EPC Contractor, an amount of ₹ 1,035.22 million, being the Company's share out of ₹ 1,150.24 million has been shown as liability. OVL has served a pre-arbitral notice on MEM, Government of Sudan, which is a statutory requirement prior to initiating any legal proceedings in Sudan.

The payment under the contract would be received over a period of 10 years with a moratorium of one year from the date of the contract i.e. 30th June, 2004 in 18 equal semi-annual installments along with lease rental. The lease period commenced from the date of handing over of the pipeline system and will continue till all payments by MEM are completed. All titles in the works and the transportation system shall vest in the Company and the title shall pass to MEM in proportion to the payments made by MEM against total payments due to Company under the contract. Further, subject to regular payments on due dates by MEM to the Company, MEM shall have the exclusive right to use and operate the pipeline system and the Company shall not assign, transfer, sub-let, sub-contract, mortgage or create any rights to any third party or encumbrances or make any disposition to any third party. Accordingly, the amount of net investment in the lease (i.e. aggregate of Minimum Lease Payments MINUS Unearned Finance Income) is recognised and recorded as receivables under the lease. The finance income thereon has been recognised based upon the pattern reflecting the constant periodic rate of return on the outstanding net investment in the lease.

The first nine installments due under the contract till the reporting date have been received. The disclosure in accordance with the Accounting Standard (AS) 19 viz. Leases is as under:

(₹ in million)

Particulars	31st March, 2010		31st March, 2009	
	Gross	Net	Gross	Net
a) Reconciliation between the total gross investment in the lease and the present value of minimum lease payments as at year end				
- Not later than one year	**1,139.51**	**886.75**	1,287.47	943.03
- Later than one year and not later than five years	**3,988.27**	**3,576.08**	5,149.87	4,408.72
- Later than five years	**0.00**	**0.00**	643.74	633.59
Total	**5,127.78**	**4,462.83**	**7,081.08**	**5,985.34**
b) Unearned Finance Income	**664.95**		**1,095.74**	
c) Unguaranteed residual value accruing to Company's benefit	**Nil**		Nil	
d) Accumulated provision for uncollectible minimum lease payments receivable	**Nil**		Nil	
e) Contingent rents recognised in the statement of profit and loss for the period	**Nil**		Nil	
f) General description of the significant leasing arrangement	**As described in para above**		As described in para above	
g) Accounting Policy followed in respect of initial direct costs	**As per Accounting Policy 25.2**			

27.3 The Subsidiary - MRPL has taken various premises under cancellable operating lease. These lease agreements are normally renewed on expiry of the term. Lease rental expenses for 2009-10 in respect of such leases are ₹ 40.87 million (previous year ₹ 38.80 million).

28. Disclosure under Accounting Standard -22 on "Accounting for Taxes on Income"

The Net Deferred Tax Liability of the company, its subsidiaries and joint ventures as at 31st March, 2010 comprises of the major components of Deferred Tax Liabilities and Deferred Tax Assets as under:

(₹ in million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
(i) Liabilities		
Depletion of Producing Properties	**133,460.20**	122,470.73
Depreciation Allocated to Wells in Progress & expenses relating to NELP	**7,038.26**	5,294.21
Deferred Revenue Expenditure written off	**2,794.64**	2,211.42
Development wells-in Progress	**5,908.70**	6,444.16
Depreciation	**20,392.46**	19,710.56
Others	**2,367.99**	1,969.66
Deferred tax liability of ONGBV, OAAL- Subsidiary of OVL	**5,394.76**	5,957.26
Sub Total	**177,357.01**	**164,058.00**
(ii) Assets		
Depreciation	**4,677.42**	5,021.17
Unabsorbed losses and allowances	**379.43**	409.23
Dry wells written off	**22,021.71**	14,270.87
Provision for Non Moving Inventories	**1,285.75**	1,324.95
Provision for Doubtful Debts/ Claims /Advances/ Interest	**3,229.18**	2,887.20
Provision for Abandonment	**28,882.40**	29,888.16
Provision for Leave Encashment	**4,629.69**	4,564.62
Provision toward Additional Profit Petroleum & interest	**2,550.84**	2,923.48
Statutory duties unpaid u/s 43B	**543.75**	773.52
Others	**3,948.10**	8,693.01
Deferred tax asset of ONGBV,OAAL,OMEL -Subsidiary of OVL	**2,296.53**	1,070.96
Sub Total	**74,444.80**	**71,827.17**
Net Liability (i-ii)	**102,912.21**	**92,230.83**

The above includes Deferred Tax Asset of ₹ 164.69 million (Previous year ₹ 185.98 million) and Deferred Tax Liability of ₹ 103,076.90 million (Previous year ₹ 92,416.81 million) in respect of various components consolidated.

The above includes Deferred Tax Asset in respect of depreciation and carried forward losses of Petronet MHB Limited amounting to ₹ 379.43 million (Previous year ₹ 409.23 million). In view of the approved financial restructuring scheme and further business plans and projections, the same has been recognized and carried forward, since the management is virtually certain of realizing the same in due course within the statutory time frame of availability of the unabsorbed los, unabsorbed depreciation under the Income Tax Act, 1961.

29. **Disclosure under Accounting Standard -27 on Financial Reporting of Interest in Joint Ventures:**

29.1 **Jointly Controlled Assets in India**

In respect of certain blocks, the Company's Joint ventures (JVs) with certain bodies corporate have entered into Production Sharing Contracts (PSCs) with GoI. Details of these blocks and JVs as on 31.03.2010 are as under:

Sl. No.	Blocks	Company's PI *
A	**Jointly Operated JVs**	
1	Panna, Mukta and Tapti	40% (40%)
B	**Non-Operated JVs**	
2	Ravva	40% (40%)
3	CY-OS-90/1 (PY3)	40% (40%)
4	RJ-ON-90/1	30% (30%)
5	CB-OS/2 -Exploration Phase	25%(25%)
	CB-OS/2 -Development Phase	50% (50%)
6	CB-ON/7 -Development Phase**	30% (30%)
7	CB-ON/3 - Development Phase**	30% (30%)
8	GK-OSJ-3	25% (25%)
9	RJ-ONN-2002/1	40% (40%)
10	AA-ONN-2002/3	70% (70%)
11	AN-DWN-2003/2	45%(45%)
12	KG-ONN-2003/1	51% (51%)
13	RJ-ONN-2003/1	36%(36%)
14	PR-OSN-2004/1	35% (35%)
15	CB-ON/2-Dev phase**	30% (Nil)
16	RJ-ONN-2005/3	40%(Nil)
17	AA-ONJ/2	40% (40%)
C	**ONGC Operated JVs**	
18	CB-OS/1 Expl Phase	32.89 % (32.89%)
	CB-OS/1 Dev Phase**	55.26% (32.89%)
19	KG-DWN-98/2	65% (65%)
20	KG-DWN-98/4	55% (55%)
21	MN-DWN-98/3	60% (60%)
22	VN-ONN-2003/1**	100% (51%)
23	MN-OSN-2000/2	40% (40%)
24	CY-DWN-2001/1	45% (55%)
25	AA-ONN-2001/2	80% (80%)
26	AA-ONN-2001/3	85% (85%)
27	KK-DWN-2002/2	80% (80%)
28	KK-DWN-2002/3	80% (80%)
29	KG-DWN-2002/1	70% (70%)
30	MN-DWN-2002/1	36% (36%)
31	CY-ONN-2002/2	60% (60%)
32	CB-ONN-2002/1**	100% (70%)
33	AA-ONN-2002/4	90% (90%)
34	MN-DWN-2002/2	75% (75%)
35	GS-OSN-2003/1	51% (51%)

36	KK-DWN-2004/1	45% (45%)
37	CY-DWN-2004/1	70% (70%)
38	CY-DWN-2004/2	70% (70%)
39	CY-DWN-2004/3	70% (70%)
40	CY-DWN-2004/4	70% (70%)
41	CY-PR-DWN-2004/1	70% (70%)
42	CY-PR-DWN-2004/2	70% (70%)
43	KG-DWN-2004/1	70% (70%)
44	KG-DWN-2004/2	60% (60%)
45	KG-DWN-2004/3	70% (70%)
46	KG-DWN-2004/5	50% (50%)
47	KG-DWN-2004/6	60% (60%)
48	KG-OSN-2004/1	55% (55%)
49	CB-ONN-2004/1	50% (50%)
50	CB-ONN-2004/2	50% (50%)
51	CB-ONN-2004/3	40% (40%)
52	CB-ONN-2004/4	50% (50%)
53	CY-ONN-2004/1	80% (80%)
54	CY-ONN-2004/2	80% (80%)
55	MB-OSN-2005-1	80% (80%)
56	MB-OSN-2005-5	70% (70%)
57	MB-OSN-2005-6	80% (80%)
58	AN-DWN-2005/1	90% (90%)
59	KG-DWN-2005/1	70% (70%)
60	KK-DWN-2005/2	90% (90%)
61	KG-OSN-2005/1	60% (60%)
62	KG-OSN-2005/2	80% (80%)
63	Raniganj	74% (74%)
64	Jharia	90% (90%)
65	NK-CBM-2001/1	80% (80%)
66	BK-CBM-2001/1	80% (80%)
67	CB-ONN-2005/4	51% (Nil)
68	CB-ONN-2005/10	51% (Nil)
69	PR-ONN-2005/1	80% (Nil)
70	WB-ONN-2005/4	75% (Nil)
71	AA-ONN-2005/1	60% (Nil)
72	GV-ONN-2005/3	80% (Nil)
73	HF-ONN-2001/1	65% (100%)
74	CB-ONN-2001/1**	100% (70%)

* PI - Participating Interest

**Approval towards assignment of PI is awaited from GOI.

29.1.1 List of the blocks surrendered during the year are given below:-

Sl. No.	Joint Ventures / PSCs	Company's PI *
1	WB-OSN-2000/1	85%
2	GV-ONN-2003/1	51%
3	RJ-ONN-2001/1	30%
4	KK-OSN-2001/2	100%
5	KK-OSN-2001/3	100%

* PI - Participating Interest

29.1.2 The Financial position of the JV/NELP blocks are as under: (₹ in million)

	No. of JVs/ NELP Blocks	Assets	Liabilities	Income	Expenditure	Profit / (-) Loss before tax
NELP Block-100% PI*	19 (19)	1,822.27 (1,126.02)	165.89 (638.60)	0.11 (0.08)	7,149.44 (13,668.21)	-7,149.33 (-13,668.13)
Blocks with other partners	74 (67)	90,350.03 (67,655.63)	29,287.34 (32,876.06)	51,148.14 (49,971.59)	39,842.90 (40,258.55)	11,305.24 (9,713.04)
Surrendered till date	31 (26)	219.26 (155.22)	6,184.08 (1,902.51)	0.28 (0.10)	5,616.40 (3,147.64)	-5,616.12 (-3147.54)
Total	**124** **(112)**	**92,391.56** **(68,936.87)**	**35,637.31** **(35,417.17)**	**51,148.53** **(49,971.77)**	**52,608.74** **(57,074.40)**	**-1,460.21** **(-7,102.63)**

29.1.3 The financial statements of 117 (Previous year 93) out of 124 (Previous year 112) JVs/NELP as per para no. 29.1.2 have been incorporated in the accounts to the extent of Company's participating interest in assets, liabilities, income and expenditure profit/(loss) before tax on the basis of statements certified in accordance with production sharing contract and the same has been adjusted for changes as per accounting policy No. 9.1 in Schedule-26.

29.1.4 In respect of balance 7 (Previous year 19) JVs/NELP assets, liabilities, income and expenditure amounting to ₹ 69.80 million (Previous year ₹ 32.93 million),₹ 143.98 million (Previous year ₹ 921.25 million), ₹ 152.55 million (Previous year ₹ 0.06 million) and ₹ 812.85 million (Previous year ₹ 478.69 million) respectively have been incorporated on the basis of uncertified statements prepared under the production sharing contracts and the same has been adjusted for changes as per accounting policy No. 9.1 in Schedule-26.

29.1.5 In respect of Farm Out agreements, where necessary approval from Central Government has been obtained during the year, a sum of ₹ 1,196.19 million (previous year ₹ 4,979.55 million) has been considered recoverable from the farmees towards the share of expenditure incurred from the effective date of the farm out agreement and has been credited to Miscellaneous Receipts amounting to ₹ 1,049.66 million (previous year ₹ 4,976.82 million) in respect of earlier year and the balance current year expenditure has been credited to respective natural heads.

29.1.6 The Company has given an undertaking to Power Finance Corporation (PFC), for an additional funding up to ₹ 2,234.00 million in respect of ONGC Tripura Power Co. Limited (OTPC) for cost overrun, if any.

29.2 **Company's share in Joint Ventures (Outside India) through Subsidiary - OVL:**

SL No.	Name of the Project and Country of Operation	Company's participating share (%)
1.	Block 06.1 Project, Vietnam, Offshore	45% (45%)
2.	Block 1a, 1b, 2a, 2b & 4 (GNOP) Project, Sudan, Onshore (Through ONGC Nile Ganga B.V)	25% (25%)
3.	Sakhalin -1 Project, Russia, Offshore	20% (20%)
4.	AFPC Project Syria, Onshore (Through ONGC Nile Ganga B.V)	38.75% (38.75%)
5.	MECL, Colombia, Onshore (Through ONGC Amazon Alaknanda Limited)	50% (50%)
6.	Block 5A Project, Sudan, Onshore	24.125% (24.125%)
7.	Block BC-10 Project, Brazil, Offshore (Through ONGC Nile Ganga B.V)	15% (15%)
8.	OOO Imperial Frac Service (Through Jarpeno Ltd)	50% (50%)
9.	San Cristobal Project, Venezuela (Through ONGC Nile Ganga B.V.)	40% (40%)
10.	Block A-1 Project, Myanmar, Offshore	20% (20%)
11.	Block A-3 Project, Myanmar, Offshore	20% (20%)
12.	Farsi Block Project, Iran, Offshore	40% (40%)
13.	NC-189 Project, Libya, Onshore	49% (49%)
14.	Block XXIV Project, Syria, Onshore	60% (60%)
15.	Block 6 North Ramadan Project, Egypt, Offshore	70% (70%)
16.	Block 2, Joint Development Zone, Nigeria / Sao Tome Principe (STP), Offshore (Through ONGC Narmada Limited)	13.5% (13.5%)
17.	Block 25-29, 35 (Part) & 36 Project, Cuba, Offshore	30% (30%)
18.	Khartoum-Port Sudan Pipeline Project, Sudan	90% (30%)
19.	Block NEMED in Offshore, Egypt	33% (33%)
20.	Block RC-8, Colombia	40% (40%)
21.	Block RC-9, Colombia	50% (50%)
22.	Block RC-10, Colombia	50% (50%)
23.	Block BM-SEAL-4, Brazil. (Through ONGC Nile Ganga B.V)	25% (25%)
24.	Block BM-BAR-1, Brazil (Through ONGC Nile Ganga B.V)	25% (25%)
25.	Block SSJN-7, Colombia	50% (50%)
26.	OPL-279, Nigeria (Through ONGC Mittal Energy Limited)	22.74% & OMEL 45.5% (22.74% & OMEL 45.5%)
27.	OPL-285, Nigeria (Through ONGC Mittal Energy Limited)	32.15% & OMEL 64.33% (32.15% & OMEL 64.33%)

29.2.1 **Company's share in Joint Ventures**

The Company, its Subsidiaries' and the Joint Venture Company's share of assets, liabilities, income and expenses in the Joint Ventures as furnished by the Operator has been incorporated in the financial statements as given below:

(₹ in million)

Project	Net Fixed Assets	Net Producing Property	Capital Work in Progress	Exploratory and Development Wells in Progress	Current Assets	Cash and Bank Balance	Liabilities	Income	Expenditure* (Including depreciation)
A. Audited as of the Reporting Date									
Block 5A, Sudan	2,014.03	5,332.98	1,447.25	1,308.12	1,177.64	251.57	436.33	2,962.58	1,900.32
Block 5B, Sudan	3.82	-	-	-	-	-	-	-	(42.05)
Block 1a, 1b, 2a, 2b & 4, Sudan	753.63	18,813.42	2,141.11	4,115.81	16,455.88	4,725.59	10,382.25	51,486.02	40,312.04
AFPC, Syria	0.74	2,402.27	-	-	5,971.26	4.24	5,406.35	21,558.53	19,917.71
Block BC-10 & Exploratory Blocks, Brazil	12,037.28	14,753.16	-	1,009.36	3,165.87	732.49	811.58	2,413.55	(558.23)
PIVSA (San Cristobal), Venezuela	539.83	1,632.54	579.79	-	15,396.81	212.27	6,034.27	14,250.20	9,731.86
Tamba BV	-	-	-	-	144.33	814.61	5,415.54	36.09	427.69
MECL	3,657.97	3,846.89	66.22	1,820.10	2,282.47	2,522.49	1,601.89	7,113.25	3,666.22
LLC Imperial Frac Service, (Jarpeno)	32.27	53.48	-	-	47.21	2.03	85.30	(143.42)	135.45
Block 2, JDZ, Nigeria (ONL)	18.95	-	513.81	312.76	82.45	-	9.66	8.88	126.20
Farsi Block Iran	0.41	-	-	1,444.66	0.71	1.63	168.27	0.37	24.12
Sudan Pipeline	-	-	-	-	4,470.76	8.02	1491.79	325.79	(283.40)
Block 06.1 Vietnam	1,659.59	2,988.33	2,53.17	15.41	1,575.83	1.18	928.06	7,413.68	3,874.65
Total (A)	**20,718.52**	**49,823.07**	**5,001.35**	**10,026.22**	**50,771.22**	**9,276.12**	**32,771.29**	**107,425.52**	**79,232.58**
B. Audited as of 31 Dec. 2009									
Sakhalin 1 Russia#	24,347.64	37,000.11	25,497.72	1,280.84	11,625.42	129.02	16,185.27	38,907.22	21,577.40
Block 6 North Ramadan, Egypt	3.98	-	33.50	1,204.23	67.90	-	10.59	-	78.28
Block RC-8, Colombia	0.03	-	-	-	-	10.32	21.02	-	52.66
Block RC-10, Colombia	0.04	-	-	-	-	-	38.24	-	91.64
Blocks 25-29, 35 (Part) & 36, Cuba	-	-	346.91	121.74	62.43	-	10.31	-	48.22
Total (B)	**24,351.69**	**37,000.11**	**25,878.13**	**2,606.81**	**11,755.75**	**139.34**	**16,265.43**	**38,907.22**	**21,848.20**

C. Unaudited									
Block A-1, Myanmar	5.79	-	1,236.07	1,096.69	103.80	-	102.18	-	55.78
Block A-3, Myanmar	4.06	-	599.70	675.58	25.99	-	37.26	-	35.75
Block XXIV, Syria	7.51	-	-	449.15	36.83	-	106.26	2.70	(2.84)
Block NC-189, Libya	1.66	-	-	-	37.84	-	30.20	-	514.95
Block NEMED, Egypt.	-	-	-	2,788.67	58.02	-	27.95	-	69.38
Block RC-9, Colombia	-	-	-	-	-	-	0.03	0.64	181.57
Block MTPN, Congo	-	-	-	-	10.61	-	59.62	-	470.95
Block SSJN-7, Colombia	-	-	-	-	-	-	-	-	31.40
Total (C)	**19.02**	**-**	**1,835.77**	**5,010.09**	**273.09**	**-**	**363.50**	**3.34**	**1,356.94**
Grand Total (A+B+C)	**45,089.23**	**86,823.18**	**32,715.25**	**17,643.12**	**62,800.06**	**9,415.46**	**49,400.22**	**146,336.08**	**102,437.72**

*Represents expenditure as per joint venture statement. In the accounts of the Company, the amount is reflected after netting off as per the Accounting Standard (AS) 27 viz. Financial Reporting of interests in Joint Ventures.

Amounts for the period Jan-March 2010 for Sakhalin are provisional.

The Company's share of assets, liabilities, income and expenses have been converted into the reporting currency at the average exchange rates over the period for which the details are provided by the Operators. Generally the details are provided by the Operators on monthly basis except in respect of Sakhalin-1, Russia Project, where the details are provided by the Operator on quarterly basis.

29.2.2 Title to Fixed Assets under Production Sharing Agreements

The Company, the Subsidiaries and Joint Venture Company in consortium with other partners (Consortium) carry on their business in respect of exploration, development and production of hydrocarbons under agreements with the host governments. In several of these agreements governing activities in the fields / projects, the agreements provide that the title to the fixed assets and other ancillary installations shall pass to host government or its nominated entities either upon acquisition / first use of such assets or upon 100% recovery of such costs through allocation of "Cost Oil" and "Cost Gas" or upon relinquishment of the relevant contract areas or termination of the relevant agreement. However, as per the terms of the agreements, the Consortium and/ or Operator has the custody of all such assets and is entitled to use, free of charge all such assets for Petroleum Operations till the full term of the respective agreements. The Consortium also bears the custody and maintenance of such assets and all risks of accidental loss and damage and all costs necessary to maintain such assets and to replace or repair such damage or loss. Under the circumstances, such assets are kept in the records of the Company, Subsidiaries or the Joint Venture Company, as the case may be, till the full term of the respective agreements.

29.3 **Jointly Controlled Entities:**

29.3.1 The Company's share in assets, liabilities, income, expenses, contingent liabilities and capital commitments of Jointly Controlled Entities (excluding for Dahej SEZ Limited for which Financial Statements have not been received):

(₹ in million)

	Description	As at 31st March, 2010	As at 31st March, 2009
i)	**Assets**		
-	Long term assets	29,786.13	19,408.94
-	Investments	1,064.57	1,541.89
-	Current assets	4,637.39	4,781.05
ii)	**Liabilities**		
-	Current liabilities and provisions	5,804.74	3,042.16
-	Other liabilities	17,786.44	13,121.29
iii)	Deferred tax liabilities	241.83	154.42
iv)	Income	14,674.79	11,433.18
v)	Expenses	15,130.93	11,379.06
vi)	Contingent liabilities	1,815.24	2,196.99
vii)	Capital commitments	46,051.70	36,235.60

30. **Disclosure under Accounting Standard - 28 on "Impairment of Assets"**

30.1 The Company is engaged mainly in the business of oil and gas exploration and production where each cost centre used for depreciation (depletion) purposes is identified as independent Cash Generating Unit (CGU) for assessing the impairment in Producing Properties and fixed assets etc. on the basis of 'value in use'. The Company has tested all its CGUs for impairment as on 31.03.2010 by applying discount rates of 17.31% (Previous year 16.61 %) for Rupee transactions and 13.07 % (Previous year 13.40 %) for crude oil and value added products revenue measured in USD as on 31.03.2010.

30.2 During the year, ₹ 553.45 million (Previous year ₹ 1,240.59 million) was provided as an additional impairment loss in respect of certain CGUs. Further, impairment loss to the extent of ₹ 986.17 million (Previous year ₹ 4,350.91 million) has been reversed in respect of DVP Jorhat and Ratna CGUs due to increased sale price and accretion in reserves.

31. **Disclosure under Accounting Standard -29 on "Provisions, Contingent Liabilities and Contingent Assets":**

Movement in Provisions - Others

For Court cases, arbitration and others, where the timing of expected outflows is upon settlement of the proceedings:

(₹ in million)

Particulars	2009-10	2008-09
Opening Balance	9,453.55	764.71
Add: Provision made during the year	93.20	8,778.72
Less: Provision written back/ reclassified/ reduction during the year	1,300.45	89.88
Closing Balance	8,246.30	9,453.55

32 **Disclosures under Schedule VI to the Companies Act, 1956 :-**

32.1 Capital Commitment not provided for:-

32.1.1 Estimated amount of contracts remaining to be executed on capital account:-

I) In respect of the Company, its subsidiaries and Joint Venture Entities - ₹ 333,307.98 million (Previous year ₹ 205,833.96 million).

ii) In respect of Joint Ventures - ₹ 6,450.55 million (Previous year ₹ 5,569.32 million).

32.1.2 **Estimated amount of Minimum Work Programme (MWP) committed under various 'Production Sharing Contracts' with Government of India/ Nominated Blocks:-**

i) In respect of NELP blocks in which the Company has 100% participating interest - ₹ 33,419.14 million (Previous year ₹ 21,016.72 million).

ii) In respect Nominated Blocks ₹ 1,128.13 million (Previous year Nil).

iii) In respect of NELP blocks in Joint Ventures - ₹ 90,277.51 million (Previous year ₹ 64,397.15 million).

32.2 Contingent Liabilities:

Claims against the Company/ disputed demands not acknowledged as debt :-

(₹ in million)

		As at 31st March, 2010	As at 31st March, 2009
I	**In respect of Company :**		
	i. Income tax matters	17,012.68	22,211.09
	ii. Excise Duty matters	2,518.89	1,837.91
	iii. Custom Duty matters	1,576.29	1,571.68
	iv. Royalty	18,849.79	360.39
	v. Cess	12.76	4.92
	vi. Sales Tax	21,324.28	8,956.38
	vii. Octroi	66.89	66.89
	viii. AP Mineral Bearing Land Tax	1,171.84	922.92
	ix. Specified Land Tax (Assam)	2,274.50	1,646.06
	x. Claims of contractors in Arbitration/Court	21,774.50	64,348.30
	x. in respect of other matters	20,071.51	6,907.04
	Sub Total	**106,653.93**	**108,833.58**
II	**In respect of Joint Ventures :**		
	i. Income tax matters	8.91	8.91
	ii. Excise Duty matters	322.42	-
	iii. Custom Duty matters	3,457.89	3,262.74
	iv. Royalty	-	12.39
	v. Cess	10.64	10.64
	vi. Sales Tax	2,959.13	2,941.15
	vii. Claims of contractors in Arbitration/Court	740.73	471.74
	Viii. in respect of other matters	4,898.72	550.41
	Sub Total	**12,398.44**	**7,257.98**
	Total	**119,052.37**	**116,091.56**

32.2.1 Contingent liabilities, if any, in respect of JVs where OVL is non-operator, is not ascertainable except where the Operator has intimated. In respect of Petronet MHB Limited, there are 173 cases (previous year 162 cases) regarding enhancement of land compensation pending with Bangalore Rural District Court and Hassan District Court and Mangalore District Court the amounts are not ascertainable at present.

32.2.2 The above claims / demands are at various stages of appeal and in the opinion of the Company are not tenable.

32.2.3 Bank Guarantees given by the Company ₹ 5,079.01 million (Previous year ₹ 1,542.65 million) including ₹ 1,142.37 million (Previous year ₹ 1,495.11 million) for NELP Blocks where the Company has 100% participating interest (PI).

32.2.4 Bank Guarantees in respect of Joint ventures - ₹ 7,082.46 million (Previous year ₹ 4,947.94 million).

32.2.5 Foreign Letter of credit given by Subsidiary OVL - ₹ 4,647.37 million (Previous year ₹ 2,353.99 million).

32.3 **Corporate Guarantees executed by the Company on behalf of its wholly owned subsidiary, ONGC Videsh Limited (OVL) and ONGC Nile Ganga BV (wholly owned subsidiary of OVL).**

32.3.1 Guarantees executed for financial obligations:

i) Amount of Guarantee ₹ 38,043.51 million (Previous year ₹ 57,062.28 million).

ii) Amount Outstanding ₹ 34,932.70 million (Previous year ₹ 56,447.65 million).

32.3.2 Performance Guarantees executed under the contracts:

i) The Company has issued Performance Guarantee in respect of concessionary contract for Block BC-10, Brazil and Blocks BM-S-73 and BM-ES-42 on behalf of ONGC Campos Ltda (OCL). The Company is confident that OCL will be able to honor its obligations.

ii) ONGBV has given performance guarantee to ANP, the regulatory authority in Brazil, favoring ONGC Campos Ltda (OCL) for BC-10 Project where OCL has a 15% participating interest and Shell Brazil is the operator. OCL has paid its cash calls under the project. The total financial investment budgeted for the BC-10 Project from 2009 onwards is USD 3,568.16 million (equivalent to ₹ 161,031.06 million) out of which OCL's 15% share works out to USD 535.22 million (equivalent to ₹ 24,154.66 million).

32.3.3 Corporate Guarantees executed by the Company on behalf of its subsidiary, MRPL:

i) Amount of Guarantee ₹ 16,246.80 million (Previous year ₹ 18,356.40 million).

ii) Amount Outstanding ₹ 4,828.91 million (Previous year ₹ 3,295.49 million).

32.3.4 Corporate Guarantee executed by Subsidiary - OVL

The Company has issued Corporate Guarantee in respect of Blocks AD-2, AD-3 & AD-9, Myanmar to Myanmar Oil & Gas Enterprise (MOGE) for an amount of USD 132 million (equivalent to ₹ 5,957.16 million) towards its commitment to discharge all obligations under the PSC.

32.3.5 Guarantees given by ONGBV (a subsidiary of OVL)

32.3.5.1 ONGBV has given guarantee to State Bank of India for granting of guarantee facilities to ONGC Mittal Energy Limited (OMEL). Under the said guarantee facility to OMEL, SBI London has issued performance bonds in favour of Nigerian National Petroleum Corporation. The obligation of the Company is limited to 51% of the guaranteed amounts. As on 31.03.2009, the outstanding guarantee obligation of the company was USD 56.35 million (equivalent to ₹ 2,543.08 million).

32.4 DETAILS OF EXPENDITURE

Details of expenditure incurred during the year on Production, Selling and Distribution, Operation and Maintenance of Pipelines, Exploration, Drilling and Development.

(₹ in million)

		2009-10	2008-09
Manpower Cost:			
(a) Salaries, Wages, Ex-gratia, etc.	47,501.86		36,636.24
(b) Contribution to Provident and other funds	3,397.90		2,223.62
(c) Provision for gratuity	(465.80)		1,203.79
(d) Provision for leave encashment	3,521.74		3,628.52
(e) Provision for post retirement medical & terminal benefits	1,521.67		2,039.12
(f) Staff welfare expenses	4,711.20		4,397.44
Sub Total		**60,188.57**	**50,128.73**
Consumption of Raw Materials, Store and Spares		275,557.23	3,02,509.55
Cess		54,547.67	55,788.33
Natural Calamity Contingent Duty - Crude Oil		1,061.86	1,081.40
Excise Duty		44,291.53	47,779.76
Royalty		103,560.48	111,570.44
Sales Tax		3,734.18	7,839.83
Octroi/BPT		4,966.61	4,464.74
Service Tax		919.14	2,511.35
Education cess		1,711.65	1,798.34
Rent		2,220.14	1,554.38
Rates and taxes		562.28	491.05
Hire charges of equipments and vehicles		116,683.74	87,545.48
Power, fuel and water charges		2,814.94	3,021.56
Contractual drilling, logging, workover etc.		115,529.46	69,970.28
Contractual security		2,586.76	1,751.16
Repairs to building		1,341.35	651.74
Repairs to plant and machinery		2,355.66	2,381.39
Other repairs		3,763.38	3,753.16
Insurance		2,592.99	2,039.83
Other Operating Expenditure		18,654.53	11,372.64
Miscellaneous expenditure		11,078.00	15,874.09
Exchange Variation		-	11,715.95
		830,722.15	**797,595.18**
Less:			
Allocated to exploration, development drilling, capital jobs recoverables, etc.		215,054.30	141,118.82
Excise duty		44,142.77	48,245.55
Prior Period Adjustment		(220.73)	(1,959.96)
Production, Transportation, Selling and Distribution Expenditure etc.		**571,745.81**	**610,190.77**

Other operating expenditure above includes the expenses in respect of Sakhalin-1, Russia project, where the above details are not made available by the Operator.

32.5 MANAGERIAL REMUNERATION:

(₹ in million)

REMUNERATION PAID OR PAYABLE TO DIRECTORS	2009-10	2008-09
Functional Directors :		
Salaries and Allowances	51.54	29.71#
Contribution to Provident & Other Funds	2.92	1.68
Other Benefits and Perquisites *	26.92	16.88
Independent Directors :		
Sitting Fees	4.24	4.02
Total	**85.62**	**52.29**

Includes adhoc advance paid on account of pay revision due from 01.01.2007.

* Other Benefits and Perquisites includes Performance Related Payments, incentives, commission provision for gratuity & leave encashment but does not include cost of medical treatment availed from the Corporation's own medical facilities as the amount is not determinable.

32.6 AUDITORS' REMUNERATION:

(₹ in million)

	2009-10	2008-09
Audit Fees	10.31	9.50
For Certification work etc.	7.49	6.31
Traveling and Out of Pocket Expenses	13.68	15.23
	31.48	**31.04**

33. Disclosure under Guidance Note on "Oil & Gas Producing Activities" (approved by Reserve Estimates Committee).

33.1 Company's share of Proved Reserves on the geographical basis is as under:-

	Details	Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MTOE)**	
		As at 31.03.10	As at 31.03.09	As at 31.03.10	As at 31.03.09	As a 31.03.10	As at 31.03.09
Offshore	**Opening**	**222.710**	**226.420**	**196.712**	**198.011**	**419.422**	**424.431**
	Addition	19.620	14.910	33.624	18.221	53.244	33.131
	Production	18.060	18.620	19.819	19.520	37.879	38.140
	Closing	**224.260**	**222.710**	**210.517**	**196.712**	**434.777**	**419.422**
Onshore	**Opening**	**191.760**	**190.340**	**148.125**	**149.206**	**339.885**	**339.546**
	Addition	5.810	8.990	9.678	4.627	15.488	13.617
	Production	7.660	7.570	5.576	5.708	13.236	13.278
	Closing	**189.900**	**191.760**	**152.227**	**148.125**	**342.127**	**339.885**
Block 06.1,	**Opening**	**0.752**	**0.623**	**14.756**	**12.991**	**15.508**	**13.614**
Vietnam	Addition	-	0.174	-	3.613	-	3.787
	Adjustment	-	(0.001)	-	-	-	(0.001)
	Production	0.042	0.046	1.967	1.848	2.009	1.894
	Closing	**0.71**	**0.752**	**12.789**	**14.756**	**13.499**	**15.508**

Sakhalin-1, Russia	**Opening**	**37.946**	**39.187**	**70.147**	**70.404**	**108.093**	**109.59**
	Addition	0.535	0.612	0.236	0.114	0.771	0.726
	Production	1.532	1.853	0.39	0.372	1.922	2.225
	Closing	**36.949**	**37.946**	**69.993**	**70.146**	**106.942**	**108.092**
Block 1a, 1b, 2a, 2b & 4 (GNOP), Sudan	**Opening**	**20.22**	**22.304**	**-**	**-**	**20.22**	**22.304**
	Addition	1.762	0.363	-	-	1.762	0.363
	Adjustment	0.025	0.004	-	-	0.025	0.004
	Production	2.126	2.443	-	-	2.126	2.443
	Closing	**19.831**	**20.220**	**-**	**-**	**19.831**	**20.220**
Block 5A, Sudan	**Opening**	**6.584**	**5.848**	**-**	**-**	**6.584**	**5.848**
	Addition	0.234	1.016	-	-	0.234	1.016
	Adjustment	-	(0.005)	-	-	-	(0.005)
	Production	0.247	0.285	-	-	0.247	0.285
	Closing	6.571	6.584	-	-	6.571	6.584
AFPC Syria	**Opening**	**2.988**	**3.135**	**-**	**-**	**2.988**	**3.135**
	Addition	0.669	0.664	-	-	0.669	0.664
	Adjustment	-	(0.001)	-	-	-	(0.001)
	Production	0.718	0.812	-	-	0.718	0.812
	Closing	**2.939**	**2.988**	**-**	**-**	**2.939**	**2.988**
MECL, Columbia	**Opening**	**3.729**	**2.736**	**-**	**-**	**3.729**	**2.736**
	Addition	0.062	1.365	-	-	0.062	1.365
	Adjustment	0.001	0.002	-	-	0.001	0.002
	Production	0.409	0.370	-	-	0.409	0.370
	Closing	**3.381**	**3.729**	**-**	**-**	**3.381**	**3.729**
BC-10, Brazil	**Opening**	**1.946**	**1.909**	**0.601**	**0.605**	**2.547**	**2.514**
	Addition	-	0.038	-	-	-	0.038
	Adjustment	0.149	0.001	0.038	0.004	0.187	0.005
	Production	0.192	-	-	-	0.192	-
	Closing	**1.605**	**1.946**	**0.563**	**0.601**	**2.168**	**2.547**
Imperial Energy, Russia	**Opening**	**18.946**	**-**	**3.901**	**-**	**22.847**	**-**
	Addition	-	19.022	1.091	3.901	1.091	22.923
	Adjustment	1.527	-	-	-	1.527	-
	Production	0.543	0.076	-	-	0.543	0.076
	Closing	16.876	18.946	4.992	3.901	21.868	22.847
Block-24, Syria	**Opening**	**-**	**-**	**-**	**-**	**-**	**-**
	Addition	1.815	1.344	-	-	1.815	1.344
	Adjustment	-	0.889	-	-	-	0.889
	Production	-	-	-	-	-	-
	Closing	**1.815**	**0.455**	**-**	**-**	**1.815**	**0.455**

North Ramadan	**Opening**	**0.455**	**-**	**-**	**-**	**0.455**	**-**
	Addition	**-**	**7.931**	**-**	**-**	**-**	**7.931**
	Production	-	0.671	-	-	-	0.671
	Closing	**0.455**	**7.260**	**-**	**-**	**0.455**	**7.26**
PIVSA, Venezuela	**Opening**	**7.26**	**-**	**-**	**-**	**7.26**	**-**
	Addition	**-**	**-**	**-**	**-**	**-**	**-**
	Adjustment	0.03	-	-	-	0.03	-
	Production	0.704	-	-	-	0.704	-
	Closing	**6.526**	**-**	**-**	**-**	**6.526**	**-**

33.2 Company's share of Proved Developed Reserves on the geographical basis is as under:

	Details	Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MTOE)**	
		As at 31.03.10	As at 31.03.09	As at 31.03.10	As at 31.03.09	As a 31.03.10	As at 31.03.09
Offshore	**Opening**	**176.440**	**182.900**	**126.770**	**122.892**	**303.210**	**305.792**
	Addition	15.060	12.160	22.910	23.398	37.970	35.558
	Production	18.060	18.620	19.819	19.520	37.879	38.140
	Closing	**173.440**	**176.440**	**129.860**	**126.770**	**303.300**	**303.210**
Onshore	**Opening**	**148.490**	**148.140**	**111.069**	**112.317**	**259.559**	**260.457**
	Addition	5.39	8.580	5.644	4.961	11.034	13.541
	Production	7.61	8.230	5.535	6.209	13.145	14.439
	Closing	**146.26**	**148.490**	**111.178**	**111.069**	**257.438**	**259.559**
Block 06.1, Vietnam	**Opening**	**0.743**	**0.616**	**11.201**	**9.436**	**11.944**	**10.052**
	Addition	**-**	**0.174**	**-**	**3.613**	**-**	**3.787**
	Adjustment	-	0.001	-	-	-	0.001
	Production	0.042	0.046	1.967	1.848	2.009	1.894
	Closing	**0.701**	**0.743**	**9.234**	**11.201**	**9.935**	**11.944**
Sakhalin-1, Russia	**Opening**	**11.146**	**10.033**	**12.093**	**12.466**	**23.239**	**22.499**
	Addition	**-**	**2.966**	**0.001**	**-**	**0.001**	**2.966**
	Adjustment	-	-	-	0.001	-	0.001
	Production	1.532	1.853	0.39	0.372	1.922	2.225
	Closing	**9.614**	**11.146**	**11.704**	**12.093**	**21.318**	**23.239**

Block 1a, 1b, 2a, 2b & 4 (GNOP), Sudan	**Opening**	**7.83**	**14.035**	**-**	**-**	**7.83**	**14.035**
	Addition	1.426	-	-	-	1.426	-
	Adjustment	0.025	3.762	-	-	0.025	3.762
	Production	2.126	2.443	-	-	2.126	2.443
	Closing	**7.105**	**7.830**	**-**	**-**	**7.105**	**7.830**
Block 5A, Sudan	**Opening**	**4.234**	**4.560**	**-**	**-**	**4.234**	**4.560**
	Addition	0.009	-	-	-	0.009	-
	Adjustment	-	0.041	-	-	-	0.041
	Production	0.247	0.285	-	-	0.247	0.285
	Closing	**3.996**	**4.234**	**-**	**-**	**3.996**	**4.234**
AFPC, Syria	**Opening**	**2.693**	**2.743**	**-**	**-**	**2.693**	**2.743**
	Addition	0.741	0.762	-	-	0.741	0.762
	Adjustment	-	-	-	-	-	-
	Production	0.718	0.812	-	-	0.718	0.812
	Closing	**2.716**	**2.693**	**-**	**-**	**2.716**	**2.693**
MECL, Columbia	**Opening**	**3.041**	**2.736**	**-**	**-**	**3.041**	**2.736**
	Addition	-	0.678	-	-	-	0.678
	Adjustment	0.539	0.003	-	-	0.539	0.003
	Production	0.409	0.370	-	-	0.409	0.370
	Closing	**2.094**	**3.041**	**-**	**-**	**2.094**	**3.041**
Imperial Energy, Russia	**Opening**	**2.648**	-	**-**	**-**	**2.648**	**-**
	Addition	1.892	2.724	-	-	1.892	2.724
	Production	0.543	0.076	-	-	0.543	0.076
	Closing	**3.997**	**2.648**	**-**	**-**	**3.997**	**2.648**
BC-10, Brazil	**Opening**	**-**	**-**	**-**	**-**	**-**	**-**
	Addition	1.363	-	0.41	-	1.773	-
	Adjustment	-	-	0.001	-	0.001	-
	Production	0.192	-	-	-	0.192	-
	Closing	**1.171**	**-**	**0.409**	**-**	**1.58**	**-**
PIVSA, Venezuela	**Opening**	**0.056**	-	**-**	**-**	**0.056**	-
	Addition	3.752	0.727	-	-	3.752	0.727
	Adjustment	0.03	-	-	-	0.03	-
	Production	0.704	0.671	-	-	0.704	0.671
	Closing	**3.074**	**0.056**	**-**	**-**	**3.074**	**0.056**

* Crude Oil includes oil condensate and does not include 0.940 MMT (previous year 0.842 MMT) of Condensate due to line condensation and 198.6 MMm^3 (previous year 159 MMm^3) of CSU off gas.

** MTOE denotes "Million Tonne Oil Equivalent" and for calculating Oil equivalent of Gas, 1000 M^3 of Gas has been taken to be equal to 1 MT of Crude Oil. Variations in totals, if any, are due to internal summation and rounding off.

34. The figures in respect of Subsidiaries/Joint Venture Companies have been regrouped/rearranged based upon the details obtained from the management of the subsidiaries/Joint Venture Companies wherever their audited accounts did not provide the breakup details required for consolidated financial statements.

35. In view of the several subsidiaries and Joint Ventures of the company, with each entity operating under different regulatory requirements in different countries and adopting different policies and discloser, the information requirement under Accounting Standards(AS) -15 on Employee Benefit is not disclosed in Consolidated Financial statement due to impracticability :

36. Disclosure requirement is respect of subsidiaries/Joint Ventures companies have been disclosed to the extent available from their audited/unaudited accounts.

37. Previous year's figures have been regrouped/ reclassified, wherever necessary, to conform to current year's classification.

38. Figures in parenthesis as given in these Notes to the Accounts relate to previous year.

39. Figures in the accounts are stated in ₹ Million except those in parenthesis which would otherwise have become NIL on account of rounding off.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(₹ in million)

			Year Ended 31st March, 2010		Year Ended 31st March, 2009
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Profit before tax and extraordinary items		304,413.64		311,037.17
	Adjustments For:				
	Prior Period Items	(400.61)		(105.75)	
	Recouped Costs				
	(Represented by Depreciation, Depletion and Amortisation)				
	Gross Amount	187,173.65		154,245.70	
	Cash Outflows	(98,545.32)		(66,454.37)	
		88,628.33		87,791.33	
	- Interest on Borrowings	5,009.44		2,368.48	
	- Foreign Exchange Loss/(Gain)	(1,056.90)		2,973.06	
	- Provision for Gratuity	25.28		879.70	
	- Provision for Leave Encashment	533.84		2,504.49	
	- Provision for AS-15 Benefits	1,544.63		2,074.71	
	- Provision for Pay Revision	(116.46)		48.48	
	- Miscellaneous Expenditure written off	0.03		-	
	- Profit/Loss on sale of fixed assets	54.15		-	
	- Other Provision and Write offs	5,285.75		14,702.41	
	- Interest Income	(17,746.59)		(33,969.49)	
	- Excess Provision written Back	(913.03)		(1,473.36)	
	- Deffered Government Grant	(5.29)		(7.02)	
	- Dividend Received	(4,238.87)		(1,353.57)	
	- Prepayment Loan Benefit	-		(18.99)	
	- Profit on sale of investment	(9.05)		(3.89)	
			76,594.65		76,410.59
	Operating Profit before Working Capital Changes		381,008.29		387,447.76
	Adjustments for:-				
	- Debtors	1,091.84		(6,238.58)	
	- Loans and Advances	(12,337.85)		(29,233.62)	
	- Other Current Assets	(16.98)		59.33	
	- Deferred Revenue Expenditure/ Miscellaneous Exp. W/off	(2,641.23)		13.59	
	- Inventories	(17,271.39)		7,626.64	
	- Trade Payable and Other Liabilities	14,980.85	(16,194.76)	32,597.31	4,824.67
	Cash generated from Operations		364,813.53		392,272.43
	Direct Taxes Paid (Net of tax refund)		(77,483.72)		(102,442.61)
	Cash Flow before prior period and Extra ordinary Items		287,329.81		289,829.82
	Prior period items		500.75		146.98
	Net Cash Flow from Operating Activities 'A'		**287,830.56**		**289,976.80**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	Purchase of Fixed Assets (Net)		(123,123.39)		(102,136.44)
	Exploratory and Development Drilling		(89,407.83)		(114,253.40)
	Purchase of Investments		(31,410.34)		(774.76)
	Sale of Investments		8,925.07		9,792.68
	Loans to Public Sector Undertakings and Other Bodies Corporate		320.60		492.58
	Deposit with Public Sector Undertakings		5,000.00		(20,000.00)
	Foreign Currency Translation Adjustment		6,009.95		(78,800.42)
	Share of Dividend/Profit in Associate Company		24.50		98.83
	Investment in Associate Company		(430.59)		(150.00)
	Adjustment of Preoperative expenditure		(6,856.02)		65.43
	Advance to Sudapet & Carry Finances		257.17		1,633.04
	Dividend Received from Others		1,595.25		1,254.73
	Extraordinary Item-Insurance Claims Received		-		657.73
	Tax paid on Excess of insurance Claim over book value		-		(223.56)
	Interest Received		26,727.67		33,646.17
	Tax paid on Interest Income		(8,650.81)		(13,013.61)
	Net Cash Flow from Investing Activities 'B'		**(211,018.77)**		**(281,711.00)**

(₹ in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Share Capital	**0.19**	-
Advance Against Equity	**2,874.43**	-
Proceeds/(Repayment) of Term Loans/Commercial Papers	**(3,038.74)**	49,675.61
Dividend Paid	**(69,377.54)**	(69,373.97)
Tax on Dividend	**(11,403.91)**	(11,655.94)
Interest Paid	**(1,781.63)**	(1,537.89)
Net Cash Flow from Financing Activities 'C'	**(82,727.20)**	**(32,892.19)**
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	**(5,915.41)**	**(24,626.39)**
Cash and Cash Equivalents as at 1st April, 2009 (Closing Balance)	**225,883.48**	250,486.80
Cash and Cash Equivalents as at 31st March, 2010 (Closing Balance)	**219,968.07**	225,860.41

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
2. Adjustments have not been made to "Purchase of Fixed Assets" (Investing Activities), on account of increase/decrease in Capital Creditors. The impact of the above is not readily ascertainable.
3. Cash and Cash equivalents represent:-

(₹ in million)

	2009-10	2008-09
a) Cash and Bank Balances and Cheques in hand (Schedule 11A)	**149,703.83**	156,331.20
b) Deposits with Bank under Site Restoration Fund Scheme (Schedule 11B)	**74,138.43**	69,624.35
Total	**223,842.26**	225,955.55

4. Cash and Cash equivalent excludes ₹ 3,874.16 million (Previous year ₹ 95.14 million) in current account/deposit account of interest warrant/ refund accounts, under lien, pledge with banks/Govt. authorities in respect of MRPL.
5. Cash Balance includes ₹ 2,370.84 million share of jointly controlled entity. (Previous year ₹ 2,575.24 million)
6. Bracket indicates cash outflow.
7. Previous years figures have been regrouped wherever necessary to conform to current year's classification.

For and On behalf of the Board

(N. K. Sinha)
Company Secretary

(D. K. Sarraf)
Director (Finance)

(R. S. Sharma)
Chairman & Managing Director

In terms of our report of even date attached

For Arun K. Agarwal & Associates
Chartered Accountants

(Rajesh Surolia)
Partner (Mem. No. 88008)

For Singhi & Co.
Chartered Accountants

(B. K. Sipani)
Partner (Mem. No. 88926)

For P.S.D. & Associates
Chartered Accountants

(Prakash Sharma)
Partner (Mem. No. 72332)

For Kalyaniwalla & Mistry
Chartered Accountants

(Ermin K. Irani)
Partner (Mem.No. 35646)

For Padmanabhan Ramani & Ramanujam
Chartered Accountants

(K. R. Ganesh)
Partner (Mem. No.22439)

New Delhi
May 28, 2010

Electronic Clearing Services (ECS) Request Form

The Company extends the ECS facility to shareholders so as to enable them to receive dividend through electronic mode to their bank. This facility will be available in the following centres: Ahemdabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Guwahati, Hydrebad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, Patna, Thiruvananthapuram, Agra, Allahabad, Amritsar, Aurangabad, Baroda, Bhopal, Calicut, Cochin, Coimbatore, Dehradun, Erode, Gorakhpur, Gwalior, Hubli, Indore, Jabalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kohlapur, Lucknow, Ludhiana, Madurai, Mangalore, Mysore, Nasik, Panjim, Pune, Raipur, Rajkot, Salem, Shimla, Surat, Trichur, Trichy, Udaipur, Varanasi, Vijyawada, Vishkhapatnam. Those who wish to avail the facility may fill up the ECS form given below and send the same to the Share Transfer Agent of the Company - M/s Karvy Computershare Private Limited in case of shares held in physical form and to their respective Depository Participant in case of shares held in Electronic/Demant form.

Electronic Clearing Services (ECS) Request form
(Note: If you are already receiving through ECS, please ignore this form)

SHAREHOLDERS IN PHYSICAL FORM	SHAREHOLDERS IN DEMAT FORM
Karvy Computershare Pvt. Ltd Unit - ONGC, 17-24, Vittal Rao Nagar Madhapur, Hyderabad – 500 081 Andhra Pradesh – India Tel: 040 23420815-819, Fax: 040 23420814	To be sent to your Depositary Participant (DP)

Dear Sir,
Subject : ECS Mandate/ Bank form for Dividend Payment
I the undersigned, shareholder of Oil and Natural Gas Corporation Limited (ONGC), wish to opt for ECS facility for payment of dividend. The following is a confirmation of my details and I hereby confirm my choice to opt for payment of dividend payable to me by a physical dividend warrant/demand draft, on account of any circumstances beyond the control of ONGC, that may affect payment of dividend through ECS.

1) For shares held in physical form
Folio No:

2) For shares held in Electronic form **[Shareholders holding shares in electronic form should forward this form to their respective Depositary Participant (DP)].**

DP ID								

Client ID																

3) Name & Address :

4) Bank Particulars:

Bank Name	
Branch Name & Address	
Account No. (as appearing in cheque book)	
Account type	
9 digit MICR code as appearing on the cheque	

Proxy Form

Oil and Natural Gas Corporation Limited
Registered Office: Jeevan Bharati Bldg., Tower- II, 124 Indira Chowk, New Delhi – 110 001

D.P ID*			Master Folio No.	
Client ID*			No. of share(s) held	

I/We.. of ....being a member(s) of OIL AND NATURAL GAS CORPORATION LIMITED hereby appoint Mr./Ms..
.......................of..............................or failing him/ her ....of ....as my /our proxy to vote for me/us on my/our behalf at the 17th Annual General Meeting of Oil And Natural Gas Corporation Limited to be held on Thursday, 23rd September, 2010 at 10.00 A.M. or at any adjournment thereof.

Affix revenue stamp of Re 1

Signed this ....day of........................2010.

*Applicable for investor holding share(s) in electronic form.

Note: The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the scheduled time of the aforesaid meeting.

....TEAR HERE..

Attendance Slip

Oil and Natural Gas Corporation Limited
Registered Office: Jeevan Bharati Bldg., Tower- II, 124 Indira Chowk, New Delhi – 110 001

Please fill in this attendance slip and hand it over at the entrance of the meeting venue.

D.P ID*			Master Folio No.	
Client ID*			No. of share (s) held	

I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the 17th Annual General Meeting of the Oil And Natural Gas Corporation Limited held on Thursday, the 23rd September, 2010 at 10:00 A.M. at Siri Fort Auditorium, New Delhi-110 049.

Members/Proxy's name in Block Letters

Signature of Member/Proxy

*Applicable for investor holding Share(s) in electronic Form.

This Annual Report is printed on 100% recycled, environment-friendly paper

A. Marina – a mangrove specie planted at GGS-3 site Gandhar, Gujarat. One of ONGC's initiatives in collaboration with Bombay Natural History Society to help arrest coastline erosion in Maharashtra and Gujarat through mangrove plantations. The effort also comprises of a programme for educating coastline dwellers on the importance of mangroves in combating erosions.

Oil and Natural Gas Corporation Ltd

Regd. Office: 8th floor, Jeevan Bharati, Tower II,
124, Indira Chowk, New Delhi-110001
Tel: +91-11-23301000/23310156/23721756 Fax: +91-11-23316413
www.ongcindia.com