Explore. Evolve. Excel.

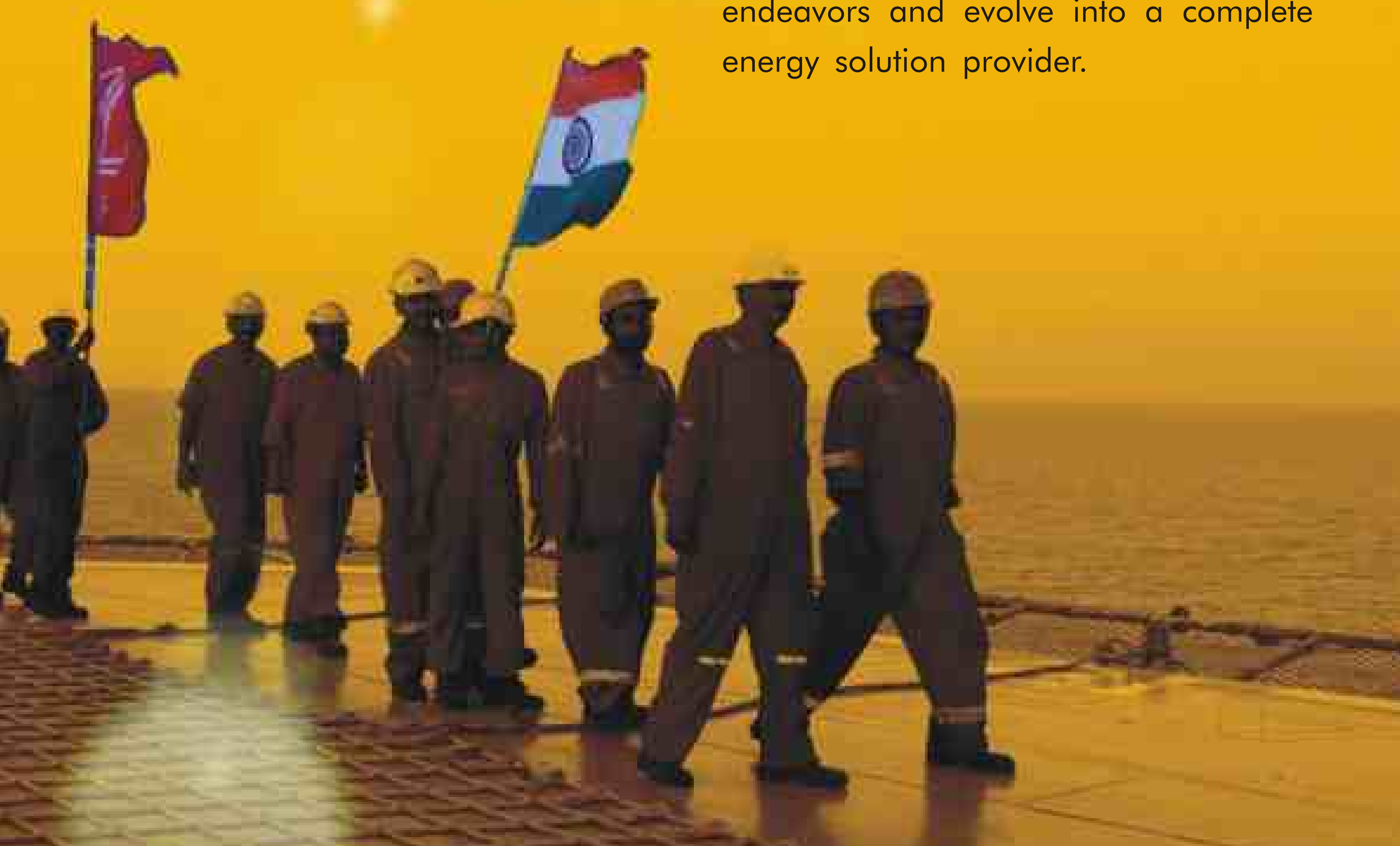
ओएनजीसी
ONGC

ANNUAL REPORT 2010-2011

The steady workhorse at ONGC Offshore : Jack-up Rig Sagar Kiran

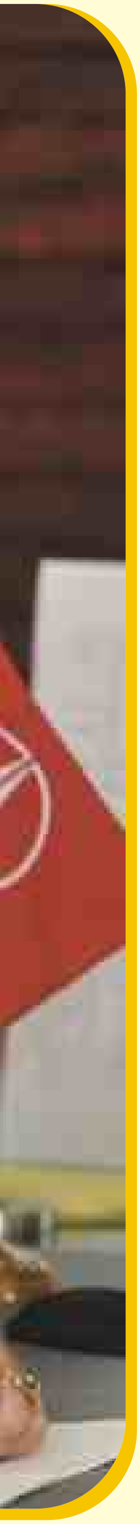

EXPLORE.
EVOLVE.
EXCEL.

ONGC was formed in 1956 with the vision of great leaders to make our country energy-sufficient. Since then, the company has taken every step to fulfill this promise. Over the years, the company has discovered 6 of the 7 producing basins in India and added 6.4 billion tonnes of Oil and Gas reserves. Today, according to Platts Top 250 Global Energy Ranking, ONGC is the no. 1 E&P company in the world. The company is ready to touch new horizons of growth by resolutely focusing on its Oil & Gas production capabilities. ONGC aims to explore newer avenues for a greener planet, excel in its exploratory endeavors and evolve into a complete energy solution provider.



Chairman's Message

Chairman's Message



Dear Shareholders

The fiscal 2010-11 has been the year of achievements for your Company and it is indeed a privilege for me to share the same with you. First of all, your Company recorded highest-ever production (including the production share from its domestic joint ventures and the production of OVL) of 62.05 million tonne of oil and oil equivalent gas (MMTOE). Ultimate reserve accretion of 83.56 MMTOE in domestic operated fields has been the highest in last two decades. Your Company also made a significant breakthrough in Shale gas exploration.

Your Company made highest ever Net Profit of ₹189,240 million despite sharing ₹ 248,924 million as under recoveries of the Oil Marketing Companies as per the government directives towards subsidizing petroleum products i.e., HSD, LPG and SKO. Net Worth of your Company increased to ₹ 967,084 million; up by 6.6% over the last year. The aggregate dividend for FY'11 at ₹ 35 per share has been 20% more than the last year and the highest-ever dividend in absolute terms.

In recent times, the emerging economies particularly in Asia Pacific region, led by China and India, emerged as the largest energy consuming centres in the world. India is now the fourth largest energy consumer after China, USA and Japan.

Energy demand pressure is building up and it will be only intense in the future. However, supply side remains challenged; particularly for crude oil which accounts for largest slice (38%) in the global energy basket. Industry expects that it may be able to maintain demand supply balance with increased level of production from non-conventional oil, probably by 2050.

The uncertainties in the oil industry due to ongoing turmoil in the Middle East and North African (MENA) region continues to bring unprecedented volatility in the industry; especially throwing the crude oil prices in the range of US$ 100-125 per bbl. In such high price regime, the growth momentum of the oil import dependent economies like India have taken a heavy toll. If the same scenario continues, Indian economy may be severely impacted.

The average crude oil price for Indian basket during FY'11 has been US$ 85.09 per barrel; 22% higher than FY'10 (US$ 69.76/bbl). To make crucial petroleum products available at affordable prices, the Government had little option but to subsidize the prices. The upstream companies had to share this subsidy burden by 38.8%, instead of past practices of 33.3%, out of which ONGC had to share 82%. Our outgo on account of the subsidy payment of ₹ 248,920 million resulted in the net crude oil price realization at US$ 53.77 per bbl in FY'11 against US$ 55.94 per bbl during the last year.

It is also pertinent to mention that the high oil prices always escalate the cost of oil field services. Thus while the cost of input is increasing due to high oil prices, our net realization is reducing due to higher subsidy burden. This double impact of rising oil prices seriously affects our investment capacity for upcoming cost intensive projects.

You will appreciate that despite such challenging business environment, your Company has been consistently performing well. Its strategic pursuits maintain focus on locating and creating new hydrocarbon assets, prudent reservoir management, sourcing equity oil and gas, exploration of new sources of energy and meaningful integration in hydrocarbon value chain.

For locating and creating new hydrocarbon assets, your Company intensified exploratory efforts and these efforts yielded desired results. During the last five years we accreted 1,124 MMTOE in-place volumes of hydrocarbons, making average Reserve Replacement Ratio (3P reserves) 1.53 for this period, which is one of the most important parameters for sustaining the growth of your Company.

During FY'11, reserves of 63 major domestic fields, operated by your Company and having 80.6% of the total 3P reserves of 1211.39 MMTOE were audited by independent hydrocarbon reserve consultants. The overseas reserves of OVL for all its assets were also audited, and the 3P reserves were found to be more than what was estimated in-house.

Your Company made some significant discoveries in the pre-NELP blocks of East Coast like G-1 & GS-15, G-4 & GS-29, Vashishtha and S-1. Some discoveries in NELP blocks like KG-DWN-98/2 in KG Basin and MN-DWN-98/3 and MN-OSN-2000/2 blocks in Mahanadi Basin are also significant. Most of these are gas discoveries and efforts are on to monetize them. As far as discoveries in pre- NELP blocks in East Coast are concerned, your Company is planning to develop them as clusters through common facilities to optimize cost.

DOC (Declaration of Commerciality) for the KG-DWN-98/2 along with adjoining discoveries in nomination blocks and MN-DWN-98/3 has already been submitted to DGH with request for permission to drill additional appraisal wells that would help us firming up the reserves as well as our development plan.

14 major fields, which contribute more than 71% of the total production of ONGC, are 25-50 years of vintage. Improving recovery factor of these fields with prudent reservoir management practices and induction of new technology has been the focus area of your Company. Out of 21 Improved Oil Recovery (IOR)/ Enhanced Oil Recovery (EOR) and redevelopment schemes for improving recovery factor, 15 schemes have already been completed and six are under implementation. As of 31st March, 2011, your Company has made an investment of ₹ 257.97 billion in these schemes which has yielded desired results.

Development of new and marginal fields has also been the focus area of your Company. We have taken up 10 major projects for development of new & marginal fields and one project for additional development of D-1 field with estimated investment of ₹ 248.90 billion. The fields under development are- C-Series, B-22 cluster, B-193 cluster, B-46 cluster, North Tapti gas field, Cluster-7, BHE & BH-35, WO-16 cluster, G-1 & GS-15 and SB-14. These fields are expected to be on stream by 2013-14.

ONGC Videsh Ltd (OVL), a 100% subsidiary of ONGC, has established itself as our growth vehicle by meaningful expansion in global E&P business. OVL remains focused on expanding its E&P portfolio and its equity oil sourcing is increasing every year. During FY'11, it produced 9.45 million tonne of oil and oil equivalent gas; the highest-ever. Presently it has 33 projects in 14 countries.

Your Company achieved a breakthrough in Shale gas exploration in its maiden R&D Pilot venture in Damodar Basin at Durgapur, West Bengal. We are planning to take up exploration in other potential Shale basins like - Cambay, Krishna Godavari, Cauvery and Assam-Arakan.

After successful commissioning of a 50 MW Wind Farm in Gujarat, your Company is setting up another wind farm of 102 MW capacity in Rajasthan. Besides that, ONGC Energy Centre (OEC) is pursuing several projects like, Thermo-Chemical Reactor for Hydrogen generation, Bio-conversion of Lignite to methane, Solar Thermal engine, exploration and exploitation of Uranium reserves and LED Project.

The refining capacity of Mangalore Refinery & Petrochemicals Ltd (MRPL), a subsidiary of your Company is being enhanced to 15 MMTPA and it is expected that progressive commissioning may begin from January 2012, as per schedule.

Two petrochemical projects, ONGC Petro-additions Limited (OPaL) and ONGC Mangalore Petrochemicals Limited (OMPL) promoted by your Company are progressing well and expected to be commissioned in 2012 and 2013 respectively.

726.6 MW (363.3 MW x 2 units) gas based Combined Cycle Power Plant (CCPP) is being set up at Palatana, Tripura by ONGC Tripura Power Company Ltd. (OTPC), an SPV promoted by your Company. The project aims to monetize the idle gas asset in the state of Tripura. This is a unique project for which all 90 packages of Over-dimension Cargos (ODC) are being transported through Bangladesh. Despite logistical challenges, the first GT (weighing about 300 tonnes) along with its ODCs has been successfully transported and expected to be commissioned as per schedule i.e. March 2012.

Good Corporate Governance has been the focus area of your Company. We have started implementing the voluntary guidelines on Corporate Governance issued by Ministry of Corporate Affairs. At the same time, a comprehensive Enterprise-wide Risk Management (ERM) framework has also been put in place.

You will be happy to learn that besides the conferment of 'Maharatna' status to your Company by the Hon'ble President of India in April, 2011, another significant achievement in the last year has been the recognition by the Transparency International. As per the "Promoting Revenue Transparency (PRT) Report 2011" by Transparency International and Revenue Watch, ONGC occupies the Top rank among 44 global oil and gas companies in the world as far as Organizational Disclosure Practices are concerned. You will agree that this is a genuine international recognition of our ethical and transparent business practices.

The first assured sustainability report of your Company was released on the day of last AGM, that is 23rd September, 2010. This year, we are working aggressively to bring out the second issue conforming to international standards and confirming our commitment to sustainable growth.

The Corporate Social Responsibility (CSR) initiatives of your Company continues to primarily focus on education, health, entrepreneurship development, women's empowerment, girl child development and water management. While our dedication in this front has brought us millions of smiles, it has also made us a distinct Company that cares not only for its shareholders but all stakeholders, especially the underprivileged section.

You will also be pleased to know that as per a survey conducted by Business Today (6th February, 2011 issue); your Company has been ranked as the 'Best Employer to Work For' among all PSUs as well as the 'Best Employer to Work For' in the Core Sector, including private and public.

Your unstinted support and patronage has always given us confidence to achieve new milestones at performance fronts on continuous basis. I am sure the management of your Company will continue to receive the same, encouraging us to maintain our commitment for assured sustainable growth in the years to come.

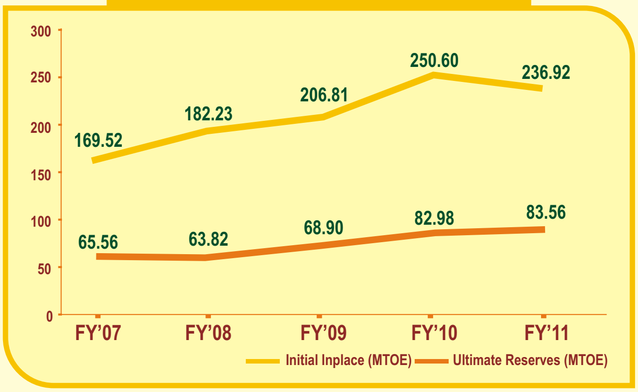
With Best Compliments,

(A.K.Hazarika)
Chairman & Managing Director

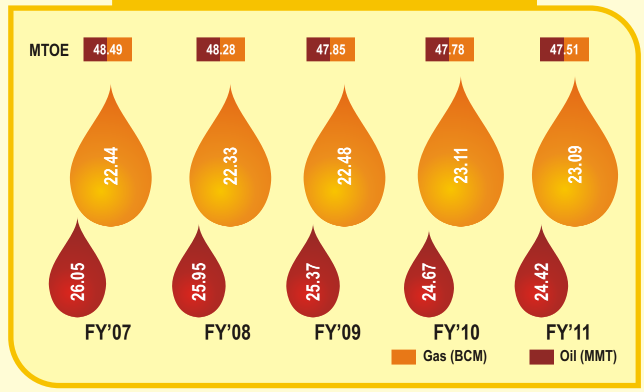
Content

Operational Highlights FY'11

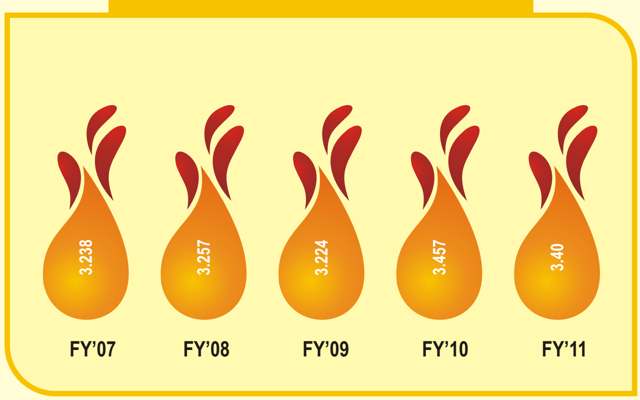
Highest Ultimate Reserve Accretion in last two decades



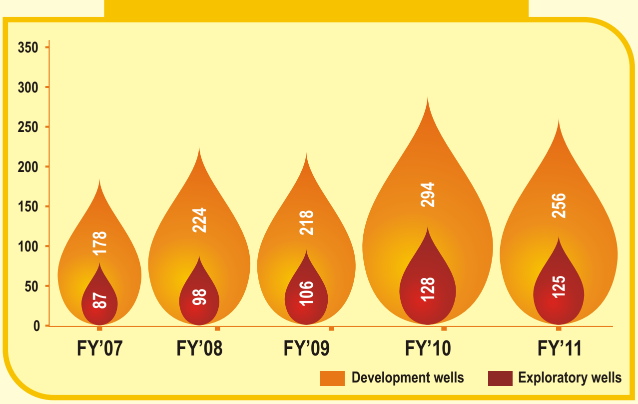
Oil & Gas Production



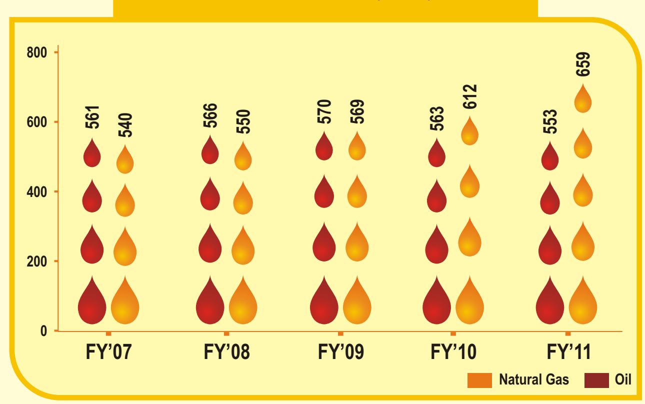
VAP Production (KT)



Wells Drilled (Nos.)

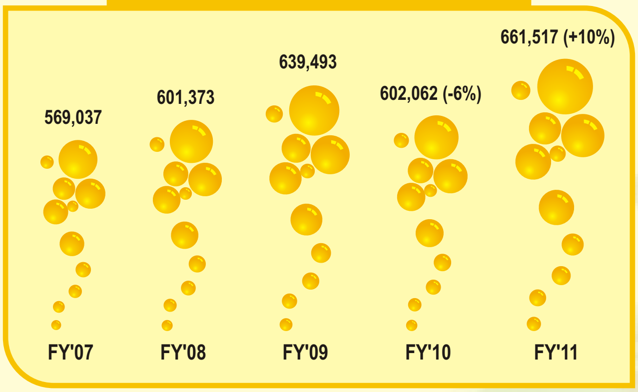


Oil & Gas Reserves (MTOE)

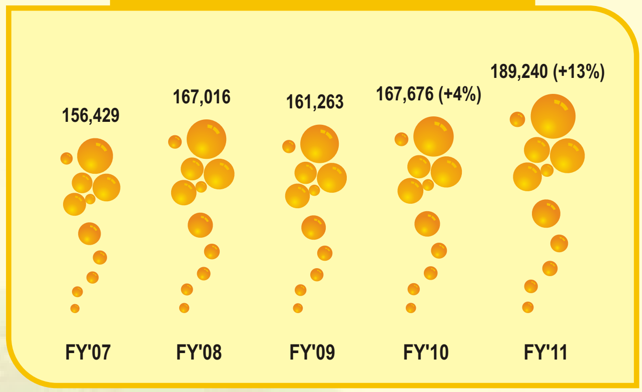


Financial Highlights FY'11

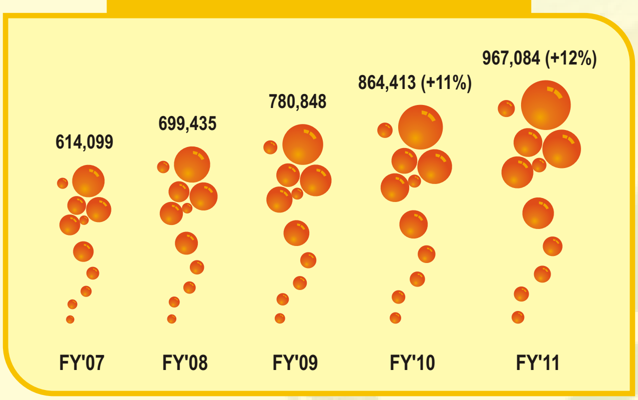
Sales Income



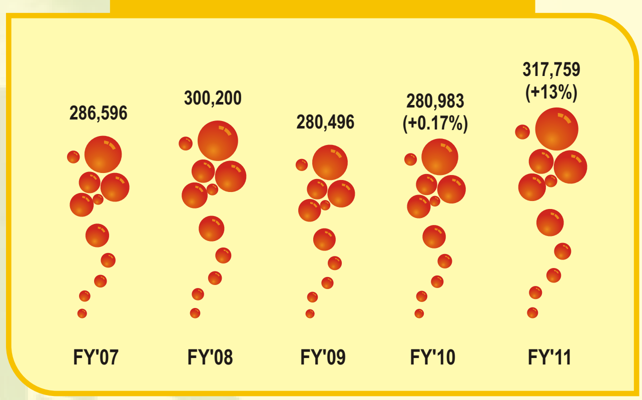
Net Profit (₹ Million)



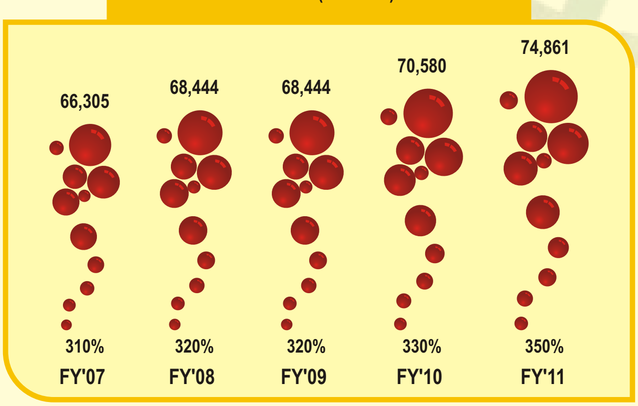
Net Worth (₹ Million)



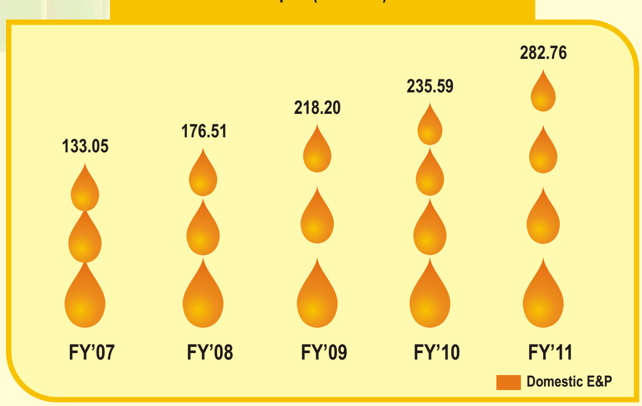
Contribution of exchequer (₹ Million)



Dividend (₹ Million)



Capex (₹ Billion)



Shri A. K. Hazarika
Director (Onshore)
Chairman & Managing Director (additional charge)
(From 1st February, 2011)

Shri U. N. Bose
Director
(Technology & Field Services)

Shri D. K. Sarraf
Director (Finance)

Shri S. Vasudeva
Director (Offshore)

Shri S. V. Rao
Director (Exploration)
(From 25th February, 2011)

Shri K. S. Jamestin
Director (HR)
(From 25th May, 2011)

Shri S. Bhargava
Government Nominee Director

Smt L. M. Vas
Government Nominee Director

Shri S. S. Rajsekar
Independent Director

Shri S. Balachandran
Independent Director

Shri Santosh Nautiyal
Independent Director

Smt Anita Das
Independent Director

Dr. D. Chandrasekharam
Independent Director
(From 11th March, 2011)

Smt Usha Thorat
Independent Director
(From 20th June, 2011)

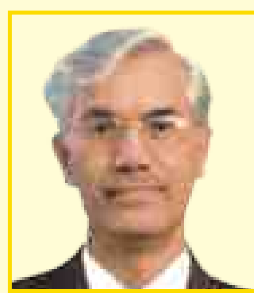
Prof. Deepak Nayyar
Independent Director
(From 20th June, 2011)

Shri Arun Ramanathan
Independent Director
(From 20th June, 2011)

Shri Joeman Thomas
MD, OVL
(From 28th February, 2011)
(Special Invitee)

Shri R. S. Sharma
Ex - Chairman & Managing Director
(Upto 31st January, 2011)

Shri D. K. Pande
Ex - Director (Exploration)
(Upto 31st January, 2011)



Shri R. S. Butola
Ex - MD, OVL
(Upto 27th February, 2011)
(Special Invitee)

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

Corporate Office
Tel Bhavan, Dehradun – 248 003
Uttarakhand

Statutory Auditors
M/s Arun K. Agarwal & Associates, New Delhi
M/s Kalyaniwalla & Mistry, Mumbai
M/s Ray & Ray, Kolkata
M/s M. Kuppuswamy P S G & Co., Chennai
M/s S. Bhandari & Co., Mumbai

Cost Auditors
M/s A. B. K. Associates, Mumbai
M/s N. D. Birla & Co., Ahmedabad
M/s M. Krishnaswamy and Associates, Chennai
M/s Bandyopadhyaya Bhaumik & Co., Kolkata
M/s A. C. Dutta & Co., Kolkata
M/s. N.I. Mehta & Co. Mumbai
M/s. Ramanath Iyer & Co., Delhi

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

Notice is hereby given that the 18th Annual General Meeting of the Members of **OIL AND NATURAL GAS CORPORATION LIMITED** will be held on Tuesday, **the 30th August, 2011 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, 2011, Profit & Loss Account for the year ended 31st March, 2011 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 2010-11.
3. To appoint a Director in place of **Shri S. S. Rajsekar,** who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Shri S. Balachandran,** who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of **Shri S. Nautiyal,** 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 2011-12, 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 2011-12, 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 S. V. Rao, who was appointed as an Additional Director and designated as Director (Exploration) under Section 260 of the Companies Act, 1956, effective 25th February, 2011 and holds office up to the 18th 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."

ITEM No. 8

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

"RESOLVED THAT Dr. D. Chandrasekharam, who was appointed as an Additional Director (part-time non-official Director) under Section 260 of the Companies Act, 1956, effective 11th March, 2011 and holds office up to the 18th 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."

ITEM No. 9

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

"RESOLVED THAT Shri K. S. Jamestin, who was appointed as an Additional Director and designated as Director (Human Resources) under Section 260 of the Companies Act, 1956, effective 25th May, 2011 and holds office up to the 18th 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."

ITEM No. 10

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

"RESOLVED THAT Smt. Usha Thorat, who was appointed as an Additional Director (part-time non-official Director) under Section 260 of the Companies Act, 1956, effective 20th June, 2011 and holds office up to the 18th 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 her candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

ITEM No. 11

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

"RESOLVED THAT Prof. Deepak Nayyar, who was appointed as an Additional Director (part-time non-official Director) under Section 260 of the Companies Act, 1956, effective 20th June, 2011 and holds office up to the 18th 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."

ITEM No. 12

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

"RESOLVED THAT Shri Arun Ramanathan, who was appointed as an Additional Director (part-time non-official Director) under Section 260 of the Companies Act, 1956, effective 20th June, 2011 and holds office up to the 18th 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

15th July, 2011

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 23rd August, 2011 to Tuesday, the 30th August, 2011(both days inclusive).**
5. The Board had recommended a final Dividend of 15% at its meeting held on 30th May, 2011. The dividend, if approved by the Members at the said Annual General Meeting, will be paid before 28th September, 2011 **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 22nd August, 2011, and the respective Beneficial Owners as at the close of business hours on Monday, the 22nd August, 2011, 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-110001, 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- 110001, 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 22nd August, 2011 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 **29th September, 2003 for the financial year 2002-03 and interim dividend declared on 4th February, 2004, for the financial year 2003-04,** to the Investor Education and Protection Fund of the Central Government. **The unpaid/ unclaimed amount of Final Dividend declared on 29th September, 2004 for the financial year 2003-04 and interim dividend declared on 24th December, 2004, for the financial year 2004-05, will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government by 28th October, 2011 and 23rd January, 2012 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. 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.

14. 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 form may contact their respective DPs for registration of nomination.

15. 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.

16. 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 2011-12 after taking into consideration the increase in volume of work and prevailing inflation etc.

17. 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 S. V. RAO

Shri S. V. Rao, was appointed as an Additional Director and designated as Director (Exploration) on the Board of ONGC effective 25th February, 2011 in place of Shri D. K. Pande, who retired on 31.01.2011. In terms of Section 260 of the Companies Act, 1956 he holds office up to the 18th 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 S. V. Rao as candidate for the office of Director. Shri S. V. Rao, 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 S.V. Rao, aged 57 years, holds a Bachelor's degree in Science and a Master's Degree in Applied Geology from the University of Bombay. He has about 35 years of experience in the exploration and exploitation of oil and gas fields, well-site investigation, geological and geophysical assessment and has handled geological and geophysical assessment of the KG-PG and Western Offshore Basins, supervision and monitoring of geological operations at the oil and gas wells of ONGC at Ankleshwar Asset and Cauvery basin. He has officiated as the Head of the exploration and Development Directorate, Dehradun. Prior to joining the Board Shri Rao was the ED-Chief, Offshore Exploration and Development and In-Charge of the Western Offshore Basin and deep water areas.

Shri S. V. Rao is a director on the Board of ONGC Videsh Limited and Energistics (a foreign company). He holds 2880 equity shares of ₹ 5 each in ONGC.

None of the Directors except Shri S. V. Rao is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Shri S. V. Rao, 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.

Item No.8

APPOINTMENT OF DR. D. CHANDRASEKHARAM

Dr. D. Chandrasekharam, has been appointed as an Additional Director (part-time non-official Director) on 11.03.2011 for a period of 3 years. In terms of Section 260 of the Companies Act, 1956 he holds office up to the 18th 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 Dr. D. Chandrasekharam as candidate for the office of Director. Dr. D. Chandrasekharam, 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.

Dr. D. Chandrashekharam, aged 63 years, holds a Bachelor's degree in geology, a Master's degree in Applied Geology and a Doctor of Philosophy degree in Volcanology and Geochemistry from the Indian Institute of Technology, Mumbai. Dr. Chandrashekharam has over 30 years of research and teaching experience in the field of Earth Sciences, including, inter alia, officiating as the Head of the Department of Earth Sciences, Head, Centre of Studies in Resource Engineering at the Indian Institute of Technology Bombay, Mumbai. He has served as a Senior Scientist at the Centre for Earth Science Studies, Trivandrum and served as a Senior Scientist at the Centre for Water Resources Development, Kerala. He is also currently a member of the International Geothermal Association (serving in its Board of Directors), the Geothermal Resources Council, USA, the Current Science Association, India and the International Association for Hydrogeologists. Dr. Chandrashekharam has over 20 years of experience in petroliferous basins of India.

Dr. D. Chandrasekharam is a director on the Board of Indian Rare Earths Limited and Western Coalfields Limited. He does not hold any shares in ONGC.

None of the Directors except Dr. D. Chandrasekharam is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Dr. D. Chandrasekharam, 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.

Item No.9

APPOINTMENT OF SHRI K. S. JAMESTIN

Shri K. S. Jamestin, was appointed as an Additional Director and designated as Director (Human Resources) on the Board of ONGC effective 25th May, 2011 in place of Dr. A. K. Balyan, who resigned on 15.07.2010. In terms of Section 260 of the Companies Act, 1956 he holds office up to the 18th 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 K. S. Jamestin as candidate for the office of Director. Shri K. S. Jamestin, 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.

Born on 16th July, 1954, Shri K. S. Jamestin has 34 years of experience in the petroleum and natural gas sector. Prior to becoming Director (HR) of ONGC he served as Chief HRD where he re-engineered and e-enabled all HR processes in ONGC. Shri K. S. Jamestin is a first class B. Sc (Engg) in Electronics and Telecommunications branch from Faculty of Engineering, University of Kerala, MBA in Finance, Diploma in Operations Management and Certified Project Management Professional. He joined ONGC as a Graduate trainee in March 1977 and has served the organisation in various capacities. He had also served as Head Regional Office, Mumbai and as Project leader for Project ICE, ONGC's award winning SAP-ERP implementation Project, rated as one of the biggest and most successful SAP implementations in the world.

Shri K. S. Jamestin is a director on the Board of ONGC Videsh Ltd. He holds 3600 equity shares of ₹ 5 each in ONGC.

None of the Directors except Shri K. S. Jamestin is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Shri K. S. Jamestin, 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.

Item No.10

APPOINTMENT OF MRS. USHA THORAT

Mrs. Usha Thorat has been appointed as an Additional Director (part-time non-official Director) on 20.06.2011 for a period of 3 years. In terms of Section 260 of the Companies Act, 1956 she holds office up to the 18th 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 Mrs. Usha Thorat as candidate for the office of Director. Mrs. Usha Thorat, 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.

Born on February 20, 1950, Mrs. Thorat has a Master's degree in Economics from the Delhi School of Economics. She joined the Reserve Bank in April 1972. During her career in the RBI spanning 38 years, she has had a stint in virtually each and every area of central banking. Besides banking regulation/supervision, rural/urban cooperative banking, deposit insurance and currency management, she has rich experience in the areas of foreign exchange and reserves management, debt management of central and state governments, development and regulation of money, forex and government securities markets, rural planning and credit, cooperative banking, customer service and grievance redressal, and payment and settlement systems. She was also the Appellate Authority under the Right to Information Act, 2005 as well as under the Banking Ombudsman Scheme, 2006. She has played a key role in training and capacity building, both in the RBI and banks, as Chairperson of the College of Agricultural Banking and the Reserve Bank's Staff College, besides serving as a Member of Faculty at the latter.

Prior to her elevation as Deputy Governor, Mrs. Thorat was the Executive Director of the Reserve Bank (since April 2003). As Executive Director, she represented RBI on the BIS Committee on Global Financial Systems (CGFS). She had also served as a member on the CPSS-IOSCO Task Force on Securities Settlement Systems (1999-2001). After a distinguished service of nearly four decades with the Reserve Bank of India, Mrs. Usha Thorat retired in November 2010 as its Deputy Governor, a post which she held for five years. The other important positions held by Ms. Thorat during her tenure as Deputy Governor included Member on the Board of Securities Exchange Board of India (SEBI), Chairperson of the Bharatiya Reserve Bank Note Mudran Private Limited, Chairperson of the Deposit Insurance and Credit Guarantee Corporation (2005-09) and Director on the Board of National Bank for Agriculture and Rural Development (2005 – 09).

She is presently serving as Director of the Centre for Advanced Financial Research and Learning (CAFRAL) in January 2011. CAFRAL is promoted by Reserve Bank of India as a centre of excellence for research and learning in the field of banking and finance. She does not hold any shares in ONGC.

None of the Directors except Mrs. Usha Thorat is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Mrs. Usha Thorat, it would be in the interest of the Company to appoint her as a Director of the Company. The Board recommends the resolution for your approval.

Item No.11

APPOINTMENT OF PROF. DEEPAK NAYYAR

Prof. Deepak Nayyar has been appointed as an Additional Director (part-time non-official Director) on 20.06.2011 for a period of 3 years. In terms of Section 260 of the Companies Act, 1956 he holds office up to the 18th 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 Prof. Deepak Nayyar as candidate for the office of Director. Prof. Deepak Nayyar, 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.

Prof. Deepak Nayyar born on 26th September 1946, is an eminent economist and Independent Director on the Board of ONGC. He is Professor of Economics at Jawaharlal Nehru University, New Delhi. Earlier, he has taught at the University of Oxford, the University of Sussex, the Indian Institute of Management, Calcutta and the New School for Social Research, New York. Prof, Nayyar was Vice Chancellor of the University of Delhi from 2000 to 2005. He also served as Chief Economic Adviser to the Government of India and Secretary in the Ministry of Finance. In the past, he was a Director on the Boards of State Trading Corporation of India, the State Bank of India, Export-Import Bank of India, Maruti Udyog.

He was educated at St. Stephen's College, University of Delhi. Thereafter, as a Rhodes Scholar, he went on to study at Balliol College, University of Oxford, where he obtained a B. Phil and a D. Phil in Economics. He has received the V.K.R.V. Rao Award for his contribution to research in Economics. He is an Honorary Fellow of Balliol College, Oxford. Professor Nayyar served as Chairman of the Board of Governors of the UNU World Institute for Development Economics Research, Helsinki, a Member of the Board of Directors of the Social Science Research Council in the United States, and Chairman of the Advisory Council for the Department of International Development, Queen Elizabeth House, University of Oxford. He also served as a member of the National Knowledge Commission in India and Vice President of the International Association of Universities, Paris.

At present, he is a Director on the Board of Steel Authority of India Limited, Birla Corporation Ltd. and ICRA. He does not hold any shares in ONGC.

None of the Directors except Prof. Deepak Nayyar is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Prof. Deepak Nayyar, 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.

Item No.12

APPOINTMENT OF SHRI ARUN RAMANATHAN

Shri Arun Ramanathan has been appointed as an Additional Director (part-time non-official Director) on 20.06.2011 for a period of 3 years. In terms of Section 260 of the Companies Act, 1956 he holds office up to the 18th 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 Arun Ramanathan as candidate for the office of Director. Shri Arun Ramanathan, 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 Arun Ramanathan was born on 25th April, 1949. Apart from holding post graduate degrees in Nuclear Physics, Business Administration and Development Economics, he is also an Associate Member of the Institute of Cost and Works Accountants of India. Shri Arun Ramanathan joined the IAS in July 1973 where he held several assignments in Industry, Finance, Food, Consumer Protection, Transport and General Administration. In the GOI, he was Secretary (Chemicals & Petrochemicals), Secretary (Financial Services) and finally the Union Finance Secretary. Mr. Ramanathan was the Finance Secretary at the time of the global financial crisis and was nominated by the Prime Minister to Chair the Group of Secretaries to recommend measures needed to counter the meltdown in the financial and industrial sectors.

Shri Arun Ramanathan is a director on the Board of National Textile Corporation, JCT Electronics, Indian Clearing Company Ltd., United Stock Exchange Ltd. and Shipping Corporation of India Ltd. He does not hold any shares in ONGC.

None of the Directors except Shri Arun Ramanathan is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Shri Arun Ramanathan, 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

15th July, 2011

Green Initiative in Corporate Governance

Dear Shareholder,

As you are kindly aware the Ministry of Corporate Affairs, as a part of its "Green initiative in the Corporate Governance", has clarified that a Company would have complied with Section 53 of the Companies Act, 1956 if the service of a document is made through electronic mode provided the company has obtained email addresses of its members for sending the notice/documents through email by giving an advance opportunity to every shareholder to register their email address and changes therein from time to time.

While a separate communication shall be sent to the shareholders seeking their consent to send any future communications and Annual Report of ONGC by email, we request you to kindly furnish your email id to M/s Karvy Computershare Pvt Ltd (R&T Agent of ONGC) at their address indicated in Reference page or email to mailmanager@karvy.com. Please ensure that you have indicated your Folio No. / DP & client ID No as well as your consent to receive future communications from ONGC including Annual Reports etc through email at your registered email address.

Please help us to save the environment.

(N. K. Sinha)
Company Secretary

Ecological restoration through Ringal Bamboo plantation in Himalayas

Brief Resume and Other Information in Respect of Directors Seeking Re-election at the 18th AGM

Name	Shri S. S. RAJSEKAR	Shri S. BALACHANDRAN	Shri S. NAUTIYAL
Date of Birth & Age	May 29, 1954, 57 years	August 27, 1946, 65 years	July 18, 1946, 65 years
Date of Appointment	November 11, 2011	November 11, 2011	November 11, 2011
Qualifications	Chemical Engineer	B.Sc. Gold Medallist M.Sc. First Class	Post Graduate in Political Science and Public Administration.
No. of Shares held	0	0	0
Experience in Specific Functional Areas	Sh S.S. Rajsekar is an accomplished professional, a first generation entrepreneur with over 30 years experience in real estate promotion and trade. He has been involved in the area of rural agriculture management and social and community development. A proactive Rotarian, he is involved in several socially relevant projects in and around Tamil Nadu.	He joined Indian Railway Accounts Service in 1971. He has served in various capacities in Railways and on deputation outside in Corporate and other Government Sectors. He served in the senior management level in Indian Railway Finance Corporation including as its Managing Director. He was involved in setting up of Railtel Corporation, Rail Vikas Nigam Ltd and Joint ventures like Karnataka Rail Infrastructure Development Enterprises, Hassan Mangalore Rail Development Company, Pipavav Rail Corporation, etc apart from being a director in some of these companies. He worked as Under Secretary and Deputy Secretary of UPSC and Joint Director of C&AG.	Shri Santosh Nautiyal, is an IAS (Orissa – 1968). During the 38 years of his service he worked as MD, IPICOL, Orissa, Principal Secretary to the Government of Orissa, Joint Secretary, Ministry of Steel, Additional Secretary, Department of Consumer Affairs, Chairman, Food Corporation of India. He retired as the Chairman of National Highways Authority of India in July 2006. He had a long experience of over 18 years in the Industries Sector and infrastructure development in various capacities and has been on the Board of National Mineral Development Corporation Ltd. (NMDC) and Kudremukh Iron Ore Company Ltd. (KIOCL).
Directorship held in other Public companies	a. Chennai Consultancy Services Private Limited b. Chidbhava Constructions and Properties Private Limited c. Coromandel Engineering Company Limited d. ONGC TERI Biotech Limited e. Tamilnadu Corporation for development of Women Limited	a. Dredging Corporation of India b. ONGC Petro-additions Limited c. PTC Energy Limited d. PTC India Limited	a. Central Warehousing Corporation b. Mangalore SEZ Limited c. NTPC Limited d. ONGC Mangalore Petrochemicals Limited
Chairmanship/ Membership of Committees across all Public companies	**ONGC** **Chairman** • Human Resource Management • Health, Safety & Environment **Member** • Project Appraisal • COD for redressal of Grievances of the Parties • Audit & Ethics • Shareholders'/Investors' Grievance • Remuneration	**ONGC** **Chairman** • Audit & Ethics • Financial Management **Member** • Project Appraisal • Human Resource Management • Shareholders'/Investors' Grievance • Remuneration • COD for redressal of Grievances of the Parties	**ONGC** **Chairman** • Project Appraisal • COD for redressal of Grievances of the Parties **Member** • Audit & Ethics • Human Resource Management • Remuneration • Health Safety & Environment • Financial Management
	Coromandel Engineering Company Limited **Member** • Audit Committee • Shareholders' Grievance Committee	**Dredging Corporation of India** **Member** • Audit Committee • Grievance Committee • Remuneration **PTC Energy Limited** **Member** • Audit Committee **PTC India Limited** **Member** • Audit Committee	**Central Warehousing Corporation** **Chairman** • Audit Committee

(₹ in million unless otherwise stated)	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
PHYSICAL						
Quantity Sold (Other than Trading)						
-Crude Oil (MMT)	**22.94**	22.33	22.88	24.08	24.42	22.45
-Natural Gas (MMM³)	**20,288**	20,598	20,534	20,432	20,306	20,500
-LPG (000'Tonnes)	**1,057**	1,108	1,029	1,037	1,033	1,084
-Naptha/ARN (000'Tonnes)	**1,600**	1,598	1,545	1,442	1,442	1,578
-Ethane/Propane (000'Tonnes)	**387**	533	497	520	548	535
-Superior Kerosene Oil (000'Tonnes)	**118**	166	153	168	156	176
Quantity Sold (Trading)						
-Superior Kerosene Oil (000'KL)	**0**	0	441	308	563	432
-HSD (000'KL)	**3**	4	1742	1539	1394	874
-Motor Spirit (000'KL)	**1**	1	273	232	121	110
FINANCIAL						
Income from Operations (Turnover)	**695,322**	619,832	650,494	615,426	590,575	494,397
Statutory Levies	**142,125**	121,841	118,013	129,768	122,516	99,738
Operating Expenses	**142,383**	126,297	123,812	106,823	102,016	76,762
Exchange Loss (Gain)	**14**	(4,033)	3,819	(1,070)	177	(172)
Purchases (Trading)	**138**	139	85,166	65,115	59,401	34,338
Profit Before Interest Depreciation & Tax (PBIDT)	**410,662**	375,588	319,684	314,790	306,465	283,731
Recouped Costs	**159,430**	146,588	120,849	97,979	94,994	84,573
Operating Income (PBIT)	**251,232**	229,000	198,835	216,811	211,471	199,158
Interest (Net)	**(24,958)**	(20,839)	(40,314)	(35,535)	(20,480)	(12,808)
Profit before Tax and Extraordinary Items	**276,190**	249,839	239,149	252,346	231,951	211,966
Extraordinary Items	**0**	0	658	0	4,751	6,405
Profit before Tax	**276,190**	249,839	239,807	252,346	236,702	218,371
Corporate Tax	**86,950**	82,163	78,544	85,330	80,273	74,063
Net Profit (PAT)	**189,240**	167,676	161,263	167,016	156,429	144,308
Dividend	**74,861**	70,583	68,444	68,444	66,305	64,167
Tax on Dividend	**12,156**	11,616	11,632	11,632	10,125	9,000
Share Capital	**42,777**	21,389	21,389	21,389	21,389	14,259
Net Worth	**967,084**	864,413	780,848	699,435	614,099	535,934
Borrowings	**0**	50	267	369	696	1,069
Working Capital	**348,962**	342,714	334,949	322,248	304,021	265,664
Capital Employed	**795,472**	738,014	640,583	604,844	540,744	493,763
Internal Resources Generation	**311,191**	228,068	172,449	185,158	242,253	142,847
Plan Expenditure	**282,755**	235,591	218,201	176,510	133,050	114,210
Contribution to Exchequer	**317,759**	280,983	280,496	300,200	286,596	234,086
Expenditure on Employees	**67,282**	57,191	47,396	60,484	48,833	30,147
Number of Employees	**33,273**	32,826	33,035	32,996	33,810	34,722
FINANCIAL PERFORMANCE RATIOS						
PBIDT to Turnover (%)	**59.1**	60.6	49.1	51.2	51.9	57.4
PBDT to Turnover (%)	**62.7**	64.0	55.3	56.9	55.4	60.0
Profit Margin (%)	**27.2**	27.1	24.8	27.1	26.5	29.2
Contribution to Exchequer to Turnover (%)	**45.7**	45.3	43.1	48.8	48.5	47.3
ROCE(PBIDT to Capital Employed) (%)	**51.6**	50.9	49.9	52.0	56.7	57.5
Net Profit to Equity (%)	**19.6**	19.4	20.7	23.9	25.5	26.9
BALANCE SHEET RATIOS						
Current Ratio	**2.13:1**	2.38:1	2.26:1	2.47:1	2.77:1	3.08:1
Debt Equity Ratio	**0:1**	0.00006:1	0.0003:1	0.001:1	0.001:1	0.002:1
Debtors Turnover Ratio (Days)	**20**	19	23	26	17	27
PER SHARE DATA						
Earning Per Share (₹)- before extraordinary items (Restated)**	**22.12**	19.60	18.80	19.52	17.92	16.37
Earning Per Share (₹)- after extraordinary items (Restated)**	**22.12**	19.60	18.85	19.52	18.29	16.87
Dividend (%)	**175****	330	320	320	310*	450
Book Value Per Share (₹) (Restated)**	**113**	101	91	82	72	63

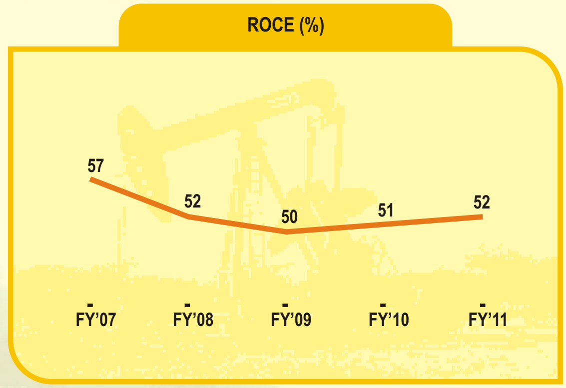
* Post bonus

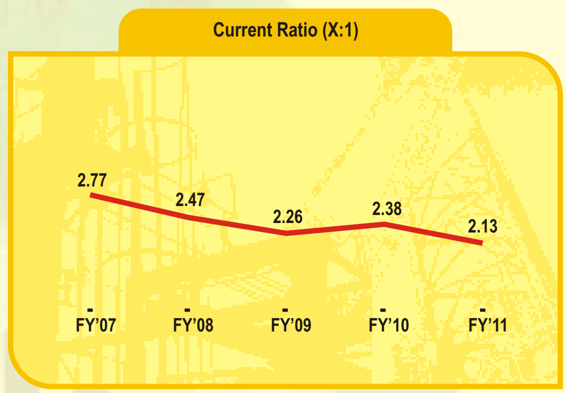
** Post bonus & Split

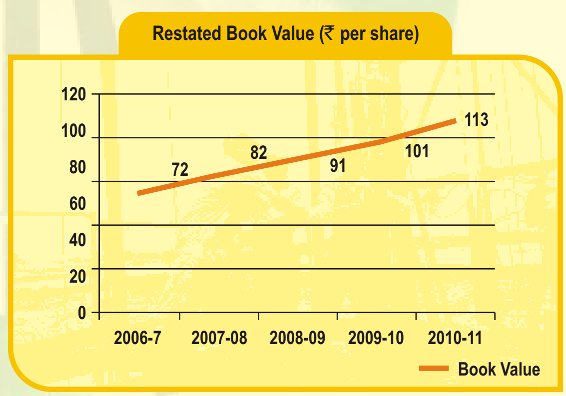
Performance at a Glance

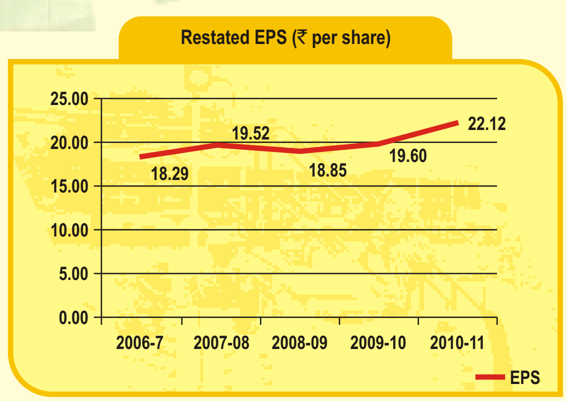
2004-05	2003-04	2002-03	2001-02
24.09	23.94	23.90	22.86
20,644	21,103	21,110	20,446
1,086	1,161	1,198	1,157
1,567	1,656	1,642	1,681
528	534	619	528
177	218	234	231
970	0	0	0
1538	0	0	0
262	0	0	0
472,454	329,270	353,872	238,574
103,258	89,156	92,334	59,742
71,397	58,848	70,855	49,084
2	36	191	469
51,013	0	0	0
246,784	181,230	190,492	129,279
62,016	55,881	41,439	38,399
184,768	125,349	149,053	90,880
(11,887)	(10,741)	(12,185)	(7,672)
196,655	136,090	161,238	98,552
0	0	0	0
196,655	136,090	161,238	98,552
66,825	49,446	55,945	36,573
129,830	86,644	105,293	61,979
57,037	34,222	42,778	19,963
7,763	4,385	2,375	0
14,259	14,259	14,259	14,259
463,142	400,024	356,081	295,119
1,490	2,118	3,627	30,381
212,895	191,535	127,132	109,249
419,926	395,299	352,170	329,061
117,120	93,069	81,735	68,448
106,813	68,520	50,890	40,403
228,117	168,582	191,016	108,799
27,465	25,619	25,921	21,847
36,185	38,033	39,352	40,280
52.2	55.0	53.8	54.1
54.8	58.3	57.2	57.3
27.5	26.3	29.8	26.0
48.3	51.2	54.0	45.6
58.8	45.8	54.0	39.2
28.0	21.7	29.6	21.0
2.62:1	2.79:1	2.45:1	2.62:1
0.003:1	0.01:1	0.01:1	0.10:1
29	26	41	34
15.18	10.13	12.30	7.24
15.18	10.13	12.30	7.24
400	240	300	140
54	47	42	34

Financial ratios: trend









(₹ in million)	2010-11	2009-10	2008-09	2007-08
REVENUES				
Sales				
Crude Oil	**448,613**	445,053	391,718	386,805
Natural Gas	**127,544**	73,797	75,528	71,780
LPG	**18,369**	21,924	22,752	20,168
Naphtha/Aromatic Rich Naphtha	**56,342**	47,137	48,406	43,849
Ethane/Propane	**8,796**	10,249	9,890	9,291
Superior Kerosene Oil	**679**	3,256	16,701	10,775
HSD	**134**	156	61,910	48,621
Motor Spirit	**37**	27	11,062	9,159
Others	**1,003**	463	1,526	925
Price Revision Arrears	**0**	0	0	0
Sub- Total	**661,517**	602,062	639,493	601,373
Pipeline Revenue	**871**	1,078	2,329	1,522
Other Receipts	**32,805**	15,512	7,861	11,390
Accretion / (Decretion) in stock	**129**	1,180	811	1,141
Total Income from Operations	**695,322**	619,832	650,494	615,426
COST & EXPENSES				
Operating, Selling & General				
(a) Royalty	**71,357**	54,832	44,934	60,707
(b) Cess/ Excise Duty	**60,190**	56,752	59,174	61,106
(c) Natural Calamity Contingent Duty - Crude Oil	**1,114**	1,062	1,081	1,127
(d) Sales Tax	**3.113**	2,990	6,910	772
(e) Education Cess *	**1,828**	1,719	1,784	1,861
(f) Octroi & Port Trust Charges	**4,523**	4,486	4,130	4,195
Sub-Total (a to f)	**142,125**	121,841	118,013	129,768
Pipeline Operations (Excluding Depreciation)	**9,574**	7,975	6,963	7,318
Other Operational Costs	**132,809**	118,322	116,849	99,505
Exchange Loss	**14**	(4,033)	3,819	(1,070)
Purchases	**138**	139	85,166	65,115
Recouped Costs				
(a) Depletion	**54,374**	45,302	42,148	36,776
(b) Depreciation	**20,006**	12,312	14,491	14,060
(c) Amortisation	**83,698**	89,407	67,320	47,580
(d) Impairment	**1,352**	(433)	(3,110)	(437)
Sub-Total (a to d)	**159,430**	146,588	120,849	97,979
Total Cost & Expenses	**444,090**	390,832	451,659	398,615
Operating Income Before Interest & Tax	**251,232**	229,000	198,835	216,811
Interest				
-Payments	**251**	686	1,190	590
-Receipts	**25,209**	21,525	41,504	36,125
-Net	**(24,958)**	(20,839)	(40,314)	(35,535)
Profit before Tax and Extraordinary Items	**276,190**	249,839	239,149	252,346
Extraordinary Items	0	0	658	0
Profit before Tax	**276,190**	249,839	239,807	252,346
Corporate Tax (Net)	**86,950**	82,163	78,544	85,330
Net Profit	**189,240**	167,676	161,263	167,016
Dividend	**74,861**	70,583	68,444	68,444
Tax on Dividend	**12,156**	11,616	11,632	11,632
Retained Earnings For The Year	**102,223**	85,477	81,187	86,940

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

Statement of Income and Retained Earnings

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
372,090	317,357	311,824	222,124	244,131	137,115
72,113	66,701	53,206	52,039	49,986	49,446
14,866	16,293	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	3,188	1,731
42,037	23,403	29,277	85	80	0
4,530	3,797	6,846	0	0	0
634	617	1,434	1,060	995	766
11	156	584	3,461	1,568	5,017
569,037	482,009	467,098	325,096	346,907	228,412
82	15	23	24	478	3,966
21,653	10,257	5,034	4,262	6,276	6,194
(197)	2,116	299	(112)	211	2
590,575	494,397	472,454	329,270	353,872	238,574
53,428	46,181	37,911	28,451	30,002	25,142
62,024	44,302	46,498	46,302	46,994	25,660
1,149	1,081	1,138	1,117	98	0
1,380	5,727	14,580	11,050	12,561	7,713
1,303					
3,232	2,447	3,131	2,236	2,679	1,227
122,516	99,738	103,258	89,156	92,334	59,742
6,460	5,907	8,982	5,717	5,452	4,951
95,556	70,855	62,415	53,131	65,403	44,133
177	(172)	2	36	191	469
59,401	34,338	51,013	-	-	-
33,849	29,702	24,851	23,323	17,497	15,638
16,249	23,759	5,437	6,057	7,599	8,286
43,167	31,437	31,588	26,339	16,181	14,228
1,729	(325)	140	162	162	247
94,994	84,573	62,016	55,881	41,439	38,399
379,104	295,239	287,686	203,921	204,819	147,694
211,471	199,158	184,768	125,349	149,053	90,880
215	470	377	468	1,132	2,469
20,695	13,278	12,264	11,209	13,317	10,141
(20,480)	(12,808)	(11,887)	(10,741)	(12,185)	(7,672)
231,951	211,966	196,655	136,090	161,238	98,552
4,751	6,405	0	0	0	0
236,702	218,371	196,655	136,090	161,238	98,552
80,273	74,063	66,825	49,446	55,945	36,573
156,429	144,308	129,830	86,644	105,293	61,979
66,305	64,167	57,037	34,222	42,778	19,963
10,125	9,000	7,763	4,385	2,375	0
79,999	71,141	65,030	48,037	60,140	42,016

(₹ in million)	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
RESOURCES				
A. Own				
1. Net Worth				
(a) Equity				
i) Share Capital	**42,777**	21,389	21,389	21,389
ii) Reserves & Surplus	**932,267**	851,437	765,965	684,785
Sub-Total	**975,044**	872,826	787,354	706,174
(b) Less : Defered Revenue Expenditure	**7,960**	8,413	6,506	6,739
Net Worth	**967,084**	864,413	780,848	699,435
2. Long Term Liabilities				
Deferred Tax Liability	**99,504**	89,182	78,023	73,708
Total Own Funds (1 + 2)	**1,066,588**	953,595	858,871	773,143
B. Outside				
1. Unsecured Loans				
a) Indian Loans	**0**	0	0	0
b) Foreign Loans	**0**	50	267	369
Total Unsecured Loans	**0**	50	267	369
Total Outside Resources	**0**	50	267	369
TOTAL RESOURCES (A+ B)	**1,066588**	953,645	859,138	773,512
DISPOSITION OF RESOURCES				
A. Block Capital				
1. Fixed Assets	**186,396**	156,485	104,144	105,180
2. Producing Properties (Net)	**435,757**	402,822	361,580	301,874
less: Liability for Abandonment Cost	**175,643**	164,007	160,090	124,458
Total Block Capital	**446,510**	395,300	305,634	282,596
B. Working Capital				
a) Current Assets				
i) Inventories	**41,190**	46,786	40,607	34,806
ii) Debtors (Net of Provision)	**38,459**	30,586	40,838	43,604
iii) Cash & Bank Balances	**143,310**	108,279	121,405	160,143
iv) Deposit with Bank Under Site Restoration Fund Scheme #	**81,155**	74,031	69,557	64,033
v) Loans & Advances and Others	**282,322**	278,031	273,593	195,745
Sub-Total	**586,436**	537,713	546,000	498,331
Less				
(b) Current Liabilities and Provisions and Short Term Loans (Excl. Abandonment & Impairment)*	**237,474**	194,999	211,051	176,083
Working Capital	**384,962**	342,714	334,949	322,248
C. CAPITAL EMPLOYED	**795,472**	738,014	640,583	604,844
D. INVESTMENTS	**53,328**	57,720	50,903	58,995
E. CAPITAL WORKS IN PROGRESS	**140,316**	102,414	116,965	70,745
F. EXPLORATORY/DEVELOPMENT WELLS IN PROGRESS	**77,472**	55,497	50,687	38,928
TOTAL DISPOSITION	**1,066,588**	953,645	859,138	773,512

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

\# Excluded for Current Ratio.

As at March 31, 2007	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
21,389	14,259	14,259	14,259	14,259	14,259
597,851	525,338	454,195	391,172	343,130	282,963
619,240	539,597	468,454	405,431	357,389	297,222
5,141	3,663	5,312	5,407	1,308	2,103
614,099	535,934	463,142	400,024	356,081	295,119
65,227	63,551	54,438	58,420	52,348	53,471
679,326	599,485	517,580	458,444	408,429	348,590
202	404	607	809	1,011	1,213
494	665	883	1,309	2,616	29,168
696	1,069	1,490	2,118	3,627	30,381
696	1,069	1,490	2,118	3,627	30,381
680,022	600,554	519,070	460,562	412,056	378,971
88,391	78,422	58,365	56,684	53,928	56,008
295,685	275,833	229,607	227,372	171,110	163,804
147,353	126,156	80,941	80,292		
236,723	228,099	207,031	203,764	225,038	219,812
30,338	30,385	25,692	24,057	15,710	14,526
27,594	37,043	37,293	23,178	39,359	22,514
136,704	42,792	58,488	55,735	36,309	49,105
56,103	45,336	36,181	31,682	24,781	6,350
193,214	216,059	164,004	145,963	98,811	84,164
443,953	371,615	321,658	280,615	214,970	176,659
139,932	105,951	108,763	89,080	87,838	67,410
304,021	265,664	212,895	191,535	127,132	109,249
540,744	493,763	419,926	395,299	352,170	329,061
57,021	48,885	40,367	44,217	39,826	33,232
48,251	28,303	41,419	9,826	9,329	6,903
34,006	29,603	17,358	11,220	10,731	9,775
680,022	600,554	519,070	460,562	412,056	378,971

(₹ in million)	2010-11	2009-10	2008-09	2007-08
DETAILS OF DEPRECIATION ALLOCATED TO:				
Survey	**1,052**	1,181	1,555	1,029
Exploratory Drilling	**5,415**	4,842	3,005	2,151
Development	**41,734**	34,098	24,426	21,924
Profit & Loss Account	**19,993**	12,201	14,434	13,984
Others	**156**	105	136	70
TOTAL	**68,350**	52,427	43,556	39,158
CONTRIBUTION TO EXCHEQUER				
CENTRAL				
1. Cess/Excise Duty	**60,233**	56,759	59,185	61,103
2. Natural Calamity Contingent Duty - Crude Oil	**1,115**	1,062	1,082	1,127
3. Royalty	**36,519**	32,190	31,394	30,631
4. Education Cess *	**1,830**	1,719	1,784	1,863
5. Corporate Tax				
a) On ONGC's Account	**76,628**	71,203	79,770	80,720
b) For Foreign Contractors	**27**	7	277	32
6. Dividend	**55,502**	52,330	50,744	50,744
7. Tax on Dividend	**12,156**	11,616	11,632	11,632
8. Customs Duty	**44**	125	354	815
9. Mumbai Port Trust Charges	**891**	793	657	742
Sub Total	**2,44,945**	227,803	236,879	239,409
STATE				
1. Sales Tax/VAT	**33,711**	26,355	26,258	26,899
2. Royalty	**34,890**	22,649	13,551	30,078
3. Octroi Duties etc.	**4,213**	4,176	3,808	3,814
Sub Total	**72,814**	53,180	43,617	60,791
GRAND TOTAL	**3,17,759**	280,983	280,496	300,200

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

Depreciation and Contribution to Exchequer

2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
863	722	575	760	712	370
1,672	1,885	1,503	1,517	1,590	1,748
14,251	13,605	10,623	9,322	9,587	9,725
16,094	22,226	5,435	6,056	7,594	7,865
48	89	106	25	55	0
32,928	38,527	18,242	17,680	19,538	19,708
62,028	44,302	46,501	46,314	47,008	25,662
1,149	1,081	1,138	1,117	98	
27,920	23,056	21,811	16,202	17,380	16,602
1,303					
78,403	64,025	69,817	43,516	58,850	31,012
34	3	23	20	24	32
49,159	47,573	42,287	27,364	35,981	16,791
10,125	8,999	7,763	4,385	2,375	0
1,441	888	2,423	4,114	1,432	1,213
691	710	2,999	364	345	260
232,253	190,637	194,762	143,396	163,493	91,572
25,998	18,263	14,581	11,060	12,561	7,719
25,513	23,126	16,103	12,249	12,623	8,541
2,832	2,060	2,671	1,877	2,339	967
54,343	43,449	33,355	25,186	27,523	17,227
286,596	234,086	228,117	168,582	191,016	108,799

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.

Cess: It is a levy imposed under The Oil Industry (Development) Act, 1974 on the Crude Oil quantity acknowledged & received in the refinery and payable to the Central Government.

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).

Marvels of engineering prowess : Offshore Construction in full swing

Dear Members,

It is indeed my privilege to present, on behalf of the Board of Directors of your Company, the 18th Annual Report and Audited Statements of Accounts for the year ended 31st March, 2011, together with the Auditors' Report and Comments on the Accounts by the Comptroller and Auditor General (CAG) of India.

At the outset, I would like to inform that the Government of India has conferred Maharatna status upon your Company on 21st May 2010. With this empowerment, equity investment limit in Subsidiaries, JVs and Mergers & Acquisitions in India or abroad has been enhanced from ₹ 10,000 million to ₹ 50,000 million subject to a ceiling of 15% of the net worth limited in one project. The overall ceiling on such investments in all projects put together should not exceed 30% of the net worth. This is however, subject to appointment of requisite number of independent directors.

Your Company performed exceedingly well during the fiscal FY'11 in all facets of its activities, particularly in its core activity i.e., Exploration and Production (E&P) of hydrocarbons. ONGC has been ranked as the Number One Exploration &

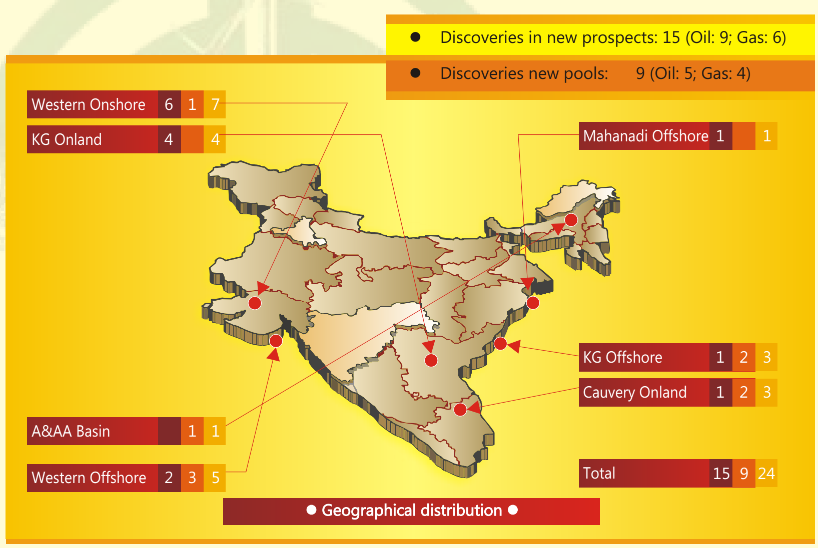
ONGC has been ranked as the Number One Exploration & Production Company in the World and 18th in the overall listing of global energy companies as per Platts Top 250 Global Energy Company Ranking 2010 (November, 2010).

Production Company in the World and 18th in the overall listing of global energy companies as per Platts Top 250 Global Energy Company Ranking 2010 (November, 2010). ONGC has been ranked at 172nd position in Forbes Global 2000 list 2011 of world's biggest companies for 2010 (April, 2011). It has retained the number one rank among Indian companies and has been ranked at second position in Financial Express FE500 listing of Indian companies both in terms of Net Worth and Overall Composite Ranking.

Physical Performance: 2010-11

Exploration

During FY'11, your Company has made 24 discoveries in domestic fields (operated by



ONGC); 15 new prospects and 9 new pool discoveries. Out of the 15 new prospect discoveries, 5 are in NELP blocks. Some of the significant discoveries are Vadtal 1 & 3, Karnanagar-1 and Matar-12 in Western Onland, GK-28-2 & GK-28-3 in Kutch Offshore, Aliabet-2 in Gulf of Cambay, C-1-6 & C-23-9 in Western Offshore, Laxminarasinmapuram, Vygreswaram SW and Malleswaram in KG onland, GS-KV-1 & GS-29-6 in KG Offshore, Kuthanallur & North Kovilkallapal in Cauvery onland and Agartala Dome-30 in A&AA basin. Out of these discoveries Matar-12, Aliabet-2 assume significance because these have been made in the blocks where the other operators failed to make breakthrough earlier. Out of 15 onland discoveries, nine discoveries have already been put on production.

Reserve Accretion and RRR

Your Company accreted 236.92 million metric tonnes of oil equivalent (MMTOE) of In-place volume of hydrocarbon in domestic basins (operated by ONGC). The ultimate reserves accretion has been 83.56 MMTOE which surpassed the record breaking performance of 82.98 MMTOE in FY'10 and is the highest in last two decades. Total reserve accretion in domestic basins has been 83.85 MMTOE [including 0.29 MMTOE from ONGC's share in Joint Ventures (JVs)]. This fiscal also your Company maintained Reserve Replacement Ratio (RRR) more than one with RRR of 1.76 (with 3P reserves).

Highest-ever production of oil and gas

The combined production of oil and oil equivalent gas (O+OEG) production of ONGC, including OVL and ONGC's share in PSC-JVs, in FY'11 has been 62.05 MMTOE; the highest-ever and 1.8% more compared to the production during FY'10 i.e., 60.93 MMTOE.

Highest-ever production from overseas assets

During FY'11, ONGC Videsh Limited (OVL), the wholly owned subsidiary of your Company, registered a production of 9.45 MMTOE O+OEG (Crude oil: 6.76 MMT; Gas: 2.69 BCM); surpassing the earlier peak production of 8.87 MMTOE in FY'10.Incremental production gains from BC-10 field in Brazil, Imperial Energy, Russia MECL, Colombia and Block 6.1A, Vietnam helped OVL to achieve the feat.

New Projects

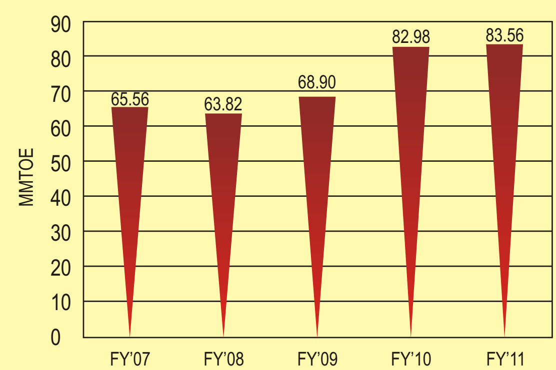
The Board of your Company approved development of four discovered fields i.e, SB-14, WO series fields, BHE and BH-35 fields in FY'11 with an investment of ₹ 29,334 million. Besides that infrastructure renewal project for three western onshore assets i.e., Ankleshwar, Ahmedabad and Mehsana was also approved with an investment of ₹ 79,287 million. Oil and gas fields in these assets have been on stream for more than 30 years and as such the infrastructure required renewal.

New Sources of Energy

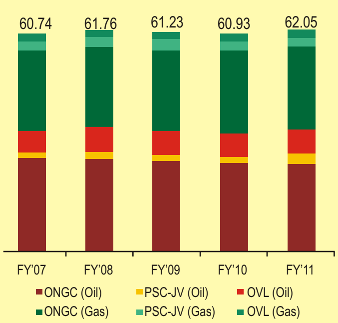
Shale gas

Your company created a landmark in the history of India for exploration of unconventional hydrocarbons, when gas flowed

ONGC : Ultimate Reserve Accretion



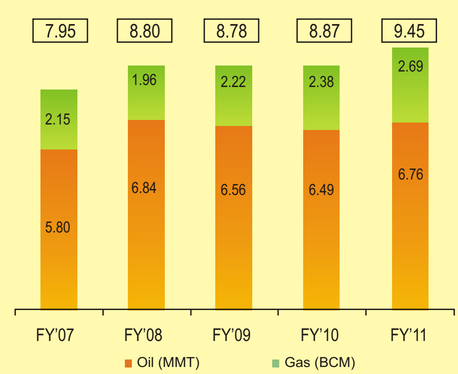
Domestic Oi & Gas Production (MMTOE)



Crude oil production (MMT)		
	FY'10	FY'11
ONGC	24.67	24.42
PSC-JV	1.79	2.86
OVL	6.49	6.76
Total	32.95	34.04

Natural gas production (BCM)		
	FY'10	FY'11
ONGC	23.11	23.10
PSC-JV	2.49	2.23
OVL	2.38	2.69
Total	27.98	28.02

Overseas Oil & Gas Production



out from the Barren Measure shale at a depth of around 1,700 m in its first Research & Development well RNSG-1 at Icchapur, near Durgapur, West Bengal on 25th Jan 2011. This breakthrough has encouraged your Company to venture into many shale sequences in well explored Cambay, KG, Cauvery and Assam-Arakan Basins for exploitation of Shale Gas.

Coal Bed Methane (CBM)

Your company is currently operating in five CBM blocks i.e., Jharia, Bokaro, North Karanpura and South Karanpura Blocks in Jharkhand and Raniganj block in West Bengal. Final Development Plan (FDP) for Parbatpur area measuring 18 Sq.Km in Jharia Block has been submitted to the Government of India (GoI) for approval. However, at present, incidentally produced gas during production testing is being sold to Calcutta Compression & Liquefaction Ltd. (CC&L) with the approval of GoI.

Underground Coal Gasification (UCG)

Your company has selected Vastan Mine block in Surat district, Gujarat for UCG Pilot project. Environmental clearance for the project has been obtained from Ministry of Environment and Forest, Government of India and request has been submitted to Ministry of Coal for award of mining lease which is awaited.

Alternate sources of energy

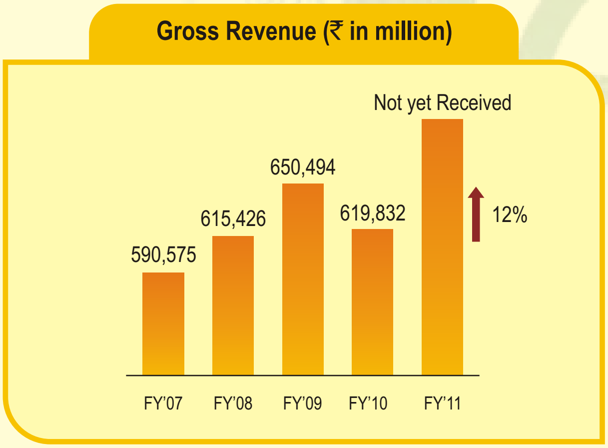
The 51 MW Wind farms which has been set up near Bhuj in Gujarat is operating well and electricity generated is wheeled through the Gujarat State Electricity Grid for captive consumption by ONGC at Ankleshwar, Ahmedabad, Mehsana and Vadodara. Your Company is in the process of setting up one more Wind farm of 102 MW capacity in Rajasthan with an investment of ₹ 8,000 million.

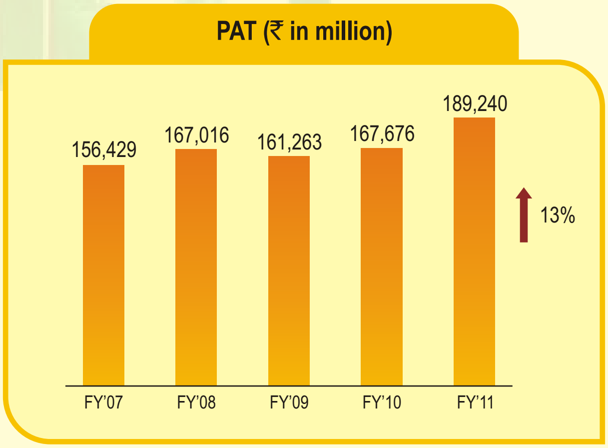
ONGC Energy Centre set up by your Company for holistic research for new and alternate energy sources has been pursuing a number of new projects like Application of Solar Thermal Engine, Thermo-chemical generation of hydrogen, Bioconversion of coal/oil to methane gas, Uranium exploration, Solid state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

ONGC Energy Centre (OEC), a dedicated centre towards alternate sources of energy is pursuing various alternate energy sources projects to establish lead and mass scale commercialization. OEC successfully installed the three state-of-the-art Solar Thermal Engines at the Solar Energy Centre (SEC), Ministry of New and Renewable Energy (MNRE) campus at Gurgaon. Some of the other significant projects which OEC is pursuing are Thermo-Chemical Reactor for Hydrogen generation, Bio Conversion of Coal to methane, exploration and exploitation of Uranium Reserves globally and LED Project.

1. Financial Results

Inspite of fluctuating crude prices and increased burden of its share of under-recovery on account of the losses suffered by the Oil Marketing Companies, your Company has earned a Profit After Tax of ₹ 189,240 million (₹ 167,676 million in 2009-10), up 12.86 %, which is incidentally the highest-ever. During the year under review, your Company registered Gross revenue of ₹ 695,322 million (₹ 619,832 million in 2009-10), up 12.18%.





Highlights:

Gross Revenue:	₹ 695,322 million
Profit After Tax (PAT):	₹ 189,240 million
Contribution to Exchequer:	₹ 317,759 million*
Return on Capital Employed	51.6 %
Debt-Equity Ratio	0.00
Earning Per Share (₹)	**22.12****
Book Value Per Share (₹)	**113****

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

****After considering split and bonus issue**

Financial Results				(₹ in million)
	2010-11		**2009-10**	
Gross Revenue		**695,322**		**619,832**
Gross Profit		**441,999**		**396,054**
Less:				
Interest	**251**		**686**	
Exchange Variation	**14**		**(4,033)**	
Depreciation	**20,006**		**12,312**	
Amortisation	**83,698**		**89,407**	
Depletion	**54,374**		**45,302**	
Impairment	**1,352**		**(433)**	
Provision/Write Offs	**6,114**		**2,974**	
Provision for Taxation (including deferred tax liability of ₹ 11,160 million)	**86,950**	**252,759**	**82,163**	**228,378**
Profit After Tax		**189,240**		**167,676**
Appropriations				
Interim Dividend		**68,444**		**38,500**
Proposed Final Dividend		**6,417**		**32,083**
Tax on Dividend		**12,156**		**11,616**
Transfer to General Reserve		**102,223**		**85,477**
Total		**189,240**		**167,676**

Previous year figures have been regrouped wherever necessary

2. Dividend

Your Company paid an interim dividend of ₹ 32 per share (320%), in December 2010. The Board of Directors have recommended a final dividend of ₹ 0.75 per share (15%) which is after considering split and bonus issue during the year. This makes the aggregate dividend at ₹ 35 per share (350%) before considering split and bonus as compared to ₹ 33 per share (330%) paid in 2009-10. The total dividend will absorb ₹ 74,861 million, besides ₹ 12,156 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)	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Direct							
Crude Oil	(MMT)	*27.28	*26.46	22.94	22.33	448,645	445,040
Natural Gas	(BCM)	**25.32	**25.59	20.29	20.60	127,544	73,797
Ethane/Propane	000 MT	388	535	387	533	8,796	10,249
LPG	000 MT	1054	1105	1057	1108	18,369	21,924
Naphtha	000 MT	1570	1592	1600	1598	56,342	47,137
SKO	000 MT	116	165	118	166	679	3,255
ATF	000 NT	19	8	14	2	527	52
Others						475	411
Sub Total						661,377	601,865
Trading							
Motor Spirit	000 KL			0.63	0.55	36	27
HSD	000 KL			3.27	4.29	134	156
Others						2	
Sub Total						172	183
Total						661,549	602,048

* includes 2.86 MMT (Previous year 1.79 MMT) from Joint Ventures.

** includes 2.23 BCM (Previous year 2.49 BCM) from Joint Ventures.

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 236.92 MMTOE of oil and oil–equivalent gas (O+OEG) initial in-place volume with 83.56 MMTOE of O+OEG as the ultimate reserve component during FY '11 in domestic fields (operated by ONGC). The ultimate reserves accretion, including its share in joint ventures is 83.85 MMTOE of O+OEG, which is the highest in last two decades.

Ultimate Reserve (3P) accretion O+OEG					(in MMTOE)
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)
2008-09	68.90	2.82	71.72	135.08	206.80
2009-10	82.98	4.39	87.37	0.35	87.72
2010-11	83.56	0.29	83.85	33.49	117.34

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 Institute of Chartered Accountants of India (ICAI) and provisions of the Companies Act, 1956.

8. Internal Control System

The operations of your company have been structured to provide adequate support and controls. Standard procedures and guidelines issued to the business units from time to time to support best practices are followed in all facets of activities, Accounting and Financial Management, Personnel Management, Repairs and Maintenance, Materials Management and Project Implementations.

9. Subsidiaries

(I) ONGC Videsh Limited (OVL)

ONGC Videsh Limited (OVL), the wholly-owned subsidiary of your Company for overseas E&P activities, recorded impressive performance during the year 2010-11. OVL's share in production of oil and oil equivalent gas (O+OEG) together with its wholly-owned subsidiaries ONGC Nile Ganga B.V., ONGC Amazon Alaknanda Limited and Jarpeno Limited was the highest ever production with 9.45 MMTOE during 2010-11 up by 7% as compared to 8.87 MMTOE of O+OEG during 2009-10. OVL's consolidated gross revenue increased by 21% from ₹ 153,830 million during 2009-10 to ₹ 186,830 million during 2010-11 and consolidated net profit after tax increased by 29% from ₹ 20,900 million during 2009-10 to ₹ 26,910 million during 2010-11.

OVL added one asset in its portfolio of exploratory assets by signing agreements with KazMunaiGas (KMG), the national oil company of Kazakhstan for acquisition of 25% participating interest in Satpayev exploration block on 16th April, 2011 at Astana, Kazakhstan in the presence of Hon'ble Prime Minister of India and the President of Kazakhstan. This transaction marks the maiden entry of OVL in Kazakhstan hydrocarbon sector. Satpayev exploration block, located in the Kazakhstan sector of the Caspian Sea, covers an area of 1482 sq.km and is at a water depth of 6-8 mts. Satpayev is situated in close proximity to major discoveries in the North Caspian Sea. The block contains two prospective structures, namely Satpayev and Satpayev Vostochni (East) with estimated hydrocarbon resources of about 256 MMT.

OVL presently has participation in 33 projects in 14 countries. Out of 33 projects, OVL is operator in 11 projects and joint operator in 6 projects. OVL is currently producing oil and gas from 9 projects viz., 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, San Cristobal Project in Venezuela and Block BC-10 in Brazil. In addition to 9 producing projects, Exploration Block XXIV, Syria is on extended production testing. Blocks A-1 and A-3 in Myanmar, Carabobo-1 project in Venezuela and Farsi Block, Iran have discoveries and further work is being carried out. One Pipeline Project was executed and completed by OVL and handed over to Government of Sudan in October, 2005 and is currently under lease. The remaining projects are in exploration phase.

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, Brazil and Myanmar.
- ONGBV holds 25% Participating Interest (PI) in Greater Nile Oil Project (GNOP), Sudan with its share of oil production of about 1.801 MMT during 2010-11.
- ONGBV holds 16.66% to 18.75% PI in four Production Sharing Contracts in Al Furat Project (AFPC), Syria with its share of oil and gas production of about 0.662 MMTOE during 2010-11.
- ONGBV holds 40% PI in San Cristobal Project in Venezuela with its share of oil production of about 0.757 MMT during 2010-11.
- ONGBV holds 15% PI in BC-10 Project in Brazil with its share of oil and gas production of about 0.586 MMTOE during 2010-11.
- ONGBV holds 43.5% PI and 100% PI as operator of exploratory blocks BM-S-73 and BM-ES-42 respectively and also holds 43.5% PI in exploratory block BM-S-74 and 25% PI each in exploratory blocks Block BM-SEAL-4 and Block BM-BAR-1 all located in Deepwater Offshore, Brazil.
- ONGBV holds 8.347% PI in South East Asia Gas Pipeline Co. Ltd., (SEAGP) for Pipeline project, Myanmar.

OVL footprints in 33 projects across 14 countries

b) ONGC Narmada Limited (ONL):

ONL, a wholly-owned subsidiary of OVL held 13.5% PI in deep water exploration Block-2, Nigeria-São Tomé & Principe, Joint Development Zone (JDZ). OVL has communicated its intention of not continuing the block to the Operator and Joint Development Authority (JDA) of Joint Development Zone Nigeria-São Tomé & Principe as the development of the project is not commercially viable.

c) ONGC Amazon Alaknanda Limited (OAAL):

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 2010-11, OVL's share of production in MECL was about 0.468 MMT of oil.

d) 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 2010-11, Imperial Energy's production was about 0.770 MMT of oil.

e) Carabobo One AB:

Carabobo One AB, a wholly-owned subsidiary of OVL incorporated in Sweden, holds 11% PI in Carabobo-1 Project, Venezuela. The Transfer Decree allowing the Mixed Company Petro Carabobo S.A to carry out primary activities in the designated areas was published in the Official Gazette of the Government of Venezuela on 29th July, 2010. Conceptual Engineering & Tendering for different activities related to development of the field are in progress.

Joint Ventures of OVL:

f) ONGC Mittal Energy Limited (OMEL)

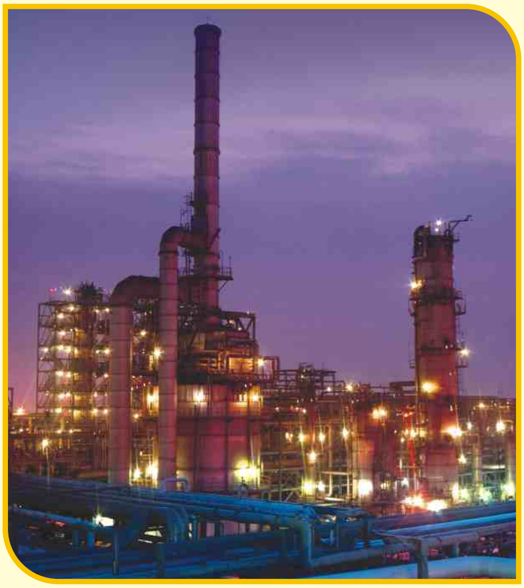
OVL along with Mittal Investments Sarl (MIS) promoted OMEL, a joint venture company incorporated in Cyprus. OVL and MIS hold 98% equity shares of OMEL in the ratio of 51(OVL): 49(MIS) with balance 2% shares held by SBI Capital Markets Ltd. OMEL holds 45.5% and 64.33% PI in exploration Blocks OPL 279 and OPL 285,Nigeria respectively. OMEL also holds 1.11% of the issued share capital of ONGBV by way of Class-C shares issued by 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, a Category I Mini Ratna, which has put in a commendable all–round performance during 2010-11.

Highlights

- Highest ever Refinery Crude Throughput at 12.64 MMT (up from 12.50 MMT)
- Highest ever capacity utilization at 107%, up from 106%,
- Highest ever Turnover at ₹ 438,000 million, up 21% from ₹ 361,410 million.
- Profit after Tax of ₹ 11,770 million, up 6% from ₹ 11,120 million
- Hydrocracker the major secondary processing unit achieved highest ever processing of 2.88 MMT (Capacity 121%)
- Energy index of 58.13 MBN which is the lowest ever achieved



Consistent safe operations take Capacity Utilization to 107% for MRPL

Keeping in view its plans to make investments in various projects, a dividend of 12% has been recommended by its Board. In view of the continued under recoveries in retail marketing of Auto Fuel, the company has continued with its miniscule presence in retail Marketing thereby is not burdened with under recoveries. The direct marketing sales turnover covering Bitumen, CRMB, ATF, Furnace Oil, Mixed Xylene, Naphtha and Sulphur amounts to ₹ 22,910 million registering a marginal increase over ₹ 22,780 million of last year. A major growth is achieved in the area of marketing ATF and Mixed Xylene.

The excellent standards maintained by the Refinery on the production, energy conservation, environment management and safety front have enabled MRPL to bag several awards:

- MRPL has bagged the Petrofed '**Refinery of the Year**' award on 10th May, 2011 for excellent performance during FY'10. This recognizes leading performance in production and operational efficiency in refining operations, while meeting the norms of health, safety and environmental protection.
- Oil Industry Safety directorate ranks MRPL as the 1st in 'Most consistent safety performer in Refineries' for the year 2009-10
- ICRA and CRISIL reaffirmed Issuer rating of 'Ir AAA' and 'Cr AAA' to MRPL for lowest credit risk.
- Best Exporter Award (Gold) - 2010 for exporting products through NMPT, by Federation of Karnataka Chamber of Commerce & Industries.
- The 'Oil & Gas Conservation Award-2010' for Furnace/Boiler Efficiency instituted by CHT.

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

Ministry of Corporate Affairs (MCA) has vide circular dated 08.02.2011 and clarification dated 21.02.2011 decided to grant a general exemption from the applicability of Section 212 of the Companies Act, 1956 from attaching the Balance Sheet and Profit & Loss Account prepared regarding the financial year ending on or after 31.03.2011, in relation to subsidiaries of those companies which fulfill the various conditions including inter-alia approval of the Board of Directors for not attaching the balance sheet of the subsidiary concerned. Your Board has accorded necessary approval in this regard for not attaching the Balance Sheet and Profit & Loss Account of its subsidiaries (i) ONGC Videsh Limited (OVL) and (ii) Mangalore Refinery & Petrochemicals Ltd. (MRPL). All the conditions mentioned in the circular are being complied with by ONGC. Full Annual Report of ONGC including its subsidiaries will be made available to any shareholder, if he/she desires. Further, Annual Reports of MRPL and OVL are also 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, 2011 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 (2 x 363.3MW) gas based Combined Cycle Power Plant (CCPP) at Pallatana in Tripura to monetize idle gas assets in Tripura. The generation project is in advanced stage of implementation by Bharat Heavy Electricals Limited, which is engaged as the turnkey EPC agency. The financial closure of the project has earlier been achieved and various linkages like gas supply from ONGC and power off-take by NE states has already been tied up. The JV Company is making all-out efforts to commission the project, being set up at a challenging location, as per schedule i.e. by March 2012. The total Capex commitment of the JV Company is ₹ 25,286 million and total expenditure is ₹ 16,009 million till 31st May 2011.

(ii) ONGC Petro-additions Limited (OPaL)

Your Company has promoted a JV company "ONGC Petro-additions Limited" (OPaL) with envisaged equity stake of 26% along with GAIL (17%) 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. Project implementation is in progress with major contracts, like Site Infrastructure Development, DFCU, LSTK for HDPE etc., already awarded. The total Capex commitment of the JV Company is ₹ 141,449 million and total expenditure is ₹ 56,380 million till 31st May 2011.

(iii) Mangalore Special Economic Zone Limited (MSEZ)

ONGC with envisaged equity stake of 26% in MSEZ along with KIADB (23%) and IEDCL+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 1630 acres of land. Total land in possession is 2317 acres out of which 542 acres has been allotted to OMPL, ISPRL etc. Resettlement and Rehabilitation work of Project Displaced Family (PDF) is in progress and Chief Minister of Karnataka has approved Comprehensive Action Plan for employment of PDF nominees of MSEZ Phase-I. The total Capex commitment of the JV Company is ₹ 7,799 million and total expenditure is ₹ 4,431 million till 31st May 2011.

(iv) ONGC Mangalore Petrochemicals Limited (OMPL)

ONGC has promoted OMPL with envisaged equity participation of 46%, 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. Around 93.5% of project cost has been awarded which includes major contracts relating to project management, technology licensor and LSTK contract for process packages etc. Project implementation is in full swing. The total Capex commitment of the JV Company is ₹ 43,335 million and total expenditure is ₹ 10,309 million till 31st May 2011.

(v) ONGC TERI Biotech Limited (OTBL)

OTBL is a Joint Venture company of ONGC, incorporated on 26th March, 2007, with The Energy Research Institute (TERI) with shareholding of 49% each and balance 2% equity is held by the Financial Institutions. The JV has been promoted for addressing the requirement of Bioremediation of oily sludge, Microbial Enhanced Oil Recovery, prevention of wax deposition in tubular and solution for other oil field problems. The turnover of OTBL in FY 2010-11 is ₹ 129.54 million and Profit after Tax is ₹ 27.48 million as against turnover of ₹ 73.85 million and PAT of ₹ 16.33 million in FY 2009-10.

(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 multi–product pipeline to transport MRPL's products to hinterland of Karnataka. As per audited results for the year 2010-11, the turnover of PMHBL is ₹ 786.50 million against ₹ 691.80 million in the year 2009-10. However due to change in depreciation policy as observed by C&AG, adjustments of previous year were also accounted for in the current year balance sheet causing net loss of ₹ 194.40 million.

(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. Dahej LNG terminal of PLL which was expanded to 10 MMTPA capacities in June 2009 is currently meeting around 20% of the total gas demand of the country. A new LNG terminal of 2.5 MMTPA is under construction at Kochi which is expandable upto 5.0 MMTPA depending on the LNG supplies and market conditions. The turnover of PLL during 2010-11 was ₹ 131,972.8 million (previous year ₹ 106,491 million) and net profit is ₹ 6,196 million (previous year ₹ 4,045 million). PLL has declared a dividend of 17.5 % same as the previous year.

(viii) Pawan Hans Helicopters Limited (PHHL)

The Company has increased its equity stake in PHHL from 21.5% to 49% during 2010-11. Balance 51% equity is held by the Government of India. PHHL is one of Asia's largest

PHHL operations at ONGC offshore

helicopter operators having a well balanced operational fleet of 40 helicopters. It provides helicopter support for ONGC's offshore operations. PHHL was successful in providing all the 12 Dauphin N and N3 helicopters fully compliant with AS-4 as per the new contract with ONGC. The accounts of PHHL for 2010-11 are under finalisation.

(ix) Dahej SEZ Limited (DSL)

Your Company with envisaged equity stake of 23 % 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". About 1068 hectares of land has already been allotted and 140 hectares has been committed to 61 allottees. SEZ is operational with 5 of its units and has exported more than ₹ 4,000 million worth of products. The total Capex commitment of the JV Company is ₹ 9,010 million as on 31st May 2011. Further, DSL has made a net profit of ₹ 86 million in FY 2010-11.

12. Other Projects / Business initiatives

(a) C2-C3-C4 Extraction Plant :

Company's C2-C3 extraction plant at Dahej, using LNG imported by Petronet LNG Limited as feed stock, was mechanically completed on 30.12.08. with an investment of ₹ 6,194.65 million. Subsequently, evacuation facilities were completed on 24.02.11 with an investment of ₹ 1,647.04 million. The Commissioning of the plant has been deferred pending resolution of certain commercial and taxation related issues.

Wind Power Project

Based on success of 51 MW Wind Farm at Kutch (Gujarat), your Company, in its mission of providing value linkages in other sectors of energy business, is setting up another 102 MW Wind Farm at Rajasthan for which ONGC Board has already accorded approval for investment of ₹ 6,500 million. Tendering activities for project implementation is in progress.

(b) Partnerships for growth

(i) Agreement with Petroleos de Venezuela SA (PDVSA)

ONGC Videsh Ltd (OVL) led consortium inked an agreement on 12th May 2010 at Caracas, Venezuela with Petroleos de Venezuela SA (PDVSA), national oil company of Venezuela for the development and production of hydrocarbons from the Carabobo project in the Orinoco region of Venezuela.

(ii) MOU with Uzbekneftegaz (UNG) for E&P cooperation in Uzbekistan

ONGC Videsh limited (OVL) entered into a Memorandum of Understanding (MOU) on 17th May, 2011 with Uzbekneftegaz (UNG), the National Oil Company of Uzbekistan for joint cooperation in the Upstream E&P sector of Uzbekistan as well as third countries. The MOU was signed by Mr. S.P. Garg, Director (Finance), OVL and Mr. Shokir Faizullayev, Chairman, Uzbekneftegaz in the presence of H.E. Mr. Rustam Azimov, First Deputy Prime Minister, Minister of Finance of Uzbekistan.

(iii) Operating agreement for Farm-in in HF-ONN-2001/1

ONGC signed Operating Agreement with MOL Hungarian Oil & Gas Plc on 9th Nov 2010 to conclude farm-in process by the Hungarian company into ONGC's NELP-III exploratory block HF-ONN-2001/1 located in the Himalayan foothills in Himachal Pradesh. MOL is a fully integrated petroleum company with global operations from exploration to marketing and petrochemicals. It was the National Oil Company of Hungary prior to disinvestment in 1995.

(iv) Joint Study agreement with M/s Stealth Ventures, Canada

A Joint Study Agreement (JSA) was signed by ONGC and M/s Stealth Ventures, Canada for assessment of unconventional resources (hydrocarbons) on 9th June, 2010. Subsequently, a Confidentiality Agreement (CA) was signed on 30th June, 2010 for enabling data viewing at ONGC and the scope of work was signed for execution of the project detailed in the JSA in three stages; Preliminary Stage, Screening Stage and Study of Prioritised Areas.

(v) MOU with NGRI and IPT

ONGC has signed MOU with NGRI, India and IPT (Institute of Petroleum Technology) of NTNU (Norwegian University of Science & Technology), Norway to work on 'Reservoir modeling for Enhanced Oil Recovery using Fractals and 4D Seismic' for analyzing existing EOR Projects so as to develop and demonstrate more potent technique for increasing oil/gas recovery rate within the oil fields of ONGC and also to develop knowledge base as reservoir surveillance.

(vi) **Agreement with STC, Mauritius**

MRPL signed an agreement with State Trading Corporation, Mauritius on 1st July, 2010 for supply of liquid petroleum products amounting to 1.1 MMT per annum for a period of 3 years.

(vii) **Collaborative projects with Indian Institute of Technology (IIT)**

ONGC has taken up different collaborative projects viz. Evaluation of the effect of climate changes on met-ocean parameters for the western offshore region with IIT Mumbai, Finite Element Analysis of tubular Joints of offshore Jacket platform with IIT Chennai and Estimation of Lifetime and Life Cycle Cost of FRP Pipes Manufactured Using Various Technologies Of Offshore & Onshore Applications with IIT Kharagpur.

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.

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. Corporate guidelines on incident reporting, investigation and monitoring of recommendations was developed and implemented for maintaining uniformity throughout the organization in line with international practice. First of its kind workshops on safety of contractual workers were arranged under the themes "Safe Together- Tomorrow" and "Effective Supervision is the Key". For the first time HSE index has been mapped in the performance contract of Key Executives. Policy circulars on use of Halon, Herbicides and Colour Code of Slings have been issued.

- The year 2011 declared as - "Year of Safety, Compliance & New Campaign".
- Offshore Package Policy renewed for 2011-12 at US$ 27.7 million comparable to US$ 27.05 million, marginally increased considering volatile market due to Macondo blowout and earthquake in Japan.
- 444 QHSE certification/ Recertification/ Surveillance audits for sustaining HSE accreditations carried out during FY'11 against MOU target of 365 audits.
- 283 HSE process safety audits carried out during FY'11 against MOU target of 200.

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..

15. Energy Conservation

- **Clean Development Mechanism:** During the year 2010-11, host company approval for two CDM projects under development viz Green Building at Kolkata and Gas Flaring Reduction (GFR) project at Neelam-Heera Asset have been received from Ministry of Environment & Forest, Govt. of India. Further, two mitigation projects have been identified, conceptualized as CDM projects and the

OVL signed MOU with Uzbekneftegaz, the national oil company of Uzbekistan same are under development. ONGC tally of registered CDM projects as of now stands at six. Annual CERs earned from these projects are 209,460.

- **GHG Accounting:** ONGC has pioneered in the field of GHG accounting. This is the first step towards carbon footprinting and full fledged carbon disclosure system and the first step for attaining carbon neutrality. GHG accounting will also help ONGC in benchmarking its operations leading to energy efficiency and help develop new CDM projects. As per the plan, ONGC has undertaken pilot GHG accounting at nine of its selected installations this year. During the year, third party verification and certification as per GHG protocol and ISO 140064 for the GHG inventory of nine representative sites has been completed.
- **Carbon Disclosure Project (CDP):** An independent not-for-profit organization headquartered in London has issued its Annual 2010 Global 500 Report. ONGC is the only Indian E&P Company participating in the Carbon Disclosure Project (CDP) initiative and disclosing the information voluntarily for the last four years in succession. ONGC's disclosure scores have risen from 15 in 2008 to 42 in 2010. Higher score indicating greater commitment to understanding climate related issues and increased ability to measure and manage the company's carbon footprint. The key ONGC initiative of gas flaring reduction projects has also found a specific mention in the CDP 2010-India 200 report which has been compiled by Price Waterhouse on behalf of CDP.

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 the employees and their families by way of comprehensive medical care, education, housing and social security. During the year 2010-11, your Company implemented various new and revised welfare policies for its employees. 86 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.**

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. After lengthy negotiations, an MoU was signed in the meeting of the Wage Revision Committee held on 26th August, 2010.Thereafter, a tripartite Long Term Settlement (LTS) was signed on 18.09.2010 by the Management and Union before Regional Labour Commissioner (RLC). The ONGC Board, in its 209th meeting held on 22nd September, 2010 accorded approval for implementation of this tripartite settlement for Wage Revision of Unionised category of employees of ONGC w.e.f. 1.1.2007.

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 (EPS–1995), 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. All payments are made to the members through e-payment gateway

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 was 15.76% and 8.74% respectively as on 31st March, 2011. Your Company is fully committed for the welfare of SC & 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 ₹ 31.00 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.

ii) Scholarship to SC and ST meritorious students :

Your Company spent ₹ 4.77 million for supporting 96 students of the SC and ST community for pursuing higher professional courses at different recognized institutes and universities.

18. Industrial Relations

During the year, harmonious Industrial Relations were maintained throughout the Corporation. However, a writ petition filed by a section of the Officers Association is sub-judice in the High Court of Delhi.

19. Contract Management

Periodic training programs were conducted to sensitize the Principal Employers about their obligations, roles, responsibilities under the CLRA and other welfare legislations. Considering the competitive market situations, a concept of Fair wage for secondary work force is being devised for better working and living conditions. Periodic audits of Principal Employers were carried out to ensure near 100% compliances of Labour statutes. Contracts continued on nomination basis for several years have been replaced by new contracts, during the year 2010. Contracts were standardized and aligned to the Model Service Agreements to protect the interest of ONGC as well as the secondary work force.

20. 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.

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

An elaborate mechanism has been set up throughout the organization to deal with the requests received under the RTI Act. As regards applications seeking information under the Act, opening balance as on 01.04.2010 was 19 applications as these applications were received in the month of March, 2010. During the year, 984 applications were received; hence, total applications are 1003. Out of 1003 applications, information was provided in respect of 803 applications, 6 applications were transferred as the information pertained to other Public Authorities. 200 applications were rejected under the provisions of the RTI Act, 2005. One application is pending for want of information as on date. With respect to Appeals received, opening balance as on 01.04.2010 was 30 appeals as these appeals were received in the month of March, 2010. During the year, 266 appeals were received; hence, total appeals are 296. Against a total of 296 appeals, 144 were rejected, 125 appeals were accepted, 19 appeals were forwarded to RTI Cell in ONGC for supplying information as they were not considered as appeals. 18 appeals were pending as on 31st March, 2011 which have been dealt with later on.

22. 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.

Harit- Moksha, a unique CSR initiative, launched by the Hon'ble Minister of Environment and Forests, Shri Jairam Ramesh

23. Human Resource Development

33,229 ONGCians (as on 31st March, 2011) dedicated themselves for the excellent performance of your company during the year. The workforce intake strategy pursued by ONGC caters to meeting the demands of maintaining a steady flow of talent, in a business which is characterized by high risks and uncertainties, enormous costs, fast changing level of technology, physically challenging work environment, fluctuating product prices and growing competition. ONGC has drawn up a scientific five-year manpower induction plan aligned to the business plans as well factoring the manpower profile of ONGC. During the year, HR ensured that adequate numbers with requisite skill-sets were inducted to meet the requirements of the Company as well as replenish the manpower loss on account of high superannuation.

Your company believes that continuous development of its human resource fosters engagement and drives competitive advantage. Towards that end, during the year, ONGC conducted Business Games to hone the business acumen of its executives. Business Games in ONGC was introduced for executives in 2007. It has proved to be a very popular initiative and tests the ability of the executives through business quizzes, business simulations and case-study presentations. The winners of the Business Games are felicitated by the CMD at Republic Day Celebrations.

For the first time, Fun Team Games (FTGs) were initiated for E0 and staff level employees to inculcate MDT (Multi-disciplinary Team) concept and spirit of camaraderie and belongingness to the organization, which was very well received by the participants. The winners are felicitated by the CMD at Republic Day Celebrations. ONGC also conducted the Assessment Development Centre (ADC) programs for 189 DGM level executives and provided them developmental inputs. An engagement survey was conducted across ONGC, providing valuable inputs for the management to take follow-up action.

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 2009-10 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

Skill upgradation is a vital component for the Human Resource Development. In pursuance to the mandate of equipping the executives with latest knowledge in the specialized fields of upstream oil and gas sector, attempts were made to organise training

Sustained toil on derrick floor

programs with the best of faculties from India and abroad. During the year 2010-11, ONGC conducted various training programs for its executives and staff spanning 200,674 training man-days. A scheme titled "Performance Support" was launched as a pilot project on November 24th, 2010, which provides desired knowledge back-up to young executives working at various locations in their respective domains. A panel of 95 domain experts has been prepared for providing the knowledge support. 'Return on Investment on Training' based on Donald Kirk Patrick Model was evaluated at Level I / Level II as planned during the year 2010-2011.

To hone the managerial acumen of our officers, second batch of 'Leadership Development Program' involving 'Overseas Learning Component' was conducted through Indian School of Business, Hyderabad for executives of General Manager level. Five Advanced Management Programs involving 'Overseas Learning Component' were conducted during the year for 125 executives of DGM level. Four Senior Management Programs involving 'Overseas Learning Component' were also conducted during the year for 100 executives of E5 level. In addition 81 planned Management Development Programs have been conducted against the target of 70 programs.

24. 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**.

25. Sports

Your company has 184 International & National sportspersons who represent ONGC as well as the country in various national and international events throughout the year. In addition to this, ONGC supports around 100 sportspersons through scholarships. During the year, ONGC sportspersons left an indelible mark in mega sporting events like Commonwealth Games, Asian Games and ICC World Cup.

Cricket icons Gautam Gambhir, Munaf Patel and Virat Kohli of ONGC played a stellar role in winning the coveted ICC World Cup Trophy after a gap of 28 years for India.

ONGC cares: Scholarship to deserving students

For ONGC sportspersons, winning is a habit

Thirteen ONGCians won ten medals in CWG 2010 which includes two gold medals. ONGCians followed their CWG performance with exceptional display at 2010 Asian games held at China grabbing 12 medals in all out of which four were gold. Out of India's total tally of 64 medals ONGCians contributed 12.

Besides splendid performance in Asian Games and CWG, Ronjan Sodhi secured a gold medal in shooting World Cup. Alok Kumar became the only player in India who won all the four National titles in cue sports i.e. Billiards, Snooker, 8 ball Pool and 9 ball Pool.

ONGC has been maintaining its supremacy in Petroleum sector & has won Petroleum Minister's trophy for excellence for seventh year in succession.

26. ISO Certification for HR processes

As part of the increase in the pace of continual improvement in HR-ER functions, ONGC has taken the significant initiative for certifying ISO 9001:2008 of HR-ER functions through reputed agency in sixteen work centres including functions During the year, all these 16 work centres went through this vigorous process under their respective Incharge HR-ER including preparation of documentation (Quality Manual, Procedure Manual, Procedure Format), conducting internal audits, holding ISO sensitization programs and Management Review Meetings. Thereafter, the auditors of Certified Agency visited all the work centres and checked the entire process in the pre-assessment audit. During this process, observations raised by auditors were rectified by HR-ER personnel immediately, who were closely associated with this process.

27. Women Empowerment

Women employees constitute 6.2% of ONGC's workforce. During the year, programs for empowerment and development, including program on gender sensitization was organized. Your Company actively supported and nominated its lady employees for programs organised by 'Women in Public Sector' (WIPS) and 'Women in Leadership Roles'.

28. Improvement in Living/Working Conditions

Green Buildings: As part of its commitment to sustainable development, ONGC has taken up development of Green Buildings at Delhi, Mumbai, Kolkata & Dehradun. These buildings are expected to save 50 to 60% energy as compared to baseline buildings. Apart from savings in energy, they shall also save water by about 30%, harvest 100% rainwater, discharge zero sewage, and provide higher occupant comfort levels in terms of air quality and personalized controls for temperature and lighting while improving occupants' health and productivity. These Green Buildings shall also use renewable and clean energy sources like solar photovoltaic and Gas Gensets thereby reducing the Greenhouse Gas (GHG) emissions. These buildings shall also be redeveloped as Carbon Development Mechanism (CDM) projects.

Renovation of existing offices/ colonies/guest houses was successfully completed at many work-centers to make the facilities more in sync with present day requirements as well as make our infrastructure energy efficient. Energy supply through alternate sources of energy viz. wind energy and solar panels has commenced in some of our colonies.

Fleet Management: ONGC deployed 60 cars at Delhi & 245 cars at Mumbai operating on environment friendly greener & cleaner fuel (CNG) against a MoU with Maruti Suzuki India Limited (MSIL) to provide vehicles on lease to ONGC with fleet management services under N2N Scheme of MSIL.

Work-Life Balance: Your Company continued in its endeavors to ensure work-life balance of its employees. The colonies at many work-centers were provided facilities like gymnasiums, music rooms, etc. Outbound programs with families were organized at various work-centers. Hindi dramas on the importance of 'Work-Life Balance' were staged to create awareness amongst the employees. In addition, cultural programs involving employees and their families were also conducted. Involvement of Mahila Samitis in various CSR Projects and Resident Welfare Associations(RWAs) in cultural programs was achieved.

29. Corporate Social Responsibility (CSR)

Your Company is committed to follow the Guidelines on Corporate Social Responsibility (CSR) issued by the Department of Public Enterprises. The CSR initiative of ONGC during 2010-11 was marked by continued commitment to several large-scale key projects as well as initiation of several new projects identified under the 12 focus areas of ONGC i.e. Education including vocational courses, Health Care, Entrepreneurship (self-help and livelihood generation) schemes, Infrastructure support near our operational areas, environment protection, ecological conservation, protection of heritage sites, UNESCO heritage monuments etc., Promotion of artisans, craftsmen, musicians, artists etc. for preservation of heritage, art and culture, Women empowerment, girl child development, gender sensitive projects, promoting sports/sportspersons, supporting agencies promoting sports/sportspersons, Water management including ground water recharge and Initiatives for physically and mentally challenged. Major CSR Projects launched during the year are as follows:

- **ONGC- GICIET-Computer Education Project with Bharatiya Vidya Bhavan:** The initiative envisages setting up of five computer centres in Uttarakhand, Assam, Andhra Pradesh, Pondicherry and Gujarat for unemployed youth.
- **HEAT with Haemophilia Federation of India:** A Pan-India operation to transform lives of 1000 children with Haemophilia (CwH) through education.
- **'Varishthjan Swasthya Sewa Abhiyan' with HelpAge India:** Community based health services for destitute aged persons in ONGC's operational areas all over the country through Mobile Medicare Units.
- **'Gram Sarv Utthan' with SEED (Society for Educational welfare and Economic Development)**: Community mobilization, in-school intervention, adult education with special focus on female literacy, vocational training to community youth, health and sanitation, utilization of effluent water in 3 villages in Bokaro, Jharkhand.

Vocational course sponsored by ONGC at Rajahmundry

- **Construction of Halls and Kitchen with SVS (Shramik Vikas Sansthan):** Financial assistance for construction of additional Hall, staff room & kitchen for the hostel for tribal children in Bhekhadia village, Kawant Tehsil, Gujarat.
- **Greening of Southern Ridge, Delhi:** Greening an approx area of 1.5 sq. km in Vasant Kunj institutional area near Southern Ridge in association with TERI University.

- **TERI-ONGC "Soldiers of the Earth" project:** The Soldiers of the Earth campaign is an all encompassing, environmental awareness generation program. The campaign undertaken at Dehradun, Ankleshwar and Nazira is aimed at sensitizing children and young adults towards a greener future.
- **Badhte Kadam:** A massive pan-India disability awareness raising program throughout the country.
- **Mokshda Green Cremation System:** Setting up of 30 energy efficient and environmental friendly green cremation system in association with local municipal bodies at work centers of ONGC.
- **"Amulya Dharohar" Conservation of Ahom monuments with ASI & NCF:** To support the endeavour of Archaeological Survey of India for conservation and development of four Ahom monuments at Sivasagar, Assam.
- **'Ashadeep' – Girl child education program:** 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.
- **Project Saraswati with NGRI:** Exploring deep underground water resources in Rajasthan to provide new sources of ground water in the desert / drought prone areas with possible scope for long distance recharge.

30. 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, 2011 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

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

31. Corporate Governance

Your Company has taken structured initiatives towards Corporate Governance and its practices are valued by the various stakeholders. The practices evolve around 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 31.03.2011, 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, 2011 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 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, annual report on the working of the Audit & Ethics Committee for FY '10 and FY '11 has been prepared and will be put up to Board for its information. This is in line with the recommendation of the C&AG.

(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 line with the requirements of Clause 49 (of the Listing Agreement) 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. The Risk Register and the draft Risk Management policy of ONGC has been reviewed by the Audit and Ethics Committee and approved by the Board of Directors. The ERM framework has been rolled throughout the organization and the risk policy adopted by the company is being displayed at all the Assets/Basins/Plants/Institutes across all the locations of ONGC. The risk policy of ONGC is stated below:

"**ONGC shall identify the possible risks associated with its business and commits itself to put in place a Risk Management Framework to address the risks involved on an ongoing basis to ensure achievement of the business objectives without any interruptions.**

ONGC shall optimize the risks involved by managing their exposure and bringing them in line with the acceptable risk appetite of the company".

The risk reporting structure has already been put in place and all the stakeholders are being trained to enumerate risks in their functional area. The Risk Management Cell is receiving reports from the various functional areas. The Risk Management Committee is reviewing the same on a periodical basis.

32. 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

As per Notification No. GSR 289(E) dated 31st March, 2011 issued by the Ministry of Corporate Affairs, amending the provisions of the Companies (Particulars of Employees) Rules, 1975 issued in terms of section 217(2A) of the Companies Act, 1956, it is not necessary for Government companies to include the particulars of employees drawing salaries of ₹ 60 lakhs or more per annum, employed throughout the financial year or, ₹ 5 lakhs per month, if employed for part of the financial year. As your company is a Government company, the information has not been included as a part of the Directors' Report.

33. 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.**

34. Auditors

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India (C&AG). M/s Arun K. Agarwal & Associates, M/s Kalyaniwalla & Mistry, M/s S. Bhandari & Co, M/s Ray and Ray and M/s M. Kuppuswamy PSG & Co, Chartered Accountants were appointed as joint Statutory Auditors for the financial year 2010-11. The Statutory Auditors have been paid a remuneration of ₹ 14.25 million for Annual Audit assignment and Certification of Corporate Governance. The above fees are exclusive of applicable service tax and reimbursement of reasonable travelling and out of pocket expenses actually incurred.

35. Auditors' Report on the Accounts

The Comments of Comptroller & Auditor General of India (C&AG) form part of this Report as per **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.

You would be pleased to know that your Company has received 'Nil' comments from C&AG and Statutory Auditors for the year 2010-11. This is the fifth time in a row that the organization has received 'Nil' comments and seven times in last eight years.

36. 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, 2011 was approved by the Central Government and they have accordingly been appointed.

37. Directors

During the year under report, Shri R. S. Sharma, former CMD and Shri D. K. Pande, former Director (Exploration) retired from the services of ONGC on 31.01.2011. Shri S. V. Rao was appointed as Director (Exploration), ONGC on 25.02.2011 and Shri K. S. Jamestin was appointed as Director (Human Resources), ONGC on 25.05.2011. Further, with a view to ensure that the Board structure of ONGC conforms to the provisions of Clause 49 of the Listing Agreement, the Government has appointed Dr D. Chandrasekharam (on 11.03.2011), Smt. Usha Thorat, Prof. Deepak Nayyar and Shri Arun Ramanathan (on 20.06.2011) as Non-official Part–time Directors on the Board of ONGC. As a result, the Company can now exercise its enhanced powers under the Maharatna dispensation.

The Board places on record its deep appreciation for the excellent contributions made by Shri R. S. Sharma and Shri D. K. Pande during their tenure.

The strength of the Board of Directors of ONGC as on 24.06.2011 is 16 Directors, comprising 6 Executive Directors (Functional Directors) and 10 Non-Executive Directors–2 Government nominees and 8 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 S. S. Rajsekar, Shri S. Balachandran and Shri S. Nautiyal retire by rotation at the 18th Annual General Meeting and being eligible, offer themselves for reappointment.

Shri S. V. Rao, Dr. D. Chandrasekharam, Shri K. S. Jamestin, Smt. Usha Thorat, Prof. Deepak Nayyar and Shri Arun Ramanathan who were appointed as Additional Directors after the last AGM, hold office up to the 18th AGM. The Company has received notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, proposing their candidature for appointment as Directors 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 18th AGM of the Company, and form part of the Annual Report.

38. 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

(A. K. Hazarika)

Chairman and Managing Director

Place: New Delhi

Date: 14th July, 2011

Statement of Reserve Recognition Accounting

Standardised measure of Discounted Future Net Cash Flows relating to Proved Oil and Gas Reserve quantities as on 31st March, 2011.

(₹ in million)

Particulars	Gross Value as at		Present value (Discounted at 10%) as at	
	31st March, 2011	31st March, 2010	31st March, 2011	31st March, 2010
REVENUES				
OIL	7,314,268.54	7,867,192.91	3,399,333.34	3,746,236.98
GAS	2,163,305.31	2,113,383.30	981,274.86	966,613.81
Total Revenues	**9,477,573.85**	**9,980,576.21**	**4,380,608.20**	**4,712,850.79**
COSTS				
Operating, Selling & General	4,209,253.01	4,113,636.85	1,949,685.48	1,920,003.22
Corporate Tax	1,296,322.69	1,512,940.18	554,517.50	714,667.98
Sub Total	**5,505,575.70**	**5,626,577.03**	**2,504,202.98**	**2,634,671.20**
Evaluated Cost of Acquisition of Assets, Development and Abandonment				
a) Assets	590,985.60	801,282.30	438,652.72	523,913.71
b) Development	300,247.40	221,268.30	223,728.35	159,131.27
c) Abandonment	175,642.60	164,006.68	10,064.82	10,891.04
Sub Total	**1,066,875.60**	**1,186,557.28**	**672,445.89**	**693,936.02**
Total Cost	**6,572,451.30**	**6,813,134.31**	**3,176,648.87**	**3,328,607.22**
Net future earnings from Proved Reserves	**2,905,122.55**	**3,167,441.90**	**1,203,959.33**	**1,384,243.57**

Notes

1) The Revenues on account of crude oil have been worked out on the basis of average price for the year 2010-11. 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 on 31.03.2011. Taxes and Levies have been considered at prevailing rates as on 31.03.2011.
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, 2011

Employee Group	Age Distribution				Total	
	<31	31-40	41-50	51-60	2010-11	2009-10
(A) Technical						
Executive	1,694	1,211	7,396	9,653	19,954	19,542
Non-Executive	689	670	1,093	928	3,380	3,066
Total (A)	**2,383**	**1,881**	**8,489**	**10,581**	**23,334**	**22,608**
(B) Non-Technical						
Executive	182	477	1,472	2,910	5,041	4,942
Non-Executive	40	546	1,815	2,497	4,898	5,276
Total (B)	**222**	**1,023**	**3,287**	**5,407**	**9,939**	**10,218**
Grand Total (A+B)	**2,605**	**2,904**	**11,776**	**15,988**	**33,273**	**32,826**

Note: Whole time Directors excluded

Valuation as on 31st March, 2011

(₹ in million)

Employee Group	Age Distribution				Total	Value per Employee	
	<31	31-40	41-50	51-60		2010-11	2009-10
(A) Technical							
Executive	38,415	32,424	153,834	111,480	336,153	16.85	15.41
Non-Executive	7,992	7,904	15,141	8,105	39,142	11.58	9.31
Total (A)	**46,407**	**40,328**	**168,975**	**119,585**	**375,295**	**16.08**	**14.58**
(B) Non-Technical							
Executive	4,039	11,749	26,154	28,179	70,121	13.91	13.55
Non-Executive	493	6,396	20,073	17,177	44,139	9.01	6.60
Total (B)	**4,532**	**18,145**	**46,227**	**45,356**	**114,260**	**11.50**	**10.02**
Grand Total (A+B)	**50,939**	**58,473**	**215,202**	**164,941**	**489,555**	**14.71**	**13.10**

- Based on "Lev & Schwartz" model which is a cost based valuation of employee expenditure
- Aggregate future earnings (with annual increment) during remaining employment period of employees, discounted @ 8% p.a. provides the present valuation

ONGC ranked as No.1 E&P Company in World

ONGC has been ranked as the Number One E&P Company in the World (3rd rank in 2009) and 18th in the overall listing of global energy companies (8 notches higher than the ranking in 2009) as per Platts Top 250 Global Energy Company Ranking 2010. The rankings were released by Platts at Singapore on 2nd November, 2010. This is the highest ever ranking of ONGC in the list of Platts Top 250 evaluated on four Key Metrics - Assets, Revenues, Profits and Return on Invested Capital (ROIC).

ONGC ranked at 172nd position in Forbes Global 2000 list of the world's biggest companies for 2011

ONGC has been ranked at 172nd position in the Forbes Global 2000 list 2011 of the world's biggest companies released on 21st April 2010. The ranking is based on Sales (US$ 22.6 billion), Profits (US$ 4.3 billion), Assets (US$ 44.6 billion) and Market Capitalization (US$ 53.2 billion). 57 Indian companies find place in the list among which ONGC has been ranked at no. 3 after Reliance Industries and SBI.

Financial Express ranks ONGC as the most valuable PSU

Financial Express in its latest listing of top 500 Companies of India for the year 2010-11 has placed ONGC, second on composite overall ranking amongst all companies in India. ONGC also maintains its position as most valuable PSU of the country.

Business World ranks ONGC as the 'Most Respected PSU Company'

Business World, in its latest survey on Most Respected Companies 2011 (published on 14th February, 2011) ranked ONGC fourth amongst all the companies in both private and public sector in India. ONGC has emerged as not only the sector leader (oil & gas sector) but also the most respected company amongst all the PSUs.

ONGC recognized as the 'Best Employer to Work For' among PSUs

As per latest survey Business Today (BT) (February 6, 2011 issue) ONGC has been ranked as the 'Best Employers to Work For' among all PSUs. ONGC with an Index score of 40 stands at 13th amongst top 25 India Corporates. ONGC has also been ranked as the 'Best Employer to Work for' in the Core sector, even among the non PSU Corporates in India.

ONGC ranked at top on parameters for organizational disclosures

Transparency International in a recently released report 'Promoting Revenue Transparency: 2011 Report on Oil & Gas Companies' has ranked ONGC at top on parameters for organizational disclosure. ONGC ranks at 26th on Reporting on anti-corruption programs and at 16th place on Country-level disclosure - International Operations. Organizational disclosure measures reporting on companies' organizational structure, operations, partnerships and standards used for published financial accounts.

ACCREDITATIONS

ONGC Academy gets ISO-9001:2008 accreditation

ONGC Academy was conferred with ISO-9001:2008 Certification for quality management on 1st November, 2010.

AWARDS

Petrofed Oil & Gas Industry Awards 2009 & 2010 to ONGC

ONGC bagged the Petrofed Oil & Gas Industry Awards 2009 and 2010 for excellence in various categories. ONGC bagged the 'Leading Oil & Corporate of The Year Award' for 2009 & 2010 and the 'Exploration & Production Company of the Year Award' for 2010. ONGC also bagged 'Innovator of the year Team category Award for 2009'. MRPL clinched the 'Refinery of the Year Award' for 2010. The awards were given by Shri S. Jaipal Reddy, Hon'ble Minister for Petroleum & Natural Gas on 10th May, 2011 at New Delhi.

ONGC bags FE-EVI Green Business Leadership Award

ONGC bagged the first ever FE-EVI Green Business Leadership Awards, instituted by Financial Express and Emergent Ventures India. The award was received by CMD on 5th June, 2010 at New Delhi. The Awards were handed over by Minister for New and Renewable Energy (MNRE) Dr. Farooq Abdullah on the occasion of World Environment Day.

ONGC won the NIPM Best HR Practices Silver Trophy

ONGC bagged the Silver Trophy for Best HR Practices, 2011 at the inaugural ceremony of the NIPM National Conference held in Delhi on 14th February, 2011. The award was given by Shri Bhaskar Chatterjee, Secretary, DPE, Govt. of India.

ONGC receives the 'Shine.Com HR Leadership Award' for its CSR activities

The Shine.Com HR leadership Awards were announced by the IES Group of Companies in collaboration with the World HRD congress and Shine.Com of Hindustan Times. The Jury conferred upon ONGC, the award for the Best Leadership Practices in the area of Corporate Social Responsibility in a function in Mumbai on 9th February, 2011.

ONGC bagged Certificate for excellence in Corporate Governance

ONGC bagged the Corporate Governance Certificate for excellence in corporate governance practices instituted by the Institute of Company Secretaries India (ICSI). The accolade was received from the Hon'ble Finance Minister of India, Shri Pranab Mukherjee on 16th December, 2010 at New Delhi.

ONGC gets PCRA award for Best Overall performance for energy conservation in upstream sector

ONGC bagged the PCRA 'Award for Excellence' for the Best Overall Performance in the Upstream Sector. The Award was received from the then Hon'ble Minister for Petroleum and Natural Gas, Shri Murli Deora on 19th January, 2011 at New Delhi.

ONGC received the Petrofed Oil & Gas Industry Awards 2009-10 for excellence in various categories from Shri S. Jaipal Reddy, Hon'ble Minister for P&NG

ONGC bags Safety Innovation Award instituted by IEI

ONGC has been declared winner of the Safety Innovation Award-2010 in the Oil & Gas Sector, instituted by Institution of Engineers of India (IEI). The award was given away by Shri Rakesh Mehta, IAS, Chief Secretary, NCT during Safety Convention-2010 organized by IEI at New Delhi on 28th December, 2010.

ONGC bestowed with 'The India Shining Star CSR Award'

ONGC was bestowed with the India Shining CSR Award 2010 for Outstanding Contributions towards CSR in the Petroleum Sector on 19th February, 2011. ONGC received the Award from Hon'ble Minister for Water Resources and Minority Affairs, Shri Salman Khurshid in the presence of Nobel Laureate from Bangladesh Mr. Mohammed Yunus.

For green initiatives and practicing best policies for environment protection amongst PSUs, ONGC was conferred with NDTV 'Greenies Eco Award'. The occasion was graced by Her Excellency The President of India, Smt. Pratibha Devisingh Patil.

ONGC bestowed with NDTV 'Greenies Eco Award'

ONGC has been conferred with 'Greenies Eco Award' instituted by NDTV for green initiatives and practicing best policies for environment protection amongst the PSUs. Her Excellency, the President of India, Smt. Pratibha Devisingh Patil handed over the award to ONGC on 7th December, 2010 at New Delhi. 'NDTV- Greenies Eco Awards' were aimed at encouraging, acknowledging and awarding the champions of the Earth for environmental leadership. The nominations were selected from all over the world.

Golden Peacock Award to ONGC

ONGC bagged the 'Golden Peacock Award' at the 5th Global Conference on Social Responsibility. The award was received on 24th September, 2010 from Mr. Ola Ullsten, Chairman, World Council for Corporate Governance and Former Prime Minister of Sweden.

ICC Sustainability Vision 2011 Award to ONGC

ONGC bagged the maiden Indian Chamber of Commerce 'Sustainability Vision 2011' Awards in the category- 'Sustainability Reporting and Transparency'. The award was handed over by His Excellency Shri Jagannath Pahadia, Governor of Haryana to ONGC during the Summit on India Sustainability Vision @ Future on 9th March, 2011 at New Delhi.

ONGC bagged awards for Best Financial Performance and Corporate Governance

ONGC bagged the awards on Best Financial Performance and Corporate Governance given by Department of Public Enterprises Government of India in association with Indian Chamber of Commerce and Deloitte, the Knowledge Partner. Hon'ble Union Minister of Heavy Industries and Public Enterprises, Shri Vilasrao Deshmukh presented the award on 1st December, 2010 at a Summit on India Public Sector Agenda @ 2015 at New Delhi.

Golden Peacock Award for Climate Security-10

ONGC bagged the Golden peacock award for Climate Security -10. Dr. Ola Ullsten, Former Prime Minister, Sweden and Chairman, World Council for Corporate Governance handed over the award to ONGC on 30th July, 2010 during the Global Summit on Sustainability held at London.

Union Finance Minister Shri Pranab Mukherjee conferred the BusinessToday Best CFO Awards. Shri D.K. Sarraf, Director (Finance) was the recipient of the 'Best CFO in Public Sector' award.

AWARDS TO THE BUSINESS UNITS

IDT bags Shiksha Bharti Puraskar

The Institute of Drilling Technology (IDT) has been awarded the "Shiksha Bharti Puraskar" instituted by the All India Achievers Foundation for outstanding contribution in the field of training in India on 11th February, 2011 in New Delhi at the hands of Dr. Bhisma Narayan Singh, former Governor and Union Minister.

Uran Plant bags Level 8 under ISRS7

Uran Plant has been awarded Level 8 under ISRS7 edition by M/s DNV. Uran Plant of ONGC is the only oil & gas installation in India to achieve this level. In addition, the Quality Circle team "Ujjwal" of Uran Plant awarded the Golden Trophy at the International Convention on Quality Concept Circles (ICQCC-2010) held on Hyderabad during 12th to 15th October, 2010. "Ujjwal" was the only quality circle team representing ONGC in this international convention.

School of Maintenance Practices bags National Award for Training

School of Maintenance Practices, Vadodara received the Golden Peacock National Training Award 2010 being bestowed by His Excellency Governor of Maharashtra, Shri K. Sankara Narayanan on 29th January, 2011 at Mumbai.

Hazira Plant bags Greentech Award

Hazira Plant received Greentech Gold Award-2010 for outstanding achievement in Safety Management on 24th May, 2010.

RECOGNITION TO THE INDIVIDUALS

CMD conferred with AIMA Honorary Fellowship

Shri R.S. Sharma, former CMD, ONGC, was conferred with honorary fellowship by All India Management Association (AIMA) on 7th August, 2010 in recognition of significant contribution for professional management and commitment to the objectives of the Association. The fellowship was received from Shri R.C. Bhargava, Maruti Suzuki India Chairman & Shri M. Damodaran, the former Chairman of Securities and Exchange Board of India (SEBI).

CEPM-PMA fellowship to CMD

Shri R.S. Sharma, former CMD, ONGC was given the Honorary CEPM - PMA (Centre For Excellence in Project Management & Project Management Associate) fellowship on 6th December, 2010 at New Delhi. The fellowship was handed over by Hon'ble Chief Minister of Delhi, Smt. Sheila Dixit during the 18th Global Symposium organized by CEPM-PMA.

“Geologist of Fame” award to Director (E)

Shri D. K. Pande, former Director (Exploration) has been conferred with "Geologist of Fame" award instituted by Drilling and Exploration World (DEW) Journal. Shri Sudhir Bhargava, Additional Secretary, MoP&NG gave the award to Shri Pande on 22nd November, 2010 at New Delhi.

SPE Award to Director (Offshore)

ONGC bagged SPE Regional Distinguished Corporate Support Award 2010 for its contribution towards SPE at regional level which is first such award for any Indian Company.

Shri Sudhir Vasudeva, Director (Offshore) was conferred with SPE Regional Service Award 2010 for his exceptional contributions to the SPE at section and regional levels during the awards function at 2010 SPE Middle East Regional Awards function held on 4th October, 2010 at Manama, Bahrain.

Mumbai Section of SPE received the 'Most Improved Section' award 2010 from SPE President Dr. Behrooz Fattahi. The award was conferred in the President's Luncheon meeting during the SPE Annual Technical Conference & Exhibition held in Florence, Italy on 22nd September, 2010.

Director (Offshore) nominated as 'At-large Director’, on the Board of SPE

Shri Sudhir Vasudeva, Director (Offshore), ONGC, has been nominated as the ‘At-large Director’ on the Board of Society of Petroleum Engineers. He is the first Indian to be nominated for this coveted position. SPE has more than 64,000 members spread across 110 countries.

Shri K. S. Jamestin, former ED, HRO Honoured for Leadership in HR

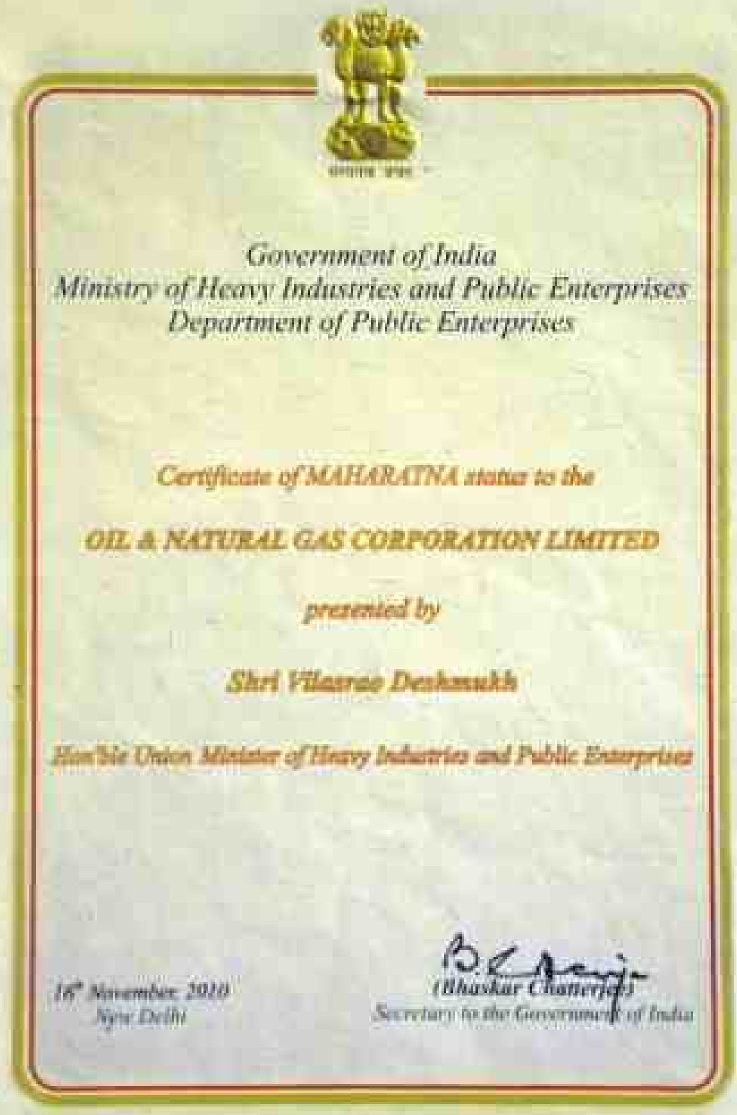
Shri K. S. Jamestin, former ED, HRO was conferred with the HR Leadership Award at the 19th Global HR Excellence Awards meet in Mumbai on 11th February, 2011. Shri Bhaskar Chaterjee, Secretary, DPE, Govt. of India presented the award to Shri Jamestin.

FIRE SERVICE MEDAL TO ONGCIANS

Four ONGCians,

1. Shri S. R. Subramanian, Manager (Fire Services), Cauvery Asset,
2. Shri R. R. Brahmbhatt, Fire Officer, Cambay Sub-Asset,
3. Shri George Mathew, Sr. Asstt. Chief Inspector (Fire), Ahmedabad Asset and
4. Shri P. C. Sharma, Asstt. Chief Inspector (Fire), Mehsana Asset

have been bestowed with the prestigious "Fire Service Medal for Meritorious Service" by the Government of India on the occasion of Independence Day 2010.



सत्यमेव जयते

Government of India
Ministry of Heavy Industries and Public Enterprises
Department of Public Enterprises

Certificate of MAHARATNA status to the

OIL & NATURAL GAS CORPORATION LIMITED

presented by

Shri Vilasrao Deshmukh

Hon'ble Union Minister of Heavy Industries and Public Enterprises

18th November, 2010
New Delhi

(Bhaskar Chatterjee)
Secretary to the Government of India

ONGC conferred with Maharatna status on 16th November, 2010

A. ENERGY CONSERVATION

The following measures were taken towards energy conservation during 2010-11

- 225 nos. of Energy Audits were conducted during FY'11. 164 nos. of Energy Audit Recommendations were closed during the year.
- **Hazira Plant:** Revamped 22 years old central A/C plant with energy efficient chillers carrying environment friendly refrigerant (R134A). Revamping will save energy approx. to the tune of 416000 units i.e. ₹ 0.8 million per year. Also 8 nos. VFD panels commissioned in AHU of Administration building for auto control of AHU speed by sensing the return air temperature. It enhanced the life of motor with substantial energy saving.
- **Uran Plant:** Dismantled old AHU and installed 08 nos. new AHU. Area-Energy saving 157248 units/year. Overhauled chillers, AHU and replaced chiller water head tank with PVC molded round bottom tanks of 1000 liters duly insulated. Energy Saving 142613 units/year.
- **CBM Project, Bokaro:** Variable Frequency Drive starters (07 nos.) incorporated in lift motors of CBM wells instead of conventional electrical starters. Expected energy saving - 15 to 20%. Highest energy efficiency motors purchased for SRPs with incremental efficiency of 8 to 10%.
- **IRS, Ahmedabad:** Existing conventional fluorescent tubelight fittings are being replaced with energy efficient T-5 type fluorescent fittings with electronic ballasts on failure and need basis. All three transformers at IRS are optimally loaded so as to increase transformer efficiency taking cognizance of seasonal variation in temperature.
- **KDMIPE, Dehradun:** 4 nos. 1000 KVA each DG Sets meant for captive power generation were integrated to existing APFC Panels to improve Power Factor up to 0.92 thereby enhancing the KVA capacity of Captive power to the tune of 400-450 KVA approximately. Power factor of Electrical load is maintained more than 0.98 with the help of APFC (Automatic power factor correction) panel above the standard power factor of 0.85. Energy efficient light fixtures introduced (1X36W, 2X36W, 3X36W, 18W & 11W CFL and 28/24 W T5-Tube light fixtures) in all New/Renovation/Revamping Electrical works.
- ONGC has carried out different activities for creating energy conservation awareness and efficient use of energy like cycle rally, LPG Quiz program, quiz for ladies, employees and school children, drawing, slogan, essay competition, Drivers' awareness programs, workshop on energy conservation, exhibition, free pollution check up, street play etc.
- Observed Rajiv Gandhi Akhshay Urja Divas to promote the nation wide campaign for effective utilization of renewable energy.
- 12000 LPD Solar water heating system added at ONGC Colony, Noida.
- A substantial number of Energy efficient lightings are installed in all Assets/ Basins / Offices.
- Process Energy Audit of Uran Plant has been carried out and five projects have been identified for implementation with a potential savings of approximately ₹ 200 million per year.
- To create awareness and educate the common masses on "Energy Conservation", programs were organized with message propagation through electronic and print media.
- Total 54 nos. Energy efficient Diesel engines are replaced at onshore drilling rigs.

Energy Conservation measures taken earlier which are contributing to annual savings

- On installation of Wind Farm in Kutch, Gujarat in 2008-09 electricity generated from wind power plant is 95 MU in the year 2010-11 amounting to ₹ 475 million.
- Use of waste heat recovery at platforms, rigs & plants at Hazira & Uran for oil heating, water purification & steam generation.
- Use of energy efficient equipment, devices and turbo expanders. Thermal energy cost reduction achieved by maintenance of steam traps at processing plants at Hazira & Uran.
- **CBM Project, Bokaro:** Energy efficient electrical fixtures installed in CBM office. Expected saving per annum from above measures is to the tune of ₹ 2.5 million per annum.
- **IRS, Ahmedabad:** Replacement of the existing conventional type fluorescent type fittings with energy efficient T-5 type Fluorescent fittings with electronic ballasts was planned and being changed on replacement basis. In streetlight circuits, instead of manual switching, light-sensor based time switches have been installed resulting in energy saving.

• **KDMIPE, Dehradun:** A 2 KW Solar Power Plant was commissioned along with associated Electrical works. 4 Nos. 1000 KVA each DG Sets meant for captive power generation were integrated to existing APFC Panels to improve Power Factor up to 0.92 thereby enhancing the KVA capacity of Captive power to the tune of 400-450 KVA approximately. Energy Efficient light fixtures introduced (1X36W, 2X36W, 3X36W, 18W & 11W CFL and 28/24 W T5-Tube light fixtures) in all New/Renovation/Revamping Electrical works.

• Harnessed solar energy by using solar water heaters and use of photovoltaic panels at Dehradun, Uran, Unmanned platforms in offshore, Rajahmundry and Vadodara.

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

Uran Plant : Energy saving 142613 units per year

• Reduction of contract demand and improvement of PF at different locations.

• Inter fuel substitution at Bokaro, Agartala, Rajahmundry & Karaikal and proper capacity utilization of equipments.

• Avoiding parallel running of engines on drilling rigs.

• Reduction of gas flaring by using gas in water heating system installed at various locations of ONGC.

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

The 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

• ONGC along with TERI has been carrying out R&D in the field of Microbial Enhanced Oil Recovery, Paraffin Degrading Bacteria and Flow Assurance for the last 3-4 years. Field trials on pilot scale were conducted.

• Conceptualized PTDR (Plasma Thermal Destruction Recovery) Technology for Waste to Energy with IEOT who proposed a plant at Uran. Execution of Pilot Project at Uran plant is in pipeline.

• Study to explore advances that have taken place in field of material selection and guidelines practiced worldwide along with update on relevant standards and codes.

• Application of composite material pipes for effluent and produced water lines in Onshore Assets.

• Feasibility study on Surface Coal Gasification.

• Identification of suitable chemical methodology for improving flow assurance of waxy/ asphaltic crude oil in down hole tubular as well as in transportation lines.

• Designing of suitable chemical formulations for water shut-off/ profile modification for arresting water production/improving sweep efficiency in oil & gas wells in various Indian oil fields.

• Analysis of sub-surface samples to generate PVT parameters for reservoir engineering calculation and prediction.

• Reservoir characterization (in terms of permeability) of different Indian oil/gas fields for optimum exploitation strategy.

• A rapid technique was developed and put to field trial for geomicrobial survey in Charada-Mansa area of Cambay basin.

• Feasibility of detecting and mass production of micro algae from Indian water bodies for hydrocarbon production as a biofuel (project is in progress, scheduled completion March 2012).

• Prospecting for gas & liquid hydrocarbons in uphole sediment samples.

- Light Hydrocarbon geochemistry of oils/ condensates of Kali-Kuthalam area in Tranquebar sub-basin of Cauvery Basin.
- Petrophysical and Sedimentological studies in wells of Kharatar, Ghotaru and Bankia area (Ghotaru extn.-I ml & Manhera Tibba ml) to determine reservoir heterogeneity and its effects on hydrocarbon accumulation.
- Natural Gamma Ray Spectroscopy (NGS) Studies on Core Samples of Cambay shale in Wadu, Gamij and Limbodra fields of Ahmedabad block of Western Onland Basin for Shale Gas Exploration was carried out in the sixteen wells located in three different fields of Western Onshore Basin. Core samples of Cambay Shale were taken from wells Wadu # 7, 9, 12 & 47; Gamij # 2, 3, 4, 12, 14 & 43 and Limbodra # 12, 26, 39, 75, 76 & 150.
- Determination of Petrophysical Parameters on set cement moulds of samples supplied by IDT was carried out for designing the cement slurries. Rock mechanical parameters like Poisson ratio, Bulk modulus, and petrophysical parameters porosity and permeability were evaluated in the samples.
- SEM-EDS investigation on the selected core samples from North Karanpura block was carried out by KDMIPE for characterization of fractures and mineral matter deposits.
- Methodology for processing of Multi component and Long offset data.
- Low Frequency Seismic for delineation of low impedance gas bearing zones of C26/B12 area.
- G&G data analysis to bring out possible cause of preferential migration accumulation of hydrocarbon in G-1 vs. GD area of KG offshore basin.
- Collaborative R&D project with IIT Kharagpur, on Reservoir Characterization using Artificial Intelligence Techniques.
- Mapping of Gas Hydrates of KG Deep Water.
- Seismic modeling of long offset data for sub-basalt analysis.
- R&D Projects on reservoir characterization, reservoir simulation, performance monitoring, EOR processes and basic laboratory data generation for various fields operated by ONGC.

2. Benefit derived as a result of R&D efforts

- IOGPT conceptualized projects worth ₹ 2760 million with envisaged gain of VAP (Naphtha: 144229 TPA, LPG: 46805 TPA, C2-C3: 3960 TPA) & realized oil gain of 4872 BOPD through stimulation jobs. Additionally, revenue of ₹ 10.36 million has also been generated by successful completion of commercial projects for client other than ONGC during the year.
- Flow Assurance study has direct application to crude oil productivity enhancement in terms of cost reduction and oil production improvement.
- Application of technology in field will not only reduce the water production but also improve the recovery factor of hydrocarbon.

Bioremediation at Nawagam, Ahmedabad

- Generated PVT data used in various reservoir engineering calculations for optimal field exploitation.
- Characterization 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 developed technique for geo-microbial survey is efficient, faster and cost effective.
- An in-house method has been developed for selection of samples for further molecular level geochemical characterization, based on adsorbed gas analysis & Rock Eval screening parameters of uphole sediment samples. The application of this method will reduce time & cost of the project.
- A good oil-oil / oil-condensate correlation tool established.
- The study explains the reason behind the porosity loss and poor reservoir characteristics in Lower Goru and Pariwar formations. It also explains the reasons for poor hydrocarbon retention capacity of these formations in terms of reservoir heterogeneity and likely areas of accumulation of hydrocarbons. The study will be useful in developing suitable interpretation work flow and future exploration strategies in this area.
- Integrated log analysis and mineralogical studies to identify productive petrofacies in LBS unit of Laplingaon Area of Assam Arakan Basin.
- The study has indicated dominantly open micro cleat system and rank of the coal are found to be favorable for pursuing further CBM activities in the area.
- Multi component seismic is a developing tool which is meant for special studies and reservoir characterization. Present study will establish the in-house capability of processing Multi component data. It is a R&D project. Processing of long offset seismic data requires special treatment and may be different in many ways in comparison to conventional seismic data processing. Proper utilization of reflections captured at longer offset can help in deeper seismic imaging including sub-basalt imaging.
- It will be helpful in the identification of probable gas bearing zones in low impedance area, where normal interpretation is difficult because of lack of seismic signature.
- It will be helpful in distinguishing between gas sands and water bearing sands. If the present study is successful, it will be applied on other areas of similar problems.
- Development of new concept for identifying gas/oil bearing zones.
- This project will be helpful in identifying the zone of Gas Hydrates in the deep water area of KG Offshore. Till date no attempt has been made to map the gas hydrate zone combining seismic and log and this project will attempt to do this task.
- This project is mainly useful for deciding various field/processing parameters for different images below the basaltic layers which cannot be imagined using conventional methods. This modeling is a prelude to subsequent acquisition and processing technique especially in the areas where the sub basalt image does not appear in the seismic section.
- Amongst the new development schemes are Linch, Bechraji, Santhal, Nardipur Low, K-VA of Kalol field, Viraj, GS-12 sand of Gandhar, Kaikalur, Kanjirangudi, B-173A, KG-DWN-98/2 prospects and G-1/GS-15. After study for field scale WAG implementation in GS-11 sand of Gandhar field, WAG pilot in GS-9 sand have been studied showing scope of recovery enhancement.
- ASP flood pilot in Jhalora K-IV sand has shown initial encouraging results and pilot expansion is being planned.
- Study for targeting bypassed oil in mature Ankleshwar field has shown scope for further enhancement in recovery in sand S3+4. The learning was extended to other sands namely S1, S5, S6+7 and S8+9 and suitable workover candidate wells along with infill wells have been identified. The workover and drilling results are encouraging.
- The revival efforts of ISC process in Santhal and Balol have started showing positive results. Oil production in Santhal field has increased from the low of 830 tpd to +1500 tpd. Similarly oil production in Balol is also picking up (from low of 180 tpd to about 190 tpd).
- IOR scheme for Bechraji field indicated significant enhancement in oil production level with enhanced liquid withdrawal along with infill drilling in the field.
- Integrated model of Greater Bassein was prepared resulting in enhanced/sustained production profile of gas from the giant gas field.
- Streamline Modeling through in-house developed software in MHS for better water flood management was carried out. Studies for development of B-127/B-59 cluster were carried out envisaging peak oil rate of 8600 BOPD.

- Development studies of Kanjirangudi, major gas field of Cauvery Asset, indicate potential of 3-fold increase in gas production from current rate of about 4.5 LCMD.
- Similarly, studies on Kaikalur in Rajamundry Asset envisage increase in gas production rate from present 50000 m^3/d to +300000 m^3/d with high angle wells.
- Mega G&G models for Limbodra, Agartala Dome and Greater Bassein fields were prepared in 2010-11.
- In areas of unconventional energy, simulation of CBM with dual porosity model has been carried out for Bokaro block with vertical well placement and the development plan is under consideration at DGH.
- On UCG front, the engineering design of Vastan UCG pilot has been completed. The environmental clearance for UCG pilot has also been obtained and application for ML has been submitted to Ministry of Coal. The schedule of first gas from Vastan pilot is after 15 months of obtaining ML and first commercial gas is expected after next 36 months.
- The indigenously developed Microbial bacterial consortia have been successfully applied in highly viscous Charada#3 for improving oil mobility. After microbial treatment, the viscosity has been reduced from +900000 cp to 6100 cp and production is stabilized in the well as well with cumulative oil production of about 300 m^3. Maiden field trial of high temperature MEOR is planned in South Kadi field (SK#111). Collaborative work on methanogenes suggests more methanogenes from coal in comparison to oil reservoirs. Complex simulation models of thermal and chemical EOR were put on stream with the help of cluster system and CMG's parallel processor with Dynagrid facility. This significantly reduced the runtime in the existing models for EOR processes.
- Microbial Enhanced Oil Recovery (MEOR) jobs have been successfully carried out in 5 wells of Assam Asset.

3. Institute of Drilling Technology: Specific area in which R&D was carried out during 2010-11 & benefits derived as a result of the above R&D

- Feasibility studies of Cationics as Non Damaging drilling fluid and Non Invasive fluid.

  Benefits: Prevention of pay zone damage, enhancement of drilling efficiency through control of mud loss and mitigation of well bore instability are few benefits associated with Cationics.
- Challenges in casing cementation in salt dome formations.

  Benefits: As a pro-active measure to gear ONGC with in-house facilities and expertise to case in salt dome formations without any complications.
- Mineralogical study for drilling through Babaguru formation without dampening ROP and borehole stability.

  Benefits: Enhancement of ROP in Babaguru formation, enhancement in drilling productivity.
- Optimization of Mud System to overcome borehole instability in Nandasan area.

  Benefits: Stabilised borehole, enhancement of productivity.
- Feasibility for use of low solid (Non Damaging) mud system / or LTMOBM (Low Toxic Mineral Oil Base Mud) in Cauvery Basin for effective removal of drill cuttings, improving ROP and minimize formation exposure time.

  Benefits: Trouble free drilling with minimum hassles as far as the drilling fluid engineering is concerned. Should ultimately result in improving the present ROP of 1.68 m/ hour.
- Well clean up solutions for water base system and LTMOBM for HPHT wells.

  Benefits: Reduction in activation time and increased productivity of reservoirs.
- Formulation of high density based reservoir drill in completion fluids for Tapti Daman fields (Mumbai region) and Rajahmundry Asset.

  Benefits: Development of drill in (NDDF) fluids for Tapti Daman fields and Rajahmundry asset.
- Feasibility of development of low toxic mineral base oil indigenously for offshore and onshore drilling operations.

  Benefits: This should lead to drastic savings to ONGC, if we are able to substitute imported base oil with indigenously available resources.
- Identification and evaluation of compatible lubricants for LTMOBM and brines for reduction in torque/drag in ERD wells of Mumbai offshore.

Benefits: Reduction in torque/ drag in ERD wells of Mumbai Offshore.

- Poor bond (under 0 psi) in small interval within the zone of interest, whereas the other depths being very good cement bond. Also for the suggestion to avoid such phenomenon.

  Benefits: Lessons learnt during the poor cement bond against producing zones and redesigning of improved cement slurry would mitigate the problems in near future.

- Detail study of the effect of contamination of cement slurry with LTMOBM and water base mud system separately for 'C' series fields of Mumbai Region for OWC (DCF & ACC).

  Benefits: Analysis of the problem by which cement is being contaminated with mud systems & insight to the causes of contamination problem shall enable the operators to take suitable corrective measures to eliminate/minimize cement contamination with mud systems.

- Field support services for framing drilling fluid policies for Hitech wells as and when proposed by different Asset and Basin.

  Benefits: Successful and complication free drilling of the well.

- HTHP slurry design for long liner casing cementation with wide temperature difference at bottom and hanger top for KG Project.

  Benefits: A base line data will be prepared for well planning of HTHP wells with long liner and wide temperature difference at bottom and top by designing suitable cement slurry.

- Spacer design with indigenous chemicals for cementation with SOBM system.

  Benefits: Successful removal of mud cake, isolating LTOBM from cement slurry and its uncontaminated recovery and improving cement job/bond, providing perfect zonal isolation.

- Field implementation of Polyamines enhanced high performance water base mud (HPWBM) system in Mehsana.

  Benefits: Replacement of KCl, minimising accretion, enhancing drilling productivity, ecofriendly system.

- Field implementation of IDT developed cross linked stiff rubbery gel loss control solutions for wells in Western offshore.

  Benefits: Recently developed LCM can be used in wide range of temperature during drilling. This pill can also be used before cement to stop the dilution and migration effect of cement in loss zone which provides the temporary barrier to cement. The benefit from this study would be self reliance in technology in the development and evaluation of LCM formulated with indigenous products easily available in local market.

- Cementing operation simulation planning of critical wells cementation.

  Benefits: Assured well integrity and well life through optimization of cementing program.

- Slurry design for casing cementation of ongoing field exploration/development projects.

  Benefits: Customized cement slurry designing will enable good cementation jobs leading to perfect zonal isolation of wells in these work centers. MBP, Kolkata; CBM, Bokaro; FB, Dehradun are dependent on IDT for cement slurry design as there are no cementing laboratories at these work centers. Few specific slurries are also tailor made for KG and Tripura.

- Technology Advances, Challenges, Best Practices in Underbalanced Drilling and its feasibility in ONGC.

  Benefits: Successful and faster completion of Deep Water wells. Reduction of well cost by optimizing well planning w.r.t. utilizing/ implementing industry's latest trends in drilling in Deep Waters. Minimizes formation damage resulting in increased production.

- Well Planning for Well # BM-S-73 of Santos Basin, Brazil and well # N-34/35, Cuba.

  Benefits: Successful and timely completion of the wells.

- Study of wells above 4500 mts with suggestive Casing Policy for Assam Asset.

  Benefits: Successful and timely completion of the wells.

- Well profile & plan for Tapti Daman Block with large production casing size (9-5/8") in pay zone for higher productivity per well.

  Benefits: Successful and timely completion of the wells.

- Casing Policy for exploitation of hydrocarbons from Upper, Lower and Deeper pay zones of Nawagam field of Ahmedabad Asset.

  Benefits: Successful and timely completion of the wells.

4. Future plan of action

- Development of 20 marginal fields through outsourcing.
- Field trial is proposed for the execution of lab findings for enhancing oil production/assuring fluid flow improvement.
- Acquisition of state of the art Mercury free PVT equipment for generation of PVT data for catering the needs of operational area of ONGC.
- Assessment of polymer gel formulation for disproportionate permeability reduction thereby reducing the time and cost for rig less WSO jobs.
- Ultimate objective is to develop 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.
- The existing geomicrobial surface prospecting technique for evaluating the hydrocarbon prospects of an area will be substituted by the newly developed rapid geomicrobial technique.
- The developed methodology for selection of samples for further molecular level geochemical characterization will be applied in new frontier areas.
- The light hydrocarbons study to be further extended to Karaikal Horst- Nagapattinam sub-basin of Cauvery Basin for the year 2011-12.
- Procurement of high temperature and high pressure AVS instrument and NGS equipment is planned for the year 2011-12.
- Identify & initiate purchase of latest hardware to suit prevailing requirements of latest State of Art Technology software from reputed vendors for strengthening OH-log data evaluation capabilities.
- Continuous in-situ estimation of Archie's cementation exponent 'm' in fresh water formations drilled with high salinity mud systems and its application in petrophysical evaluation of shaly sand reservoirs.
- Gas Hydrate Exploration in Indian Offshore Areas.
- Exploring the Shale Gas potential of Damodar Valley Basin.
- Assessment of disproportionate permeability reduction by various pore filling polymer gels for rig-less water shut-off jobs.
- Integrated log analysis and mineralogical studies to identify productive petrofacies in LBS unit of Laplingaon area.
- API of Gravity, Magnetic & MT data in Chambal Valley.
- Hydro-geochemical evaluation of formation/surface/effluent water samples and major/trace element analysis of oil/soil/sediment/chemical samples.
- Feasibility study of selected Micro algae for Hydrocarbon Production.
- Collaborative work on MEOR application in high temperature reservoirs. More field trials will be planned for establishing the process.
- MEOR for mitigating wax deposition in Offshore wherein the technology is to be tried in new surface flow lines.
- Micro CT image analysis on core samples of sandstone reservoirs has been carried out in Laiplingaon field. Similar studies for more complex sandstone systems will be taken up.
- "End user PC Training" project has been taken up to increase IT proficiency of ONGC officials and executives. The modules covered are Desk top Management, MS Office, E-mail Lotus Notes and detailed applications on Smart Mobile.
- Upgradation and revamping of IT Infrastructure including upgradation of enterprise IT Network is being taken up. This will be implemented through hiring of consultant services.
- To provide high bandwidth broadband connectivity to remote installations in NE and South for Voice and IT applications, Point to Multi Point communication system has been planned and under process of implementation.

- Design, Development and Evaluation of mud loss control solutions for partial to total loss situation.
- Formulation of mud system with Clay hydration suppressant.
- Formulation of NDDF for drilling sub-hydrostatic reservoir facies in L-III and Bassein formation in western offshore areas.
- Identification of effective Pre-gelatinised starch as fluid loss agent for clay free NDDF reservoir drilling fluid.
- Formulation/recommendation of environment friendly higher performance drilling fluid system for high pressure wells of Tripura asset to phase out CL-CLS system.
- Dose optimization of Choline Chloride on shale samples of Wasna, Nawagaon, Mahilaj & Kalol field and to formulate best suited drilling fluid system with a combination of Choline Chloride and Sodium Chloride.
- To design a suitable mud system for drilling second phase of wells in Ankleshwar asset in the absence of CL-CLS-RL.
- Optimisation of Clay free drilling fluid for penetrating horizontal pay zones in South Khartar area, Jaisalmer basin.
- The means to minimise formation damage in low permeability formations drilled with high mud weights upto 1.80.
- Study on Choline Chloride as shale stabilizer with different core samples.
- Mud filterate damage and post drilling clean up in horizontal wells for sub hydrostatic reservoirs of Kalol- Nawagam field.
- Implementation of Choline Chloride in place of KCl in Geleky, Assam for a cost effective and environment friendly solution.
- Rheological studies of HTHP mud system over a temperature range.
- Field support services for framing drilling fluid policies for Hitech wells as and when proposed by different Asset and Basin.
- Field support services for testing drilling fluid formulations for Hitech wells as and when proposed by different Asset and Basin.
- Field support services for quality assurance of mud additives.
- Toxicology studies of different drilling fluids on marine organisms as per MOEF guidelines.
- Determination of Collapse pressure from Logs.
- Field implementation of Polyamines (Choline Chloride) enhanced high performance water base mud (HPWBM) system in Mehsana, Ankleshwar and Karaikal.
- Field implementation of Formate system in Mumbai.
- Spacer formulation for cementation of wells having Water Base Mud & Low Toxic Mineral Oil Mud system.
- Strategy for slim hole cementation in highly deviated wells having losses.
- Strategy to cure severe loss using cement plug in wells of “Vasai Field”.
- Explore application of well life concepts in development wells to prolong useful life of the well.
- Slurry design & Cementing technique for Shallow Wells in Ankleshwar & Cambay Asset.
- Cement slurry design for cementation jobs through CTU.
- Field Implementation of PPC in oil well cementation.
- Cementing Operation simulation planning of critical wells.
- Slurry design for casing cementation of ongoing exploration/development wells.
- Study of Blowouts and Consequent Major Disasters in ONGC & Hydrocarbon Industry Worldwide. Lessons Learnt and Remedial Measures.
- Technology Advances, Challenges in Laser Drilling Technology and its likely application.
- Well Planning and Casing Design for well, CYON041NCAB, TD 5013m/Basement.

- Study of Silchar Wells for probable application of Turbo Drilling.
- Repairing 20" Damaged/Corroded Conductor Casing/Well Head of Water Injector Platforms. (WI-11, WI-4, WI-2, WI-8) of MH Asset.
- Planning & Design of High Angle Well KIDA.
- Drilling Well on Paper (DWOP) for Well IP-12 (Side Tracked) - ERD of MH.
- Borehole Stability studies for two wells each in Balol and Santhal field.
- Planning & Design for Sidetrack of Well AKM-1.
- Borehole Stability study for 4 wells each in Ankleshwar and Gandhar fields.
- Feasibility of Turbo-Drilling for Deeper Sections in Frontier Basin.
- Study of Coal Bed Methane field(s) for application of Underbalanced Drilling for exploitation of hydrocarbons.
- Collaborative study of suitable field(s) for MPD / UBD application and facilities required for technology implementation.
- Geo-mechanical studies of a specific area to build Geo-mechanical model in MHN field.
- Well Planning and Casing design for well, CYON041NCAA, TD 4914m / Basement.
- Study of Air Drilling of Deeper Sections & its applicability in Frontier Basin.
- Planning and Designing of deep wells in Koyana area (CDS, Mumbai).
- Revising Casing Policy of MH and B&S Fields.
- Adopted a two pronged strategy to arrest the decline/augment oil and gas production and improve recovery from mature fields through Redevelopment Schemes.
- Early monetization of Marginal Fields is now being made viable through induction of the state-of-the-art technologies, optimization of facilities, regrouping of fields etc.
- Commencement of production from Eastern Offshore expected end of July 2011.

5. Technology absorption and adaptation

- New wells under VSEA project which could not sustain initial production were successfully revived and put on production through technological intervention with the installation of Auto Gas Lift device. VSEA #15 has been completed with new technology "Cement installed external casing packer".
- First time in western offshore, new development well VW # 4H completed with Auto Gas Lift of M/s Baker tools.
- Applied Merus Technology for reduction of scaling/paraffin deposition in well fluid/gas lift lines and riser.
- **Hazira Plant:** Upgradation of Gas Turbines No 1 & 2 from GE Speedtronic MARK –IV to MARK –VI was carried out. It is triple modular redundant system with complete integrated control, protection and monitoring system for generator and mechanical drive applications. With this upgrade power generation output is expected to increase by 10%. United Nations Framework Convention for Climate Change (UNFCCC) has registered the project as CDM project. The annual estimation of GHG emission abatement for the project is 7802 CER.
- **Uran Plant:** Pilot scale project for H_2S removal from acid gas: The pilot scale project was to absorb the H_2S present in acid gas and output of H_2S shall be in the range of 0-3 ppm. The project has been successfully completed on 07.03.2011.
- **Vortex tube:** The technology of Vortex tube has been implemented at Co-gen plant for panels installed in the open area. The implementation of cooling of panel with static equipment known as Vortex tube has reduced the failure of electronic control cards.
- **Upgradation of twin lobe to tri lobe blower:** The upgradation of twin lobe to tri lobe blower with enhanced features acoustic enclosures, enhanced capacity, modified cooling with water. The LOI has been placed on M/s Swam Pneumatics on 16.2.2011.
- **Pilot operated safety valves:** The Kalrez material has been introduced in the pilot operated safety valves. The high performance and safety kalrez seal material technology has been introduced in safety valve.

- **Continuous Flow Isotope Ratio Mass Spectrometer (CF-IRMS):** The technology is used to determine the hydrogen isotope ratio in addition to the molecular and carbon isotopic composition of natural gases. This technique has been utilized for genetically characterizing natural gases from Mahanadi and KG Basins.
- **Coreval-30:** Measurement of Porosity & Permeability.
- **Helium Survey:** Technology by M/s 'Actual Geology', Russia is being inducted and absorbed for Helium Survey. A pilot scale project "Helium survey for identification of sweet spots" is planned to be tested in Jaisalmer basin.
- **Licensing of Interpretation Software:** The following new software has been inducted: SKUA software from M/s Paradigm and Fugro Jason Work Bench Software.
- **Procurement of Storage System Software:** SATA-II disks based SAN storage systems has been procured.
- **PERISCOPE (LWD):** Resistivity imaging measurement used for precision placement of drain holes relative to reservoir boundaries water detection and avoidance and refining reservoir models thereby maximising production.
- **Exploration of Uranium:** ONGC Energy Center has undertaken a project to examine the archived logs of ONGC wells to identify potential uranium rich zones and generate geological models to predict uranium occurrence. Designing of leachents for in-situ leaching of uranium from sedimentary rocks is also planned. In-Situ Leaching (ISL) process is to be developed in collaboration with the Atomic Minerals Directorate for Exploration Research and Pune University for exploitation of uranium.
- Use of Video Conferencing has been facilitated and supported by Infocom Services, for enhanced communications, for EC/EPC meetings, VIP interactions and operations meetings. This has led to fast adaptation of Video Conferencing in the organization at various levels.
- To have an enterprise-level managed authentication and access to network resources, to improve ease of access to enterprise network for users on tour to other work centers and improved manageability of desktop PC environment, Active Directory Services was adapted and all user profiles and desktop PCs were migrated to single forest single domain architecture in the enterprise Active Directory. This shall streamline the software patches and updates management and allows centralized policy management related to desktops and laptops.
- Cross linked stiff rubbery gel for loss control: Successfully implemented in #MYAB, Cauvery asset, Karaikal and well VSEA# 2ZH,MR.
- Polyamine (Choline Chloride) base high performance water base mud in Mehsana: Extended to AWP 2011-12 as material under procurement. Implemented successfully in wells #LMHT; LMHR, Limbodra field in 2009-10 and wells # KLQK; # KLSK, Kalol field and #NGGO, Nawagaon field of Ahmedabad Asset in 2010-11. Application will be rolled out to Cauvery Asset, Karaikal and Ankleshwar Asset during 2011-12.
- Aldehyde based bactericide for KCl-PHPA system: Implemented successfully in wells # NRDI, # NRDF, #MRAI & #HZAC, A&AA Basin, Jorhat.
- Thermal and light weight cement slurry was used for cementation of development wells in in-situ fields of Mehsana Asset.
- Work over was done in 29 wells based on Cased Hole Formation Resistivity logs, resulted in oil gain of 195 TPD of Mehsana Asset.
- In Ahmedabad Asset, Integrated SRP Automation Project, first of its kind in Onshore Assets, for monitoring and optimization of 25 SRP wells of South Kadi field launched on 7th June, 2010 at a cost of ₹ 34.7 million. Estimated cost saving on account of this project during the year was ₹ 22.2 million.
- Ahmedabad Asset has undertaken digitization of gas injection system in 20 wells of Kalol field on intermittent gas lift by installing Solenoid Operated Valves (SOVs) in place of Time Cycle Controller (TCC). This effort is expected to result in enhanced system reliability, better diagnosis for optimization, increased process visibility and staggering of injection time.
- Light Dependent Resistance (LDR) circuit for auto on/ off of outdoor lighting at CPP Lakwa has been introduced in Assam Asset.
- Rig Environment Detonator (RED) was used for the first time in well KPRAA to carryout shallow squeeze perforation at 155 m in Rajahmundry Asset.
- Rajahmundry Asset has taken in-house initiative of producing Mineral Turpentine Oil (MTO) in place of SKO by process modification and without any additional CAPEX or manpower. Initial lab test by M/s HPCL and that of quality parameters by IOGPT have been successful. Production of MTO is expected to generate additional revenue of about ₹ 180 million / annum. Production of MTO started from 01.04.11.

- Online Gas Chromatograph lined up for billing at Kovilkallapal and Ramnad installations from 16th February, 2011 and Kuthalam and Thiruvarur from first week of March, 2011 of Cauvery Asset.

6. Environment Protection and Conservation, Technological Conservation, Renewable energy developments, Foreign Exchange Conservation

Sustainability Reporting: ONGC brought out its first 'Sustainability Report" for FY-09-10 which was released in the AGM held on 23rd September, 2010. This report has been prepared based on the reporting principles and methodology given in the Global Reporting Initiative (GRI) 2006 Sustainability Reporting Guidelines Version 3.0 (G3) guidelines. The report has been developed for GRI application level of B and has been externally assured by Det Norkse Veritas against Account Ability's AA 1000 Assurance Standard 2008 (AA1000 AS 2008). Reporting boundary for the first report covers ONGC's domestic exploration and production operations at onshore and offshore (excluding joint ventures and subsidiaries).

Waste to Energy project: TERI Enhanced Acidification & Methanation (TEAM) plant has been inaugurated at ONGC colony, Noida. The plant can handle kitchen/ organic waste up to 100 kg/ day and can generate 5 kg of biogas which is being used to run the kitchen of the Guest House.

Oil Spill Management: ONGC inked MoU with MPT, JNPT & other oil companies for the implementation of the National Oil Spill Disaster Contingency Plan (NOS-DCP) within Mumbai harbor on 18th February, 2011. In addition to this ONGC renewed its agreement on oil spill response with OSRL, UK.

Bioremediation of Oily Sludge: An environmentally sound technique of bioremediation is being employed effectively in ONGC since 2007. More than 35000 tons of oily sludge was treated through bioremediation during the year 2010-11.

Ringal Plantation: In continuation of Ringal plantation in Upper Himalayan Region, ONGC signed phase II agreement with Uttarakhand Bamboo and Fiber Development Board (UBFDB), Dehradun for four lakh Ringal plantation in 160 ha in the Upper Himalayan Region. In the phase I of the project 0.337 million plantation was carried out in an area of 135 ha in Nandadevi biosphere and Kedarnath wild life division in Upper Himalayas.Apart from the above areas, Munsyari has also been included in phase II of the project for plantation.

Mangrove Plantation: Following the successful implementation of the project on mangrove plantation at Ankleshwar, ONGC inked an MOU with BNHS for phase II of the project to continue mangrove plantations at Ankleshwar and also has included Hazira for new plantations.

Greening the Vendor Chain: A vendors meet focusing on greening the vendor's chain on the topic "Greening the supply chain –carbon management and sustainable development" was organized on 23rd-24th February, 2011. This is part of the phased implementation of the approved work program under "Greening the vendors chain".

Other Initiatives:

- Carbon Management Group steered to make Petrotech 2010 a carbon neutral event, a first in the history of Petrotech. This was made possible by purchasing 3144 verified emission reduction units (VER).
- ₹ 2 million contribution made towards "SAVE LIONS" in Gir Forest to Govt. of Gujarat.
- Gas flaring in ONGC has been reduced from 6.0% of production in 2001-02 to 2.72 % of production in 2010-11, a reduction of 55 %.
- In continuous effort for environment protection, IEOT has developed a non-carcinogenic corrosion inhibitor composition as a substitute to sodium dichromate to prevent the corrosion of Carbon Steel down hole tubing and casing. The patent for the same has been filed and is under examination.

7. Information regarding imported technology for last five years

S. No.	Technology Imported	Year
A (i)	• 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) • 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	**2006-07**
(ii)	• 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	**2007-08**

	• 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	
(iii)	• 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 • 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	**2008-09**
(iv)	• 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	**2009-10**

	• 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 finalization of its corporate AMC • 100% corporate licensing of Paradigm interpretation s/w and finalization 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	
(v)	• Continuous Flow Isotope Ratio Mass Spectrometer (CF-IRMS) • COREVAL-30 • SKUA software from M/s Paradigm • Fugro Jason Work Bench Software • SATA-II disks based SAN storage systems	**2010-11**
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	N/A

8. Expenditure on Research & Development

(₹ in million)

	2010-11	2009-10
Capital	134.33	213.67
Recurring	4,329.93	1.985.78
Total	**4,464.26**	2,199.45
Total R&D Expenditure as a percentage of Total Turnover	0.62%	0.35%

9. Information on Foreign Exchange Earnings and Outgo

(₹ in million)

	2010-11	2009-10
Foreign Exchange Earnings	47,115.50	45,870.97
Foreign Exchange Outgo	181,531.72	147,775.81

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 2011

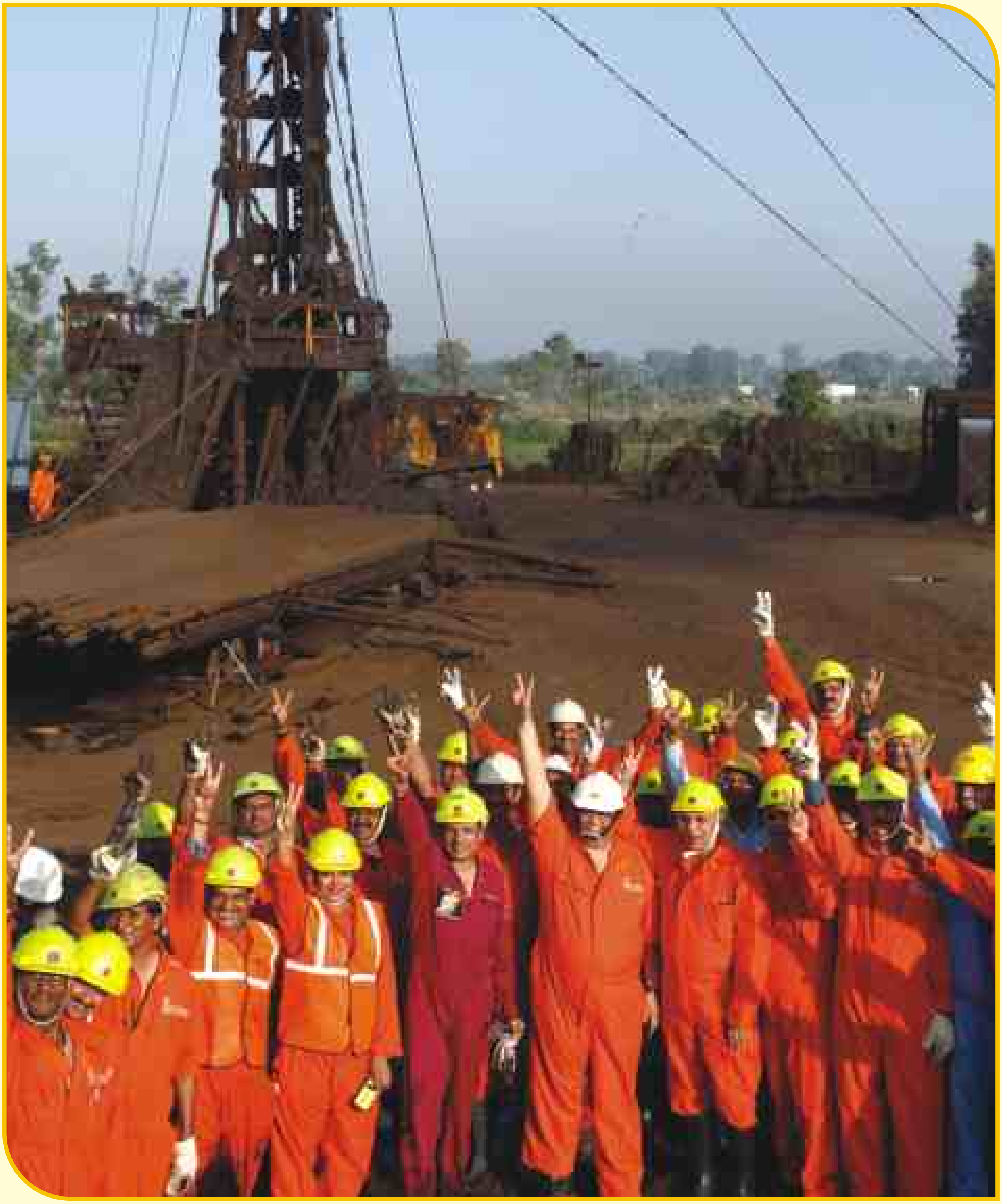
The preparation of financial statements of Oil and Natural Gas Corporation Limited for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by 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 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 30 May 2011.

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 31 March 2011. 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 on the behalf of the
Comptroller and Auditor General of India

Sd/-
Archana P. Shirsat
Principal Director of Commercial Audit
& ex-officio Member, Audit Board II, Mumbai

Place: Mumbai
Date: 13 July, 2011



The victory sign : Fighting odds and winning in crisis management

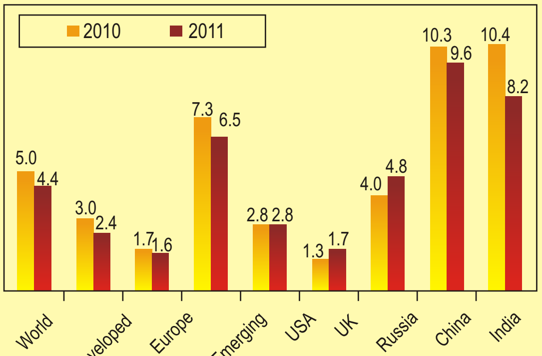
Round the clock vigil in Western Offshore

1. The Economy

The world is seeing a two-speed economy. After the shadows of the great recession in 2008, global economy has started expanding; however, with two speeds. In developed world the economic recovery is more than anticipated but medium-term outlook remains unexciting. Growth remains subdued, with unemployment numbers still high. High funding requirements of banks and sovereigns in Europe remains a concern. In contrast, emerging markets are on a strong wicket; growing fast. However, increasing inflation pressure may emerge as a spanner in the growth saga.

World real GDP growth registered 5.0% (Real GDP Growth % on Year-to-Year basis) in 2010 and is forecasted to grow by 4.4% in 2011. In 2010, the real GDP in advanced economies grew by 3%; compared to 7.3% growth recorded in emerging and developing

Real GDP Growth (%YoY)

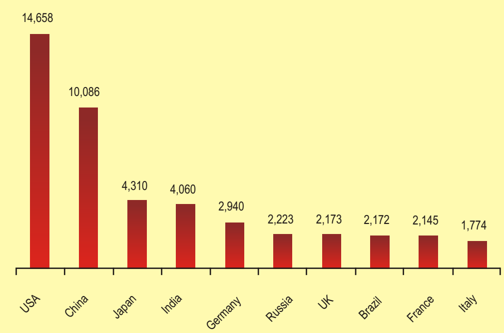


Source: World Economic Outlook, April 2011 economies; India and China grew by 10.4% and 10.3% respectively. World Economic Outlook (April, 2011) has projected that GDP of advanced and emerging economies will grow by 2.4% and 6.5% respectively in 2011 (Source: World Economic Outlook, April 2011 and International Monetary Fund Publication).

Post liberalization the Indian economy progressed at rapid pace registering 8-9% growth in recent years and now it is the fourth largest economy in the world (in purchasing power parity terms) after the United States of America, China and Japan (Source: World Economic Outlook Database, April 2011).

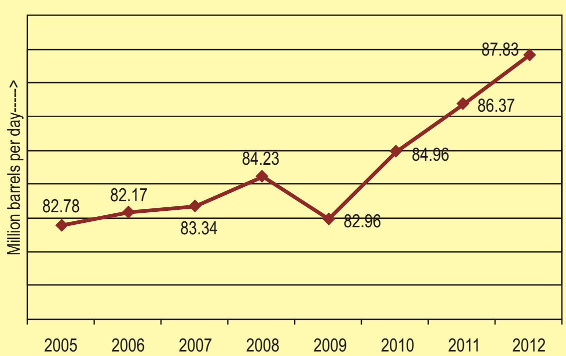
For the last fiscal 2010-11, the overall growth of GDP at factor cost at constant prices, as per advance estimates (Feb'11), was pegged at 8.6 per cent; representing an increase from the revised growth estimates of 8.0 per cent made during 2009-10. CMIE expects India's economy to maintain the over 8% trajectory in FY'12. The WEO, April, 2011 report, too has only slightly moderated India's GDP growth estimates to 8.2% in 2011 and 7.8% in 2012 which is still expected to retain above trend.

10 largest economies in the world (US$ billion)



Source : World Economic Outlook Database, April 2011

Global Liquid supply



Source: PFC Energy (www.pfcenergy.com)

2.Oil & Gas Industry & developments

Increasing oil demand

2010 proved to be the second strongest year for global oil demand growth in the past 30 years, with absolute demand levels expected to surpass pre-recession highs. During 2010 the total liquid supply grew by 2.4% (from 82.96 mb/d in 2009 to 84.96 mb/d in 2010). It is projected that the demand may rise to 86.37 mb/d in 2011 and 87.83 mb/d in 2012 (Source: PFC Energy).

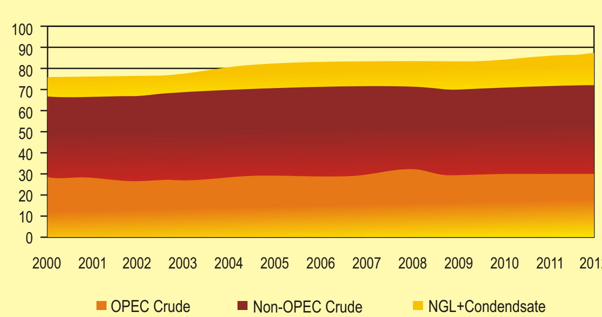
Rising prosperity fuelled by economic growth in the emerging economies and also strong demand in Middle East are driving strong demand for oil and other energy sources. The WEO, 2011, expects that the difference between supply and demand would be made up from rising production of natural gas liquids and unconventional oil, notably Canadian oil sands and biofuels.

Crude oil supplies

During 2010, the liquid supply from non-OPEC countries averaged 41.77 mb/d; 49.2% of the total supplies against OPEC average supplies of 29.21 mb/d (34.4%). Natural Gas Liquid (NGL) and condensate supply has been around 13.98 mb/d (16.4% of the total liquid supply). Gains in non-OPEC supplies and NGL is good news for the industry.

However, the political unrest in Middle East and North African (MENA) region is likely to have adverse impact on crude oil supplies. Gulf states currently remain stable; however, sentiments may dampen in case MENA unrest intensifies. This delicate balance may be worrisome for supply side and in turn consequently may upset oil market dynamics.

Global Liquid supply (mb/d)



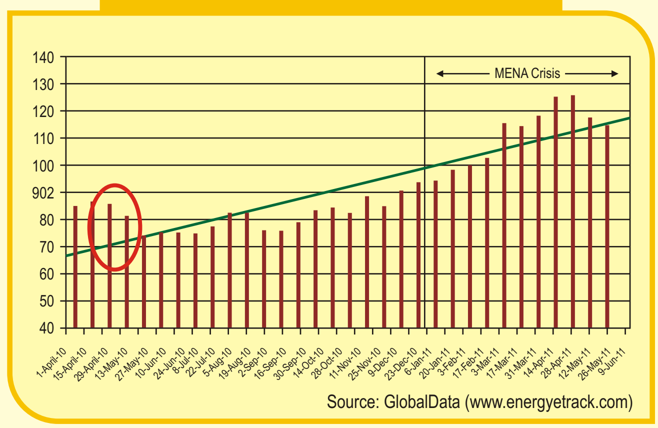
Source: PFC Energy (www.pfcenergy.com)

Crude oil prices

During the period May, 2010 to September, 2010 the crude oil prices (dated Brent) averaged US$ 76.14/bbl. However, with cues from developed world emerging out of recession and the related demand pressure oil price averaged US$ 91.78/bbl in October, 2010 and US$ 85.69 in November, 2010. Subsequently developments in the MENA region completely changed the oil market dynamics. Looming supply disruption due to unrest in MENA region again set the oil prices on boil which averaged US$ 122.98/bbl in April, 2011.

Oil markets eased slightly in the first two weeks of May, 2011 when crude oil price (Dated Brent) averaged US$ 114.9/bbl. This could happen mainly due to global pullback in commodities markets taking cue from concerns over the health of the global recovery, including fears of high oil prices.

Dated Brent (US$/bbl)



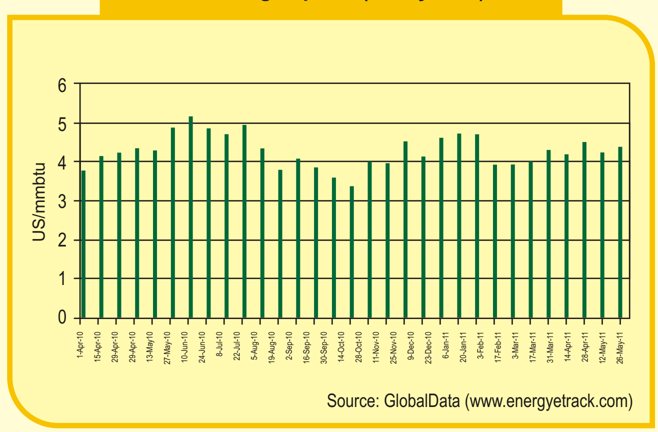
Source: GlobalData (www.energyetrack.com)

Natural Gas Price

Compared to crude oil prices, natural gas price did not show corresponding volatility. It averaged US$ 4.35/mmBtu during 2010. Gas price in January-February, 2010 averaged 5.56; thereafter it has been in range of US$ 3.50-4.50/mmBtu in remaining part of the year.

The proliferation of activity into new shale plays has increased shale gas contribution in the United States from only 1% in 2000 to 23% of USA's dry gas production in 2010. An immediate consequence of the shale gas revolution has been a reduction in LNG capacity utilization and import of gas into USA. The glut in unconventional gas in USA has mainly contributed in global gas prices to fall, although decreasing gas demand following the global recession has also contributed.

Natural gas price (Henry Hub)



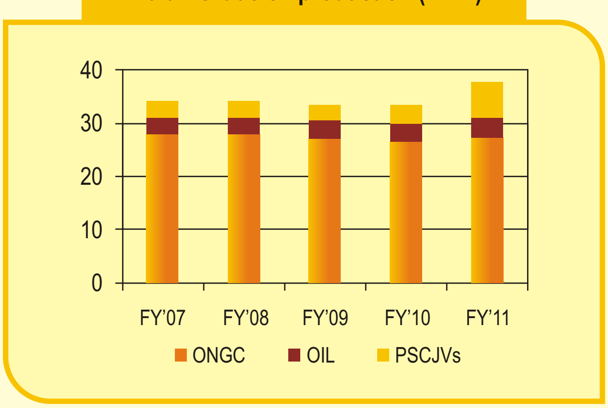
Source: GlobalData (www.energyetrack.com)

3. Indian Oil & Gas Industry

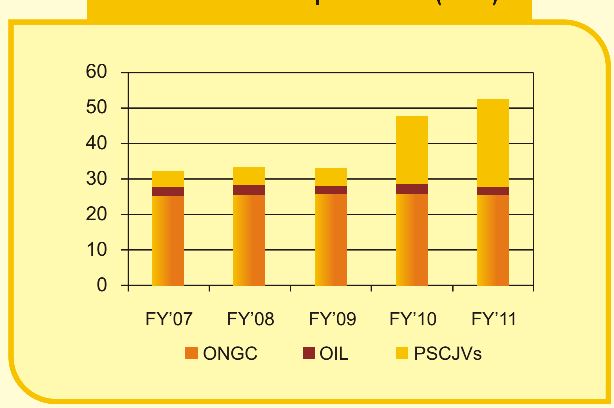
Crude and Natural gas production

During FY'11, domestic crude oil production has been 37.68 MMT; 12.47% higher than the production in FY'10 (33.50 MMT). Higher production has been due to contribution from RJ-ON-90/1 field in Rajasthan, in which your Company has a 30% stake. Natural gas production during FY'11 has been 52.22 BCM; 9.9% higher than the

India : Crude oil production (MMT)



India: Natural Gas production (BCM)



production during FY'10 (47.51 MMT) mainly on account of higher contribution from East Coast fields. (Source: MoP&NG and ONGC data).

During FY'11, your Company has been the largest producer of the oil and gas in the country; contributing 72.4% of the crude oil and 48.5% of the natural gas production.

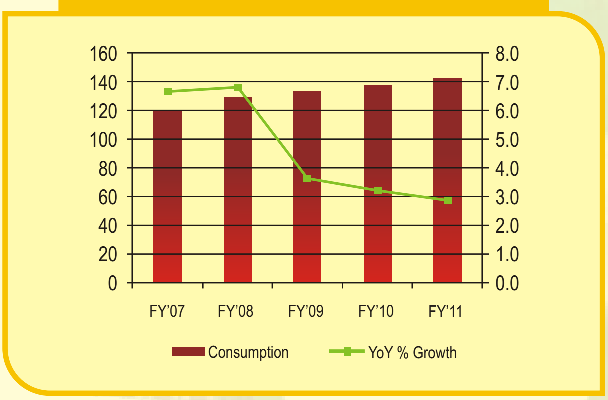
Consumption of petroleum products

During the year 2010-11, total consumption of petroleum products has been 141.75 MMT; 2.86% higher than the previous year 2009-10 (Source: PPAC, MoP&NG).

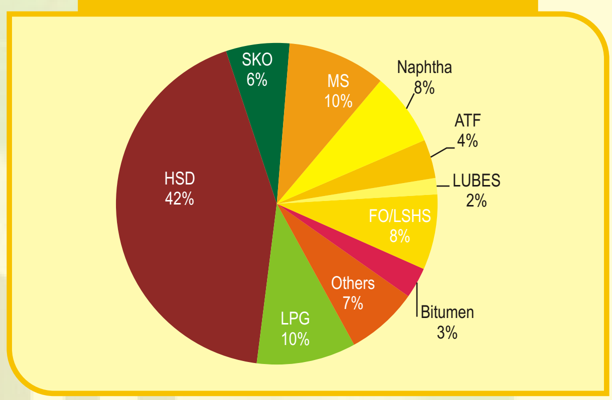
Among the petroleum products, Motor Spirit (MS) registered highest consumption growth which increased by 10.78%; Liquefied Petroleum Gas (LPG) consumption increased by 9.07%; Aviation Turbine Fuel (ATF) registered a growth of 9.75%; Naphtha by 5.35% and HSD by 6.65%. These products constitute about 74% of the consumption basket. Rest of the products like Superior Kerosene Oil (SKO), Bitumen, Lubes, LDO, FO/LSHS and other products registered decline in consumption over 2009-10.

The subsidized products i.e., SKO (6%), HSD (42%) and LPG (10%), accounted for 58% of the total petroleum products consumption.

Consumption of Petroleum Products (MMT)



Petroleum Products consumption basket



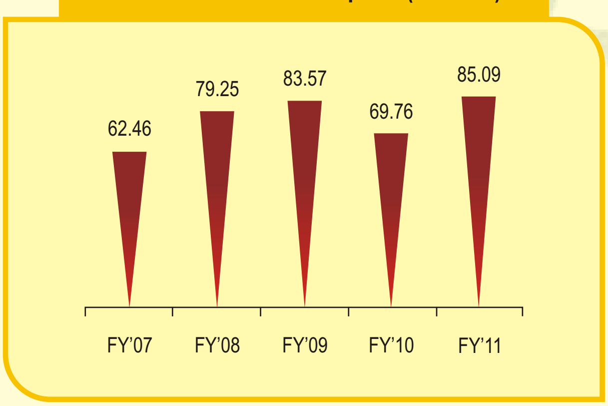
Crude oil price (Indian Basket) and under-recoveries

The composition of Indian Basket of Crude represents Average of Oman & Dubai for sour grades and Brent (Dated) for sweet grade in the ratio of 67.6:32.4 for the year 2010-11.

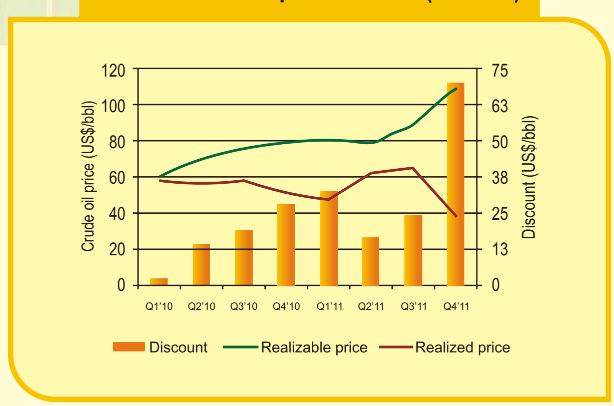
The average crude oil price for Indian basket during FY'11 has been US$ 85.09 per barrel; 22% higher than the price in FY'10 (US$ 69.76/bbl).

ONGC's average gross price in FY'11 has been US$ 89.41/bbl (US$ 71.65 in FY'10). However, as per the instructions of the Government of India, your Company shared ₹ 248.92 billion (previous year ₹ 115.54 billion) towards under-recoveries of Oil

India basket: Crude oil price (US$/bbl)



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



Marketing Companies (OMCs) due to subsidized rate of three sensitive petroleum products i.e., HSD, LPG and SKO. This translated into an average discount of US$ 35.64/bbl during FY'11 to OMCs. Accordingly, net crude oil price realization to your Company has been US$ 53.77/bbl in FY'11 (previous year US$ 55.94/bbl).

4. Operational performance

Your Company has continuously been taking various actions to improve and augment production of crude oil and natural gas. Suitable actions were taken not only to offset decline from producing mature fields but also new frontiers are being explored for sustaining supplies in the future.

During the fiscal 2010-11, your Company registered highest-ever production of 62.05 MMTOE of oil and oil equivalent gas; an increase of 1.84% over previous year. Oil and gas production profile from domestic as well as overseas assets during last five years are as below:

Oil and gas production	FY'11	FY'10	FY'09	FY'08	FY'07
Crude Oil Production (MMT)	**34.04**	**32.95**	**33.69**	**34.68**	**33.69**
ONGC	24.42	24.67	25.37	25.95	26.05
JV Share	2.86	1.79	1.76	1.89	1.84
OVL	6.76	6.49	6.56	6.84	5.80
Natural Gas Production (BCM)	**28.01**	**27.98**	**27.65**	**27.08**	**27.04**
ONGC	23.09	23.11	22.48	22.33	22.44
JV Share	2.23	2.49	2.95	2.79	2.45
OVL	2.69	2.38	2.22	1.96	2.15

Proved reserves

In recent years, your Company spread its exploratory activities in PEL areas with the objective to make new discoveries and convert them into PML areas. Also a systematic approach was adopted for exploration in the NELP blocks which has given good exploration successes in terms of number of discoveries and reserves. These efforts helped your company to maintain healthy reserve position in its various assets and basins.

Proved Reserves (MTOE)	FY'11	FY'10	FY'09	FY'08	FY'07
Estimated Net Proved O+OEG Reserves	**961.27**	**962.90**	**949.53**	**925.05**	**938.98**
ONGC	723.56	737.31	720.18	722.21	698.72
JV share	34.80	39.60	39.12	41.76	45.50
OVL	202.91	185.99	190.23	161.08	194.76

Green initiatives : A way of life for ONGCians

5. Third party audit of the reserves

During the year 2010-11, reserves of the 63 major domestic fields, operated by your company and having 80.6% of the total 3P reserves of 1211.39 MMTOE, were audited by the independent hydrocarbon reserve consultants.

M/s DeGolyer & MacNaughton (D&M) audited the reserves of 62 major onland fields while M/s Gaffney Cline & Associates (GCA) carried out the audit of Mumbai High fields. Reserves in almost all the overseas assets (except small portion of reserves in Sudan) were audited by M/s D&M and M/s Sproule International Limited (Sproule).

Audited estimates of the domestic reserves in the fields operated by your Company vis-à-vis your Company's own estimates are tabulated as below:

ONGC operated domestic fields							
	Consultant	ONGC's estimates			Audited Reserves		
		1P	2P	3P	1P	2P	3P
Oil plus Condensate (MMT)							
62 fields	D&M	217.60	255.15	282.57	194.82	234.13	287.18
Mumbai High	GCA	119.92	131.70	185.96	130.80	226.90	265.00
Total Oil+Condensate		**337.52**	**386.85**	**468.53**	**325.62**	**461.03**	**552.18**
Natural Gas (BCM)							
62 fields	D&M	241.29	366.76	435.93	235.71	362.22	447.07
Mumbai High	GCA	46.46	58.28	72.64	37.70	53.20	80.60
Total gas (BCM)		**287.75**	**425.04**	**508.57**	**273.41**	**415.42**	**527.67**
Total for 63 fields		**625.27**	**811.89**	**977.09**	**599.03**	**415.42**	**527.68**
Uncertified reserves (owned and operated)		98.29	173.69	234.89			
Domestic JV (ONGC's participative interest)		34.80	39.16	41.30			
Total (certified + uncertified)		**758.36**	**1024.74**	**1253.28**			

The audited estimates of 3P reserves of oil as well as gas by the consultants are more than your Company's own estimates; however, 1P and 2P reserves estimated by the consultants are slightly lower than the estimates of your Company.

The difference between D&M's audited reserves estimates and your Company's estimates were due to reductions in 1P and 2P reserves of the fields in Assam because of difference between planned and actual implementation of field development schemes. In case of 3P reserves, D&M estimates were more than your Company's estimates. As the difference in 1P reserve estimates were less than 10% and keeping in view the already approved investment for Assam Renewal Project (ARP) it was decided not to revise the reserves estimates.

In case of Mumbai High reserves, the audited reserve estimates were higher than the estimates of your Company. The Consultant assumed that the investment plans for increasing water injection in the field may result in higher 2P and 3P reserves. However, your Company based on its own estimates decided not to revise reserve figures upwards.

Audit of the reserves of overseas assets

The audited 3P reserves of overseas assets are much higher than the estimates of the ONGC Videsh Limited (OVL); however, 1P and 2P reserves were estimated to be lower than the estimates of OVL.

Overseas Assets (MMTOE)							
	Consultant	ONGC's estimates			Audited Reserves		
		1P	2P	3P	1P	2P	3P
Imperial, Russia	D&M	22.49	111.26	111.26	19.05	110.89	382.68
Sakhalin-1, Russia	D&M	107.04	139.57	139.57	49.62	97.72	140.56
[Greater Nile Oil Project] Sudan	Sproule	16.52	20.27	30.02	10.60	14.30	17.50
Block 5 A, Sudan	Sproule	6.60	7.23	7.75	5.00	6.40	7.70
AFPC, Syria	D&M	3.21	3.21	4.03	2.23	3.50	4.31
Block 24, Syria	D&M	1.81	3.54	3.67	0.25	2.75	4.11
Block BC-10, Brazil	D&M	5.98	6.66	6.66	3.96	7.83	7.83
MECL, Colombia	D&M	4.13	5.11	5.89	3.82	4.78	5.58
San Cristobal, Venezuela	D&M	12.69	12.69	12.69	6.17	11.12	12.69
Block 06.1, Vietnam	D&M	11.21	15.28	19.48	11.21	14.59	17.87
Blocks A1, A3, Myanmar	D&M	10.30	21.82	37.25	9.75	19.13	28.97
Carabobo-1, Blocks, Venezuela	D&M	0.00	52.99	52.99	8.35	55.69	55.69
Total		**201.98**	**399.64**	**431.26**	**130.00**	**348.70**	**685.47**

The major reasons for variations are:

a. Reserve estimates by the Sakhalin-1 consortium are in accordance with Russian reserves estimation standards which differ from the SPE PRMS 2007 International Standards used by D&M for their audit.

b. The Sakhalin-1 consortium has based its reserves estimates on field development plans and production forecasts through 2054, while D&M has based its audited proved reserve estimates on production forecasts through 2031.

c. We have not revised our management estimates as a result of D&M's audit of the reserves of Sakhalin-1.

d. In case of Imperial Energy Asset in Russia, the audited estimates include certain 3P reserves for which OVL had not undertaken a full evaluation and approval.

e. In case of Block A1 and A3 in Myanmar the difference in audited reserves and estimated reserves by the consortium is due to difference in mapping interpretation and petro-physical parameters.

f. As far as the Greater Nile Oil Project (Block 1, Block 2 and Block 4), reserves are concerned the difference in audited reserves and consortium's estimates is mainly due to the reason that certain portion of the reserves were not considered and such reserves were moved to the potentially recoverable category due to the lack of any immediate development plan. Furthermore, the decline rates considered by the Consultant were higher compared to the decline rates considered by the consortium.

g. In case of Block 5A, Sudan difference in Consortium's estimates and audited reserves are due to difference in interpretation of reserve parameters.

h. The consultants considered only part of the Abu Khasab field in Block-XXIV in Syria for development in the audited estimates. Difference in Consortium's estimates and audited estimates was primarily due to difference in the performance analysis of the Rashid field.

i. In case of San Cristobal field, Venezuela difference in Consortium's estimates and that of audited reserves is due to the fact that the Consultant did not consider the proposed water injection program for the block while estimating the reserves.

OVL has noted the reasons of variations in audited reserves and the own estimates or the estimates of the consortium and keeping in view the fact that variations were mainly on account of interpretation of parameters or perception about the development schemes, it decided not to revise the estimates in line with the audited estimates.

6. Financial performance

ONGC (Stand alone)

(₹ in million)

Particulars	FY'11	FY'10	% Increase/(Decrease)
Income:			
Crude Oil	448,613	445,053	0.80
Natural Gas	127,544	73,797	72.83
Value Added Products	85,360	83,212	2.58
Total Sales	**661,517**	**602,062**	**9.88**
Other Income	33,676	16,590	102.99
Gross Margin	**441,999**	**396,054**	**11.60**
EBIDTA	410,662	375,588	9.34
PAT	**189,240**	**167,676**	**12.86**
EPS	22.12*	19.60**	12.86
Dividend per share	35	33	6.06
Net Worth	967,084	864,413	11.88
% Return on net worth	19.60	19.40	
Capital Employed	795,472	738,013	7.79
% Return on capital employed	51.62	50.89	
Capital Expenditure	282,755	235,590	20.02

* Post Bonus and Split   ** Restated EPS

(₹ in million)

Particulars	FY'11	FY'10	% increase/(Decrease)
Sales:			
Crude Oil	558,453	527,312	5.91
Natural Gas	135,824	81,405	66.85
Value Added Products	533,363	452,998	17.74
Total Sales	**1,227,640**	**1,061,715**	**15.63**
Other Income	42,489	20,343	108.86
Gross Margin	568,617	489,453	16.17
EBIDTA	528,024	475,374	11.08
PAT	**224,559**	**194,035**	**15.73**
EPS	26.25#	22.68^	15.73
Net Worth	1,145,312	1,005,653	13.89
% Return on net worth	19.61	19.29	
Capital Employed	910,001	869,009	4.72
% Return on capital employed	58.02	54.70	

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

Post Bonus and Split   ^ Restated EPS

7. Opportunities & Threats

India is fast emerging as an activated economy centre in the world. The fourth largest economy in the world on Purchase Power Parity (PPP) is also emerging as a notable consumption centre and particularly for all forms of energy. Creating suitable energy infrastructure has become the first priority. Your Company being a leader in the E&P sector thus has enormous opportunity to meaningfully integrate in the entire energy value-chain to leverage business opportunities.

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 and knowledge base to its advantage.

At the same time, the Government of India is in the process of firming up policy for exploration and exploitation of Shale gas. Your company has taken structured initiatives towards R&D for Shale gas exploration and as such the new policy may provide opportunity to the company for taking the lead by its first mover initiatives.

The hydrocarbon potential of vast majority of the sedimentary basins remains to be established. This gives immense business opportunity for E&P companies like ONGC.

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.

Subsidiary of your Company, OVL has large presence in global E&P sector and is associating with a large number of NOCs (National Oil Companies) as well as IOCs (International Oil Companies). These associations may provide OVL an opportunity to increases its presence.

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 also have enormous potential. Early lead in cost effective commercialization of these sources through innovative technologies and solutions is an opportunity.

The frontier areas like deepwater, ultra-deepwater, Arctic regions, etc., are emerging as opportune hydrocarbon resource centers. However, these challenging regions would require cost-intensive and technology driven innovative solutions. As such collaborations with the technology leaders become imperative.

Political unrest in the MENA region is a major threat for the oil industry. In case the unrest prolongs for long it will adversely affect the oil industry globally.

8. Risks and Concerns

E&P business, characterized by inherent uncertainties, has always been highly risky.

Ongoing unrest in MENA region and related volatility in oil prices is a concern for your organization. As in high oil price regime the cost of services has all potential to go up and adversely affect the finances of your Company.

The existing subsidy sharing mechanism is a major concern for your organization. The sharing of the under-recoveries of oil marketing companies has adversely affected financials of your Company. Net realization towards crude oil sale has been significantly lower than the international price.

Your Company being the licensee, has to pay the entire liability towards royalty in JV operated Blocks like - CY-OS-90/1, CB/OS-2 and RJ-ON-90/1, though its Participating Interest varies from 30 to 50%. It is also bearing the entire liability towards Cess for fields in CY-OS-90/1, CB/OS-2 and PY-3 blocks.

Your Company has taken up intensive exploration to locate hydrocarbon reserves even in challenging locales like deep-water and ultra-deepwater regions. Exploration and development in these regions is not only cost intensive but technologically challenging as well.

Maintaining production levels from the matured field is cost and technology intensive. At the same time, reducing size of the new discoveries and monetizing them cost effectively is a challenge.

Inherent risks are associated with oil and gas field operations like – spillage, rupture, blowout of wells, earthquake, tsunami, terrorist activities, etc. These risks are being mitigated right from design stage; however probability of emergency cannot be totally eliminated. In the event of any such unfortunate events the risk of significant liabilities always exists.

Land acquisition for exploration and development projects and particularly for new sources of energy like CBM, UCG, Shale gas, etc., remains an area of major concern.

Naphtha demand in the country remains volatile due to which marketing/ evacuation of produced naphtha is challenging.

Important factors that continue to influence the operations include, demand and supply, availability of inputs, their prices, changing Govt. policies, legislations, taxes, political and economic developments-both within and outside the country.

9. Strategic business pursuits: building future

Your company dedicates itself to its core activity i.e., Exploration and Production (E&P) of hydrocarbons. E&P is a continuous pursuit which requires technology intensive focused endeavours to create future hydrocarbon assets for sustaining growth. At the same time, your Company is focused on opening new growth avenues through exploration of new sources of energy and meaningful integration in the entire hydrocarbon value chain. Accordingly, your Company focused on the following strategic pursuits:

a. Focused exploration to increase hydrocarbon reserve base

b. Focus on early monetization of discoveries

c. Improving recovery factor of the existing assets

d. Augment international reserves and production

e. Developing new and alternate sources of energy

f. Capture value through forward integration

a. Focused exploration to increase hydrocarbon reserve base

In recent years your Company intensified its exploratory efforts in all the seven producing basins and at the same time stepped up exploratory efforts in frontier basins. Exploratory activities have been driven by the following objectives:

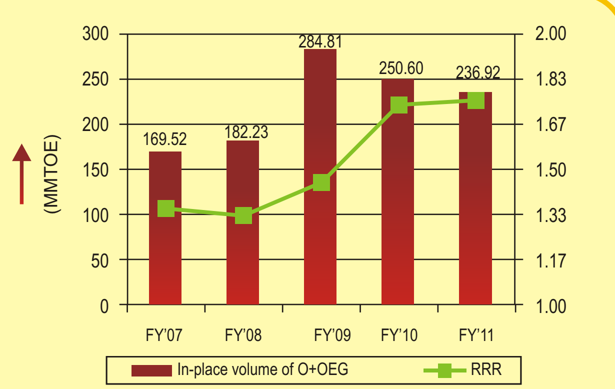
i. Exploring deeper objectives and new hydrocarbon plays in producing sectors and

ii. Knowledge building in less explored sectors of producing as well as frontier basins.

iii. Consolidate leads in yet-to-be-proven basins for establishing leads.

During the first four years of the 11th plan period (FY'08 to FY'11) 123,392 Line Kilometre (LKM) 2D seismic and 87,240 Sq.Km of 3D seismic data was acquired. 457 exploratory wells were drilled by your Company. During the last five years (FY'07 to FY'11), total accretion of in-place volume of hydrocarbon has been 1,124.08 MMTOE (Ultimate reserves: 364.82 MMTOE). Your Company maintained Reserve Replacement Ratio (RRR) of more than one (with 3P reserves) since last six years.

In-place accretion & RRR



b. Focus on monetization of discoveries

Your Company made 158 hydrocarbon discoveries (99 in onshore and 59 in offshore) since FY'03. Out of 99 onshore discoveries, 67 discoveries have already been monetized. 5 discoveries in Tripura are linked with the commissioning of 726.6 MW Power Plant scheduled for commissioning in March, 2012. 7 discoveries are under production sharing contract, for which approval for development are awaited. 6 discoveries are pending for want of marketing arrangements and balance 14 discoveries are at various stages of appraisal and development. Most of the discoveries in offshore were marginal in nature and quite a few of them in deepwater. Most of these fields were not techno-economically viable earlier and are now being made viable through induction of the state-of-the-art technologies, optimization of facilities, regrouping of fields through cluster developments, etc. Your Company has taken up 11 projects for development of various offshore fields with envisaged investment of ₹ 248.90 billion. Most of these fields are anticipated to be on stream by 2013-14.

c. Improving recovery factor of the existing assets

Your Company has taken structured initiatives towards arresting decline in the matured fields and improving recovery from these fields. These measures include the greater use of extended-reach horizontal drilling, side tracks, in-fill drilling and water injection, as well as technologies using chemical and thermal methods to enhance oil recovery. Besides that your Company has adopted the strategy to review the field's limits and include peripheral areas for development and target the bypassed oil zones.

Out of 21 IOR/EOR and redevelopment schemes in 15 major fields (onshore and offshore), 15 schemes have already been completed and six are under implementation. As on 31st March, 2011, your Company has made an investment of ₹ 257.97 billion in these schemes. Cumulative oil gain through IOR/EOR schemes and redevelopment schemes has been more that 66 MMT.

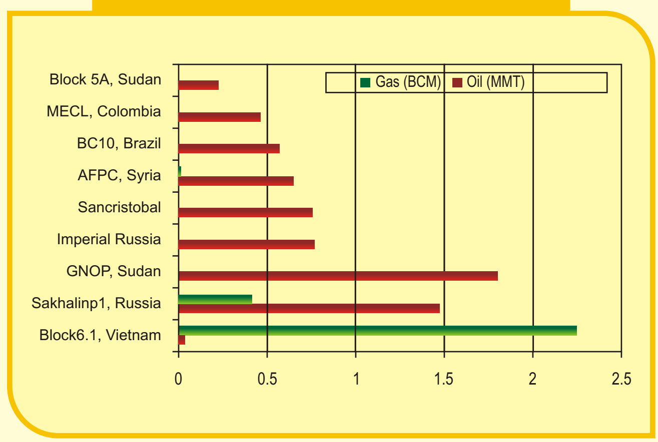
d. Augment international reserves and production

Presently ONGC Videsh Ltd (OVL) has 33 projects in 14 countries; out of which 9 are producing assets based in seven countries. OVL has a portfolio of 435 MMTOE of 3P reserves of O+OEG. OVL registered highest-ever production of 9.45 MMTOE during FY'11.

Your Company is systematically following global E&P opportunities for expanding international E&P portfolio. OVL led consortium inked an agreement on 12th May, 2010 with Petroleos de Venezuela SA (PDVSA), national oil company of Venezuela for the development and production of hydrocarbons from the Carabobo project in the Orinoco region of Venezuela.

Furthermore, OVL has entered into a non-exclusive framework agreement in December, 2010 with Sistema JSFC ("Sistema"), a major diversified industrial group of Russia, to explore the possibilities of jointly studying and participating in attractive oil and gas assets in Russia and in other countries. OVL also signed definitive agreements with KazMunaiGas, the national oil company of Kazakhstan, for acquisition of 25% participating interest in the Satpayev exploration block in Kazakhstan on 16th April, 2011.

Overseas Producing Assets



e. Developing new and alternate 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.

i. 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.

Your Compnay has also completed exploration activities in Bokaro and North Karanpura blocks. Based on the exploration leads, Bokaro block has proved to be having good potential where a Pilot project has been planned. Exploration activities in South Karanpura in Jharkhand are in the final stage of completion.

ii. Underground Coal Gasification (UCG)

Your Company has identified Vastan Mine block in Gujarat for UCG Pilot Project. Environmental clearance has been obtained from the Ministry of Environment & Forest for pursuing the pilot project. Detailed design for the pilot project has been completed. Request has also been submitted to the Ministry of Coal for award of the Minning Lease (ML) for the Vastan mine block.

iii. Shale Gas Exploration

Your Compnay achieved a breakthrough in Shale gas exploration, in its maiden R&D Pilot venture at Durgapur, West Bengal in Damodar Basin. The R&D project involved drilling of four R&D wells in Damodar Basin; two wells in Raniganj, West Bengal and two wells in North Karanpura, in Jharkhand. After the completion of drilling of all the four wells, detailed geological and geophysical analysis is being carried out in order to bring out the gas-in-place estimates for the Damodar Basin. Your Company is planning to take up shale gas exploration in other potential shale sequences in basins like - Cambay, Krishna Godavari, Cauvery and Assam-Arakan.

iv. Alternate sources of energy

After successful commissioning of a 50 MW wind farm in Gujarat, your Company is setting up 102 MW wind farm in Rajasthan. Further, feasibility of setting up a 10 MW grid-connected Solar Photo Voltaic (PV) project is being studied.

ONGC Energy Centre (OEC) successfully installed the three state-of-the-art Solar Thermal Engines at the Solar Energy Centre (SEC), Ministry of New and Renewable Energy (MNRE) campus at Gurgaon and their performance is under evaluation. Besides that OEC is pursing the following projects:

- Thermo-Chemical Reactor for Hydrogen generation
- Bio Conversion of Coal to methane
- Exploration and exploitation of Uranium Reserves globally
- LED Project

f. Capture value through forward integration

i. Refining

The refining capacity of Mangalore Refinery & Petrochemicals Ltd (MRPL), subsidiary of your Company, is being enhanced to 15 MMTPA. Project is on track and is aligned for progressive commissioning, beginning January 2012, as per Schedule.

ii. 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.

iii. Gas based power plant

726.6 MW (363.3 x 2) gas based Combined Cycle Power Plant (CCPP) is being set up by ONGC Tripura Power Company Ltd. (OTPC), an SPV promoted by your Company, at Pallatana, Tripura. The project aims to monetize idle gas assets in the state of Tripura. The generation project is in advanced stage of implementation. The financial closure of the project has earlier been achieved and various linkages like gas supply from ONGC and power off-take by NE states has already been tied up. The project is expected to be completed as per schedule i.e. by March 2012.

iv. Nuclear power plant

Your Company in association with Nuclear Power Corporation of India Limited (NPCIL) is studying the feasibility of setting up 1400 MW nuclear power plant.

v. CGD Project

Your Company is evaluating the feasibility to venture in City Gas Distribution (CGD) project in 10 cities in collaboration with reputed companies.

10. Outlook

a. Exploration acreage

Considering the Petroleum Exploration License's (PEL) life cycle and available rig resources, your Company has prioritized exploratory inputs so that the PELs can be retained or converted into Mining Lease (ML). The number of MLs held as on 01.04.2010 were 320 (area: 26,130 sq km) which have (as on 01.04.2011) now increased to 330 (area: 27,891 sq km). However during the same period the number of PELs decreased from 62 (area: 80,982 sq km) to 40 (area: 73,840 sq km).

b. Extension of time period for nomination PELs

Several significant discoveries have been made in some nomination PEL blocks during the regrant cycle in Western Offshore, Cambay, Assam Shelf, Tripura, KG and Cauvery Basins. Keeping in view the discoveries and potential of these blocks, your Company requested Government of India to grant a one time extension of two years beyond the seven year period to complete the ongoing exploration/ appraisal of the blocks which has been agreed. This would facilitate your Company to carry out intensive exploration in these blocks (3 in Mumbai Offshore, 5 in A & AA, 2 each in KG and Cauvery, 3 in Cambay and 1 in Vindhyan Basins) to establish hydrocarbon reserves.

c. Exploration programme

In first four years (FY'08, FY'09, FY'10 & FY'11) of XI Plan period, your Company has acquired 123,392 LKM of 2D data and 87,240 Sq.Km of 3D data. Total 1,404 wells (Exploratory wells: 457 & Development wells: 947) were drilled during the period. Your Company accreted 954.56 MMTOE of O+OEG in-place hydrocarbon reserves in first four years of plan against XI Plan target of 1,000 MMTOE. With the present deployment of 121 drilling rigs (78 owned and 43 charter-hired) your Company plans to drill 430 wells (Exploratory: 158 & Development: 272), including 16 deepwater wells during FY'12, the terminal year of the XI plan period.

d. NELP discoveries

Your Company has so far made 18 discoveries (Offshore: 12 Onland: 6) in NELP blocks of which five discoveries have been made in FY'11. These discoveries are governed by PSC stipulations with clear-cut stages and time frames for putting a discovery to commercial production. During the year, efforts were made to expedite the process so that these discoveries can be brought on production at the earliest. In this context:

- DOC (Declaration of Commerciality) for the block KG-DWN-98/2 (northern & southern discovery area) and MN-DWN-98/3 has been submitted and approval of DGH is awaited.
- For the block MN-OSN-2000/2 of Mahanadi basin DOC has been submitted and approved by DGH.

  ONGC has also made six discoveries in onland NELP blocks of which five are in Cambay basin and one in the A&AA basin.
- Discoveries in Cambay basin are: West Patan-3 in CB-ONN-2002/1, Nadiad-1 in CB-ONN-2001/1, Karnangar-1 in CB-ONN 2004/1 and Vadtal-1 & Vadtal-3 in CB-ONN-2004/2. In the A&AA basin, Khubal-4 is the discovery in AA-ONN-2001/1 block.
- DOC for Cambay basin discovery viz. West Patan has been submitted to DGH.
- Appraisal Plan for two other onland discoveries namely Nadiad and Khubal has also been submitted to DGH. Karnnagar and Vadtal are the recent discoveries in Cambay basin made during FY'11 and appraisal plan for the same will be submitted shortly.

e. Development of new fields

Your Company has taken up 10 major projects for development of new fields and one project for additional development of D-1 field with estimated investment of ₹ 248.90 billion. The projects are:

a. Development of C-Series
b. Additional development of D-1 field
c. Development of B-22 cluster fields
d. Development of B-193 cluster fields
e. Development of B-46 cluster fields
f. Development of North Tapti gas field
g. Development of Cluster-7 fields
h. Development of BHE & BH-35 fields
i. Development of WO-16 cluster fields
j. Development of G-1 & GS-15 fields
k. Development of SB-14

All these fields are marginal fields. Your Company took structured initiatives to monetize these fields cost-effectively through cluster development. These fields are anticipated to be on stream by 2013-14.

Plan expenditure

During the first four years of the XI Plan period (FY'08 to FY'11) your Company's plan expenditure has been ₹ 913,056 million against Plan outlay of ₹ 759,838 million. Increase in Plan expenditure has been mainly due to increased exploratory inputs in terms of seismic survey and exploratory drilling. Against the XI Plan target of 547 exploratory wells, 457 wells have already been drilled in the first four years of the plan period (FY'08 to FY'11) out of which 25 wells (against the plan of 33 wells during the XI Plan) are cost intensive deep and ultra-deepwater wells. In last four years, exploratory drilling expenditure increased by more than 3 times.

Further, higher expenditure towards exploratory drilling has been due to higher rates for charter-hiring drilling rigs particularly deepwater and ultra-deepwater rigs. Plan expenditure against capital purchases and projects has also been more as a large number of field development and redevelopment projects have been taken up in the first four years of the Plan period. During the year FY'12, your Company has earmarked a budget of ₹ 300,400 million for domestic operations. In first four years of XI Plan Capex for OVL has been ₹ 313.76 billion against the plan outlay of ₹ 453 billion for the XI Plan.

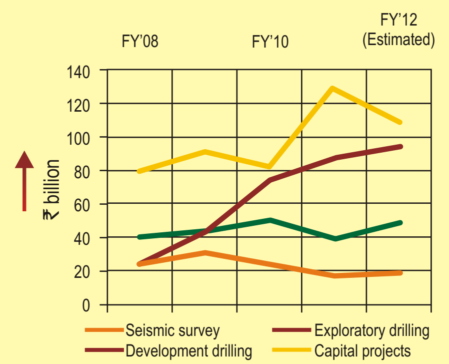
11. Internal Control Systems

The very nature of the business of your Company, inherent with operational and functional complexities, demands a robust internal control mechanism. Internal control systems in ONGC have been evolved with the objective to continuously monitor critical functions and operations particularly technology and field operations.

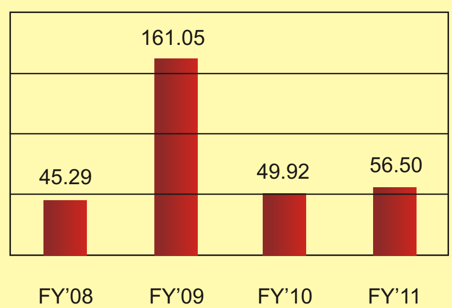
Standard procedures and guidelines are issued from time to time to institutionalize best practices in all facets of activities. Performance of every business unit is monitored by the respective directorates for suitable corrective measures, if any. Performance management and benchmarking is being done through performance contracts between the top management and the Key Executives based on the Key Performance Indicators (KPIs) in line with goals and assigned targets.

Your Company is committed to maintaining high standards of occupational health, safety and environmental protection. Several internal and external audits are conducted to ensure compliance of the norms, and to maintain effective waste prevention and reduction capabilities.

ONGC: Capex trend



OVL's Capex (₹ Billion)



Third party audits are conducted regularly for offshore and onshore installations by established national and international HSE agencies such as Oil Industry Safety Directorate (OISD), an organization under the control of the MoPNG, which issues safety guidelines. Further, subject to the safety regulations prescribed by the Directorate General of Mines and Safety (DGMS), each work center has teams dedicated to HSE, which execute the safety guidelines prescribed by OISD as well as DGMS. HSE teams are also responsible for obtaining necessary licenses and clearances from the State Pollution Control Boards.

All transactions in the company are carried out on SAP R/3 ERP based business portal. Proper and adequate system of internal control exists to ensure that all aspects are safeguarded and protected against loss from unauthorized use or disposition and that each transaction is authorized, recorded and reported, has also been established. The system further ensures that financial and other records are reliable for preparing the financial statements.

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 (CAG) of India for fixed tenures. Audit and Ethics committee of the Board oversees the functioning of Internal Audit and control systems.

12. Human Resource Development

Human resource is one of the biggest strengths of your Company and as a strategy it has been a constant endeavour to maintain steady inflow of talent. Your Company has drawn up a five-year manpower induction plan aligned to the business plans as well as factoring the manpower profile of ONGC. During FY'11, your Company inducted 1,517 people with requisite skills-sets to meet the requirement as well as replenish the manpower loss on account of superannuation which has increased in recent years.

Your Company believes that continuous development of its human resource fosters engagement. The training programmes have been designed to equip the executives with latest knowledge in the respective areas of specialization as well as honing up managerial skills. Your Company also took structured initiatives to provide work-life balance to the employees as well as improving living and working conditions.

Your Company has been declared as the 'Best Employers to Work For' among all PSUs. ONGC with an Index score of 40 stands at 13th amongst top 25 India Corporates. ONGC has also been ranked as the 'Best Employer to Work for' in the Core sector, even among the non PSU Corporates in India {Business Today (BT), 6th February, 2011 issue}.

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.

Drilling rigs : Teamwork to the fore

A telling point : CMD, ONGC briefs Shri S. Jaipal Reddy, Hon'ble Minister for P&NG at Mumbai Offshore

ONGC believes that Corporate Governance is the set of processes, customs, policies, rules, regulations and laws, by which companies are directed, controlled and administered by the management in the best interest of the stakeholders. It ensures fairness, transparency, accountability and integrity of the management. It is a way of life rather than a mere legal compulsion.

The premise of Corporate Governance framework in ONGC is based on the following key drivers:

- Adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders including customers, employees and society at large.
- A sound system of internal control to mitigate the risks.
- Compliance of law, rules & regulations in true letter and spirit.
- Independent verification of the Company's financial reporting.
- Strategic supervision by the Board of Directors of appropriate composition, size, varied experience and commitment to discharge their responsibilities.
- Timely and balanced disclosure of all material information to all the stakeholders.
- Clearly defined standards against which performance of responsibilities can be measured.
- A clear delineation of shareholders' rights.
- Accuracy and transparency in disclosures regarding operations, performance, risk and financial position.

Based on the aforesaid objectives and in compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the stock exchanges as well as the Guidelines on Corporate Governance for Public Sector Enterprises, issued by the Department of Public Enterprises(DPE), the detailed Corporate Governance Report of ONGC is as follows:

1. CORPORATE GOVERNANCE RECOGNITIONS

At the outset, it may be mentioned that many organisations have recognised the excellence in Corporate Governance in ONGC and 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) 'ICSI National Award for Excellence in Corporate Governance-2010'- by the Institute of Company Secretaries of India;

(vi) 'Golden Peacock Award for Excellence in Corporate Social Responsibility in Emerging Economics - 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 the Board of Directors, which formulates strategies, policies and reviews its performance periodically. The Chairman & Managing Director (CMD) and six Whole-Time Directors viz. Director (Onshore), Director (Technology & Field Services), Director (Finance), Director (Offshore), Director (Exploration) and Director (Human Resource), 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, 2011, the Board had 12 members, comprising of 5 Functional Directors (including the Chairman & Managing Director) and 7 Non-executive Directors (comprising 2 part-time official nominee Directors and 5 part-time non-official Directors) nominated by the Government of India. To share the global experience and business strategies, Managing Director, ONGC Videsh Limited (OVL) is a permanent invitee to the meetings of the Board.

The composition of the Board of Directors of ONGC as on 31.03.2011, does not comply with provisions of Clause 49 of the Listing Agreement. It may be noted that in terms of Article 104 of Articles of Association of ONGC, the President of India has the powers to appoint all directors on the Board of ONGC. The matter of appointment of requisite number of independent directors to comply with the provisions of Clause 49 of the Listing Agreement is under consideration of the Government of India. The matter is being pursued with Ministry of Petroleum & Natural Gas.

2.3 Board/ Committee Meetings and Procedures

(A) Institutionalised decision making process

With a view to institutionalize all corporate affairs and setting 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) Presentations are made to the Board/Committee 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 required.

(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 / Committee Meeting

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. However, 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.

2.4 BOARD MEETINGS

During the year 2010-11, 15 Board meetings were held on 26th April, 28th May, 28th & 30th June, 29th July, 26th August, 22nd September, 15th & 28th October, 26th November, 16th December, 2010 and 28th & 29th January, 25th February and 14th March, 2011.

The minimum and maximum interval between any two Board meetings was 1 day and 43 days respectively.

Attendance:

Names & Designation	No. of Board meetings held during the tenure	No. of Board meetings attended	Whether attended last AGM held on 23-09-2010	As on 31.03.2011			
				No. of Directorships in other companies#		No. of Committee memberships*	
				Listed	Others	Chairman	Member
a) Executive Directors							
Shri R.S. Sharma Chairman & Managing Director (upto 31.01.2011)	13	13	Yes	1	5	Nil	Nil
Dr. A.K. Balyan, Director (Human Resources) (upto 15.07.2010)	4	4	NA	2	6	Nil	1
Shri A.K. Hazarika, Director (Onshore) Additional charge of CMD w.e.f. 01.02.2011	15	15	Yes	1	6	Nil	Nil
Shri D.K. Pande, Director (Exploration) (upto 31.01.2011)	13	13	Yes	Nil	1	Nil	1
Shri U.N. Bose Director (T&FS)	15	15	Yes	1	1	Nil	2
Shri D.K. Sarraf Director (Finance)	15	15	Yes	2	5	Nil	3
Shri Sudhir Vasudeva Director (Offshore)	15	13	No	1	3	Nil	2
Shri S.V. Rao, Director (Exploration) (from 25.02.2011)	1	1	NA	Nil	1	Nil	Nil
b) Non-Executive Directors							
(i) Part-time Official Directors- Govt. nominees.							
Smt. L.M. Vas Special Sectretary, MoF	15	8	No	Nil	Nil	Nil	Nil
Shri Sudhir Bhargava Addl. Secretary, MoP&NG	15	11	No	2	Nil	Nil	NIl
(ii) Part-time Independent Directors							
Shri S.S. Rajsekar	15	14	Yes	1	2	Nil	4
Shri S. Balachandran	15	15	Yes	2	2	1	5
Shri Santosh Nautiyal	15	15	No	1	3	1	1
Smt Anita Das	15	14	No	Nil	1	1	1
Dr D. Chandrasekharam (from 11.03.2011)	1	1	NA	Nil	2	Nil	Nil

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 per se related to each other;

(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. 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. 9th ONGC Conclave was organized during July 10th & 11th, 2010 at Goa. The Conclave focused on SWOT analysis of ONGC and future growth strategy.

4. VICHAR VISHLESHAN

The Key Executives In-charges of Assets, Basins, Services, Institutes and Corporate Functions meet periodically with CMD and the functional Directors to review performance and to formulate future plans. During the year under review, 10th Key Executives Meet (Vichar Vishleshan-X) was organized on 17th, 18th & 19th December, 2010 at Mumbai. The theme of the meet was "Unleashing Potential: Chartering Growth".

5. 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 for calling Annual General Meeting.

6. BOARD COMMITTEES

The Company has the following Committees of the Board:

6.1 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.

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 statement is correct, sufficient and credible.

(ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and 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 Director's 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 judgment 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
- 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.

(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 there on.

(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) The Audit Committee should have discussions 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) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(xvii) The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary company

Annual Report on the working of the Audit & Ethics Committee

As advised by the Comptroller & Auditor General (C&AG) in its Report No. CA 22 on Corporate Governance in Listed Government Companies, in order to present a comprehensive view of the working of the Audit & Ethics Committee of ONGC the second and third Annual Report on the working of the Audit Committee for the year 2009-10 and 2010-11 are under finalisation and shall be presented to the Audit & Ethics Committee shortly.

The aforementioned report briefly give a background about the constitution, the legal framework, terms of reference, items considered by the Audit Committee and the details of observation/suggestion of Audit Committee and action taken thereon during the year.

Audit & Ethics Committee Meetings

During the year 2010-11, nine meetings of Audit & Ethics Committee were held on April 26, May 28, June 25, July 29 , August 26, September 22 & October 28, 2010 and January 28 and February 25, 2011.

Attendance:

Members	No. of Meetings held during the tenure	No. of Meetings Attended
Shri S. Balachandran	9	9
Shri Santosh Nautiyal	9	9
Shri S.S. Rajsekar	9	9
Smt Anita Das	9	8
Permanent Invitees:		
Shri D.K. Sarraf, Director (Finance)	9	9
Shri S. Dhandapani, GGM-Chief Corporate Finance	9	9
Shri Pradeep Prasad - Chief Internal Audit	9	7

6.2 REMUNERATION COMMITTEE

The Department of Public Enterprises has directed that each CPSE should constitute a Remuneration Committee headed by an Independent Director. Accordingly, the Remuneration Committee of ONGC is headed by Smt Anita Das, an Independent Director. Shri Santosh Nautiyal, Independent Director, Shri S. Balachandran, Independent Director, Shri S.S. Rajsekar, Independent Director are the members of the Committee. Director (HR) and Director (Finance) are permanent Invitees.

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. The Non-executive (part-time non-official) Directors are paid sitting fees @ ₹ 20,000/- for each Board/Committee meeting attended by them.

Two meetings of the above Committee were held on 16th December, 2010 and 25th February, 2011. All members were present.

6.2.1 DIRECTORS' REMUNERATION

Remuneration of Directors for the year ended 31st March, 2011 was as follows:

a) Executive Directors

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
1.	Shri R.S. Sharma	1.60	1.10	1.70	0.15	-	4.55	31.01.2011
2.	Dr. A. K. Balyan	0.41	2.62	0.43	0.03	-	3.49	15.07.2010
4.	Shri A.K. Hazarika	1.85	0.41	1.48	0.17	0.48	4.39	30.09.2012
5.	Shri D.K. Pande	1.70	1.12	1.27	0.14	0.36	4.23	31.01.2011
6.	Shri U.N. Bose	2.12	0.30	1.47	0.17	0.46	4.52	
7.	Shri D.K. Sarraf	1.98	0.07	1.43	0.17	0.36	4.01	26.12.2012
8.	Shri Sudhir Vasudeva	1.69	0.38	1.39	0.16	0.31	3.93	31.01.2014
9.	Shri S.V. Rao	0.19	-	1.44	0.02	0.28	1.93	31.03.2013

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

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

Non-Executive non-official Directors were paid sitting fees @ ₹ 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 S. Balachandran	1.06
Shri Santosh Nautiyal	0.94
Smt Anita Das	0.82
Shri S.S. Rajsekar	1.00
Dr D.Chandrasekharam	0.02
Total	3.84

6.2.2 STOCK OPTIONS

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

6.2.3 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	4,300
Dr. A.K. Balyan	2,400
Shri A.K. Hazarika	4,640
Shri D.K. Pande	5,400
Shri U.N. Bose	1,192
Shri D.K. Sarraf	3,192
Shri Sudhir Vasudeva	2,580
Shri S.V. Rao	2,880
Shri Sudhir Bhargava	360

*Post Bonus/Post Split

Sucker Rod Pump : Mainstay in brownfield production

6.3 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 share 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, Director (HR) and Director (Finance) are the Members of the Committee. The Company Secretary acts as a Convener to the Committee.

During the year 2010-11, three meetings were held on 28th June, 2010, 18th January and 25th February, 2011. The attendance particulars are as under:

Members	No. of Meetings held during the tenure	No. of Meetings attended
Smt Anita Das	3	3
Shri S.S. Rajsekar	3	3
Shri S. Balachandran	3	3
Dr. A. K. Balyan (Up to 15.07.2010)	1	0
Shri D. K. Sarraf	3	3
Shri A. K. Hazarika (As Director HR)	1	1

6.3.1 COMPLIANCE OFFICER

Shri N K Sinha, Company Secretary is 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.

6.3.2 REDRESSAL OF INVESTORS' GRIEVANCE

The Company addresses all complaints, suggestions and grievances of the investors expeditiously and usually sends/ 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 18 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 4256. There was no complaint pending as on 31st March, 2011.

6.3.3 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 S Biswas, Director MCS Limited, F-65, Okhla Industrial Area, Phase-I, Delhi- 110020. PhoneNos.011-41406149,51-52 Fax Nos. 011-41709881. 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) and complete postal address.
2	Dividend from financial years 2003-2004 (final) to 2010-11 (interim) and all matters pertaining to Bonus Shares and shares held in Physical mode; **For Physical Shares-** Change of address, status, Bank account, mandate, ECS mandate etc.	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 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	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. **Members are requested to apply for renewal or issue of duplicate dividend warrants for the final Dividend 2003-04 before 30th September, 2011. The unpaid dividend amount for the year 2003-04 will be transferred on or before 28th October, 2011 by the Company to the Investor Education & Protection Fund (IEPF) set up by Govt. of India and no claim will lie neither against IEPF nor 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 e-mail: secretariat@ongc.co.in	On plain paper stating nature of complaint, folio/DPID/Client ID No., Name and address.

6.3.4 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 along with media releases, company overview and report on Corporate Governance etc. Existing and potential investors are able to interact with the Company through this link for their queries and seeking information.

A Core Team comprising of senior, experienced officials, headed by Director (Finance) have been assigned the responsibilities for up-keeping the said link and also to serve as a platform for the shareholders to express their opinions, views, suggestions, etc. to understand the influencing factors in their investment decision-making process. 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.

6.4 HUMAN RESOURCE MANAGEMENT COMMITTEE

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

Shri S. S. Rajsekar is the Chairman of the Committee. Shri Sudhir Bhargava, Shri S. Balachandran, CMD and all Functional Directors are the members of the Committee. Director (HR) is the Member-Convener of the Committee.

During the year 2010-11, **six** meetings were held on 26th April, 28th May, 28th July, 22nd September, 26th November, 2010 and 12th March, 2011. These meetings were attended by the members of the Committee, as under:

Members	No. of meetings held during the tenure	No. of meetings attended
Shri S.S. Rajsekar	6	6
Shri S. Balachandran	6	6
Shri R.S. Sharma (Upto 31.01.2011)	5	5
Dr. A.K. Balyan (Upto 15.07.2010)	2	2
Shri A.K. Hazarika*	6	6
Shri D.K. Pande (Upto 31.01.2011)	5	5
Shri U.N. Bose	6	6
Shri D.K. Sarraf	6	5
Shri Sudhir Vasudeva	6	5
Shri S.V. Rao (From 25.02.2011)	1	1
Shri Sudhir Bhargava	6	2

* Shri A.K. Hazarika holding additional charge of Director (Exploration) and Director (HR)

6.5 PROJECT APPRAISAL COMMITTEE

The Project Appraisal Committee examines and makes recommendations to the Board on projects/ capital investment exceeding ₹ 2500 million. Proposals upto ₹ 2500 million are appraised in-house, while the proposals exceeding ₹ 2500 million are first appraised by Financial Institutions and thereafter considered by the Project Appraisal Committee which recommends the proposal to the Board with its views. The Project Appraisal Committee also monitors IOR/ EOR Schemes.

Shri Santosh Nautiyal, Independent Director is the Chairman of the Committee. Shri Sudhir Bhargava, Shri S. Balachandran, Shri S.S. Rajsekar, Smt Anita Das, Shri Sudhir Vasudeva, 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 2010-11, **seven** meetings were held on: 28th June, 28th July, 26th August, 28th October, 24th November, 2010, 18th January and 12th March, 2011. These meetings were attended by the members of the Committee, as under:

Manifold series : Enhancing production

Members	No. of meetings held during the tenure	No. of meetings attended
Shri S. Balachandran	7	7
Shri Santosh Nautiyal	7	7
Shri S.S. Rajsekar	7	7
Smt Anita Das	7	6
Shri Sudhir Vasudeva	7	7
Shri D.K. Sarraf	7	7
Shri Sudhir Bhargava	7	4
Dr. A.K. Balyan*	1	1
Shri A.K. Hazarika*	1	1
Shri D.K. Pande*	1	1
Shri U.N. Bose *	2	2

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

6.6 HEALTH, SAFETY & ENVIRONMENT COMMITTEE

The terms of reference includes review of policy, processes and systems on Safety, Health, Environment and Ecology aspects. Shri S.S. Rajsekar, an Independent Director is the Chairman of the Committee. Director (Onshore) acts as a Member-Convener. The other members of the Committee are Shri Sudhir Bhargava, Shri Santosh Nautiyal, CMD and all functional Directors.

During the year 2010-11, **two** meetings were held on: 23rd September and 29th December, 2010. These meetings were attended by the members of the Committee, as under:

Members	No. of meetings held during the tenure	No. of meetings attended
Shri S.S. Rajsekar	2	2
Shri Santosh Nautiyal	2	2
Shri R.S. Sharma (Upto 31.01.2011)	2	1
Shri A.K. Hazarika	2	2
Shri D.K. Pande (Upto 31.01.2011)	2	1
Shri U.N. Bose	2	2
Shri D.K. Sarraf	2	0
Shri Sudhir Vasudeva	2	1
Shri Sudhir Bhargava	2	1

6.7 FINANCIAL 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.

Shri S. Balachandran is the Chairman of the Committee. Shri Santosh Nautiyal, Smt Anita Das, Shri D.K. Sarraf and concerned Functional Directors are the members. Director (Finance) is the Member –Convener.

During the year 2010-11, **four** meetings of the Committee were held on 25th June, 15th October, 24th November, 2010 and 28th January, 2011. These meetings were attended by the members of the Committee, as under:

Members	No. of meetings held during the tenure	No. of meetings attended
Shri S. Balachandran	4	4
Shri Santosh Nautiyal	4	4
Smt Anita Das	4	3
Shri D.K. Sarraf	4	4

6.8 COD FOR REDRESSAL OF GRIEVANCES OF THE PARTIES

COD for Redressal of grievances of the parties has been constituted to review the grievances of the parties for suitable Redressal.

Shri Santosh Nautiyal, an Independent Director is the Chairman of the Committee. Other members of the Committee are Shri S.S. Rajsekar, Shri S. Balachandran, 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.

During the year 2010-11, **six** meetings of the committee were held on 27th May, 26th August, 26th November, 29th December, 2010, 18th January and 25th February, 2011. These meetings were attended by the members of the Committee, as under:

Members	No. of meetings held during the tenure	No. of meetings attended
Shri S.S. Rajsekar	6	6
Shri Santosh Nautiyal	6	6
Shri S. Balachandran	6	4
Smt Anita Das	6	5
Shri A.K. Hazarika	6	5
Shri D.K. Pande*	1	1
Shri U.N. Bose	6	5
Shri D.K. Sarraf	6	4
Shri A.K. Balyan*	1	1
Shri Sudhir Vasudeva*	3	3

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

6.9 OTHER FUNCTIONAL COMMITTEES

Apart from the above, the Board also from time to time, constitutes 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 is finalized in consultation with the Committee members.

7. 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 2010-11"

7.1 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 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/derivatives of the Company 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 Directors/ Advisors/ Officers/ designated employees are also required to disclose related information periodically as defined in the Code.

7.2 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 2010-11 was submitted to the Board in its meeting held on 30th May, 2011

8. FINANCE MANUAL

With the approval of EC, 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 provides the users with existing practices, processes, finance policies & procedures, and guides 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 is also of great help for new incumbents and Finance officers on transfers. The knowledge documented would enlighten new team members including outside agencies like Statutory Auditors, Government Auditors associated with ONGC for years to come.

9. SUBSIDIARY MONITORING FRAMEWORK

The Company has two direct subsidiary companies, Mangalore Refinery & 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.

In terms of Clause 49.III (ii) and (iii) of the Listing Agreement and DPE guidelines, 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 listed and unlisted subsidiary companies, are reviewed by the Audit and Ethics Committee;

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

c) A statement of all significant transactions and arrangements entered into by the Subsidiary Company 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.

10. ANNUAL GENERAL MEETINGS

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

Year	Location	Date	Time (IST)
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
2009-10	Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi- 110049	23.09.2010	10.00 a.m

There was no special resolution passed by the Company at the last 3 AGMs. A Special Resolution (to amend the Articles of Association for sub-division of equity shares of ₹10 each into 2 equity shares of ₹ 5 each) was passed on 28.01.2011 by the Company's members through postal ballot for the purpose of Split of Shares and issue of Bonus shares. A total number of 22,886 postal ballots were polled for 1,976,757,932 shares. Out these, 20,929 postal ballots (91.449%) for 1,976,474,669 shares (99.986%) were polled in favour of the Special Resolution and 120 postal ballots (0.524%) for 16,788 shares (0.001%) were polled against the resolution and 1,837 postal ballots (8.027%) for 266,394 shares (0.013%) were declared invalid. The Postal Ballot was conducted in accordance with Section 192A of the Companies Act, 1956 read with Companies (Passing of resolutions by Postal Ballot) Rules, 2001 by Shri A N Kukreja of M/s A N Kukreja & Co., Practising Company Secretaries who were appointed by the Board. At the ensuing AGM, there is no Resolution proposed to be passed through postal ballot.

11. DISCLOSURES

11.1 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. 17 of Schedule 27 to the Accounts in the Annual Report. 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.

11.2 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.

12. 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 website 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. are 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.

13. SHAREHOLDERS' INFORMATION

13.1 ANNUAL GENERAL MEETING

Date : 30th August, 2011

Time : 10:00 Hrs

Venue : Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi-110049.

13.2 FINANCIAL CALENDAR

Adoption of Quarterly Results for the Quarter ending	Tentative date of the meeting of the Board
June 30, 2011	28th July, 2011
September 30, 2011	31st October, 2011
December 31, 2011	30th January 2012
March 31, 2012(audited)	30th May, 2012

These dates are subject to change and the last date for submission of the unaudited quarterly and year to date financial results to the stock exchange is within forty-five days of end of each quarter (except the last quarter). The last date for submission of the financial results of the last quarter is within sixty days from the end of the financial year.

13.3 BOOK CLOSURE PERIOD

The Book Closure period is from Tuesday, the 23rd August, 2011 to Tuesday, the 30th August, 2011 (both days inclusive) for the payment of Final Dividend.

13.4 DIVIDEND PAYMENT DATE

Final Dividend would be paid on or after 3rd September, 2011.

13.5 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	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**

13.6 LISTING FEES

Annual listing fees for the year 2010-11, as applicable has been paid to the above Stock Exchanges.

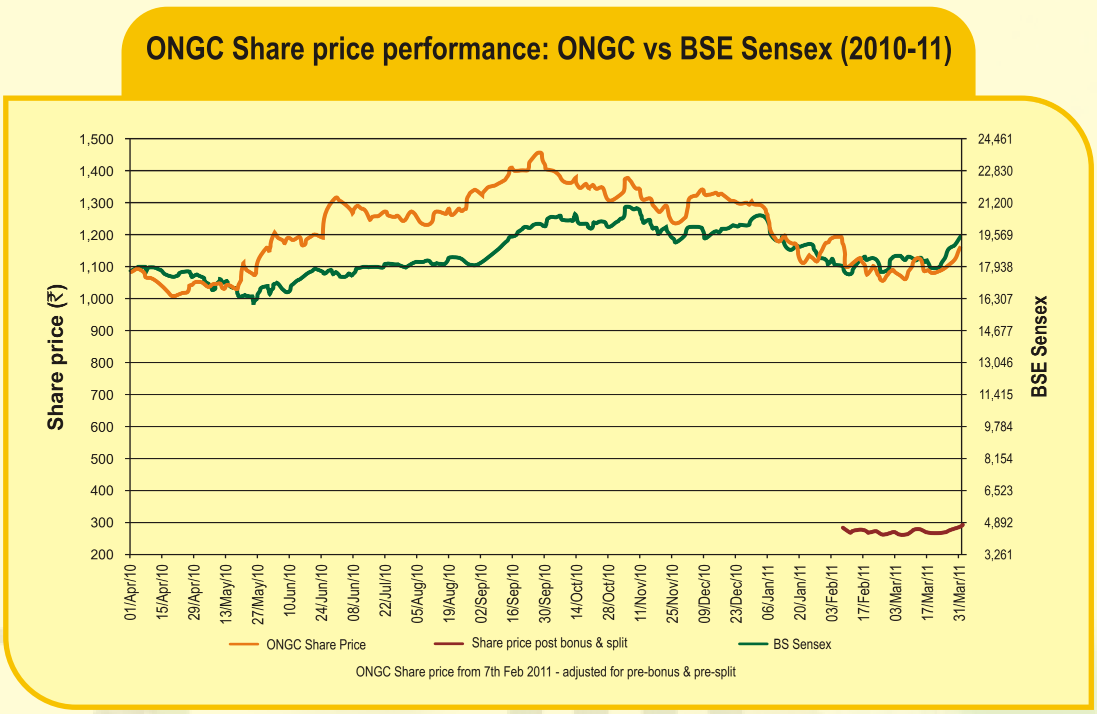
13.7 DEMAT ISIN NUMBERS IN NSDL and CDSL

(Stock Code): **INE213A01011**

Custody Fee of NSDL and CDSL has been paid till 31st March, 2011

13.8 STOCK MARKET INFORMATION

The stock price performance of ONGC scrip during the last financial year in comparison to BSE is plotted below:



13.8.1 MARKET PRICE DATA; HIGH, LOW DURING EACH MONTH IN LAST FINANCIAL YEAR

Month	Bombay Stock Exchange			National Stock Exchange		
	High(₹)	Low(₹)	Volume	High(₹)	Low(₹)	Volume
Apr'10	1,106.95	997.35	2,555,700	1,110.00	996.00	14,824,347
May'10	1,175.00	1,014.00	3,508,210	1,177.65	1,012.00	29,531,538
Jun '10	1,330.80	1,140.00	5,908,595	1,331.40	1,140.00	33,585,420
Jul '10	1,346.00	1,221.10	2,617,352	1,346.90	1,220.00	22,363,352
Aug '10	1,360.00	1,151.30	2,677,050	1,359.90	1,208.00	19,894,847
Sep '10	1,472.00	1,320.25	2,641,912	1,472.60	1,320.00	23,757,134
Oct '10	1,444.65	1,289.50	2,314,317	1,444.40	1,290.00	19,993,164
Nov '10	1,395.00	1,192.00	1,871,614	1,396.00	1,192.00	14,577,627
Dec '10	1,364.90	1,247.00	3,879,897	1,363.85	1,246.50	21,295,768
Jan '11	1,299.50	1,101.40	3,328,078	1,304.00	1,122.20	23,160,546
Feb'11	1,231.90	261.00*	9,625,389	1,233.15	260.10*	66,887,897
Mar'11	292.70	262.10*	8,753,773	294.20*	262.00*	70,737,027

Source: Web-sites of BSE and NSE
*Post -split & post- bonus

14. SHARE TRANSFER SYSTEM

Karvy Computershare Private Ltd. (Karvy) is the Registrar and Share Transfer Agent (RTA) 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 share transfer 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. The shares for transfer 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 aforesaid Committee are placed to the Shareholders'/ Investors' Grievance Committee. A summary of transfer/ transmission of securities so approved by the aforesaid 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
2010-11	475	11,991
2009-10	175	16,575
2008-09	420	17,944

15. SHAREHOLDING PATTERN AS ON 31st MARCH, 2011

Category	No. of Shares held	Percentage of Shareholding
President of India	6,342,962,692	74.14
Banks, Financial Institutions and Insurance Companies	472,078,320	5.52
Foreign Institutional Investors	380,659,367	4.45
Mutual Funds & UTI	180,081,629	2.11
NRIs	4,550,052	0.05
Bodies Corporate:		
• Government Companies	863,524,496	10.09
• Others	140,995,992	1.65
Employees	7,059,704	0.08
Public	163,577,868	1.91
Total	**8,555,490,120**	**100.00**

15.1 TOP 10 SHAREHOLDERS AS ON 31st MARCH, 2011

S.No	Name	No.of Shares held	% of total Shareholding
1	President of India	6,342,962,692	74.14
2	Indian Oil Corporation Limited	657,923,428	7.69
3	Life Insurance Corporation Of India	261,528,616	3.06
4	GAIL (India) Limited	205,601,068	2.40
5	Franklin Templeton Investment Funds	79,774,484	0.93
6	LIC Of India Money Plus	41,307,106	0.48
7	LIC Of India – Market Plus	41,106,528	0.48
8	ICICI Prudential Life Insurance Company Limited	36,556,692	0.43
9	LIC Of India Market Plus – 1	33,595,504	0.39
10	Life Insurance Corporation of India – Profit Plus	31,252,404	0.37

15.2 DISTRIBUTION OF SHAREHOLDING BY SIZE AS ON 31st MARCH, 2011

Category	Number of Shareholders	% of Shareholders	Total number of Shares	% of Shareholding
1 - 500	458,273	88.74	63,279,760	0.74
501 - 1000	27,075	5.24	19,525,914	0.23
1001 - 2000	13,749	2.66	20,080,548	0.23
2001 - 3000	6,394	1.24	15,944,749	0.19
3001 - 4000	6,114	1.18	21,797,622	0.25
4001 - 5000	1,764	0.34	7,814,312	0.09
5001 - 10000	1,588	0.31	10,444,364	0.12
10001 & Above	1,517	0.29	8,396,602,851	98.15
Total	**516,474**	**100.00**	**8,555,490,120**	**100.00**

15.3 GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS AS ON 31st MARCH, 2011

S. No	City	Shareholders		Shareholding	
		Nos	% age	No of shares	%age of shareholding
1	MUMBAI	108,101	20.93	1,854,109,623	21.67
2	NEW DELHI	37,127	7.19	6,564,845,122	76.73
3	AHMEDABAD	32,468	6.29	11,693,648	0.14
4	KOLKATA	25,327	4.90	14,718,485	0.17
5	BANGALORE	21,475	4.16	5,527,467	0.06
6	PUNE	18,565	3.59	4,612,528	0.05
7	CHENNAI	18,478	3.58	17,919,183	0.21
8	VADODARA	16,501	3.19	7,719,414	0.09
9	DEHRADUN	5,233	1.01	5,816,245	0.07
10	JORHAT	4,148	0.80	4,731,221	0.06
11	OTHERS	229,051	44.35	63,797,184	0.75
	Total	**516,474**	**100.00**	**8,555,490,120**	**100.00**

15.4 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	34,28,53,716	34,28,53,726	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	66,39,300	34,94,93,026	Issued to the Employees at a premium of ₹ 260 per Share (includes 600 shares issued in 1995-96)
1995-96	107,64,40,966	142,59,33,992	Issue of Bonus Shares in ratio of 3.08: 1 on 24.04.1995 by Capitalization of General Reserve
2006-07	(-)18,972	142,59,15,020	Forfeiture of Shares on 12.04.2006
	71,29,57,510	213,88,72,530	Issue of Bonus Shares in ratio of 1:2 on 08.11.2006 by Capitalization of General Reserve.
2010-11		8,555,490,120	Each equity Share of ONGC was split from the face value of ₹10 into two equity shares of the face value of ₹5 each Bonus Shares were issued in the ratio of 1:1 by Capitalization of Reserves to the shareholders as on 09.02.2011 (Record Date).

Note: The face value of equity share changed from ₹ 10 each to ₹ 5 each from 09.02.2011 on split in to two equity shares of ₹ 5 each

16. CORPORATE BENEFITS

DIVIDEND HISTORY

Years	Rate (%)	Per Share (₹)	Amount (₹ in million)
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	150	15	32083.09
2010-11			
Interim	320	32	68443.92
Final (Proposed on each equity share of ₹5)	15	0.75	6416.62

Apart from the above, the Company had issued Bonus Shares in October, 2006 in the ratio of 1 bonus share for every 2 shares held and in February, 2011, in the ratio of 1 Bonus Share for every 1 share held (Post split).

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

During the year under report, an amount of ₹ 34,22,498.00 and ₹ 32,61,846.00 pertaining to unpaid dividend for the financial year 2002-03 and 2003-04(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.

The unpaid/unclaimed amount of Final Dividend declared on 29th September, 2004 for the financial year 2003-04 and interim dividend declared on 24th December, 2004 for the financial year 2004-05 will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government by 28th October, 2011 and 23rd January, 2012 respectively. Members who have not encashed their dividend warrants pertaining to the said years may approach the Company or its Registrar & Share Transfer Agent for obtaining payment thereof.

Given below are the proposed dates for transfer of the unclaimed dividend to IEPF by the Company:

Financial Year	Date of Declaration	Proposed Date for transfer to IEPF*
2003-04-Final	29.09.2004	28.10.2011
2004-05 Interim	24.12.2004	23.01.2012

*Indicative dates, actual dates may vary

18. DEMATERIALIZATION OF SHARES AND LIQUIDITY

S.No.	Description	No. of Share Holders	Shares	% of Equity
1.	CDSL	114,936	7,245,619,913	84.69
2.	NSDL	394,576	1,301,780,992	15.22
3.	PHYSICAL	6,962	8,089,215	0.09
	Total	**516,474**	**8,555,490,120**	**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, 2011, 99.91% of the shareholding, stood dematerialized.

19. OUTSTANDING GDRs/ ADRs / WARRANTS OR CONVERTIBLE INSTRUMENTS

No GDRs/ ADRs/ Warrants or Convertible Instruments have been issued by the Company during the year.

20. 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
8. Karaikal Asset, Karaikal
9. Assam Asset, Nazira
10. Tripura Asset, Agartala
11. 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. $C_2C_3C_4$ 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, Sivasagar & Vadodara

21. INVESTOR SERVICES AND ADDRESSES FOR SHAREHOLDERS' CORRESPONDENCE

These have been given at **6.3.3** and **6.3.4** above

22. RISK MANAGEMENT

The Risk Management Policy has been rolled out across the organization in all Assets, Basins, Plants, Institutes and offices. The Risk Management Committee reviews various types of risks whether present or future and apprises the same to the management

23. 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.

24. 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 to para 6.2.
- With regard to **Shareholders' Rights**, communication of financial results are being published widely and also hosted on the Company's website (refer para 12)
- Information on **training of Board members** and **mechanism for evaluation of non-executive Board members** is reflected in para 2.3(f)
- As far as **Audit Qualifications** are concerned, the Company is in the regime of unqualified financial statements

Whistle Blower Policy

In terms of Clause 49 of the Listing Agreement, one of the non-mandatory clauses provides that a Listed company may establish a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. Also in terms of Clause 8 of DPE guidelines on Corporate Governance for CPSEs issued in 2007, Company may establish a mechanism for employees to report to the management concerns of unethical behaviour etc. Accordingly ONGC has implemented Whistle Blower Policy on 30th November, 2009.

ONGC has provided ample opportunities to encourage the employees to become whistle blowers (employees who voluntarily and confidentially want to bring the unethical practices, actual or suspected fraudulent transactions in the organization to the notice of the competent authority for the greater interest of the organization and the nation). It has also ensured a very robust mechanism within the same framework to protect them (whistle blowers) from any kind of harm. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

25. GUIDELINES ON CORPORATE GOVERNANCE BY DPE

In May, 2010, the Department of Public Enterprises has come out with Guidelines on Corporate Governance for Central Public Sector Enterprises which have replaced the Guidelines issued in 2007. The fresh guidelines of 2010 are now mandatory in nature. ONGC is complying with these guidelines.

No Presidential Directives have been issued during 2010-11.

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.

The administrative and office expenses were 4.95% of total expenses during 2010-11 as against 5.21% during the previous year.

26. SECRETARIAL COMPLIANCE REPORT

Secretarial Compliance Report confirming compliance to the applicable provisions of Companies Act, 1956, Listing Agreement, SEBI guidelines, DPE 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.

27. FEE TO STATUTORY AUDITORS

The fee paid / payable to the Statutory Auditors for the year was ₹ 15.85 million (previous year ₹ 12.96 million) including ₹ 0.83 million (previous year ₹ 0.83 million) as fee for certification of Corporate Governance Report, and ₹ 3.31 million (previous year ₹ 3.09 million) for limited review report and ₹ 0.13 million (previous year ₹ 0.22 million) for NELP certification plus reasonable travelling and out of pocket expenses actually incurred / reimbursable.

Auditors' Certificate on Compliance of Conditions of Corporate Governance

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, 2011, 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 was 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 limited to a review of 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 the 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 has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement *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 the provisions of the above mentioned Listing Agreement.*

We further 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 Ray & Ray Chartered Accountants
Chartered Accountants
(Firm Regn. No : 301072E)

(A K Sharma)
Partner (Mem. No. 080885)

For M Kuppuswamy P S G & Co.
Chartered Accountants
(Firm Regn. No : 001616S)

(M.K.Krishnan)
Partner (Mem. No. 020116)

For S Bhandari & Co.
Chartered Accountants
(Firm Regn. No : 000560C)

(P. P. Pareek)
Partner (Mem. No. 71213)

New Delhi
8th July, 2011

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 period 1.4.2010 to 31.03.2011 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 Agreements 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 14th September, 2010 to 23rd September, 2010 (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 17th Annual General Meeting held on 23rd September, 2010.

(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 an 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/Cost Auditors.

(q) The Company wherever necessary has kept in abeyance rights to dividend declared at the Annual General Meeting held on 23rd September, 2010 and Special interim dividend declared on 16.12.2010, pending registration of transfer of shares in compliance with the provisions of the Act.

(r) The Company has not invited/accepted any deposits falling within the purview of Section 58A of the Act during the relevant period.

(s) The Company has not made any secured borrowings during the relevant period

(t) The Company has not bought back any shares during the relevant period

(u) The Company obtained approval of shareholders by Postal Ballot process under Section 192A of the Act and Rules framed thereunder for sub-division of each equity share of ₹ 10/- each into two equity shares of ₹ 5/-each; consequent amendments of relevant clauses of Memorandum and Articles of Association and issuance of Bonus Shares by capitalizing a sum of ₹ 2138,87,25,300 from the General Reserve/Securities Premium Account. The Company has complied with provisions of the Act and other applicable laws.

(v) The Company allotted 427,77,45,060 new equity shares of ₹ 5/- each as bonus shares by capitalizing a sum of ₹ 2138,87,25,300 (comprising of ₹ 168,117,088/- of Securities premium Account and balance ₹ 2122,06,08,212 out General Reserve as per audited accounts for the financial year ended 31.3.2011 and has complied with the provisions of the Act and other applicable laws.

(w) 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 during the relevant period.

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

(y) 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 relevant period 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 thereunder 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.

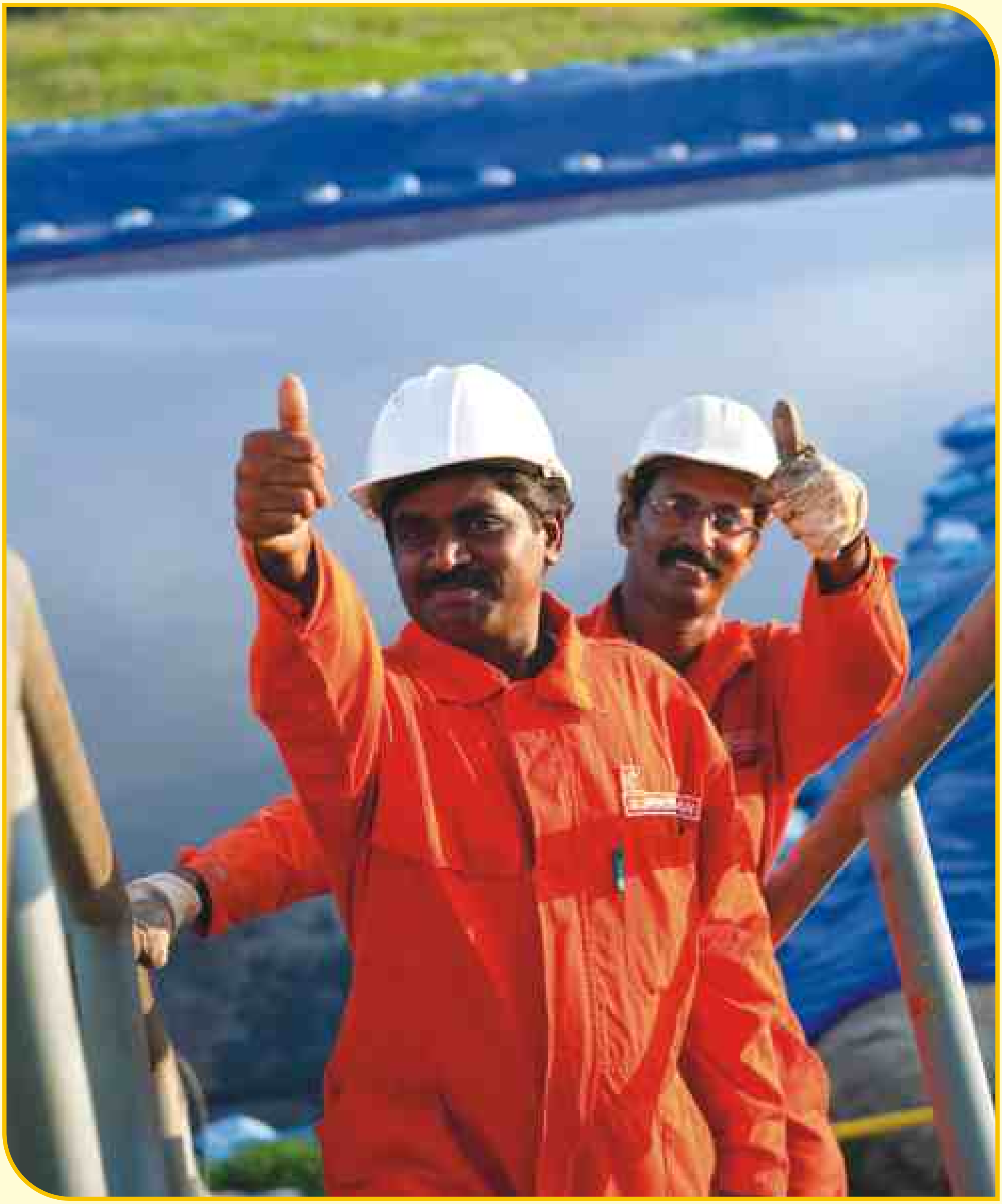
(iii) The Company has complied with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the Regulations.

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

28th June, 2011.



ONGCians excel in field operations

Sr.No	Name of Subsidiary Company	(US$ in million)							
		As on 31.03.2011					For the year 2010-11		
		(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.*	0.09	2,380.53	3.249,39	868.77	-	2,305.65	665.13	338.41
4	ONGC Narmada Limited	0.16	(30.32)	2.00	32.16	-	-	(18.79)	-
5	ONGC Amazon Alaknanda Limited*	437.50	289.79	831.52	104.23	-	197.42	119.58	47.29
6	ONGC Do Brasil Explorancao Petrolifera Ltda	0.00	-	0.00					
7	ONGC Campos Ltda.	217.38	(0.97)	810.76	594.35		360.86	112.87	66.08
8	ONGC Nile Ganga (Cyprus) Ltd.	0.00	145.96	146.10	0.13		-	4.21	0.43
9	ONGC Nile Ganga (San Cristobal) B.V.*	0.08	482.63	693.97	265.26		368.23	191.25	110.14
10	ONGC Satpayev E&P B.V	0.03	(0.01)	0.02	-		-	(0.01)	-
11	ONGC Caspian E&P B.V	0.05	19.31	19.52	0.15		-	(0.18)	-
12	Jarpeno Limited	0.19	1,957.21	3,422.00	1.464,60	-	-	33.74	3.92
13	Imperial Energy Corporation Plc. (UK)	5.07	933.60	940.21	1.54	-	-	-	-
14	Imperial Energy Limited (UK)	-	12.05	12.05	-	-	-	-	-
15	Imperial Energy Kostanai Limited (UK)	-	11.35	11.35	-	-	-	-	-
16	Biancus Holdings Limited	-	17.37	1354.75	1,337.38	-	-	(1.00)	-
17	San Agio Investments Limited	-	(2.79)	25.27	28.06	-	-	3.39	0.31
18	Redcliffe Holdings Limited	-	(3.90)	49.35	53.25	-	-	(1.50)	-
19	Imperial Energy Nord Limited	0.03	93.12	379.79	286.64	-	-	(11.41)	-
20	Imperial Energy (Cyprus) Limited	0.03	14.13	245.92	231.76	-	-	(9.12)	-
21	Imperial Energy Tomsk Limited	-	(5.13)	11.16	16.47	-	-	(0.68)	-
22	Imperial Energy Gas Limited	-	(0.19)	-	0.19	-	-	(0.02)	-
23	Imperial Frac Services (Cyprus) Limited	-	-	-	-	-	-	(0.02)	-
24	Nefsilius Holdings Limited	-	-	-	-	-	-	(0.08)	-
25	Freshspring Investments Limited	-	(0.12)	(0.03)	0.09	-	-	(0.02)	-
26	RK Imperial Energy Kostanai Limited	-	(0.11)	-	0.11	-	-	(0.02)	-
27	OOO Nord Imperial	-	(89.69)	700.23	789.92	-	68.62	(56.25)	-
28	OOO Allianceneftegaz	-	57.01	465.69	408.68	-	273.52	(22.50)	-
29	OOO Sibinterneft	-	(19.24)	0.43	19.67	-	-	(6.59)	0.01
30	OOO Rus Imperial Group	-	17.75	68.76	51.01	-	49.32	(7.48)	0.01
31	OOO Imperial Trans Service	-	(0.33)	2.28	2.61	-	5.69	(0.99)	0.02
32	OOO Imperial Energy Tomsk Gas	-	(0.25)	0.10	0.35	-	-	(0.02)	-
33	OOO Stratum	-	(0.01)	-	0.01	-	-	-	-
34	OOO Imperial Energy	-	-	-	0	-	-	-	-
35	Carabobo One AB	0.01	(0.22)	56.58	56.79	-	-	(0.21)	-
36	Petro Carabobo Ganga B.V.	0.03	55.50	56.54	1.01	-	-	(0.21)	-

*including figures in respect of Subsidiaries & JV Companies.

Exchange Rate

As on 31.03.2011 1 US$ = ₹ 44.7200

Average Rate for 2010-11 1 US$ = ₹ 45.55.25

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 31.03.2011					For the year 2010-11				
(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
	-	10,000.0	70,659.07	3,11,652.07	2,26,199.98	1,37,924.85	55,682.53	25,705.98	4,281.38	21,424.60	-
		17.618.50	47.670.51	1,84,799.02	1,19,510.01	948.25	3,89,566.73	17,374.92	5,608.59	11,766.33	2,103.13
326.71	32.89	4.14	1,06,457.31	1,45,312.82	38,851.37	-	1,05,028.12	30,298.20	15,415.52	14,882.67	1,498.11
(18.79)		7.16	(1,355.91)	89.44	1,438.20	-	-	(855.93)	-	(855.93)	-
72.29		19,565.00	12,959.60	37,185.66	4,661.06	-	8,992.84	5,446.98	2,154.12	3,292.86	-
	-	0.02	-	0.02	-	-	-	-	-	-	-
46.80	-	9,721.18	(43.53)	36,257.09	26,579.44	-	16,438.19	5,141.68	3,009.98	2,131.70	-
3.78	-	0.11	6,527.45	6,533.47	5.91	-	-	191.76	19.62	172.14	-
81.12	-	3.43	19,168.29	31,034.35	11,862.63	-	16,773.61	8,712.09	5,016.93	3,695.15	-
(0.01)	-	1.14	(0.45)	0.69	-	-	-	(0.38)	-	(0.38)	-
(0.18)	-	2.29	863.70	872.83	6.84	-	-	(8.37)	-	(8.37)	-
29.82	-	8.50	87,526.43	1,53,031.84	65,496.91	-	-	1,536.94	178.57	1,358.38	-
-	-	226.73	41,750.59	42,046.19	68.87	-	-	-	-	-	-
-	-	-	538.88	538.88	-	-	-	-	-	-	-
-	-	-	507.57	507.57	-	-	-	-	-	-	-
(1.00)	-	-	776.79	60,584.42	59,807.63	-	-	(45.55)	-	(45.55)	-
3.08	-	-	(124.77)	1,130.07	1,254.84	-	-	154.42	14.12	140.30	-
(1.50)	-	-	(174.41)	2,206.93	2,381.34	-	-	(68.33)	-	(68.33)	-
(11.41)	-	1.34	4,164.33	16,984.21	12,818.54	-	-	(519.75)	-	(519.75)	-
(9.12)	-	1.34	631.89	10,997.54	10,364.31	-	-	(415.44)	-	(415.44)	-
(0.68)	-	-	(237.46)	499.08	736.54	-	-	(30.98)	-	(30.98)	-
(0.02)	-	-	(8.50)	-	8.50	-	-	(0.91)	-	(0.91)	-
(0.02)	-	-	-	-	-	-	-	(0.91)	-	(0.91)	-
(0.08)	-	-	-	-	-	-	-	(3.64)	-	(3.64)	-
(0.02)	-	-	(5.37)	(1.34)	4.02	-	-	(0.91)	-	(0.91)	-
(0.02)	-	-	(4.92)	-	4.92	-	-	(0.91)	-	(0.91)	-
(56.25)	-	-	(4,010.94)	31,314.29	35,325.22	-	3,125.81	(2,562.33)	-	(2,562.33)	-
(22.50)	-	-	2,549.49	20,825.66	18,276.17	-	12,459.52	(1,024.93)	-	(1,024.93)	-
(6.60)	-	-	(860.41)	19.23	879.64	-	-	(300.19)	0.46	(300.65)	-
(7.49)	-	-	793.78	3,074.95	2,281.17	-	2,246.65	(340.73)	0.46	(341.19)	-
(1.01)	-	-	(14.76)	101.96	116.72	-	259.19	(45.10)	0.91	(46.01)	-
(0.02)	-	-	(11.18)	4.47	15.65	-	-	(0.91)	-	(0.91)	-
-	-	-	(0.45)	-	0.45	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
(0.21)	-	0.63	(9.72)	2,530.37	2,539.46	-	-	(9.53)	-	(9.53)	-
(0.21)	-	1.14	2,482.12	2,528.50	45.23	-	-	(9.51)	-	(9.51)	-

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, 2011, 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 135 blocks under New Exploration Licensing Policy (NELPs)/ Joint Venture (JVs) accounts for exploration and production out of which 12 NELPs /JVs accounts have been certified by other firms of Chartered Accountants and 7 NELP/JVs are as certified by the management in respect of NELPs/ JVs operated by other operators (Refer Note 20.3.1 and 20.3.2 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 hydrocarbon 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, the 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 Balance Sheet, the Profit and Loss Account 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 of Schedule 27 of financial statement in respect of recognition of sales revenue of crude oil and natural gas, 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 31st March, 2011;

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 M/s Kalyaniwalla & Mistry **Chartered Accountants** **Firm Reg No. 104607W**	**For M/s Arun K Agarwal & Associates** **Chartered Accountants** **Firm Reg No. 003917N**	**For M/s S Bhandari & Co.** **Chartered Accountants** **Firm Reg No.000560C**
(Ermin K. Irani) **Partner (Mem. No. 035646)**	(Vimal Kumar Jain) **Partner (Mem. No. 086657)**	(P.P.Pareek) **Partner (Mem. No. 071213)**
For M/s Ray & Ray **Chartered Accountants** **Firm Reg No.301072E**	**For M/s M Kuppuswamy P S G & Co.** **Chartered Accountants** **Firm Reg No.001616S**	
(B.K. Ghosh) **Partner (Mem. No. 051028)**	(M.K. Krishnan) **Partner (Mem. No.020116)**	

New Delhi
May 30th, 2011

Annexure to The Auditors' Report

(Referred to in paragraph 4 of our report of even date)

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 having substantial value, other than those which are underground/ submerged/ under joint venture/assets held by employees 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 business. 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 were 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 case 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 3 parties covered in the register maintained under section 301 of the Companies Act, 1956. The amount outstanding at the year end is ₹ 0.26 million and the maximum amount outstanding at any time during the year was ₹ 0.56 million.

   b) The rate of interest and other terms and conditions of the loans granted are not prima facie 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 requirement 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 in 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. In our opinion, the Company has an internal audit system 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 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 441A of the Companies Act, 1956, we are not in position to comment upon 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:

Nature 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 / Penalty / Interest	8,506.95	1991-2011	Revisionary Authority
		1,873.46	2004-2011	Appellate Authority
		147.61	1995-2011	High Court
		673.60	1984-2011	Supreme Court
	Total	**11,201.62**		
Central Excise Act 1944	Central Excise duty / Service Tax / Interest / Penalty	850.27	2002-2011	Commissioner of Central Excise, Customs & Service Tax
		957.85	2005-2011	Central Board of Excise & Customs
		1,882.69	2007-2011	Custom, Excise and Service Tax Appellate Tribunal
		1,233.30	1984-2011	Supreme Court
	Total	**4,924.11**		
The Customs Act, 1962	Customs Duty / Penalty / Interest	4,895.28	1995-2011	Asst. Commissioner of Central Excise, Customs & Service Tax
		10.00	2007-2011	Custom Excise and Service Tax Appellate Tribunal
	Total	**4,905.28**		
Oilfields (Regulation & Development Act, 1948) / AP Mines and Geology Act	Royalty / Surface rent / Interest / Penalty	**19,484.60**	1992-2011	Dept. of Geology and Mining. AP High Court
AP Mineral Bearing Lands (Infrastructure) Cell	Cess	1,470.22	2005-2011	Dept. of Geology and Mining. AP High Court
Oil Industries (Development) Act,1974	Cess / Interest	**6.57**	2005-2011	Commissioner of Central Excise, Customs & Service Tax
Central Sales Tax Act 1956 and respective States' Sales Tax Act	Sales tax / Turnover Tax / Penalty / Interest	2,959.04	2002-2011	Demand Notice
		1,900.52	2001-2011	Deputy Commissioner
		7,934.40	1999-2011	Joint Commissioner CT - Appeals
		19,359.75	1994-2011	Appellate Tribunal
		270.75	1977-2011	High Court
	Total	**32,424.46**		
Municipal Corporation of Mumbai Act (Octroi Rules, 1956)	Octroi Duty	**66.89**	1978-79 to 2010-11	Supreme Court
Assam Specified Land Taxation Act	Tax on Crude oil and Natural Gas	**2,526.40**	2004-2011	Guwahati High Court
Service Tax	Service Tax / Cess	**1,197.33**	2004-2011	Commissioner of Central Excise, Customs & Service Tax

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 explanations given to us, the Company has not granted loans and advances 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 provisions 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 explanations 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 explanations 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/ company 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, there was a fraud on the Company by way of theft of pipelines reported during the year. The same is under investigation and the amount involved on account of theft has been ascertained by the Company at ₹ 119.44 million. Other than this, there was no fraud on or by the Company noticed or reported during the year.

For M/s Kalyaniwalla & Mistry
Chartered Accountants
Firm Reg No. 104607W

(Ermin K. Irani)
Partner (Mem. No. 035646)

For M/s Arun K Agarwal & Associates
Chartered Accountants
Firm Reg No. 003917N

(Vimal Kumar Jain)
Partner (Mem. No. 086657)

For M/s S Bhandari & Co.
Chartered Accountants
Firm Reg No.000560C

(P.P.Pareek)
Partner (Mem. No. 071213)

For M/s Ray & Ray
Chartered Accountants
Firm Reg No.301072E

(B.K. Ghosh)
Partner (Mem. No. 051028)

For M/s M Kuppuswamy P S G & Co.
Chartered Accountants
Firm Reg No.001616S

(M.K. Krishnan)
Partner (Mem. No.020116)

New Delhi
May 30th, 2011

Agartala GCS : Production work on at Konaban well no. 44

Oil and Natural Gas Corporation Limited
Balance Sheet as at 31st March, 2011

(₹ in million)

	Schedule		As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	42,777.59		21,388.87
Reserves and Surplus	2	932,266.72		851,437.15
			975,044.31	872,826.02
LOAN FUNDS				
Unsecured Loans	3		-	49.75
DEFERRED TAX LIABILITY (NET)			99,503.94	89,182.13
LIABILITY FOR ABANDONMENT COST			175,642.55	164,006.68
TOTAL			1,250,190.80	1,126,064.58
APPLICATION OF FUNDS				
FIXED ASSETS	4			
Gross Block		809,385.98		715,537.79
Less: Depreciation and Impairment		622,990.53		559,052.77
NET BLOCK		186,395.45		156,485.02
CAPITAL WORKS-IN-PROGRESS	5	140,315.69		102,413.54
			326,711.14	258,898.56
PRODUCING PROPERTIES	6			
Gross Cost		930,522.72		843,112.16
Less: Depletion and Impairment		494,766.15		440,290.04
NET PRODUCING PROPERTIES			435,756.57	402,822.12
EXPLORATORY/DEVELOPMENT WELLS-IN-PROGRESS	7		77,472.12	55,496.83
INVESTMENTS	8		53,328.38	57,720.33
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	9	41,189.84		46,785.72
Sundry Debtors	10	38,458.98		30,586.37
Cash and Bank Balances	11A	143,310.46		108,279.29
Deposit with Scheduled Bank Under Site Restoration Fund Scheme	11B	81,155.06		74,031.06
Other Current Assets	12	8,755.18		6,333.05
Loans and Advances	13	273,566.54		271,697.74
		586,436.06		537,713.23
LESS: CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities	14	188,148.86		120,875.63
Provisions	15	49,324.86		74,124.02
		237,473.72		194,999.65
NET CURRENT ASSETS			348,962.34	342,713.58
MISCELLANEOUS EXPENDITURE	16		7,960.25	8,413.16
(To the extent not written off or adjusted)				
TOTAL			1,250,190.80	1,126,064.58
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)

(A. K. Hazarika)
Chairman & Managing Director

In terms of our report of even date attached

For Kalyaniwalla & Mistry
Chartered Accountants
Firm Reg. No. 104607W
(Ermin K. Irani)
Partner (Mem. No. 035646)

For Arun K. Agarwal & Associates
Chartered Accountants
Firm Reg. No. 003917N
(Vimal Kumar Jain)
Partner (Mem. No. 086657)

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C
(P.P.Pareek)
Partner (Mem. No. 071213)

For Ray & Ray
Chartered Accountants
Firm Reg. No. 301072E
(B.K.Ghosh)
Partner (Mem. No. 051028)

For M. Kuppuswamy P S G & Co.
Chartered Accountants
Firm Reg. No. 001616S
(M.K.Krishnan)
Partner (Mem. No. 020116)

New Delhi
May 30th, 2011

Oil and Natural Gas Corporation Limited
Profit and Loss Account for The Year Ended 31st March, 2011

(₹ in million)

	Schedule	2010-11	2009-10
INCOME			
Gross Sales	17	661,548.77	602,048.19
Less Excise Duty		3,098.80	2,185.42
Net Sales		658,449.97	599,862.77
Other Income	18	59,007.70	41,866.86
		717,457.67	641,729.63
EXPENDITURE			
(Increase)/ Decrease in stock	19	(129.11)	(1,180.38)
Purchases		138.35	139.31
Production, Transportation, Selling and Distribution Expenditure	20	275,300.61	243,199.46
Depreciation, Depletion, Amortisation and Impairment	21	159,256.53	146,431.88
Financing Costs	22	251.07	144.23
Provisions and Write-offs	23	6,114.27	2,974.01
Adjustments relating to Prior Period (Net)	24	336.25	182.69
		441,267.97	391,891.20
Profit before Tax		276,189.70	249,838.43
Provision for Taxation			
- Current Tax (including Wealth Tax ₹ 26.00 million, Previous year ₹ 22.50 million)		81,226.00	71,202.50
- Earlier years		(4,517.94)	(199.41)
- Deferred Tax		10,321.82	11,159.78
- Fringe Benefit Tax		(80.20)	-
Profit after Taxation		189,240.02	167,675.56
Surplus at the beginning		0.28	0.13
BALANCE AVAILABLE FOR APPROPRIATION		189,240.30	167,675.69
APPROPRIATIONS			
Proposed Dividend		6,416.62	32,083.09
Interim Dividend		68,443.92	38,499.71
Tax on Dividend		12,156.46	11,615.61
Transfer to General Reserve		102,223.30	85,477.00
Balance carried to Balance Sheet		-	0.28
		189,240.30	167,675.69
Earning per Equity Share - Basic and Diluted (Restated) (₹)	25	22.12	19.60
(Face Value ₹ 5/-Per Share) (Previous Year Face Value ₹ 10/- Per Share)			
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)

(A. K. Hazarika)
Chairman & Managing Director

In terms of our report of even date attached

For Kalyaniwalla & Mistry
Chartered Accountants
Firm Reg. No. 104607W
(Ermin K. Irani)
Partner (Mem. No. 035646)

For Arun K. Agarwal & Associates
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(Vimal Kumar Jain)
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For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C
(P.P.Pareek)
Partner (Mem. No. 071213)

For Ray & Ray
Chartered Accountants
Firm Reg. No. 301072E
(B.K.Ghosh)
Partner (Mem. No. 051028)

For M. Kuppuswamy P S G & Co.
Chartered Accountants
Firm Reg. No. 001616S
(M.K.Krishnan)
Partner (Mem. No. 020116)

New Delhi
May 30th, 2011

SCHEDULE-1

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
SHARE CAPITAL		
Authorised:		
30,000,000,000 Equity Shares of ₹ 5 each (Previous Year 15,000,000,000 Equity Shares of ₹ 10 each)	**150,000.00**	150,000.00
Issued and Subscribed:		
8,555,528,064 Equity Shares of ₹ 5 each (Previous Year 2,138,891,502 Equity Shares of ₹ 10 each)	**42,777.64**	21,388.92
Paid up:		
8,555,490,120 Equity Shares of ₹ 5 each (Previous Year 2,138,872,530 Equity Shares of ₹ 10 each)	**42,777.45**	21,388.73
Add: Shares forfeited	**0.14**	0.14
TOTAL	**42,777.59**	**21,388.87**

Notes :

(i) Pursuant to the approval of the members dated 28.01.2011 one Equity share having face value of ₹ 10/- each has been sub-divided into two Equity share of ₹ 5/- each and bonus shares have been issued in the proportion of one new Equity bonus share of ₹ 5/- each for every one existing fully paid equity share of ₹ 5/-each held on 09-02-2011(record date).

(ii) The above includes:

(a) 685,707,432 Equity Shares of face value of ₹ 5 each (Previous year 342,853,716 Equity share of face value of ₹ 10 each) 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.

(b) 7,856,540,812 Equity Shares of face value of ₹ 5 each (Previous year 1,789,397,876 Equity share of face value of ₹ 10 each) issued as fully paid up by way of bonus shares by capitalisation of General Reserve and Securities Premium.

SCHEDULE-2

(₹ in million)

		As at 31[st] March, 2011	As at 31[st] March, 2010
RESERVES AND SURPLUS			
Capital Reserve *		**159.44**	159.44
(As per last year Balance Sheet)			
Securities Premium Account			
a) As per last year Balance Sheet	**168.12**		168.12
b) Less: Bonus Share issued	**168.12**		-
		-	168.12
Deferred Government Grant			
a) As per last year Balance Sheet	**39.45**		44.73
b) Less: Deduction during the year **	**4.72**		5.28
		34.73	**39.45**
Insurance Reserve			
a) As per last year Balance Sheet	**2,500.00**		2,500.00
b) Less: Transfer to General Reserve	**2,500.00**		-
		-	2,500.00
General Reserve			
a) As per last year Balance Sheet	**848,569.86**		763,092.86
b) Add: Transferred from Insurance Reserve	**2,500.00**		-
c) Add: Transferred from Profit and Loss Account	**102,223.30**		85,477.00
d) Less: Bonus Share issued	**21,220.61**		-
		932,072.55	848,569.86
Profit and Loss Account		**-**	0.28
TOTAL		**932,266.72**	**851,437.15**

* 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 31[st] March, 2011	As at 31[st] March, 2010
UNSECURED LOANS		
Long Term		
Foreign Currency Loans:		
- From Banks	**-**	49.75
TOTAL	**-**	**49.75**
Repayable within one year	**-**	49.75

SCHEDULE - 4

FIXED ASSETS

(₹ in million)

	GROSS BLOCK				DEPRECIATION AND IMPAIRMENT						NET BLOCK	
	As at 1st April, 2010	Additions during the year	Deletions/ Adjustments during the year	**As at 31st March, 2011**	Up to 31st March, 2010	For the Year			Deletions/ Adjustments during the year	**Up to 31st March, 2011**	**As at 31st March, 2011**	As at 31st March, 2010
						Deprecia-tion	Impairment					
							Charged	Reversed				
Land												
i)Freehold	2,259.32	450.64	-	**2,709.96**	13.85	-	-	0.36	-	**13.49**	**2,696.47**	2,245.47
ii)Leasehold	5,611.13	5.41	-	**5,616.54**	358.55	50.93	-	-	-	**409.48**	**5,207.06**	5,252.58
Buildings and Bunk Houses	12,700.00	3,348.06	(1.13)	**16,049.37**	7,001.78	574.24	-	0.47	(44.54)	**7,620.09**	**8,429.28**	5,698.22
Railway Sidings	89.95	-	-	**89.95**	83.16	0.94	-	-	-	**84.10**	**5.85**	6.79
Plant and Machinery	675,589.82	94,265.25	4,078.48	**765,776.59**	539,145.71	65,971.97	596.46	141.43	3,479.67	**602,093.04**	**163,683.55**	136,444.11
Furniture & Fittings	8,133.45	889.96	258.01	**8,765.40**	3,939.30	913.03	1.33	1.23	206.02	**4,646.41**	**4,118.99**	4,194.15
Vehicles, Survey Ships, Crew Boats and Helicopters	5,402.45	313.30	1,286.92	**4,428.83**	4,771.27	210.71	-	1.13	1,227.50	**3,753.35**	**675.48**	631.18
	709,786.12	99,272.62	5,622.10	**803,436.64**	555,313.62	67,721.82	597.79	144.62	4,868.65	**618,619.96**	**184,816.68**	154,472.50
Intangibles-Software	5,751.67	215.07	17.40	**5,949.34**	3,739.15	640.63	-	-	9.21	**4,370.57**	**1,578.77**	2,012.52
TOTAL	715,537.79	99,487.69	5,639.50	**809,385.98**	559,052.77	68,362.45	597.79	144.62	4,877.86	**622,990.53**	**186,395.45**	156,485.02
Previous Year	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**	
The above includes the Corporation's Share in Joint Venture Assets	34,705.69	25,566.63	225.06	**60,047.26**	26,393.82	11,190.72	100.71	-	218.78	**37,466.47**	**22,580.79**	
Previous year	31,032.55	3,868.97	195.83	34,705.69	23,557.07	2,901.22	-	-	64.47	**26,393.82**	**8,311.87**	

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 ₹ 12.34 million taken to prior period (Previous Year ₹ 110.99 million).
4. Building includes cost of undivided interest in land.

SCHEDULE-5

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
CAPITAL WORKS-IN-PROGRESS			
Buildings		1,630.30	776.45
Plant and Machinery		137,792.28	101,161.19
Advances for Capital Works and Progress Payments		546.67	20.12
Capital Stores (including in transit)	1,550.57		1,457.20
Less: Provision for Non-Moving Items	49.27		43.26
		1,501.30	1,413.94
TOTAL		141,470.55	103,371.70
Less: Impairment			
Opening Balance	958.16		701.26
Provided for the year	553.14		364.17
Transfer to Fixed Assets	(355.48)		(61.64)
Write back of Impairment	(0.96)		(45.63)
TOTAL		1,154.86	958.16
NET CAPITAL WORKS-IN-PROGRESS		140,315.69	102,413.54

SCHEDULE - 6

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
PRODUCING PROPERTIES			
Gross Cost			
Opening Balance		843,112.16	757,297.13
Transfer from Exploratory Wells-in-Progress		2,748.48	1,720.38
Transfer from Development Wells-in-Progress		37,251.92	52,128.45
Depreciation on Facilities		36,389.62	29,119.11
Increase/(Decrease) in estimated Abandonment costs		11,018.97	2,847.09
Other Adjustment		1.57	-
TOTAL		930,522.72	843,112.16
Less: Depletion & Impairment			
Opening Balance	440,290.04		395,717.19
Depletion for the year	54,369.72		45,301.63
Transfer of Impairment from Development Wells in Progress	0.57		17.96
Impairment provided for the year	136.20		11.50
Write back of Impairment	(34.93)		(758.24)
Other Adjustment	4.55		-
TOTAL		494,766.15	440,290.04
NET PRODUCING PROPERTIES		435,756.57	402,822.12

SCHEDULE - 7

(₹ in million)

			As at 31st March, 2011	As at 31st March, 2010
	EXPLORATORY/DEVELOPMENT WELLS-IN-PROGRESS			
A)	**EXPLORATORY WELLS-IN-PROGRESS**			
	Gross Cost			
	Opening Balance		47,092.59	40,193.57
	Expenditure during the year	82,616.43		68,801.85
	Less : Sale proceeds of Oil and Gas (Net of levies)	369.82		38.43
			82,246.61	68,763.42
	Depreciation during the year		5,415.22	4,841.63
			134,754.42	113,798.62
	Less :			
	Transfer to Producing Properties	2,748.48		1,720.38
	Wells written off during the year	65,912.75		65,028.68
	Other adjustments	(18.13)		(43.03)
			68,643.10	66,706.03
			66,111.32	47,092.59
	Less : Provision for Dry Wells (Refer Note 5 of Sch-27)		9,401.34	9,383.67
	EXPLORATORY WELLS-IN-PROGRESS		56,709.98	37,708.92
B)	**DEVELOPMENT WELLS-IN-PROGRESS**			
	Opening Balance		17,842.78	19,026.48
	Expenditure during the year		35,126.53	45,965.55
	Depreciation during the year		5,344.63	4,979.20
	Less: Transfer to Producing Properties		37,251.92	52,128.45
	TOTAL		21,062.02	17,842.78
	Less: Impairment			
	Opening Balance	54.87		67.49
	Transfer to Producing Properties	(0.57)		(17.96)
	Provision for the year	247.60		5.83
	Write back during the year	(2.02)		(0.49)
	TOTAL		299.88	54.87
	NET DEVELOPMENT WELLS-IN-PROGRESS		20,762.14	17,787.91
	EXPLORATORY/DEVELOPMENT WELLS-IN-PROGRESS (A+B)		77,472.12	55,496.83

SCHEDULE - 8

(₹ in million)

	No. of Shares/ Bonds/Units	Face Value per Share/ Bond/Unit (in ₹)	**As at 31st March, 2011**	As at 31st March, 2010
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
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	120,350 (24,500)	10,000	**1,203.50**	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**	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			**52,308.12**	51,349.62
Less: Provision for Diminution			**480.67**	446.66
			51,827.45	50,902.96
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	1,471,809 (5,003,216)		**1,500.43**	5,100.51
ii) UTI Treasury Advantage Fund	- (1,715,997)		**-**	1,716.36
TOTAL CURRENT INVESTMENTS			**1,500.43**	6,816.87
GRAND TOTAL			**53,328.38**	57,720.33
Total Quoted Investments			**27,564.78**	27,564.78
Total Unquoted Investments			**25,763.60**	30,155.55
			53,328.38	57,720.33
Total Market value of Quoted Investments			**191,679.24**	190,907.75

* GBP one each, total value ₹ 6,885/-

Figures in parenthesis relate to previous year.

SCHEDULE - 9

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
INVENTORIES			
Finished Goods (Including Carbon Credits)		6,897.20	6,768.09
Raw Materials-Condensate		4.82	5.47
Stores and spare parts			
- on hand	35,247.91		40,195.55
- in transit (including inter-project transfers)	2,509.78		3,439.01
	37,757.69		43,634.56
Less: Provision for Non-Moving Inventories and Materials in transit	3,589.65		3,734.49
		34,168.04	39,900.07
Unservicable Items		119.78	112.09
TOTAL		41,189.84	46,785.72

SCHEDULE-10

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
SUNDRY DEBTORS			
(Unsecured, Considered Good unless otherwise stated)			
Debts - Outstanding for a period exceeding six months :			
- Considered Good	1,489.15		1,346.60
- Considered Doubtful	3,052.54		2,789.13
		4,541.69	4,135.73
Other Debts :			
- Considered Good	36,969.83		29,239.77
- Considered Doubtful	626.05		4.04
		37,595.88	29,243.81
		42,137.57	33,379.54
Less: Provision for Doubtful Debts		3,678.59	2,793.17
TOTAL		38,458.98	30,586.37

SCHEDULE-11

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
A) CASH AND BANK BALANCES		
Cash balance on hand	**6.37**	8.36
Balances with Scheduled Banks in:		
Current Accounts	**3,494.77**	2,664.43
Fixed Deposits	**139,744.94**	105,450.76
Balances with Non-Scheduled Banks in:		
Current Account with Citi Bank- London (Maximum balance outstanding at any time during the year ₹ 350.27 million, Previous year ₹ 241.79 million)	**51.74**	108.82
Current Account with Barclays Bank- London (Maximum balance outstanding at any time during the year ₹ 69.11 million, Previous year ₹ 196.46 million)	**12.64**	46.92
TOTAL	**143,310.46**	**108,279.29**
B) DEPOSIT WITH SCHEDULED BANK UNDER SITE RESTORATION FUND SCHEME*	**81,155.06**	**74,031.06**

* 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, 2011	As at 31st March, 2010
OTHER CURRENT ASSETS			
(Unsecured, Considered Good unless otherwise stated)			
Interest Accrued On			
- Investments		**37.85**	37.85
- Deposits with Banks/PSUs		**3,979.54**	3,288.57
- Others			
- Considered Good	**3,038.34**		2,978.08
- Considered Doubtful	**27.05**		24.20
	3,065.39		3,002.28
Less: Provision	**27.05**		24.20
		3,038.34	2,978.08
Gas Subsidy receivable from Government of India (GoI)		**1,641.99**	-
Other Accounts pending adjustment			
- Considered Good	**57.46**		28.55
- Considered Doubtful	**575.13**		430.79
	632.59		459.34
Less: Provision for Doubtful Accounts	**575.13**		430.79
		57.46	28.55
TOTAL		**8,755.18**	**6,333.05**

SCHEDULE-13

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
LOANS AND ADVANCES			
Loans to Public Sector Undertakings and Other Bodies Corporate		**684.47**	1,024.51
Loans and Advances to Subsidiaries		**184,119.22**	173,873.79
Advances against Equity pending allotment		**20,136.63**	13,453.64
Loans and Advances to Employees*		**8,550.78**	8,994.93
Advances recoverable in cash or in kind or for value to be received		**38,984.63**	37,985.30
Recoverable from Petroleum Planning & Analysis Cell (PPAC)		**6.36**	6.36
Insurance Claims		**35.96**	33.82
Deposits:			
a) With Customs/Port Trusts etc.	**35.15**		43.35
b) With Public Sector Undertakings	**-**		15,000.00
c) Others	**6,614.43**		6,625.89
		6,649.58	21,669.24
		259,167.63	257,041.59
Less : Provision for Doubtful Claims/Advances		**9,384.33**	5,902.03
		249,783.30	251,139.56
Advance payment of Direct Tax	**322,210.29**		317,358.80
Less: Provision for Taxation	**298,427.05**		296,800.62
		23,783.24	20,558.18
TOTAL		**273,566.54**	**271,697.74**
Particulars of loans and advances:			
Secured	**7,721.76**		6,378.44
Unsecured - Considered Good	**265,844.78**		265,319.30
- Considered Doubtful	**9,384.33**		5,902.03
		282,950.87	277,599.77
Less : Provision for Doubtful Loans & Advances		**9,384.33**	5,902.03
TOTAL		**273,566.54**	**271,697.74**

* Loans and advances to employees include an amount of ₹ 0.26 million (Previous Year ₹ 0.56 million) outstanding from whole time Directors. Maximum amount outstanding during the year ₹ 0.56 million(Previous Year ₹ 3.58 million)

SCHEDULE - 14

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
CURRENT LIABILITIES		
Sundry Creditors for Supplies/Works		
- Micro, Small & Medium Enterprises	**10.75**	10.21
- Others	**83,465.98**	63,915.39
Unclaimed Dividend *	**222.85**	177.15
Liability for Royalty/Cess/Sales tax etc.	**12,808.96**	10,735.93
Liability for Gratuity	**1,503.23**	302.99
Deposits from Suppliers, Contractors	**43,230.62**	4,992.24
Liability for Employees	**9,349.22**	10,374.80
Other Liabilities	**37,557.25**	30,366.92
TOTAL	**188,148.86**	**120,875.63**

* No amount is due for payment to Investor Education and Protection Fund

SCHEDULE - 15

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
PROVISIONS		
Proposed Dividend	**6,416.62**	32,083.09
Tax on Proposed Dividend	**1,040.94**	5,328.60
Leave Encashment	**16,180.23**	13,934.10
Post Retirement Medical & Terminal Benefits	**17,554.33**	14,719.48
Others	**8,132.74**	8,058.75
TOTAL	**49,324.86**	**74,124.02**

SCHEDULE - 16

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Deferred Revenue Expenditure		
Dry Docking Charges	**6,117.60**	6,612.99
Mobilisation Charges	**1,842.65**	1,800.17
TOTAL	**7,960.25**	**8,413.16**

SCHEDULE - 17

(₹ in million)

		For the Year 2010-11	For the Year 2009-10
SALES			
Own Products		**677,194.09**	617,335.70
Less :			
Transfer to Exploratory Wells in Progress	**472.11**		52.70
Government of India's (GoI's) share in Profit Petroleum	**15,344.76**		15,418.29
		15,816.87	15,470.99
		661,377.22	601,864.71
Traded Products		**171.55**	183.48
TOTAL		**661,548.77**	**602,048.19**

SCHEDULE-18

(₹ in million)

		For the Year 2010-11	For the Year 2009-10
OTHER INCOME			
Contractual Short Lifted Gas Receipts		**68.89**	26.88
Pipeline Transportation Receipts		**871.32**	1,078.02
North-East Gas Subsidy		**1,556.41**	-
Surplus from Gas Pool Account		**21,914.90**	4,415.79
Other Contractual Receipts		**826.48**	1,575.63
Income from Trade Investments :			
Dividend on Long term Investments			
- From subsidiaries	**1,506.42**		1,506.42
- Others	**3,391.30**		1,293.26
	4,897.72		2,799.68
Interest on Long Term Investments	**762.13**		762.13
		5,659.85	3,561.81
Income from Non Trade Investments :			
Dividend on Current Investments		**629.99**	463.52
Interest on Long Term Investments		**0.06**	0.06
Interest Income on :			
Deposits with Banks/PSUs	**10,563.89**		11,542.79
(Tax deducted at source ₹ 968.07 million, Previous year ₹ 1,907.47 million)			
Loans and Advances to Subsidiaries	**756.00**		880.27
(Tax deducted at source ₹ 75.60 million, Previous year ₹ 149.47 million)			
Loans and Advances to Employees	**363.44**		312.38
Income Tax Refund	**48.99**		2.91
Site Restoration Fund Deposit	**6,491.31**		4,267.83
Delayed Payment from Customers and Others	**685.91**		493.59
(Tax deducted at source ₹ 41.09 million, Previous year ₹ 50.98 million)			
		18,909.54	17,499.77
Excess Provisions written back		**493.47**	633.90
Liabilities no longer required written back		**727.89**	913.03
Exchange Gain (Net)		**152.11**	4,032.94
Miscellaneous Receipts*		**7,196.79**	7,665.51
TOTAL		**59,007.70**	**41,866.86**

* Miscellaneous Receipts includes ₹ 216.27 million in respect of profit on sale of Vessels.

SCHEDULE-19

(₹ in million)

	For the Year 2010-11	For the Year 2009-10
(INCREASE)/DECREASE IN STOCK		
Closing Stock - Finished Goods	**6,897.20**	6,768.09
Opening Stock - Finished Goods	**6,768.09**	5,587.71
NET (INCREASE)/DECREASE IN STOCK	**(129.11)**	**(1,180.38)**

SCHEDULE-20

(₹ in million)

	For the Year 2010-11	For the Year 2009-10
PRODUCTION, TRANSPORTATION, SELLING AND DISTRIBUTION EXPENDITURE		
Royalty	**71,372.91**	54,899.51
Cess	**56,962.72**	54,538.03
Natural Calamity Contingent Duty	**1,113.96**	1,061.67
Excise Duty on stock (Net)	**128.63**	0.22
Sales Tax	**3,112.62**	2,989.58
Service Tax	**226.65**	212.75
Education cess	**1,828.44**	1,718.99
Octroi and Port Trust Charges	**4,522.45**	4,484.28
Staff Expenditure	**13,031.25**	11,074.85
Workover Operations	**27,851.95**	31,172.60
Water Injection, Desalting and Demulsification	**12,710.45**	11,037.73
Consumption of Raw Materials, Stores and Spares	**6,214.63**	5,703.12
Pollution Control	**5,095.87**	4,376.50
Transport Expenses	**4,016.56**	3,235.67
Insurance	**988.43**	974.46
Power and Fuel	**1,425.66**	1,163.41
Repairs and Maintenance	**8,466.98**	5,682.10
Contractual payments including Hire charges etc.	**7,890.12**	6,410.32
Other Production Expenditure	**5,423.70**	3,684.78
Transportation and Freight of Products	**9,573.95**	7,975.10
Research and Development	**3,582.44**	1,985.78
General Administrative Expenses	**21,821.51**	20,430.78
Other Expenditure	**7,938.73**	8,387.23
TOTAL	**275,300.61**	**243,199.46**

Note: The above expenses have been classified in accordance with Part II of Schedule VI to the Companies Act, 1956 and exhibited in note 23.7 of Schedule 27.

SCHEDULE-21

(₹ in million)

		For the Year 2010-11	For the Year 2009-10
DEPRECIATION, DEPLETION, AMORTISATION AND IMPAIRMENT			
Survey		**17,725.98**	23,524.49
Wells written off		**65,815.26**	65,837.75
Depletion		**54,369.72**	45,301.63
Depreciation	**68,350.11**		52,426.59
Less : Allocated to :			
Survey	**1,051.59**		1,181.07
Exploratory Drilling	**5,415.22**		4,841.63
Development Drilling	**5,344.63**		4,979.20
Depreciation on Facilities	**36,389.62**		29,119.11
Others	**155.68**		104.85
	48,356.74		40,225.86
		19,993.37	12,200.73
Impairment Loss			
During the year	**1,534.73**		553.44
Less: Reversal during the year	**182.53**		986.16
		1,352.20	(432.72)
TOTAL		**159,256.53**	**146,431.88**

SCHEDULE-22

(₹ in million)

	For the Year 2010-11	For the Year 2009-10
FINANCING COSTS		
INTEREST		
i) On Fixed Loans		
Foreign Currency Loans	**1.22**	5.33
ii) On Short Term Loan	**164.90**	-
iii) On Cash Credit	**3.01**	11.75
iv) Others	**81.94**	127.15
TOTAL	**251.07**	**144.23**

SCHEDULE-23

(₹ in million)

		For the Year 2010-11	For the Year 2009-10
PROVISIONS AND WRITE-OFFS			
PROVISIONS			
For Doubtful Debts		**1,098.85**	12.87
For Doubtful Claims/Advances		**3,721.06**	1,845.73
For Dimunition in value of Investment		**34.02**	-
For Non-Moving Inventory		**(111.38)**	61.06
For Others		**353.92**	93.20
Sub-Total		**5,096.47**	**2,012.86**
WRITE-OFFS			
Disposal/Condemnation of Fixed Assets (Net)		**216.78**	61.88
Claims/Advances	**8.26**		42.90
Less: Provision	**8.15**		-
		0.11	42.90
Inventory		**96.24**	105.03
Bad debts	**239.14**		224.97
Less: Provision	**28.64**		207.80
		210.50	17.17
Others		**494.17**	734.17
Sub-Total		**1,017.80**	**961.15**
TOTAL		**6,114.27**	**2,974.01**

SCHEDULE-24

(₹ in million)

	For the Year 2010-11	For the Year 2009-10
ADJUSTMENTS RELATING TO PRIOR PERIOD (NET)		
A. EXPENDITURE		
Statutory levies *	**(15.71)**	(32.18)
Other production, selling & distribution expenditure *	**9.42**	(188.55)
Exchange Fluctuation	**166.45**	-
Interest -Others	**-**	542.24
Survey	**41.31**	(64.40)
Dry Wells	**115.16**	109.40
Depletion	**4.55**	-
Depreciation	**12.34**	110.99
Sub-Total	**333.52**	**477.50**
B. INCOME		
Sales	**(32.08)**	13.29
Interest -Others	**9.24**	0.07
Other Income	**20.11**	281.45
Sub-Total	**(2.73)**	**294.81**
TOTAL	**336.25**	**182.69**

* The above expenses have been classified in accordance with Part II of Schedule VI to the Companies Act, 1956 and exhibited in note 23.7 of Schedule 27.

SCHEDULE-25

(₹ in million)

	For the Year 2010-11	For the Year 2009-10
EARNINGS PER EQUITY SHARE		
A) Net Profit after Tax	**189,240.02**	167,675.56
B) Number of Shares	**8,555,490,120**	2,138,872,530
C) Restarted Number of Shares	**8,555,490,120**	8,555,490,120
Basic & Diluted earnings per equity share	**22.12**	19.60#

EPS has been restated for split of share from ₹ 10 to ₹ 5 each and issue of bonus shares in the ratio of 1:1 as per Accounting Standard-20 on EPS.

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/Platforms 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 (net of levies) 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 Rs.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. Actuarial gains and losses in respect of post employment and other long-term benefits are 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) on price sensitive products viz Petrol (upto 24.06.2010), Diesel, Domestic LPG and PDS Kerosene for the year 2010-11 by extending the discount in the prices of Crude Oil, Domestic LPG and PDS Kerosene based on the provisional rates of discount communicated by Petroleum Planning and Analysis Cell (PPAC), Ministry of Petroleum and Natural Gas (MoP&NG). The company does not envisage any material impact on finalization of discount rates. The impact of discount is as under:

Decrease in	For the year ended	
	2010-11	2009-10
Gross Revenue	248,924.30	115,543.07
Less: Value Added Tax (VAT)	6,159.47	2,760.27
Sales Revenue	242,764.83	112,782.80
Less: Statutory Levies	29,418.00	13,534.06
Profit Before Tax	213,346.83	99,248.74

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. Adjustments, if any, on account of this shall be carried out on finalization of agreements/ receipt of Government directives. However, the Company does not envisage any material impact on current year's results on finalization.

2.2 Sales revenue of Natural Gas under Administrative Price Mechanism (APM) was based on the gas prices fixed on provisional basis as per directives dated 20.06.2005 and 05.06.2006 of MoP&NG, GoI upto 31.05.2010. GoI, vide letter dated 31.05.2010, decided to fix the producer price of APM gas produced by National Oil Companies (NOCs) at US$ 4.2/mmbtu inclusive of royalty effective from 01.06.2010. For APM consumers, except for consumers in North Eastern states, the consumer price would be same as producer price, i.e. US$ 4.2/ mmbtu inclusive of royalty. For APM consumers in North-East, consumer price is 60% of the producer price, i.e., US$ 2.52/ mmbtu inclusive of royalty. In North-East, the difference between producer price and consumer price is paid to the company through GoI Budget.

3 The company is supplying Natural Gas to GAIL (India) Limited (GAIL) which also purchases gas from other sources and sells to APM and non APM consumers. In case GAIL generates surplus in Gas Pool Account during the financial year, same is transferred to ONGC/ Oil India Limited (OIL) at the end of financial year in accordance with their contribution. Accordingly, an amount of ₹ 21,914.90 million (Previous year ₹ 4,415.79 million) is accounted as Surplus from Gas Pool Account under 'Other Income' in Schedule -18.

4 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 had recovered such amount subsequently.

The appellate authority of Honorable Malaysian High Court of Kuala Lumpur, Malaysia had 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.

Pending final outcome of this appeal, the provision is maintained as on 31st March, 2011 amounting to ₹ 5,090.17 Million (USD 113.82 Million) on account of additional Profit Petroleum and ₹ 2,415.83 Million (USD 54.02 Million) towards interest thereon totaling to ₹ 7,506.00 million (USD 167.84 million) as per the demand of DGH after reversal for interest of ₹ 103.42 million (USD 2.31 million) against provision of interest ₹ 65.41 million (USD 1.45 million) in 2009-10 and adjustment of exchange gain of ₹ 69.78 million (Previous year ₹ 987.20 million).

5 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 as part of the proposal for Declaration of Commerciality has been submitted to Management Committee (MC) for review on 15.07.2010. However, the Company as an abundant precaution made a provision of ₹ 6,104.80 million, ₹ 2,360.39 million and ₹ 918.48 million in respect of above costs in 2007-08, 2008-09 and 2009-10 respectively. Since there is no significant change in status of this block during the current year, the expenditure amounting to ₹ 17.67 million on the wells completed upto 31st March 2009, being more than two years old is provided for in the current year.

6 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 ₹ 113.72 million (Previous year ₹ (-)78.41 million) net of reversal and cost of unfinished MWP ₹ 919.81 million (Previous year ₹ 3,148.58 million) paid/payable to the GoI is included in survey and wells written off expenditure in Schedule 21.

7 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).

8 Capital Works in Progress (CWIP) includes an amount of ₹ 7841.69 million in respect of C2 C3 plant which is mechanically complete and will be capitalized on completion of test run.

9 During the year, the Oil Marketing Companies, nominees of GoI had recovered ₹ 1,432.34 million (USD 32.07 million) ONGC's share as per directives of GoI in respect Jointly Controlled Assets - Panna Mukta & Tapti. The recovery is towards certain observations raised by auditors appointed by Director General Hydrocarbon (DGH) under Production Sharing Contract for the period 2002-03 to 2005-06 in respect of cost and profit petroleum share payable to GoI. BGEPIL along with RIL ("Claimants") have served a notice of arbitration on the GOI in respect of dispute, differences and claims arisen in connection with the term of Panna, Mukta & Tapti PSCs. Since the company is not a party to the arbitration proceedings, it has requested MoP&NG that in case of an arbitral award, the same be made applicable to ONGC also, as a constituent of contractor for both the PSCs. Pending final arbitral award, the same has been shown as 'Receivable from GoI'.

10 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	5,003,216.394 (-)	5,100.51 (-)	1,715,997.416 (-)	1,716.36 (-)
Purchases	526,246,181.973 (468,866,246.935)	536,479.41 (477,983.68)	157,616,254.400 (193,059,225.362)	157,650.00 (193,100.55)
Dividend Reinvested	341,894.265 (108,501.298)	348.54 (110.61)	281,388.585 (352,837.098)	281.45 (352.91)
Redemption	530,119,483.663 (463,971,531.839)	540,428.03 (472,993.78)	159,613,640.401 (191,696,065.044)	159,647.81 (191,737.10)
Closing Balance	1,471,808.969 (5,003,216.394)	1,500.43 (5,100.51)	(-) (1,715,997.416)	(-) (1,716.36)

11 The Company has been charging depreciation on all Trunk Pipelines and Onshore Flow Lines (assets below ground) @ 100% based on technical assessment by the management.

12 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, is carried out on completion of reconciliation.

13 Some balances of Debtors, Creditors and Loans & Advances are subject to confirmation/ reconciliation. Adjustments, if any, will be accounted for on confirmation/ reconciliation of the same, which will not have a material impact.

14 Disclosure under the Revised Accounting Standard -15 on "Employee Benefits"

14.1 Brief Description: A general description of the type of Defined Benefit Plans is as follows:

14.1.1 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

14.1.2 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.

14.1.3 Gratuity

15 days salary for every completed year of service. Vesting period is 5 years and the payment is restricted to ₹ 1.00 million.

14.1.4 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.

14.1.5 Terminal Benefits

At the time of superannuation, employees are entitled to settle at a place of their choice and they are eligible for Transfer Travelling Allowance. Employees are gifted a silver plaque also, depending upon their level.

14.2 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	2,843.12 (2,864.09)	0.94 (1.38)
Employee Pension Scheme-95	208.96 (206.27)	0.02 (0.03)
Composite Social Security Scheme	231.61 (209.06)	0.04 (0.05)

14.3 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	19,674.39 (17,772.42)	NA	NA	NA
2	Present Value of Unfunded Obligation	- (-)	16,180.23 (13,740.85)	16,495.66 (14,077.09)	1,058.67 (642.39)
3	Fair Value of Plan Assets	18,171.17 (17,469.42)	NA	NA	NA
4.	Unrecognized Past Service Cost	- (-)	- (-)	- (-)	- (-)
5	Net Obligation	1,503.22 (303.00)	16,180.23 (13,740.85)	16,495.66 (14,077.09)	1,058.67 (642.39)
6	Liability for Retired employees	- (-)	- (193.25)	- (-)	- (-)
7	Total Provision	1,503.22 (303.00)	16,180.23 (13,934.10)	16,495.66 (14,077.09)	1,058.67 (642.39)

14.4 The amounts included in the fair value of plan assets of gratuity fund in respect of Reporting Enterprise's own financial instruments and any property occupied by, or other assets used by the reporting enterprise are ₹ Nil (Previous Year Nil)

14.5 Reconciliation showing the movements during the period in the net liability recognized in the balance sheet:

(₹ in million)

Sl No.	Particulars	Gratuity	Leave	Post Retirement Medical Benefits	Terminal Benefits
1	Opening 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)
2	Current Service Cost	803.08 (732.74)	706.90 (594.44)	295.97 (281.44)	42.45 (26.58)
3	Past Service Cost	- (-)	- (-)	- (-)	- (-)
4.	Interest Cost	1,421.79 (1,306.73)	1,099.27 (992.65)	1,126.17 (954.66)	51.39 (36.03)
5.	Actuarial losses (gains)	830.70 (-502.66)	2,861.77 (1,876.44)	1,953.27 (3,075.28)	353.80 (130.05)
6.	Exchange differences on foreign plans	- (-)	- (-)	- (-)	- (-)
7.	Benefits paid	1,153.59 (1,187.47)	2,228.57 (2,958.17)	956.83 (2963.16)	31.36 (30.66)
8.	Closing defined benefit obligation	19,674.40 (17,772.42)	16,180.23 (13,740.84)	16,495.67 (14,077.09)	1,058.67 (642.39)

14.6 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	803.08 (732.74)	706.90 (594.43)	295.97 (281.44)	42.45 (26.57)
2	Interest on Obligation	1,421.79 (1,306.73)	1,099.27 (992.65)	1,126.17 (954.66)	51.39 (36.03)
3	Expected return on plan assets	1,526.65 (1,451.37)	NA	NA	NA
4.	Net actuarial Losses / (Gains) recognized in year	995.16 (-284.77)	2,861.78 (1,876.44)	1,953.27 (3,075.28)	353.80 (130.05)
5	Past Service Cost	- (-)	- (-)	- (-)	- (-)
6	Losses (Gains) on curtailments and settlement	- (-)	- (-)	- (-)	- (-)
7	Total included in 'employee benefit expense'.	1,693.38 (303.34)	4,667.95 (3,463.54)	3,375.40 (4,311.39)	447.64 (192.65)
8.	Actual return on plan assets	1,362.19 (1,233.47)	NA	NA	NA

14.7 Statement of Reconciliation of balance of Fair Value of Plan Assets in respect of Gratuity:-

(₹ in million)

Particulars	2010-11	2009-10
Fair Value of Plan Asset at Beginning	17,469.42	8,133.78
Expected Return on Plan Assets	1,526.65	1,451.37
Contribution by employer	302.99	9,289.43
Benefits Paid	-963.44	-1,187.37
Actuarial gain/loss on Plan Assets	-164.46	-217.79
Fair Value of Plan Asset at the end	18,171.16	17,469.42

14.8 Other disclosures:

(₹ in million)

Gratuity	31-03-2011	31-03-2010	31-03-2009	31-03-2008	31-03-2007
Present Value of Funded obligation as at the end of the period	19,674.39	17,772.42	17,423.08	16,318.38	7,253.89
Fair Value of plan assets as at the end of the period	18,171.17	17,469.42	8,133.78	7,466.63	6,877.64
Surplus/(Deficit)	1,503.22	303.00	9,289.30	8,851.75	376.25
Experience Adjustment on plan Liabilities (loss)/gain	-903.84	-234.16	1,265.62	NA	NA
Experience Adjustment on plan Assets (loss)/gain	-118.25	-176.08	-12.62	NA	NA

Expected Contribution in respect of Gratuity for next year will be ₹ 103.57 million (previous year ₹ 60.77 million).

(₹ in million)

Leave Encashment	31-03-2011	31-03-2010	31-03-2009	31-03-2008	31-03-2007
Present Value of Unfunded obligation as at the end of the period	16,180.23	13,740.85	13,235.47	10,861.95	6,215.87
Experience Adjustment on plan Liabilities (loss)/gain	-2,917.77	-2,440.88	-850.25	NA	NA

(₹ in million)

Post Retirement Medical Benefits	31-03-2011	31-03-2010	31-03-2009	31-03-2008	31-03-2007
Present Value of Unfunded obligation as at the end of the period	16,495.66	14,077.09	12,728.86	10,699.42	8,685.93
Experience Adjustment on plan Liabilities (loss)/gain	-2,010.67	-3,392.32	-664.33	NA	NA

(₹ in million)

Terminal Benefits	31-03-2011	31-03-2010	31-03-2009	31-03-2008	31-03-2007
Present Value of Unfunded obligation as at the end of the period	1,058.67	642.39	480.40	435.13	399.52
Experience Adjustment on plan Liabilities (loss)/gain	-356.15	-132.45	-7.16	NA	NA

14.9 Investments of Gratuity Trust

(₹ in million)

Particulars	% of Investment as at	
	As at 31.03.11	As at 31.03.10
Central Govt. Securities	30.25	30.56
State Govt. Securities	14.61	14.24
PSU Bonds	29.48	29.99
Treasury Bills	0.07	1.43
Insurance Investment	25.19	23.40
Equity Mutual Fund	0.40	0.38
Total	**100.00**	**100.00**

14.10 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	8.0% (7.5%)	8.0% (7.5%)	8.0% (7.5%)	8.0% (7.5%)
2	Expected return on plan assets	8.59% (8.33%)	NA	NA	NA
3.	Annual increase in costs	NA	NA	5.5 % (5%)	5.5 % (5%)
4.	Annual Increase in Salary	5.5% (5%)	5.5 % (5%)	NA	NA

The discount rate is based upon the market yield available on Government bonds at the Accounting date with a term that matches. The salary growth rate takes account of inflation, seniority, promotion and other relevant factor on long term basis. Expected rate of return on plan assets is based on market expectation, at the beginning of the year, for return over the entire life of the related obligation.

15 Disclosure under Accounting Standard-16 on "Borrowing Costs"

The Company did not incur any borrowing cost for any qualifying asset. No borrowing cost is capitalized during the year (previous year Nil).

16 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.

17 Disclosure under Accounting Standard -18 on "Related Party Disclosure"

17.1 Name of related parties and description of relationship:

A) Joint Venture	B) Jointly Controlled Entity
Ravva	ONGC Mangalore Petrochemicals Limited
CY-OS-90/1(PY3)	Petronet LNG Limited
Panna, Mukta & Tapti	ONGC Teri Biotech Limited
CB-OS-2	Mangalore SEZ Limited
GK-OSJ-3	ONGC Petro-additions Limited
RJ-ON-90/1	ONGC Tripura Power Co. Limited
RJ-ONN-2003/1	Dahej SEZ Limited
PR-OSN-2004/1	
RJ-ON/6	

17.2 **Key Management Personnel:**

Whole-time Functional Directors:

i) Shri R.S. Sharma, Chairman and Managing Director up to 31.01.2011

ii) Shri A.K. Hazarika holding additional charge of Chairman and Managing Director from 01.02.2011

iii) Dr. A. K. Balyan up to 15.07.2010

iv) Shri U. N. Bose

v) Shri D.K. Pande up to 31.01.2011

vi) Shri D.K.Sarraf

vii) Shri Sudhir Vasudeva

viii) Shri S.V Rao from 25.02.2011

17.3 Details of Transactions

17.3.1 Joint Ventures/ Jointly Controlled Entities

(₹ in million)

Details	2010-11	2009-10
Services Received from :		
a) Ravva	84.10	60.40
b) ONGC Teri Biotech Limited	94.51	151.26
c) Dahej SEZ Ltd.	23.92	-
d) ONGC Mangalore Petrochemicals Limited	0.04	-
Services Provided to :		
a) Ravva	13.30	11.19
b) Panna Mukta & Tapti	1,553.34	2,329.66
c) ONGC Petro-additions Limited	126.28	162.54
d) Petronet LNG Limited	-	3.57
e) ONGC Teri Biotech Limited	0.81	-
f) Mangalore SEZ Limited	2.46	1.80
g) ONGC Tripura Power Co. Limited	3.67	3.94
Purchase of Condensate (Panna Mukta & Tapti)	2,805.57	4,584.91
Dividend Received - Petronet LNG Limited	164.06	164.06
Advance :		
a) ONGC Petro-additions Limited	1,852.99	4,560.00
b) ONGC Mangalore Petrochemicals Limited	4,830.00	1424.00
Amount Receivable :		
a) Panna Mukta & Tapti	1,981.18	2,009.68
b) ONGC Petro-additions Limited	29.03	138.99
c) ONGC Tripura Power Co. Limited	0.90	0.95
d) Petronet LNG Limited	-	0.60
e) ONGC Teri Biotech Limited	0.81	-
f) Ravva	4.41	-
Amount Payable :		
a) Panna Mukta & Tapti	252.48	67.96
b) ONGC Teri Biotech Limited	47.02	31.26
c) Ravva	12.72	-
Advance outstanding :		
a) ONGC Petro-addition Limited	9,702.99	7,850.00
b) ONGC Tripura Power Co. Limited	1,233.87	1,233.87
c) ONGC Mangalore Petrochemicals Limited	9,199.77	4,369.77

17.3.2 Key Management Personnel

(₹ in million)

Particulars	2010-11	2009-10
Remuneration to Directors	31.05	34.35
Amount Receivable	0.75	0.56
Amount Payable	10.61	3.58

18 **Disclosure under Accounting Standard - 19 on 'Leases'**

The company has certain office/residential premises on Operating Lease which are cancellable by giving appropriate notice as per the respective agreements. During the year ₹ 749.63 million (Previous year ₹ 713.47 million) had been paid towards cancellable Operating Lease.

19 **Disclosure under Accounting Standard -22 on "Accounting for Taxes on Income"**

The Company has Net Deferred Tax Liability as at 31st March, 2011 of ₹ 99,503.94 million (Previous year ₹ 89,182.13 million). The break up of Deferred Tax Liability is as under:

(₹ in million)

Particulars	As at 31.03.2011	As at 31.03.2010
(i) Liabilities		
Depletion of Producing Properties	140,955.74	133,460.20
Depreciation Allocated to Wells in Progress and expenses relating to NELP blocks	10,264.98	7,038.26
Deferred Revenue Expenditure written off	2,582.70	2,794.64
Development Wells-in-Progress	6,736.28	5,908.70
Others	5,154.55	2,367.89
Total (i)	**165,694.25**	**151,569.69**
(ii) Assets		
Depreciation	6,976.17	4,677.42
Dry wells written off	12,075.92	13,298.28
Provision for Non Moving Inventories	1,198.44	1,285.75
Provision for Doubtful Debts/Claims/Advances/ Interest	4,622.26	3,229.18
Provision for Abandonment	29,523.55	28,882.40
Provision for Leave Encashment	5,249.68	4,628.56
Provision toward Additional Profit Petroleum & interest-Ravva	2,435.33	2,550.84
Statutory duties unpaid u/s 43B	551.52	424.44
Others	3,557.44	3,410.69
Total (ii)	**66,190.31**	**62,387.56**
Deferred Tax Liability (Net) (i - ii)	**99,503.94**	**89,182.13**

20 **Disclosure under Accounting Standard - 27 on Financial Reporting of Interest in Joint Ventures:**

20.1 **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 31.03.2011 are as under:

Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
A	**Jointly Operated JVs**		
1	Panna, Mukta and Tapti	40% (40%)	BGEPIL 30%,RIL 30%
B	**ONGC Operated JVs**		
2	CB-OS/1 Exploration Phase	32.89 % (32.89%)	TPL 10%, HOEC 57.11%
	CB-OS/1 Development Phase**	55.26% (55.26%)	TPL 6.7%, HOEC 38.04%
3	KG-DWN-98/2 **	90% (65%)	CEIL 10% (PIB BV 15%) (HEIBV 10%)
4	KG-DWN-98/4	55% (55%)	OIL 15% BGEPIL 30%
5	MN-DWN-98/3	60% (60%)	PIBBV 40%
6	MN-OSN-2000/2	40% (40%)	GAIL 20%, IOC 20%, OIL 20%
7	CY-DWN-2001/1	45% (55%)	OIL 20% , PIBBV 25%, Rocksource ASA 10%
8	AA-ONN-2001/2	80% (80%)	IOC 20%
9	AA-ONN-2001/3	85% (85%)	OIL 15%
10	KK-DWN-2002/2	80% (80%)	HPCL 20%
11	KK-DWN-2002/3	80% (80%)	HPCL 20%
12	KG-DWN-2002/1	70% (70%)	OIL 20% , BPRL 10%
13	MN-DWN-2002/1	36% (36%)	OIL 20% , BPRL 10%, ENI 34%
14	CY-ONN-2002/2	60% (60%)	BPRL 40%
15	AA-ONN-2002/4	90% (90%)	OIL 10%
16	MN-DWN-2002/2	75% (75%)	BGEPIL 25%
17	KK-DWN-2004/1	45% (45%)	CIL 40%, TATA 15%
18	CY-DWN-2004/1	70% (70%)	GSPC 10%,HPCL 10%, GAIL 10%
19	CY-DWN-2004/2	70% (70%)	GSPC 10%, HPCL 10% , GAIL 10%
20	CY-DWN-2004/3	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
21	CY-DWN-2004/4	70% (70%)	GSPC 10% , HPCL 10% GAIL 10%
22	CY-PR-DWN-2004/1	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
23	CY-PR-DWN-2004/2	70% (70%)	GSPC 10%,HPCL 10% ,GAIL 10%
24	KG-DWN-2004/1	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
25	KG-DWN-2004/2	60% (60%)	GSPC 10%, HPCL 10%, GAIL 10% , BPCL 10%
26	KG-DWN-2004/3	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
27	KG-DWN-2004/5	50% (50%)	GSPC 10%, HPCL 10%, GAIL 10% OIL 10%, BPRL 10%
28	KG-DWN-2004/6	60% (60%)	GSPC 10%, HPCL 10%, GAIL 10% , OIL 10%

29	KG-OSN-2004/1	55% (55%)	BGEPIL 45%
30	CB-ONN-2004/1	50% (50%)	GSPC 40%, HERA-MEC LTD 10%
31	CB-ONN-2004/2**	55% (50%)	GSPC 45%
32	CB-ONN-2004/3	40% (40%)	GSPC 35% , ENSEARCH 25%
33	CB-ONN-2004/4	50% (50%)	GSPC 40% , HERA-MEC LTD 10%
34	CY-ONN-2004/1	80% (80%)	BPRL 20%
35	CY-ONN-2004/2	80% (80%)	BPRL 20%
36	MB-OSN-2005-1	80% (80%)	GSPC 20%
37	MB-OSN-2005-5	70% (70%)	GSPC 30%
38	MB-OSN-2005-6	80% (80%)	GSPC 20%
39	AN-DWN-2005/1	90% (90%)	OIL 10%
40	KG-DWN-2005/1	70% (70%)	IOC 20%, GSPC 10%
41	KK-DWN-2005/2	90% (90%)	GSPC 10%
42	KG-OSN-2005/1	60% (60%)	HMEL 20%GSPC 20%
43	KG-OSN-2005/2	80% (80%)	HMEL 20%
44	Raniganj	74% (74%)	CIL 26%
45	Jharia	90% (90%)	CIL 10%
46	NK-CBM-2001/1	80% (80%)	IOC 20%
47	BK-CBM-2001/1	80% (80%)	IOC 20%
48	CB-ONN-2005/4	51% (51%)	GSPC 49%
49	CB-ONN-2005/10	51% (51%)	GSPC 49%
50	PR-ONN-2005/1	80% (80%)	TPL 20%
51	WB-ONN-2005/4	75% (75%)	OIL 25%
52	AA-ONN-2005/1	60% (60%)	OIL 30% ACIL -10%
53	GV-ONN-2005/3	80% (80%)	TPL 20%
54	HF-ONN-2001/1	65% (100%)	BMN 35%
55	CB-ONN-2001/1**	100% (100%)	
56	AN-DWN-2009/1	70% (Nil)	OIL 30%
57	AN-DWN-2009/2	60% (Nil)	OIL 40%
58	AN-DWN-2009/3	60% (Nil)	OIL 40% (Joint Operator)
59	AN-DWN-2009/5	90% (Nil)	GSPC 10%
60	AN-DWN-2009/13	70% (Nil)	GAIL 10%, NTPC 10%, GSPC 10%
61	AN-DWN-2009/18	60% (Nil)	OIL 30%, GAIL 10%
62	GK-OSN-2009/1	40% (Nil)	AWEL 20%, GSPC 20%, IOC 20%
63	GK-OSN-2009/2	40% (Nil)	AWEL 30%, IOC 30%
64	KG-OSN-2009/1	80% (Nil)	APGIC 10%, NTPC 10%
65	KG-OSN-2009/2	90% (Nil)	APGIC 10%
66	KG-OSN-2009/4	50% (Nil)	APGIC 10%, OIL 30%, NTPC 10%
67	AA-ONN-2009/3	50% (Nil)	OIL 50%
68	CB-ONN-2009/4	50% (Nil)	GSPC 50%
C	**Operated by JV Partners**		
69	Ravva	40% (40%)	CEIL (Operator) 22.5% PIL 25%, ROPL 12.5%

70	CY-OS-90/1 (PY3)	40% (40%)	HEPI (operator) 18% HOEC 21%, TPL 21%
71	RJ-ON-90/1	30% (30%)	CEIPL (Operator) 35%, CEHL 35%
72	CB-OS/2 -Development Phase	50% (50%)	CEIPL (operator) 6.70%, CEIWBV 13.20%, CECBV 10.10%, CEGBV 10%, TPL 10%
73	CB-ON/7 -Development Phase**	30% (30%)	HOEC (Operator) 35%, GSPC 35%
74	CB-ON/3 - Development Phase**	30% (30%)	EOL (Operator)70%
75	GK-OSJ-3	25% (25%)	RIL (operator) 60%, OIL 15%
76	AA-ONN-2002/3	70% (70%)	OIL (Operator) 30%
77	AN-DWN-2003/2	45%(45%)	ENI (Operator) 40%, GAIL 15%
78	KG-ONN-2003/1	51% (51%)	CEIL 24% (Operator), Cairn India 25%
79	RJ-ONN-2003/1	36%(36%)	ENI (Operator) 34%, CIL 30%
80	PR-OSN-2004/1	35% (35%)	Cairn Energy(Operator) 10% Cairn India 25%, TPL 30%
81	CB-ON/2- Development phase**	30% (30%)	GSPC (Operator) 56%, Geo-Global Resources 14%
82	RJ-ONN-2005/3	40% (40%)	GSPC (Operator) 60%
83	AA-ONN-2009/4	50% (Nil)	OIL(Operator) 50%
84	CY-OSN-2009/2	50% (Nil)	OIL 50% (Operator)
85	KG-DWN-2009/1	45% (Nil)	BGEPIL 30%(Operataor), OIL 15%, APGIC 10%
86	RJ-ON/6 - Development phase	30% (Nil)	Focus Energy Ltd (Operator) 7% I services Investment Ltd, Mauritius 45.5% Newbury Oil Co. Ltd, Cyprus 17.5%

* PI - Participating Interest

** Approval towards assignment of PI is awaited from GoI

*** There is no change in previous year details unless otherwise stated.

Abbreviations:- BGEPIL- British Gas Exploration & Production India Ltd., BPRL-Bharat Petroleum Refinery Ltd., MBN- BMN Investment Ltd, CEIL-Cairn Energy India Ltd, CIL-Coal India Ltd., ENI- ENI India Ltd., GAIL -Gail India Ltd., GSPC-Gujarat State Petroleum Corporation Ltd., HOEC- Hindustan Oil Exploration Co. Ltd., HPCL- Hindustan Petroleum Corporation Ltd, HOEC- Hindustan Oil Exploration Company Ltd., HMEL- HPCL-Mittal Energy Ltd., OIL -Oil India Ltd., IOC- Indian Oil Corporation Ltd., RIL- Reliance Industries Ltd., TPL-Tata Petrodyne Ltd. HEPI - Hardy Exploration & Production (India) Inc., PIL- Petrocon India Ltd. ROPL-Ravva Oil (Singapore) Pte. Ltd, CEIPL- Cairn Energy India Pty Ltd, CEHL- Cairn Energy Hydrocarbons Ltd, TIOL - Tullow India Operations Ltd, SRL – Suntera Resources Ltd. NTPC- National Thermal Power Corporation Ltd. AWEL-Adani welspur Exploration ltd, APGIC-Andra Pradesh Gas Infrastructure Corporation Ltd, PIBBV-Petrobras International Braspero BV, HEIBV-Hydro Oil & Energy India BV, ROPL-Ravva Oil (Sigapur) Ltd, HEPI-hrady Exploration & Production (India), PIL-Petrocon India Ltd.

20.2 **List of the blocks surrendered during the year are given below:**

Sl. No.	Joint Ventures / PSCs	Company's PI *
1	RJ-ONN-2002/1	40%
2	GS-OSN-2003/1	51%
3	KK-DWN-2001/3	100%

* PI - Participating Interest

20.3 **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*	22 (19)	5,090.88 (1,822.27)	192.90 (165.89)	0.72 (0.11)	5,345.08 (7,149.44)	-5,344.36 (-7,149.33)
Blocks with other partners	86 (74)	97,814.40 (90,350.03)	33,756.91 (29,287.34)	76,164.95 (51,148.14)	75,105.44 (39,842.90)	1,059.51 (11,305.24)
Surrendered	27 (31)	317.59 (219.26)	6,942.64 (6,184.08)	46.96 (0.28)	3,044.76 (5,616.40)	-2,997.80 (-5,616.12)
Total	**135 (124)**	**103,222.87 (92,391.56)**	**40,892.45 (35,637.31)**	**76,212.63 (51,148.53)**	**83,495.28 (52,608.74)**	**-7,282.65 (-1,460.21)**

20.3.1 The financial statements of 128 (Previous year 117) out of 135 (Previous year 124) JVs/NELP as per para no. 20.3 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.

20.3.2 In respect of balance 7 (Previous year 7) JVs/NELP assets, liabilities, income and expenditure amounting to ₹ 47.51 Million (Previous year ₹ 69.80 Million), ₹ 782.66 million (Previous year ₹ 143.98 million), ₹ 55.28 million (Previous year ₹ 152.55 million) and ₹ 943.31 million (Previous year ₹ 812.85 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.

20.4 **Jointly Controlled Entities:**

20.4.1 **Company has ownership interest in following Jointly Controlled Entities:**

Particulars	Country of Incorporation	Ownership Interest (%)	
		As at 31.03.11	As at 31.03.10
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	49.60

20.4.2 The Company's share in assets, liabilities, income, expenses, contingent liabilities and capital commitments of Jointly Controlled Entities:

(₹ in million)

	Description	As at 31.03.2011	As at 31.03.2010
i)	**Assets**		
	Long term assets	47,793.76	25,391.73
	Investments	2,253.50	748.38
	Current assets	3,994.51	3,585.24
ii)	**Liabilities**		
	Current liabilities and provisions	12,111.12	5,132.17
	Other liabilities	24,930.17	12,195.27
iii)	Deferred tax liabilities	197.62	243.45
iv)	Income	17,160.77	13,686.42
v)	Expenses	15,962.49	12,874.03
vi)	Contingent liabilities	3,077.14	1,815.24
vii)	Capital commitments	47,639.97	46,051.70

Above includes unaudited figures in respect of Dahej SEZ Limited.

20.4.3 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.

21 Disclosure under Accounting Standard - 28 on "Impairment of Assets"

21.1 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 31.03.2011 by applying discount rates of 17.16% (Previous year 17.31%) for Rupee transactions and 12.80 % (Previous year 13.07 %) for crude oil and value added products revenue measured in USD as on 31.03.2011.

21.2 During the year ₹ 1,534.73 million (Previous year ₹ 553.45 million) was provided as an impairment loss. Out of this, ₹ 600.07 million (Previous year ₹ 553.45 million) has been provided as additional impairment in respect of Onshore CGUs - Jodhpur and Silchar. Balance of ₹ 319.37 million (Previous year Nil) represents impairment provided for "Kuthalam Value added Plant" due to uncertain marketability of its products and ₹ 615.29 (Previous year Nil) in respect of certain Onshore NELP Blocks due to adjustment of cost recovery from revenue and sharing of 100% royalty. Further, impairment loss to the extent of ₹ 43.76 million (Previous year ₹ 986.17 million) has been reversed in respect of Onshore Agartala and Offshore Ratna CGUs due to increased sale price and ₹ 138.77 million (Previous year Nil) reversed in Jodhpur onshore due to transfer of assets to another CGU.

22 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	2010-11	2009-10
Opening Balance	8,058.75	9,129.04
Add: Provision made during the year	353.92	93.20
Less: Provision written back/ reclassified/ reduction during the year	279.93	1,163.49
Closing Balance	8,132.74	8,058.75

23 Disclosures under Schedule VI to the Companies Act, 1956:

23.1 Capital Commitment not provided for:

23.1.1 Estimated amount of contracts remaining to be executed on capital account:-

i) In respect of Company - ₹ 164,076.96 million (Previous year ₹ 184,507.29 million).

ii) In respect of Joint Ventures - ₹ 145.45 million (Previous year ₹ 194.47 million).

23.1.2 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 – ₹ 22,558.90 million (Previous year ₹ 33,419.14 million).

ii) In respect Nominated Blocks ₹ 374.04 million (Previous year ₹ 1,128.13 million).

iii) In respect of NELP blocks in Joint Ventures - ₹ 92,560.05 million (Previous year ₹ 87,076.90 million).

23.2 Contingent Liabilities:

Claims against the Company/ disputed demands not acknowledged as debt:-

(₹ in million)

	Particulars	As at 31.03.2011	As at 31.03.2010
I	**In respect of Company**		
	i. Income Tax	11,192.71	15,721.36
	ii. Excise Duty	4,924.11	2,372.44
	iii. Custom Duty	1,447.47	1,447.47
	iv. Royalty	19,484.60	18,849.79
	v. Cess	6.57	12.76
	vi. AP Mineral Bearing Lands (Infrastructure) Cess	1,470.22	1,171.84
	vii. Sales Tax	29,465.43	20,135.52
	viii. Service Tax	1,039.92	-
	ix. Octroi	66.89	66.89
	x. Specified Land Tax (Assam)	2,526.40	2,274.50
	xi. Claims of contractors in Arbitration / Court	34,199.71	21,262.90
	xii. Others	17,921.72	17,317.84
	Sub Total (A)	**123,745.75**	**100,633.31**
II	**In respect of Joint Ventures**		
	i. Income Tax	8.91	8.91
	ii. Excise Duty	-	322.42
	iii. Custom Duty	3,457.81	3,457.89
	iv. Cess	-	10.64
	v. Sales Tax and Service Tax	3,116.46	2,959.13
	vi. Claims of contractors in Arbitration / Court	9,798.45	740.73
	vii. Others	4,542.00	4,898.72
	Sub Total (B)	**20,923.63**	**12,398.44**
	TOTAL (A + B)	**144,669.38**	**113,031.75**

The above claims / demands are at various stages of appeal and in the opinion of the Company, the same are not tenable.

23.3 Bank Guarantees given by the Company:

i) ₹ 2,299.97 million (Previous year ₹ 3,426.38 million) including ₹ 1,330.82 million (Previous year ₹ 1,142.37 million) for NELP Blocks where the Company has 100% participating interest.

ii) In respect of Joint Ventures – ₹ 5,898.49 million (Previous year ₹ 7,082.46 million).

iii) Out of total Bank Guarantees of ONGC an amount of ₹ 7,603.35 million (Previous year ₹ 7,044.00 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 23.1.2.

23.4 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):

23.4.1 Guarantees executed for financial obligations:

i) Amount of Guarantee ₹ 36,371.66 million (Previous year ₹ 38,043.51 million).

ii) Amount Outstanding ₹ 33,934.69 million (Previous year ₹ 34,932.70 million).

23.4.2 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.

23.5 Corporate Guarantees executed by the Company on behalf of its subsidiary, MRPL:

i) Amount of Guarantee ₹ 7,155.20 million (Previous year ₹ 16,246.80 million).

ii) Amount Outstanding ₹ 3,442.99 million (Previous year ₹ 4,828.91 million).

23.6 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).

23.7 Details of Expenditure

Details of expenditure incurred on natural heads and its allocation:

(₹ in million)

		2010-11	2009-10
Manpower Cost :			
(a) Salaries, Wages, Ex-gratia etc.	**50,201.34**		44,906.49
(b) Contribution to Provident and other funds	**3,283.69**		3,279.42
(c) Provision for gratuity	**1,524.47**		(497.01)
(d) Provision for leave	**4,538.90**		3,458.56
(e) Provision for Post Retirement Medical & Terminal Benefits	**2,830.33**		1,506.64
(f) Staff welfare expenses	**4,903.42**		4,537.15
Sub Total:		**67,282.15**	**57,191.25**
Consumption of Raw materials, Stores and Spares		**27,768.48**	24,179.46
Cess		**56,962.72**	54,547.67
Natural Calamity Contingent Duty		**1,113.96**	1,061.86
Excise Duty		**3,228.48**	2,184.11
Royalty		**71,358.86**	54,867.27
Sales Tax		**3,112.62**	2,990.02
Octroi/BPT		**5,104.68**	4,966.61
Service Tax		**227.48**	225.01
Education cess		**1,828.44**	1,711.65
Rent		**2,219.82**	1,370.29
Rates and taxes		**1,748.64**	547.32
Hire charges of equipments and vehicles		**111,082.36**	112,624.66
Power, fuel and water charges		**2,856.00**	2,603.81
Contractual drilling, logging, workover etc.		**157,849.02**	115,529.46
Contractual security		**2,843.05**	2,586.76
Repairs to building		**1,895.72**	1,253.18
Repairs to plant and machinery		**2,225.57**	1,693.49
Other repairs		**4,746.54**	3,495.34
Insurance		**2,180.54**	2,382.00
Expenditure on Tour / Travel		**2,687.83**	2,638.31
Contribution		**1,521.32**	666.99
Miscellaneous expenditure		**6,440.42**	8,901.93
		538,284.70	**460,218.45**
Less:			
Allocated to exploration, development drilling, capital jobs, recoverables etc.		**259,891.58**	**215,054.30**
Excise duty adjusted against sales revenue		**3,098.80**	**2,185.42**
Prior Period Adjustment		**(6.29)**	**(220.73)**
Production, Transportation, Selling and Distribution Expenditure		**275,300.61**	**243,199.46**

23.8 Quantitative Details

23.8.1 Sales

Product	Unit	2010-11			2009-10		
		Quantity	Value (₹ in million)		Quantity	Value (₹ in million)	
Crude Oil*	MT	22,943,996	461,251.26		22,331,012	454,867.46	
Less: From Exploratory areas		17,033	226.13		2,870	42.43	
Less: Government of India's share in Profit Petroleum			12,380.37	448,644.76		9,785.35	445,039.68
Natural Gas*	$000M^3$	20,287,778	130,754.80		20,598,972	79,440.41	
Less: From Exploratory areas		38,787	245.98		3,056	10.27	
Less: Government of India's share in Profit Petroleum			2,964.39	127,544.43		5,632.94	73,797.20
Liquified Petroleum Gas	MT	1,057,266		18,368.49	1,107,556		21,923.69
Naphtha	MT	1,600,399		56,342.30	1,598,430		47,137.36
Ethane/Propane	MT	387,086		8,795.78	533,383		10,248.63
Superior Kerosene Oil	MT	118,074		678.80	165,542		3,255.42
Low Sulphur Heavy Stock	MT	16,141		473.42	15,908		411.09
HSD incl. ULS HSD (Trading)	KL	3,268		134.45	4,289		155.97
Motor Spirit (Trading)	KL	625		36.48	548		26.97
Aviation Turbine Fuel (ATF)	MT	13,504		527.21	1,718		51.72
Liquid Diesel Oil	MT	53		2.03	-		-
Others				0.62			0.46
Total				**661,548.77**			**602,048.19**

*Quantity includes share from Joint Ventures

23.8.2 Opening and Closing Stock of goods produced:

Product	Unit	As at 31.03.11		As at 31.03.10	
		Quantity	Value (₹ in million)	Quantity	Value (₹ in million)
Opening stock					
Crude Oil	MT	1,025,390	6,244.55	974,231	5,062.67
Liquefied Petroleum Gas	MT	7,061	32.90	7437	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

Closing stock					
Crude Oil	MT	**990,073**	**6,298.99**	1,025,390	6,244.55
Liquefied Petroleum Gas	MT	**5,915**	**33.99**	7,061	32.90
Naphtha	MT	**80,107**	**505.91**	110,614	418.23
Ethane/Propane	MT	**404**	**4.28**	838	7.00
Superior Kerosene Oil	MT	**6,422**	**2.32**	8,540	32.11
Aviation Turbine Fuel	MT	**859**	**5.98**	915	5.03
Low Sulphur Heavy Stock	MT	**681**	**6.46**	644	5.92
High Speed Diesel	MT	**3,703**	**35.85**	1,855	19.03
Propane	MT	**118**	**0.40**	82	0.13
High Speed Diesel *	KL	**28**	**1.01**	52	1.64
Motor Spirit*	KL	**9**	**0.64**	13	0.55
Carbon Credits	Units	**10,508**	**0.56**	10,508	0.56
Others			**0.81**		0.44
			6,897.20		**6,768.09**

* Purchased for trading

23.8.3 Licensed Capacity, Installed Capacity and Actual Production (Capacity as certified by the Management):

Product	Unit	2010-11		2009-10	
		Installed Capacity per annum	Actual Production Quantity	Installed Capacity per annum	Actual Production Quantity
Crude Oil	MT	**NA**	**27,278,278**	NA	26,464,102
Natural Gas	$000M^3$	**NA**	**25,322,146**	NA	25,594,428
Liquefied Petroleum Gas	MT	**1,158,000**	**1,054,317**	1,158,000	1,104,948
Ethane/Propane	MT	**570,000**	**388,010**	570,000	534,964
Naphtha	MT	**1,502,878**	**1,570,184**	1,502,878	1,591,750
Superior Kerosene Oil	MT	**314,300**	**115,961**	314,300	164,974
Aviation Turbine Fuel	MT		**19,284**		7,860
Low Sulphur Heavy Stock	MT	**16,270**	**16,179**	16,270	16,386
High Speed Diesel	MT	**42,637**	**39,223**	42,637	35,726

Notes:

1. Licensed Capacity is not applicable.
2. Production includes internal consumption and intermediary losses.
3. Production of 203,799 MT (Previous year 28,835 MT) Crude Oil and 17,059 TM^3 (Previous year 1,268 TM^3) of Natural Gas is included being the difference between participating interest and entitlement interest in respect of RJ-ON-90/1, CB ON/3, CB-ON/2 and RJ-ON/6 JVs.
4. Crude Oil includes condensate 2.042 MMT (Previous year 1.958 MMT).

23.8.4 Purchases:

Product	Unit	2010-11		2009-10	
		Quantity	Value (₹ in million)	Quantity	Value (₹ in million)
Superior Kerosene Oil	KL	**-**	**-**	-	0.12
High Speed Diesel	KL	**3,238**	**111.22**	4,280	119.23
Motor Spirit	KL	**624**	**26.52**	550	19.54
Others		**-**	**0.61**	-	0.42
Total			**138.35**		**139.31**

23.8.5 Raw Material Consumed:

	Unit	2010-11		2009-10	
		Quantity	Value (₹ in million)	Quantity	Value (₹ in million)
For production of Liquefied 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	**131,207**	**702.25**	118,167	585.22
Natural Gas	000M^3	**697,700**	**2,949.13**	830,668	3,150.97
Gas Equivalent Condensate	000M^3	**476,865**	**1,113.96**	496,881	916.93
Purchases					
Gas Equivalent Condensate	MT	**89,746**	**2,805.57**	112,116	2,766.01

23.9 Consumption of Raw Materials, Stores and Spare Parts:

	2010-11		2009-10	
	Amount (₹ in million)	%	Amount (₹ in million)	%
Imported	**6,483.77**	**23.35**	4,867.53	20.14
Indigenous	**21,284.71**	**76.65**	19,311.93	79.86
Total	**27,768.48**	**100.00**	**24,179.46**	**100.00**

23.10 Value of Imports on CIF Basis:

(₹ in million)

	2010-11	2009-10
Capital items *	**182,974.34**	55,433.81
Stores and Spare Parts	**6,648.04**	7,548.87
Total	**189,622.38**	**62,982.68**

*Includes stage payments made against capital works.

23.11 Expenditure in Foreign Currency:

(₹ in million)

	2010-11	2009-10
Interest	**0.75**	5.33
Services	**94,866.66**	102,562.41
Others	**86,664.31**	37,278.43
Total	**181,531.72**	**139,846.17**

23.12 Earnings in Foreign Currency:

(₹ in million)

	2010-11	2009-10
Interest	**5.06**	-
Services	**2.72**	27.25
FOB value of Sales	**47,105.49**	45,832.44
Others	**2.23**	11.28
Total	**47,115.50**	**45,870.97**

23.13 **Managerial Remuneration (included in 23.7 above):**

(₹ in million)

	2010-11	2009-10
AMOUNT PAID OR PAYABLE TO DIRECTORS		
Remuneration to Functional Directors:		
Salaries and Allowances	**11.54**	16.29
Contribution to Provident & Other Funds	**1.01**	1.46
Performance Related Payments / Incentives	**10.61**	13.46
Other Benefits and Perquisites*	**0.98**	2.62
Leave Encashment and Gratuity on retirement of Directors	**5.02**	-
Provision for Leave, Gratuity and Post Retirement Benefits as per revised AS-15	**1.89**	0.52
Sub total	**31.05**	**34.35**
Independent Directors:		
Sitting Fees	**3.84**	3.70
Total	**34.89**	**38.05**

* does not include cost of medical treatment availed from the Company's own medical facilities as the amount is not determinable.

23.14 **AUDITORS' REMUNERATION (included in 23.7 above):**

(₹ in million)

	2010-11	2009-10
Audit Fees	9.65	7.17
For Certification work etc.	6.20	5.79
Travelling and Out of Pocket Expenses	9.94	13.41
Total	**25.79**	**26.37**

24 Disclosure under Guidance Note on "Oil & Gas Producing Activities" (approved by Reserve Estimates Committee):

24.1 **Company's share of Proved Reserves on the geographical basis is as under:**

Details		Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MMTOE)**	
		As at 31.03.11	As at 31.03.11	As at 31.03.11	As at 31.03.11	As at 31.03.11	As at 31.03.11
Offshore	**Opening**	224.26	222.71	210.517	196.712	434.78	419.42
	Addition	3.94	19.62	11.079	33.624	15.01	53.24
	Production	17.45	18.06	19.588	19.819	37.03	37.88
	Closing	**210.75**	**224.26**	**202.008**	**210.517**	**412.76**	**434.78**
Onshore	**Opening**	189.90	191.76	152.227	148.125	342.12	339.89
	Addition	9.02	5.81	8.999	9.678	18.01	15.49
	Production	9.00	7.66	5.538	5.576	14.54	13.24
	Closing	**189.91**	**189.90**	**155.688**	**152.227**	**345.60**	**342.13**
Total	**Opening**	414.15	414.47	362.744	344.837	776.90	759.31
	Addition	12.96	25.43	20.078	43.302	33.02	68.73
	Production	26.45	25.73	25.126	25.395	51.57	51.13
	Closing	**400.66**	**414.15**	**357.697**	**362.744**	**758.36**	**776.89**

24.2 **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 (MMTOE)**	
		As at 31.03.11	As at 31.03.11	As at 31.03.11	As at 31.03.11	As at 31.03.11	As at 31.03.11
Offshore	**Opening**	173.44	176.44	129.860	126.770	303.30	303.21
	Addition	2.77	15.06	10.276	22.910	13.05	37.97
	Production	17.45	18.06	19.588	19.819	37.03	37.88
	Closing	**158.76**	**173.44**	**120.549**	**129.860**	**279.31**	**303.30**
Onshore	**Opening**	146.26	148.49	111.178	111.069	257.44	259.56
	Addition	13.46	5.39	5.012	5.644	18.47	11.03
	Production	8.95	7.61	5.441	5.535	14.39	13.15
	Closing	**150.77**	**146.26**	**110.749**	**111.178**	**261.52**	**257.44**
Total	**Opening**	319.71	324.93	241.039	237.839	560.74	562.77
	Addition	16.23	20.45	15.287	28.554	31.51	49.00
	Production	26.40	25.67	25.029	25.354	51.42	51.02
	Closing	**309.54**	**319.71**	**231.297**	**241.039**	**540.83**	**560.75**

* Crude Oil includes oil condensate and does not include 0.7083 MMT (previous year 0.940 MMT) of Condensate due to line condensation and 191.6 MMM^3 (previous year 198.6 MMM^3) of CSU off gas.

**MMTOE denotes "Million Metric 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.

25 **Disclosure pursuant to the clause 32 of the Listing Agreement**

(₹ in million)

Particulars	Outstanding as at 31.03.2011	Maximum Amount Outstanding during the year 2010-11	Outstanding as at 31.03.2010	Maximum Amount Outstanding during the year 2009-10
a) Loans to Subsidiaries*				
i) ONGC Videsh Limited (OVL)*	**172,786.16**	**174,914.01**	162,722.58	162,722.58
ii) Mangalore Refinery & Petrochemicals Limited.(MRPL)	**10,800.00**	**10,800.00**	10,800.00	15,000.00
b) To Associates	**Nil**	**Nil**	Nil	Nil
c) Where there is no repayment schedule ONGC Videsh Limited (OVL)	**172,786.16**	**174,914.01**	162,722.58	162,722.58
d) Having repayment schedule of beyond seven years : to employees	**7,721.76**	**7,721.76**	6378.44	6378.44
e) Where no interest or interest below Section 372A of Companies Act ONGC Videsh Limited (OVL)	**172,786.16**	**174,914.01**	162,722.58	162,722.58
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, 2011		As at 31st March, 2010	
	No of Shares	₹ in million	No of Shares	₹ in million
a) ONGC Nile Ganga BV				
Class A	**40**	**8,462.12**	40	8,462.12
Class B	**100**	**21,155.29**	100	21,155.29
Class C	**880**	**234.25**	880	234.25
b) ONGC Narmada Limited				
Equity Shares	**20,000,000**	**6.94**	20,000,000	6.94
c) ONGC Amazon Alaknanda Limited				
Equity Shares	**12,000**	**0.56**	12,000	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**	1,350	0.06
Preference Shares	**192,210**	**86,744.37**	192,210	86,744.37
e) Carabobo one AB Ltd.	**1,000**	**0.76**	1,000	0.76

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.
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.

26 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	2010-11	2009-10
a) Principal amount remaining unpaid but not due as at year end	**10.75**	10.21
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	**-**	-

27 **Disclosure on Foreign currency exposures at year end that have not been hedged by derivative instrument or otherwise are given below:**

(Figures in million)

	As at 31st March, 2011		As at 31st March, 2010	
	Amount in Foreign Currency	**Equivalent Rupees**	**Amount in Foreign Currency**	**Equivalent Rupees**
Loans Japanese Yen	**-**	**-**	102.97	49.75
Import Creditors				
Australian Dollar	**-**	**-**	-	-
Euros	**28.94**	**1,825.13**	28.48	1,722.11
British Pound	**4.30**	**307.73**	1.67	113.50
Japanese Yen	**1,090.50**	**587.89**	413.29	199.64
Norwegian Kroner	**4.12**	**32.89**	4.61	34.71
Singapore Dollar	**0.19**	**6.59**	0.09	2.79
Canadian Dollar	**-**	**-**	0.04	1.98
United States Dollar	**959.62**	**42,914.33**	758.34	34,220.66
Malaysian Ringgit	**0.28**	**3.96**	-	-
Total		**45,678.52**		**36,295.39**
Export Receivables United States Dollar	**73.15**	**3,271.29**	68.25	3,079.78

28 **During the financial year 2010-11, the company has incurred expenditure on scientific research in in-house R&D centres, which are in the process of being approved by the prescribed authority. The Gross expenditure incurred by various in house R&D institutes are as under:-**

Capital Expenditure ₹ 134.33 million

Revenue Expenditure ₹ 4,329.93 million

29 **Previous year's figures have been regrouped/ reclassified, wherever necessary, to confirm to current year's classification.**

30 **Figures in parenthesis as given in these Notes to Accounts relate to previous year.**

Cash Flow Statement for The Year Ended 31st March, 2011

(₹ in million)

		Year Ended 31st March, 2011		Year Ended 31st March, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before tax and extraordinary items		**276,189.70**		249,838.43
Adjustments For:				
Prior Period Items	**336.25**		182.69	
Recouped Costs				
(Represented by Depreciation, Depletion and Amortisation)				
Gross Amount	**159,256.53**		146,431.88	
Actual expenditure	**(82,489.65)**		(88,181.19)	
Non-cash Recouped Costs	**76,766.88**		58,250.69	
-Interest on Borrowings	**251.07**		144.23	
- Foreign Exchange Loss/(Gain)	**520.55**		(1,948.82)	
-Provision for Leave Encashment	**2,246.13**		507.46	
-Provision for AS-15 Employee Benefits	**2,834.85**		1,510.22	
-Other Provision and Write offs	**5,620.80**		2,340.11	
-Interest Income	**(19,671.73)**		(18,261.96)	
-Excess Liability written Back	**(727.89)**		(913.03)	
-Deferred Government Grant	**(4.72)**		(5.29)	
-Dividend Income	**(5,527.71)**	**62,644.48**	(3,263.20)	38,543.10
Operating Profit before Working Capital Changes		**338,834.18**		288,381.53
Adjustments for:-				
-Debtors	**(9,418.61)**		10,573.29	
-Loans and Advances	**(537.77)**		(13,664.46)	
-Other Current Assets	**(1,346.84)**		(22.85)	
-Deferred Revenue Expenditure	**452.91**		(2,641.23)	
-Inventories	**5,644.48**		(6,417.00)	
-Trade Payable and Other Liabilities	**67,682.28**	**62,476.45**	(16,443.72)	(28,615.97)
Cash generated from Operations		**401,310.63**		259,765.56
Direct Taxes Paid (Net of tax refund)		**(73,422.81)**		(55,813.76)
Cash Flow before prior period		**327,887.82**		203,951.80
Prior period items (Cash items)		**(319.36)**		(71.70)
Net Cash Flow from Operating Activities 'A'		**327,568.46**		203,880.10
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets (Net)		**(137,715.89)**		(90,495.70)
Exploratory and Development Drilling		**(51,255.96)**		(49,080.08)
Sale/ (Purchase) of Investments		**5,316.44**		(6,817.12)
Advance for Share Capital		**(6,682.99)**		(5,983.75)
Investment in Associates		**(958.50)**		-
Loans and advances to Subsidiary		**(10,245.43)**		(5,378.41)
Loans to Public Sector Undertakings and Other Bodies Corporate		**340.04**		320.60
Deposit with Public Sector Undertakings		**15,000.00**		5,000.00
Dividend Received from Subsidiary		**1,506.42**		1,506.42
Dividend Received from Associates		**-**		24.50
Dividend Received from Others		**4,021.29**		1,732.28
Interest Received		**18,917.65**		25,451.04
Tax paid on Interest Income		**(6,430.11)**		(8,650.81)
Net Cash Flow from Investing Activities 'B'		**(168,187.04)**		(132,371.03)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Repayment of Long term loans		**(49.75)**		(217.60)
Dividend Paid		**(100,481.31)**		(68,422.98)

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Tax on Dividend	**(16,444.12)**	(11,376.03)
Interest Paid	**(251.07)**	(144.23)
Net Cash Flow from Financing Activities 'C'	**(117,226.25)**	(80,160.84)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	**42,155.17**	(8,651.77)
Cash and Cash Equivalents as at 1st April, 2010 (Opening Balance)	**182,310.35**	190,962.12
Cash and Cash Equivalents as at 31st March, 2011 (Closing Balance)	**224,465.52**	182,310.35
	42,155.17	(8651.77)

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.

Cash and Cash equivalents represent:-

(₹ in million)

	2010-11	2009-10
a) Cash and Bank Balances (Schedule 11A)	143,310.46	108,279.29
b) Deposits with Bank under Site Restoration Fund Scheme (Schedule 11B)*	81,155.06	74,031.06
Total	224,465.52	182,310.35

3. Brackets indicate cash outflow/ deduction.
4. Previous year figures have been re-grouped/re-classified wherever necessary to confirm to the current years presentation.

*Deposited u/s 33ABA 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)

(A. K. Hazarika)
Chairman & Managing Director

In terms of our report of even date attached

For Kalyaniwalla & Mistry
Chartered Accountants
Firm Reg. No. 104607W

(Ermin K. Irani)
Partner (Mem .No. 035646)

For Arun K. Agarwal & Associates
Chartered Accountants
Firm Reg. No. 003917N

(Vimal Kumar Jain)
Partner (Mem. No. 086657)

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C

(P.P.Pareek)
Partner (Mem. No. 071213)

For Ray & Ray
Chartered Accountants
Firm Reg. No. 301072E

(B.K.Ghosh)
Partner (Mem. No. 051028)

For M. Kuppuswamy P S G & Co.
Chartered Accountants
Firm Reg. No. 001616S

(M.K.Krishnan)
Partner (Mem .No. 020116)

New Delhi
May 30th, 2011

SEGMENT INFORMATION-STAND ALONE

(₹ in million)

Particulars	2010-11					2009-10				
	Offshore	Onshore	Total Segments	Unallocated	Grand Total	Offshore	Onshore	Total Segments	Unallocated	Grand Total
Segment Revenue	523,974	170,898	694,872	473	695,345	468,648	153,362	622,011	674	622,685
Segment Results										
Segment Result Profit(+)/Loss(-)	236,749	24,683	261,432		261,432	195,635	42,582	238,217		238,217
Unallocated Corporate Expenses			0	10,200	10,200			0	9,218	9,218
Operating Profit	236,749	24,683	261,432	-10,200	251,232	195,635	42,582	238,217	-9,218	228,999
Interest Expenses			0	251	251			0	686	686
Interest/Dividend Income			0	25,209	25,209			0	21,525	21,525
Income Taxes			0	86,950	86,950			0	82,163	82,163
Profit from Ordinary Activities	236,749	24,683	261,432	-72,192	189,240	195,635	42,582	238,217	-70,542	167,675
Extraordinary Gain			0		0			0		0
Net Profit	236,749	24,683	261,432	-72,192	189,240	195,635	42,582	238,217	-70,542	167,675
Other Information										
Segment Assets	670,683	324,296	994,979		994,979	558,363	285,472	843,835		843,835
Unallocated Corporate Assets			0	496,324	496,324			0	481,007	481,007
Total Assets	670,683	324,296	994,979	496,324	1,491,303	558,363	285,472	843,835	481,007	1,324,842
Segment Liabilities	302,899	93,187	396,086		396,086	249,628	63,049	312,676		312,676
Unallocated Corporate Liabilities			0	120,173	120,173			0	139,340	139,340
Total Liabilities	302,899	93,187	396,086	120,173	516,259	249,628	63,049	312,676	139,340	452,016
Capital Expenditure	260,655	52,078	312,733	1,241	313,974	188,071	102,376	290,447	3,226	293,673
Depreciation (Recouped Cost)*	115,900	42,923	158,823	606	159,429	114,157	31,769	145,927	661	146,588
Other non-cash Expenses	4,497	1,513	6,010	104	6,114	2,814	101	2,915	59	2,974

* Also includes Depletion, Amortisation Impairment loss.

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	55-54155	State Code	55
Balance Sheet Date	31-03-2011		

II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue	Right Issue
-	-
Bonus Issue	**Private Placement (Issued to employees only)**
21388725	-

III. Position of Mobilisation and Deployment of funds(Amount in ₹ Thousands)

	Total Liabilities	Total Assets
	1487664516	1487664516
Source of Funds	Paid-up Capital	Reserves & Surplus
	42777598	932266724
	Secured Loans	Unsecured Loans
	-	-
	Deferred Tax Liability	Liability For Abandonment Cost
	99503945	175642547
	Current Liability	
	237473702	
Application of Funds	Net fixed Assets	Investments
	839939842	53328371
	Current Assets	Misc. Expenditure
	586436053	7960251
	Accumulated Losses	
	-	

IV. Performance of Company (Amount In ₹ Thousands)

Turnover(Gross Revenue)	Total Expenditure
717457662	441267968
Profit /(Loss) Before Tax	Profit /(Loss) After Tax
276189694	189240020
Earning per Share in ₹	Dividend Rate %
22.12	175%*

*Post split and bonus

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)**	(A.K. Hazarika) **Chairman & Managing Director**

Place: New Delhi
Dated: May 30th, 2011

Sl. No.	Name of Subsidiary	1. The Financial Year of the Subsidiaries ends on	2. Date from which it became Subsidiaries:	3. (a) Number of shares held by Oil and Natural Gas Corporation Ltd. along with its nominees in the Subsidiaries at the end of the financial year of the Subsidiaries**
1	ONGC Videsh Limited	31st March, 2011	1st February,1994	10,00,00,000 Equity shares of ₹ 100 each
2	Mangalore Refinery and Petrochemicals Limited	31st March, 2011	30th March, 2003	1,25,53,54,097 Equity shares of ₹ 10 each
3	ONGC Nile Ganga B.V.	31st December, 2010	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, 2011	7th December, 2005	20 million shares of one Naira each
5	ONGC Amazon Alaknanda Limited*	31st March, 2011	8th August, 2006	12,000 Equity & 437,488,000 Preference shares of one USD each
6	ONGC Do Brasil Explorancao Petrolifera Ltda.	31st December, 2010	7th July, 2006	1,000 quotas of BRL 1 each
7	ONGC Campos Ltda.	31st December, 2010	16th March, 2007	353,958,050 quotas of BRL 1 each
8	ONGC Nile Ganga (Cyprus) Ltd.	31st December, 2010	26th November, 2007	241,223 Shares of 0.01 USD each
9	ONGC Nile Ganga (San Cristobal) B.V.	31st December, 2010	29th February, 2008	54,000 shares of Euro 1 each
10	ONGC Satpayev E&P B.V	31st December, 2010	7th June, 2010	18,000 shares of Euro 1 each
11	ONGC Caspian E&P B.V	31st December, 2010	7th June, 2010	36,000 shares of Euro 1 each
12	Jarpeno Limited	31st March, 2011	12th August, 2008	1,350 Equity shares of 1 EUR each & 192,210 Optionally Convertible Redeemable Preference shares of USD 1 each
13	Imperial Energy Corporation Plc.	31st March, 2011	13th January, 2009	104,607,145 shares of 0.025 GBP each
14	Imperial Energy Limited	31st March, 2011	13th January, 2009	2 share of 1 GBP
15	Imperial Energy Kostanai Limited	31st March, 2011	13th January, 2009	2 share of 1 GBP
16	Biancus Holdings Limited	31st March, 2011	13th January, 2009	1,000 shares of 1.71 EUR each
17	San Agio Investments Limited	31st March, 2011	13th January, 2009	1,000 shares of 1.71 EUR each
18	Redcliffe Holdings Limited	31st March, 2011	13th January, 2009	1,000 shares of 1.71 EUR each
19	Imperial Energy Nord Limited	31st March, 2011	13th January, 2009	11,000 shares of 1.71 EUR each
20	Imperial Energy (Cyprus) Limited	31st March, 2011	13th January, 2009	11,000 shares of 1.71 EUR each
21	Imperial Energy Tomsk Limited	31st March, 2011	13th January, 2009	1,000 shares of 1.71 EUR each
22	Imperial Energy Gas Limited	31st March, 2011	13th January, 2009	2,000 shares of 1 EUR each
23	Imperial Frac Services (Cyprus) Limited	31st March, 2011	13th January, 2009	1,000 shares of 1.71 EUR each
24	Nefsilius Holdings Limited	31st March, 2011	13th January, 2009	1,000 shares of 1.71 EUR each
25	Freshspring Investments Limited	31st March, 2011	13th January, 2009	1,000 shares of 1.71 EUR each
26	RK Imperial Energy Kostanai Limited	31st March, 2011	13th January, 2009	1,000 shares of 1.71 EUR each
27	OOO Nord Imperial	31st December, 2010	13th January, 2009	full charter capital 100,000RUR
28	OOO Allianceneftegaz	31st December, 2010	13th January, 2009	full charter capital 50,000RUR
29	OOO Sibinterneft	31st December, 2010	13th January, 2009	full charter capital 100,000RUR
30	OOO Rus Imperial Group	31st December, 2010	13th January, 2009	full charter capital 100,000RUR
31	OOO Imperial Trans Service	31st December, 2010	13th January, 2009	full charter capital 100,000RUR
32	OOO Imperial Energy Tomsk Gas	31st December, 2010	13th January, 2009	full charter capital 10,000RUR
33	OOO Stratum	31st December, 2010	13th January, 2009	full charter capital 100,000RUR
34	OOO Imperial Energy	31st December, 2010	13th January, 2009	full charter capital 10,000RUR
35	Carabobo One AB	31st March, 2011	25th February, 2010	1000 ordinary shares of 100 SEK each
36	Petro Carabobo Ganga B.V.	31st December, 2010	26th February, 2010	18,000 shares of 1 Euro each

* Including figures in respect of JV Companies.
** Includes shares held through subsidiaries also.
*** At the closing rate of exchange, there is a Foreign Exchange Translation Reserve of ₹ 14,782.60 million, which has not been adjusted.

3. (b) Extent of interest of Holding Company at the end of the financial year of the Subsidiaries	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, 2010 to 31st March, 2011 (₹ in million)***	4. (a) (ii) For the previous period (s) of the Subsidiaries since it became the Holding Company's Subsidiary (₹ in million):	4. (b) (i) For the period 1st April, 2010 to 31st March, 2011 (₹ in million)	4. (b) (ii) For the previous period (s) of the Subsidiaries since it became the Holding Company's Subsidiary (₹ in million):
100%	17,116.96	54,682.26	-	1,050.00
71.63%	8,428.22	33,776.31	1,506.42	6,151.22
Class A & B 100% Class C 77.49%	5,553.09	59,115.47	818.11	14,098.77
100%	-855.93	-517.67	-	-
100%	3,292.86	9,773.22	-	-
100%		0.00	-	-
100%	2,131.70	-1,690.84	-	-
100%	172.14	46.13	-	-
100%	3,695.15	7,333.35	-	-
100%	-0.38	0.00	-	-
100%	-8.37	0.00	-	-
100%	1,358.38	170.03	-	-
100%	0.00	1,154.25	-	-
100%	0.00	-440.14	-	-
100%	0.00	-2.59	-	-
100%	-45.55	143.08	-	-
100%	140.30	-353.43	-	-
100%	-68.33	-59.21	-	-
100%	-519.75	-388.44	-	-
100%	-415.44	-347.83	-	-
85%	-30.98	-36.13	-	-
100%	-0.91	-1.42	-	-
100%	-0.91	-1.61	-	-
100%	-3.64	-2.10	-	-
100%	-0.91	-1.46	-	-
100%	-0.91	-1.11	-	-
100%	-2,562.33	-8,956.44	-	-
100%	-1,024.93	-3,383.24	-	-
55.9% (Net Interest 47.5%)	-300.65	-307.87	-	-
100%	-341.19	-157.20	-	-
100%	-46.01	-4.44	-	-
95%	-0.91	-4.27	-	-
100%	0.00	-0.19	-	-
100%	0.00	0.00	-	-
100%	(9.53)	0.02	-	-
100%	(9.51)	(0.38)	-	-

(N K Sinha)
Company Secretary

(D K Sarraf)
Director (Finance)

(A K Hazarika)
Chairman

Place: New Delhi
Dated: May 30, 2011

(₹ in million unless otherwise stated)	2010-11	2009-10	2008-09	2007-08
FINANCIAL				
Income from Operations (Gross)	**1,279,046**	1,085,787	1,105,621	1,036,483
Statutory Levies	**246,363**	213,391	229,963	240,025
Operating Expenses	**505,663**	407,693	430,150	374,072
Exchange Loss/(Gain)	**(1,004)**	(10,671)	11,716	1,018
Profit Before Interest Depreciation & Tax (PBIDT)	**528,024**	475,374	433,792	421,368
Recouped Costs	**206,284**	187,391	155,705	139,533
Operating Income (PBIT)	**321,740**	287,983	278,087	281,835
Interest(Net)	**(21,423)**	(16,431)	(32,950)	(27,375)
Profit before Tax and Extraordinary Items	**343,163**	304,414	311,037	309,210
Extraordinary Items- Excess of Insurance Claims over BV	**0**	0	658	0
Profit before Tax	**343,163**	304,414	311,695	309,210
Corporate Tax	**114,914**	107,138	110,094	106,999
Profit after Tax	**228,249**	197,276	201,601	202,211
Share in Associates for the year	**30**	78	99	21
Profit relating to minority	**3,720**	3,319	3,747	3,509
Group Profit after Tax	**224,559**	194,035	197,953	198,723
Dividend	**74,861**	70,583	68,444	68,444
Tax on Dividend	**12,528**	11,992	12,017	12,014
Share Capital	**42,778**	21,389	21,389	21,535
Net Worth (Equity)	**1,145,312**	1,005,653	915,729	774,127
Borrowings	**42,870**	51,769	13,091	9,427
Working Capital	**178,029**	192,787	172,257	240,202
Capital Employed	**910,001**	869,009	752,781	693,329
FINANCIAL PERFORMANCE RATIOS				
PBIDT to Turnover (%)	**41.28**	43.78	39.2	40.7
PBDT to Turnover (%)	**42.96**	45.29	42.2	43.3
Profit Margin(%)- incl. extraordinary items	**17.56**	17.87	17.9	19.2
ROCE(PBIDT to Capital Employed) (%)	**58.02**	54.70	57.6	60.8
Net Profit to Equity (%)- incl. extraordinary items	**19.61**	19.29	21.6	25.7
BALANCE SHEET RATIOS				
Current Ratio	**1.24**	1.38:1	1.31:1	1.75:1
Debt Equity Ratio	**0.03**	0.05	0.01	0.01
Debtors Turnover Ratio(Days)	**28**	24	24	25
PER SHARE DATA				
Earning Per Share (₹)- before extraordinary items (Restated)*	**26.25**	22.68	23.09	23.23
Earning Per Share (₹)- after extraordinary items (Restated)*	**26.25**	22.68	23.14	23.23
Dividend (%)	**175***	330	320	320
Book Value Per Share(₹) (Restated)*	**134**	118	107	90

*Post Bonus & split in 2010-11

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)	(109,91)	(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
20.40	17.50	16.76	10.96	12.23	7.27
20.77	18.00	16.76	10.96	12.23	7.27
310	450	400	240	300	140
77	66	56	48	42	35

(₹ in million)	2010-11	2009-10	2008-09	2007-08
REVENUES				
Sales				
Crude Oil	**558,453**	527,312	491,127	543,631
Natural Gas	**135,824**	81,405	82,835	78,560
LPG	**18,368**	21,924	22,752	20,169
Naptha/Aromatic Rich Naptha	**56,342**	47,137	48,406	43,848
Ethane/Propane	**8,796**	10,249	9,890	9,291
Superior Kerosene Oil	**679**	3,255	16,701	10,775
HSD	**134**	156	61,910	48,621
Motor Spirit	**36**	27	11,062	9,159
Others	**449,008**	370,250	349,257	254,297
Price Revision Arrears	**0**	0	0	0
Sub- Total	**1,227,640**	1,061,715	1,093,940	1,018,351
Pipeline Revenue	**1,305**	3,126	5,267	4,644
Other Receipts	**41,184**	17,217	9,858	12,387
Accretion / (Decretion) in stock	**8,917**	3,729	(3,444)	1,101
Total Revenues	**1,279,046**	1,085,787	1,105,621	1,036,483
COST & EXPENSES				
Operating, Selling & General				
(a) Royalties	**126,513**	103,561	111,574	121,057
(b) Cess/ Excise Duty	**108,508**	98,831	103,571	108,838
(c) Natural Calamity Contingent Duty - Crude Oil	**1,114**	1,062	1,081	1,127
(d) Sales Tax	**3,878**	3,734	7,823	2,947
(e) Education Cess*	**1,828**	1,719	1,784	1,861
(f) Octroi & Port Trust Charges	**4,522**	4,484	4,130	4,195
Sub-total (a to f)	**246,363**	213,391	229,963	240,025
Pipeline Operations (Excluding Depreciation)	**13,943**	11,967	10,725	10,343
Other Operating Costs	**491,720**	395,726	419,425	363,729
Exchange Loss/(Gain)	**(1,004)**	(10,671)	11,716	1,018
Recouped Costs				
(a) Depletion	**78,174**	62,242	55,883	49,259
(b) Depreciation	**27,985**	20,767	21,822	27,874
(c) Amortisation	**98,773**	104,815	81,110	62,837
(d) Impairment	**1,352**	(433)	(3,110)	(437)
Sub-Total (a to d)	**206,284**	187,391	155,705	139,533
Total Cost & Expenses	**957,306**	797,804	827,534	754,648
Operating Income Before Interest &Tax	**321,740**	287,983	278,087	281,835
Interest				
-Payments	**4,375**	5,564	2,386	1,135
-Receipts	**25,798**	21,995	35,336	28,510
-Net	**(21,423)**	(16,431)	(32,950)	(27,375)
Profit before Tax and Extraordinary Items	**343,163**	304,414	311,037	309,210
Extraordinary Items- Excess of Insurance Claims over book value		0	658	0
Profit before Tax	**343,163**	304,414	311,695	309,210
Corporate Tax (Net)	**114,914**	107,138	110,094	106,999
Profit after Tax	**228,249**	197,276	201,601	202,211
Share in Associates for the year	**30**	78	99	21
Profit relating to minority	**3,720**	3,319	3,747	3,509
Group Profit after Tax	**224,559**	194,035	197,953	198,723
Profit & Loss Account Balance b/f	**116,377**	93,335	58,990	28,795
Adjustments	**(135)**	(21)	(107)	0
Dividend	**74,861**	70,583	68,444	68,444
Tax on Dividend	**12,528**	11,992	12,017	12,014
Retained Earnings For The Year	**253,412**	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)	2010-11	2009-10	2008-09	2007-08
RESOURCES				
A. Own				
1. Net Worth				
(a) Equity				
i) Share Capital	**42,778**	21,389	21,389	21,535
ii) Reserves & Surplus	**1,110,495**	992,677	900,846	759,331
Sub-Total	**1,153,273**	1,014,066	922,235	780,866
(b) Less Deffered Revenue Expenditure	**7,961**	8,413	6,506	6,739
Net Worth	**1,145,312**	1,005,653	915,729	774,127
2. Long Term Liabilities				
Net Deferred Tax Liability	**111,526**	102,912	92,231	87,376
Total Own Funds (1 + 2)	**1,256,838**	1,108,565	1,007,960	861,503
B. Minority Interest	**20,019**	16,432	14,113	11,448
C. Outside				
1. Unsecured Loans				
a) Indian Loans	**26,143**	34,550	6,015	2,079
b) Foreign Loans	**9,721**	10,260	1,492	1,458
Total Unsecured Loans	**35,864**	44,810	7,507	3,537
2. Secured Loans	**7,006**	6,959	5,584	5,890
Total Outside Resources	**42,870**	51,769	13,091	9,427
TOTAL RESOURCES (A+ B+C)	**1,319,727**	1,176,766	1,035,164	882,378
DISPOSITION OF RESOURCES				
A. Goodwill on consolidation	**89,929**	95,385	114,039	25,777
B. Block Capital		0		
1. Fixed Assets	**268,651**	243,762	184,956	193,961
2. Producing Properties (Net)	**571,896**	511,665	452,980	362,714
Less: Libility for Abandonment Cost	**198,504**	174,590	171,451	129,325
Total Block Capital	**642,043**	580,837	466,485	427,350
C. Working Capital				
a) Current Assets				
i) Inventories	**85,676**	82,400	65,424	72,985
ii) Debtors (Net of Provision)	**97,724**	71,424	71,814	70,469
iii) Cash & Bank Balances	**205,620**	149,704	156,331	186,525
iv) Deposit with Bank Under Site Restoration Fund Scheme#	**81,262**	74,138	69,624	64,034
v) Loans & Advances and Others	**119,036**	127,998	143,953	81,332
Sub-Total	**589,318**	505,664	507,146	475,345
Less				
(b) Current Liabilities and Provisions and Short Term Loans	**411,289**	312,877	334,889	235,143
Working Capital	**178,029**	192,787	172,257	240,202
D. CAPITAL EMPLOYED	**910,001**	869,009	752,781	693,329
E. INVESTMENTS	**33,561**	51,593	34,803	44,821
F. CAPITAL WORKS IN PROGRESS	**273,786**	176,039	165,222	86,351
G. EXPLORATORY/DEVELOPMENT WELLS IN PROGRESS	**102,379**	80,125	82,358	57,877
TOTAL DISPOSITION	**1,319,727**	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"), its subsidiaries, joint ventures and associates (hereinafter referred to as "Group"), as at March 31st, 2011 and the Consolidated Profit and Loss Account and the 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', 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', as notified by the Companies (Accounting Standards) Rules, 2006.

3. These financial statements include Company's share in the total value of assets, liabilities, expenditure and income of 135 blocks under New Exploration Licensing Policy (NELPs)/ Joint Venture (JVs) accounts for exploration and production out of which 12 NELPs /JVs accounts have been certified by other firms of Chartered Accountants and 7 NELP/JVs are as certified by the Management (Refer Note 24.1.4 Schedule 28 of the financial statements).

4. We did not audit the financial statements of the following Joint Venture Companies:

(₹ in million)

Sl No.	Name of Joint Venture	Company's share of Total assets	Company's share of Total Revenue
(a)	Petronet LNG Ltd.	9,322.08	16,564.02
(b)	Petronet MHB Ltd.	1,128.59	227.27
(c)	ONGC Petro Additions Ltd.	23,217.65	-
(d)	Mangalore SEZ Ltd.	1,304.33	1.87
(e)	ONGC Mangalore Petrochemicals Ltd.	5,182.75	18.47
(f)	ONGC Teri Biotech Ltd.	83.90	68.01
(g)	ONGC Tripura Power Company Limited (consolidated financial statements)	9,586.66	-
(h)	Dahej SEZ Limited (As certified by the Management)	4,215.81	281.13

These financial statements have been audited by other auditors except Dahej SEZ Limited, 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 ₹ 184,945.05 million as at March 31st, 2011 and total revenues of ₹ 399,079.93 million and net cash flow amounting to ₹ (-)3,257.98 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 ₹ 437,135.18 million as at March 31st, 2011 and total revenues of ₹ 186,831.96 million and net cash flow amounting to ₹ 20,507.87 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 by local firm of auditors:

(₹ in million)

Particulars	Total Asset	Total Liability	Revenue	Profit/(Loss) after tax for the year ended March 31st, 2011 (Consolidated)
ONGC Nile Ganga BV	116,958.73	10,497.28	106,762.94	14,890.97
Jarpeno Limited	99,988.86	28,914.79	14,813.40	(7,204.70)
ONGC Narmada Limited	79.69	1,428.74	1.40	(855.80)
ONGC Amazon Alaknanda Limited.	33,332.64	808.04	9,556.93	3,292.30

(ii) Subsidiary / Joint Venture Company unaudited, as certified by the Management:

(₹ in million)

Particulars	Total Asset	Total Liability	Revenue	Profit/(Loss) after tax for the year ended March 31st, 2011 (Consolidated)
Carabobo One AB Ltd.	(9.09)	-	-	(9.51)
ONGC Mittal Energy Ltd. (JV)	3,011.30	6,444.94	361.96	(2,494.18)

Pipeline assembly : Flow assurance studies ensure production improvement

In respect of:

I. Item no. (i) above so far it relates to amounts included, is based solely on the report of the other auditors and

II. Item no. (ii) above so far it relates to amounts included, we do not express any opinion on the same and also do not have responsibility for the 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 29 projects held in the books of the respective Subsidiary/Joint Venture as mentioned in 6(a) above and 20 projects which have been certified under respective local laws / Production Sharing Contract/ Joint Operating Agreement by local audit firm and 9 projects have been certified by the Management as detailed in Note no. 24.2.2 of Schedule 28.

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, 2011, amounting to ₹ 28.67 million based on unaudited accounts has been considered in the current year. 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 note no. 8.1 of Schedule 28 in respect of recognition of sales Revenue of crude oil and natural gas

10. We report that on the basis of information and explanations given to us and on the consideration of the audit reports on 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, 4(h) and 6 (a)(ii) above, we are of the opinion that the consolidated financial statements read with notes to accounts 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 31st, 2011; and

b. in the case of the Consolidated Profit and Loss Account, of the profit 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 M/s Kalyaniwalla & Mistry
Chartered Accountants
Firm Reg No. 104607W

(Ermin K. Irani)
Partner (Mem. No. 035646)

For M/s Arun K Agarwal & Associates
Chartered Accountants
Firm Reg No. 003917N

(Vimal Kumar Jain)
Partner (Mem. No. 086657)

For M/s S Bhandari & Co.
Chartered Accountants
Firm Reg No.000560C

(P.P.Pareek)
Partner (Mem. No. 071213)

For M/s Ray & Ray
Chartered Accountants
Firm Reg No.301072E

(B.K. Ghosh)
Partner (Mem. No. 051028)

For M/s M Kuppuswamy P S G & Co.
Chartered Accountants
Firm Reg No.001616S

(M.K. Krishnan)
Partner (Mem. No.020116)

New Delhi
May 30th, 2011

Gas collecting station at Nazira : Round-the-clock monitoring

Consolidated Balance Sheet as at 31st March, 2011

(₹ in million)

	Schedule		As at 31st March, 2011	As at 31st March, 2010
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	1	42,777.59		21,388.87
Reserves and Surplus	2	1,110,494.85		992,677.54
			1,153,272.44	1,014,066.41
MINORITY INTEREST			20,018.84	16,431.65
LOAN FUNDS				
Secured Loans	3	7,005.86		6,959.27
Unsecured Loans	4	55,906.47	62,912.33	55,709.98
DEFERRED TAX LIABILITY			111,764.56	103,076.90
LIABILITY FOR ABANDONMENT COST			198,503.71	174,590.37
TOTAL			1,546,471.88	1,370,834.58
APPLICATION OF FUNDS				
GOODWILL ON CONSOLIDATION				
Gross		109,769.68		110,742.82
Less: Amortisation		19,841.11		15,357.36
NET			89,928.57	95,385.46
FIXED ASSETS	5			
Gross Block		999,484.10		901,926.40
Less: Depreciation and Impairment		730,833.46		658,164.47
NET BLOCK		268,650.64		243,761.93
CAPITAL WORKS-IN-PROGRESS	6	273,786.29		176,013.47
			542,436.93	419,775.40
PRODUCING PROPERTIES	7			
Gross Cost		1,170,870.96		1,031,074.13
Less: Depletion and Impairment		598,974.63		519,409.15
NET PRODUCING PROPERTIES			571,896.33	511,664.98
EXPLORATORY/DEVELOPMENT WELLS -IN-PROGRESS	8		102,378.94	80,124.91
INVESTMENTS	9		33,560.97	51,593.14
DEFERRED TAX ASSETS			238.20	164.69
CURRENT ASSETS, LONES AND ADVANCES				
Inventories	10	85,675.65		82,401.43
Sundry Debtors	11	97,723.85		71,423.52
Cash and Bank Balances	12A	205,620.14		149,702.47
Deposit with Bank Under Site Restoration Fund Scheme	12B	81,262.48		74,138.43
Other Current Assets	13	9,129.88		7,456.63
Loans and Advances	14	109,905.74		120,566.90
		589,317.74		505,689.38
LESS: CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities	15	340,365.98		226,818.90
Provisions	16	50,880.40		75,157.72
		391,246.38		301,976.62
NET CURRENT ASSET			198,071.36	203,712.76
MISCELLANEOUS EXPENDITURE	17		7,960.58	8,413.24
(To the extent not written off or adjusted)				
TOTAL			1,546,471.88	1,370,834.58
SIGNIFICANT ACCOUNTING POLICIES	27			
NOTES TO THE ACCOUNTS	28			

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)

(A. K. Hazarika)
Chairman & Managing Director

In terms of our report of even date attached

For Kalyaniwalla & Mistry
Chartered Accountants
Firm Reg. No. 104607W
(Ermin K. Irani)
Partner (Mem .No. 035646)

For Arun K. Agarwal & Associates
Chartered Accountants
Firm Reg. No. 003917N
(Vimal Kumar Jain)
Partner (Mem. No. 086657)

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C
(P.P.Pareek)
Partner (Mem. No. 071213)

For Ray & Ray
Chartered Accountants
Firm Reg. No. 301072E
(B.K.Ghosh)
Partner (Mem. No. 051028)

For M. Kuppuswamy P S G & Co.
Chartered Accountants
Firm Reg. No. 001616S
(M.K.Krishnan)
Partner (Mem. No. 020116)

New Delhi
May 30th, 2011

Consolidated Profit and Loss Account for The Year Ended 31st March, 2011

(₹ in million)

	Schedule	2010-11	2009-10
INCOME			
Gross Sales	18	1,227,685.75	1,061,688.44
Less : Excise Duty		51,534.46	44,142.77
Net Sales		1,176,151.29	1,017,545.67
Other Income	19	69,289.33	52,708.18
		1,245,440.62	1,070,253.85
EXPENDITURE			
(Increase)/ Decrease in stock	20	(8,916.91)	(3,728.81)
Purchases		0.64	37.92
Production, Transportation, Selling and Distribution Expenditure	21	684,645.19	571,725.94
Depreciation, Depletion, Amortisation and Impairment	22	206,263.38	187,188.30
Financing Costs	23	4,374.43	5,021.90
Provisions and Write-offs (Net)	24	15,799.01	5,995.57
Adjustments relating to Prior Period (Net)	25	111.71	(400.61)
		902,277.45	765,840.21
Profit before Tax		343,163.17	304,413.64
Provision for Taxation			
Current Tax (including Wealth Tax ₹ 130.75 million Previous year ₹ 141.11 million)		114,051.32	95,756.65
For Earlier years		(7,853.61)	(176.45)
Deferred Tax		8,795.93	11,557.72
Fringe Benefit Tax		(80.20)	-
Profit after Taxation		228,249.73	197,275.72
Add: Share of Profit/(Loss) in Associate		30.00	78.13
Less: Share of Profit/(Loss)- Minority Interest		3,720.41	3,318.53
Group Profit after Tax		224,559.32	194,035.32
Surplus at the beginning		116,377.36	93,335.23
Excess provision for dividend in earlier years		1.47	-
Adjustment due to Change in holding/other adjustment		(136.74)	(21.32)
BALANCE AVAILABLE FOR APPROPRIATION		340,801.41	287,349.23
APPROPRIATIONS			
Proposed Dividend on Equity Shares		6,416.62	32,083.09
Tax on Proposed Dividend		1,412.54	5,705.15
Interim Dividend		68,443.92	38,499.71
Tax on Interim Dividend		11,115.52	6,287.01
Transfer to General Reserve		104,795.62	87,242.72
Transfer to Debenture Redumption Reserve		4,307.64	1,154.19
Balance carried to Balance Sheet		144,309.55	116,377.36
		340,801.41	287,349.23
Earning per Equity Share - Basic and Diluted/(restated) (₹)	26	26.25	22.68
(Face Value ₹ 5/-Per Share) (Previous Year Face Value ₹ 10/-Per Share)			
SIGNIFICANT ACCOUNTING POLICIES	27		
NOTES TO THE ACCOUNTS	28		

Schedules referred to above form an integral part of the Profit & Loss Accounts

For and On behalf of the Board

(N. K. Sinha) **Company Secretary**	(D. K. Sarraf) **Director (Finance)**	(A. K. Hazarika) **Chairman & Managing Director**

In terms of our report of even date attached

For Kalyaniwalla & Mistry **Chartered Accountants** **Firm Reg. No. 104607W** (Ermin K. Irani) **Partner (Mem .No. 035646)**	**For Arun K. Agarwal & Associates** **Chartered Accountants** **Firm Reg. No. 003917N** (Vimal Kumar Jain) **Partner (Mem. No. 086657)**	**For S. Bhandari & Co.** **Chartered Accountants** **Firm Reg. No. 000560C** (P.P.Pareek) **Partner (Mem. No. 071213)**
For Ray & Ray **Chartered Accountants** **Firm Reg. No. 301072E** (B.K.Ghosh) **Partner (Mem. No. 051028)**	**For M. Kuppuswamy P S G & Co.** **Chartered Accountants** **Firm Reg. No. 001616S** (M.K.Krishnan) **Partner (Mem. No. 020116)**	

New Delhi
May 30th, 2011

Schedule to the Consolidated Balance Sheet
SCHEDULE-1

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
SHARE CAPITAL		
Authorised:		
30,000,000,000 Equity Shares of ₹ 5 each	**150,000.00**	150,000.00
(Previous Year 15,000,000,000 Equity Shares of ₹ 10 each)		
Issued and Subscribed:		
8,555,528,064 Equity Shares of ₹ 5 each	**42,777.64**	21,388.92
(Previous Year 2,138,891,502 Equity Shares of ₹ 10 each		
Paid up:		
8,555,490,120 Equity Shares of ₹ 5 each	**42,777.45**	21,388.73
(Previous Year 2138,872,530 Equity Shares of ₹ 10 each)		
Add: Share forfeited	**0.14**	0.14
TOTAL	**42,777.59**	**21,388.87**

Notes :

(i) Pursuant to approval of the members Dated 28.01.2011 one Equity share having face value ₹ 10/- each has been sub-divided into two Equity share of ₹ 5/- each and bonus shares have been issued in the proportion of one new Equity bonus share of ₹ 5/- each for every one existing fully paid equity share of ₹ 5/- each held on 09-02-2011 (Record Date)

(ii) The above includes:

(a) 685,707,432 Equity shares of face value of ₹ 5 each [Previous year 342,853,716 Equity shares of face value of ₹ 10 each] 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.

(b) 7,856,540,812 Equity Shares of face vale of ₹ 5/- each [previous Year 1,789,397,876 Equity shares of face value of ₹ 10/-each] issued as fully paid up by way of bonus shares by capitalisation of General Reserve & Securities Premium Accounts.

Schedule to the Consolidated Balance Sheet
SCHEDULE-2

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
RESERVES AND SURPLUS			
Capital Reserve *			
a) As per Last Balance Sheet**	1,015.06		1,103.02
b) Addition/(deduction) during the year	(6.15)		(87.96)
		1,008.91	1,015.06
Capital Redemption Reserve			
a) As per Last Balance Sheet		0.09	0.09
Securities Premium Account			
a) As per Last Balance Sheet	312.45		312.45
b) Less: Bonus share issued	168.12		-
		144.33	312.45
Deferred Government Grant			
a) As per Last Balance Sheet	39.45		44.73
b) Less : Transfer to General Reserve***	4.72		5.28
		34.73	39.45
Insurance Reserve			
a) As per Last Balance Sheet	2,500.00		2,500.00
b) Less: Transfer to General Reserve	2,500.00	-	-
			2,500.00
Foreign Exchange Translation Reserve			
a) As per Last Balance Sheet	(4,115.28)		15,399.10
b) Addition/(deletion)	2,181.46		(19,514.38)
		(1,933.82)	(4,115.28)
General Reserve			
a) As per Last Balance Sheet	875,394.22		788,151.50
b) Add: Transferred from Insurance reserve	2,500.00		-
c) Add: Transferred from Profit and Loss Account	104,795.62		87,242.72
c) Less : Bonus Shares issued	21,220.61		-
		961,469.23	875,394.22
Profit and Loss Account		144,309.55	116,377.36
Debenture Redumption Reserve			
a) As per Last Balance Sheet	1,154.19		
b) Transferred from Profit and Loss Account	4,307.64		1,154.19
		5,461.83	1,154.19
TOTAL		1,110,494.85	992,677.54

Note: Includes ₹ (-) 3075.31 million share of jointly controlled entities. (Previous year ₹ (-) 380.82 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, 2011	As at 31st March, 2010
SECURED LOANS			
(a) Rupee Term Loans			
- From Banks	3,508.85		3,334.26
- From Financial Institutions	855.74		372.13
- From Others	1,950.70	6,315.29	1,009.62
(b) Working Capital facilities			
- Rupee Loans from Banks		690.57	2,243.26
TOTAL		7,005.56	6,959.27

Note : Includes ₹ 4,978.74 million of jointly controlled entities (Previous year ₹ 3,537.92 milllion)

SCHEDULE-4

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
UNSECURED LOANS		
(a) Short Term Loan		
Bank Loan	20,042.97	-
Other Loan		
- Commerial Paper	-	10,900.00
- Other Loans	-	8,407.30
(b) Long Term Loan		
Banks/Financial Institutions (Foreign Currency Loan)	8,944.00	9,325.80
Other Loan		
- Sales Tax Deferment Loan	2,742.62	2,742.62
- Non - Recourse deferred credit (Foreign Currency Loan)	776.88	934.26
- Non Convertible Redeemable Bonds	23,400.00	23,400.00
TOTAL	55,906.47	55,709.98
Repayable within one year	28,111.24	19,360.74

Note: Includes ₹ 27,264.79 million share of jointly controlled entities. (Previous year ₹ 14,188.35 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, 2010	Additions during the year	Deletions/ adjustments during the year	**As at 31st March, 2011**	Upto 31st March 2010	For the Year			Deletions/ Adjustments during the year	**Upto 31st March 2011**	**As at 31st March, 2011**	As at 31st March, 2010
						Depreciation	Impairment					
							Charged	Reversed				
Land I) Freehold	2,356.51	453.61	(0.01)	**2,810.13**	13.85	-	-	0.36	-	**13.49**	**2,796.64**	2,342.66
ii) Leasehold	9,664.54	330.01	(2,550.42)	**12,544.97**	364.65	173.02	-	-	(91.66)	**629.33**	**11,915.64**	9,299.89
Buildings and Bunk Houses	22,048.68	4,578.73	356.74	**26,270.67**	8,503.92	940.36	-	0.47	(12.46)	**9,456.27**	**16,814.40**	13,544.76
Railway Sidings	134.62	0.06	-	**134.68**	83.82	1.05	-	-	-	**84.87**	**49.81**	50.80
Plant and Machinery I) Owned	841,748.83	113,582.65	23,386.39	**931,945.09**	634,001.38	81,081.95	596.46	141.43	10,979.96	**704,558.40**	**227,386.69**	207,747.45
ii) Leased	428.13	-	428.13	**-**	-	-	-	-	-	**-**	**-**	428.13
Furniture and Fittings	12,623.57	1,140.59	466.99	**13,297.17**	5,730.33	1,369.16	1.33	1.23	332.65	**6,766.94**	**6,530.23**	6,893.24
Vehicles, Survey Ships, Crew Boats, Aircrafts and Helicopters	6,782.12	494.76	1,211.17	**6,065.71**	5,495.22	419.21	-	1.13	1,266.37	**4,646.93**	**1,418.78**	1,286.90
	895,787.00	120,580.41	23,298.99	**993,068.42**	654,193.17	83,984.75	597.79	144.62	12,474.86	**726,156.23**	**266,912.19**	241,593.83
Intangibles	6,139.40	298.75	22.47	**6,415.68**	3,971.30	719.13	-	0.01	13.19	**4,677.23**	**1,738.45**	2,168.10
TOTAL	901,926.40	120,879.16	23,321.46	**999,484.10**	658,164.47	84,703.88	597.79	144.63	12,488.05	**730,833.46**	**268,650.64**	243,761.93
Previous year	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
The above includes the Corporation's share in Joint Venture Assets	135,066.99	44,515.88	9,289.84	**170,293.03**	81,684.78	29,733.95	100.71	-	11,878.69	**99,640.75**	**70,652.28**	
Previous year	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**	

Notes:
1. Additions to Plant and Machinery are net of ₹ 100.23 million on account of foreign currency translation adjustment during the year (previous year ₹ (-) 3,122.02 million)
2. Land includes land in respect of 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. Net Block ₹ 29.92 million (Previous Year ₹4.19 million).
5. Net Fixed Assets include ₹ 9057.24million share of jointly controlled entities. (Previous year ₹ 6,741.12 million)
6. Depreciation for the year includes ₹204.29 million taken to prior period. (Previous year ₹ 119.66 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. Building includes cost of undivided interest in land

Schedule to the Consolidated Balance Sheet
SCHEDULE-6

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
CAPITAL WORKS-IN-PROGRESS			
Buildings		**1,954.10**	776.45
Plant and Machinery*		**202,789.75**	117,721.86
Overseas Projects		**39,551.96**	33,029.36
Advances for Capital Works and Progress Payments		**28,512.09**	12,026.79
Capital Stores (including in transit)	**1,550.57**		1,457.20
Less: Provision for Non Moving Items	**49.27**	**1,501.30**	43.26
Others		**631.95**	12,003.23
		274,941.15	**176,971.63**
Less : Impairment			
Opening balance	**958.16**		701.26
Impairment provided for the year	**553.14**		364.17
Transfer to Fixed Assets	**(355.48)**		(61.64)
Reversed during the year	**(0.96)**		(45.63)
		1,154.86	958.16
CAPITAL WORKS- IN- PROGRESS		**273,786.29**	**176,013.47**

Note: Includes ₹ 41,564.40 million share of jointly controlled entities.(Previous year ₹ 21,413.91 million)

* Includes ₹ 1,352.03 million on account of capitalisation of borrowing cost.(Previous year ₹ 583.55 million)

SCHEDULE-7

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
PRODUCING PROPERTIES			
Gross Cost			
Opening Balance		**1,031,074.13**	913,234.25
Acquisition Cost	**164.99**		698.97
Expenditure during the year	**24,598.92**		10,876.01
Depreciation on facilities	**36,389.62**		29,119.11
Transfer from Exploratory Wells-in-Progress	**3,816.05**		16,218.44
Transfer from Development Wells-in-Progress	**48,166.03**		63,862.33
Increase / (Decrease) in estimated Abondonment Cost	**23,384.81**		2,951.59
Foreign Currency Translation Adjustments	**3,460.36**		(9,467.40)
Other Adjustments	**(183.95)**		3,580.83
		139,796.83	117,839.88
Total		**1,170,870.96**	**1,031,074.13**
Less: Depletion & Impairment			
Opening Balance	**519,409.15**		460,253.83
Depletion for the Year	**78,169.56**		62,242.14
Transfer of Impairment from Development Wells in Progress	**0.57**		17.96
Foreign Currency Translation Adjustments	**1,289.53**		(5,361.49)
Impairment provided for the year	**136.20**		11.50
Write back / Reversed during the year	**(34.93)**		(758.24)
Other Adjustments	**4.55**		3,003.45
TOTAL		**598,974.63**	**519,409.15**
NET PRODUCING PROPERTIES		**571,896.33**	**511,664.98**

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, 2011	As at 31st March, 2010
EXPLORATORY/DEVELOPMENT WELLS -IN-PROGRESS			
A) EXPLORATORY WELLS-IN-PROGRESS			
Gross Cost			
Opening Balance		67,696.54	69,047.13
Expenditure during the year	87,727.73		87,454.80
Less : Sale proceeds of Oil and Gas (Net of levies)	369.82	87,357.91	38.43
Depreciation during the year		5,415.22	7,671.69
		160,469.67	164,135.19
Less:			
Transfer to Producing Properties	3,816.05		16,218.44
Wells written off during the year	73,175.23		72,124.75
Other Adjustments	(170.79)		8,720.82
Foreign Currency Translation Adjustments	853.21		(625.36)
		82,795.97	67,696.54
Less: Provision for Dry Wells		9,449.50	9,409.63
EXPLORATORY WELLS-IN-PROGRESS		73,346.47	58,286.91
B) DEVELOPMENT WELLS-IN-PROGRESS (A)			
Opening Balance	21892.87		21,908.76
Expenditure during the year	49,833.23		50,718.54
Depreciation during the year	5,344.63		4,979.20
Other Adjustments	(5.30)		8,519.55
Foreign Currency Translation Adjustments	432.95		(370.85)
Less: Transfer to Producing Properties	48,166.03		63,862.33
		29,332.35	21,892.87
Less : Impairment			
Opening balance	54.87		67.49
Transfer to Producing Properties	(0.57)		(17.96)
Provision for the year	247.60		5.83
Write back / Reversed during the year	(2.02)		(0.49)
		299.88	54.87
DEVELOPMENT WELLS - IN - PROGRESS (B)		29,032.47	21,838.00
EXPLORATORY/DEVELOPMENT WELLS -IN-PROGRESS (A+B)		102,378.94	80,124.91

Note: Includes ₹ Nil million share of jointly controlled entities (Previous year ₹ 1,376.59 million).

Schedule to the Consolidated Balance Sheet
SCHEDULE-9

(₹ in million)

	No. of Shares/ Bonds/Units	Face Value per Share/ Bond/Unit (in ₹)	As at 31st March, 2011	As at 31st March, 2010
INVESTMENTS				
LONG-TERM INVESTMENTS (FULLY PAID UP)				
A. TRADE INVESTMENT				
1 Equity Shares (Quoted)				
i) Indian Oil Corporation Limited	212,906,190	10	**13,720.49**	13,720.49
ii) GAIL (India) Limited	61,259,323	10	**2,451.06**	2,451.06
2 Equity Shares (Unquoted)				
Investment in Associates				
i) Pawan Hans Helicopter Limited	120,350	10,000	**2,052.41**	1,063.91
(Net of Capital Reserve of ₹ 285.32 million)	(24,500)			
Investment in Others				
i) Oil Spill Response Ltd.	100	*	**0.01**	0.01
ii) Adani Petronet (Dahej) Port Pvt. Ltd.	9,166,875 (8,464,375)	10	**91.67**	84.65
iii) Dahej SEZ Ltd.	- (24,800)	10	**-**	0.25
vi) Bharuch Dahej Railway Company Limited(BDRCL)	4,960,000 (-)	10	**49.60**	-
3 Oil Companies Govt. of India Special Bonds (Unquoted)				
i) 7% Government of India Special Bonds 2012	879,185	10,000	**8,791.85**	8,791.85
ii) 8.40% Oil Companies' Govt. of India Special Bonds 2025	197,370	10,000	**1,973.70**	1,973.70
TOTAL TRADE INVESTMENTS			**29,130.79**	**28,085.92**
B. NON-TRADE INVESTMENTS (Unquoted)				
12% UP State Development Loan-2011	1	500,000	**0.50**	0.50
In Central Govt. Securities (long term)	1	500,000,000	**62.35**	62.35
Mutual Funds			**4,367.33**	23,444.37
TOTAL NON TRADE INVESTMENTS			**4,430.18**	**23,507.22**
Total			**33,560.97**	**51,593.14**
Total Quoted Investments			**16,171.55**	**16,171.55**
Total Unquoted Investments			**17,389.42**	**35,421.59**
TOTAL			**33,560.97**	**51,593.14**
Total Market value of Quoted Investments			**99,290.15**	**81,084.45**

*GBP one each, total value ₹ 6,885/-
Figures in parenthesis relate to previous year
Note: Includes ₹ 2,648.03 million share of jointly controlled entities.(Previous year ₹ 1,064.57 million)

Schedule to the Consolidated Balance Sheet

SCHEDULE-10

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
INVENTORIES			
Finished Goods (Including Carbon Credits)		**25,461.55**	19,275.18
Stock in Process		**2,414.79**	1,090.92
Raw Material			
- in hand	**7,559.99**		10,547.66
- in transit	**10,583.23**		5,400.09
		18,143.22	15,947.75
Stores and spare parts			
- in hand	**41,790.57**		46,734.36
- in transit (including inter-project transfers)	**2,553.98**		3,510.15
	44,344.55		50,244.51
Less: Provision for Non- Moving Stores and Spare parts	**4,808.24**		4,269.02
		39,536.31	45,975.49
Unserviceable Items		**119.78**	112.09
TOTAL		**85,675.65**	**82,401.43**

Note: Includes ₹ 383.49 million share of jointly controlled entities (Previous year ₹ 344.73 million)

SCHEDULE-11

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
SUNDRY DEBTORS			
(Unsecured, Considered Good unless otherwise stated)			
Debts - Outstanding for a period exceeding six months :			
- Considered Good	**17,604.67**		2,054.36
- Considered Doubtful	**3,704.63**		3,444.96
Other debts :		**21,309.30**	5,499.32
- Considered Good	**80,119.18**		69,369.16
- Considered Doubtful	**646.48**		21.07
		80,765.66	69,390.23
		102,074.96	74,889.55
Less: Provision for Doubtful Debts		**4,351.11**	3,466.03
TOTAL		**97,723.85**	71,423.52

Note: Includes ₹ 1,231.12 million share of jointly controlled entities. (Previous year ₹ 662.79 million)

Schedule to the Consolidated Balance Sheet
SCHEDULE-12

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
A) CASH AND BANK BALANCES		
Cash balance on Hand	**13.83**	15.08
Balances with Scheduled Banks in:		
Current Accounts	**11,031.70**	7,463.09
Fixed Deposits	**186,207.28**	135,431.64
Balances with Non-Scheduled Banks	**8,367.33**	6,792.66
TOTAL	**205,620.14**	149,702.47
B) Deposit with Bank Under Site Restoration Fund Scheme*	**81,262.48**	74,138.43

Note: Includes ₹ 9,127.38 million share of jointly controlled entities (Previous year ₹ 2,370.84 million)

*Deposited u/s 33ABA of the Income Tax Act, 1961 and can be withdrawn only for the purposes specified in the Scheme.

SCHEDULE-13

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
OTHER CURRENT ASSETS			
(Unsecured, Considered Good unless otherwise stated)			
Interest Accrued On			
- Investments		**37.85**	37.85
- Deposits with Banks/PSUs/Financial Institutions		**4,304.23**	4,353.63
- Others			
- Considered Good	**3,076.80**		3,010.86
- Considered Doubtful	**27.05**		24.20
	3,103.85		3,035.06
Less: Provision	**27.05**		24.20
		3,076.80	3,010.86
Gas Subsidy Receivable from Govt. of India (GoI)		**1,641.99**	-
Costs on ongoing Projects		**11.55**	25.74
Other Accounts pending adjustments			
- Considered Good	**57.46**		28.55
- Considered Doubtful	**575.13**		430.79
	632.59		459.34
Less: Provision for Doubtful Accounts	**575.13**		430.79
		57.46	28.55
TOTAL		**9,129.88**	7,456.63

Note: Includes ₹ 28.07 million share of jointly controlled entities (Previous year ₹ 5.03 million)

Schedule to the Consolidated Balance Sheet
SCHEDULE-14

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
LOANS AND ADVANCES			
Loans to Public Sector Undertakings & Other Body Corporate		**684.47**	1,024.51
Advance against equity pending allotment		**10,008.96**	7,058.01
Loans and Advances to Employees		**8,770.18**	9,361.78
Advances Recoverable in Cash or in Kind or for Value to be received		**57,439.51**	55,160.22
Recoverable from Petroleum Planning & Analysis cell (PPAC)		**6.36**	6.36
Carry finance		**7,752.91**	7,723.69
Insurance Claims		**35.96**	33.82
Investment in Lease		**3,543.59**	5,697.53
Deposits:			
a) With Customs/Port Trusts etc.	**46.72**		54.70
b) With Financial Institutions/PSUs	**-**		15,000.00
c) Others	**6,986.58**		6,955.53
		7,033.30	22,010.23
		95,275.24	108,076.15
Less : Provision for Doubtful Claims/advances		**16,818.75**	13,167.61
		78,456.49	94,908.54
Advance payment of Direct Tax	**367,870.35**		353,439.67
Less: Provision for taxation	**336,421.10**		327,781.31
		31,449.25	25,658.36
		109,905.74	**120,566.90**
Particulars of loans and advances:			
Secured	**7,811.58**		6,446.24
Unsecured - Considered Good	**102,094.16**		114,120.66
- Considered Doubtful	**16,818.75**		13,167.61
		126,724.49	133,734.51
Less : Considered Doubtful and provided for		**16,818.75**	13,167.61
TOTAL		**109,905.74**	**120,566.90**

Note: Includes ₹ 1,650.96 million share of jointly controlled entities. (Previous year ₹ 761.64 million)

Loans to employees include an amount of ₹ 0.35 million (Previous year ₹ 0.70 million) outstanding from whole time Directors. Maximum amount outstanding during the year ₹ 0.66 million. (Previous year ₹ 4.27 million)

Schedule to the Consolidated Balance Sheet
SCHEDULE-15

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
CURRENT LIABILITIES		
Sundry Creditors for Supplies / Works :		
- Micro, Small & Medium Enterprises	**10.89**	10.95
- Other than Micro, Small & Medium Enterprises	**186,528.96**	130,496.53
Liability for Royalty/Cess/Sales tax etc.	**12,855.55**	10,792.05
Unpaid Matured debentures *	**-**	4.28
Unclaimed Interest on debentures *	**0.19**	0.74
Unclaimed Dividend*	**222.85**	177.15
Liability for Gratuity	**1,742.99**	498.70
Deposits from Suppliers/Contractors	**43,482.13**	5,106.41
Deferred Credit on Gas Sales	**20.80**	3.61
Liability for employees	**9,349.22**	10,374.80
Other Liabilities	**85,629.77**	69,353.68
Interest Accrued but not due on loans	**522.63**	-
TOTAL	**340,365.98**	**226,818.90**

Note: Includes ₹ 11,041.89 million share of jointly controlled entities (Previous year ₹ 4,497.88 million)

*No amount is due for Payment to Investor Education and Protection Fund

SCHEDULE-16

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
PROVISIONS		
Proposed Dividend	**6,416.62**	32,083.08
Tax on Proposed Dividend	**1,412.54**	5,705.15
Leave Encashment	**16,630.27**	14,245.94
Post Retirment Medical & Terminal Benefit	**17,757.35**	14,877.25
Others	**8,663.62**	8,246.30
TOTAL	**50,880.40**	**75,157.72**

Note: Includes ₹ 582.43 million share of jointly controlled entities (Previous year ₹ 206.98 million)

Schedule to the Consolidated Balance Sheet
SCHEDULE-17

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Deferred Revenue Expenditure		
Dry Docking Charges	**6,117.60**	6,612.99
Mobilisation Charges	**1,842.98**	1,800.25
TOTAL	**7,960.58**	**8,413.24**

Note: Includes ₹ 0.33 million share of jointly controlled entities (Previous year ₹ 0.08 million).

Schedule to the Consolidated Profit and Loss Account
SCHEDULE-18

(₹ in million)

	For the Year 2010-11		For the Year 2009-10
GROSS SALES			
Gross Sales		**1,243,502.62**	1,077,159.43
Less :			
Transfer to Exploratory Wells in Progress	**472.11**		52.70
Government of India's (GoI's) share in Profit Petroleum	**15,344.76**		15,418.29
		15,816.87	15,470.99
TOTAL		**1,227,685.75**	**1,061,688.44**

Note: Includes ₹ 18,237.88 million share of jointly controlled entities. (Previous year ₹ 14,442.57 million)

Schedule to the Consolidated Profit and Loss Account
SCHEDULE-19

(₹ in million)

		For the Year 2010-11	For the Year 2009-10
OTHER INCOME			
Contractual Short Lifted Gas Receipts		**68.89**	26.88
Pipeline Transportation Receipts		**1,305.22**	3,125.91
North -East Gas Subsidy		**1,556.41**	-
Surplus from Gas pool Account		**21,914.90**	4,415.79
Other Contractual Receipts		**958.41**	1,541.51
Lease Income		**254.03**	317.82
Income from Trade Investments :			
Dividend on Long term Investments	**3,571.63**		1,479.22
Interest on Long Term Investments	**795.24**		783.97
Profit on sale of Investment	**0.57**		0.55
		4,367.44	2,263.74
Income from Non Trade Investments :			
Interest on Long Term Investments	**0.06**		0.06
Dividend on Current Investments	**679.92**		490.57
		679.98	490.63
Interest Income on :			
Deposits with Banks/Financial Institutions	**12,487.57**		13,965.44
(Tax deducted at source ₹ 1,191.38 million, Previous year ₹ 2120.82 million)			
Loans and Advances to Employees	**367.63**		315.60
Income Tax Refund	**49.09**		2.91
On Site Restoration Fund Deposit	**6,491.31**		4,267.83
Delayed Payment from Customers and Others	**1,345.78**		688.38
(Tax deducted at source ₹ 41.09 million, Previous year ₹ 50.98 million)		**20,741.38**	19,240.16
Excess Provisions written back		**6,873.60**	766.26
Liabilities no longer required written back		**731.82**	913.03
Exchange Gain (net)		**1,170.67**	10,651.21
Miscellaneous Receipts*		**8,666.58**	8,955.24
TOTAL		**69,289.33**	**52,708.18**

Note: Includes ₹ 3,371.22 million share of jointly controlled entities.(Previous year ₹ 102.50 million)

*Miscellaneous Receipts includes ₹ 216.27 million in respect of Profit on sale of Vessels

SCHEDULE-20

(₹ in million)

		For the Year 2010-11	For the Year 2009-10
(INCREASE)/DECREASE IN STOCKS			
Closing Stock			
Stock in Process	**850.89**		1,090.92
Finished Products	**25,468.53**		17,197.60
		26,319.42	18,288.52
Opening Stock			
Stock in Process	**1,090.92**		692.84
Finished Products	**17,194.95**		14,695.31
Less : Adjustment	**883.36**		828.44
		17,402.51	14,559.71
NET (INCREASE)/DECREASE IN STOCK		**(8,916.91)**	**(3,728.81)**

Schedule to the Consolidated Profit and Loss Account
SCHEDULE-21

(₹ in million)

	For the Year 2010-11	For the Year 2009-10
PRODUCTION, TRANSPORTATION, SELLING AND DISTRIBUTION EXPENDITURE		
Royalty	**126,528.57**	103,592.72
Cess	**56,962.72**	54,538.03
Sales Tax	**3,878.45**	3,733.74
Natural Calamity Contingent Duty	**1,113.96**	1,061.67
Excise Duty on Stocks (Net)	**10.57**	150.29
Service Tax	**2,017.80**	906.88
Education Cess	**1,828.44**	1,718.99
Octroi and Port Trust Charges	**4,522.45**	4,484.28
Staff Expenditure	**17,155.48**	14,070.70
Workover Operations	**27,851.95**	31,172.60
Water Injection, Desalting and Demulsification	**12,710.45**	11,037.73
Consumption of Raw material, Stores and Spares & etc.	**321,430.92**	257,080.89
Pollution Control	**5,048.63**	4,315.68
Transport Expenses	**4,016.56**	3,235.67
Insurance	**1,139.31**	1,185.45
Power and Fuel	**1,644.62**	1,347.28
Repairs and Maintenance	**9,409.08**	6,700.45
Contractual payments including Hire charges etc.	**7,890.14**	6,410.32
Other Production Expenditure	**23,187.38**	19,310.75
Transportation and Freight of Products	**13,943.39**	11,966.97
Research and Development	**3,582.44**	1,985.78
General Administrative Expenses	**21,821.51**	20,430.78
Hedging (Gain)/Loss	**41.85**	(19.42)
Adjustments for overlift/(underlift)	**(283.32)**	-
Written Back of income due to Surender of sudan pipeline	**5,079.72**	-
Other Expenditure	**12,112.12**	11,307.71
TOTAL	**684,645.19**	**571,725.94**

Note: Includes ₹ 16,759.93 million share of jointly controlled entities (Previous year ₹ 12,420.93 million).
The above expenses classified in accordance with Part II of Schedule VI to the Companies Act, 1956 and exhibited in Note no. 27.4 of Schedule 28.

Schedule to the Consolidated Profit and Loss Account
SCHEDULE-22

(₹ in million)

		For the Year 2010-11	For the Year 2009-10
DEPRECIATION, DEPLETION, AMORTISATION AND IMPAIRMENT			
Survey		**20,593.33**	26,549.04
Pre Acquisition Expenditure		**375.98**	243.51
Wells Written off		**73,077.74**	72,959.78
Amortisation of Goodwill		**5,050.42**	4,978.91
Depletion		**78,033.54**	62,242.14
Depreciation*	**84,515.61**		63,710.72
Less : Allocated to :			
Survey	**1,051.59**		1,181.07
Exploratory Drilling	**5,415.22**		7,671.69
Development Drilling	**5,344.63**		4,979.20
Depreciation on Facilities	**36,389.62**		29,119.11
Others	**8,534.38**		112.01
	56,735.44		43,063.08
		27,780.17	20,647.64
Impairment loss			
During the year	**1,534.73**		553.44
Less : Reversal during the year	**182.53**		986.16
		1,352.20	(432.72)
TOTAL		**206,263.38**	**187,188.30**

Note: Includes ₹ 2,852.81 million share of jointly controlled entities. (Previous year ₹ 712.44 million)

*Refer Note 2.1 of Schedule 28

SCHEDULE-23

(₹ in million)

	For the Year 2010-11	For the Year 2009-10
FINANCING COSTS		
(I) Interest:		
On Fixed Loans		
- Foreign Currency Loans	**1.22**	5.33
- Term Loans from Banks	**396.97**	254.34
On Others		
- Cash Credit	**3.01**	11.75
- Others	**2,550.80**	1,037.26
(ii) Lease Finance Charges	**1,154.83**	463.30
(iii) Discount on Commercial Papers	**267.60**	3,249.92
TOTAL	**4,374.43**	**5,021.90**

Note: Includes ₹ 332.48 million share of jointly controlled entities. (Previous year ₹ 288.07 million)

Schedule to the Consolidated Profit and Loss Account
SCHEDULE-24

(₹ in million)

		For the Year 2010-11	For the Year 2009-10
PROVISIONS AND WRITE-OFFS			
PROVISIONS			
Provision for Doubtful Debts		**1,421.35**	1,160.60
Provision for Doubtful Claims/Advances		**3,721.06**	1,845.73
Provision against Non-Moving Inventories		**585.62**	145.49
Provison for Others		**1,317.98**	93.20
Sub-Total		**7,046.01**	**3,245.02**
WRITE-OFFS			
Loss on Disposal/Condemnation of Fixed Assets (Net)		**224.12**	71.58
Claims/Advances Written Off	**8.26**		42.90
Less: Provisions	**8.15**		-
		0.11	114.48
Inventories Written Off		**96.24**	105.03
Bad debts Written Off	**239.14**		224.97
Less: Provisions	**28.64**		207.80
		210.50	17.17
Other Write offs		**8,222.03**	2,513.87
Sub-Total		**8,753.00**	**2,750.55**
TOTAL		**15,799.01**	**5,995.57**

Note: Includes ₹ 181.61 million share of jointly controlled entities. (Previous year ₹ 874.49 million)

Schedule to the Consolidated Profit and Loss Account
SCHEDULE-25

(₹ in million)

	For the Year 2010-11	For the Year 2009-10
ADJUSTMENTS RELATING TO PRIOR PERIOD (NET)		
Statutory levies	(15.71)	(32.18)
Other Production Expenditure	63.79	(806.15)
Interest -Others	-	542.24
Exchange Fluctuation	166.45	-
Depletion	140.57	-
Depreciation	204.29	119.66
Survey	41.31	(64.40)
Dry well	115.16	109.40
Amortisation of Goodwill	(480.54)	38.35
Sub Total	235.32	(93.08)
Sales	(45.36)	26.01
Interest -Others	9.24	0.07
Other Income	159.73	281.45
Sub-Total	123.61	307.53
TOTAL	111.71	(400.61)

Note: Includes ₹ 174.89 million share of jointly controlled entities. (Previous year ₹ Nil)

SCHEDULE-26

(₹ in million)

	For the Year 2010-11	For the Year 2009-10
EARNING PER SHARE		
A) Net Profit after Tax	224,559.32	194,035.33
B) Number of Shares	8,555,490,120	2,138,872,530
C) Restated Number of Shares	8,555,490,120	8,555,490,120
Basic & Diluted earnings per equity share (Restated) (₹)		
- Before extraordinary items (net of tax) - (D/E)	26.25	22.68#

#EPS has been restated for split from ₹ 10 to ₹ 5 each and issue of bonus share in ratio of 1:1 as per AS-20 on EPS

SCHEDULE-27 | 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, and 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 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 capitalized 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 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. In case of overseas projects, the same is taken to capital work in Progress. 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.

6.5.1 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 capitalized 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 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, 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 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

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 realizable 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 realizable value.

12. Revenue Recognition

12.1 Revenue from sale of products is recognized 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 (i.e. under lift quantity) the proportionate production expenditure is treated as prepaid expenses and, if negative (i.e. over lift quantity), a liability for the best estimate of the Company's proportionate share of production expenses as per the Joint Operating Agreement / Production Sharing Agreement is created in respect of the quantity of crude oil to be foregone in future period towards settlement of the overlift quantity of crude oil with corresponding charge to Profit & Loss Account.

12.2 Any payment received in respect of short lifted gas quantity for which an obligation exists to supply such gas in subsequent periods is recognized as Deferred Revenue in the year of receipt. The same is recognized as revenue in the year in which such gas is actually supplied for the quantity supplied or in the year in which the obligation to supply such gas ceases, whichever is earlier.

12.3 Sale of crude oil and gas (net of levies) produced from exploratory wells in progress is deducted from expenditure on such wells.

12.4 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.

12.5 Revenue in respect of fixed price contracts is recognized 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.

12.6 Finance income in respect of assets given on finance lease is recognized based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

12.7 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 (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 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 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 amortized over the estimated useful life not exceeding ten years from the date of capitalization.

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 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.

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 recognized 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 recognized 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. Unrealized gains are ignored.

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. Actuarial gains and losses in respect of post employment and other long-term benefits are recognized 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 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 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 mobilization expenses and other related expenditure are considered as deferred expenditure and amortized 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 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, 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 market to market basis and the losses are charged to Profit & Loss Account. Unrealized gains are ignored.

28 Goodwill on Consolidation

Goodwill arising on Consolidation of Companies having Hydrocarbon reserve is amortized based on “Unit of Production Method” considering the related Proved Reserves. Other goodwill on consolidation is not amortized.

SCHEDULE- 28 | NOTES TO ACCOUNTS

1 The Consolidated Financial Statements represent consolidation of accounts of the Company (Oil and Natural Gas Corporation Limited), its subsidiaries, joint venture entities and associates as detailed below:

Sl No.	Name of the Subsidiaries/ Joint Venture and Associates	Country of Incorporation	Proportion of Ownership Interest		Status of Audit as on
			31st March 2011	31st March 2010	31st March 2011
A	Subsidiaries				
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
1.1 (v)	ONGC Satpayev E&P B.V.*	The Netherlands	100%	NA	Audited
1.1 (vi)	ONGC Caspian E&P B.V.*	The Netherlands	100%	NA	Audited
1.2	ONGC Narmada Limited (ONL)	Nigeria	100%	100%	Audited
1.3	ONGC Amazon Alaknanda Limited (OAAL)	Bermuda	100%	100%	Audited
1.4	Jarpeno Limited	Cyprus	100%	100%	Audited
1.4 (i)	Imperial Energy Corporation Plc**	UK	100%	100%	Audited
1.4 (ii)	Imperial Energy Limited**	UK	100%	100%	Audited
1.4 (iii)	Rus Imperial Corporation plc***	UK	-	100%	Audited
1.4 (iv)	Imperial Energy Tomsk Limited	Cyprus	85%	85%	Audited
1.4 (v)	Imperial Energy (Cyprus) Limited	Cyprus	100%	100%	Audited
1.4 (vi)	Imperial Energy Nord Limited	Cyprus	100%	100%	Audited
1.4 (vii)	Imperial Energy Gas Limited	Cyprus	100%	100%	Audited
1.4 (viii)	Nefsilius Holdings Limited	Cyprus	100%	100%	Audited
1.4 (ix)	RK Imperial Energy Kostanai Limited	Cyprus	100%	100%	Audited
1.4 (x)	Imperial Frac Services (Cyprus) Limited	Cyprus	100%	100%	Audited
1.4 (xi)	Freshspring Investments Limited	Cyprus	100%	100%	Audited
1.4 (xii)	Redcliffe Holdings Limited, Cyprus	Cyprus	100%	100%	Audited
1.4 (xiii)	San Agio Investments Limited	Cyprus	100%	100%	Audited
1.4 (xiv)	Imperial Energy Finance (Jersey) Limited ***	Jersey	-	100%	Audited
1.4 (xv)	Biancus Holdings Limited	Cyprus	100%	100%	Audited
1.4 (xvi)	Rus Imperial Limited ***	UK	-	100%	Audited
1.4 (xvii)	Imperial Energy Kostanai Limited **	UK	100%	100%	Audited

Sl No.	Name of the Subsidiaries/ Joint Venture and Associates	Country of Incorporation	Proportion of Ownership Interest		Status of Audit as on
			31st March 2011	31st March 2010	31st March 2011
1.4 (xviii)	OOO Sibinterneft	Russian Federation	47.5%	47.5%	Audited
1.4 (xix)	OOO Allianceneftegaz	Russian Federation	100%	100%	Audited
1.4 (xx)	OOO Nord Imperial	Russian Federation	100%	100%	Audited
1.4 (xxi)	OOO Imperial Energy	Russian Federation	100%	100%	Audited
1.4 (xxii)	OOO Imperial Energy Tomsk Gas	Russian Federation	95%	95%	Audited
1.4 (xxiii)	OOO Stratum	Russian Federation	100%	100%	Audited
1.4 (xxiv)	OOO Imperial Trans Service	Russian Federation	100%	100%	Audited
1.4 (xxv)	OOO Rus Imperial Group	Russian Federation	100%	100%	Audited
1.4 (xxvi)	TOO Sevkazgra***	Kazakhstan	-	100%	Audited
1.4 (xxvii)	OOO Imperial Frac Service	Russian Federation	50%	50%	Audited
1.5	Carabobo One AB	Sweden	100%	100%	Unaudited
1.5.(i)	Petro Carabobo Ganga B.V.	The Netherlands	100%	100%	Unaudited
2.	Mangalore Refinery and Petrochemicals Ltd. (MRPL)	India	71.62%	71.62%	Audited
B	**Joint Venture Entities**				
1.	Petronet LNG Limited (PLL)	India	12.50%	12.50%	Audited
2.	Petronet MHB Ltd (PMHBL)	India	28.77%	28.77%	Audited
3.	Mangalore SEZ Ltd (MSEZ)$	India	26.46%	26.46%	Audited
4.	ONGC Managalore Petrochemicals Ltd.(OMPL)#	India	48.15%	48.15%	Audited
5.	ONGC Petro Additions Ltd. (OPaL)	India	41.93%	41.93%	Audited
6.	ONGC Tripura Power Company Ltd. (OTPC)	India	49.52%	49.52%	Audited
7.	ONGC Teri Biotec Ltd. (OTBL)	India	49.98%	49.98%	Audited
8.	Dahej SEZ Limited (DSL)	India	49.60%	49.60%	Unaudited
9.	ONGC Mittal Energy Limited (OMEL) through OVL	Cyprus	49.98%	49.98%	Unaudited
10.	Shell MRPL Aviation Fuels & Services Pvt. Limited through MRPL	India	50%	50%	Audited
11.	North East Transmission Company Ltd. Limited through OTPC	India	28.85%	46.71%	Audited
C	**Associates**				
1	Pawan Hans Helicopters Ltd. (PHHL)	India	49.00 %	21.54 %	Unaudited

* Incorporated during the year
** Under Liquidation
*** Liquidated during the year
$ includes holding of 0.96% by OMPL.
# includes 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	2010-11	2009-10	2010-11	2009-10
MRPL	Written Down Value Method at the rates specified in Schedule XIV.	Straight Line Method	**3,874.88**	3,904.56	**30,554.48**	32,674.59
Petronet LNG Ltd.			**230.38**	200.75	**3,372.13**	3,597.36
Petronet MHB Ltd.*			**313.29**	122.12	**656.22**	971.85
Mangalore SEZ Ltd.			**0.38**	0.37	**2.62**	2.91
OMPL			**4.67**	1.82	**7.18**	3.90
OPaL			**0.37**	2.66	**7.17**	7.43
OTPC			**0.64**	-	**10.53**	-
Jarpeno Limited			**269.31**	116.94	**932.19**	778.62
OAAL			**652.07**	655.53	**3,928.50**	3,657.97
OMEL			**15.59**	16.74	**30.40**	44.92
Total- Proportion			**5,361.58**	5,021.49	**39,501.42**	41,739.55
Total CFS			**83,811.73**	57,076.51	**252,199.91**	232,122.60

Above table excludes Free hold land, Lease hold land and Intangibles.

*In respect of Joint Venture - Petronet MHB Ltd (PMHBL), Cost of Right of way for laying pipeline amounting to ₹ 38.73 million (Previous year ₹ 38.67 million) included above is capitalized as intangible asset and being perpetual in nature is not amortized.

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 ₹ 81,594.07 million (Previous year ₹ 66,283.67 million) shown as sales under Schedule 18.

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 ₹ 40,848.27 million (Previous year ₹ 43,287.70 million) under the head Royalty in Schedule -21.

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 During the year, Company had acquired an additional number of 95,850 equity share of ₹ 10,000/- each in its Associate PHHL for ₹ 958.50 million resulting in increase in the holding to 49.00% from 21.54%. The above acquisition has resulted in Capital Reserve of ₹ 285.32 million, computed in accordance with Accounting Standard (AS) 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements'.

2.6 In respect of PHHL, the audited Annual Accounts for the year 2010-11 have not been received. For the purposes of consolidation of PHHL, the audited Annual Accounts for the year 2009-10 and unaudited accounts for the year 2010-11 have been considered. The difference in share of profit amounting to ₹ 1.33 million between audited Profit After Tax (PAT) and unaudited PAT for the year 2009-10 have been considered as share of profit in Associate. The share of Profit for the year

2010-11 amounting to ₹ 28.67 million, has also been considered as share of profit in Associate. No dividend has been received during the year.

2.7 Due to different nature of their operations, PHHL, the Associate of the Company, follows different accounting policies in respect of depreciation. Depreciation is charged by PHHL on Straight Line Method rates specified in Schedule XIV where as the company provides at Written Down Value Method rates specified in Schedule XIV. It is not practicable for the Company to make adjustment for the purposes of applying the equity method.

3. Change in Accounting Policies

3.1 During the year, the Subsidiary of OVL has changed its accounting policy with regard to accounting treatment for over lift quantities & under lift quantities of Crude Oil based on the opinion taken from the Expert Advisory Committee (EAC) of ICAI. Till last year, under lift quantities were treated as Inventories which are now treated as Prepaid Expenses. This change in the accounting treatment has no implication on Financial Statements. Till last year, for overlift quantities, liability was recognized by reversing the related sales/revenue of the Company at the recent sales price of the crude oil. The EAC has suggested for recognition of the consideration received from sale of over lift quantity as Revenue, creating liability for the best estimate of the Company's proportionate share of production expenses as per the JOA / PSA in respect of the quantity of crude oil to be foregone in future period towards settlement of the overlift quantity of crude oil with corresponding charge to Profit and Loss Account. Since there was no overlift quantity as on 31st March 2011, the change in accounting policy had no implication on Financial Statements for the year.

3.2 During the year, OTPC, Joint Venture, has changed, its accounting policy relating to charging of depreciation from Written Down Value Method (WDV) as per rates prescribed in Schedule XIV of the Companies Act, 1956 to Straight Line Method (SLM) as per provisions of CERC Tariff Regulations 2009, retrospectively with effect from 1st April 2009. The aforesaid change has resulted in writing back of depreciation for earlier years amounting to ₹ 0.31 million, which has been credited to Capital Work In Progress, being charged to that account in earlier years. This has also resulted in lower charge of depreciation during the year amounting to ₹ 0.54 million.

4. Debenture Redemption Reserve

During the year 2009-10, the subsidiary OVL had raised funds from the financial markets by issuance of non-convertible redeemable bonds as follows :

(₹ in million)

Sl No	Particulars	Amount	Date of issue
1	8.40 % 5 Years Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series I	19,700	23 December 2009
2	8.54 % 10 Years Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series II	3,700	6 January 2010

The above securities have been listed in National Stock Exchange of India Ltd. (NSE).

Debenture redemption reserve has been created as follows in respect of the above Bonds:

(₹ in million)

Particulars	Balance as on March 31, 2010	Additions	Balance as on March 31, 2011
Series-I	1,068.07	3,937.84	5,005.91
Series-II	86.12	369.80	455.92
Total	1,154.19	4,307.64	5,461.83

5. **Foreign Currency Translation Reserve:**

The Subsidiary-OVL has followed the Accounting Standard (AS) 11 viz. Effects of Changes in Foreign Exchange Rates (revised 2003) issued by the Institute of Chartered Accountants of India for incorporating in the consolidated financial statements following the principles for translation of the financial statements of Non-integral Foreign Operation. Accordingly, the resulting exchange gain of ₹ 2,181.46 million (Previous Year ₹ 19,514.38 million exchange loss) has been accounted as foreign currency translation reserve and shown in Schedule 2 as per details given below:

(₹ in million)

Particulars	**2010-11**	**2009-10**
Opening Balance	**(4,115.28)**	15,399.10
Additions during the year	**2,181.46**	(19,514.38)
Closing Balance	**(1,933.82)**	(4,115.28)

6. **Amortization of Goodwill on Consolidation:**

Goodwill is attributed to the following investments of the Company:

(₹ in million)

Particulars	**As at 31st March 2011**	**As at 31st March 2010**
GNOP, Sudan, ONGC Nile Ganga B.V.	**10,961.58**	11,055.70
MECL Project, Colombia (ONGC Amazon Alaknanda Ltd.)	**16,977.15**	17,132.80
BC-10 Project, Brazil, Offshore (ONGC Nile Ganga B.V)	**5,661.75**	5,713.66
San Cristobal Project, Venezuela (ONGC Nile Ganga (San Cristobal) B.V.)	**3,979.32**	4,015.80
Imperial Energy Project, Russia (Jarpeno Ltd.)	**69,259.43**	69,894.41
MRPL	**2930.45**	2930.45
TOTAL	**109,769.68**	110,742.82

Following prudent accounting, the Company amortizes goodwill based on Unit of Production Method. Goodwill amortized during the year amounted to ₹ 5,050.42 million (Previous year ₹ 4,978.91 million) in respect of following projects/subsidiaries:-

(₹ in million)

Particulars	**2010-11**	**2009-10**
Cumulative Goodwill Amortisation at beginning of the year	**15,357.36**	10,564.74
Amortisation for the year:		
GNOP, Sudan (ONGC Nile Ganga B.V.)	**403.14**	471.46
MECL Project, Colombia (ONGC Amazon Alaknanda Ltd.)	**1,200.03**	1,445.38
BC-10 Project, Brazil, Offshore (Through ONGC Nile Ganga B.V)	**515.20**	169.76
San Cristobal Project, Venezuela (ONGC Nile Ganga (San Cristobal) B.V.)	**191.03**	379.19
Imperial Energy Project, Russia (Jarpeno Ltd.)	**2,741.02**	2,513.12
Sub-total	**5,050.42**	4,978.91
Foreign currency translation difference	**(566.67)**	(186.29)
Cumulative Goodwill Amortisation at end of the year	**19,841.11**	15,357.36

7. In terms of the decision of Government of India (GoI), the company has shared under-recoveries of Oil Marketing Companies (OMCs) on price sensitive products viz Petrol (upto 24.06.2010), Diesel, Domestic LPG and PDS Kerosene for the year 2010-11 by extending the discount in the prices of Crude Oil, Domestic LPG and PDS Kerosene based on the provisional rates of discount communicated by Petroleum Planning and Analysis Cell (PPAC), Ministry of Petroleum and Natural Gas (MoP&NG). The company does not envisage any material impact on finalization of discount rates. The impact of discount is as under:

(₹ in million)

Decrease in	For the year ended	
	2010-11	2009-10
Gross Revenue	248,924.30	115,543.07
Less: Value Added Tax (VAT)	6,159.47	2,760.27
Sales Revenue	242,764.83	112,782.80
Less: Statutory Levies	29,418.00	13,534.06
Profit Before Tax	213,346.83	99,248.74

8.1 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. Adjustments, if any, on account of this shall be carried out on finalization of agreements/ receipt of Government directives. However, the Company does not envisage any material impact on current year's results on finalisation.

8.2 Sales revenue of Natural Gas under Administrative Price Mechanism (APM) was based on the gas prices fixed on provisional basis as per directives dated 20.06.2005 and 05.06.2006 of MoP&NG, GoI upto 31.05.2010. GoI, vide letter dated 31.05.2010, decided to fix the producer price of APM gas produced by National Oil Companies (NOCs) at US$ 4.2/mmbtu inclusive of royalty effective from 01.06.2010. For APM consumers, except for consumers in North Eastern states, the consumer price would be same as producer price, i.e. US$ 4.2/ mmbtu inclusive of royalty. For APM consumers in North-East, consumer price is 60% of the producer price, i.e., US$ 2.52/ mmbtu inclusive of royalty. In North-East, the difference between producer price and consumer price is paid to the company through GoI Budget.

9. The company is supplying Natural Gas to GAIL (India) Limited (GAIL) which also purchases gas from other sources and sells to APM and non APM consumers. In case GAIL generates surplus in Gas Pool Account during the financial year, same is transferred to ONGC/ Oil India Limited (OIL) at the end of financial year in accordance with their contribution. Accordingly, an amount of ₹ 21,914.90 million (Previous year ₹ 4,415.79 million) is accounted as Surplus from Gas Pool Account under 'Other Income' in Schedule -19.

10. The Subsidiary-OVL had entered into a Settlement Agreement, signed by all three Foreign Parties including ONGBV and Government of Sudan (GoS) on 22nd December 2010. As per the Settlement Agreement the ownership of the Transportation System shall be transferred to the GoS as follows:

a) 70% ownership as of 1st October 2006 till 31st August 2014.

b) 100% ownership as of 1st September 2014 to be transferred to the GoS.

The 70% of all the Net Revenues generated by the Transportation System and retained by the Foreign Parties since 1st October 2006 till 31st October 2010, USD 572.16 million shall be returned to and paid to the GoS as follows:

Parties	% PI Surrendered	Amount in USD Million	Amount in ₹ Million
China National Petroleum Corporation (CNPC)	75.36	259.35	11,814.04
Petronas Carigialli Nile Ltd. (PCNL)	75.36	194.51	8,860.42
ONGC Nile Ganga BV (ONGBV)	55.00	118.30	5,388.86
Total		**572.16**	**26,063.32**

Out of the total amount of USD 118.30 Million surrendered by ONGBV, USD 111.51 million (₹ 5,079.72 million) pertaining to the period 1st October 2006 to 31st March 2010 is disclosed as write-back of net revenues. The balance amount of USD 6.79 million (₹ 309.30 million), pertaining to the period 1st April 2010 to 31st October 2010 is accounted in the current year revenues. Revenue from November 2010 has been accounted for based on the revised participating interests of ONGBV.

11. 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 had recovered such amount subsequently.

The appellate authority of Honorable Malaysian High Court of Kuala Lumpur, Malaysia had 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.

Pending final outcome of this appeal, the provision is maintained as on 31st March, 2011 amounting to ₹ 5,090.17 million (USD 113.82 million) on account of additional Profit Petroleum and ₹ 2,415.83 million (USD 54.02 million) towards interest thereon totaling to ₹ 7,506.00 million (USD 167.84 million) as per the demand of DGH after reversal for interest of ₹ 103.42 million (USD 2.31 million) against provision of interest ₹ 65.41 million (USD 1.45 million) in 2009-10 and adjustment of exchange gain of ₹ 69.78 million (Previous year ₹ 987.20 million).

12. 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 as part of the proposal for Declaration of Commerciality has been submitted to Management Committee (MC) for review on 15.07.2010. However, the Company as an abundant precaution made a provision of ₹ 6,104.80 million, ₹ 2,360.39 million and ₹ 918.48 million in respect of above costs in 2007-08, 2008-09 and 2009-10 respectively. Since there is no significant change in status of this block during the current year, the expenditure amounting to ₹ 17.67 million on the wells completed upto 31st March 2009, being more than two years old is provided for in the current year.

13. 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 ₹ 113.72 million (Previous year ₹ (-)78.41 million) net of reversal and cost of unfinished MWP ₹ 919.81 million (Previous year ₹ 3,148.58 million) paid/payable to the GoI is included in survey and wells written off expenditure in Schedule 22.

14. During the year, the Oil Marketing Companies, nominees of GoI had recovered ₹ 1,432.34 million (USD 32.07 million) ONGC's share as per directives of GoI in respect Jointly Controlled Assets - Panna Mukta & Tapti. The recovery is towards certain observations raised by auditors appointed by Director General Hydrocarbon (DGH) under Production Sharing Contract for the period 2002-03 to 2005-06 in respect of cost and profit petroleum share payable to GoI. BGEPIL along with RIL ("Claimants") have served a notice of arbitration on the GoI in respect of dispute, differences and claims arisen in connection with the term of Panna, Mukta & Tapti PSCs. Since the company is not a party to the arbitration proceedings, it has requested MoP&NG that in case of an arbitral award, the same be made applicable to ONGC also, as a constituent of contractor for both the PSCs. Pending final arbitral award, the same has been shown as 'Receivable from GoI'

15. 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).

16. Forward Contracts to cover Forex Risk

16.1 In respect of a Subsidiary MRPL, Forward contracts of US $ 5.00 Million is outstanding as on 31st March 2011 (US$ 1.90 Million as on 31st March, 2010), which were entered into, to hedge the risk of changes in foreign currency exchange rates on future export realisations against existing long term export contract. The mark to market loss on these unexpired contracts as on 31st March 2011 amounting to ₹ 5.40 Million has been considered in the financial statements . The actual gain/loss could vary and be determined only on settlement of the contract on their respective expiry dates.

16.2 In respect a Joint Venture PLL, external commercial borrowing of USD 150.00 million from International Finance Corporation, Washington D.C., USA is outstanding as on 31st March, 2011, JV entered into derivative contracts to hedge the loan including interest. This has the effect of freezing the rupee equivalent of this liability as reflected under the Secured Loans. Thus there is no impact in the Profit & Loss account, arising out of exchange fluctuations for the duration of the loan. Consequently, there is no restatement of the loan taken in foreign currency. The interest payable in Indian Rupees on the derivative contracts is accounted for in the Profit & Loss account.

16.3 In respect of a Subsidiary OVL, the hedging loss for the year is ₹ 41.85 million (Previous year gain ₹ 19.42 million) and comprises of realized losses of ₹ 5.96 million and unrealized losses of ₹ 35.89 million (Previous year unrealized losses of ₹ 14.22 million and realized gains of ₹ 33.64 million) in respect of hedging of crude oil against prices by OMEL.

17. The Company has charged depreciation on all Trunk Pipelines and Onshore Flow Lines (assets below ground) at @ 100% based on technical assessment by the management.

18. Some balances of Debtors, Creditors and Loans & Advances are subject to confirmation/ reconciliation. Adjustments, if any, will be accounted for on confirmation/ reconciliation of the same, which will not have a material impact.

19. **Borrowing Cost :** Borrowing Cost Capitalized during the year is ₹ 1,352.03 million (Previous year ₹ 583.55 million).

20.Disclosure under Accounting Standard -17 on "Segment Reporting"

20.1 The Consolidated Segment Information as per Accounting Standard AS-17 for the Company is given below (₹ in million)

Particulars	2010-11						2009-10					
	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	**468,243.41**	**169,353.40**	**433,261.11**	**182,897.86**	**17,544.87**	**1,271,300.65**	424,693.22	152,407.48	361,440.94	139,970.11	14,197.80	1,092,709.55
Inter Segment Sales	**55,730.43**		**5,758.15**	**9,814.41**		**71,302.99**	43,955.10	-	4,606.43	15,131.88	-	63,693.41
Total Revenue	**523,973.84**	**169,353.40**	**439,019.26**	**192,712.27**	**17,544.87**	**1,342,603.64**	468,648.32	152,407.48	366,047.37	155,101.99	14,197.80	1,156,402.96
Results												
Segment Result Profit(+)/Loss(-)	**236,748.93**	**24,077.44**	**17,228.07**	**51,945.24**		**329,999.68**	195,635.13	42,382.14	15,662.63	44,110.17		297,790.07
Unallocated Corporate Expenses					**8,260.12**	**8,260.12**					9,806.35	9,806.35
Operating Profit	**236,748.93**	**24,077.44**	**17,228.07**	**51,945.24**	**(8,260.12)**	**321,739.56**	195,635.13	42,382.14	15,662.63	44,110.17	(9,806.35)	287,983.72
Interest Expenses					**4,374.43**	**4,374.43**					5,564.14	5,564.14
Interest/Dividend Income					**25,798.04**	**25,798.04**					21,994.05	21,994.05
Income Taxes					**114,913.44**	**114,913.44**					107,137.92	107,137.92
Profit from Ordinary Activities	**236,748.93**	**24,077.44**	**17,228.07**	**51,945.24**	**(101,749.95)**	**228,249.73**	195,635.13	42,382.14	15,662.63	44,110.17	(100,514.36)	197,275.72
Extraordinary Gain						**-**						-
Net Profit	**236,748.93**	**24,077.44**	**17,228.07**	**51,945.24**	**(101,749.95)**	**228,249.73**	195,635.13	42,382.14	15,662.63	44,110.17	(100,514.36)	197,275.72
Other Information												
Segment Assets	**670,683.18**	**323,956.55**	**184,475.69**	**253,020.76**		**1,432,136.18**	558,363.39	285,185.38	145,605.09	385,915.95		1,375,069.81
Unallocated Corporate Assets					**508,982.81**	**508,982.81**					301,354.47	301,354.47
Total Assets	**670,683.18**	**323,956.55**	**184,475.69**	**253,020.76**	**508,982.81**	**1,941,118.99**	558,363.39	285,185.38	145,605.09	385,915.95	301,354.47	1,676,424.28
Segment Liabilities	**302,899.06**	**93,186.75**	**118,799.10**	**116,809.04**		**631,693.95**	249,627.51	63,048.66	89,355.44	106,921.36		508,952.97
Unallocated Corporate Liabilities					**156,152.59**	**156,152.59**					153,404.87	153,404.87
Total Liabilities	**302,899.06**	**93,186.75**	**118,799.10**	**116,809.04**	**156,152.59**	**787,846.54**	249,627.51	63,048.66	89,355.44	106,921.36	153,404.87	662,357.84
Capital Expenditure	**260,654.78**	**52,074.19**	**38,007.31**	**83,222.44**	**21,901.83**	**455,860.55**	188,070.85	102,360.98	14,862.15	58,565.88	14,596.90	378,456.77
Depreciation*	**115,900.46**	**42,888.81**	**3,966.29**	**42,337.91**	**1,190.70**	**206,284.17**	114,157.39	31,732.45	3,939.72	36,577.50	984.24	187,391.30
Other Non-cash Expenses	**4,497.36**	**1,512.84**	**114.27**	**9,604.48**	**70.06**	**15,799.01**	2,814.04	101.23	188.33	2,833.22	58.76	5,995.58

* Also Includes Depletion, Amortization and Impairment Loss.

Segment Revenue in respect of Onshore segment for the year ended 31st March,2011 includes ₹ 171.55 million (Previous Year ₹ 183.48 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,2011 includes loss of ₹ 3.85 million (Previous Year profit ₹ 8.32 million) on account of trading of products of MRPL- a subsidiary of ONGC.

20.2 **Notes :**

20.2.1 The annexed matrix presentation depicts the geographical segments based on assets as primary segments and business segments as secondary segments.

20.2.2 Segments have been identified and reported taking into account the differing risks and returns, the organization structure and the internal reporting systems. These have been organized 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

20.2.3 Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amount allocated on reasonable basis. Un-allocated includes common expenditure incurred for all the segments and expenses incurred at the corporate level.

20.2.4 Inter Segment Sales have been priced at prevailing market rates.

20.2.5 Segment Assets includes ₹ 1,738.45 million of Intangible Assets (Previous year ₹ 2,168.10 million)

20.2.6 Reconciliation of the Segment Revenue with the Revenue as per Schedules 18, 19 & 25 is given below:

(₹ in million)

Particulars	Schedule	2010-11	2009-10
Sales – As per P&L Account	18	1,227,685.75	1,061,688.44
Other Income	19	69,289.33	52,708.18
Prior period Sales	25	(45.36)	26.01
Prior period other Income	25	159.73	281.45
Total		**1,297,089.45**	**1,114,704.08**
Less:			
Income from trade investments	19	4,367.44	2,263.74
Income from Non trade investments	19	679.98	490.63
Interest income on Deposits with banks/FIs,IT Refund, SRF Fund and carry Finance	19	20,741.38	19,240.16
Segment Revenue		**1,271,300.65**	**1,092,709.55**

21. **Disclosure under Accounting Standard - 18 on : "Related Party Disclosure"**

21.1 **Name of related parties and description of relationship:**

21.1.1 **Joint Ventures/Jointly Controlled Entities**

Sl No.	Name	Relationship
A	**Joint Ventures 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-2	Joint Venture in India
v	GK-OSJ-3	Joint Venture in India
vi	RJ-ON-90/1	Joint Venture in India
vii	RJ-ONN-2003/1	Joint Venture in India
viii	PR-OSN-2004/1	Joint Venture in India
ix	RJ-ON/6	Joint Venture in India

Sl No.	Name	Relationship
B	**Jointly Controlled Entities in India**	
i	ONGC Mangalore Petrochemicals Limited	Jointly Controlled Entity in India
ii	Petronet LNG Limited	Jointly Controlled Entity in India
iii	ONGC Teri Biotech Limited	Jointly Controlled Entity in India
iv	Mangalore SEZ Limited	Jointly Controlled Entity in India
v	ONGC Petro-additions Limited	Jointly Controlled Entity in India
vi	ONGC Tripura Power Co. Limited	Jointly Controlled Entity in India
vii	Dahej SEZ Limited	Jointly Controlled Entity in India
C	**Joint Ventures/Associates of Subsidiary**	
i	Block 06.1 Project, Vietnam	Joint Venture (Outside India) through OVL
ii	Sakhalin-1 Project, Russia	Joint Venture (Outside India) through OVL
iii	Block 1a, 1b, 2a, 2b & 4 Project, Sudan	Joint Venture (Outside India) through OVL
iv	Block 5A Project, Sudan	Joint Venture (Outside India) through OVL
v	MECL, Colombia	Joint Venture (Outside India) through OVL
vi	AFPC, Syria	Joint Venture (Outside India) through OVL
vii	Block BC-10, Brazil	Joint Venture (Outside India) through OVL
viii	Block BM-SEAL-4, Brazil	Joint Venture (Outside India) through OVL
ix	Block BM-BAR-1, Brazil	Joint Venture (Outside India) through OVL
x	Block BM-S-73, Brazil	Joint Venture (Outside India) through OVL
xi	Block BM-S-74, Brazil	Joint Venture (Outside India) through OVL
xii	Block A-1 Project, Myanmar	Joint Venture (Outside India) through OVL
xiii	Block A-3 Project, Myanmar	Joint Venture (Outside India) through OVL
xiv	Farsi Block Project, Iran	Joint Venture (Outside India) through OVL
xv	Block XXIV Project, Syria	Joint Venture (Outside India) through OVL
xvi	Block 2, JDZ, Nigeria / STP	Joint Venture (Outside India) through OVL
xvii	Block 25-29, 35 (Part) & 36 Project, Cuba	Joint Venture (Outside India) through OVL
xviii	Khartoum – Port Sudan Pipeline Project, Sudan	Joint Venture (Outside India) through OVL
xix	ONGC Mittal Energy Limited, Cyprus	Joint Venture (Outside India) through OVL
xx	Block RC-8, Colombia	Joint Venture (Outside India) through OVL
xxi	Block RC-9, Colombia	Joint Venture (Outside India) through OVL
xxii	Block RC-10, Colombia	Joint Venture (Outside India) through OVL
xxiii	Block SSJN-7, Colombia	Joint Venture (Outside India) through OVL
xxiv	Block CPO-5, Colombia	Joint Venture (Outside India) through OVL
xxv	San Cristobal Project, Venezuela	Joint Venture (Outside India) through OVL
xxvi	Carabobo Project, Venezuela	Joint Venture (Outside India) through OVL
xxvii	ONGC Nile Ganga B.V. , The Netherlands	Joint Venture (Outside India) through OVL
xxviii	OOO Imperial Energy Tomsk Gas, Russian Federation	Joint Venture (Outside India) through OVL
xxix	Shell MRPL Aviation Fuels & Services Pvt. Limited	Joint Venture of MRPL
xxx	Mangalam Retail Services Limited	Joint Venture of MRPL

21.1.2 **Key Management Personnel:**

Sl. No.	Functional Directors:
	Parent Company
i)	Shri R.S. Sharma, Chairman and Managing Director up to 31.01.2011
ii)	Shri A.K. Hazarika holding additional charge of Chairman and Managing Director from 01.02.2011
iii)	Dr. A. K. Balyan up to 15.07.2010
iv)	Shri U. N. Bose
v)	Shri D.K. Pande up to 31.01.2011
vi)	Shri D.K.Sarraf
vii)	Shri Sudhir Vasudeva
viii)	Shri S.V.Rao from 25.02.2011
	Subsidiaries and Joint Ventures
i)	Shri R S Butola, Managing Director, upto 28th February 2011 OVL
ii)	Shri J Thomas, Managing Director, w.e.f 1st March 2011 and Director (Exploration) OVL
iii)	Shri S P Garg, Director (Finance), OVL
iv)	Shri S.Roychoudhary, Director (Commercial)(with effect from 1st September'2009), OVL
v)	Shri Ir. A R Baron Mackay Holding B.V., Director, ONGBV
vi)	Shri Costas Christoforou, Director, Jarpeno Limited
vii)	Ms Arlene Nahikian, Director, Jarpeno Limited
viii)	Ms. K. Antoniadou, Director, Jarpeno Limited
ix)	Ms. E. Chrysanthou, Director, Jarpeno Limited
x)	Shri A. Loizou, Director, Jarpeno Limited
xi)	Shri Roland Göransson, Director, Carabobo One AB
xii)	Shri Richard Chindt, Director, Carabobo One AB
xiii)	Shri U.K. Basu, Managing Director, MRPL
xiv)	Shri P P Upadhya, Director (Technical), MRPL from 30.09.2010
xv)	Shri L.K. Gupta, Director (Finance) upto 31st May 2010. MRPL
xvi)	Shri Prosad Dasgupta (Managing Director & CEO), PLL till 30.06.2010
xvii)	Dr. A.K. Balyan (Managing Director & CEO) PLL from 16.07.2010
xviii)	Shri Amitava Sengupta (Director-Finance & Commercial), PLL
xix)	Shri C S Mani (Director-Technical), PLL.
xx)	Shri Rajiv Banga, Managing Director, Mangalore SEZ from 1st January 2010
xxi)	Shri P.P. Nadkarni, Managing Director, PMHBL
xxii)	Shri Alok Mukherjee (whole time Director & CEO), OTPCL upto 19th July 2010
xxiii)	Shri Sudhindra Kumar Dube (Managing Director), OTPCL from 15th July 2010

21.2 **Details of Transactions**

21.2.1 **Joint Ventures/ Jointly Controlled Entities**

(₹ in million)

	Details	2010-11	2009-10
	Sale of Products to		
a)	Shell MRPL Aviation Fuels & Services Pvt. Limited	2,457.04	1,643.97
	Services Received from :		
a)	Ravva	84.10	60.40
b)	ONGC Teri Biotech Ltd	94.51	151.26
c)	Dahej SEZ Ltd.	23.92	-
d)	ONGC Mangalore Petrochemicals Ltd.	79.54	-
e)	Mangalore SEZ Ltd.	161.68	-
	Services Provided to :		
a)	Ravva	13.30	11.19
b)	Panna Mukta & Tapti	1,553.34	2,329.66
c)	ONGC Petro-additions Ltd.	126.25	162.54
d)	ONGC Teri Biotech Limited	0.81	-
e)	Petronet LNG Limited	-	3.57
f)	Mangalore SEZ Ltd.	12.00	1.80
g)	ONGC Tripura Power Co. Pvt. Ltd.	3.67	3.94
h)	JVs of OVL	182.05	158.00
i)	ONGC Mangalore Petrochemicals Limited	36.50	52.40
j)	Shell MRPL Aviation Fuels & Services Pvt. Limited	1.44	-
	Interest Income (JVs of OVL)	303.04	351.07
	Purchase of Condensate (Panna Mukta & Tapti)	2,805.57	4,584.91
	Capital Contribution to JVs of OVL	-	0.77
	Advance :		
a)	ONGC Petro-additions Ltd.	1,852,99	4,560.00
b)	ONGC Mangalore Petrochemicals Ltd.	5,070.00	1424.00
c)	Mangalam Retail Services	1.00	-
	Dividend Received		
a)	Petronet LNG Limited	164.06	164.06
	Amount Receivable :		
a)	Ravva	4.41	-
b)	Panna Mukta & Tapti	1,981.18	2,009.68
c)	ONGC Petro-additions Limited	29.03	138.99
d)	ONGC Tripura Power Co. Pvt. Ltd	0.90	0.95
e)	ONGC Teri Biotech LTD.	0.81	-
f)	Petronet LNG Limited	-	0.60
g)	Manglore SEZ Ltd.	712.42	-
h)	ONGC Mangalore Petrochemicals Limited	572.57	-
i)	Mangalam Retail Services Limited	1.00	-
j)	Shell MRPL Aviation Fuels & Services Pvt. Limited	272.13	-
	Amount Payable :		
a)	Ravva	12.72	-
b)	Panna Mukta & Tapti	252.48	67.96
c)	ONGC Teri Biotech Ltd	47.02	31.26
	Advance outstanding :		
a)	ONGC Petro-addition Limited	9,702.99	7,850.00
b)	ONGC Tripura Power Co. Pvt. Ltd	1,233.87	1,233.87
c)	ONGC Mangalore Petrochemicals Ltd.	9,514.77	4,369.77

The above represents the full value of the transaction without restricting to percentage of interest in Joint Venture.

21.2.2 **Key Management Personnel**

Remuneration Paid to Key Management Personnel ₹ 91.32 million (Previous year ₹ 78.16 million)

22. Disclosure under Accounting Standard -19 on "Leases"

22.1 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.

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.

Tamba BV leases part of its assets to an affiliate, the risks and rewards incidental to ownership are largely transferred to this affiliate. These assets are disposed of and recognised in the balance sheet as from the moment the lease contract is concluded, at the discounted value of the minimum lease instalments. The lease instalments receipts 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 receivables exclusive of interest. The interest component is recognised in the profit and loss account in accordance with receipt of 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= ₹ 44.72) are tabulated below:

Lease liability	₹ In Million
Opening balance as at 1st April 2010	4,517.23
Interest	388.10
Lease Payments	(842.68)
Foreign Currency Translation Adjustment	(41.05)
Closing balance as at 31st March 2011	4,021.60

The Company's 15% share of future estimated minimum lease expenses in the year and their present values are scheduled to be as follows:

(₹ in million)

Particulars	< 1Year	>5Years	1-5 Years	Total
Future minimum lease payments:	715	2,707	2,529	5,951
Present value of minimum lease payments	680	2,109	1,233	4,022

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.

22.2 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 (GoS) on Build, Own, Lease and Transfer (BOLT) basis and handed over the same to GoS 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 ₹ 1,661.23 Million (Previous year ₹ 1,676.46 Million), Company's share being ₹ 1,495.11 Million, (Previous year ₹ 1,508.82 Million), which have not been accepted by the Company. The company, in turn has filed a claim as per the contract with GoS for their approval of an aggregate amount of ₹ 2,065.02 Million (Previous year ₹ 2,083.95 Million), Company's share being ₹ 1,858.52 Million (Previous Year ₹ 1,875.56 Million). The EPC Contractor has initiated arbitration with a claim for USD 25.49 Million (₹ 1,139.79 Million) plus interest against the Company. Pending settlement with the EPC Contractor, an amount of ₹ 1,025.81 Million, being the Company's share out of ₹ 1,139.79 Million has been accounted as liability in the relevant year. No revenue in this respect has been recognized pending final approvals by GoS. OVL has served a pre-arbitral notice on GoS which is a 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 (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 GoS are completed. All titles in the works and the transportation system shall vest in the Company and the title shall pass to GoS in proportion to the payments made by GoS against total payments due to Company under the contract. Further, subject to regular payments on due dates by GoS to the Company, GoS 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 recognized and recorded as receivables under the lease. The finance income thereon has been recognized based upon the pattern reflecting the constant periodic rate of return on the outstanding net investment in the lease.

The first 11 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 2011**		**31st March, 2010**	
	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	**1129.15**	**975.68**	1,139.51	886.75
- Later than one year and not later than five years	**2822.89**	**2567.91**	3,988.27	3,576.08
- Later than five years	**-**	**-**	-	-
Total	**3952.04**	**3543.59**	**5,127.78**	**4,462.83**
b) Unearned Finance Income	**408.45**		664.95	
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**			
g) Accounting Policy followed in respect of initial direct costs	**As per Accounting Policy 25.2**			

22.3 An amount of ₹ 2.27 million (previous year Nil) towards non cancellable Operating Lease for office premises was recognized in Capital work in progress. The future minimum lease payments and payment profile under the operating leases are as follows:

(₹ in million)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Not later than one year	9.09	-
Later than one year and not later than five years	45.47	-
Later than five years	25.01	-
Total	**79.57**	**-**

22.4 The Company and its subsidiary have certain office/residential premises on Operating Lease which are cancellable by giving appropriate notice as per the respective agreements. During the year ₹ 796.03 million (Previous year ₹ 756.44 million) had been paid towards cancellable Operating Lease.

23. 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, 2011 comprises of the major components of Deferred Tax Liabilities and Deferred Tax Assets as under:

(₹ in million)

	Particulars	As at 31st March, 2011	As at 31st March, 2011
(i)	**Liabilities**		
	Depletion of Producing Properties	140,955.74	133,460.20
	Depreciation Allocated to Wells in Progress & expenses relating to NELP	10,264.98	7,038.26
	Deferred Revenue Expenditure written off	2,582.70	2,794.64
	Development wells-in Progress	6,736.28	5,908.70
	Depreciation	21,742.53	20,392.46
	Others	5,154.56	2,367.99
	Deferred tax liability of ONGBV, OAAL- Subsidiary of OVL	5,771.82	5,394.76
	Sub Total	**193,208.61**	**177,357.01**
(ii)	**Assets**		
	Depreciation	6,976.17	4,677.42
	Unabsorbed losses and allowances	309.26	379.43
	Dry wells written off	22,297.93	22,021.71
	Provision for Non Moving Inventories	1,198.44	1,285.75
	Provison for Doubtful Debts/ Claims /Advances/ Interest	4,622.26	3,229.18
	Provision for Abandonment	29,523.55	28,882.40
	Provision for Leave Encashment	5,251.43	4,629.69
	Provision toward Additional Profit Petroleum & interest	2,435.33	2,550.84
	Statutory duties unpaid u/s 43B	3,241.93	543.75
	Others	4,623.76	3,948.10
	Deferred tax asset of ONGBV,OAAL,OMEL - Subsidiary of OVL	1,202.19	2,296.53
	Sub Total	**81,682.25**	**74,444.80**
	Net Liability (i-ii)	**111,526.36**	**102,912.21**

The above includes Deferred Tax Asset of ₹ 238.20 million (Previous year ₹ 164.69 million) and Deferred Tax Liability of ₹ 111,764.56 million (Previous year ₹ 103,076.90 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 ₹ 309.26 million (Previous year ₹ 379.43 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 loss, unabsorbed depreciation under the Income Tax Act, 1961.

24. Disclosure under Accounting Standard -27 on Financial Reporting of Interest in Joint Ventures:

24.1 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 31.03.2011 are as under:

Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
A	**Jointly Operated JVs**		
1	Panna, Mukta and Tapti	40% (40%)	BGEPIL 30%,RIL 30%
B	**ONGC Operated JVs**		
2	CB-OS/1 Exploration Phase	32.89 % (32.89%)	TPL 10%, HOEC 57.11%
	CB-OS/1 Development Phase**	55.26% (55.26%)	TPL 6.7%, HOEC 38.04%
3	KG-DWN-98/2 **	90% (65%)	CEIL 10% (PIB BV 15%) (HEIBV 10%)
4	KG-DWN-98/4	55% (55%)	OIL 15% BGEPIL 30%
5	MN-DWN-98/3	60% (60%)	PIBBV 40%
6	MN-OSN-2000/2	40% (40%)	GAIL 20%, IOC 20%, OIL 20%
7	CY-DWN-2001/1	45% (55%)	OIL 20% , PIBBV 25%, Rocksource ASA 10%
8	AA-ONN-2001/2	80% (80%)	IOC 20%
9	AA-ONN-2001/3	85% (85%)	OIL 15%
10	KK-DWN-2002/2	80% (80%)	HPCL 20%
11	KK-DWN-2002/3	80% (80%)	HPCL 20%
12	KG-DWN-2002/1	70% (70%)	OIL 20% , BPRL 10%
13	MN-DWN-2002/1	36% (36%)	OIL 20% , BPRL 10%, ENI 34%
14	CY-ONN-2002/2	60% (60%)	BPRL 40%
15	AA-ONN-2002/4	90% (90%)	OIL 10%
16	MN-DWN-2002/2	75% (75%)	BGEPIL 25%
17	KK-DWN-2004/1	45% (45%)	CIL 40%, TATA 15%
18	CY-DWN-2004/1	70% (70%)	GSPC 10%,HPCL 10%, GAIL 10%
19	CY-DWN-2004/2	70% (70%)	GSPC 10%, HPCL 10% , GAIL 10%
20	CY-DWN-2004/3	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
21	CY-DWN-2004/4	70% (70%)	GSPC 10% , HPCL 10% GAIL 10%
22	CY-PR-DWN-2004/1	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
23	CY-PR-DWN-2004/2	70% (70%)	GSPC 10%,HPCL 10% ,GAIL 10%
24	KG-DWN-2004/1	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
25	KG-DWN-2004/2	60% (60%)	GSPC 10%, HPCL 10%, GAIL 10% , BPCL 10%
26	KG-DWN-2004/3	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%

Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
27	KG-DWN-2004/5	50% (50%)	GSPC 10%, HPCL 10%, GAIL 10% OIL 10%, BPRL 10%
28	KG-DWN-2004/6	60% (60%)	GSPC 10%, HPCL 10%, GAIL 10% , OIL 10%
29	KG-OSN-2004/1	55% (55%)	BGEPIL 45%
30	CB-ONN-2004/1	50% (50%)	GSPC 40%, HERA-MEC LTD 10%
31	CB-ONN-2004/2**	55% (50%)	GSPC 45%
32	CB-ONN-2004/3	40% (40%)	GSPC 35% , ENSEARCH 25%
33	CB-ONN-2004/4	50% (50%)	GSPC 40% , HERA-MEC LTD 10%
34	CY-ONN-2004/1	80% (80%)	BPRL 20%
35	CY-ONN-2004/2	80% (80%)	BPRL 20%
36	MB-OSN-2005-1	80% (80%)	GSPC 20%
37	MB-OSN-2005-5	70% (70%)	GSPC 30%
38	MB-OSN-2005-6	80% (80%)	GSPC 20%
39	AN-DWN-2005/1	90% (90%)	OIL 10%
40	KG-DWN-2005/1	70% (70%)	IOC 20%, GSPC 10%
41	KK-DWN-2005/2	90% (90%)	GSPC 10%
42	KG-OSN-2005/1	60% (60%)	HMEL 20%GSPC 20%
43	KG-OSN-2005/2	80% (80%)	HMEL 20%
44	Raniganj	74% (74%)	CIL 26%
45	Jharia	90% (90%)	CIL 10%
46	NK-CBM-2001/1	80% (80%)	IOC 20%
47	BK-CBM-2001/1	80% (80%)	IOC 20%
48	CB-ONN-2005/4	51% (51%)	GSPC 49%
49	CB-ONN-2005/10	51% (51%)	GSPC 49%
50	PR-ONN-2005/1	80% (80%)	TPL 20%
51	WB-ONN-2005/4	75% (75%)	OIL 25%
52	AA-ONN-2005/1	60% (60%)	OIL 30% ACIL -10%
53	GV-ONN-2005/3	80% (80%)	TPL 20%
54	HF-ONN-2001/1	65% (100%)	BMN 35%
55	CB-ONN-2001/1**	100% (100%)	
56	AN-DWN-2009/1	70% (Nil)	OIL 30%
57	AN-DWN-2009/2	60% (Nil)	OIL 40%
58	AN-DWN-2009/3	60% (Nil)	OIL 40% (Joint Operator)
59	AN-DWN-2009/5	90% (Nil)	GSPC 10%
60	AN-DWN-2009/13	70% (Nil)	GAIL 10%, NTPC 10%, GSPC 10%
61	AN-DWN-2009/18	60% (Nil)	OIL 30%, GAIL 10%
62	GK-OSN-2009/1	40% (Nil)	AWEL 20%, GSPC 20%, IOC 20%
63	GK-OSN-2009/2	40% (Nil)	AWEL 30%, IOC 30%
64	KG-OSN-2009/1	80% (Nil)	APGIC 10%, NTPC 10%
65	KG-OSN-2009/2	90% (Nil)	APGIC 10%
66	KG-OSN-2009/4	50% (Nil)	APGIC 10%, OIL 30%, NTPC 10%
67	AA-ONN-2009/3	50% (Nil)	OIL 50%
68	CB-ONN-2009/4	50% (Nil)	GSPC 50%

Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
C	Operated by JV Partners		
69	Ravva	40% (40%)	CEIL (Operator) 22.5% PIL 25%, ROPL 12.5%
70	CY-OS-90/1 (PY3)	40% (40%)	HEPI (operator) 18% HOEC 21%, TPL 21%
71	RJ-ON-90/1	30% (30%)	CEIPL (Operator) 35%, CEHL 35%
72	CB-OS/2 -Development Phase	50% (50%)	CEIPL (operator) 6.70%, CEIWBV 13.20%, CECBV 10.10%, CEGBV 10%, TPL 10%
73	CB-ON/7 -Development Phase**	30% (30%)	HOEC (Operator) 35%, GSPC 35%
74	CB-ON/3 - Development Phase**	30% (30%)	EOL (Operator)70%
75	GK-OSJ-3	25% (25%)	RIL (operator) 60%, OIL 15%
76	AA-ONN-2002/3	70% (70%)	OIL (Operator) 30%
77	AN-DWN-2003/2	45%(45%)	ENI (Operator) 40%, GAIL 15%
78	KG-ONN-2003/1	51% (51%)	CEIL 24% (Operator), Cairn India 25%
79	RJ-ONN-2003/1	36%(36%)	ENI (Operator) 34%, CIL 30%
80	PR-OSN-2004/1	35% (35%)	Cairn Energy(Operator) 10% Cairn India 25%, TPL 30%
81	CB-ON/2- Development phase**	30% (30%)	GSPC (Operator) 56%, Geo-Global Resources 14%
82	RJ-ONN-2005/3	40% (40%)	GSPC (Operator) 60%
83	AA-ONN-2009/4	50% (Nil)	OIL(Operator) 50%
84	CY-OSN-2009/2	50% (Nil)	OIL 50% (Operator)
85	KG-DWN-2009/1	45% (Nil)	BGEPIL 30%(Operataor), OIL 15%, APGIC 10%
86	RJ-ON/6 - Development phase	30% (Nil)	Focus Energy Ltd (Operator) 7% I services Investment Ltd, Mauritius 45.5% Newbury Oil Co. Ltd, Cyprus 17.5%

* PI - Participating Interest

** Approval towards assignment of PI is awaited from GoI

*** There is no change in previous year details unless otherwise stated.

Abbreviations:- BGEPIL- British Gas Exploration & Production India Ltd., BPRL-Bharat Petroleum Refinery Ltd., MBN-BMN Investment Ltd, CEIL-Cairn Energy India Ltd, CIL-Coal India Ltd., ENI- ENI India Ltd., GAIL -Gail India Ltd., GSPC-Gujarat State Petroleum Corporation Ltd., HOEC- Hindustan Oil Exploration Co. Ltd., HPCL- Hindustan Petroleum Corporation Ltd, HOEC- Hindustan Oil Exploration Company Ltd., HMEL- HPCL-Mittal Energy Ltd., OIL -Oil India Ltd., IOC-Indian Oil Corporation Ltd., RIL- Reliance Industries Ltd., TPL-Tata Petrodyne Ltd. HEPI - Hardy Exploration & Production (India) Inc., PIL- Petrocon India Ltd. ROPL-Ravva Oil (Singapore) Pte. Ltd, CEIPL- Cairn Energy India Pty Ltd, CEHL- Cairn Energy Hydrocarbons Ltd, TIOL - Tullow India Operations Ltd, SRL – Suntera Resources Ltd. NTPC- National Thermal Power Corporation Ltd. AWEL-Adani welspur Exploration ltd, APGIC-Andra Pradesh Gas Infrastructure Corporation Ltd, PIBBV-Petrobras International Braspero BV, HEIBV-Hydro Oil & Energy India BV, ROPL-Ravva Oil (Sigapur) Ltd, HEPI-hrady Exploration & Production (India), PIL-Petrocon India Ltd.

24.1.1 **List of the blocks surrendered during the year are given below:-**

Sl. No.	Joint Ventures / PSCs	Company's PI *
1	RJ-ONN-2002/1	40%
2	GS-OSN-2003/1	51%
3	KK-DWN-2001/3	100%

* PI - Participating Interest

24.1.2 **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% IP*	22 (19)	5,090.88 (1,822.27)	192.90 (165.89)	0.72 (0.11)	5,345.08 (7,149.44)	-5,344.36 (-7,149.33)
Blocks with other partners	86 (74)	97,814.40 (90,350.03)	33,756.91 (29,287.34)	76,164.95 (51,148.14)	75,105.44 (39,842.90)	1,059.51 (11,305.24)
Surrendered	27 (31)	317.59 (219.26)	6,942.64 (6,184.08)	46.96 (0.28)	3,044.76 (5,616.40)	-2,997.80 (-5,616.12)
Total	**135 (124)**	**103,222.87 (92,391.56)**	**40,892.45 (35,637.31)**	**76,212.63 (51,148.53)**	**83,495.28 (52,608.74)**	**-7,282.65 (-1,460.21)**

24.1.3 The financial statements of 128 (Previous year 117) out of 135 (Previous year 124) JVs/NELP as per para no. 24.1.2 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-27.

24.1.4 In respect of balance 7 (Previous year 7) JVs/NELP assets, liabilities, income and expenditure amounting to ₹ 47.51 Million (Previous year ₹ 69.80 Million), ₹ 782.66 million (Previous year ₹ 143.98 million), ₹ 55.28 million (Previous year ₹ 152.55 million) and ₹ 943.31 million (Previous year ₹ 812.85 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-27.

24.1.5 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.

24.2 **Company's share in Joint Ventures (Outside India) through Subsidiary - OVL:**

Sr. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members	Operator	Project Status
1	Block 06.1 Project, Vietnam, Offshore	45%	BPEOC - 35% Petrovietnam - 20%	BPEOC*	The project is under development and production
2	Block 1a, 1b, 2a, 2b & 4 (GNOP) Project, Sudan, Onshore (Through ONGC Nile Ganga B.V.)	25%	CNPC - 40% Petronas - 30% Sudapet - 5%	Joint Operatorship	The project is under production.
3	Sakhalin -1 Project, Russia, Offshore	20%	ENL - 30% SODECO - 30% SMNG - 11.5% R N Astra – 8.5%	ENL	The project is under development and production

Sr. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members	Operator	Project Status
4	AFPC Project Syria, Onshore (Through ONGC Nile Ganga B.V.)**	38.75%	Fulin – 50% Mittals – 11.25%	SSPD **	The project is under production.
5	MECL, Colombia, Onshore (Through ONGC Amazon Alaknanda Limited)	50%	Sinopec – 50%	Joint Operatorship	The project is under development and production
6	Block 5A Project, Sudan, Onshore	24.125%	Petronas - 67.875% Sudapet - 8%	Petronas and Sudapet - Joint Operatorship	The project is under exploration, development and production
7	Block BC-10 Project, Brazil, Offshore (Through ONGC Nile Ganga B.V.)	15%	Shell – 50% Petrobras – 35%	Shell	The project is under development and production
8	OOO Imperial Frac Service (Through Jarpeno Ltd)	50%	Mr. Vladimir Aleksandrovich Borisov – 50%	OVL	The company provides Fraccing Services
9	San Cristobal Project, Venezuela, Onshore (Through ONGC Nile Ganga B.V.)	40%	CVP- 60%	Joint Operatorship	The project is under development and production
10	Block A-1 Project, Myanmar, Offshore	17%	Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE- 15%	Daewoo	The project is under development.
11	Block A-3 Project, Myanmar, Offshore	17%	Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE- 15%	Daewoo	The project is under development.
12	Farsi Block Project, Iran, Offshore	40%	IOC – 40% OIL – 20%	OVL	The project 's exploration service contract ended on 24 June 2009 and negotiations for development service contract are going on.
13	Block XXIV Project, Syria, Onshore	60%	IPRMEL - 25% Triocean-15%	IPR MEL	The project is under exploration and development.
14	Block 25-29, 35 (Part) & 36 Project, Cuba, Offshore	30%	Repsol YPF – 40% Stat Oil – 30%	Repsol YPF	The project is under exploration.
15	Khartoum–Port Sudan Pipeline Project, Sudan	90%	OIL – 10%	OVL	The pipeline on completion is under Lease.
16	Block RC-8, Colombia, Offshore	40%	Ecopetrol - 40% Petrobras – 20%	OVL	The project is under exploration
17	Block RC-9, Colombia, Offshore	50%	Ecopetrol - 50%	Ecopetrol	The project is under exploration
18	Block RC-10, Colombia, Offshore	50%	Ecopetrol - 50%	OVL	The project is under exploration
19	Block BM-SEAL-4, Brazil. (Through ONGC Nile Ganga B.V.	25%	Petrobras- 75%	Petrobras	The project is under exploration

Sr. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members	Operator	Project Status
20	Block BM-BAR-1, Brazil (Through ONGC Nile Ganga B.V)	25%	Petrobras- 75%	Petrobras	The project is under exploration
21	Block SSJN-7, Colombia, Onshore	50%	Pacific - 50%	Pacific	The project is under exploration
22	OPL-279, Nigeria (Through ONGC Mittal Energy Limited)	22.74% (OMEL 45.5%)	EMO- 40% Total -14.5%	OMEL	The project is under exploration
23	OPL-285, Nigeria (Through ONGC Mittal Energy Limited)	32.15% (OMEL 64.33%)	EMO- 10% Total -25.67%	OMEL	The project is under exploration
24	Block CPO-5, Colombia, Onshore	70%	PetroDorado – 30%***	OVL	The project is under exploration
25	SHWE Offshore Pipeline Project, Myanmar	17%	Daewoo – 51%, KOGAS – 8.5%, GAIL – 8.5%, MOGE – 15%	Daewoo	The project is under construction.
26	Myanmar Onshore Gas Pipeline Project (SEAGPCL) (Through ONGC Nile Ganga B.V.)	8.35%	CNPC-SEAP– 50.9% Daewoo – 25.04%, KOGAS– 4.17%, GAIL – 4.17%, MOGE – 7.37%	CNPC-SEAP	The project is under construction
27	BM-S-73, Brazil (Through ONGC Nile Ganga B.V.)	43.5%	Petrobras – 43.5% Eco Petrol – 13%	OCL	The project is under exploration
28	BM-S-74, Brazil (Through ONGC Nile Ganga B.V.)	43.5%	Petrobras – 43.5% Eco Petrol – 13%	Petrobras	The project is under exploration
29	Carabobo Project, Venezuela (Through Carabobo One AB)	11%	CVP - 60% Repsol Exp-11% Petronas Ve-11% INDOIL-7%	Joint operatorship	The project is under development

Abbreviations used: Addax – Addax Energy Nigeria Limited; BPEOC – BP Exploration Operating Company Limited; CNPC – China National Petroleum Corporation; CNPC-SEAP-CNPC South-East Asia Pipeline Co Ltd; CVP – Corporacion Venezolana Del Petroleo S.A.; Daewoo – Daewoo International Corporation; Devon – Devon Energy do Brazil Ltda ; EMO – EMO Exploration & Production Limited; Equator – Equator Exploration JDZ Block 2 Limited; ERHC – ERHC Energy Nigeria JDZ Block 2 Limited; ENL – Exxon Neftegas Limited; Foby – Foby Energy Company Limited; Fulin – Fulin Investments Sarl; GAIL – GAIL (India) Limited;; IOC – Indian Oil Corporation Limited; INDOIL- Indoil Netherlands B.V.; IPRMEL – IPR Mediterranean Exploration Limited; KOGAS – Korea Gas Corporation; B.V; Mittals – Mittal Investments Sarl; MOGE- Myanmar Oil and Gas Enterprise ; Amber – Momo Deepwater JDZ Limited; OCL – ONGC Campos Ltda.. OIL – Oil India Limited; Pacific - Pacific Stratus Energy, Colombia; Petrobras – Petroleo Brasileiro S.A.; Petro-Dorado - Petro-Dorado South America S.A.; Petronas – Petronas Carigali Overseas Sdn Bhd; Petronas Ve: PC Venezuela Ltd; Petrovietnam – Vietnam Oil and Gas Group; Repsol – Repsol YPF Cuba SA; Repsol Exp- Repsol Exploracion S.A.; SEAGPCL – South East Asia Gas Pipeline Company Ltd.; Shell – Shell Brazil Ltda; Sinopec – Sinopec Overseas Oil and Gas Limited; Sinopec JDZ– Sinopec JDZ Block 2 Limited; SMNG – Sakhalinmorneftegas Shelf; SODECO – Sakhalin Oil Development Company Limited; SSPD: Syria Shell Petroleum Development B.V.; Sudapet – Sudapet Limited; Triocean: Tri-Ocean Mediterranean

* During the year, BPEOC entered into an agreement for sale of its PI and transfer of Operatorship to TNK-Vietnam, which is awaiting approval from Vietnamese authorities.

** OVL has effectively 38.75% interest in Himalaya Energy Syria B.V.(HESBV) with Mittals and Fulin effectively holding 11.25% and 50% interest respectively. HESBV, through its subsidiaries, holds 33.33%, 37.5% and 36% interest in Ash Sham (including deep and lateral) concession, Deir-Ez Zor and Annexure-IV (including deep and lateral) concessions and a gas utilization agreement in Syria; the balance interest in the concessions being held by SSPD- the Operator.

*** Farm-out of 30% participating interest effective 2nd June 2010; approved by Agencia Nacional de Hidrocarburos (ANH) on 1st October 2010.

24.2.1 **List of the blocks surrendered by Subsidiary OVL during the year are given below:-**

Sl. No.	Joint Ventures / PSCs	Company's PI *
1.	Block AD-2, AD-3, AD-9, Myanmar Offshore	100%
2.	Block 6, North Ramadan, Egypt	70%
3.	Block 81-1, Libya	100%
4.	Block NEMed, Egypt	33%

24.2.2 **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 31st March 2011									
Block 5A, Sudan	2,989.99	5,030.37	268.86	1,345.15	712.79	6.58	260.02	2,808.41	1,816.74
Farsi Block, Iran	0.33	-	-	-	0.95	0.90	10.2	0.17	22.28
Sudan Pipeline, OVL's Share (90%)	-	-	-	-	2,885.51	7.96	1,623.07	272.86	78.56
Block 06.1 Vietnam	1,383.66	2,318.80	1,188.30	315.85	1,757.34	87.08	1,488.26	7,900.97	3,167.56
Block 1a, 1b, 2a, 2b & 4, Sudan	389.16	19,538.85	-	3,321.02	2,500.46	426.42	3,830.10	48,382.27	32,407.86
AFPC, Syria	-	2,280.28	-	34.81	7,600.99	115.41	7,003.89	23,766.62	21,193.14
Block BC-10 & Exploratory Blocks, Brazil	-	26,340.72	1,506.95	2,466.37	1,464.83	9.15	266.16	16,438.19	5,022.68
PIVSA (San Cristobal), Venezuela	335.20	1,869.19	1,339.23	-	13,573.43	22.44	11,763.97	16,773.84	12,915.97
Tamba	-	-	-	-	85.55	1,756.67	4,596.26	405.98	468.79
SEAGP (OCEBV)	3.14	-	147.37	-	179.20	541.55	6.84	-	-
MECL	3,387.69	5,287.40	82.25	2,938.27	10,793.97	3,236.03	79.83	13,389.27	3,897.10
LLC Imperial Frac Service	70.12	-	-	16.10	61.62	1.88	2,242.32	157.41	137.07
Petro Carabobo			2,459.60			1.15			9.40
TOTAL (A)	**8,559.29**	**62,665.61**	**6,992.56**	**10,437.57**	**41,616.64**	**6,213.22**	**33,170.92**	**130,295.99**	**81,137.15**
B. Audited as of 31st December 2010									
Sakhalin 1 Russia	30,393.86	49,385.30	26,994.93	815.04	8,136.26	886.90	21,177.70	44,994.81	15,899.19
Block RC-8, Colombia	0.15	-	-	-	0.09	0.02	7.00	-	18.02

(₹ 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)
Block RC-9, Colombia	-	-	-	-	-	-	(0.07)	0.52	87.18
Block SSJN-7, Colombia	-	-	-	-	-	-	-	0.06	11.34
CPO 5 Block	0.22	-	-	-	10.22	-	29.37	0.08	793.20
Block RC-10, Colombia	0.19	-	-	-	0.11	-	7.10	0.10	12.17
Blocks 25-29, 35 (Part) & 36, Cuba	1.45	-	346.91	216.77	41.24	-	42.04	-	140.47
TOTAL (B)	**30,395.87**	**49,385.30**	**27,341.84**	**1,031.81**	**8,187.92**	**886.92**	**21,263.14**	**44,995.57**	**16,961.57**
C. Unaudited									
Block A-1, Myanmar	12.16	-	700.46	2,323.10	132.37	96.93	310.48	-	(184.54)
Block A-3, Myanmar	2.81	-	842.73	1,082.81	30.21	178.15	376.41	-	(211.88)
Block XXIV, Syria	32.82	(26.62)	-	727.39	175.44	-	202.19	41.19	317.35
Block 6 North Ramadan, Egypt	-	-	-	-	67.90	-	10.52	-	1,261.71
Block NC-189, Libya	-	-	-	-	22.21	2.34	0.44	0.32	81.27
Block NEMED, Egypt.	-	-	-	-	34.86	-	20.78	-	2,818.92
SHWE Offshore Pipeline Myanmar	-	-	568.78	-	11.43	54.94	117.85	-	(1.32)
Block 279, Nigeria			2,139.17			241.39			158.42
Block 285, Nigeria	30.40		647.00						2,442.00
TOTAL (C)	**78.19**	**-26.62**	**4,898.14**	**4133.3**	**474.42**	**573.75**	**1038.67**	**41.51**	**6,681.93**
GRAND TOTAL	**39,033.35**	**112,024.29**	**39,232.54**	**15,602.68**	**50,278.98**	**7,673.89**	**55,472.73**	**175,333.07**	**104,780.65**

*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.

The Company's share of assets, liabilities have been converted into the reporting currency at the average exchange rate as on the date of balance sheet and 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.

24.2.3 Title to Fixed Assets under Production Sharing Agreements

The Company, the Subsidiaries and Joint Venture Company, in consortium with other partners (Consortium) carries on its business in respect of exploration, development and production of hydrocarbons under agreements with the host governments. Several of these agreements, governing Company's activities in the fields / projects, 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 throughout the term of the respective agreements. The Consortium also has the custody and maintenance of such assets and bears 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 during the currency of the respective agreements.

24.3 Jointly Controlled Entities:

24.3.1 The Company's share in assets, liabilities, income, expenses, contingent liabilities and capital commitments of Jointly Controlled Entities:

(₹ in million)

	Description	As at 31st March, 2011	As at 31st March, 2010
i)	**Assets**		
	Long term assets	50,621.74	29,786.13
	Investments	2,648.03	1,064.57
	Current assets	4,695.06	4,637.39
ii)	**Liabilities**		
	Current liabilities and provisions	12,725.80	5,804.74
	Other liabilities	31,466.65	17,786.44
iii)	Deferred tax liabilities	198.13	241.83
iv)	Income	18,978.32	14,674.79
v)	Expenses	20,202.36	15,130.93
vi)	Contingent liabilities	3,077.14	1,815.24
vii)	Capital commitments	47,639.97	46,051.70

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 31.03.2011 by applying discount rates of 17.16% (Previous year 17.31%) for Rupee transactions and 12.80 % (Previous year 13.07 %) for crude oil and value added products revenue measured in USD as on 31.03.2011.

25.2 During the year ₹ 1,534.73 million (Previous year ₹ 553.45 million) was provided as an impairment loss. Out of this, ₹ 600.07 million (Previous year ₹ 553.45 million) has been provided as additional impairment in respect of Onshore CGUs - Jodhpur and Silchar. Balance of ₹ 319.37 million (Previous year Nil) represents impairment provided for "Kuthalam Value added Plant" due to uncertain marketability of its products and ₹ 615.29 million (Previous year Nil) in respect of certain Onshore NELP Blocks due to adjustment of cost recovery from revenue and sharing of 100% royalty. Further, impairment loss to the extent of ₹ 43.76 million (Previous year ₹ 986.17 million) has been reversed in respect of Onshore Agartala and Offshore Ratna CGUs due to increased sale price and ₹ 138.77 million (Previous year Nil) reversed in Jodhpur onshore due to transfer of assets to another CGU.

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	2010-11	2009-10
Opening Balance	8,246.30	9453.55
Add: Provision made during the year	766.65	93.20
Less: Provision written back/ reclassified/ reduction during the year	349.33	1,300.45
Closing Balance	**8,663.62**	**8,246.30**

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 the Company, its subsidiaries and Joint Venture Entities - ₹ 270,554.18 million (Previous year ₹ 333,307.98 million).

ii) In respect of Joint Ventures - ₹ 31,964.89 million (Previous year ₹ 6,450.55 million).

27.1.2 Estimated amount of Minimum Work Programme (MWP) committed under various 'Production Sharing Contracts':-

i) In respect of NELP blocks in which the Company has 100% participating interest – ₹ 22,558.90 million (Previous year ₹ 33,419.14 million).

ii) In respect Nominated Blocks ₹ 374.04 million (Previous year ₹ 1,128.13 million).

iii) In respect of Joint Ventures - ₹ 98,441.67 million (Previous year ₹ 90,277.51 million).

27.2 Contingent Liabilities:

Claims against the Company/ disputed demands not acknowledged as debt:-

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
I	**in respect of Company :**		
	i. Income tax matters	16,289.61	17,012.68
	ii. Excise Duty matters	5,243.29	2,518.89
	iii. Custom Duty matters	1,577.66	1,576.29
	iv. Royalty	19,484.60	18,849.79
	v. Cess	6.57	12.76
	vi. Sales Tax	30,306.07	21,324.28
	vii. Octroi	66.89	66.89
	viii. Service Tax	1,039.92	-
	ix. AP Mineral Bearing Land Tax	1,470.22	1,171.84
	x. Specified Land Tax (Assam)	2,526.40	2,274.50
	xi. Claims of contractors in Arbitration/Court	34,781.92	21,774.50
	xii. in respect of other matters	22,297.09	20,071.51
	Sub Total	**135,090.24**	**106,653.93**
II	**in respect of Joint Ventures :**		
	i. Income tax matters	8.91	8.91
	ii. Excise Duty matters	-	322.42
	iii. Custom Duty matters	3457.81	3,457.89
	iv. Cess	-	10.64
	v. Sales Tax	2,959.04	2,959.13
	vi. Claim of GoI for additional profit petroleum	3,634.77	-
	vii. Claims of contractors in Arbitration/Court	9,798.45	740.73
	viii. Service Tax	157.42	-
	ix. in respect of other matters	907.23	4,898.72
	Sub Total	**20,923.63**	**12,398.44**
	TOTAL (I+II)	**156,013.87**	**119,052.37**

27.2.1 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 135 cases (previous year 173 cases) regarding enhancement of land compensation pending with Karnataka High Court against Order of Principal Judge Bangalore Rural District Court, the amounts are not ascertainable at present.

27.2.2 The above claims / demands are at various stages of appeal and in the opinion of the Company are not tenable.

27.2.3 Bank Guarantees given by the Company ₹ 9,528.63 million (Previous year ₹ 5,079.01 million) including ₹ 1,330.82 million (Previous year ₹ 1,142.37 million) for NELP Blocks where the Company has 100% participating interest (PI)

27.2.4 Bank Guarantees in respect of Joint ventures – ₹ 5,898.85 million (Previous year ₹ 7,082.46 million).

27.3 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)

27.3.1 Guarantees executed for financial obligations:

i) Amount of Guarantee ₹ 36,371.66 million (Previous year ₹ 38,043.51 million).

ii) Amount Outstanding ₹ 33,934.69 million (Previous year ₹ 34,932.70 million).

27.3.2 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. The Company has given a Performance Guarantee on behalf of Petro Carabobo Ganga B.V. to Government of Venezuela in respect of Carabobo 1 Project. The total investment commitment is estimated at USD 1333 Million (₹ 59,611.76 Million).

27.3.3 Corporate Guarantees executed by the Company on behalf of its subsidiary, MRPL:

i) Amount of Guarantee ₹ 7,155.20 million (Previous year ₹ 16,246.80 million).

ii) Amount Outstanding ₹ 3,442.99 million (Previous year ₹ 4,828.91 million).

27.4 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)

		2010-11	2009-10
Manpower Cost:			
(a) Salaries, Wages, Ex-gratia etc.	**53,994.91**		47,501.86
(b) Contribution to Provident and other funds	**3,487.19**		3,397.90
(c) Provision for gratuity	**1,536.18**		(465.80)
(d) Provision for leave encashment	**4,582.08**		3,521.74
(e) Provision for post retirement medical & terminal benefits	**2,840.25**		1,521.67
(f) Staff welfare expenses	**5,054.96**		4,711.20
Sub Total		**71,495.57**	**6,0188.57**
Consumption of Raw Materials, Store and Spares		**342,899.17**	275,557.23
Cess		**56,962.72**	54,547.67
Natural Calamity Contingent Duty - Crude Oil		**1,113.96**	1,061.86
Excise Duty		**3,110.42**	44,291.53
Royalty		**126,514.52**	103,560.48
Sales Tax		**3,878.45**	3,734.18
Octroi/BPT		**5,104.68**	4,966.61
Service Tax		**227.48**	919.14
Education cess		**1,828.44**	1,711.65
Rent		**3,248.82**	2,220.14
Rates and taxes		**2,385.67**	562.28
Hire charges of equipments and vehicles		**111,341.13**	116,683.74
Power, fuel and water charges		**3,397.38**	2,814.94
Contractual drilling, logging, workover etc.		**162,219.80**	115,529.46
Contractual security		**2,844.99**	2,586.76
Repairs to building		**2,627.77**	1,341.35
Repairs to plant and machinery		**2,310.41**	2,355.66
Other repairs		**5,148.23**	3,763.38
Insurance		**2,331.78**	2,592.99
Other Operating Expenditure		**20,491.75**	18,654.53
Miscellaneous expenditure		**16,499.74**	11,078.00
		947,982.88	**830,722.15**
Less:			
Allocated to exploration, development drilling, capital jobs recoverables etc.		**2,60,245.18**	215,054.30
Excise duty		**3,098.80**	44,142.77
Prior Period Adjustment		**(6.29)**	(220.73)
Production, Transportation, Selling and Distribution Expenditure etc.		**684,645.19**	**571,745.81**

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.

27.5 MANAGERIAL REMUNERATION:

(₹ in million)

REMUNERATION PAID OR PAYABLE TO DIRECTORS	2010-11	2009-10
Functional Directors :		
Salaries and Allowances	**66.14**	51.54
Contribution to Provident & Other Funds	**2.63**	2.92
Other Benefits and Perquisites *	**22.55**	26.92
Independent Directors :		
Sitting Fees	**4.84**	4.24
Total	**96.16**	**85.62**

*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.

27.6 AUDITORS' REMUNERATION:

(₹ in million)

	2010-11	2009-10
Audit Fees	**13.91**	10.31
For Certification work etc.	**8.48**	7.49
Traveling and Out of Pocket Expenses	**12.62**	13.68
	35.01	**31.48**

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 (MMTOE)**	
		As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10
A. In India							
Offshore	**Opening**	**224.26**	**222.71**	**210.517**	**196.712**	**434.78**	**419.42**
	Addition	3.94	19.62	11.079	33.624	15.01	53.24
	Production	17.45	18.06	19.588	19.819	37.03	37.88
	Closing	**210.75**	**224.26**	**202.008**	**210.517**	**412.76**	**434.78**
Onshore	**Opening**	**189.90**	**191.76**	**152.227**	**148.125**	**342.12**	**339.89**
	Addition	9.02	5.81	8.999	9.678	18.01	15.49
	Production	9.00	7.66	5.538	5.576	14.54	13.24
	Closing	**189.91**	**189.90**	**155.688**	**152.227**	**345.60**	**342.13**
Total in India	**Opening**	**414.15**	**414.47**	**362.744**	**344.837**	**776.90**	**759.31**
	Addition	12.96	25.43	20.078	43.302	33.02	68.73
	Production	26.45	25.73	25.126	25.395	51.57	51.13
	Closing	**400.66**	**414.15**	**357.697**	**362.744**	**758.36**	**776.89**

Details		Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MMTOE)**	
		As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10
B. Outside India							
Block 06.1, Vietnam	**Opening**	**0.710**	**0.752**	**12.789**	**14.756**	**13.499**	**15.508**
	Addition	-	-	-	-	-	-
	Adjustment		-		-		-
	Production	0.038	0.042	2.249	1.967	2.287	2.009
	Closing	**0.672**	**0.71**	**10.540**	**12.789**	**11.212**	**13.499**
Sakhalin-1, Russia	**Opening**	**36.949**	**37.946**	**69.992**	**70.147**	**106.941**	**108.093**
	Addition	.026	0.535	1.960	0.236	1.986	0.771
	Production	1.474	1.532	0.415	0.39	1.986	1.922
	Closing	**35.501**	**36.949**	**71.537**	**69.993**	**107.038**	**106.942**
Block 1a, 1b, 2a, 2b & 4 (GNOP), Sudan	**Opening**	**19.831**	**20.22**	**-**	**-**	**19.831**	**20.22**
	Addition	-	1.762	-	-	-	1.762
	Adjustment	0.605	0.025	-	-	0.605	0.025
	Production	1.801	2.126	-	-	1.801	2.126
	Closing	**17.425**	**19.831**	**-**	**-**	**17.425**	**19.831**
Block 5A, Sudan	**Opening**	**6.571**	**6.584**	**-**	**-**	**6.571**	**6.584**
	Addition	0.283	0.234	-	-	0.283	0.234
	Adjustment	0.001	-	-	-	0.001	-
	Production	0.226	0.247	-	-	0.226	0.247
	Closing	**6.627**	**6.571**	**-**	**-**	**6.627**	**6.571**
AFPC Syria	**Opening**	**2.939**	**2.988**	**-**	**-**	**2.939**	**2.988**
	Addition	0.933	0.669	-	-	0.933	0.669
	Adjustment	-	-	-	-	-	-
	Production	0.662	0.718	-	-	0.662	0.718
	Closing	**3.210**	**2.939**	**-**	**-**	**3.210**	**2.939**
MECL, Columbia,	**Opening**	**3.381**	**3.729**	**-**	**-**	**3.381**	**3.729**
	Addition	1.218	0.062	-	-	1.218	0.062
	Adjustment	-	0.001	-	-	-	0.001
	Production	0.468	0.409	-	-	0.468	0.409
	Closing	**4.131**	**3.381**	**-**	**-**	**4.131**	**3.381**
BC-10, Brazil	**Opening**	**1.605**	**1.946**	**0.563**	**0.601**	**2.168**	**2.547**
	Addition	4.285	-	0.128	-	4.413	-
	Adjustment	-	0.149	-	0.038	-	0.187
	Production	0.573	0.192	0.032	-	0.605	0.192
	Closing	**5.317**	**1.605**	**0.659**	**0.563**	**5.976**	**2.168**
Imperial Energy, Russia	**Opening**	**16.876**	**18.946**	**4.992**	**3.901**	**21.868**	**22.847**
	Addition	1.075	-	0.318	1.091	1.393	1.091
	Adjustment	-	1.527	-	-	-	1.527
	Production	0.770	0.543	-	-	0.770	0.543
	Closing	**17.181**	**16.876**	**5.309**	**4.992**	**22.490**	**21.868**

Details		Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MMTOE)**	
		As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10
Block-24, Syria	**Opening**	**1.815**	**-**	**-**	**-**	**1.815**	**-**
	Addition	-	1.815	-	-	-	1.815
	Adjustment	-	-	-	-	-	-
	Production	0.002	-	-	-	0.002	-
	Closing	**1.813**	**1.815**	**-**	**-**	**1.813**	**1.815**
North Ramadan, EGYPT	**Opening**	**0.455**	**0.455**		**-**	**-**	**0.455**
	Addition	-	-		-	-	-
	Adjustment	0.455	-	-	-	0.455	-
	Production	-	-	-	-	-	-
	Closing	**0.000**	**0.455**	**-**	**-**	**0.455**	**0.455**
PIVSA, Venezuela	**Opening**	**6.526**	**7.26**	**-**	**-**	**6.526**	**7.26**
	Addition	6.920	-	-	-	6.920	-
	Adjustment	0.001	0.03	-	-	0.001	0.03
	Production	0.757	0.704	-	-	-	0.704
	Closing	**12.688**	**6.526**	**-**	**-**	**-**	**6.526**
Block-A1 & A2, Mayanmar	**Opening**	**-**	**-**	**-**	**-**	**-**	**-**
	Addition	-	-	10.297	-	10.297	-
	Adjustment	-	-	-	-	-	-
	Production	-	-	-	-	-	-
	Closing	**-**	**-**	**10.297**	**-**	**10.297**	**-**
Total Outside India	**Opening**	**97.659**	**100.827**	**88.336**	**89.404**	**185.995**	**190.231**
	Addition	14.740	5.077	12.703	1.327	27.443	6.404
	Adjustment	1.062	1.732	-	0.038	1.062	1.770
	Production	6.771	6.513	2.696	2.357	9.467	8.870
	Closing	**104.566**	**97.659**	**98.343**	**88.336**	**202.909**	**185.995**

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 (MMTOE)**	
		As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10
A. In India							
Offshore	**Opening**	**173.44**	**176.44**	**129.860**	**126.770**	**303.30**	**303.21**
	Addition	2.77	15.06	10.276	22.910	13.05	37.97
	Production	17.45	18.06	19.588	19.819	37.03	37.88
	Closing	**158.76**	**173.44**	**120.549**	**129.860**	**279.31**	**303.30**
Onshore	**Opening**	**146.26**	**148.49**	**111.178**	**111.069**	**257.44**	**259.56**
	Addition	13.46	5.39	5.012	5.644	18.47	11.03
	Production	8.95	7.61	5.441	5.535	14.39	13.15
	Closing	**150.77**	**146.26**	**110.749**	**111.178**	**261.52**	**257.44**
Total in India	**Opening**	**319.71**	**324.93**	**241.039**	**237.839**	**560.74**	**562.77**
	Addition	16.23	20.45	15.287	28.554	31.51	49.00
	Production	26.40	25.67	25.029	25.354	51.42	51.02
	Closing	**309.54**	**319.71**	**231.297**	**241.039**	**540.83**	**560.75**

Details		Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MMTOE)**	
		As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10
B. Outside India							
Block 06.1, Vietnam	**Opening**	**0.701**	**0.743**	**9.234**	**11.201**	**9.935**	**11.944**
	Addition	-	-	-	-	-	-
	Adjustment	-	-	-	-	-	-
	Production	0.038	0.042	2.249	1.967	2.287	2.009
	Closing	**0.663**	**0.701**	**6.985**	**9.234**	**7.648**	**9.935**
Sakhalin-1, Russia	**Opening**	**9.614**	**11.146**	**11.704**	**12.093**	**21.318**	**23.239**
	Addition	2.480	-	-	0.001	2.480	0.001
	Adjustment	-	-	0.001	-	0.001	-
	Production	1.474	1.532	0.415	0.39	1.889	1.922
	Closing	**10.620**	**9.614**	**11.288**	**11.704**	**21.908**	**21.318**
Block 1a, 1b, 2a, 2b & 4 (GNOP), Sudan	**Opening**	**7.105**	**7.83**	**-**	**-**	**7.105**	**7.83**
	Addition	2.527	1.426	-	-	2.527	1.426
	Adjustment	-	0.025	-	-	-	0.025
	Production	1.801	2.126	-	-	1.801	2.126
	Closing	**7.831**	**7.105**	**-**	**-**	**7.831**	**7.105**
Block 5A, Sudan	**Opening**	**3.996**	**4.234**	**-**	**-**	**3.996**	**4.234**
	Addition	-	0.009	-	-	-	0.009
	Adjustment	1.303		-	-	1.303	
	Production	0.226	0.247	-	-	0.226	0.247
	Closing	**2.467**	**3.996**	**-**	**-**	**2.467**	**3.996**
AFPC Syria	**Opening**	**2.716**	**2.693**	**-**	**-**	**2.716**	**2.693**
	Addition	0.781	0.741	-	-	0.781	0.741
	Adjustment	-		-	-	-	
	Production	0.662	0.718	-	-	0.662	0.718
	Closing	**2.835**	**2.716**	**-**	**-**	**2.835**	**2.716**
MECL, Columbia	**Opening**	**2.094**	**3.041**	**-**	**-**	**2.094**	**3.041**
	Addition	1.614	-	-	-	1.614	
	Adjustment	-	0.539	-	-	-	0.539
	Production	0.468	0.409	-	-	0.468	0.409
	Closing	**3.240**	**2.094**	**-**	**-**	**3.240**	**2.094**
Imperial Energy, Russia	**Opening**	**3.997**	**2.648**	**-**	**-**	**3.997**	**2.648**
	Addition	1.566	1.892	-	-	1.566	1.892
	Adjustment	-	-	-	-	-	-
	Production	0.770	0.543	-	-	0.770	0.543
	Closing	**4.793**	**3.997**	**-**	**-**	**4.793**	**3.997**
BC-10,Brazil	**Opening**	**1.171**	**-**	**0.409**	**-**	**1.580**	**-**
	Addition	1.333	1.363	0.066	0.41	1.399	1.773
	Adjustment	-	-	-	0.001	-	0.001
	Production	0.573	0.192	0.032	-	0.605	0.192
	Closing	**1.931**	**1.171**	**0.443**	**0.409**	**2.374**	**1.58**

Details		Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MMTOE)**	
		As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10
PIVSA, Venezuela	**Opening**	**3.074**	**0.056**	**-**	**-**	**3.075**	**0.056**
	Addition	-	3.752	-	-	-	3.752
	Adjustment	0.416	0.03	-	-	0.416	0.03
	Production	0.757	0.704	-	-	0.757	0.704
	Closing	**1.901**	**3.074**	**-**	**-**	**1.901**	**3.074**
Block-24, Syria	**Opening**	**-**	**-**	**-**	**-**	**-**	**-**
	Addition	0.002	-	-	-	0.002	-
	Adjustment	-	-	-	-	-	-
	Production	0.002	-	-	-	0.002	-
	Closing	**-**	**-**	**-**	**-**	**-**	**-**
Total Outside India	**Opening**	**34.468**	**32.391**	**21.347**	**23.294**	**55.815**	**55.685**
	Addition	10.303	9.183	0.066	0.411	10.369	9.594
	Adjustment	1.719	0.594	0.001	0.001	1.720	0.595
	Production	6.771	6.513	2.696	2.357	9.467	8.870
	Closing	**36.281**	**34.468**	**18.716**	**21.347**	**54.997**	**55.815**

*Crude Oil includes oil condensate and does not include 0.7083 MMT (previous year 0.940 MMT) of Condensate due to line condensation and 191.6 MMM^3 (previous year 198.6 MMM^3) of CSU off gas.

**MMTOE denotes "Million Metric 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. 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.

30. 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 Standard (AS) -15 on Employee Benefit is not disclosed in Consolidated Financial statement due to impracticability :

31. Disclosure requirement in respect of subsidiaries/Joint Ventures companies have been disclosed to the extent available from their audited/unaudited accounts.

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 the Accounts relate to previous year.

34. Figures in the accounts are stated in ₹ Million except those in parenthesis which would otherwise have become Nil on account of rounding off.

The vast expanse of Arabian Sea : Home to E&P operations of ONGC

Consolidated Cash Flow Statement for The Year Ended 31st March, 2011

(₹ in million)

		Year Ended 31st March, 2011			Year Ended 31st March, 2010
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Profit before tax and extraordinary items		**343,163.17**		304,413.64
	Adjustments For:				
	Prior Period Items	**115.95**		(400.61)	
	Recouped Costs				
	(Represented by Depreciation, Depletion and Amortisation)				
	Gross Amount	**206,523.13**		187,173.65	
	Cash Outflows	**(92,995.46)**		(98,545.32)	
		113,527.67		88,628.33	
	- Interest on Borrowings	**5,114.64**		5,009.44	
	- Foreign Exchange Loss/(Gain)	**603.11**		(1,056.90)	
	- Provision for Gratuity	**5.31**		25.28	
	- Provision for Leave Encashment	**2,317.45**		533.84	
	- Provision for AS-15 Employee Benefits	**2,861.43**		1,544.63	
	- Provision for Pay Revision	**-**		(116.46)	
	- Miscellaneous Expenditure written off	**0.30**		0.03	
	- Profit/Loss on sale of fixed assets	**18.42**		54.15	
	- Lease Income (Net)	**(140.53)**		-	
	- Other Provision and Write offs	**15,298.14**		5,285.75	
	- Excess Provision/Liability written Back	**(929.25)**		(913.03)	
	- Interest Income	**(22,247.78)**		(17,746.59)	
	- Deffered Government Grant	**(4.72)**		(5.29)	
	- Dividend Received	**(4,260.71)**		(4,238.87)	
	- Profit on sale of investment	**-**		(9.05)	
			112,279.43		76,594.65
	Operating Profit before Working Capital Changes		**455,442.60**		381,008.29
	Adjustments for:-				
	- Debtors	**(33,725.60)**		1,091.84	
	- Loans and Advances	**1,578.18**		(12,337.85)	
	- Other Current Assets	**(1,416.55)**		(16.98)	
	- Deferred Revenue Expenditure/ Miscellaneous Exp. W/off	**452.91**		(2,641.23)	
	- Inventories	**(3,925.27)**		(17,272.75)	
	- Trade Payable and Other Liabilities	**106,613.07**		14,980.85	
			69,576.74		(16,196.12)
	Cash generated from Operations		**525,019.34**		364,812.17
	Direct Taxes Paid (Net of tax refund)		**(105,192.24)**		(77,483.72)
	Cash Flow before prior period and Extra ordinary Items		**419,827.10**		287,328.45
	Prior period items		**(28.57)**		500.75
	Net Cash Flow from Operating Activities 'A'		**419,798.53**		**287,829.20**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	Purchase of Fixed Assets (Net)		**(196,853.09)**		(123,123.39)
	Exploratory and Development Drilling		**(80,193.48)**		(89,407.83)
	Purchase of Investments		**(12,506.82)**		(31,410.34)
	Sale of Investments		**32,014.91**		14,908.82
	Advance for Share Capital		**(6,682.99)**		(5,983.75)
	Loans to Public Sector Undertakings and Other Bodies Corporate		**340.04**		320.60
	Deposit with Public Sector Undertakings		**15,000.00**		5,000.00
	Foreign Currency Translation Adjustment		**(3,306.02)**		6,009.95
	Share of Dividend/Profit in Associate Company		**-**		24.50
	Investment in Associates		**(958.50)**		(430.59)
	Project Development/ Preoperative expenditure		**(10,118.82)**		(6,856.02)
	Advance to Sudapet & Carry Finances		**(11.51)**		257.17
	Dividend Received		**4,260.71**		1,595.25
	Interest Received		**21,511.20**		26,727.67
	Tax paid on Interest Income		**(6,649.43)**		(8,650.81)
	Net Cash Flow from Investing Activities 'B'		**(244,153.80)**		**(211,018.77)**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Share Capital	-	0.19
Advance Against Equity	4,095.29	2,874.43
Proceeds/(Repayment) of Term Loans/Commercial Papers	400.40	(3,038.74)
Dividend Paid	(101,427.32)	(69,377.54)
Tax on Dividend	(16,471.37)	(11,403.91)
Interest Paid	(4,199.66)	(1,781.63)
Net Cash Flow from Financing Activities 'C'	(117,602.66)	(82,727.20)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	58,042.07	(5,916.77)
Cash and Cash Equivalents as at 1st April, 2010 (Opening Balance)	219,966.71	225,883.48
Add: Other Adjustments to Cash and Cash Equivalent as at 1st April, 2010*	895.46	-
	220,862.17	225,883.48
Cash and Cash Equivalents as at 31st March,2011 (Closing Balance)	278,904.24	219,966.71
	58,042.07	(5,916.77)

*Cash and cash equivalent as on 01.04.2010 includes ₹ 895.46 million on account of consolidation of accounts of Dahej SEZ Ltd. for the current period as it was not consolidated in the previous year.

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)

	2010-11	2009-10
a) Cash and Bank Balances and Cheques in hand (Schedule 12A)	205,620.14	149,702.47
b) Deposits with Bank under Site Restoration Fund Scheme (Schedule 12B)	81,262.48	74,138.43
Total	286,882.62	223,840.90

4. Cash and Cash equivalent excludes ₹ 7,978.38 million (Previous year ₹ 3,874.16 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 ₹ 9127.38 million share of jointly controlled entity. (Previous year ₹ 2,370.84 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)

(A. K. Hazarika)
Chairman & Managing Director

In terms of our report of even date attached

For Kalyaniwalla & Mistry
Chartered Accountants
Firm Reg. No. 104607W
(Ermin K. Irani)
Partner (Mem. No. 035646)

For Arun K. Agarwal & Associates
Chartered Accountants
Firm Reg. No. 003917N
(Vimal Kumar Jain)
Partner (Mem. No. 086657)

For S. Bhandari & Co.
Chartered Accountants
Firm Reg. No. 000560C
(P.P.Pareek)
Partner (Mem. No. 071213)

For Ray & Ray
Chartered Accountants
Firm Reg. No. 301072E
(B.K.Ghosh)
Partner (Mem. No. 051028)

For M. Kuppuswamy P S G & Co.
Chartered Accountants
Firm Reg. No. 001616S
(M.K.Krishnan)
Partner (Mem. No. 020116)

New Delhi
May 30th, 2011

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