

# Annual Report 2013-2014

Keeping Energy in  
Synergy With Future



## Annual Report 2013-2014



Oil and Natural Gas Corporation Limited

CIN: L74899DL1993GOI054155  
Jeevan Bharati, Tower-II, 124 Indira Chowk, New Delhi-110001,  
Tel: 011- 23310156, Fax: 011-23316413, E-mail: secretariat@ongc.co.in  
Website: www.ongcindia.com, facebook.com/ONGCLimited



Oil and Natural Gas Corporation Limited





# ONGC

is on a mission

To find more energy and to deliver energy for national growth.

The challenges are many.

But we have the Courage, the Knowledge, the Vision and the alchemy to transform uncertainty into value.

It has been a journey marked by uncommon grit, resilience and the power to turn adversity into opportunity. Starting from scratch, we have put India on the world energy map.

With our energy footprint in 16 countries, we are geared to anchor India's energy security.







# Chairman’s Message

**Dear Shareholder,**

On behalf of the Board of Directors of Oil and Natural Gas Corporation Ltd., the Most Valuable Indian Public Enterprise with a ₹ 4 trillion market capitalization, it is my proud privilege to present an account of your Company's operating and financial results for the financial year 2013-14. A team of around 34,000 engineers, scientists and managers of the India's National Oil Company, working 24x7 in challenging E&P coordinates in India and 16 countries to deliver energy that is crucial for economic development of India, home to over 17 per cent of the world population, join me in greeting you.

ONGC – currently the world's number 3 Exploration & Production Company (Platts 2013) - has posted consistently impressive corporate results, notwithstanding enduring challenges in the global economic framework. Apart from reinforcing our position as India's Most Admired Energy Company (Fortune's listing) again, ONGC has achieved an optimised mix of consistent upstream growth and expansion in sustainable development footprints. Such structural strength has enabled us to build long-term wealth formation capabilities and deliver outstanding value to our shareholders. The holistic value creation touches all our stakeholders; many of our stakeholders do not have ONGC shares, but are nevertheless heavily invested in the progress of ONGC.

Your Company strengthened its focus on operational performance, juxtaposing safety and environmental management. ONGC notched up significant scores on key performance indices during FY-14. During the year, your Company made 14 oil and gas discoveries. These efforts added 84.99 Million Tonnes of Oil Equivalent (MTOE) of Ultimate Reserves (89.76 MTOE including our share in joint ventures), the highest in last 23 years. Our Reserve Replacement Ratio of 1.87 marks the 9<sup>th</sup> consecutive fiscal it has exceeded 100%.

ONGC remained the largest producer of crude oil and natural gas in India. Notwithstanding a 7 per cent natural decline in matured Basins across the globe, your Company maintained its production levels from ONGC-operated domestic fields at 45.53 MTOE. The total Oil plus Oil Equivalent Gas (O+OEG) production ONGC Group in FY-14(including ONGC Videsh and ONGC's share in Production Sharing Contracts-Joint Ventures) has been 59.2 MTOE. Calibrated capital and technology infusion for best-in-class reservoir management maintained production in 15 major fields, contributing 70 per cent of ONGC's crude production. This positions ONGC in the league of the world's best brownfield managers.

Over 70 per cent of the major producing Indian fields of ONGC, like their global counterparts, are into their natural decline phase. ONGC has arrested the decline in these fields through significant success in technology-enabled Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) projects. The current recovery factors in ONGC's matured fields are in the range 25-33 per cent. ONGC is increasingly pursuing the agenda to improve recovery factor through capital-intensive technology interventions, and aims to increase the average recovery factor to 40 per cent by 2020.

On the Earnings front, there are generous upsides from current levels. The average gross price for

ONGC's crude during FY-14 was US\$106.72/barrel (3.6 per cent lower than US\$110.74/barrel in FY-12). The net realized price in FY-14, however, was US\$40.97/barrel, 14.4 per cent lower than US\$47.85/barrel in FY-13. This was due to discount of US\$ 65.75/barrel on crude sold to Oil Marketing Companies (US\$ 62.89/barrel in FY-13), as per government instructions. With the buoyancy in international crude prices and greenback strength (our revenue is US Dollar-denominated) expected to continue, there are substantive growth potential in your Company's Earnings in the near-term. With more remunerative pricing of our natural gas and with subsidy rationalization, significant value remains to be unlocked for your trusted shareholdings.

Despite weak global economic fundamentals, your Company registered the highest-ever Revenue at ₹ 842.01 billion, a growth of 1.1 per cent from ₹ 832.90 billion in FY-13. The ONGC Group Revenue of ₹ 1,658.49 billion was also the highest-ever. We posted a higher Profit-After-Tax (Earnings) of ₹ 220.95 billion (up 5.6 per cent from FY-13), after sharing the highest-ever under-recovery of ₹ 563.84 billion (an increase of ₹ 69.63 billion i.e. 14.1 per cent over FY-13). We are recommending an investor-cheering dividend (190 per cent) payout ratio of 43.04 per cent (including dividend tax). It gives me immense pleasure to inform you that the Company, for many years running, has been the highest dividend payer in India. Over the past 6 fiscals, we distributed over ₹ 473.67 billion in dividends to shareholders, excluding dividend tax.

Our strong cash flow generation model provides capacity for this robust shareholder distribution, along with a fiscal comfort to pursue attractive business opportunities. An aggressive investment profile, with a 5-year Capex CAGR of over 8 per cent, positions your business for enduring earnings growth. Over the past decade, we had de-leveraged the balance sheet and we are almost a zero-debt

company. This has been achieved by strong cash generation, though, of late, the subsidy burdens have consumed some of the cash reserves painstakingly built up in the past decade.

With domestic hydrocarbon prospectivity limited by geological endowments, ONGC's wholly-owned subsidiary ONGC Videsh Limited (ONGC Videsh) is on full-throttle to secure overseas oil and gas equity. In the last 10 years, ONGC Videsh has strengthened its E&P foothold in diverse geologies. In this completed fiscal, ONGC acquired blocks in Mozambique, Brazil, Bangladesh and Myanmar. ONGC Videsh now has a balanced portfolio of 33 hydrocarbon properties worth over USD 15 billion across the globe in 16 countries in 4 continents. Thirteen of these are producing assets, spread across 10 countries. We are thankful to the diplomatic support from the Indian government for catalysing this expansion, establishing OVL as India's biggest E&P multinational.

Despite punctuated production from Syrian and South Sudan assets, ONGC Videsh achieved a production of 8.36 million tonnes, up 15 per cent from FY=13, along with the highest-ever Profit-after-Tax of ₹ 44.45 billion, up 13 per cent over ₹ 39.29 billion in FY-13.

ONGC has built up a robust presence in most of the emerging low-carbon growth corridors like renewables and unconventional gas. Already into Coal Bed Methane (CBM) and Underground Coal Gasification (UCG) prospecting in a big way, your Company was the first to establish Shale gas presence in India. Environmental impacts of fracking are the issues being dealt by us with technology-enabled mitigation techniques with global partners experienced in shale play. Keeping in view India's increasing trend in gas imports, ONGC has taken up positions in LNG regasification terminals at one of the most strategic locations - Mangalore. Under our long-

term plan, we want to emerge as a key LNG player in India by building a LNG capacity of 9 MMTpa by 2030.

We are positioning Sustainable Development with a key focus on Environment Management in our long-term Perspective Plan 2030. This sustainable value creation spreads beyond our financial balance sheet to our community and environment balance sheets. The fifth 'Corporate Sustainability Report' of ONGC has been released. A number of well-designed initiatives like Water Foot-printing, Global Methane Initiative, Carbon Foot-printing and UN-registered Clean Development Mechanism (CDM) projects are being administered. Our ONGC Tripura Power Company (OTPC) 726.6 MW gas-based power project, the first unit of which has started commercial production, will mitigate over 1.6 million tons of Carbon-dioxide emissions per year for the next 10 years. The project has been registered with United Nations Climate body as one of the biggest Clean Development Mechanism (CDM) projects in the world. ONGC has improved its Newsweek Green Ranking to 217 from 386 (in 2012), becoming the 3<sup>rd</sup> among Indian companies in environmental performance.

We have made significant strides in engaging our operational communities through our structured Corporate Social Responsibility (CSR) programmes. We are graduating to deliver high-impact technology-enabled outreach projects to enhance connectivity with communities around our operational pockets.

Your Company continues to feature among the top-ranked performers among global peers. We advanced to 21<sup>st</sup> in Forbes Global 2000 list 2012 of world's biggest Oil and Gas companies, up 2 notches from last year. We were again featured in Fortune's 'Most Admired Indian Companies' list of 2014, the only Indian energy company in the 'Mining, Crude Oil Production' category. Economic Times-Brand Equitylisted ONGC as 14<sup>th</sup> most valued brand, placing

ONGC as the most valued brand among non-banking public enterprises.

To sustain growth in the emerging business paradigm, your Company has chalked out an ambitious '**Perspective Plan 2030**', mapping the long-term growth model of ONGC as an integrated energy major. Under this Plan, we target to double production to over 130 MTOE by 2030, with 50 per cent overseas contribution. ONGC intends to invest Rs. 11 trillion over 2013-2030 against ₹ 2.65 trillion under the 12<sup>th</sup> 5-year Plan (FY13-17). We are eyeing a six-fold increase in production of our overseas subsidiary ONGC Videsh Limited by 2030, to 60 MTOE. We would also strengthen our downstream linkages in alternate energy, LNG and petrochemicals, targeting 30 per cent of group revenue from non-E&P verticals. For reaching these 2030 goal posts, we need to grow at 4 per cent against our historic figure of 2 per cent. We are building systems to ensure that we remain on track to reach the targets.

In ONGC, one of our key business objectives is to engage our stakeholders with best-in-class Corporate governance practices. This is amply reflected through

the efforts illustrated in the Corporate Governance Report which forms part of the Annual Report. Your continued confidence in your Company is one of our greatest strengths. Our steadfast commitment to deliver enduring value is one of the potent opportunities to enrich our shareholders.

I thank and the Ministry of Petroleum & Natural Gas all shareholders for understanding various compulsions of the energy major and yet reposing sustained confidence and trust in its management. In the last five fiscals, our stock has returned much more than benchmark indices. With its structural spread of high-end E&P capabilities, progressive count of quality hydrocarbon properties, a collaborative business ecosystem and consequent generous upsides in revenue vectors, there is far superior sustainable wealth to be mined from a whole-hearted investment in your Company.

  
Dinesh K Sarraf

**Chairman & Managing Director**



India's  
**energy**  
anchor



## Vision

To be the global leader integrated energy business through sustainable growth, knowledge excellence and exemplary governance practices.

## Mission

### World Class

- Dedicated to excellence by leveraging competitive advantages in R&D and technology with involved people.
- Imbibe high standards of business ethics and organizational values.
- Abiding commitment to safety, health and environment to enrich quality of community life.
- Foster culture of trust, openness and mutual concern to make working a stimulating and Challenging experience for our people.
- Strive for customer delight through quality products and services.

### Integrated In Energy Business

- Focus on domestic and international oil and gas exploration and production business opportunities.
- Provide value linkages in other sector of energy business.
- Create growth opportunities and maximize shareholder value.

### Dominant Indian Leadership

- Retain dominant position in Indian Petroleum sector and enhance India's energy availability.



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ONGC's first oil well (Lunej-1) in Cambay Basin, Gujarat





India's  
**energy**  
anchor



# ongc ENERGY OF INDIA

Board of Directors

Notice

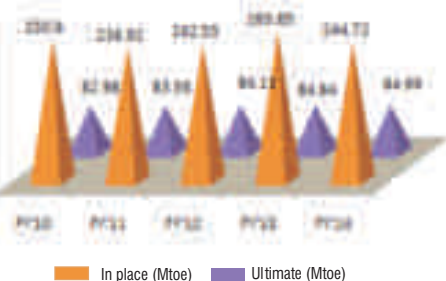
Performance at a Glance



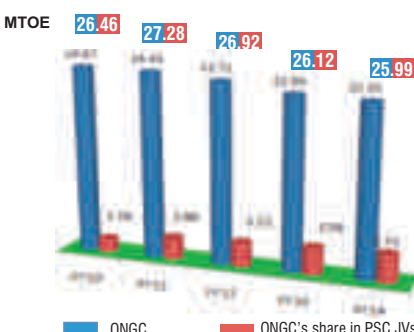
# Operational Highlights FY'14

## Reserve Accretion (Mtoe)

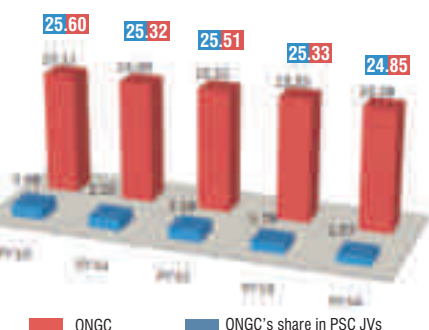
Highest Ultimate Reserve Accretion in last 23 years



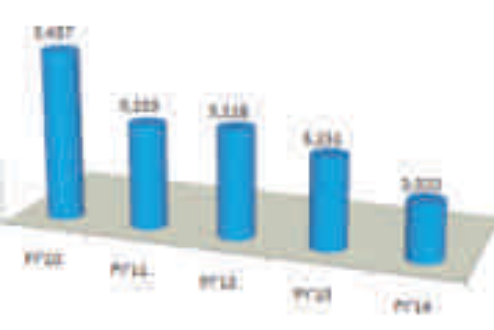
## Oil Production (MMT)



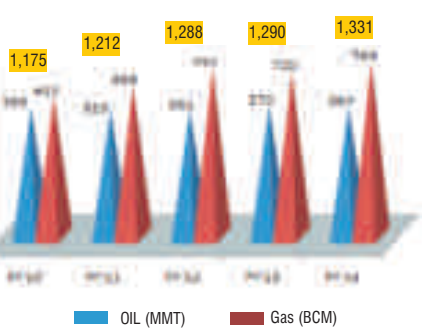
## Gas Production (BCM)



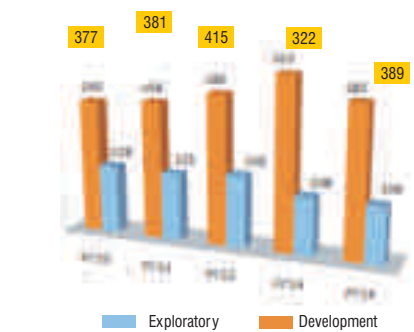
## VAP Production (KT)



## Oil & Gas Reserves (3P)



## Wells Drilled (Nos.)



# Financial Highlights FY'14

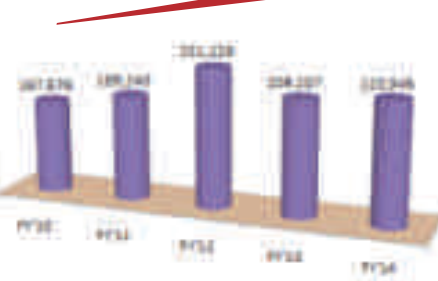
## Sales Income (₹ Million)

CAGR : 6.75%



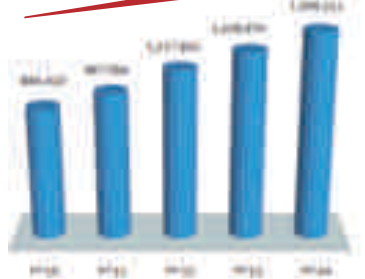
## Net Profit (₹ Million)

CAGR : 5.67%



## Net Worth (₹ Million)

CAGR : 9.43%



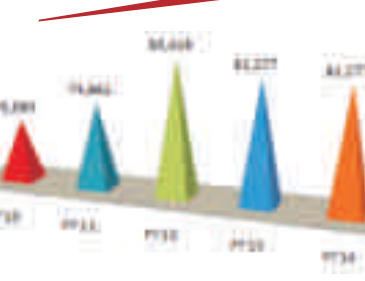
## Contribution of exchequer (₹ Million)

CAGR : 7.63%



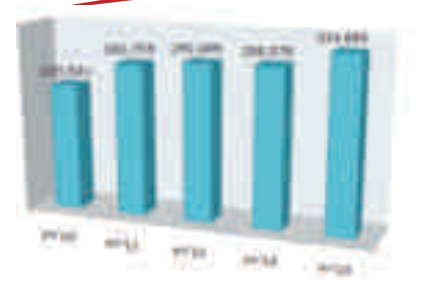
## Dividend (₹ Million)

CAGR : 2.86%



## Capex (₹ Million)

CAGR : 6.63%





# Board of Directors

As on 15<sup>th</sup> August, 2014



R K Singh   P Uma Shankar   O P Bhatt   S K Barua   S P Garg   Ashok Varma   T K Sengupta   A K Banerjee   D K Sarraf   Shashi Shanker   N K Verma   D D Misra   S C Khuntia   A Giridhar   K N Murthy   S Ravi

## Brief Profiles of the Board of Directors as on 15<sup>th</sup> August, 2014

### Chairman and Managing Director



**Mr. D K Sarraf**, 56, is the Chairman & Managing Director of Oil and Natural Gas Corporation Ltd (ONGC), India's most valuable Maharatna public sector enterprise and one of the most premier E&P companies in the world. ONGC is the highest Profit making and one of the most valuable company of India as well as one of the Fortune's Most Admired Companies in the world.

He is also the Chairman of ONGC Videsh Limited (ONGC Videsh) which is operating across 16 countries. He is also Chairman of Mangalore Refinery and Petrochemicals Ltd (MRPL) and five other ONGC Group companies (OPaL- ONGC Petro-additions Ltd, OMPL - ONGC Mangalore Petrochemicals Ltd, MSEZ- Mangalore SEZ Ltd, OTPC- ONGC Tripura Power Company Ltd and OMEL- ONGC Mittal Energy Ltd).

Mr. Sarraf graduated in Commerce from the prestigious Shri Ram College of Commerce, Delhi University and holds a post graduate degree in Commerce from the same University. He is an associate member of the Institute of Cost and Works Accountants of India and the Institute of Company Secretaries of India.

He has experience of over three decades in the oil and gas industry, having started his oil and gas career in India's second largest upstream oil company - Oil India Limited and worked there till 1991 where he inculcated the experience in various facets of E&P at oil field level. He joined ONGC in 1991 and handled various key assignments at corporate offices. He was elevated to the post of Director (Finance) in ONGC Videsh in February 2005 where he served till December 2007. During this period, ONGC Videsh made significant acquisitions in Syria, Brazil, Colombia, Venezuela, Cuba, Egypt and Myanmar. In December 2007, he joined back ONGC as Director (Finance). In September 2011 once again Mr. Sarraf went back to ONGC Videsh assuming the charge of its Managing Director. In March, 2014, he joined back ONGC once again and took over as its Chairman & Managing Director

In recognition of his excellence in financial management and contributions, he has been conferred with several accolades including the Best CFO Award in Oil & Gas sector in India by CNBC in 2009 and 2011.

### Functional Directors

**Shri Alok Kumar Banerjee** is the Director (Finance) of your Company. He holds a Master's degree in Commerce from University of Calcutta. He is a Fellow Member of the Institute of Chartered Accountants of India, Associate Member of the Institute of Company Secretaries of India and Associate Member of Institute of Cost & Works Accountant of India. He has 32 years of diversified experience to his credit and rich knowledge in Financial Management and Strategic Planning in upstream Oil & Gas Industry with specialization in Corporate Accounts, Corporate Budget, Cost Management, Risk Analysis & Financial Planning, Procurement & Contracts, Performance Benchmarking & Evaluation, Audit, Corporate Governance, Insurance, etc. He had introduced & implemented Financial Benchmarking Concept and Zero-base Budgeting in ONGC.



**Shri Shashi Shanker** is Director (T&FS) of your Company. He has more than 31 years of experience in Oil Industry. He holds a B.Tech degree in Petroleum Engineering from Indian School of Mines, Dhanbad and MBA with specialization in Financial Management from IGNOU. He undertook General Management Training from IIM, Lucknow and Leadership Development Programme at ISB, Hyderabad under "Shangsaptak" programme.

**Shri Narendra Kumar Verma** is Director (Exploration) of your Company. He has more than 31 years of experience. He holds a Masters Degree in Applied Geology, an M. Tech degree in Petroleum Exploration and MBA in Finance. He has also completed One Year Global Manager's Program at IIM, Kolkata.

Recipient of many national awards and international commendations, the crowning moment of his technical career came with the prestigious 'National Mineral Award', the highest recognition by the Government of India in the field of geosciences, mining and allied areas, that was conferred upon him for his outstanding contribution to Petroleum Exploration in Mumbai Offshore.

Shri N K Verma has demonstrated remarkable competence in challenging roles in the domain of 'Exploration' and technological research, ranging from management of overseas exploration and Business Development as Director(Exploration), ONGC Videsh Limited; Management of exploration activities in Frontier Basin, Mumbai Offshore and Assam-Arakan Basin; and Head of Interpretation Group at the prestigious Geodata Processing and Interpretation Centre (GEOPIC) of ONGC.



**Tapas Kumar Sengupta** is Director (Offshore) of your Company and joined the Board of the Company on 1<sup>st</sup> February, 2014. He holds a first-class B.Tech degree in Chemical engineering from Jadavpur University, Calcutta, and also commands a Diploma in Management from Indira Gandhi National Open University. Prior to becoming Director(Offshore), he was Chief of Well Services looking after operations, technological needs apart from manpower and material support for all Onshore and Offshore assets in respect of Well Services and Deepwater projects of Eastern Coast of India.

Tapas Kumar Sengupta is one of the select club of production engineers who has a balanced exposure to both onshore and offshore oilfields operation. His onshore experience portfolio comprises of Well Services in Gujarat and Assam for 11 long years and 4 years in Sudan as part of ONGC Videsh. His 4 years overseas tenure at Sudan as a General Manager in Greater Nile Petroleum Operating Company, saw an increase of the oil production through innovative engineering interventions.

Of his 18 years in Offshore fields off Mumbai, he served for 12 years in Mumbai High in Well Services, successfully handling a number of production-enhancement assignments. He was the Project Coordinator for New Technology jobs like Water Shut-Off & Gas Shut-Off in difficult wells of Mumbai high in 1992-94. Sengupta was also instrumental in improving performances of ONGC's offshore sick well inventory. He was the recipient of the CMD award for Best Production Engineer in 1996 & Best Professional Engineer in 2001 for the same.

Shri T. K. Sengupta has been a silent catalyst in many of ONGC's organizational turning points. He was associated with Organisational Transformation Project (OTP – precursor of CRC) launched in 1997 as a part of first Multi-Disciplinary Team member in the Neelam Pilot on Arabian Sea.

**Mr Ashok Varma** is the Director (Onshore) of your Company and joined the Board of the Company on 19<sup>th</sup> June, 2014.

A graduate in Petroleum Engineering from Indian School of Mines, Dhanbad. Prior to his joining as Director (Onshore), he was heading the Eastern Offshore Asset at Kakinanda, where he was instrumental in putting the Eastern Offshore Asset on production. Mr Varma joined ONGC in 1978 as Assistant Engineer at Assam. During his early years at ONGC, he was actively engaged in design and engineering of offshore platforms in western offshore. Subsequently, he served in Western Onshore at Ankleshwar where he extensively worked on water injections leading to initiation of pressure maintenance in Gandhar field. Mr. Varma steered the Imperial Energy in Russia, a subsidiary of the ONGC Videsh Limited, as the Chief Executive Officer. Mr. Varma pursued the hydrocarbon opportunities abroad as a part of senior management of ONGC Videsh Ltd between 1996 and 2006. He was instrumental in acquiring 20% participating interest in Sakhalin-1 project in Russia by ONGC Videsh in 2001. He also headed ONGC's Assam operations as Asset Manager from 2008 to 2009.







**Shri Desh Deepak Misra** is the Director (Human Resource) of your Company and joined the Board of the Company on 1<sup>st</sup> August 2014.

He holds a Master's Degree in Public Administration (MPA) from University of Lucknow.

Prior to his appointment as Director (HR), ONGC he was Head Corporate Administration at ONGC Dehradun. Starting his career as Graduate Trainee, Mr. Misra has left his imprint in diverse assignments given to him in three decades with the company.

Despite holding high pressure assignments, Mr. Misra has always found time to nurture his other interests, particularly his passion for wildlife photography. His maiden Coffee Table photo book **"The Karjat diaries"** profiling bio-diversity of Western Ghats was launched in January-2014 at **Petrotech**.

## Government Nominee Directors

**Dr Subhash C Khuntia**, Additional Secretary & Financial Advisor, Ministry of Petroleum & Natural Gas, Govt of India, joined the ONGC Board as a Government Nominee Director on 1<sup>st</sup> May, 2014. Dr. Khuntia (IAS Karnataka cadre 1981) is an M.Tech in Computer Science, M.Sc. in Physics, M.A. in Economics, Sociology and Political Science and Ph.D. in Economics. Before joining Petroleum Ministry, he was Principal Secretary to the Govt. of Karnataka. Dr. Khuntia has handled various key assignments including District administration, Land revenue management, Rural Development, Urban Development, Finance and Public Works and Ports in the Karnataka State Government as well as in the Ministries of Agriculture, Railways, Finance and Human Resource Development in the Central Government.



**Shri A. Giridhar**, Joined the ONGC Board as a Government Nominee Director. He Holds a Bachelor's degree in Civil Engineering and a Master's degree in Industrial Management and Economics. Belonging to 1988 Batch of IAS (AP Cadre) he was Sub Divisional Magistrate, Gadwal (1990-92), Project Officer, Integrated Tribal Development Agency, Seetampet (1992-94), Additional District Magistrate & District Development Officer, Nizamabad (1994-95), Additional District Magistrate, Nellore (1995-96), Additional District Magistrate, Kadapa (1996-97), State Project Director, Primary Education Programme, (1997-98), DM, Khamman (1998-2002), Transport Commissioner, Govt of Andhra Pradesh (2002-2003), DM, Chittoor (2003-04), Secretary to Govt. of Andhra Pradesh, Finance Deptt (2004-07), Managing Director, A P State Financial Corporation (2007-09), Executive Director, Insurance Regulatory and Development Authority, Hyderabad (2009-12).

## Independent Directors

**Prof. Samir Kumar Barua**, aged 62 years, an Independent Director of your Company, joined the ONGC Board on 14th December, 2011. He holds a Master's degree in Industrial Engineering and Operations Research and holds a Doctorate degree in Management. He joined the faculty of Indian Institute of Management, Ahmedabad in 1980. His specific areas of interest include Capital Market, International Finance, Operations Research, Decision Support System and Corporate Financial Management. He is a visiting professor to academic institutions in USA, Netherlands, Singapore & Cyprus. He has authored a number of books and case studies in Management. He is a consultant to many public and private organizations in the manufacturing, banking, and financial services sectors. He has handled various assignments as advisor to Reserve Bank of India, FICCI and the Bombay and National Stock Exchanges.



**Shri Om Prakash Bhatt**, aged 63 years, an Independent Director of your Company, joined the ONGC Board on 14<sup>th</sup> December, 2011. He started his career as a probationary officer with SBI in 1972. During his career span of 36 years with SBI, he has held several important assignments in India and abroad including stints at the Bank's London and Washington offices. Under the leadership of Shri Bhatt, SBI steadily improved its global ranking in the list of Fortune 500 companies. Shri Bhatt made rapid strides arresting falling market share, rapid branch expansion with the bank opening 11,000<sup>th</sup> branch under him, the first Indian bank and only the second in the world to do so, and entering a number of new businesses.

**Shri K. Narasimha Murthy**, aged 57 years, an Independent Director of your Company, joined the ONGC Board on 21<sup>st</sup> March, 2013. He has a brilliant academic record, getting ranks in both CA & ICWA courses. He entered the Profession of Cost & Management Accountancy in 1983. He is associated with the development of Cost & Management Information Systems for more than 150 Companies covering more than 45 Industries. In addition, he is closely associated with turning around of many large Corporates, focusing on systems improvement with Cost Reduction approach.

He is closely involved with several National level Financial Institutions and is on the Board of various companies.



**Shri P. Uma Shankar**, aged 61 years, an Independent Director of your Company, joined the ONGC Board on 29<sup>th</sup> November, 2013. He holds a Masters Degree of Science in Mathematics from IIT, Madras and M.Sc in Social Policy and Planning in Developing Countries from London School of Economics. Belonging to IAS of 1976 batch (UP Cadre), he has 33 years of leadership experience in Government spanning revenue, law and order, development work, rural infrastructure, finance, housing & urban development, industries, municipal affairs and relief. He has during his long and distinguished career served as Power Secretary to the Govt of India, MD, UP State Sugar Corporation, C&MD, Rural Electrification Corporation Limited, MD, National Cooperative Development Corporation, Joint Secretary (Sugar & Sugar Administration), Ministry of Consumer Affairs, Govt. of India. He also served as Additional Chief Executive Officer of Greater NOIDA. He also served as Chairman, Indian Potash Limited, REC Power Distribution Company Limited and REC Transmission Projects Company Limited, (subsidiaries of REC). He was also associated as a Non Executive Director with Indian Energy Exchange Limited.

**Shri S. Ravi**, aged 55 years, an Independent Director of your Company, joined the ONGC Board on 29th November, 2013. He is a Fellow Member of the Institute of Chartered Accountants of India and holds a Master's Degree in Commerce. He is a Senior Partner of Ravi Rajan & Co. Chartered Accountants having vast experience in the profession. He has handled various assignments in the field of Restructuring & Rehabilitation of companies, Takeover, Mergers & Acquisitions and Business and Brand valuation. He has specialised in the fields of Accounting & Audit, Financial & Management Consulting, Business Valuations, Mergers & Acquisitions and Business Advisory Services.





**Shri R. K. Singh**, aged 60 years, an Independent Director of your Company, joined the ONGC Board on 23<sup>rd</sup> May, 2014. He holds a B.Tech (Hon) degree in Mechanical Engineering from Banaras Hindu University, India. He has 38 years of experience including 35 years in Petroleum Sector. He was associated with Bharat Petroleum Corporation of India for 36 years and held Board level Position of Chairman & Managing Director and Director Refineries in BPCL.



### Special Invitee



**Mr. Satpal Garg** has over 30 years' experience in Oil and Natural Gas Corporation Limited. Mr. Garg is a Commerce Graduate from prestigious University of Delhi and a Fellow Chartered Accountant from the Institute of Chartered Accountants of India, Fellow Company Secretary from the Institute of Company Secretaries of India and Associate Member of the Institute of Cost Accountants of India. He assumed the responsibility of Director (Finance) in ONGC Videsh Limited in 2008. From March 2014, he has shouldered the additional charge of Managing Director, ONGC Videsh. Mr. Garg has made significant contributions in streamlining and strengthening internal controls, accounting, budgetary control and business development activities of the company. Before joining ONGC Videsh, he was working in ONGC handling various assignments in Corporate Accounts, Direct and Indirect taxes, Internal Audit and as Regional Finance Head. He also worked as Company Secretary, ONGC for about a year. Mr Garg has rich experience in domestic and overseas aspects of oil and gas industry.

### Directors whose term ceased since last Annual General Meeting

**Shri Shaktikanta Das** had joined ONGC Board as a Government Nominee Director on August 28, 2012. He resigned from the Board of ONGC w.e.f 29.12.2013. He holds Masters Degree from St. Stephen's College, Delhi University. Belonging to 1980 batch of IAS, he held various positions in the Govt of Tamil Nadu including Secretary, Commercial Taxes Department, Secretary, Social Welfare Department, Secretary, Revenue Department, Secretary, Industries Department, Special Commissioner and Commissioner of Revenue Administration. Further he held the positions of Joint Secretary, Ministry of Finance, Department of Expenditure, Govt of India, Joint Secretary (Budget), Ministry of Finance, Department of Economic Affairs, Govt of India.



**Shri P K Borthakur** Ex-Director (Offshore), ONGC superannuated from the services of ONGC on 31st January, 2014 on reaching the age of superannuation. He had wide experience of about 36 years in various fields in Oil Industry such as monetization of marginal assets in Western Offshore.

**Shri Sudhir Vasudeva**, Ex-Chairman & Managing Director, ONGC superannuated from the services of ONGC on 28th February 2014 on reaching the age of superannuation. He had joined ONGC in 1976. He is a Gold Medallist Chemical Engineer from National Institute of Technology, Raipur & has over three and half decades of experience in the entire gamut of upstream oil and gas business.



**Dr. D. Chandrasekharam**, an Independent Director of your Company, joined ONGC Board on March 11, 2011. The tenure of Dr. D. Chandrasekharam ended on 10.03.2014. He holds a Bachelor's degree in Geology, a Master's degree in Applied Geology and a Doctor of Philosophy in Volcanology and Geochemistry from the Indian Institute of Technology, Mumbai. He had over 32 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.



**Prof. Deepak Nayyar**, an Independent Director of your Company, joined ONGC Board on June 20, 2011. The tenure of Prof. Deepak Nayyar ended on 19.06.2014. He holds a Master's degree in Economics from Delhi University and a doctorate of Philosophy in Economics from Oxford University. Earlier, he had 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. Professor 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.

**Shri Arun Ramanathan**, an Independent Director of your Company, joined ONGC Board on June 20, 2011. The tenure of Shri Arun Ramanathan ended on 19.06.2014. He holds a Master's degree in Nuclear Physics, Business Administration and Development Economics. He is also an Associate Member of the Institute of Cost and Works Accountants of India. He 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. Shri 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 K. S. Jamestin**, Ex-Director (Human Resource), ONGC superannuated from the services of ONGC on 31st July 2014 on reaching the age of superannuation. He holds a Bachelors' degree in Electronics and Telecommunications Engineering from University of Kerala, MBA in Finance, Diploma in Operations Management and is a Certified Project Management Professional. He has 37 years of experience to his credit in the petroleum and natural gas sector.

### Chief Vigilance Officer

**Dr Akhilesh Kumar Ambasht**, an IFS officer of cadre AGMUT - 1987, has taken over as ONGC's Chief Vigilance Officer on April 1, 2014. Dr Ambasht holds a Master's degree in Botany from the Gorakhpur University and was awarded a Ph.D. in Botany (Ecology) from Banaras Hindu University.

Prior to joining ONGC, Dr Ambasht has held important assignments as CVO of Delhi Jal Board, Member Secretary, Delhi Pollution Control Committee and Assessor & Collector of Municipal Corporation of Delhi. He has a wide ranging experience in various assignments of Ministry of Human Resources and various departments of Government of Goa. Dr Ambasht is also M.Sc. in Forestry and has an in-depth knowledge of forestry. He has published around 14 Research papers in various National & International journals.





**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 Varma & Varma, Chennai  
M/s S. Bhandari & Co. Mumbai  
M/s Ray & Ray, Kolkata  
M/s Mehra Goel & Co., New Delhi  
M/s GD Apte & Co. Mumbai

**Cost Auditors**

M/s ABK & Associates, Mumbai  
M/s N. D. Birla & Co., Ahmedabad  
M/s Rao Murthy & Associates, Chennai  
M/s Bandyopadhyaya Bhaumik & Co., Kolkata  
M/s A. C. Dutta & Co., Kolkata  
M/s. R Nanabhoy & Co. Mumbai  
M/s. R J Goel & Co., Delhi

**Bankers**

State Bank of India

**Depositories**

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

**Subsidiaries**

ONGC Videsh Ltd.  
Mangalore Refinery and Petrochemicals Ltd.

**Listed at**

Bombay Stock Exchange Ltd.  
National Stock Exchange of India Ltd.

**Registrar & Share Transfer Agent**

M/s Karvy Computershare Private Ltd.  
Plot No. 17-24, Vittal Rao Nagar,  
Madhapur, Hyderabad - 500081

**Company Secretary**

N. K. Sinha

**OIL AND NATURAL GAS CORPORATION LIMITED**

**CIN: L74899DL1993GOI054155**

**Reg. office: JEEVAN BHARATI, 124 INDIRA CHOWK, NEW DELHI- 110001**

**Website: www.ongcindia.com email: secretariat@ongc.co.in Tel: 011-23301277/1299**

**NOTICE**

**Notice** is hereby given that the 21<sup>st</sup> Annual General Meeting of the Members of **OIL AND NATURAL GAS CORPORATION LIMITED** will be held on **Friday, the 19<sup>th</sup> September, 2014 at 10:00 hrs. at NDMC Indoor Stadium, Talkatora Garden, New Delhi**, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended 31<sup>st</sup> March, 2014, together with the Reports of the Directors and the Auditors' thereon and comments of the Comptroller & Auditor General of India, in terms of Section 143(6) of the Companies Act, 2013.
2. To confirm the payment of two interim dividends and declare final dividend on equity shares for the year 2013-14.
3. To appoint a Director in place of Shri A K Banerjee (DIN-05287459) who retires by rotation and being eligible, offers himself for re-appointment.
4. To authorise Board of Directors of the Company to fix the remuneration of the Joint Statutory Auditors of the Company for the Financial Year 2014-15, in terms of the provisions of section 139(5) read with section 142 of the Companies Act, 2013 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 2014-15, as may be deemed fit by the Board”.

**SPECIAL BUSINESS:**

**ITEM No. 5**

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

**“RESOLVED THAT** Shri Tapas Kumar Sengupta (DIN-06802877) who was appointed as an Additional Director and designated as Director

(Offshore) under Section 161 of the Companies Act, 2013, effective 1<sup>st</sup> February, 2014 and holds office upto the date of the 21<sup>st</sup> Annual General Meeting and the Company having received a notice in writing, under Section 160 of the Companies Act, 2013, from Shri T K Sengupta, 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. 6**

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

**“RESOLVED THAT** Shri Dinesh Kumar Sarraf (DIN-00147870) who was appointed as an Additional Director and designated as Chairman & Managing Director under Section 161 of the Companies Act, 2013, effective 1<sup>st</sup> March, 2014 and holds office upto the date of the 21<sup>st</sup> Annual General Meeting and the Company having received a notice in writing, under Section 160 of the Companies Act, 2013, from Shri D K Sarraf, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company not liable to retire by rotation.”

**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** Dr. Subhash C. Khuntia (DIN-05344972) who was appointed as an Additional Director (Govt Director) under Section 161 of the Companies Act, 2013, effective 1<sup>st</sup> May, 2014 and holds office upto the date of the 21<sup>st</sup> Annual General Meeting and the Company having received a notice in writing, under Section 160 of the Companies Act, 2013, 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 Shri Ashok Varma (DIN-06909494) who was appointed as an Additional Director and designated as Director (Onshore) under Section 161 of the Companies Act, 2013, effective 19<sup>th</sup> June, 2014 and holds office upto the date of the 21<sup>st</sup> Annual General Meeting and the Company having received a notice in writing, under Section 160 of the Companies Act, 2013, from Shri Ashok Varma 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 Desh Deepak Misra (DIN-06926783) who was appointed as an Additional Director and designated as Director (HR) under Section 161 of the Companies Act, 2013, effective 1<sup>st</sup> August, 2014 and holds office upto the date of the 21<sup>st</sup> Annual General Meeting and the Company having received a notice in writing, under Section 160 of the Companies Act, 2013, from Shri Desh Deepak Misra 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 modifications, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or re-enactment thereof, for the time being in force], the aggregate remuneration of ₹19.50 lakhs plus applicable taxes and out of pocket expenses payable to the six Joint Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the various units of the Company for the financial year ending March 31, 2015, be and is hereby ratified.”**

By Order of the Board of Directors  
For **Oil and Natural Gas Corporation Ltd.**

  
(N K SINHA)  
Company Secretary

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

8<sup>th</sup> August 2014

**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 in order to valid and effective should be deposited at the registered office of the company not less than forty-eight hours (48 hrs.) before the time of commencement of the meeting. Blank proxy form is attached.  
  
In terms of section 105 of the Companies Act, 2013, and rules thereunder, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company. A member holding more than ten percent of the total share capital of the company may appoint a single person as proxy and such person shall not act as a proxy for any other person or member. Proxies submitted on behalf of limited companies, societies etc must be supported by appropriate resolution/ authority, as applicable.
2. Relevant Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business to be transacted, as set out above, is annexed hereto.
3. Brief profile of the Directors seeking appointment/ re-appointment, as mandated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of the Notice. None of the Directors of the Company are in any way related to each other.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, the 13<sup>th</sup> September, 2014 to Friday, the 19<sup>th</sup> September, 2014 (both days inclusive).**
5. The Board had recommended a final Dividend of ₹0.25 per equity share of ₹5/- each fully paid up, in its meeting held on 29<sup>th</sup> May, 2014. The dividend, if approved by the Members at the said Annual General Meeting, will be paid before **18<sup>th</sup> October, 2014 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 Friday, the 12<sup>th</sup> September, 2014, and the respective Beneficial Owners as at the close of business hours on Friday, the 12<sup>th</sup> September, 2014, 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. 040-23420818, Fax No. 040-23420814; e-mail: [einward.ris@karvy.com](mailto:einward.ris@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. 305, 3<sup>rd</sup> Floor, New Delhi House, 27, Barakhamba Road, Connaught Place, New Delhi-110001, Phone Nos. 011-43681700 Fax 43681710; e-mail: [delhi@karvy.com](mailto:delhi@karvy.com) and at the Registered Office of the Company at 8<sup>th</sup> Floor, Jeevan Bharati, Tower-II, 124, Indira Chowk, New Delhi- 110001, Phone No.011-23301277/23301299; e-mail: [secretariat@ongc.co.in](mailto:secretariat@ongc.co.in).

7. The Company has designated an exclusive e-mail ID called [secretariat@ongc.co.in](mailto: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 write to the Registrar and Share Transfer Agent for shares held in physical form.
9. Non-Resident Indian members are requested to inform the RTA, M/s Karvy Computershare Private Limited, Hyderabad immediately about :
  - i) Change in their residential status on return to India for permanent settlement.
  - ii) Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market failing which the demat account / folio no.



would be suspended for trading. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or its RTA.

11. Reserve Bank of India (RBI) is providing ECS/NECS 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 12 September, 2014 to M/s Karvy Computershare Private Ltd.
12. Pursuant to section 205A and 205C of the Companies Act, 1956, the Company has transferred the unpaid/unclaimed amount of final dividend declared on 19<sup>th</sup> September, 2006 for the financial year 2005-06 and interim dividend declared on 28<sup>th</sup> December, 2006 for the financial year 2006-07, to the Investor Education and Protection Fund of the Central Government. The unpaid/ unclaimed amount of Final Dividend declared on 19.09.2007 and Interim Dividend declared on 22.12.2007 will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government by 18<sup>th</sup> October, 2014 and 21<sup>st</sup> January, 2015 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.**
13. 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.
14. Members desirous of obtaining any information on any item of business of this meeting are requested to forward the same at least 10 days before the date of the Annual General Meeting to Company Secretary at the Registered Office of the Company, so that the same may be attended to appropriately. Relevant documents referred to in the accompanying notice are open for inspection by the members at the Registered Office of the Company on all working days i.e. Monday to Friday, between 10:30 a.m. and 12:30 p.m. upto the date of the Annual General Meeting.
15. **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.**

16. Pursuant to section 101 and 136 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014, Annual Report of the Company is being sent through email to those members whose email ID is registered with the Company / Depository. In case any member wants a physical copy of the Annual Report, he may send a request to the Company Secretary at the Registered office/RTA. **Those members who have not registered their email ID are requested to write to the RTA/their Depository Participant for registering the same.**

The Annual Report 2013-14 as circulated to the members of the Company is also available on the website of the Company [www.ongcindia.com](http://www.ongcindia.com)

#### Facility for E-Voting

17. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by M/s Karvy Computershare Pvt. Ltd. (KCPL) on all resolutions set forth in this Notice.

The instructions for e-voting are as under:

- a) Details of the process and manner of e-voting along with the User ID and Password are being sent to the members along with the notice:
  - By email to those members whose email ID is registered with the Company / Depository Participants.
  - By Registered post to those members whose email ID is not registered with the Company / Depository Participant.
- b) The instructions and other information relating to e-voting are as under:
  - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
  - ii. Enter the login credentials (i.e. User ID and Password mentioned in the notice). However, if you are already registered with Karvy for e voting, you can use your existing User ID and password for logging in.

- iii. After entering these details appropriately, Click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new password.
- vi. On successful login, the system will prompt you to select the "EVENT" i.e. Oil and Natural Gas Corporation Limited.
- vii. On the voting page, enter the number of shares (which represents the number of votes as on the Cut off date) under "FOR / AGAINST / ABSTAIN" or alternatively, you may partially enter any number of votes in "FOR" and partially in "AGAINST" such that the total number of votes cast "FOR / AGAINST" taken together should not exceed your total shareholding. In case you do not wish to cast your vote you may choose the option "ABSTAIN".
- viii. Voting has to be done for each item of the Notice separately. In case you do not cast your vote on any specific item it will be treated as abstained.
- ix. Members holding multiple demat accounts / folios shall choose the voting process separately for each demat account / folio.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period,

members can login any number of times till they have voted on the Resolution(s).

- xii. Corporate / Institutional members are required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at email ID: [an\\_kukreja@rediffmail.com](mailto:an_kukreja@rediffmail.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com).
- c) The e-voting period commences on Saturday, September 13, 2014 at 9:30 A.M. and ends on Monday, September 15, 2014 at 05.30 P.M. During this period, the members of the Company as on the cut-off date, being 8<sup>th</sup> August, 2014, may cast their vote by electronic means in the manner and process set out herein above. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast, the member shall not be allowed to change it subsequently. Further, the members who have cast their vote electronically shall not be able to vote at the Annual General Meeting in case poll is held at the meeting.
- d) In case of any query pertaining to e-voting, please visit Help & FAQ's section of <https://evoting.karvy.com>.
- e) The voting rights of the members shall be in proportion to their shares of the paid up equity share capital of the Company, as on the cut-off date, being Friday, 8<sup>th</sup> August, 2014.
- f) The Board of Directors has appointed Shri A N Kukreja of M/s A N Kukreja & Co. a practicing Company Secretary, as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- g) The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and will make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company or any other officer authorized by Chairman.
- h) The Results on resolutions shall be declared on or after the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
- i) The Results declared along with the Scrutinizer's



Report(s) will be available on the website of the Company ([www.ongcindia.com](http://www.ongcindia.com)) and on Service Provider's website (<https://evoting.karvy.com>) within 2 (two) days of the passing of the resolutions at the 21<sup>st</sup> AGM of the Company on 19<sup>th</sup> September, 2014 and would also be communicated to the BSE Limited and the National Stock Exchange of India Limited where the shares of the Company are listed.

18. Members, holding shares in physical form, may avail of the facility of nomination in terms of Section 72 of the Companies Act, 2013 by nominating in the Form-SH 13 as prescribed in the Companies (Share Capital & Debentures) Rule, 2014, any person to whom their shares in the Company shall vest on occurrence of events stated in the Form. Those holding shares in physical form may obtain Form-SH 13 from, and send the same in duplicate to, the RTA. In case of shares held in dematerialized form, the nomination has to be lodged with the respective DP.
19. 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.
20. Pursuant to Section 139(5) read with Section 142 of the Companies Act, 2013, the Auditors of a Government Company are appointed or re-appointed by the Comptroller & Auditor General

(C&AG) of India and their remuneration is to be fixed by the Company in the Annual General Meeting. The members may authorise the Board to fix up an appropriate remuneration of Auditors for the year 2014-15 after taking into consideration the increase in volume of work and prevailing inflation etc.

**21. 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.



Group Gathering Station (GGS), Gandhar, Western Onshore, Gujarat

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No.5**

**APPOINTMENT OF SHRI TAPAS KUMAR SENGUPTA**

Shri Tapas Kumar Sengupta was appointed as an Additional Director and designated as Director (Offshore) on the Board of ONGC effective 1<sup>st</sup> February, 2014. In terms of Section 161 of the Companies Act, 2013, he holds office upto the date of the 21<sup>st</sup> Annual General Meeting of the Company. The Company has received a notice in writing from Shri T K Sengupta pursuant to the provisions of Section 160 of the Companies Act, 2013, signifying intention to propose himself as candidate for the office of Director. Shri Tapas Kumar Sengupta, if appointed, will be liable to retire by rotation under Sections 152 of the Companies Act, 2013 and in terms of provisions under the Articles of Association of the Company.

Born on 27<sup>th</sup> December, 1957, Mr. T K Sengupta is a first class graduate in Chemical engineering from Jadavpur University and a Diploma in Management from Indira Gandhi National Open University, India.

Mr. T K Sengupta has 33 years of experience in Oil Industry. Prior to becoming Director (Offshore), he was Chief of Well Services looking after operations, technological needs apart from manpower and material support for all Onshore and Offshore assets in respect of Well Services and Deepwater projects of Eastern Coast of India. He has worked extensively in Well services in both onshore & offshore in India and his passion for introduction of new technology in operational areas of ONGC has added value in reduction of cost & time and resolved many complex technical issues. Recent use of expandable sand screens for sand control in offshore wells, tractor technology for taking coiled tubing upto the toe of the horizontal well & intelligent completion of high angle long drift wells are some of the first time implementations in offshore wells of ONGC under his astute leadership.

Mr. Sengupta was the recipient of ONGC Chairman's award as the 'Best Production Engineer' in 1996 and Chairman's award as the 'Best Professional Engineer' in 2001. He has also been the recipient of the SPE 'Distinguished Member Award' in 2012.

Shri Tapas Kumar Sengupta holds Directorship on the Board of M/s Pawan Hans Ltd and M/s ONGC Petro-additions Ltd. He is a member in the Audit Committee of ONGC Petro-additions Ltd.

He and his dependents hold 3672 equity shares of ₹ 5 each in ONGC.

The Board of Directors considers that in view of the background and experience of Shri Tapas Kumar Sengupta, 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.

Except Shri Tapas Kumar Sengupta, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the resolution.

**Item No.6**

**APPOINTMENT OF SHRI DINESH KUMAR SARRAF**

Shri Dinesh Kumar Sarraf was appointed as an Additional Director and designated as Chairman & Managing Director on the Board of ONGC effective 1<sup>st</sup> March, 2014. In terms of Section 161 of the Companies Act, 2013, he holds office upto the date of the 21<sup>st</sup> Annual General Meeting of the Company. The Company has received a notice in writing from Shri D K Sarraf pursuant to the provisions of Section 160 of the Companies Act, 2013, signifying intention to propose himself as candidate for the office of Director. Shri Dinesh Kumar Sarraf, if appointed, will not be liable to retire by rotation under Sections 152 of the Companies Act, 2013 and in terms of provisions under the Articles of Association of the Company.

Born on 3<sup>rd</sup> September, 1957, Mr. Sarraf is an Associate Member of Institute of Cost Accountants of India and Institute of Company Secretaries of India. He has experience of over three decades in the oil and gas industry, having started his oil and gas career in India's second largest upstream oil company - Oil India Limited and worked there till 1991 where he inculcated the experience in various facets of E&P at oil field level. He joined ONGC in 1991 and handled various key assignments at corporate offices. These included, restructuring ONGC from a statutory commission into a commercial corporation, including its financial restructuring and valuation. Mr. Sarraf assumed the charge of Managing Director and CEO of ONGC Videsh Limited in September 2011. As MD & CEO, ONGC Videsh Limited, he institutionalized systems and processes to ensure attainment of the committed targets. He has introduced 'zero-based risk review' mechanism for risk assessment in major acquisitions and mitigation of the risks. He laid emphasis on capability building and creating systems-based approach to activities of ONGC Videsh in general and business development in particular. To accomplish this daunting task, he actively participated in the financial due diligence and price negotiations for company's major acquisitions, like Block BC-10 Brazil, NEMED Block Egypt, AFPC Project Syria, MECL Project Columbia, Rovuma Area I Block in Mozambique offshore etc.; and guided the negotiating team for other acquisitions, resulting in substantial savings. He was awarded the CEPM-PMA fellowship on December 2, 2013 by the Project Management Associates - India (PMA - India). Mr. Sarraf earlier worked in ONGC Videsh Limited as Director (Finance) during February 2005 to December 2007. During this period, ONGC Videsh made significant acquisitions in Syria, Brazil, Colombia, Venezuela, Cuba, Egypt and Myanmar. Mr Sarraf played key roles in negotiation and conclusion of these transactions. During this period, the Company saw



significant increase in its activities, production, revenue and profits. In December 2007, he joined ONGC as Director (Finance). In recognition of his achievements, he was given the Best CFO Award in Oil & Gas sector in India by CNBC in 2009 and 2011.

Shri Dinesh Kumar Sarraf is Chairman of the following companies: (1) ONGC Videsh Limited (2) Mangalore Refinery and Petrochemicals Limited (3) ONGC Petro-additions Limited (4) ONGC Mangalore Petrochemicals Limited (5) Mangalore SEZ Ltd.(6) ONGC Tripura Power Company Limited (7) ONGC Mittal Energy Limited. Shri D K Sarraf is a director on the Board of Petronet LNG Limited. He does not hold any membership / chairmanship in the Committees of the aforesaid companies.

He and his dependents hold 3192 equity shares of ₹ 5 each in ONGC.

The Board of Directors considers that in view of the background, qualification and vast experience of Shri Dinesh Kumar Sarraf, 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.

Except Shri Dinesh Kumar Sarraf, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the resolution.

**Item No.7**

**APPOINTMENT OF DR. SUBHASH C KHUNTIA**

Dr. Subhash C Khuntia was appointed as an Additional Director (Govt. Director )on the Board of ONGC effective 1st May, 2014. In terms of Section 161 of the Companies Act, 2013, he holds office upto the date of the 21<sup>st</sup> Annual General Meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 160 of the Companies Act, 2013, signifying intention to propose him as a candidate for the office of Director. Dr. Subhash C Khuntia, if appointed, will be liable to retire by rotation under Sections 152 of the Companies Act, 2013 and in terms of provisions under the Articles of Association of the Company.

Born on 21st November, 1957, Dr. Subhash Chandra Khuntia (IAS Karnataka cadre 1981) is an M.Tech in Computer Science, M.Sc. in Physics, M.A. in Economics, Sociology and Political Science and Ph.D. in Economics. Before joining Petroleum Ministry as Additional Secretary & Financial Advisor, he was Principal Secretary to the Govt. of Karnataka. Dr. Khuntia has handled various key assignments including District administration, Land revenue management, Rural Development, Urban Development, Finance and Public Works and Ports in the Karnataka State Government as well as in the Ministries of Agriculture, Railways, Finance and Human Resource Development in the Central Government.

Dr. Subhash C Khuntia holds directorship on the Boards of Indian Oil Corporation Ltd, Hindustan Petroleum

Corporation Ltd & Indian Strategic Petroleum Reserves Ltd. He does not hold any membership / chairmanship in the Committees of the aforesaid companies.

He holds Nil equity shares in ONGC.

The Board of Directors considers that in view of the background and experience of Dr. Subhash C Khuntia, 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.

Except Dr. Subhash C Khuntia, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the resolution.

**Item No.8**

**APPOINTMENT OF SHRI ASHOK VARMA**

Shri Ashok Varma was appointed as an Additional Director and designated as Director (Onshore) on the Board of ONGC effective 19<sup>th</sup> June, 2014. In terms of Section 161 of the Companies Act, 2013, he holds office upto the date of the 21<sup>st</sup> Annual General Meeting of the Company. The Company has received a notice in writing from Shri Ashok Varma pursuant to the provisions of Section 160 of the Companies Act, 2013, signifying intention to propose himself as candidate for the office of Director. Shri Ashok Varma, if appointed, will be liable to retire by rotation under Sections 152 of the Companies Act, 2013 and in terms of provisions under the Articles of Association of the Company.

Born on 27<sup>th</sup> July, 1955, Mr Ashok Varma is a graduate in Petroleum Engineering from Indian School of Mines, Dhanbad. Prior to his joining as Director (Onshore), he was heading the Eastern Offshore Asset at Kakinanda, where he was instrumental in putting the Eastern Offshore Asset on production. Mr Varma joined ONGC in 1978 as Assistant Engineer at Assam. During his early years at ONGC, he was actively engaged in design and engineering of offshore platforms in western offshore. Subsequently, he served in Western Onshore at Ankleshwar where he extensively worked on water injections leading to initiation of pressure maintenance in Gandhar field. Mr. Varma steered the Imperial Energy in Russia, a subsidiary of the ONGC Videsh Limited, as the Chief Executive Officer. Mr. Varma pursued the hydrocarbon opportunities abroad as a part of senior management of ONGC Videsh Ltd between 1996 and 2006. He was instrumental in acquiring 20% participating interest in Sakhalin-1 project in Russia by ONGC Videsh in 2001. He also headed ONGC's Assam operations as Asset Manager from 2008 to 2009.

Shri Ashok Varma does not hold any directorship.

He holds Nil equity shares in ONGC.

The Board of Directors considers that in view of the background and experience of Shri Ashok Varma, 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.

Except Shri Ashok Varma, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the resolution.

**Item No.9**

**APPOINTMENT OF SHRI DESH DEEPAK MISRA**

Shri Desh Deepak Misra was appointed as an Additional Director and designated as Director (HR) on the Board of ONGC effective 1<sup>st</sup> August, 2014. In terms of Section 161 of the Companies Act, 2013, he holds office upto the date of the 21<sup>st</sup> Annual General Meeting of the Company. The Company has received a notice in writing from Shri Desh Deepak Misra pursuant to the provisions of Section 160 of the Companies Act, 2013, signifying intention to propose himself as candidate for the office of Director. Shri Desh Deepak Misra, if appointed, will be liable to retire by rotation under Sections 152 of the Companies Act, 2013 and in terms of provisions under the Articles of Association of the Company.

Born on 1<sup>st</sup> July, 1958, Shri Desh Deepak Misra holds a Masters in Public Administration from the University of Lucknow, He joined ONGC in January 1985 at Baroda. His result-driven and self-motivated approach at work was noticed soon and led to his relocation to Dehradun as Executive Assistant to the then Member (Personnel) of the ONGC Board. The rich exposure in this assignment was buttressed with experience gained in leading HR teams in various regions of ONGC – Assam, Tamil Nadu, Maharashtra and Uttarakhand. He is the recipient of the 'Young Executive of the Year' award and has been instrumental in ONGC securing the 'Earth Care Award - 2008' for mitigating Greenhouse Gas Emissions. Known for his out-of-box creativity and amicable nature, extra-curricular passions run deep in Mr. Misra's DNA. A suave gentleman, his prime passion is wildlife photography. His lens has captured a number of endangered animal species, very closely; the Komodo Dragons of Indonesia is one recent example. His profiling of the bio-diversity of Karjat hills of Maharashtra has been published as a coffee table book 'Karjat Diaries'. He piloted a number of Community Development programmes during his tenure at Uran Plant in Raigarh district of Maharashtra and at Uttarakhand as General Manager – Head Corporate Administration, to align the communities with ONGC's business. He has a rare distinction of being a part of the 'Support Team' of the first Indian civilian expedition to Kanchenjunga Peak in 1988. He was the Deputy Leader of the 'Trans-Desert Safari 1995' - a 14-day joint venture between ONGC and BSF, which crossed Thar Desert on camels along Indo-Pak border. Mr. Misra strongly believes in the power of engagement in aligning the employees' interests with the vision of the organization. As Director (HR) of ONGC, his chief agenda would be to professionally steer the 33,000 plus geoscientists, engineers and managers manning the energy company, under a formidable national mandate given to ONGC. Shri Desh Deepak Misra does not hold any directorship.

He and his dependents hold 3100 equity shares of ₹ 5 each in ONGC.

The Board of Directors considers that in view of the background and experience of Shri Desh Deepak Misra, 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.

Except Shri Desh Deepak Misra, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the resolution.

**Item No.10**

**RATIFICATION OF REMUNERATION OF COST AUDITORS FOR THE FINANCIAL YEAR 2014-15**

The Board of Directors of the Company on the recommendations of the Audit, Ethics & Financial Management Committee have approved appointment of the following Cost Auditors of ONGC for the year 2014-15 at a remuneration of ₹ 3.25 Lakh (Rupees Three Lakh twenty five thousand only) per Cost Auditor plus applicable service tax and out-of-pocket expense, as per entitlement:

1. **M/s Rao Murthy & Associates, Bangalore**
2. **M/s R. Nanabhoy & Co., Mumbai**
3. **M/s R J Goel & Co., Delhi**
4. **M/s Shome & Banerjee, Kolkata**
5. **M/s Rohit & Associates, Mumbai**
6. **M/s Dhananjay V. Joshi & Associates, Pune**

None of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the resolution.

The Board of Directors recommends the resolution for your approval.

By Order of the Board of Directors  
For **Oil and Natural Gas Corporation Ltd.**

  
(N K SINHA)  
Company Secretary

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

8<sup>th</sup> August, 2014



Green Initiative in Corporate Governance

Dear Shareholder,


With a view to reduce the carbon foot print, your company being a responsible Corporate Citizen had continuously undertaking the Green initiatives could save around printing of more than 2.31 lac Annual Reports of 2012-13 consisting of 316 pages .During the year, your company has already taken the following steps in furtherance of its resolve to Go Green:

- (i) All public notices to Shareholders contain a request to the shareholders to register their email id with their respective Depository Participant / M/s Karvy, RTA of the Company.
- (ii) Individual emails are being sent to those shareholders, who have registered their E-mail ID providing them with a link (URL) to the website of ONGC and Karvy for downloading of the Annual Report for 2013-14.

Those Members, who have not registered their e-mail ID may download the copy of Annual Report from Company's website i.e. [www.ongcindia.com](http://www.ongcindia.com).

In case you have not yet registered your email id, we urge you to kindly furnish your e-mail id to M/s Karvy Computershare Pvt Ltd (R&T Agent of ONGC) at their address indicated in Reference page or email at [einward.ris@karvy.com](mailto:einward.ris@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

Brief Resume and other Information in Respect of Director  
Seeking Re-election at the 21<sup>st</sup> AGM

Name	Date of Birth & Age (as on 08/07/2014)	Date of Appointment	Qualifications	No. of Shares held	Experience in Specific Functional Areas	Directorship held in other Public companies	Chairmanship/ Membership of Committees across all Public companies
Shri A K Banerjee	13 <sup>th</sup> April, 1955 and 59 years	22 <sup>nd</sup> May, 2012	1. Master's degree in Commerce from university of calcutta. 2. Fellow Member of Institute of Chartered Accountants of India 3. Associate Member of Institute of Company Secretaries of India. 4. Associate Member of Institute of Cost Accountants of India.	3172	He has 32 years of diversified experience to his credit and rich knowledge in financial Management and Strategic Planning in upstream Oil & Gas Industry with specialization in Corporate Accounts, Corporate Budget, Cost Management, Risk Analysis & Financial Planning, Procurement & Contracts, Performance Benchmarking & Evaluation, Audit, Corporate Governance, Insurance, etc.	1. ONGC Mangalore Petrochemicals Limited 2. ONGC Tripura Power Company Limited	NIL  NIL



Green belt development at Balol Main Insitu Combustion Plant



## Performance at a Glance

(₹ in million unless otherwise stated)	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>PHYSICAL</b>										
<b>Quantity Sold (Other than Trading)</b>										
- Crude Oil (MMT)	23.61	23.69	23.09	22.94	22.33	22.88	24.08	24.42	22.45	24.09
- Natural Gas (MMM3)	19,633	20,160	20,202	20,288	20,598	20,534	20,432	20,306	20,500	20,644
- LPG (000'Tonnes)	1,073	1,005	1,033	1,057	1,108	1,029	1,037	1,033	1,084	1,086
- Naptha/ARN (000'Tonnes)	1,379	1,520	1,557	1,600	1,598	1,545	1,442	1,442	1,578	1,567
- Ethane/Propane (000'Tonnes)	428	425	461	387	533	497	520	548	535	528
- Superior Kerosene Oil (000'Tonnes)	85	106	79	118	166	153	168	156	176	177
<b>Quantity Sold (Trading)</b>										
- Superior Kerosene Oil (000'KL)	-	-	-	-	-	441	308	563	432	970
- HSD (000'KL)	-	-	-	3	4	1,742	1,539	1,394	874	1,538
- Motor Spirit (000'KL)	1	1	1	1	1	273	232	121	110	262
<b>FINANCIAL</b>										
Revenue from Operations	842,028	833,090	768,871	686,488	619,832	650,494	615,426	590,575	494,397	472,454
Other Non Operating Income	67,132	54,367	44,529	34,069	121,841	118,013	129,768	122,516	99,738	103,258
Total Revenues	909,160	887,457	813,400	720,557	126,297	123,812	106,823	102,016	76,762	71,397
Statutory Levies	229,607	223,615	169,902	142,368	(4,033)	3,819	(1,070)	177	(172)	2
Operating Expenses	167,583	173,925	139,812	142,379	139	85,166	65,115	59,401	34,338	51,013
Exploration Costs written off#	78,357	100,431	93,334	82,490	375,588	319,684	314,790	306,465	283,731	246,784
Purchases	32	31	25	138	146,588	120,849	97,979	94,994	84,573	62,016
<b>Profit Before Interest, Depreciation &amp; Tax (PBIDT)</b>	433,582	389,455	410,327	353,182	229,000	198,835	216,811	211,471	199,158	184,768
Depreciation, Depletion, Amortisation and Impairment	109,259	83,736	74,959	76,767	(20,839)	(40,314)	(35,535)	(20,480)	(12,808)	(11,887)
<b>Profit Before Interest &amp; Tax (PBIT)</b>	324,323	305,720	335,368	276,415	249,839	239,149	252,346	231,951	211,966	196,655
Interest Payments	4	276	348	251	-	658	-	4,751	6,405	-
<b>Profit before Tax and Exceptional Items</b>	324,319	305,443	335,020	276,164	249,839	239,807	252,346	236,702	218,371	196,655
Exceptional items			31,405	-	82,163	78,544	85,330	80,273	74,063	66,825
<b>Profit before Tax</b>	324,319	305,443	366,425	276,164	167,676	161,263	167,016	156,429	144,308	129,830
Corporate Tax	103,371	96,186	115,196	86,924	70,583	68,444	68,444	66,305	64,167	57,037
<b>Net Profit (PAT)</b>	220,948	209,257	251,229	189,240	11,616	11,632	11,632	10,125	9,000	7,763
Dividend	81,277	81,277	83,416	74,861	21,389	21,389	21,389	21,389	14,259	14,259
Tax on Dividend	13,807	13,012	13,286	12,156	864,413	780,848	699,435	614,099	535,934	463,142
Share Capital	42,778	42,778	42,777	42,777	50	267	369	696	1,069	1,490
Reserve & Surplus	1,324,472	1,201,755	1,086,790	932,267	342,714	334,949	322,248	304,021	265,664	212,895
Net Worth (Equity)	1,356,311	1,229,674	1,117,841	967,084	738,014	640,583	604,844	540,744	493,763	419,926
Borrowings	-	-	-	-	228,068	172,449	185,158	242,253	142,847	117,120
Working Capital	104,061	124,714	97,739	65,392	235,591	218,201	176,510	133,050	114,210	106,813
Capital Employed	1,094,412	1,017,636	908,848	796,972	280,983	280,496	300,200	286,596	234,086	228,117
Internal Resources Generation	327,545	217,402	352,088	311,191	57,191	47,396	60,484	48,833	30,147	27,465
Plan Expenditure	324,695	295,079	292,466	282,755	32,826	33,035	32,996	33,810	34,722	36,185
Contribution to Exchequer	405,750	408,806	382,874	317,759						
Expenditure on Employees	104,051	103,302	67,960	67,282						
Number of Employees	33,988	32,923	32,909	33,273						
<b>FINANCIAL PERFORMANCE RATIOS</b>										
PBIDT to Turnover (%)	51.5	46.7	53.4	51.4	60.6	49.1	51.2	51.9	57.4	52.2
PBDT to Turnover (%)	51.5	46.7	53.3	51.4	64.0	55.3	56.9	55.4	60.0	54.8
Profit Margin(%)	26.2	25.1	32.7	27.6	27.1	24.8	27.1	26.5	29.2	27.5
Contribution to Exchequer to Turnover (%)	48.2	49.1	49.8	46.3	45.3	43.1	48.8	48.5	47.3	48.3
ROCE(PBIDT to Capital Employed) (%)	39.6	38.3	45.1	44.3	50.9	49.9	52.0	56.7	57.5	58.8
Net Profit to Equity (%) - incl. exceptional item	16.3	17.0	22.5	19.6	19.4	20.7	23.9	25.5	26.9	28.0
<b>BALANCE SHEET RATIOS</b>										
Current Ratio	1.55:1	1.72:1	1.41:1	1.34:1	2.38:1	2.26:1	2.47:1	2.77:1	3.08:1	2.62:1
Debt Equity Ratio	-	-	-	-	0.00006:1	0.0003:1	0.001:1	0.001:1	0.002:1	0.003:1
Debtors Turnover Ratio(Days)	33	30	30	21	19	23	26	17	27	29
<b>PER SHARE DATA</b>										
Earning Per Share (₹) - before extraordinary items(Restated)**	25.83	24.46	29.36	22.12	19.60	18.80	19.52	17.92	16.37	15.18
Earning Per Share (₹) - after extraordinary items(Restated)**	190	190	195	175	19.60	18.85	19.52	18.29	16.87	15.18
Dividend (%)	159	144	131	113	330	320	320	310*	450	400
Book Value Per Share(₹)(Restated)**					101	91	82	72	63	54

# Exploration Costs written off towards Survey &amp; Dry Wells have been regrouped from Depreciation, Depletion and Amortization and shown as a separate item

\*\* Post Bonus &amp; Split

In view of the Notification no. S.O 447(E) dated 28.02.2011, issued by Ministry of Corporate Affairs, the Balance sheet of the Company is mandatorily required to be prepared in Revised Schedule VI w.e.f 1st April 2011 onwards. Accordingly, the figures of FY 2013-14, 2012-13, 2011-12 and FY 2010-11 are given as per the requirement of Revised Schedule VI and earlier years figures are as per Old Schedule VI.



## Statement of Income and Retained Earnings

(₹ in million unless otherwise stated)	2013-14	2012-13	2011-12	2010-11		2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>REVENUES</b>					<b>REVENUES</b>						
<b>Sales</b>					<b>Sales</b>						
Crude Oil(Including Condensate)	525,734	533,269	507,873	448,645	Crude Oil	445,053	391,718	386,805	372,090	317,357	311,824
Natural Gas (incl. Gas Marketing Margin)	183,291	165,400	141,397	127,544	Natural Gas	73,797	75,528	71,780	72,113	66,701	53,206
Liquified Petroleum Gas (LPG)-											
Domestic Market	30,145	31,484	23,711	18,369	LPG	21,924	22,752	20,168	14,866	16,293	12,066
Eathane/Propane (C2-C3)	14,837	13,440	12,741	8,796	Naphtha/Aromatic Rich Naphtha	47,137	48,406	43,849	37,907	35,679	29,260
Naphtha	75,743	76,804	72,167	56,342	Ethane/Propane	10,249	9,890	9,291	9,095	7,401	5,705
Kerosene (SKO)	2,779	3,686	1,520	679	Superior Kerosene Oil	3,256	16,701	10,775	15,754	10,605	16,896
HSD	522	170	100	-	HSD	156	61,910	48,621	42,037	23,403	29,277
LSHS (Low sulpher heavy stock)/RCO (Residual Crude oil)	1,295	1,063	1,250	473	Motor Spirit	27	11,062	9,159	4,530	3,797	6,846
Aviation Turbine Fuel	220	318	436	527	Others	463	1,526	925	634	617	1,434
Others	87	38	62	3	Price Revision Arrears	-	-	-	11	156	584
<b>Sub-Total</b>	<b>834,653</b>	<b>825,671</b>	<b>761,257</b>	<b>661,378</b>	<b>Sub-Total</b>	<b>602,062</b>	<b>639,493</b>	<b>601,373</b>	<b>569,037</b>	<b>482,009</b>	<b>467,098</b>
Sale of Traded Products	44	43	34	171	Pipeline Revenue	1,078	2,329	1,522	82	15	23
Other Operating Income	7,331	7,375	7,580	24,939	Other Receipts	15,512	7,861	11,390	21,653	10,257	5,034
					Accretion / (Decretion) in stock	1,180	811	1,141	(197)	2,116	299
					Total Income from Operations	619,832	650,494	615,426	590,575	494,397	472,454
<b>Revenue from Operations</b>	<b>842,028</b>	<b>833,090</b>	<b>768,871</b>	<b>686,488</b>	<b>COST &amp; EXPENSES</b>						
Other Non Operating Income	67,132	54,367	44,529	34069	Operating, Selling & General						
<b>Total Revenues</b>	<b>909,160</b>	<b>887,457</b>	<b>813,400</b>	<b>720,557</b>	(a) Royalty	54,832	44,934	60,707	53,428	46,181	37,911
<b>EXPENSES</b>					(b) Cess/ Excise Duty	56,752	59,174	61,106	62,024	44,302	46,498
Royalty	114,890	108,094	97,745	71,373	(c) Natural Calamity Contingent Duty	1,062	1,081	1,127	1,149	1,081	1,138
Cess	99,734	99,971	57,831	56,963	(d) Sales Tax	2,990	6,910	772	1,380	5,727	14,580
Motor Spirit Cess	3	-	-	-	(e) Education Cess *	1,719	1,784	1,861	1,303		
Natural Calamity Contingent Duty	1,097	1,101	1,097	1,114	(f) Octroi & Port Trust Charges	4,486	4,130	4,195	3,232	2,447	3,131
Excise Duty	3,076	3,093	3,599	3,228	<b>Sub-Total (a to f)</b>	<b>121,841</b>	<b>118,013</b>	<b>129,768</b>	<b>122,516</b>	<b>99,738</b>	<b>103,258</b>
Sales Tax	3,123	3,834	3,339	3,113	Pipeline Operations (Excluding Depreciation)	7,975	6,963	7,318	6,460	5,907	8,982
Service Tax	439	353	236	227	Other Operational Costs	118,322	116,849	99,505	95,556	70,855	62,415
Education cess	2,348	3,111	1,871	1,828	Exchange Loss	(4,033)	3,819	(1,070)	177	(172)	2
Octroi and Port Trust Charges	4,897	4,057	4,184	4,522	Purchases	139	85,166	65,115	59,401	34,338	51,013
<b>Sub-Total</b>	<b>229,607</b>	<b>223,615</b>	<b>169,902</b>	<b>142,368</b>	Recouped Costs						
Operating Expenses	165,833	153,839	134,110	136058	(a) Depletion	45,302	42,148	36,776	33,849	29,702	24,851
Exchange Loss	1,021	922	3,613	-	(b) Depreciation	12,312	14,491	14,060	16,249	23,759	5,437
Purchases	32	31	25	138	(c) Amortisation	89,407	67,320	47,580	43,167	31,437	31,588
(Accretion) / Decretion in stock	1,043	(230)	(913)	(129)	(d) Impairment	(433)	(3,110)	(437)	1,729	(325)	140
Exploration Costs written off#					<b>Sub-Total (a to d)</b>	<b>146,588</b>	<b>120,849</b>	<b>97,979</b>	<b>94,994</b>	<b>84,573</b>	<b>62,016</b>
-Survey Costs	15,912	15,668	12,409	16,675	<b>Total Cost &amp; Expenses</b>	<b>390,832</b>	<b>451,659</b>	<b>398,615</b>	<b>379,104</b>	<b>295,239</b>	<b>287,686</b>
-Exploratory well Costs	62,445	84,763	80,925	65,815	<b>Operating Income Before Interest &amp;Tax</b>	<b>229,000</b>	<b>198,835</b>	<b>216,811</b>	<b>211,471</b>	<b>199,158</b>	<b>184,768</b>
Depreciation, Depletion, Amortisation and Impairment	109,259	83,736	74,959	76,767	Interest						
Provisions and Write-offs	2,189	18,863	3,097	6,114	-Payments	686	1,190	590	215	470	377
Prior Period Expenses (Net)	(2,502)	531	(95)	336	-Receipts	21,525	41,504	36,125	20,695	13,278	12,264
<b>Total Expenses</b>	<b>584,837</b>	<b>581,737</b>	<b>478,032</b>	<b>444,142</b>	-Net	(20,839)	(40,314)	(35,535)	(20,480)	(12,808)	(11,887)
Operating Income Before Interest & Tax	324,323	305,720	335,368	276,415	<b>Profit before Tax and Extraordinary Items</b>	<b>249,839</b>	<b>239,149</b>	<b>252,346</b>	<b>231,951</b>	<b>211,966</b>	<b>196,655</b>
Interest Payments	4	276	348	251	Extraordinary Items	-	658	-	4,751	6,405	-
<b>Profit before Tax and Exceptional Items</b>	<b>324,319</b>	<b>305,443</b>	<b>335,020</b>	<b>276,164</b>	<b>Profit before Tax</b>	<b>249,839</b>	<b>239,807</b>	<b>252,346</b>	<b>236,702</b>	<b>218,371</b>	<b>196,655</b>
Exceptional items	-	-	31,405	-	Corporate Tax ( Net)	82,163	78,544	85,330	80,273	74,063	66,825
Profit before Tax	324,319	305,443	366,425	276,164	<b>Net Profit</b>	<b>167,676</b>	<b>161,263</b>	<b>167,016</b>	<b>156,429</b>	<b>144,308</b>	<b>129,830</b>
Corporate Tax (Net)	103,371	96,186	115,196	86,924	Dividend	70,583	68,444	68,444	66,305	64,167	57,037
<b>Profit after Tax</b>	<b>220,948</b>	<b>209,257</b>	<b>251,229</b>	<b>189,240</b>	Tax on Dividend	11,616	11,632	11,632	10,125	9,000	7,763
Dividend	81,277	81,277	83,416	74,861	<b>Retained Earnings For The Year</b>	<b>85,477</b>	<b>81,187</b>	<b>86,940</b>	<b>79,999</b>	<b>71,141</b>	<b>65,030</b>
Tax on Dividend	13,807	13,012	13,286	12,156							
<b>Retained Earnings For The Year</b>	<b>125,864</b>	<b>114,968</b>	<b>154,527</b>	<b>102,223</b>							
					* Upto 2005-06, education cess is included in respective heads of levies.						

# Exploration Costs written off towards Survey & Dry Wells have been regrouped from Depreciation, Depletion and Amortization and shown as a separate item.

In view of the Notification no. S.O 447(E) dated 28.02.2011, issued by Ministry of Corporate Affairs, the Balance sheet of the Company is mandatorily required to be prepared in Revised Schedule VI w.e.f 1st April 2011 onwards. Accordingly, the figures of FY 2013-14, 2012-13, 2011-12 and FY 2010-11 are given as per the requirement of Revised Schedule VI and earlier years figures are as per Old Schedule VI.



(₹ in million unless otherwise stated)	As at March 31 <sup>st</sup> , 2014	As at March 31 <sup>st</sup> , 2013	As at March 31 <sup>st</sup> , 2012	As at March 31 <sup>st</sup> , 2011
<b>RESOURCES</b>				
<b>A. Own</b>				
1. Net Worth				
(a) Equity				
i) Share Capital		42,778	42,777	42,777
ii) Reserves & Surplus		1,201,755	1,086,790	932,267
<b>Sub-Total (a)</b>		1,244,532	1,129,567	975,044
(b) Less Deferred Revenue Expenditure		14,859	11,726	7,960
<b>Net Worth (a)-(b)</b>		1,229,674	1,117,841	967,084
<b>B. Deferred Tax Liability</b>		128,880	111,979	99,504
<b>TOTAL RESOURCES ( A+ B )</b>		1,358,553	1,229,820	1,066,588
<b>DISPOSITION OF RESOURCES</b>				
<b>A. Non-current assets</b>				
1) Block Capital				
a). Fixed Assets (Net)		274,835	216,801	186,395
b). Producing Properties (Net)		524,407	463,768	435,757
<b>Total Block Capital</b>		799,242	680,569	622,152
2) Long-term loans and advances (excl. capital advances)		221,454	254,482	239,392
3) Deposit under Site Restoration Fund Scheme		101,331	91,826	81,155
4) Other non-current assets (excl. DRE)		4,011	2,983	2,941
<b>Subtotal (A)</b>		1,126,037	1,029,860	945,640
<b>B. Non-current Liabilities</b>				
1) Long-term provisions:				
a) Provision for Abandonment		177,052	176,477	175,608
b) Other Long Term provisions		44,823	36,654	32,627
2) Other Non-current liabilities		11,242	5,620	5,825
<b>Sub-Total (B)</b>		233,116	218,751	214,060
<b>C. Net Non Current Assets (A)-(B)</b>		892,921	811,109	731,580
<b>D. Working Capital</b>				
a) Current Assets				
i) Inventories		57,044	51,654	41,190
ii) Trade receivables		68,637	61,948	39,947
iii) Cash and Cash Equivalents		132,186	201,246	144,811
iv) Short-term loans and advances		37,021	31,237	26,734
v) Other current assets (excl. DRE)		4,565	8,633	4,276
<b>Sub-Total (a)</b>		299,453	354,718	256,958
b) Current liabilities				
i) Short-term borrowings		-	45,000	-
ii) Trade payables		53,410	52,612	52,253
iii) Other current liabilities		112,227	136,941	130,055
iv) Short-term provisions		9,102	22,426	9,258
<b>Sub-Total (b)</b>		174,739	256,979	191,566
<b>Working Capital (D )= (a)-(b)</b>		124,714	97,739	65,392
<b>E. CAPITAL EMPLOYED (C +D)</b>		1,017,636	908,848	796,972
<b>F. Investments</b>				
i) Current investments		-	8,519	1
ii) Non-current investments		91,731	43,644	51,827
<b>G. Capital work-in-progress (incl. capital advances)</b>		144,429	182,997	140,316
<b>H. Exploratory/Development Wells in Progress</b>		104,759	85,812	77,472
<b>TOTAL DISPOSITION (E+F+G+H)</b>		1,358,553	1,229,820	1,066,588

	As at March 31 <sup>st</sup> , 2010	As at March 31 <sup>st</sup> , 2009	As at March 31 <sup>st</sup> , 2008	As at March 31 <sup>st</sup> , 2007	As at March 31 <sup>st</sup> , 2006	As at March 31 <sup>st</sup> , 2005
<b>RESOURCES</b>						
<b>A. Own</b>						
1. Net Worth						
(a) Equity						
i) Share Capital	21,389	21,389	21,389	21,389	14,259	14,259
ii) Reserves & Surplus	851,437	765,965	684,785	597,851	525,338	454,195
<b>Sub-Total</b>	872,826	787,354	706,174	619,240	539,597	468,454
(b) Less : Deferred Revenue Expenditure	8,413	6,506	6,739	5,141	3,663	5,312
<b>Net Worth</b>	864,413	780,848	699,435	614,099	535,934	463,142
2. Long Term Liabilities						
Deferred Tax Liability	89,182	78,023	73,708	65,227	63,551	54,438
<b>Total Own Funds ( 1 + 2 )</b>	953,595	858,871	773,143	679,326	599,485	517,580
<b>B. Outside</b>						
Unsecured Loans						
a) Indian Loans	-	-	-	202	404	607
b) Foreign Loans	50	267	369	494	665	883
<b>Total Outside Resources</b>	50	267	369	696	1,069	1,490
<b>TOTAL RESOURCES ( A+ B )</b>	953,645	859,138	773,512	680,022	600,554	519,070
<b>DISPOSITION OF RESOURCES</b>						
<b>A. Block Capital</b>						
1. Fixed Assets	156,485	104,144	105,180	88,391</		

# Excluded for Current Ratio.



## Depreciation and Contribution to Exchequer

(₹ in million unless otherwise stated)	2013-14	2012-13	2011-12	2010-11	2009-10
<b>DETAILS OF DEPRECIATION ALLOCATED TO:</b>					
Survey		567	756	1,052	1,181
Exploratory Drilling		1,335	4,844	5,415	4,842
Development		62,584	52,782	41,734	34,098
Profit & Loss Account		14,620	13,395	19,993	12,201
Others		114	16	156	105
<b>Total</b>		<b>79,220</b>	<b>71,793</b>	<b>68,350</b>	<b>52,427</b>
<b>CONTRIBUTION TO EXCHEQUER</b>					
<b>CENTRAL</b>					
1. Excise Duty		3,093	3,599	3,228	2,214
2. OID Cess		99,993	57,852	57,005	54,545
3. Natural Calamity Contingent Duty		1,101	1,098	1,115	1,062
4. Royalty		39,407	36,144	36,519	32,190
5. Education Cess *		3,112	1,872	1,830	1,719
6. Corporate Tax					
a) On ONGC's Account		79,285	102,722	76,628	71,203
b) For Foreign Contractors		11	73	27	7
7. Dividend		56,268	60,372	55,502	52,330
8. Tax on Dividend		13,012	13,286	12,156	11,616
9. Customs Duties		75	96	44	125
10. Mumbai Port Trust Charges		923	855	891	793
<b>Sub Total</b>		<b>296,280</b>	<b>277,969</b>	<b>244,945</b>	<b>227,803</b>
<b>STATE</b>					
1. Sales Tax/VAT		40,144	39,393	33,711	26,355
2. Royalty		68,699	61,648	34,890	22,649
3. Octroi Duties etc.		3,683	3,863	4,213	4,176
4. Motor Sprit -CESS		-	-	-	-
<b>Sub Total</b>		<b>112,526</b>	<b>104,904</b>	<b>72,814</b>	<b>53,180</b>
<b>Grand Total</b>		<b>408,806</b>	<b>382,873</b>	<b>317,759</b>	<b>280,983</b>

\* For the FY 2004-05 & 2005-06, education cess is included in respective heads of levies.

2008-09	2007-08	2006-07	2005-06	2004-05
1,555	1,029	863	722	575
3,005	2,151	1,672	1,885	1,503
24,426	21,924	14,251	13,605	10,623
14,434	13,984	16,094	22,226	5,435
136	70	48	89	106
<b>43,556</b>	<b>39,158</b>	<b>32,928</b>	<b>38,527</b>	<b>18,242</b>
3,386	2,887	2,768	2,707	3,445
55,799	58,216	59,260	41,595	43,056
1,082	1,127	1,149	1,081	1,138
31,394	30,631	27,920	23,056	21,811
1,784	1,863	1,303		
79,770	80,720	78,403	64,025	69,817
277	32	34	3	23
50,744	50,744	49,159	47,573	42,287
11,632	11,632	10,125	8,999	7,763
354	815	1,441	888	2,423
657	742	691	710	2,999
<b>236,879</b>	<b>239,409</b>	<b>232,253</b>	<b>190,637</b>	<b>194,762</b>
26,258	26,899	25,998	18,263	14,581
13,551	30,078	25,513	23,126	16,103
3,808	3,814	2,832	2,060	2,671
<b>43,617</b>	<b>60,791</b>	<b>54,343</b>	<b>43,449</b>	<b>33,355</b>
<b>280,496</b>	<b>300,200</b>	<b>286,596</b>	<b>234,086</b>	<b>228,117</b>



## Glossary of Energy & Financial Terms

### A. Energy Terms

**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.

**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.

**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.

**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.

**Exploratory Well:** A well that is not a development well, a service well, or a stratigraphic test well i.e. well drilled not in a proved area for the purpose of obtaining information pertaining to a specific geologic condition.

**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.

**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.

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

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

**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).

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

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

**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.

**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.

**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

**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, expenses, 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 amortization. This basis is also referred to as mercantile basis of accounting.

**Acquisition Costs:** These cover all costs incurred to purchase, lease or otherwise acquire a property or mineral right proved or unproved. These include lease/ signature bonus, brokers' fees, legal costs, cost of temporary occupation of the land including crop compensation paid to farmers, consideration for farm-in arrangements and all other costs incurred in acquiring these rights. Acquisition Costs are recognized in the accounts note no.2.e.2 on Significant Accounting Policies under Notes to Financial Statements.

**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 restoration of producing areas. Abandonment Cost is recognized in the accounts note no.2.k on Significant Accounting Policies under Notes to Financial Statements.

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

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

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

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

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

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

**Contingent Asset:** An asset the existence, ownership or value of which may be known or determined only on the occurrence or non-occurrence of one or more uncertain future events.

**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 Asset:** An asset shall be classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded,
- it is expected to be realized within twelve months after the reporting date, or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

**Current Liability:** A liability shall be classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded,
- it is due to be settled within twelve months after the reporting date, or
- the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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

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

**Diminishing Balance Method:** It is 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.

**Earnings 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.

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

**Exploration Costs written off:** It refers to the Survey expenditure and Dry wells expensed in the accounts in line with note no.2.e.3 and 2.e.4.1 on Significant Accounting Policies under Notes to Financial Statements.

**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 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.

**Non Current Asset:** All assets other than Current assets are classified as Non Current asset.

**Non Current Liability:** All liabilities other than Current liabilities are classified as non-current liability.

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

**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.

**Operating Cycle:** An Operating cycle is the time between the acquisition of assets for processing and their realization in cash or Cash equivalents.

**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.

**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.

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

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

**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.

**Recouped Cost:** It refers to Depreciation, Depletion, Impairment and Amortization 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 note no. 2.p on Significant Accounting Policies under Notes to Financial Statements.

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 amortization 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 note no. 2.j on Significant Accounting Policies under Notes to Financial Statements.

d) **Amortization:** It refers to the amount amortized in respect of Intangible Assets in line with note no.2.p.6 on Significant Accounting Policies under Notes to Financial Statements.

**Statement of Profit and Loss:** 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 Statement of Profit and Loss.

**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.

**Trade Receivable:** A Receivable is classified as "Trade Receivable" if it is in respect of amount due for goods sold or services rendered in the normal course of business.

**Trade Payable:** A payable is classified as "trade payable" if it is in respect of amount due on account of goods purchased or services received in normal course of business.

**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 it is 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.



Multi Support Vessel - L.J. Johnson: the essence of essential supplies for our offshore operations.



India's  
**energy**  
anchor



# ONGC ENERGY OF INDIA



Director's Report

Annexures to Director's Report

Comments of C&AG



## Directors' Report

### Dear Shareholders,

It gives me great pleasure to present, on behalf of the Board of Directors of your Company, the 21st Annual Report on the business and operations of Oil And Natural Gas Corporation Ltd. (ONGC) and its Audited Statements of Accounts for the year ended March 31, 2014, together with the Auditors' Report and Comments on the Accounts by the Comptroller and Auditor General (CAG) of India.

Your company along with its group companies has witnessed yet another year of sustained performance, success and growth not only in its core activities of Exploration and Production (E&P) of crude oil and natural gas but also in other areas where we have engaged ourselves significantly.

Your company registered an increase of 5.6% in its PAT despite allowing highest ever discount towards under-

recoveries of Oil marketing company (OMCs) at ₹563,843 million.

The domestic production by ONGC including its share in JV-PSC during FY'14 was 50.86 MMTon which is about 1% lower than FY'13 production (51.47 MMTon). Your company has been making all efforts to arrest the decline in the production from its matured fields through various measures like IOR and EOR. The company has made commendable performance in the core area of exploration by registering Reserve Replacement Ratio of 1.87. All efforts are being made to bring various marginal fields to production to ensure sustained production performance.

A brief recap of the main achievements during this fiscal are:

- ONGC Deepwater drilling group set a world record of drilling deepest ultra-deepwater well by successfully

reaching the target depth of 7725 m. The well KG-DWN-2005/1-D-1 drilled by the Rig DDKG1 has set two records – firstly, the world record of well at the deepest water depth of 3174m and secondly, drilling the deepest offshore well of 7725m.

- The fiscal saw your company completing and successfully putting on production its first deep water sub-sea well G1-11 in Eastern Offshore through an Early Production System (EPS). This has been accomplished by your company ensuring that the production volume from the well got realized within shortest possible time after its completion by connecting it with existing facilities of Odalarevu GCS near Kakinada temporarily through 2x10" subsea pipelines.
- For the first time, your company has adopted easy cost planning for workover operation on Pan-India basis in SAP system throughout ONGC.
- Your Company accreted 84.99 MMTon of ultimate reserves in the domestic fields (ONGC operated); the highest in the last twenty three years.
- For the 9th consecutive year your company maintained the Reserve Replacement Ratio (RRR) of more than 1. RRR during the year has been 1.87.
- The Turnover of the Company stood at ₹ 842,028 million, the highest-ever. The turnover of the ONGC Group at ₹ 1,782,051 million has also been the highest-ever.
- Your Company recorded a Net Profit of ₹ 220,948 million during the year under review, 5.6% higher than 2012-13 (₹ 209,257 million).
- ONGC Videsh Limited (ONGC Videsh), wholly owned subsidiary of your Company, which had in the recent past shown downward production volume realization owing to extraneous geo-political situations in Sudan & Syria, has recorded a 26% increase in crude oil production this fiscal mainly on account of resumption of production from Sudan and also new production stream from ACG, Azerbaijan and acquisition of additional 12% PI in Block BC-10 in Brazil.
- ONGC Videsh recorded highest-ever Net Profit of ₹44,453 million.
- Your company's subsidiary Mangalore Refinery and

Petrochemicals Limited (MRPL), has been upgraded to Schedule-A Category-1 Mini-Ratna Company by the Department of Public Enterprises (DPE), Government of India (GOI), thereby giving MRPL enhanced administrative and financial autonomy.

- MRPL recorded the highest-ever thru'put of 14.6 MMT against an MoU target of 14.5 MMT, thus securing 'Excellent' rating in achievement of its MOU targets.
- MRPL has posted a net profit of ₹6010 million, an increase of 179% from last fiscal's loss of ₹ 7569 millions.
- Pursuant to the decision of the Government of India to divest 10% of the equity share capital of Indian Oil Corporation Ltd, ONGC acquired 5% equity shares of Indian Oil Corporation Limited amounting to 121,397,624 equity shares of ₹ 10 each @ ₹ 220/- per share. The consideration amount of ₹ 26,707 million has been paid to the Government of India. Necessary disclosures in this regard have been submitted to Stock Exchanges.

During 2013-14, your company had to share the highest-ever contribution of ₹ 563,843 million (an increase of ₹ 69,636 million i.e 14% over the previous year) towards the under-recoveries of OMCs. This has impacted your Company's Profit Before Tax by ₹ 477,561 million and Profit after Tax by ₹ 315,238 million. However, your Company has been able to achieve Net Profit of ₹ 220,948 million during 2013-14, which is 5.6% higher than the profit of 2012-13.

### Global Recognition

You will be pleased to know that your Company has been ranked at **176<sup>th</sup> in the 2014 Forbes Global 2000** list of world's biggest companies. As per the Platts 2013 rankings, your Company is ranked **3<sup>rd</sup> largest listed E&P Company in the world** and ranked 22nd Energy Company of the world based on Asset, Revenue, Profit & ROCE. Your company has been adjudged one of the **Fortune World's most Admired Companies of 2014 as per CNN Money**. There are only two companies from India in the list and your company is the only PSU in that coveted list. CNN Money has further ranked your company **369<sup>th</sup> in its Fortune Global 500 (2013)** list by Revenue among global 500 companies. Adding to our global credentials is the fact that this year also your company has been awarded 'Randstad Award 2013' for



Most Attractive employer in the Energy Sector in India.

As a fitting acknowledgment of your Company’s green credentials, you will be pleased to learn that ONGC has registered one of the **largest Clean Development Mechanism (CDM) projects** in the world when it got “the ONGC Tripura Power Company Limited (OTPC)” registered with the United Nations Framework Convention on Climate Change (UNFCCC). This 726.6 MW gas-based power generation plant in Tripura is a fuel-substitution project, which would mitigate over 1.6 million tons of Carbon-dioxide emissions per year for the next 10 years. In addition, your company has registered its 11<sup>th</sup> CDM project - the Green Building Project at Kolkata, with the UNFCCC. The project, like its two predecessors (Green Building Projects at Mumbai and Dehradun), has been registered for 21 years and once commissioned, will fetch 1861 credits per annum.

**Performance: 2013-14**

**Exploration**

During the year, your Company made 14 oil and gas discoveries in domestic fields (operated by ONGC). Out of 14, 7 discoveries are in offshore and 7 in onshore; 6 discoveries were made in the new prospects whereas 8 were new pool discoveries. 5 discoveries were made in NELP blocks and 9 in nomination blocks. Out of the discoveries made this year, 2 are oil bearing, 9 are gas bearing and 3 are both oil & gas bearing.

In addition to these discoveries, 32 more exploratory wells drilled for delineation/appraisal of known pays in existing fields were hydrocarbon bearing and have resulted in field growth.

**14 new oil & gas discoveries**

- 7 Onshore and 7 Offshore
- 2 oil bearing + 3 oil & gas bearing + 9 gas bearing.
- 6 discoveries in the new prospects + 8 new pool discoveries.
- 5 discoveries in NELP blocks + 9 in nomination PML block

Out of 7 on-land discoveries made during 2013-14, 4 discoveries (Gandhar-686, Sobhasan-300, Nandasan-111 & Geddnapalli-3) have already been put on production and efforts are on for bringing the other discoveries on production as early as possible.

Five discoveries in NELP blocks (one onland and four offshore) are governed by the PSC guidelines and appraisal/development activities will be taken up keeping in view the time lines of the respective blocks. Details of the discoveries are as under:

Sl. No	Name of the well	Hydro-carbon Type	Basin	Block Type & Block Name	Pool/ Prospect
New Prospects Discovery					
1	KGOSN041NANL #1	Gas	KG (Shallow Water)	NELP ; KG-OSN-2004/1	Prospect
2	KGOSN041NANL#2	Gas	KG (Shallow Water)	NELP ; KG-OSN-2004/1	Prospect
3	Seripalem-1(SRM-AA)	Gas	KG Onshore	Nomination; Godavari On-land PML	Prospect
4	MBOS51NAA#1	Gas	Western Offshore	NELP; NB-OSN-2005/1	Prospect
5	Mandapeta South # 1 (MDS-AA)	Gas	KG Onshore	Nomination; Godavari on-land PML	Prospect
6	NW-B173A-8	Oil & gas	Western Offshore	Nomination; South & East Bassein PML	Prospect
New Pool Discovery					
7	GK-28 # 9	Gas	Kutch (Shallow Water);	Western Offshore GK-28 PML	Pool

8	GK-42 # 3	Gas	Kutch (Shallow Water);	Western Offshore Nomination; Pool GK-28 PML	
9	Gandhar # 686	Oil & Gas	Western Onshore	Nomination; Gandhar Extension VI PML	Pool
10	SB#300 (SBCG)	Gas	Western Onshore	Nomination; Geratpur PML	Pool
11	Gedanapalli#3 (GLAC)	Oil	KG Onshore	Nomination; Godavari onland PML	Pool
12	KG982NA-M#3	Oil & Gas	KG Deep Offshore	NELP; NDA of KG-DWN-98/2	Pool
13	Khubal#7 (KHBJ)	Gas	A&AA	NELP; AA-ONN-2001/1	Pool
14	Nandasan-111 (NNBC)	Oil	Western Onshore	Nomination; Nandasan Extn-I PML	Pool

The new prospect discovery in NELP Block KGOSN041NANL #1 (Shallow Water) is important because this will help in augmenting hydrocarbon volumes established through four earlier discoveries namely Chandrika South, Alankari, Saveri & NANL-2 in the block. This will add to ONGC’s efforts towards attaining critical hydrocarbon volumes for viability of a possible ‘cluster based development’ of these discoveries. Similarly, discovery MBOS51NAA#1 in NELP block NB-OSN-2005/1 is in close vicinity of C-37/ C-39, B-9 areas that will enhance the overall gas potential of the area. Mandapeta South # 1 (MDS-AA) discovery south of main Mandapeta field has indicated for the first time possible production potential of tight reservoirs found in the area through hydro-fracturing. The discovery NW-B173A-8 in South & East Bassein PML area in Mukta formation has huge upsides to the production potential of producing field B-173A.

New pool discoveries GK-28 # 9 and GK-42 # 3 in GK-28 PML block in Kutch Shallow Water has a good potential to add value to GK-28/GK-42 areas which ONGC plans to put on production. Besides, this discovery has potential to add a new basin to the list of producing basins in the country. Similarly, the new oil & gas pool discovery Gandhar # 686 in Gandhar Extension VI PML area has shown first occurrence of oil in sand GS-11 in the South Western part of Gandhar field which will help in opening the sector for further growth of this field.

The discovery SB#300 (SBCG) in Kalol formation South East of main Sobhasan field, in a separate fault block on the plunge of Sobhasan structure is the first gas discovery in KS-IV Sub pay and hence it will lead to adding a new gas play to the area. The discovery of Khubal#7 (KHBJ) in a separate fault block in NELP block AA-ONN-2001/1 in Assam & Arakan basin is likely to add volumes to the already

established in-place gas in the block and thereby help our fertiliser business that is planned through gas from Khubal area.

The dominance of oil in Northern Discovery Area (NDA) which has been established through the earlier notified KG98/2NA-A#2 discovery is further confirmed by the new pool discovery KG98/2NA-M#3 this year which has potential to take the in-place oil volumes to more than 100 MMt. Current estimated Oil & Gas (O+OEG) volumes in NDA stand at 190 MMToe as on 01-04-2013 and are likely to grow to the order of 290 MMToe with the addition from this M#3 discovery.

**Reserve accretion & Reserve Replacement Ratio (RRR)**

Continuing exploration in challenging and frontier areas, your company has accreted 255.56 million metric tonnes of oil equivalent (MMToe) of In-place volume of hydrocarbon in the domestic basins (operated by ONGC). As on 31.03.2014, the in-place Reserves of ONGC as a group stands at 2,004.15 MMToe; up 14% from FY’13 figure of 1,759.43 MMToe. The ultimate reserves accretion by ONGC in domestic area during FY’14 has been 84.99 MMToe, the highest in last 23 years. Total reserve accretion in domestic basins including ONGC’s share in PSC JVs stands at 89.76 MMToe. With a Reserve Replacement Ratio (RRR) of 1.87 (with 3P Reserves) for its domestic basins, it was the 9th consecutive year that your Company has maintained an RRR of more than one.

Voluntary disclosures in respect of Oil & Gas Reserves, conforming to SPE classification 1994 and US Financial Accounting Standards Board (FASB-69) have been made by your Company.

Following is the reserve accretion details which your company has been pursuing with great vigour & conviction:

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)	ONGC VIDESH'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	46.23	130.08
2011-12	84.13	1.31	85.44	- 0.31	85.13
2012-13	84.84	4.24	89.08	14.16	103.24
<b>2013-14</b>	<b>84.99</b>	<b>4.77</b>	<b>89.76</b>	<b>212.59</b>	<b>302.35</b>

#### Statement of Reserve Recognition Accounting (RRA)

Reserve Recognition Accounting is a statutory compliance towards recognizing income at the point of discovery of reserves and seeks to demonstrate the intrinsic strength of an organization engaged in exploration and production of hydrocarbons 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 of the Company.

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:

- Proved Oil and Gas reserve quantities
- Capitalized costs relating to Oil and Gas producing activities
- Cost incurred for property acquisition, exploration and development activities
- Results of operations for Oil and Gas producing activities
- 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) to (d) above in the Annual Financial Statements.

Your Company has also 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).

#### Unconventional sources of energy

ONGC plans to continue its endeavour for exploration and

development of Unconventional & other resources like Shale Gas, CBM, HP/HT, Fractured Basement plays with the following initiatives:

#### a. Shale Gas and Oil

ONGC has the distinction of establishing the first flow of shale gas in the country at Durgapur. Shale gas exploration and production is one of the key elements of ONGC's Perspective Plan 2030 wherein an accretion potential of 850 to 1150 MMToe and production potential of 80 to 140 MMToe have been envisaged by the year 2030. ONGC is planning to explore for shale gas in Cambay, Krishna-Godavari, Cauvery and Assam Shelf and basins.

Government of India notified the New Shale Gas Policy for the NOCs on 14.10.2013 and according to it, ONGC and OIL will initiate shale gas and oil exploration activities in their nomination blocks in a phased manner. ONGC has identified 50 nomination blocks, of which 28 blocks are in Cambay basin, 10 in KG basin, 9 in Cauvery basin and 3 in Assam Shelf.

Following the notification of the policy, ONGC has already drilled its first pilot Shale gas well JMSGG(DD-3305 m) in the Cambay basin. Extensive coring (139 m) was carried out in this well and studies on cores and analysis of wire line logs are in progress which will help in assessing the shale gas and oil potential of Cambay Shale, main source rock in the basin. Identification of prospective shale gas blocks in different basins has been completed and ONGC plans to take up shale gas activities aggressively in these basins. Around 20 similar pilot wells are planned to be drilled in Cambay, KG, Cauvery and A&AA basins in 2014-15. Success in these envisaged Shale Gas pilot programme will help in unlocking unconventional shale gas and oil reserves in different basins.

#### b. Coal Bed Methane(CBM)

ONGC has taken concrete steps to discover Coal Bed Methane (CBM) in the country and is currently operating in four CBM Blocks i.e., Jharia, Bokaro, North Karanpura and Raniganj. The Development Plans for all the four blocks has been submitted and approved by the Steering Committees. Nearly 400 wells and 2000 hydro-fracturing jobs would be carried out in the coming 4-5 years as per timelines of the CBM Contract. In view of the mammoth and time bound task, ONGC has decided to farm-in experienced partners to execute field operations, process for acquisition of which is in an advanced stage.

ONGC has started selling incidentally produced CBM gas from existing wells at Parbatpur of Jharia Block at an approved price of \$5.1 per MMBTU i.e. ₹ 9.75 per SCM approx. The cumulative gas sale as on 31st March 2014 is 11.41 MSCM. The Commercial CBM production in ONGC blocks is yet to start.

#### c. Underground Coal Gasification(UCG)

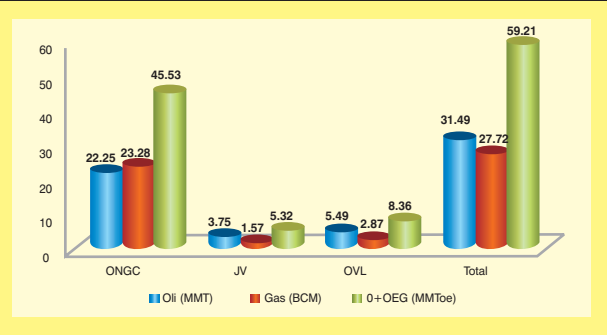
ONGC has selected Vastan Mine block in Surat district, Gujarat for UCG Pilot project. All the ground work and inputs for pilot construction have been finalized for implementation. Gazette notification from Gol for UCG block allocation in the form of Notice Inviting Application (NIA) had been issued on 29th July, 2013. According to the NIA the block shall be allocated to state PSU located in Gujarat. GIPCL, Gujarat being partner in ONGC's UCG venture, submitted a fresh application on 21st August, 2013. **The issue of Mining Lease for the block is awaited. The Pilot construction and erection of surface facilities shall be taken up only after the allocation of the Vastan Mine block.**

Further, a number of sites have been jointly identified by ONGC & Neyveli Lignite Corporation Limited (NLC) for studying their suitability to UCG. These are Tadkeshwar in Gujarat and Hodu-Sindhari & East Kurla in Rajasthan. One more site was jointly identified by ONGC & GMDC at Surkha in Bhavnagar district, Gujarat. The data of all the fields have been analysed for evaluating the suitability of these sites for UCG. All sites have been found suitable for UCG exploration.

#### Oil & Gas production

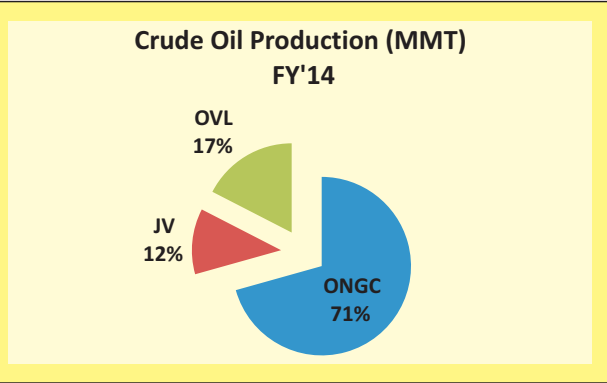
During FY '14, like earlier years, your company being the largest producer of oil and gas in the country, was able to maintain its relevance by contributing 69 per cent of oil and 62 per cent of natural gas production of the country from its domestic operations.

#### Crude Oil & Gas Production FY'14 (Standalone + Group)



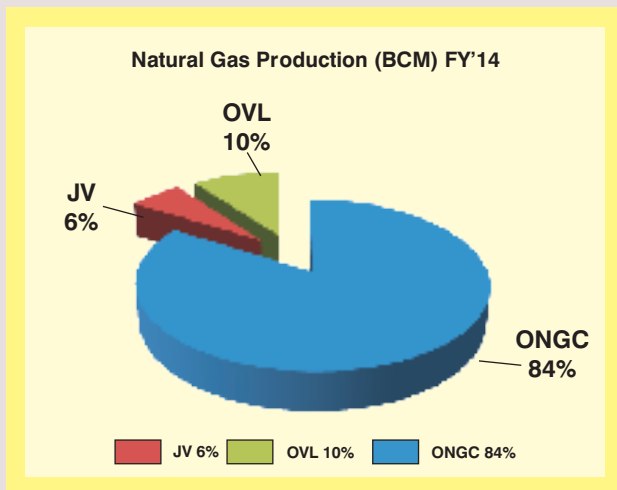
(\* Crude Oil figure Including Gas Condensate)

Oil & Gas production of ONGC Group, including PSC-JVs and from overseas Assets for FY'14 has been 59.21 MMToe (against 58.71 MMToe during FY'13). The upward volume came from our overseas asset at Ajerbaijan and also from resumption of production in Sudan & South Sudan where production was suspended owing to geopolitical situations. However, when compared to 2011-12, the production is slightly lower owing to unrest in Syria and still inadequate production from Sudan & South Sudan and the natural decline in overseas matured fields in Sakhalin-1, Russia, San Cristobal Project, Venezuela and BC-10, Brazil, besides the natural production decline in domestic mature fields. The fall in production was offset through IOR & EOR efforts.



Out of the total production of 31.49 MMT of crude oil, 70.6 per cent production came from ONGC operated domestic fields, 17.4 per cent from the overseas assets and balance 12 per cent from domestic joint ventures. As far as natural gas production is concerned, majority of production (84 per cent) came from ONGC operated domestic fields, 10.4 per cent from overseas assets and 5.6 per cent from domestic joint ventures.





#### Production from overseas assets

ONGC Videsh, has thirteen (13) producing assets in eight countries – Venezuela (1), Brazil (1), Colombia (1), Sudan (1), South Sudan (2), Syria (1), Vietnam (1), , Myanmar (2), Russia (2) and Azerbaijan (1).

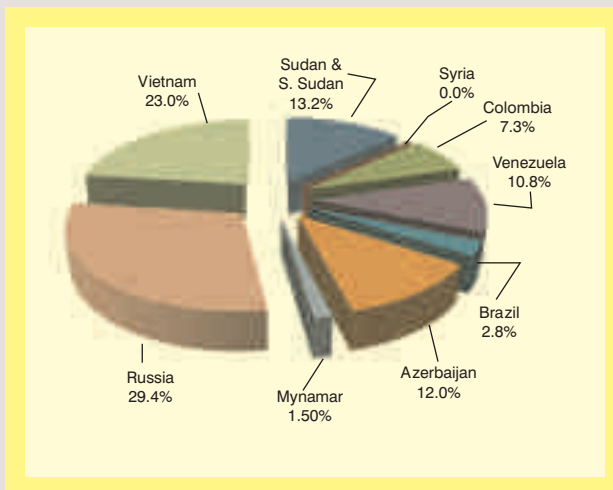
**Total production from these overseas assets during FY'14 has been 8.36 MMToe of O+OEG (Crude oil: 5.49 MMT & Gas: 2.87BCM).**

Azerbaijan has contributed 12% as compared to around 0.1% last year. Resumption of operations in South Sudan & Sudan has also contributed to this year's increased volume contributing 13.2% this year as compared to 8.2% last year. Russia & Vietnam continued to be the biggest contributor to overseas production volume with 29.4% and 23% respectively followed by Venezuela with 10.8%.

#### NEW PROJECTS

The following new projects are under implementation:

- **Integrated Development of Vasihita and S1 Fields -**



The project envisages gas production of 15.96 BCM within 9 years from completion with an investment of ₹41243 million.

- **Development Plan for lower pays in NBP- 14 Block of NBP field** – This project envisages an investment of ₹4291 million for drilling and completion of 6 development wells.
- **Additional development of Vasai East field** The Capex of this project is ₹24770 million and envisages installation of 2 well platforms (VSEB & VSEC) and drilling of 20 wells with cumulative incremental oil & gas production of 1.83 MMt and 1.971 BCM by 2029-2030.
- **Mudline completion** – Development of three shallow water wells GS-15-9, GS-15-E1 & GS-48-1 through Sub-Sea mud-line tree in Eastern Offshore. The project envisages gas production of 1.1 MMSCMD, gradually reducing to 0.36 MMSCMD in 10 years with an investment of ₹2848 million.



#### Overall Production and Sales Performance

Presented below are the highlights of production and sales of Crude Oil, Natural Gas and Value Added Products (VAP):

	Unit	Production Qty		Sales Qty		Value (₹ in millions)	
		FY'14	FY'13	FY'14	FY'13	FY'14	FY'13
<b>Direct</b>							
Crude Oil	(MMT)	25.99	26.13	23.61	23.69	525,734	533,268
Natural Gas	(BCM)	24.85	25.34	19.63	20.16	183,291	165,400
Ethane/Propane	000 MT	430	428	428	425	14,837	13,440
LPG	000 MT	1,067	1,006	1,073	1,005	30,145	31,484
Naphtha	000 MT	1,358	1,534	1,379	1,520	75,743	76,804
SKO	000 MT	84	108	85	106	2,779	3,686
Others						2,124	1,589
<b>Sub Total</b>						<b>834,653</b>	<b>825,671</b>
<b>Trading</b>							
Motor Spirit	000 KL			0.54	0.56	41	42
HSD	000 KL			0.05	0.02	3	1
Others							
<b>Sub Total</b>						<b>44</b>	<b>43</b>
<b>Total</b>						<b>834,697</b>	<b>825,714</b>

#### 1. Financial Results

During the year, your Company has earned a Profit After Tax (PAT) of ₹ 220,948 million up 5.6% over FY 2012-13 (₹209,257 million)

#### Highlights

- Gross Revenue : ₹ 842,028 million
- Profit After Tax (PAT) : ₹ 220,948 million
- Contribution to Exchequer : ₹ 405,750 million
- Return on Capital Employed : 39.62%
- Debt-Equity Ratio : 0.00
- Earnings Per Share (₹) : **25.83**
- Book Value Per Share (₹) : **159**

(₹ in million)

Particulars	2013-14	2012-13
Revenue from operations	842,028	833,090
Other Income	67,132	54,367
Total Revenues	909,160	887,457
Profit Before Interest Depreciation & Tax (PBITD)	433,582	389,455
Profit Before Tax (PBT)	324,319	305,443
<b>Profit After Tax (PAT)</b>	<b>220,948</b>	<b>209,257</b>
<b>APPROPRIATION</b>		
Interim Dividend	79,138	76,999
Proposed Final Dividend	2,139	4,278
Tax on Dividend	13,807	13,012
Transfer to General Reserve	125,864	114,968
<b>TOTAL</b>	<b>220,948</b>	<b>209,257</b>

Previous year figures have been regrouped wherever necessary.

Previous year figures have been regrouped wherever necessary.

The increase in Profit during FY 13 -14 as compared to FY 12-13 is mainly due to lower write off towards dry wells and appreciation in US\$ against INR. This is inspite of contribution of record ₹ 563,843 Million by ONGC towards under-recoveries of Oil Marketing companies.

## 2. Dividend

Your Company paid interim dividend of ₹9.25 per share (185 per cent) in two phases (₹5.00 and ₹4.25). The Board of Directors has recommended a final dividend of ₹ 0.25 per share (5 per cent) making the aggregate dividend at ₹ 9.50 per share (190 per cent) for FY 13-14 i.e. same as compared to dividend for the year 2012-13. The total dividend will be ₹81,277 million, besides ₹13,807 million as tax on dividend amounting to 43.03 per cent of PAT.

## 3. Management Discussion and Analysis Report

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

## 4. 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 of accounting as per the Revised Guidance Note on Accounting for Oil & Gas Producing Activities issued by The Institute of Chartered Accountants of India (ICAI) effective from

01.04.2013 and provisions of the Companies Act, 1956. Further, as per Ministry of Corporate Affairs (MCA) notification, the financial statements have been prepared under the Revised Schedule VI format of the Companies Act, 1956. It may be noted that the provisions of Companies Act, 2013 with regard to preparation of Annual Accounts shall become applicable from the financial years commencing on or after 1st April, 2014.

## 5. Subsidiaries

### I ONGC Videsh Limited (ONGC Videsh)

ONGC Videsh, the wholly-owned subsidiary of your Company for E&P activities outside India, has participation in 33 projects in 16 countries e.g. Azerbaijan, Bangladesh, Brazil, Colombia, Iraq, Kazakhstan, Libya, Mozambique, Myanmar, Russia, South Sudan, Sudan, Syria, Venezuela and Vietnam. Out of 33 projects, 13 are producing, 4 are discovered/under development, 14 are exploratory and remaining 2 are pipeline projects.

ONGC Videsh is currently producing about 169 thousand barrels of oil and oil equivalent gas per day and has total oil and gas reserves of about 637 MMToe as on 31st March 2014. It has achieved the **highest-ever profit (PAT) of ₹44,453 Million during FY' 14**, an increase of 13% as compared to the PAT of ₹ 39,291 Million during FY'13. The increase in profit can be attributed mainly to increase in production / sale quantity and appreciation of US\$ against the INR.

ONGC Videsh's share in production of oil and oil equivalent gas (O+OEG) of ONGC group, together with its wholly-owned subsidiaries, ONGC Nile Ganga

B.V., ONGC Amazon Alaknanda Limited, Imperial Energy Limited and Carabobo One AB, was **8.357 MMToe during FY'14** as compared to 7.260 MMToe during FY' 13. The oil production increased from 4.343 MMT during FY'13 to 5.486 MMT during FY'14 (26.3% higher) primarily due to new production stream from ACG, Azerbaijan; acquisition of additional 12% PI in Block BC-10, Brazil; higher production from Sudan and South Sudan.

### Significant Acquisitions, Alliances and Operations highlights of ONGC Videsh during FY'14 are as follows:

- ONGC Videsh with Oil India Limited (OIL) has acquired 10% (ONGC Videsh -6% and OIL - 4%) PI in the Rovuma Area 1 Offshore Block in Mozambique (Area 1) at purchase consideration of USD 2511 Million on 7th January, 2014 by acquiring the share of Videocon Mozambique Rovuma 1 Limited.  
Your Company has also acquired 10% PI in the same area from Anadarko Moçambique Area 1 Limitada at purchase consideration of USD 2640 Million on 28th February, 2014.  
Area 1 covers approximately 2.6 million acres in the deep-water Rovuma Basin offshore Mozambique and represents the largest gas discovery in offshore East Africa with estimated recoverable reserves of 50 to 70 trillion cubic feet.
- ONGC Videsh, through its subsidiaries, has acquired an additional 12% Participating Interest (PI) in Block BC-10, a deep-water offshore block in Campos Basin, Brazil at purchase consideration of USD 561 million, taking its total PI in the block to 27%. The Company had earlier acquired 15% PI in Block BC-10 in 2006. The transaction for 12% stake in the block was completed in December, 2013.
- ONGC Videsh in partnership with OIL** on 17th February, 2014, has signed Production Sharing Contract (PSC) for **two shallow water exploration blocks SS-09 & SS-04 in the Bay of Bengal of Bangladesh**. ONGC Videsh and Oil India Limited (OIL) formed a consortium (50:50) and participated in the Bangladesh Offshore Bidding Round 2012, launched by Bangladesh Government during December 2012 and was officially notified as the winner of the mentioned blocks on August 20th 2013. ONGC Videsh has 45% PI in each of the Blocks with operatorship, 45% PI is held by Oil India Ltd and remaining 10% PI is held by Bangladesh Petroleum and Exploration Company Limited.
- On 10th October 2013, the Company was awarded two onshore exploratory blocks namely B2 (Zebyutaung-Nandaw) and EP-3 (Thegon-Shwegu) in the Myanmar Onshore Bidding Round 2013. Block B-2, having an area of 16995 sq. kms is located in Northern Myanmar, bordering state of Manipur in India and Block EP-3 having an area of

1650 sq. kms is located in Central Myanmar. ONGC Videsh was one of the 7 Indian companies which were shortlisted as Pre-qualified bidders by Government of Myanmar for their Onshore 2nd Bid Round -2013 for 18 blocks.

- During FY'14, ONGC Videsh has signed the following MoUs:**
- MoU with Petrovietnam** - On November 20, 2013, in furtherance to earlier MoU signed on October 2011 to promote joint cooperation in hydrocarbon sector in Vietnam, India and other countries was signed. Under the MOU, Petrovietnam has offered 5 blocks to ONGC Videsh. ONGC Videsh would assess these blocks and if these are of interest, it would make a proposal to PetroVietnam.
- MOU with Coordinating Ministry for Strategic Sectors of Ecuador** on 9th December 2013 over sharing of information regarding oil and gas projects in Ecuador, which ONGC Videsh would evaluate to identify projects of its interest and could propose participation in such project(s) through specific definitive agreements.
- MOU with PDVSA** - On 9th October 2013 for strategic cooperation and participation in the exploration and production of hydrocarbon resources in the oil-rich Faja area of Venezuela and in other areas as well in joint collaboration thereby enhancing ONGC Videsh's interest in Venezuela.
- ONGC Videsh commenced first commercial production of gas from Block A3 and Block A1 in Offshore Myanmar** on 15th July 2013 and 10th January 2014 respectively. The combined production from these blocks is currently 8.7 MMSCMD and is expected to reach a peak level of 14.20 MMSCMD in Q1 of 2015. ONGC Videsh has 17% PI in these blocks.
- ONGC Videsh has commissioned the Onshore Pipeline Gas Transportation project in Myanmar in November 2013.** The Contractual Transportation Date has been notified as 1st December, 2013. The onshore gas pipeline is currently under operation and is transporting gas to both the Export and Domestic buyers.
- In Block BC-10, Brazil, the Phase II of the Project has also come on stream in October 2013** with an expected peak production of about 35,000 barrels of oil equivalent per day (boepd) in 2014. The current oil production from the block has reached 58,000 boepd at JV level. Phase-III of the project has also started with drilling of wells and first - oil is expected by April, 2016 with expected peak production of about 28000 boepd in 2017. The production from all the phases is expected to be about 75,000 boepd in 2017.
- After acquisition of 2.72% stake in ACG project in Azerbaijan, **additional oil production has**

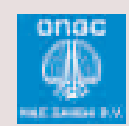


commenced from West Chirag field on 28<sup>th</sup> January, 2014. The current production from the project is 678,000 bopd.

- x) The current geo-political situation in Syria including EU sanctions and the resulting restrictions on contractors continues which has adversely affected Syrian operations since December 2011.
- xi) The operations in South Sudan projects are temporarily under shutdown after internal conflicts and adverse security situation in the country since 22nd December, 2013. However, a Ceasefire Agreement has been signed on 9th May, 2014 by the warring parties and negotiations are being carried out under the mediation of the African Union and Inter-governmental Authority on Development (IGAD). Operations in South Sudan shall resume once security situation improves.


#### Direct Subsidiaries and Joint Ventures of ONGC Videsh

##### i. ONGC Nile Ganga B.V. (ONGBV)

 ONGBV, a subsidiary of ONGC Videsh, is engaged in E&P activities in Sudan, South Sudan, Syria, Venezuela, Brazil and Myanmar. ONGBV holds 25 per cent Participating Interest (PI) in Greater Nile Oil Project (GNOP), Sudan with its share of oil production of about 0.741 MMT during 2013-14. ONGBV also holds 25 per cent PI in Greater Pioneer Operating Company (GPOC), South Sudan. Due to adverse geo-political conditions, ONGC Videsh could produce only 0.218 MMT oil in GPOC, South Sudan during FY'14.

ONGBV holds 16.66 per cent to 18.75 per cent PI in four Production Sharing Contracts in Al Furat Project (AFPC), Syria. Due to geo-political situations in Syria, ONGC Videsh could not produce any oil in AFPC project during FY'14. ONGBV holds 40 per cent PI in San Cristobal Project in Venezuela through its wholly owned subsidiary ONGC Nile Ganga (San Cristobal) BV with its share of oil production of about 0.854 MMT during FY' 14. ONGBV holds 27 per cent PI in BC-10 Project in Brazil through its wholly owned subsidiary ONGC Campos Ltda with its share of oil and gas production of about 0.331MMToe during FY' 14. ONGBV also holds 25% PI in Block BM-SEAL-4 located in deep-water offshore, Brazil through its wholly owned subsidiary ONGC Campos Ltda. ONGBV also holds 8.347 per cent PI in South East Asia Gas Pipeline Co. Ltd., (SEAGP) for Pipeline project, Myanmar through its wholly owned subsidiary ONGC Caspian E&P B.V.


##### ii. ONGC Narmada Limited (ONL)

 ONL has been retained for acquisition of future E&P projects in Nigeria.

##### iii. ONGC Amazon Alaknanda Limited (OAAL)

OAAL, a wholly-owned subsidiary of ONGC Videsh, 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 FY' 14, ONGC Videsh's share of oil and gas production in MECL was about 0.604MMToe.

##### iv. Imperial Energy Limited (Erstwhile Jarpeno Limited)

 Imperial Energy Limited (Name changed from Jarpeno Limited with effect from April 19th 2013), a wholly-owned subsidiary of ONGC Videsh incorporated in Cyprus, has its main activities in the Tomsk region of Western Siberia, Russia. During FY' 14, Imperial Energy's oil and gas production was about 0.423MMToe.


##### v. Carabobo One AB

Carabobo One AB, a wholly-owned subsidiary of ONGC Videsh incorporated in Sweden, indirectly holds 11 per cent PI in Carabobo-1 Project, Venezuela. The early production has already started from first well (CGO005) on 27th December 2012 @ 300 bopd. During FY' 14, Carabobo's oil and gas production was about 0.022MMToe.


##### vi. ONGC (BTC) Limited :

ONGC (BTC) Limited holding 2.36 per cent interest in the Baku-Tbilisi-Ceyhan Pipeline ("BTC") owns and operates 1,768 km oil pipeline running through Azerbaijan, Georgia and Turkey. The pipeline mainly carries crude from the ACG fields from Azerbaijan to the Mediterranean Sea.

##### vii. ONGC Mittal Energy Limited (OMEL)

 ONGC Videsh along with Mittal Investments Sarl (MIS) promoted OMEL, a joint venture company incorporated in Cyprus. ONGC VIDESH and MIS together hold 98 per cent equity shares of OMEL in the ratio of 49.98 per cent (ONGC Videsh) and 48.02 per cent (MIS) with the balance 2 per cent shares held by SBI Capital Markets Ltd. OMEL held 45.5 per cent PI in exploration block OPL 279, Nigeria and holds 64.33 per cent PI in exploration Block OPL 285, Nigeria. OMEL also holds 1.11 per cent 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 ONGC Videsh and MIS respectively.

##### II Mangalore Refinery and Petrochemicals Limited (MRPL)

 Your Company continues to hold 71.62 per cent equity stake in MRPL, a Schedule 'A' Mini Ratna, which is a single location 15 MMTPA Refinery on the West coast.



Berkut ("Golden Eagle") Russia's largest platform operating in Sakhalin



#### Performance Highlights FY 2013-14

- MRPL achieved the highest-ever thru'put of 14.97 and it produced 14.59 MMT of petroleum products in FY'14, the highest-ever.
- FY'14 saw MRPL registering a handsome profit (PAT) of ₹6010 Million against a net loss of ₹7,569.10 million that MRPL witnessed during FY'13 owing to reduced gross margins and foreign exchange fluctuation during FY'13.
- Despite profit, however, Board of Directors of MRPL has not recommended any Dividend payout for the financial year 2013-14 considering the working capital requirement, past losses and project expenditure.
- MRPL exported 6.727 MMT of products against 6.838 MMT in the previous year. The Export turnover rose to ₹353,920 million in FY'14 with 6.15% higher than previous FY.
- Crude sourcing (Receipts): 14.971 MMT; Iran (28.91 per cent), Saudi Arabia (22.51 per cent), ADNOC (17.09 per cent), Kuwait (9.77 per cent), Mumbai High (9.27 per cent), Nile Blend (1.06 per cent) & Spot (11.39 per cent).

#### Marketing & Retail Operations

The Company (MRPL) embarked into bulk sales of HSD after the introduction of dual pricing for HSD. The turnover of Direct Marketing stood at ₹22, 910 Million in FY-14 as compared to ₹25,830 Million in FY-13. The Company could establish a good market reach for

sale of Petcoke after commissioning of Delayed Coker unit in April 2014. The Company's Joint Venture (Shell MRPL Aviation Fuel services Limited) for marketing ATF has performed well and has increased its turnover by 34% in FY14 as compared to last year.

#### Phase III - Brownfield expansion Project & SPM

MRPL's Phase III up-gradation and expansion project has achieved an overall progress of 99.68% as on 15.5.2014. The Company has already commissioned the SPM facility in August 2013. During the month of April/ May 2014 the Delayed Coker Unit and Coker Hydro Treater Unit and one SRU unit have been commissioned. PFCC and two trains of SRU shall be commissioned shortly. The physical progress of Polypropylene unit is 95.6% and is expected to be commissioned shortly. The total capital expenditure incurred for all these projects so far is ₹130,050 Million.

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

In accordance with Ministry of Corporate Affairs (MCA) circular dated 8th February, 2011 and clarification dated 21st February, 2011, your Board has accorded necessary approval for not attaching the Balance Sheet and Profit & Loss Account of its subsidiaries (i) ONGC Videsh and (ii) Mangalore Refinery and Petrochemicals Ltd. (MRPL). 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 ONGC Videsh are also available on website [www.mrpl.co.in](http://www.mrpl.co.in) and [www.ongcvidesh.com](http://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, 2014 of the Company and its subsidiaries form part of the Annual Report.

#### 7. Joint Ventures/ Associates

##### i. ONGC Petro-additions Limited (OPaL)



ONGC Petro-additions Limited (OPaL), has been promoted by your company as a Joint Venture (JV) Company, with envisaged equity stake of 26% along with GAIL (15.5%) and GSPC (5%). The balance equity of 53.5% is to be tied up with Strategic Partners/ FIs/ IPO.

OPaL is a mega downstream petrochemical integrated project at Dahej SEZ for utilizing in-house production of C2-C3 and Naphtha from various units of ONGC.

Recently on August 23rd, 2013, your company signed a Product Sale Agreements with OPaL for supply of feed-stocks, thereby enabling OPaL's lenders to release funds for implementation of the project.

#### Present status

- Overall Cumulative progress is 89.84 %.
- Total cumulative expenditure as on 31st March 2014 is ₹181,557 million. Approved project cost is ₹213,960 million.
- Debt closure has been attained for approved project cost of ₹213,960 million with the execution of Rupee Term Loan agreement, for ₹ 149,770 million, including ECB of USD 300 million.
- Based on the current project progress, expected completion schedule of the Project is Jan, 2015.

##### ii. ONGC Tripura Power Company Ltd (OTPC)



Your Company has promoted OTPC with an envisaged stake of 50% along with Govt. of Tripura (0.5%) and IL&FS Energy Development Co. Ltd. (IEDCL - an IL&FS subsidiary) (26%); the balance 23.5% is proposed to be tied up through IPO / Strategic / Financial Investor.

OTPC is setting up a 726.6 MW (2 X 363.3 MW) gas based Combined Cycle Power Plant (CCCP) at Palatana, Tripura. The basic objective of the project has been to monetize idle gas assets of ONGC in land-locked Tripura state and to boost exploratory efforts in the region.







The power to create development .  
ONGC's power plant at Tripura, the single largest investment in the North East.

#### Present Status

OTPC's first unit (Unit-1) was dedicated to the Nation by the Hon'ble President of India on 21st June, 2013. However, commercial operation of its first unit (363.3 MW) effectively got started from 4th January 2014 in presence of representatives of beneficiary states. The second unit is expected to be commissioned in the second quarter of financial year 2014-15.

- The unit has been granted provisional tariff by Central Electricity Regulatory Commission (CERC). The Ministry of Power has allocated more than 86% of power from the project (two units) to the NER beneficiary states while 98 MW is allocated to OTPC for merchant sales. The OTPC has already signed a gas sale and purchase agreement (GSPA) with ONGC for supplying Daily contracted Quantity of 2.65 MMSCMD of gas.
- The 663 KM long 400 KV double circuit transmission network Palatana-Bongaigaon transmission has been commissioned up to Byrnihat by North-East Transmission Company Limited (NETCL), a joint venture of Power Grid Corporation, OTPC and Governments of the North-Eastern states. This development is helping in evacuating power from Unit-1 and enables partial evacuation from unit II. For

complete evacuation of Unit-II power, the remaining Byrnihat-Bongaigaon section of the line requires to be completed and its completion is expected to coincide with Unit II commissioning, subject to timely resolution of certain forest clearance issues.

- The total expenditure incurred on the project till 31st March, 2014 is ₹34,560 million against the total estimated cost of ₹40,470 million.
- State Bank of India is funding the entire debt for the project at a Debt: Equity ratio of 75:25.

#### iii. ONGC Mangalore Petrochemicals Limited (OMPL)



Your company has promoted OMPL as a value-chain integration project for manufacturing Para-Xylene and Benzene from the Aromatic streams of MRPL with an envisaged equity participation of 46% along with MRPL (3%), with balance 51% to be tied up through IPO / Strategic / Financial Investor

#### Present status:

- Overall Cumulative progress is 98.5% as on 31st March 2014
- Total cumulative expenditure on the project is ₹51700 million. Approved project cost is ₹57500 million.
- The commercial operation date (COD) is August 2014.

#### iv. Dahej SEZ Ltd (DSL)



Your company as Lead Promoter is developing a multi-product SEZ at Dahej in coastal Gujarat to facilitate your company's endeavours at C2-C3 Extraction and value-chain integration project – OPaL. Your company has 23% equity in the project with GIDC having 26% and balance 51% is proposed to be tied up through IPO / Strategic / Financial Investor.

#### Present status:

- SEZ is already operational and units in SEZ have clocked export of ₹14,200 million in FY 2012-13 and ₹19,740 million in FY 2013-14.
- 92% of the leasable land has already been allotted and the remaining land is expected to be leased in the next two years.
- Expert Appraisal Committee of Ministry of Environment and Forest (MoEF) has recommended CRZ clearance for 123.42 ha of land in Dahej SEZ. Formal approval is awaited.

#### v. Mangalore Special Economic Zone Limited (MSEZ)



With an envisaged equity stake of 26% along with KIADB (23%), IL&FS (50%), OMPL (0.96%) and KCCI (0.04%), ONGC is setting up MSEZ to serve as site for development of necessary infrastructure to facilitate and locate ONGC/MRPL's Aromatic complex being promoted by ONGC.

#### Present status:

- 65% of the leasable land has already been allotted.
- Pipeline Corridor development - MoEF clearance is awaited for construction works at Reach 2 (~ 1.8 km). Pursuant to presentations to Expert Committee of MoEF and clarifications, recommendations have been submitted to MoEF, Delhi. Final clearance is awaited. However, interim arrangement for laying of OMPL pipelines in this reach has been made, thereby facilitating OMPL to utilize the corridor.
- Land acquisition issues at Reach 3 (~1.5 kms) – Gazette notification has been issued. Price fixation meeting was held on 23rd Oct'13 although resolution would take one more round of discussions. However, due to Lok Sabha elections and the model code of



A towering presence in Petrochemicals.  
ONGC's mega complex in Dahej SEZ

conduct, further discussions could not take place. Interim arrangement for laying of OMPL pipelines in this reach has also been made, thereby facilitating OMPL to utilize the corridor.

- River Water infrastructure: Supply to MRPL and OMPL has commenced. Water Agreement has been initialled with OMPL and is under finalization with MRPL.

#### vi. ONGC TERI Biotech Limited (OTBL)



ONGC TERI Biotech Limited

ONGC TERI Biotech Limited (OTBL) which was incorporated on 26th March, 2007 is a Joint-venture Company of ONGC in association with The Energy Research Institute (TERI), with shareholding of 49.98% & 48.02%, respectively. Balance 2% is held by FIs. Through the efforts of joint research of ONGC & TERI over the years, OTBL is offering below mentioned technologies and providing various Biotechnical Solutions to Oil and Gas Industry, both in India and abroad:

- Oilzapper Technology (Bioremediation)- used to eliminate & tackle Oil Spills, Oily Sludge, and hazardous hydro carbon waste;
- Paraffin Degrading Bacteria (PDB)- used to prevent Paraffin Deposition in Oil well Tubing;
- Wax Deposition Prevention (WDP)- used to prevent Paraffin Deposition in surface and sub-surface flow lines;
- Microbial Enhanced Oil Recovery (MeOR)- used for Enhanced Oil Recovery by mobilizing crude oil trapped in pores of Oil Reservoirs.

During 2013-14 the turnover of OTBL was ₹154.4 Million with Profit after Tax of ₹44.8 Million as against turnover of ₹136.61 Million and Profit after Tax of ₹40.05 Million in the previous year.

#### vii. Petronet MHB Limited (PMHBL)

- PMHBL is a JV company wherein your company has an equity stake of 28.766% along with HPCL (28.7%) and PIL (7.898%) with balance 34.57 per cent of equity being held by leading banks.
- PMHBL owns and operates a multi-product pipeline to transport MRPL's products to the hinterland of Karnataka.
- In FY'14 PMHBL pipeline has transported a throughput of 3.07 MMT against total throughput of 2.82 MMT last year. As per un-audited results for the year 2013-14, the turnover and PAT of PMHBL are

₹1295 million and ₹510 million respectively.

#### viii. Petronet LNG Limited (PLL)



ONGC has 12.5 per cent equity stake in PLL, identical to stakes held by other Oil PSU co-promoters viz., IOCL, GAIL and BPCL. Dahej LNG terminal of PLL having a capacity of 10 MMTPA is currently meeting nearly 20 per cent of the total gas demand of the country. A new LNG terminal of capacity 5 MMTPA has been set up at Kochi and was dedicated to the Nation by Hon'ble Prime Minister of India on 4th January, 2014. The Company is also planning to set up an LNG terminal of capacity 5 MMTPA at Gangavaram, Andhra Pradesh. The turnover of PLL during 2013-14 is ₹377,476 million (previous year ₹314,674 million) and net profit is ₹7,119 million (previous year ₹11,493 million).

#### ix. Pawan Hans Limited (PHL)



Pawan Hans Limited  
(A Government of India Enterprise)

ONGC has 49 per cent equity stake in PHL (previously known as Pawan Hans Helicopters Limited). Balance 51 per cent equity is held by the Government of India. PHL is one of Asia's largest helicopter operators having a well-balanced operational fleet of 40 helicopters. It provides helicopter support for ONGC's offshore operations. PHL 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 PHL for 2013-14 are under finalisation.

#### 8. Other New Projects/ Business initiatives

##### a. C2-C3-C4 Extraction Plant

Your company has set up a C2-C3-C4 extraction plant at Dahej with LNG from Petronet LNG Limited (PLL) as the feed stock. Commissioning of the Plant is expected to commence by July 2014. Ministry of Finance, Govt of India, vide its notification dated 17th Feb 2014 has resolved Taxation issues. Ministry of Petroleum & Natural Gas has allocated domestic gas for commissioning of the plant on 11th April 2014.

##### b. Urea Fertilizer Business

ONGC signed a Memorandum of Understanding (MoU) with M/s Chambal Fertilizers and Chemicals Ltd. (CFCL) and the Government of Tripura for setting up a 1.3 MMTPA capacity urea fertilizer plant in Tripura. MoU was signed on April 9th, 2013. Feedstock for the proposed plant (Natural gas) will be supplied from Khubal field in AA-ONN-2001/1 block where substantial gas reserves have been established. Gas requirement for the plant is estimated to be 2.4 mmscmd. The project cost is

estimated to be ₹50,000 million. Government of Tripura will have 10 per cent equity in the venture.

#### 9. Alliances & Partnerships for Business Growth

##### a. MoU with Mitsui

ONGC on 24<sup>th</sup> January, 2014 signed an MoU with Mitsui for Exploration and Production of conventional and unconventional petroleum and natural gas opportunities in India and in third countries, including the possibility of laying, building, operating or expanding natural gas pipelines along mutually identified routes.

##### b. MoU with RIL

ONGC on July 27<sup>th</sup>, 2013 has signed an MoU with RIL to explore the possibility of sharing RIL's infrastructural facilities in the East Coast, thereby helping ONGC minimize its initial Capex and expedite early monetization of its deep-water fields adjacent to the fields of RIL.

##### c. Summary of Understanding with EIL

ONGC on June 6<sup>th</sup>, 2013 has entered into a Summary of Understanding with EIL to set up a 500 KTPA Propane-de-hydrogenation (PDH) based integrated Facility in the Domestic Tariff Area (DTA)/ Mangalore SEZ Area, by creating a Joint Venture (JV) Company.

##### d. Product Sale Agreements with OPaL

ONGC on August 23<sup>rd</sup>, 2013 has entered into a Product Sale Agreement with OPaL for supply of feed-stocks, thereby enabling OPaL's lenders to release funds for implementation of the project.

##### e. MoU between ONGC, BPCL, Mitsui and NMPT

ONGC along its consortium partners BPCL and Japanese conglomerate Mitsui signed a MoU with the New Mangalore Port trust (NMPT) on March 18<sup>th</sup>, 2013. The MoU documents Port's No-Objection to carry out feasibility studies and intention to extend all cooperation to the consortium in this regard. The consortium has carried out the pre-feasibility study of the project and formal allocation of Land and jetty site is awaited from NMPT.

##### f. MoU for setting up a Special Purpose Vehicle (SPV) for implementing Renewable Energy projects

Your company is likely to be a lead partner in a Joint Venture Company being set up through Special Purpose Vehicle (SPV) for implementing large scale grid-connected solar, wind and other renewable energy (including hybrid) power projects.

An MOU for creating such a JVC was signed on 25<sup>th</sup> February 2014 between the Ministry of New & Renewable Energy and Ministry of Petroleum & Natural Gas, Govt of India.

This JVC shall be for grid connected renewable

energy and would be led by ONGC as the lead partner with likely 26% equity and other Oil upstream companies like OIL and GAIL along with EIL, IREDA and SECI as partners, equity percentage of each one of them to be decided later. EIL has been assigned the responsibility of the feasibility study for the projects at various locations in India.

#### 10. Information Technology

Considering the need to ensure implementation of cutting edge technology in all areas of operations and to ensure data integrity and security, ONGC has deployed state-of-the-art IT tools and technologies. In a knowledge-driven and technology-intensive industry such as oil & gas E&P, information technology establishes the vital synergy across the company's many locations and varied workforce, essentially serving as its operations' lifeline. Many of the IT achievements of the Company are regarded as benchmarks in the industry in terms of implementation of widespread systems integration and process automation. Some of the highlights for FY'14 are:

**Project ICE (Information Consolidation for Efficiency) of ONGC is a landmark example of 'Business Process Re-Engineering' in India. It is also SAP AG's largest Project in India**

- System Availability:** Achieved over 99% system availability for organization-wide IT network connectivity through effective design & configuration.
- IT Infrastructure Upgradation:** To upgrade the exiting ageing IT Infrastructure and make it ready to effectively support present and upcoming IT applications, consultancy services were hired from PricewaterhouseCoopers Pvt. Ltd. Their final report has been submitted and recommended projects are being taken up for implementation.
- Video Conferencing:** To enhance communication capabilities for faster decision making, enterprise video conferencing system with multiparty video conferencing capability has been implemented. The system has also been integrated with Desktop Video Conferencing system, based on "IBM Sametime". This shall facilitate executives to participate in multiparty video conferencing session, enabled by Polycom Multiparty Conferencing Unit, from his/ her desktop. The system shall also enable



executives to share documents from their desktops while participating in the multiparty video conferencing. Executives on the move can also participate in multiparty video conferencing through their smart phone device.

- **Lotus Connections:** To create an environment that facilitates collaboration and innovation, ONGC Blog site based on **Lotus Connections** has been launched where users can share information online using technologies like blogs, wikis, and activity streams. Employees have started using the platform to share knowledge & opinion.
- **Cyber security Crisis management team** – To strengthen information security management with focus on cyber security, proposal for Cyber Security Crisis Management team has been initiated.
- **Project IT-** चेतना: Under “IT Skill & Proficiency Development Programme through Project IT- चेतना” continued for the year 2013-14 also.
- **HIS (Healthcare Information System):** Standardized version of HIS - which was developed to bring in uniformity in working of ONGC health-centers and Hospitals across the organization, has been rolled-out across 20 work-centers.
- **IT Service Management (ITSM):** To improve performance of IT service management across the enterprise and for better alignment of IT services & business strategy, all IT helpdesk sites have been taken up for ISO 20000 Certification. Six sites at Delhi & Mumbai, which were already certified for ISO 20000, the certification has been upgraded to the latest version.
- **Broadband Wireless Access for remotes:** To improve IT applications performance & voice connectivity at remote installations, the contract for Point-to-Multipoint “Broadband Wireless Access (BWA) Radio System” for remote sites at North East & Southern Assets of ONGC was awarded on turnkey basis. The project is under execution.
- **Satcom Upgradation:** For voice & data communication connectivity, remote installations at offshore are primarily dependent on Satcom (Satellite communications). This also provides primary connectivity to many onshore installations and secondary connectivity to other installations at onshore. Satcom infrastructure equipment has become old and lived its useful life. The project for Upgradation of Satcom Infrastructure has been taken up.
- **Microwave backbone:** Work for setting up onshore to offshore high capacity microwave backbone communication link between Uran-Neelam-B193-BPA Offshore Complex, is awarded and shall be in

service by August 2014. This is the first high capacity microwave communication link from base to offshore installations

#### 11. Health, Safety and Environment(HSE) accreditations

Safety, Occupational health and protection of environment in and around its working areas are prime concerns of ONGC. ONGC has implemented globally recognized QHSE Management System conforming to requirements of QHSE Certifications ISO 9001, ISO 14001 and ISO 18001 (OHSAS) at ONGC facilities and certified by reputed certification agencies at all its operational units. As on date, 412 Nos of working units have third party certified integrated QHSE Management System. ONGC follows the internationally accepted practices with regard to incident reporting, investigation and monitoring of recommendations.

#### HSE Quotient Snapshot:

- Accredited Environment Impact Assessment (EIA) Consultant
- Ringal Bamboo Plantation in 280 hectares in Upper Himalayas

#### A few highlights of HSE during 2013-14 are:

- Regular QHSE internal audits
- Fire safety measures including regular fire and earthquake mock drills,
- Training on HSE related topics,
- Environmental analysis
- PME of employees and Health Awareness programs
- Water and electricity conservation, Noise and pollution reduction measures,
- Material Safety Data Sheets(MSDS),
- Personal protective Equipment's(PPE),
- Solid waste management and Developing E- waste disposal procedure,
- Jatropha garden and identification and implementation of Environment Management Programmes (EMP) and Occupation Health & Safety(OHS) programs as per need of the unit,
- Energy conservation awareness through display and communication,
- Accident, near miss and Governance, Risk & Compliance (GRC) reporting.

ONGC is now an Accredited Environment Impact Assessment (EIA) Consultant organization by Ministry



ONGC's Green initiative  
Mangrove plantation in Coastal Gujarat

of Environment & Forest (MoEF) in Oil and Gas Exploration, Development and Production in Offshore/Onshore areas and Petroleum refining industry.

ONGC has undertaken Ringal plantation (Hill bamboo) in Joshimath and Kedarnath forest areas of Upper Himalayas to strengthen fragile Himalayan eco-system. Plantation of 7.0 Lakh ringal in Upper Himalayas has been completed in an area of 280 Hectares. The Next Phase of ringal plantation is under progress for planting 3.75 Lakh plants in 150 Hectares.

A project on mangrove plantation along the shores of Dhadar River on West Coast has been taken up by ONGC to protect erosion of the shoreline. Phase 1 of the project, more than 17 lakh mangroves have been planted in the soil erosion-prone area along the coast of the Dhadar River at Ankleshwar.

With a view to seek environmental friendly options for the disposal and treatment of accidental oil spillages and the tank bottom sludge generated during the routine operations, ONGC explored the biotechnological option i.e. bioremediation wherein indigenous micro-organisms are isolated and enriched and harnessed on mass scale for application in the field. In the year 2013-14, 25000 MT of oily waste was treated through this technique in ONGC.

#### 12. Sustainability Development

ONGC, one of the premier energy majors of the world and the highest profit earning PSU of India, realises its responsibilities in ensuring sustained development through protection of the ecological system. It therefore strives to position itself as a leading organisation in sustainable management and is

aiming to achieve sustainable development through a holistic approach to carbon management. We believe that focused carbon management efforts are an ideal route to cover the elements of our business specific sustainable development issues across the environmental dimension. A critical area of environmental sustainability is mitigation of global

**ONGC Corporate Sustainability  
Report for 2012-13, developed as  
per globally accepted GRI-G3  
guidelines, accorded A+ level by the  
assurance agency**

greenhouse gas from operations. It is an organizational objective for us to progressively reduce our carbon footprint, by working towards reduction in both direct and indirect energy consumption.

The Company proposes to make a comprehensive, organization-wide GHG inventory that covers both direct and indirect energy over the next two to three years. This would provide the overall carbon footprint of the organization and help identify mitigation opportunities. A pilot exercise to assess GHG footprint of our representative operating units has already been completed. This pilot is now being scaled up into a pan ONGC GHG accounting exercise to assess our organisational carbon footprint and importantly to undertake a rigorous study for identification of all feasible GHG mitigation opportunities.



The following efforts undertaken by ONGC illustrate its commitment to sustainable development:

**a. Sustainable Water Management (SWM) Water Mapping:**

Water mapping study was completed for Ankleshwar and Rajamundry Assets and Hazira Plants. Based on the mapping, following projects have been identified for consideration under SWM umbrella:

**Reuse and Recycle:**

The concept was implemented as a pilot project, an STP of 50 KLD capacity was installed in the CISF Colony at Mehsana. The Project was executed in February 2014.

In association with Mehsana Asset under SWM program, the following gains have accrued:

- Mud Recycled upto 2013-14 =30128 M3
- Fresh Water Saved by Mud Recycling=22596 M3 upto 2013-14,
- Fresh Water Saved by Use of Treated Effluent=212059 M3
- Total Fresh Water Saved=234655 M3 (Upto 2013-14) starting from 2009-10.

**Desalination:** A 20 MLD Desalination plant has been proposed for Uran Plant.

**Rain water Harvesting**

Rain water harvesting projects at various assets, Basins and plants are in various stages of implementation. This year harvesting has been conceived at Tripura and Ahmedabad Asset which are being implemented. Besides, harvesting at Rajahmundry Asset has also been conceptualized which will be implemented next year. Rain water harvesting at Vadodara has already started and is recharging ground water. More wells are being conceptualized to expand the programme.

**b. Carbon Dioxide mitigation and low carbon initiatives**

ONGC has also collaborated with Cleen, Finland in the area of carbon capture and joined its program.

**c. Clean Development Mechanism (CDM)**

ONGC commenced its CDM journey in 2006. Till date, ONGC has registered 11 CDM projects with UNFCCC. About 3 new CDM projects have been registered and other 3 registered projects have been successfully verified for issuance of 182529 CERs (Carbon credits). These CDM projects are listed below:

**Registration of new CDM projects**

1. Gas Flaring Reduction at Neelam&Heera Asset
2. Natural gas based combined cycle power plant in Tripura

**3. Green Building project at Kolkata**

**Issuance of Registered CDM projects**

1. Waste heat recovery from Process Gas Compressors Mumbai high south (offshore platform)
2. 51 MW wind power project of ONGC at Surajbari
3. Amine Circulation Pumps Energy Efficiency at Hazira Plant, ONGC

**d. Carbon Foot Print**

Comprehensive companywide GHG accounting has been completed. With this exercise, potential area of carbon management has been identified to reduce carbon footprints of ONGC.

**e. 3G Bio-refinery**

ONGC is planning to setup a 3G bio-refinery to meet the government mandate of E95 (blending of 5% ethanol to gasoline).

**f. Solar power CSP-ST technology**

CM&SG is in talk with Rippaso Energy for establishing a 3MW pilot solar power project at Gamnewala, Jaisalmer.

**g. Carbon neutral PETROTECH 2014:**

PETROTECH 2014, a biennial international event has been declared carbon neutral. Total 3000 VERs were exchanged to make the event carbon neutral. This is second event of its kind that was made carbon neutral by CM&SG.

**h. Global Methane Initiative (GMI)**

Fugitive emission Identification & Quantification (IQ) jobs have been completed as per PC targets. Ahmedabad Asset and BPA& BPB offshore installations were mapped for fugitive emissions. The reports have been submitted to respective heads to take corrective actions.

ONGC has provided IQ services to GAIL and Gail Vijapur plant was mapped for fugitive emission and thereby earning revenue for the company.

**13. Business Responsibility Report – 2013-14**

Securities & Exchange Board of India has introduced Clause 55 to the Listing Agreement with the Stock Exchanges, which states that Listed entities shall submit, as part of their Annual Report, Business Responsibility Report, describing the initiatives taken by them from an environmental, social and governance perspective. Accordingly, the second Business Responsibility Report – 2013-14 has been drawn up and forms part of the Annual Report for 2013-14.

**14. Internal Control System**

Your Company has a well-established and efficient internal control system and procedure. The Company

has a well-defined delegation of financial powers to its various executives through the Book of Delegated Powers (BDP). The Integrated BDP is updated from time-to-time in line with the needs of the organisation as well as to bring further delegation. The Company has in-house Internal Audit Department commensurate with its size of operations. Audit observations are periodically reviewed by the Audit, Ethics & Financial Management Committee of the Board and necessary directions are issued whenever required.

**15. R&D EFFORTS THROUGH ONGC ENERGY CENTRE TRUST (OECT)**

Your company has taken steps to evaluate various forms of energy to fulfil the country's growing energy needs. Towards this end, your company has established an ONGC Energy Centre Trust (OECT), which is mandated to undertake or assist in programs / projects of fundamental and applied research for improving and developing commercially viable energy mediums and sources beyond hydrocarbons, especially in clean and/or renewable energy options. ONGC Energy Centre (OEC) has been set-up under the aegis of the OEC Trust to work on various clean energy options.

Your company through ONGC Energy Centre has been implementing several Research Projects on new and alternative sources of energy. These Projects are in advanced stages of implementation, in collaboration with various national and international academic, research and industrial organizations. The projects where your company is currently engaged in are:

- a) Hydrogen Generation through Thermo-chemical Processes
- b) Exploration for Uranium
- c) Bioconversion of lignite to Methane
- d) Bioconversion of Oil to Methane
- e) Kinetic Hydro Power
- f) Geothermal Energy
- g) Solar Thermal Project

These apart, during 2013-14, ONGC Energy Centre has also evaluated many new options to expand the research and technology development activities and also to focus on optimum utilization of resources available with ONGC. These efforts have been described in detail in the **Annexure C** on Energy Conservation.

**16. Human Resources**

ONGC cares and values its human resource which is the bedrock of the ONGC's success story. To keep the employees' morale high, your Company extends several welfare benefits to them and their families by way of comprehensive medical care, education, housing and social security. During the year 2013-14, your Company implemented 30 Policy Revisions for further welfare of its employees.

**17. Human Resource Development**

33,988 ONGCians (as on 31<sup>st</sup> March, 2014) dedicated themselves and contributed their efforts towards the excellent performance of your company. The workforce intake strategy pursued by your Company caters to meeting the demands of maintaining a



ONGC Academy - A Training Institute par excellence



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. Your Company has drawn up a scientific manpower induction plan aligned to the business plans as well as factoring the manpower profile of the Company. During the year, HR ensured that adequate numbers with requisite skills-sets were inducted to meet the requirements of the Company as well as replenish the manpower loss on account of superannuation.

Your company believes that continuous development of its human resource fosters engagement and drives competitive advantage. One such initiative towards that end was the innovatively designed and highly popular 'Business Games', an organization-wide contest that puts to test and further hones the managerial and business acumen of the executives. During the year 2013-14, a total of 167 teams and 668 executives participated in the event.

Fun Team Games (FTGs) were organized for E0 and staff level employees to inculcate MDT (Multi-disciplinary Team) concept and a spirit of camaraderie and belongingness to the organization, which was very well received by the participants. During the year 72 teams and 188 employees participated in FTGs. Your Company also conducted the Assessment Development Centre (ADC) for 294 E-6 (DGM) level

executives and provided them developmental inputs. Your Company has partnered with global HR consulting firms to create a pool of accredited mentors in the organization. These mentors will support organization's effort to hone young minds to successfully respond to the emerging business needs of your Company. As part of this Initiative, in the year 2013-14, 865 mentors were trained and 1376 Mentees were mentored and developed.

#### Training

Skill up-gradation is a vital component for driving excellence through Human Resource. ONGC has branded the spectrum of its training activities as 'EXPONENT', a comprehensive programme which is nurturing the energy leaders of tomorrow. The growth of an ONGCian to an Exponent of energy business is facilitated by the ONGC Academy, Regional Training Institutes (RTIs), other in-house Institutes in association with globally recognized trainers. Training Institutes of ONGC organize training in all dimensions - Technical as well as non-technical and Managerial that is relevant to Petroleum Industry.

During the year, ONGC training Institutes have organized various training Programmes for skill development and enhancing the competency level of employees for self-development and enhanced output. A total 15898 executives and 4564 non-executives were imparted appropriate training, spanning 213304 training man-days, during 2013-14,

which includes five batches of 746 Graduate Trainees, who were imparted induction training. In order to keep the executives abreast with the latest advancements in cutting-edge concepts and technologies in oil and gas exploration and production, 80 programmes were organized during 2013-14, including foreign faculty programmes. Around 296 senior level executives were exposed to advanced programmes on Management with overseas learning component through tie-ups with leading B-schools of the country.

As a Global player, it is imperative to benchmark our strengths with the world's best. To achieve this we organize International Certification Programs benchmarked to global standards viz. Offshore Installation Manager (OIMs) Certification through OPITO, Project Management Professionals (PMP) Certification from PMI, USA, CIPM from PMA and IPMA from Switzerland. During the year 2013-14, Academy has organized 14 OIMs Programmes in which 62 OIMs participated, 450 executives attended CIPM Programmes, 120 executives attended PMP of PMI, USA and 50 executives attended IPMA level-D.

#### 18. EMPLOYEE WELFARE

Your Company continues to extend welfare benefits to the employees and their dependants by way of comprehensive medical care, education, housing, and social security. Your Company continues to align company policies with changing economy and business environment. Some of the key facets of ONGC's employee welfare model are as below:

##### (i) Employee Welfare Trusts

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

- **Employees Contributory Provident Fund (ECPF) Trust** manages Provident Fund accounts of employees of your Company.
- **The Post Retirement Benefit Scheme (PRBS) Trust:** The scheme underwent a major transformation from defined benefit to defined contribution during the past year. In the converted Defined Contribution Scheme, the corpus in the individual employee account shall include employer/ employee contributions and interest thereon. The benefits under the Scheme are dependent on corpus in the individual employee account and accordingly, would be market determined which depends on interest rate, annuity price.
- **The Composite Social Security Scheme (CSSS):** It provides an assured ex-gratia payment in the event of unfortunate death or permanent disability of an employee in service.
- **Gratuity Fund Trust:** This has been created to take

care of payment of gratuity as per the provisions of the Gratuity Act.

- **Sahayog Trust:** Your Company's 'Sahayog Yojana' instituted under this Trust provides ex-gratia financial grant for sustenance, medical assistance, treatment, rehabilitation, education, marriage of female dependent and alleviation of any hardship or distress to secure the welfare of the secondary workforce and their kin, who do not have adequate means of support. Under the scheme, an amount of ₹ 20.6 million was disbursed by the Trust during the year.
- **Extension of Benefits under the Agrani Samman Scheme to retired employees:** The Scheme aims to provide succour to the ex-employees who separated from the service of ONGC on account of premature retirement due to disability or medical deficiency suffered while on duty.
- **Extension of Benefits under the Asha Kiran Scheme to retired employees:-**

During the year, your Company launched Asha Kiran Scheme to meet the emergency needs of the ex-employees retired prior to 01.01.2007, who are passing through distressful situation. The scheme was launched as per DPE guidelines by creating a corpus of 1.5% of PBT. During the year, under this scheme financial assistance of Rs 1352 million was provided to 12964 ex-employees.

##### (ii) Implementation of Govt. Directives for Priority Section

Your Company complies with the Government directives for Priority Section of the society. The percentage of Scheduled Castes (SC) and Scheduled Tribe (ST) employees were 15.4 % percent and 9.1% percent respectively as on 31st March, 2014.

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

##### • Annual Component Plan

Under Annual Component Plan for SC/ST, each year an allocation of ₹200 million is made. Out of this, ₹60 million is distributed amongst all the Work centres of ONGC for taking up activities for welfare of SC/ST Communities in and around the areas of our operations. In addition, ₹140 million is managed centrally, and is earmarked for Special projects/proposals/schemes for the welfare of areas/persons belonging to SC/ST communities. The amount under component plan is utilized for taking up various welfare measures for the welfare and upliftment of the needy people of SC/ST Communities. This fund is especially meant for



Mandatory Safety training - a precursor to ONGC's operations



providing help and support in Education and Training, Community Development and Medical and Health Care.

• **Scholarship to SC/ST meritorious students for pursuing higher professional courses at different Institutes and Universities in the country.**

Your Company has recently enhanced scholarships for meritorious SC & ST students from 100 to 500 for pursuing higher professional courses at different Institutes and Universities across the country in Graduate, Engineering, MBBS, PG courses of Geo-Sciences and MBA. The major feature of the scheme is that the scholarships have been divided equally for both male and female students and the allotted amount of scholarship per student is ₹4,000/- per month subject to the conditions of the scheme. The annual budget for the scheme, considering its total implementation, is ₹76 million per annum.

**19. INDUSTRIAL RELATIONS**

During the year your Company maintained harmonious Industrial Relations. Mandays loss due to internal industrial action was reported as 'NIL' for the year 2013-14.

Your Company has adopted pre-emptive and responsive IR policies that resulted in signing of Long Term settlements covering the Post Retirement Benefit Scheme, under the Defined Contribution methodology and adoption of Group Leave Encashment Scheme of the LIC.

Implementation of the 'Fair Wage Policy' initiated in Aug 2012, has been steadily reported from all work-centers across the country. More than 2500 contract

labourers have been covered under the Fair Wage Policy, while more are due to be covered shortly. The policy enjoins the Contractors to pay 35% higher wages as compared to minimum wage. This will also have a salutary effect on all statutory liabilities towards various social security schemes. The policy also provides that the contractors will obtain Group Gratuity cover and Group Insurance cover from LIC for the labour deployed in ONGC operations.

**20. Women Empowerment**

Women employees constituted over 6 percent of your Company's workforce. During the year, programmes on women empowerment and development, including programmes on gender sensitization were organized. Your Company actively supported and nominated its lady employees for participating in programmes organized by reputed agencies.

**21. GRIEVANCE MANAGEMENT SYSTEM (GMS) :**

Your Company provides an easily accessible mechanism to the employees for redressal of their grievances, either through an informal channel (open hearing day) or through a formal channel.

**Public Grievance Management System**

All Key Executives of your Company have designated a publicized time slot thrice in a week to meet public representatives in order to speedily redress their grievances.

**22. IMPLEMENTATION UNDER THE RIGHT TO INFORMATION ACT**

An elaborate mechanism has been set up throughout the organization to deal with the requests received under RTI Act, 2005. Central Public Information

Officers (CPIO) have been appointed at every work centre of the Company to redress the issues under RTI Act. 126 applications received in March, 2013 were carried forwarded to the year 2013-14. 1743 applications were received during the year; making a total of 1869 applications. In addition, 50 first appeals were carried forward and 361 were received during the year. All the aforesaid 411 first appeals were disposed off by the appellate authority of ONGC and orders passed by the authority were complied within a stipulated time frame.

**23. IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY**

Your Company makes concerted efforts to spread and promote the Official Language. Some of the important steps taken in this regard during the year were:

- Company has introduced Unicode Hindi software in all our offices.
- Hindi workshops are conducted at regular intervals
- Hindi seminars and 'Kavi Gosthies' were organized at Dehradun and Delhi.
- ONGC actively contributed in publishing bilingual Petroleum Terminology Directory, initiated by MO&PNG.

- Hindi Teaching Scheme of Govt. of India is effectively implemented at all regional work centres.

**24. IMPROVEMENT IN LIVING AND WORKING CONDITIONS**

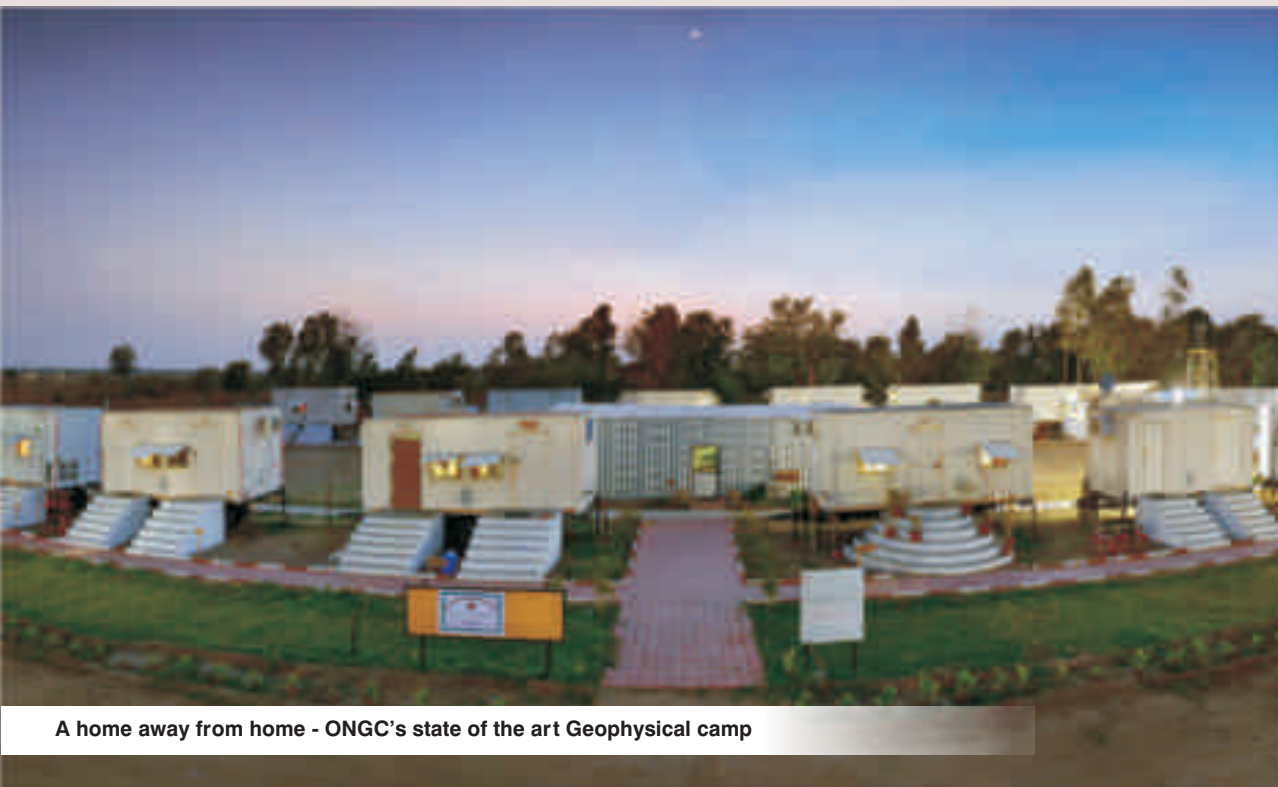
As a testimony to its commitment for a cleaner tomorrow, your Company has undertaken the 'Green Building' initiative for its upcoming offices at Chennai, Dehradun, Delhi, Hyderabad, Kolkata and Mumbai.

**Work-Life Balance**

Your Company continued in its endeavours to ensure work-life balance of its employees. The townships at many work-centres were provided facilities like gymnasiums and music rooms. Outbound programmes with families were also organized at various work-centres. Plays on the importance of 'Work-Life Balance' were staged to create awareness amongst the employees. In addition, cultural programmes involving employees and their families were also conducted. Mahila Samitis and Resident Welfare Associations (RWAs) were involved in the organization of these cultural programs. Your Company has an adventure wing named ONGC Himalayan Association that organizes adventure programmes like mountaineering, trekking, white water rafting, snow skiing, desert Safari and Aero



Empowering W-power.  
ONGC has over 6 per cent women in its workforce.



A home away from home - ONGC's state of the art Geophysical camp



sports, which contributes toward morale, engagement, team spirit, camaraderie, stress management and spirit to explore the unknown among the employees.

## 25. SPORTS

ONGC continued its support for development of sports in the country in the form of job offers & scholarships to deserving sportspersons. Sponsorships to various sports associations / federations / sports bodies to organise sports events as well as develop infra-structure were also extended.

The welfare measures for the sportspersons which includes sponsored trips for training / coaching stints & tournament participation both within India & abroad, kits & liveries and playing equipment as per norms have been provided in 23 game disciplines. There are 177 players on the rolls and 167 players on scholarship benefitting from the welfare measures of ONGC. The support has aided many sportspersons to deliver elite performances and bring laurels for the Nation and the Company. Sports achievements during the year are detailed in **Annexure-B**. Such elite performances have been rewarded with cash incentives as per Policy.

Head Sports of your company has taken charge as Secretary, Petroleum Sports Promotion Board

(PSPB), which is recognition of your company's immense contribution towards promotion of sport in the country.

## 26. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your company is fully engaged in ensuring equitable and sustainable growth of society in and around the area of its operations besides complying with government directives to discharge its social responsibility as a leading Indian corporate. CSR activities are essentially guided by project based approach in line with the guidelines issued by the Department of Public Enterprises (DPE) and Ministry of Corporate Affairs (MCA) of the Government of India. Seeking to herald an inclusive business paradigm, ONGC has CSR interventions that are based on social, environmental, and economic considerations and are well-integrated into the decision-making structures and processes of the organization. **In the last 7 years, your company has contributed ₹13,270 Million towards its well-structured and well-focussed CSR activities.**

Out of the CSR Budget of ₹4185 million, ONGC spent an amount of ₹3413 million in FY 2013-14. This translates to overall utilization of 86 % of the CSR Budget.

### CSR Focus Areas

1. Education
2. Women Empowerment
3. Health Care
4. Entrepreneurship Development
5. Infrastructure Development
6. Care for Differently Abled
7. Water Management
8. Environment Protection
9. Promotion of Artisans
10. Promoting Sports

### Reason for non-utilization of full CSR budget:

One of the major CSR & Sustainability Development projects undertaken during the year was setting up of 102 MW Wind Power Plant in Jaisalmer District (a back ward district of Rajasthan). The scheduled work on this project during the period 2013-14 was delayed because of the issues related to land acquisition at the site. As a result, expenditure towards activities completed in April '14, which were originally planned for 2013-14 amounting to ₹1247 million was released in May, 2014. Had the activities been completed as per schedule, ONGC would have exceeded the target amount

CSR efforts are primarily focused on protection of environment; providing infrastructure support in our operational areas, water management, women empowerment, initiatives for physically and mentally challenged people, protection and preservation of our heritage, arts and culture, promotion of sports, entrepreneurship building and sponsorship of seminars, conferences and workshops.

**During 2013-14, some of the landmark CSR initiatives undertaken by your Company include:**

### (a) Healthcare:

#### (i) Assam Medical College, Dibrugarh:

Support of ₹70 million has been provided to establish Catheterization Laboratory and facilities for open Heart Surgery in Assam Medical College, Dibrugarh for providing quality health services.

#### (ii) Community Hospital in Lakhimpur-Kheri, Uttar Pradesh:

The project is unique in terms of using the PPP model in CSR with full Capex of ₹45 million contribution by ONGC and Opex borne by the Operating Partner. This 26 bedded Community Hospital would cater to Primary and Secondary Health Service Requirements from BPL, Economically Backward Class families. Healthcare services are being provided at 50% less cost than the existing CGHS rates.



ONGC Sporting Heroes - Medal winners in 2014 Commonwealth Games



There is always a remedy after pain  
Treatment of children suffering from Thalessemia



(iii) **King George Hospital, Vizag:**

The CSR Initiative involving financial support of ₹150 million from ONGC aims to construct new 2+9 storied building, medical infrastructure and equipment to enable the Hospital to deliver quality health services to poor patients and also strengthen the present Oncology Department to make cancer treatment a reality.

(iv) **District Government Hospital, Chikkaballapur, Karnataka:**

A support of ₹ 18 million by ONGC has been provided for upgradation of facilities in the Hospital to improve the general healthcare services at the government Hospital which is the primary source of healthcare for people belonging to the most economically deprived sections of the society.

(v) **Government General Hospital (GGH), Kakinada:**

ONGC has given financial assistance of ₹ 19 million to construct a separate building for blood bank and to equip the hospital with additional equipment for blood bank, general surgery and general medicine departments. This will immensely benefit people of East Godavari District where ONGC has a substantial operational presence.

(vi) **ONGC Mission Ujala:**

The project envisages eye screening of 50,000 children in Government Schools in NCR under National Blindness Control Programme of Govt. of India in collaboration with reputed NGO PRAANI. Provisions of spectacles to 3,000 children detected with refractive errors along with medicines were provided under this project in FY 2013-14.

(b) **Education & Vocational courses:**i) **Shirdi Sai Baba School in Mahoba, UP:**

ONGC has joined hands with Shirdi Sai Baba Temple Society for construction and setting up of school for providing absolutely free education with food, clothing, study material and healthcare to under-privileged children in the backward region of Mahoba District under CSR initiative. Out of total estimated cost of ₹ 21 million, a part funding of ₹ 9.5 million has been extended by ONGC.

ii) **ONGC- The Akshaya Patra Foundation:**

A centralized fully automated mechanized kitchen with a capacity to provide mid-day meals to two lakh school going children (enrolled in Govt. schools) per day in the District of Surat is being set up. Presently 75,000 students are being fed from an interim kitchen.

iii) **English medium residential school in Patna, Bihar:**

ONGC in association with Soshit Seva Sangh has

undertaken a CSR initiative for supporting construction of free English medium residential school in Patna, Bihar for the poor Mushahar community which is one of the most deprived communities with estimated population of approx. 4 million. Out of total estimated cost of ₹ 120 million, part funding of ₹ 5 million has been extended by ONGC. With wider objective of resolving interlinked problems of poverty, unemployment, social injustice, crime and naxalism by means of providing inclusive and affordable education; the project is one of the key initiatives of ONGC in the education sector.

iv) **Community School at Sitapur, Uttar Pradesh:**

The project is unique in terms of using the PPP model in CSR with full Capex of ₹ 27 million contribution by ONGC and Opex borne by the Operating Partner-Shanti Devi Memorial Charitable Trust.

(c) **Projects for Physically and Mentally challenged**i) **Aids & Appliances to the physically challenged:**

This flagship Project was undertaken with financial implication of ₹250 million which covered 45,000 beneficiaries from 39 ONGC operational area Districts and 61 Backward Districts in Phase-1 in collaboration with Artificial Limbs Manufacturing Corporation of India (ALIMCO) to cater to the needs of Orthopedic, hearing and visually challenged people by providing suitable Aids and Appliances.

ii) **ONGC Centre for vocational rehabilitation for the differently abled:**

A financial support of ₹13 million has been provided to Tamana School of Hope, Vasant Vihar, New Delhi for setting up of Autism Centre and provide vocational training for the mentally challenged young adults and children working for their economic rehabilitation by teaching relevant vocational skills to them.

(d) **Self help and livelihood generation schemes:**i) **Mokshagundam Visvesvaraya Centre for training Master Trainers in Skill Development (MVCTMTSD):**

Society for Bharat Ratna Sir M Visvesvaraya National Training Facility for Skills for All (BMV NTFSA) in association with ONGC and other partnering agencies such as Government of Karnataka, Government of India, GAIL, JSW, BEML, Volvo, BOSCH, L&T, Nationalised Banks has undertaken to set up Mokshagundam Visvesvaraya Centre for training Master Trainers in Skill Development (MVCTMTSD). The main objective of the programme is to create Master Trainers in India and to scale-up the skill of the technician workforce in the country. Nearly 27,000 Master Trainers are expected to be trained in the next 10 years.



Ashadeep-Shiksha ki Jyoti : Education to the girl child

ii) **Apparel training programme in Chhindwara (MP):**

This project in association with Apparel Training & Design Centre (ATDC), Gurgaon, aims to train 180 boys and girls of poor families located in tribal areas of Chhindwara district, M.P., to conduct Six Diploma/ Certified training courses, which shall be sponsored by ONGC at a cost of ₹5 million. The project guarantees at least 70% placements.

iii) **Training on agricultural sector and animal husbandry:**

Under this project started in October 2013 in association with Shrimad Dayanand Vedarsh Mahavidyalaya Trust, New Delhi, one tractor with accessories along with hybrid/ disease resistant seeds, different manures and fertilizers was procured with the grant provided by ONGC. Presently the students of Gurukul are undergoing training as well as education in modern practices of agriculture and animal husbandry at the Gurukul.

iv) **Auto Loans in Chikkaballapur, Karnataka:**

The project envisages distribution of auto loans to 200 poor and needy beneficiaries; 100 each from Chikkaballapur and Bangalore (Rural) districts of Karnataka. The loan is distributed through Canara Bank. ONGC has provided financial assistance of ₹ 6 million towards margin money @15% for these loans. The project would be of immense help for the poor and needy beneficiaries to become self employed and earn livelihood for their families.

v) **Udaan:**

This is a special Initiative taken up by the Ministry of Home Affairs, Govt. of India for the educated youth of

Jammu & Kashmir in association with National Skill Development Corporation (NSDC). The project aims to train Graduates/Post Graduates from J&K to improve their technical knowledge and soft skills and enhance their scope for employability. ONGC has extended support of ₹91 million towards the project.

(e) **Development of Backward Districts:**

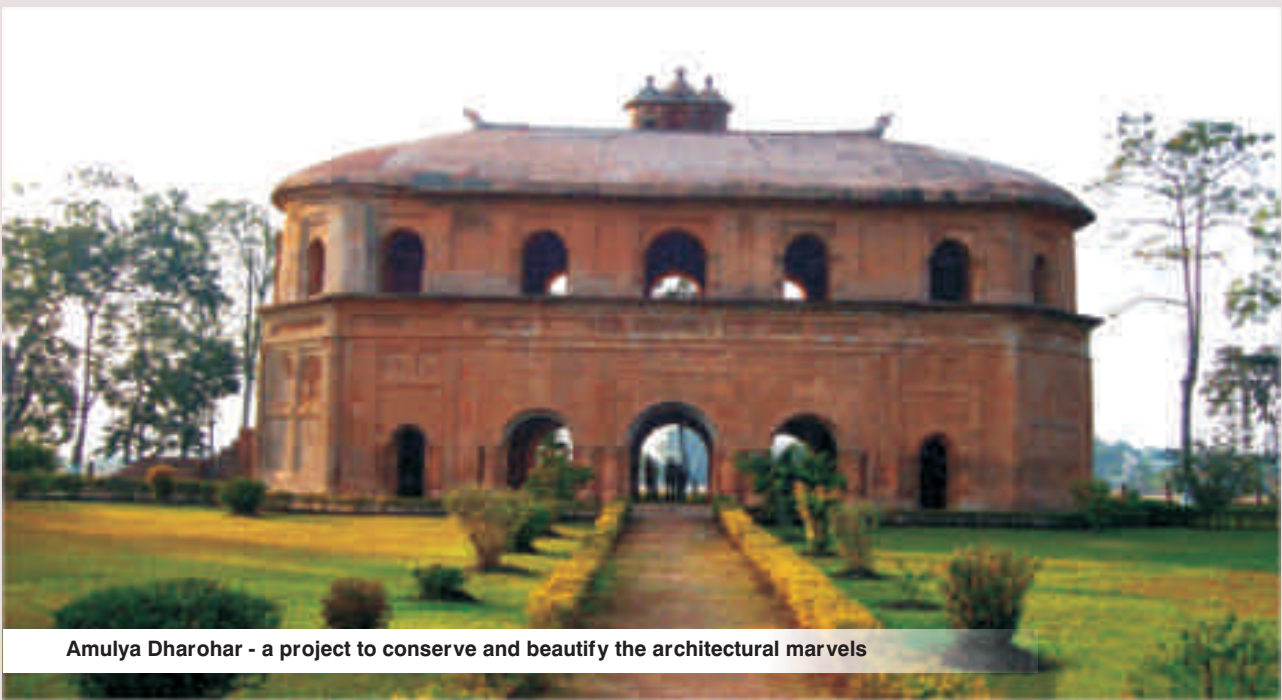
The sustainable development project is being implemented in Jaisalmer, a backward district in Rajasthan. Project involves setting up of 49 Wind Turbine Generators each of capacity of 2.1 MW with total capacity of 102.9 MW in association with M/S Suzlon Energy Ltd. ONGC contribution towards the project is ₹ 5620 million. 22 nos. of WTG have been installed so far.

(f) **Other CSR Initiatives:**

i) **Hortoki Water Supply Scheme:** The project aims to create a sustainable source of safe drinking water to the people of Hortoki Village, Kolasib District, Mizoram. It will supply more than 40 lpcd of water till 2043. ONGC has extended support of ₹ 9 million for the project.

ii) **Rajeev Gandhi International Sports Complex, Dehradun:** ONGC in association with Govt. of Uttarakhand is working towards building a Cricket stadium-cum-sports complex with a capacity of 30,000 people extendable to additional seats in future, car parking, a sports academy, a club house or Gymnasium, restaurant and other auxiliary facilities. ONGC has extended financial support of ₹ 500 million towards the project. The project is expected to be completed in two years.





Amulya Dharohar - a project to conserve and beautify the architectural marvels

- iii) **Dashrath Stadium at Agartala:** The project aims to create an Indoor sports complex in association with DDO Directorate of Youth Affairs. ONGC has extended support of ₹ 243 million for the project.
- iv) **IIIT, Agartala:** ONGC has extended support of ₹ 30 million for setting up a new IIIT in Agartala.
- v) **Chief Minister's Relief Fund:** Uttarakhand: ONGC has extended support of ₹ 20 million towards rehabilitation of flood affected regions in Uttarakhand.

In addition to above new CSR initiatives undertaken in 2013-14, ONGC has continued to support the major CSR interventions initiated in previous years. Some of the continued CSR initiatives are (i) Varishthajana Swasthya Sewa Abhiyan – provision of health care support to elderly through Mobile Medicare Units. (ii) ONGC-GICEIT Computer Centre- Employment related computer training to under-privileged youth (iii) ONGC-Eastern Swamp Deer Conservation Project in Kaziranga National Park (iv) Harit Moksha – Green cremation system to reduce wood consumption during traditional cremations.

As a testimony to our CSR efforts, your company has won many laurels such as:

- 1. Golden Peacock Award 2013 for CSR during 8th International Conference on Corporate Social Responsibility-2014
- 2. 'Global CSR Excellence and Leadership Awards' for best CSR Practices in areas of health

- 3. P L Roy CSR Award on 'International Day of Older Persons' for support to the elderly through its CSR initiative 'Varishthajana Swasthya Sewa Abhiyan'
- 4. SCOPE Meritorious Award for CSR & Responsiveness for the year 2011-12 on the occasion of Public Sector Day

#### 27. ACCOLADES

Consistent with the trend in preceding years, your Company, its various operating units and its senior management have been recipients of various awards and recognitions. Details of such accolades are placed at **Annexure – 'B'**.

#### 28. 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 judgements 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, 2014 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.

#### 29. CORPORATE GOVERNANCE

Your Company has taken structured initiatives towards Corporate Governance and its practices are valued by various stakeholders. The practices emanate from the need to position multi-layered checks and balances at various levels to ensure transparency of its operations in the decision making process.

In terms of Clause 49 of the Listing Agreement, a report on Corporate Governance for the year ended March 31, 2014, supported by a certificate from the Company's Statutory Auditors confirming compliance of conditions, forms part of this Report.

ONGC has implemented the mandatory Guidelines of Department of Public Enterprises (DPE), Government of India, on Corporate Governance to the maximum extent possible.

Your Company has voluntarily got its Secretarial Compliance Audit conducted for the financial year ended 31st March, 2014 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 available all information, required by investors, on the Company's corporate website [www.ongcindia.com](http://www.ongcindia.com)

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 its stakeholders:

- i. **Whistle Blower Policy:** A total of 27 Protected Disclosures till date have been processed through the Whistle Blower mechanism of ONGC which was implemented from December 01, 2009. The policy ensures that a genuine Whistle Blower is granted due protection from any victimization. The Policy is applicable to all employees of the Company and has been uploaded on the intranet of the Company.
- ii. **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.
- iii. **Enterprise-wide Risk Management (ERM) framework:** In line with the requirements of Clause 49 (of the Listing Agreement), your Company has developed and rolled out a comprehensive Enterprise-wide Risk Management (ERM) Policy

throughout the organization. The Audit, Ethics & Financial Management Committee periodically reviews the risk assessment and minimization process in ONGC.

- iv. **Lead Independent Director:** Shri. Arun Ramanathan was the Lead Independent Director till conclusion of his term on 19.06.2014. The election of next Lead Independent Director shall be decided by the Independent Directors.

- v. **Meeting of Independent Directors:** The Independent Directors met once during 2013-14.

#### 30. 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 March 31, 2011 issued by the Ministry of Corporate Affairs, amending 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 ₹6 million or more per annum, employed throughout the financial year or, ₹0.5 million 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.

#### 31. 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 – 'C'**.

#### 32. AUDITORS

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India (C&AG). M/s Mehra Goel & Co, M/s S Bhandari & Co, M/s Ray & Ray, M/s Varma & Varma and M/s G D Apte & Co., Chartered Accountants were appointed as joint Statutory Auditors for the financial year 2013-14. The Statutory Auditors have been paid a remuneration of ₹22.92 million (previous year ₹20.21 million) towards audit fee and certification of Corporate Governance Report. The above fees are exclusive of applicable service tax and reimbursement of reasonable travelling and out of pocket expenses actually incurred.

#### 33. Auditors' Report on the Accounts

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

**Annexure-‘D’.** 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 2013-14. This is the eighth year in a row that the organization has received Nil comments.

34. **COST AUDIT**

Seven firms of Cost Accountants were appointed as Cost Auditors for auditing the cost accounts of your Company for the year ended 31st March, 2014 by the Board of Directors. The Cost Audit Report for the year 2012-13 has been filed under XBRL mode within the due date of filing.

35. **DIRECTORS**

Since the 20th Annual General Meeting held on 25.09.2013, Shri Shaktikanta Das, Government Nominee Director resigned on 29.12.2013, Shri P K Borthakur Director (Offshore) superannuated on 31.01.2014, Shri Sudhir Vasudeva, Chairman & Managing Director superannuated on 28.02.2014. The term of Dr. D. Chandrasekharam concluded on 10.03.2014 and that of Prof Deepak Nayyar and Shri Arun Ramanathan concluded on 19.06.2014. Shri K S Jamestin, Director (HR) superannuated on 31.07.2014.

Shri T K Sengupta took over as Director (Offshore) on 01.02.2014. Shri Dinesh Kumar Sarraf assumed charge of the post of Chairman & Managing Director on 01.03.2014. Dr. Subhash Chandra Khuntia, Additional Secretary & FA, Ministry of Petroleum & Natural Gas, joined the Board as Government nominee Director on 01.05.2014. Shri Ashok Varma took over the charge of Director (Onshore) on 19.06.2014 and Shri Desh Deepak Misra assumed the charge of Director (HR) on 01.08.2014.

Shri P Umashankar and Shri S Ravi joined the Board on 29.11.2013 and Shri R K Singh joined the Board on 23.05.2014 as non-official part-time directors

The Board places on record its deep appreciation for the excellent contributions made by Shri Shaktikanta Das, Shri P K Borthakur, Shri Sudhir Vasudeva, Dr. D. Chandrasekharam, Prof. Deepak Nayyar, Shri Arun Ramanathan and Shri K S Jamestin during their tenure.

The strength of the Board of Directors of ONGC as on August 5, 2014 is 15, comprising 7 Executive Directors (Functional Directors including CMD) and 8 Non-Executive Directors, out of which two are Government nominees and six are Independent Directors. Ministry of Petroleum & Natural Gas has been requested to appoint requisite number of Independent Directors to comply with the Listing Agreement.

36. **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.

Place : New Delhi  
Date : 8<sup>th</sup> August 2014

On behalf of the Board of Director



(Dinesh Kumar Sarraf)  
Chairman & Managing Director

Annexure A  
Statement of Reserve Recognition Accounting

Standardised measure of Discounted Future Net Cash Flows relating to Proved Oil and Gas Reserve quantities as on 31<sup>st</sup> March, 2014.

(₹ in millions)

Particulars	Gross Value as at		Present value (Discounted at 10%) as at	
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
REVENUES				
OIL	7,734,063.16	8,365,018.68	3,910,315.59	3,802,873.44
GAS	2,873,072.70	2,562,165.68	1,542,824.81	1,061,892.70
<b>Total Revenues</b>	<b>10,607,135.86</b>	<b>10,927,184.36</b>	<b>5,453,140.40</b>	<b>4,864,766.14</b>
COSTS				
Operating, Selling & General	5,939,970.51	5,923,512.72	3,005,596.27	2,630,041.15
Corporate Tax	1,096,766.14	1,216,293.82	629,125.12	506,371.04
<b>Sub Total</b>	<b>7,036,736.65</b>	<b>7,139,806.54</b>	<b>3,634,721.39</b>	<b>3,136,412.19</b>
<b>Evaluated Cost of Acquisition of Assets, Development and Abandonment</b>				
a) Assets	276,898.40	541,735.26	115,933.69	364,859.94
b) Development	603,392.56	340,930.56	241,397.33	235,196.37
c) Abandonment	228,439.19	177,454.45	14,400.67	6,314.56
<b>Sub Total</b>	<b>1,108,730.15</b>	<b>1,060,120.27</b>	<b>371,731.69</b>	<b>606,370.87</b>
<b>Total Cost</b>	<b>8,145,466.80</b>	<b>8,199,926.81</b>	<b>4,006,453.08</b>	<b>3,742,783.06</b>
<b>Net future earnings from Proved Reserves</b>	<b>2,461,669.06</b>	<b>2,727,257.55</b>	<b>1,446,687.32</b>	<b>1,121,983.08</b>

Notes

- 1) The Revenues on account of crude oil & gas have been worked out on the basis of average price (net of profit Petroleum) for the year 2013-14. The average price for crude oil is net of Discount.
- 2) Expenditure on Development, Acquisition of capital assets, Abandonment costs and Operating Expenditure have been considered at current costs i.e as on on 31.03.2014. Taxes and Levies have been considered at prevailing rates as on 31.03.2014.
- 3) The reserves have been estimated by ONGC's Reserve Estimates Committee following the standard international reservoir engineering practices.
- 4) Only Proved Reserves of ONGC share have been considered. Probable or Possible reserves have not been considered.
- 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.



## Awards, Recognitions and Accreditations



ONGC bagged the Oil Industry Safety Directorate award for "Best Overall Safety Performance of Oil and Gas Onshore Assets" and "Most Consistent Safety Performer Award" for the year 2011-12. CMD ONGC along with Directors on Board of ONGC received the award from the Hon'ble Union Minister for Petroleum and Natural Gas Dr M Veerappa Moily in New Delhi at Hotel Le Meridian on 19th July, 2013



CMD ONGC, Mr D K Sarraf receiving the Bureaucracy Today- Star PSU Excellence Award, 2014 from Dr Jeetendra Singh, Minister of State for Science, Technology & Earth Sciences (all independent charge). ONGC won the coveted award for 'Excellence in Market Capitalization' among the Maharatna and Navratna companies of India.

## Annexure - B Awards, Recognitions and Accreditations

### Awards in Corporate Category

#### 1. Platts Top 250: ONGC retains 3<sup>rd</sup> rank in E&P Companies list

ONGC maintained its **Third position** globally in the industry category "Oil and Gas Exploration and Production" and retained its overall ranking of **22<sup>nd</sup> position** in the Platts Top 250 Global Energy Company Rankings. ONGC is also ranked **2<sup>nd</sup>** Highest among all Energy Companies in India and has obtained the **7<sup>th</sup>** rank in the Asia/Pacific region. The annual survey of global energy companies by Platts measures the financial performance using four key metrics: asset worth, revenues, profits and return on invested capital. All the companies in the list have assets greater than US \$5 bn.

#### 2. ONGC 14th most valued brand amongst Best Indian Brands 2013

Economic Times-Brand Equity, a premier publication on brands and advertising, has listed ONGC as **14th most valued brand** in its exclusive study done together with Inter-brand. The study places ONGC as the most valued brand amongst non-banking PSU and has ranked above several popular brands like Maruti, ITC, Axis Bank.

#### 3. ONGC Videsh bags 'Best PSU' award in the oil and gas sector

ONGC Videsh bagged the best PSU award in the oil and gas sector at the Dainik Bhaskar India Pride Awards on December 19, 2013.

#### 4. ONGC Videsh the most internationalized Indian Company as per ISB Survey

ONGC Videsh Ltd. has been ranked as the top Indian company with the most global exposure, as per a survey conducted by the Indian School of Business (ISB) in collaboration with Brazil's Fundacao Dom Cabral. It replaces Tata Steel from the top slot. In the list of 15 most internationalized Indian companies, predominated by private sector business concerns, **ONGC Videsh** is the only public sector enterprise.

#### 5. ONGC bags Human Resource Management Excellence Award 2013

ONGC was conferred with Human Resource Management Excellence Award in the Navratna and Maharatna category at the ICC PSE Excellence Awards 2013 on December 16, 2013. The award for HR Management Excellence was based on parameters such as company's performance management system, number of training days per employee, training expenses as percentage of total employee cost, succession planning, gender mix and innovative practices to improve HR management.

#### 6. ONGC is the 'Best Employer' and 'Voice of Employee' : Aon Hewitt Best Employer 2.0 India study

ONGC bagged the 'Best Employer' award and 'Voice of Employee' award at the Aon Hewitt Best Employers -India 2013 award function held at New Delhi on January 15, 2014. Aon Hewitt Best Employer 2.0 India study was conducted across several organizations to benchmark against the best employers across the country, region and globe. The study aimed at identifying the best employers and their innovative practices.

#### 7. ONGC bags 'Best Enterprise Award' for Excellence in Women Empowerment

ONGC bagged the 'Best Enterprise Award' in the Maharatna and Navratna category at WIPS Award of excellence held on February 11, 2014 at Kolkata as a part of the 24th National Convention, Forum of Women in Public Sector (WIPS). ONGC bagged this award third time in a row.

#### 8. ONGC – Best Employer Brand : National Energy Excellence Awards

ONGC was presented the coveted award of the 'Best Employer Brand Organization in Asia Oil & Gas Sector' by the Asia Oil & Gas Congress at the prestigious 'National Energy Excellence Awards' held at Mumbai on February 13, 2014. The event was coordinated by the Institute of Public Enterprises, Hyderabad.

#### 9. ONGC, ONGC Videsh and MRPL bestowed with "Excellent" Rating for the Year 2012-13 for Corporate Governance by DPE

ONGC received "Excellent" Rating for the year 2012-13 for Compliance of Guidelines on Corporate Governance, issued by Department of Public Enterprises (DPE) for Central Public Sector Enterprises (CPSEs). ONGC has secured 100% Score in this regard and is the only Maharatna to achieve this feat. ONGC Videsh and MRPL have also been awarded with "Excellent" Rating for Corporate Governance for the year 2012-13.

#### 10. ONGC Videsh gets Corporate Excellence award both in Individual & Organisational category

ONGC Videsh was conferred the Corporate Excellence Award in Oil, Gas & Natural Resources Sector at Mumbai on June 29, 2013. The award has been instituted by the Institute of Public Enterprises, Hyderabad. Mr. D K Sarraf, erstwhile MD-ONGC Videsh was presented the Corporate Excellence Award for excellent corporate governance and Mr. S P Garg, Director (Finance), ONGC Videsh was presented Corporate Excellence in Finance & Financial management.

#### 11. CSR Excellence Award for ONGC for best CSR Practices in areas of health

ONGC was conferred with the 'Global CSR Excellence and Leadership Awards' on February 17, 2014 at





ONGC receives the HRM Excellence Award at the ICC PSE Excellence Awards 2013

Mumbai. ONGC was the solitary winner in the category of 'Best CSR Practices in the Areas of Health'.

#### 12. ONGC secured 4 awards in "PSU Champions Awards 2013"

ONGC secured 4 awards in the categories of Asset Utilization, and runners-up in Strategic Performance, Human Resource Utilization and Strategic Turnaround in the PSU Champions Awards 2013, organized by leading magazine Governance Now.

#### 13. ONGC bags two OISD Awards for the year 2011-12

ONGC's Rajahmundry Asset bagged the Oil Industry Safety Directorate (OISD)'s "Best Overall Safety Performance of Oil and Gas Onshore Assets" and "Most Consistent Safety Performer Award" for the year 2011-12. In addition, JV operation at Panna gas field between ONGC, BG and Reliance, operated by BG India won the OISD award for "Best Production Platform – Pvt/JV Companies" for the year 2011-12.

#### 14. Greentech Safety Award in Gold Category Awarded to ONGC Corporate Fire Services

In the 12th Annual Greentech Occupational Health Safety & Fire Conference on September 4, 2013, ONGC Fire Services received the 12th Greentech Safety Award in Gold category under the Petroleum Exploration Sector for its outstanding performance.

#### 15. ONGC bags OGCF-13 Award

ONGC won the Oil & Gas Conservation Award for Best Overall Performance among the Upstream Sector oil companies for the Oil & Gas Conservation campaign efforts during OGCF-2013. The award was given during the inaugural function of Oil and Gas Conservation Fortnight 2014 held on January 16, 2014 at New Delhi.

#### 16. ONGC secures Golden Peacock Award 2013 for Corporate Social Responsibility

ONGC received Golden Peacock Award for Corporate Social Responsibility for 2013. The award was given in Bangalore during the '8th International Conference on Corporate Social Responsibility-2014', on 17th January, 2014.

#### 17. ONGC conferred with P L Roy CSR Award

ONGC received the prestigious P L Roy CSR Award on 'International Day of Older Persons' i.e. October 1, 2013, for its continuous support to the elderly through its CSR initiative 'Varishthajana Swasthya Sewa Abhiyan' in association with HelpAge India. The P L Roy CSR Award is given to the Corporate Houses engaged in active and continuous CSR Support for activities through HelpAge India in memory of the long term contribution to HelpAge India by Mr P.L. Roy, who was a dedicated and committed Board member of the HelpAge India.

#### 18. ONGC conferred FICCI "India's Best Sports Promoting Company"

FICCI conferred their prestigious - India's 'Best Sports Promoting Company' award for a second consecutive year on ONGC. It is the first time that FICCI has conferred its award on the same organization in successive years.

#### 19. ONGC awarded 'Most Admired Organization in Oil & Gas Sector' by Institute of Public Enterprises.

ONGC was awarded the coveted award of the 'Most Admired Organization in Oil & Gas Sector' by National Energy Excellence Awards, organized by the Institute of Public Enterprises, Hyderabad, held at Mumbai on October 21, 2013.

#### 20. ONGC declared as the winner of the "Commendation Certificate" of SCOPE award for Excellence and Outstanding contribution to the Public Sector Management – Institutional Category.

ONGC has been declare winner of the "Commendation Certificate" of SCOPE award for Excellence and Outstanding contribution to the Public Sector Management – Institutional Category.

#### Individual Awards

#### Shri Sudhir Vasudeva, Former CMD & Chairman ONGC Group of companies

- Featured among the '50 Top National Oil Company Executives 2014' published by World Oil and Gas (TerraPinn) recently.
- Conferred 'CEO of the Year' as well as 'Super Boss of the Year' awards in the Oil & Gas Sector, by National Energy Excellence Awards, co-ordinated by the Institute of Public Enterprises, Hyderabad.
- Conferred with the prestigious "CEO with HR Orientation" at the IPE Asia Pacific HRM Congress Awards at an event was organized in association with the Institute of Public Enterprises, Hyderabad.
- Declared winner of SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management – Individual Leadership Category.
- 'Outstanding Leadership Award' by the Asia Oil & Gas Congress in a ceremony held on 13.02.2014 coordinated by the Institute of Public Enterprises, Hyderabad.
- Shri Sudhir Vasudeva and Former ONGC Chairmen Col S P Wahi and Mr B C Bora were conferred the 'Energy and Environment Foundation Global Excellence Awards – 2014' in the Petroleum Sector. The Award was conferred at the 3rd World Petrocoal Congress held at New Delhi on February 15, 2014.

Shri D K Sarraf ex-MD, ONGC Videsh was conferred with CEPM-PMA Fellowship Award 2013 on 02.12.2013

by Project Management Associates (PMA - India), member of Internal Project Management Association (IPMA).

#### Shri K S Jamestin, Ex-Director (HR & I/C BD&JV)

- Conferred the prestigious HR Leadership Award at the Asia Pacific HRM Congress in September, 2013. Also presented Citation for 'Most Powerful HR Professional of India' and '30 Best HR Leaders in PSUs' in the same event.
- Conferred Level –A Certification, i.e. Certified Projects Director by the International Project Management Association (IPMA) in January, 2014.
- Conferred with two prestigious honours - The JRD Tata Award for Inspirational Leadership in HR and '50 Most Talented Global HR Leaders in Asia', during the 22<sup>nd</sup> edition of the World HRD Congress in Mumbai on 16<sup>th</sup> February, 2014.

Mr. K L Mehrotra, Head of ONGC Academy was bestowed with 'Outstanding Contribution to Education in Oil & Gas Sector' award.

#### National Honours for ONGC Fire Personnel, on Independence day, 2013

ONGC Fire Services personnel, Shri Sanjeev Kapoor, Chief Manager (Fire Services), RO, Mumbai, Mr M K Shami, Senior Fire Officer, Cauvery Asset, Karaikal and Mr S J Gharat, Chief Fireman, RO, Mumbai have received the National Honours for meritorious service announced by the President of India on the occasion of Independence Day, 2013.

#### ONGC Fire Service officers bestowed with Fire Services Medal

Four of ONGC Fire Service officers Shri H.S. Sahu, Manager (Fire Service), Shri M.M. Deb Burma, Senior Fire Officer, Shri B.S. Choudhary, Chief Fireman and Shri R.L. Makwana, Chief Fireman, have been bestowed with Fire Services Medal for their meritorious services by the Government of India on the occasion of Republic Day.

#### Sports Achievements FY'14

##### 1. Amit Kumar wins Senior Asian Wrestling Championship

ONGCian Amit Kumar, backed by his experience of London Olympics, defeated Kyong Il Yang, an Olympics bronze medallist of North Korea 1-0, 5-2 to claim the gold medal in the 55kg freestyle category in Senior Asian Wrestling Championship held at New Delhi on April 20, 2013.

##### 2. National Accolades for ONGCians - Four 'Arjuna Awards'

Four ONGCians, Rupesh Shah (Billiards), Virat Kohli (Cricket), Amit Kumar Saroha (Athletics) and Rajkumari Rathore (Shooting), were conferred with the 'Arjuna Award' for the year 2013, in a traditional ceremony held



## Annexure - C

at the Rashtrapathi Bhavan on August 31, 2013. ONGC bagged 4 of the 15 awards on offer.

? Ronjan Sodhi, another ONGCian, was conferred the Rajiv Gandhi Khel Ratna award for his outstanding achievements in sports.

### 3. Double delight for ONGC Chess Team

Koneru Humpy won the recently concluded Tashkent Grand Prix with back-to-back successes. She also won the second Women's FIDE Grand Prix and the Armenian Grand Prix held at Dilijan Armenia. With the back to back success in the two grand prix events, Humpy has enhanced her chances to qualify for the ultimate world title match.

? Another ONGCian – 19 year old Grand Master Vidit Gujarathi became the first ONGC scholarship player to win a World Junior Chess Championship medal when he held eventual champion Yu Yangyi of China to a draw in the 13th and penultimate round to finish third in Kocaeli, Turkey on September 26, 2013.

### 4. Double Title for Team ONGC in Badminton

ONGC Badminton team has recently won both PSPB and AIPSSPB Badminton tournament hosted by EIL at Sri Fort stadium (New Delhi) from September 23-27, 2013 and All India Public Sector Sports Promotion Board (AIPSSPB) Badminton Tournament by LIC at Green Park Stadium (Kanpur) from October 4-8, 2013.

### 5. ONGC lifts AIPSSPB Hockey Trophy

ONGC beat IOC in an enthralling Finale of the All India Public Sector Sports Promotion Board (AIPSSPB) Hockey Tournament at Amritsar on October 6, 2013 hosted by ONGC and held from October 1-6, 2013 at the Guru Nanak Dev University Hockey Ground in Amritsar.

### 6. ONGCian Abhijeet Tiksha 'shoots' to fame

ONGCian Dr. Abhijeet Tiksha, Manager (MM) won two Gold medals in Rapid Fire Pistol (Individual) and Center Fire Pistol (Individual) at the 12th Uttarakhand State Rifle Championship 2013 organized at the Jaspal Rana Shooting Range in Dehradun.

### 7. ONGCian Alok Kumar dazzles with Silver & Bronze in the World Billiards Championship, UK

ONGCian Alok Kumar put up sterling performance to bag his first ever Silver medal in the 150 points-up short format World Billiards championship held at the Northern Snooker Centre, Leeds, UK from 20-30 October, 2013.

### 8. Young ONGC Shooter Excelled at International Shooting Event

Shooter Miss Shriyanka Sadangi, a scholarship player of ONGC has shown splendid performance in the recently held Asian Air Gun Shooting Championship at Tehran, Iran and won the Bronze medal in the 10 m Air Rifle (women team event). She was a part of Junior Indian Shooting team.

### 9. Ace shooter Shagun Chowdhary wins gold at National Championships

Shagun Chowdhary of ONGC won a Gold and Silver medal in the recently concluded 57th National Shooting Championship at the Dr Karni Singh Range, Tughlakabad. Shagun clinched the National title in the Single trap event while she finished second in the Double trap at the premier championships.

### 10. ONGC Chess Player Sethuraman wins International Grand Masters Chess Tournament; Vidit finishes 3rd

Grand Master S. P. Sethuraman of ONGC won the Second International Grand Masters Chess Tournament organized at Hyderabad while vidit finished 3<sup>rd</sup>.

### 11. ONGC beats National Champion in PSU Volleyball

Hosts ONGC beat Indian Overseas Bank (IOB) to clinch the Volleyball title in the All India Public Sector Volleyball tournament (2013-14) held at the Jawaharlal Nehru Stadium, Chennai.

### 12. ONGCians Pankaj Advani (Snooker) and Sourav Kothari (Billiards) become national champions

Pankaj Advani of ONGC beat Kamal Chawla of Railways to clinch his 6th National Snooker Title on March 7, 2014. Earlier, fellow ONGCian Sourav Kothari won his maiden National Billiards Title defeating teammate Alok Kumar in a tightly contested final.

### 13. ONGCians bring Sporting Glory to ONGC at National Championship track & field

Ms Purnima Sarma bagged Silver medals in 200 mtrs and 1500 mtrs run and one Bronze medal in 5000 mtrs run in the 35<sup>th</sup> National Master's Athletic Championships-2014 held at Jaipur (Feb 20-23, 2014).

### 14. ONGC bags 3rd position at the 38th National Badminton Championship

Mrs. Manjeet Sharma bagged 3<sup>rd</sup> position in women's doubles in the 38<sup>th</sup> Indian Masters National Badminton Championship organised by Madhya Pradesh Badminton Association, BHEL & BDBA at Bhopal from Feb 28- March 2, 2014.

## A. ENERGY CONSERVATION

### The following measures were taken towards energy conservation during 2013-14

- Procurement concluded for 2 X 250 KVA Gas Gen Set for installation at CBM site. The 1st such set to run with CBM i.e. alternate fuel. The Gas Gen sets are under commissioning
- Gas flaring in Onshore Assets has gradually been reduced from 555 MMSCM in 2001-02 to 126.211 MMSCM in 2013-14 by taking various measures like creating necessary infrastructure i.e. pipelines, compressors direct marketing of isolated low volume and low pressure gas and adopting innovative measures such as GTW (Gas to Wire)
- Bi-fuel Technology successfully inducted as a pilot project in Rig E-1400-17 in Malleswaram field. Based on Malleswaram field gas composition and varying power pack load, diesel substitution was in the range of 35~45%. Minimum savings of 30 ltrs~60 ltrs/hr/power pack operation on Bi fuel Mode
- 133 Nos. of LED based street light fixtures have been installed to replace 250 W HPSV & 70 W HPSV light fixtures in KDMIPE
- 623 no's of energy efficient light fixtures introduced (LED Based and 28W T5-Tube light fixtures) in All New/Renovation/Revamping Electrical works in KDMIPE
- LED based KDMIPE Signage board was installed and commissioned in place of NEON Signage board
- Electrical Load Power Factor has been maintained at 0.99 of Electricity supplied by UPCL at 33 kV Substation and up to 0.92 of DG Sets through APFC (Automatic Power Factor Correction) Panel
- GEOPIC has taken several measures to induct energy efficient servers, workstation, thin clients, disk storage systems and single channel stereoscopic projection
- LOI has been placed to replace 20 Nos. of conventional street light fittings (150W HPSV) with 90W LED light fittings
- Continued replacement of the existing conventional fluorescent tube light fittings 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
- Uran Plant upgraded GT-II with new technology components having better metallurgy, providing desired benefits on a sustainable basis
- Uran Plant has installed VAM based AC system of Co-

generation Plant instead of conventional AC system that is in continuous operation and meeting desired cooling requirements of all sophisticated control system components of power plant control room. This has resulted in saving of 61320 units

- Hazira Plant has revamped central AC plant of Admn Building including replacement of 25 years old reciprocating chiller unit & single screen Air Handling Units (AHU) with latest technology of Screw Chillers & Variable Frequency Drive (VFD) controlled Double Screen

- 210 energy audits have been carried out against a target of 195

## B. Renewable energy developments:

- 2 KW Solar Photo-Voltaic Power Plant for lighting of garden in front of the main KDMIPE building has been commissioned
- Installation of 20 Nos. of Solar Street Light poles with 2 x 11W CFL fittings
- Installed 12 kw Solar power plant for main library at IRS
- All Assets in Onshore are installing solar LED street lights in colonies and some installations. 8 Nos. of solar water heater have been installed in Ankleshwar colony. Rajahmundry Asset is processing a proposal for installing 1 MW solar plant

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

The Energy conservation and renewable energy development measures have resulted significant savings. Further the above measures have resulted in reduction of significant quantity of fuel consumption (HSD, Natural Gas and electricity).

## C. RESEARCH AND DEVELOPMENT

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

- CBM prospectivity of Purnea Basin, West Bengal and Bihar was taken up during the year. Purnea basin has substantial sub-surface reserves of Gondwana coals. The project was taken up during 2013-14 in sync with the ongoing drilling for conventional hydrocarbon in the basin to assess its CBM potential in terms of resource and area(s) of interest
- Identification of suitable chemical methodology for improving flow assurance of waxy/asphaltic crude oils 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
- Performance analysis of different Indian Oil/Gas fields for optimum exploitation
  - Determination of Rock Mechanical parameters on core samples from fields of KG-PG and A&AA at variable temperature and pressure. Change in the velocity with pressure and temperature and its effect on rock mechanical parameters were parameters were observed
  - Field implementation of various MEOR processes in huff-n-puff mode in the different fields like Mehsana and Ankleshwar area of ONGC. The Jobs includes Paraffin Degrading Bacterial (PDB) Job in tubular, mitigation of Wax deposition problem and application of microbial process in heavy crude oil and core flood experiments using bacterial consortium
  - Software development using CUDA-GPU Technology
  - Formulation of drilling fluid for HPHT application with different weighing material in line with envisaged perspective plan -2030
  - Field support services for framing drilling fluid policies for Hi-tech wells as and when proposed by different Asset and Basin
  - Feasibility study of using oil field effluent for preparation of mud and brine
  - Identification and framing of specification for LTSOBM additives
  - Evaluation of mud chemicals in clay free mud system
  - Formulating suitable mud system for drilling developmental wells of Malleswaram field, and formulating an alternative mud system to RL-CL mud system in use for drilling HTHP wells
  - Optimization of KCl percentage in KCl-PHPA-Polymer-Polyol mud system
  - Devising a suitable mud system with lower mud weight to drill the depleted formation of Gandhar Field to avoid formation damage as much as possible
  - One dimensional geo mechanical model and well bore stability for C-24 and B-12 cluster fields
  - Borehole analysis of problematic wells in Tapti-Daman area, CK and B-170 areas
  - To suggest mud weight window for drilling high angle wells through Raghavapuram shale of Kaikalur and / Malleshwaram Field
  - Identification of suitable technology for drilling true vertical wells in highly dipping formations of Silchar area
  - Strategy for implementing cutting edge technology- Managed Pressure Drilling (MPD) in suitable areas of

- Agartala, ONGC for augmenting road map envisaged in Perspective Plan-2030
- Well Planning for (i) well MNAE (TD-1400m) of Rajasthan Forward Base (ii) deep exploratory well KPBC (TD-4500m) of Cauvery Asset (iii) Sidetrack well BRH # 47 in Borholla field of A&AA Basin (iv) well # Diamante-1 in RC-10 Block of Colombia Offshore, (TD-3600m, Water depth-1150m) (v) deep exploratory well PDAC (TD-4850m) of Cauvery Asset. (vi) well RGS#17 of Naga Thrust Area of Assam Asset (vi) Well # Rubi-1 in RC-8 Block of Colombia Offshore (TD-2450m, Water depth-210m). (vii) well NCAC of Cauvery Asset (viii) well TAAE (TD-3600m) of Cauvery Asset (ix) Well # Amatista-1 in RC-8 Block of Colombia Offshore (TD-3300m, Water depth-410m) (x) un-named location of Cauvery Asset
  - Drill Bit Optimization for top hole section in Sarupathar/ Koraghat area of A&AA Basin
  - Suitable Drill Bit selection for major fields of Assam Asset Sibsagar
  - Designing of cementing system for ISC wells of Mehsana
  - Remedial action to avoid annular activity in light of experience in well no. VJH1\_Z
  - Cementation against fractured basement in wells of Khoraghat
  - Detailed techno-economic solutions to control total mud loss for successful liner cementation in D\_11 field
  - Casing cementation methodology against ultra-shallow gas problem in North Tapti field
  - Analysis of poor CBL/VDL response vs. injectivity at well ALIABET # 5
  - Remedial gel cementing solution for water shut off jobs
  - **Benefits derived as result of above R&D:**  
The R&D projects undertaken by your Company facilitated speedier and effective E&P activities of the Company.
  - **Expenditure on Research & Development**

₹ in million		
	2013-14	2012-13
Capital	213.31	118.66
Recurring	5,296.06	5263.16
<b>Total</b>	<b>5,509.37</b>	<b>5381.82</b>
Total R&D Expenditure as a percentage of Total Turnover	0.66%	0.65%

Note: Previous year figure has been regrouped in view of preparation of accounts under Revised Schedule VI.

**D. Technology absorption and adaptation**

- Ultrasound stimulation treatment was implemented in 7 identified wells in Nandasan, North Kadi & Jotana fields of Mehsana Asset as per Contract agreement with M/S Quantum Application Hydrocarbon Mumbai, on “no cure no payment basis”. Production from all stimulated wells is under observation for incremental benefits
- VFD (Variable Frequency Drive) installed for the 1st time to control SPM of SRP as per the productivity of well in place of conventional units where the drive motor runs at 50 cycles/second. The use of VFD will result in substantial reduction of power consumption in SRPs along with reduction in maintenance and consumption of V-belts
- Mehsana Asset has initiated an innovative system to produce heavy viscous crude oil from heavy fields by injecting chemical at the sand face for improved flow assurance. Such sand-face chemical dozing completions have been completed in 11 wells with

encouraging results & increase in production

- In Ankleshwar Asset, new generation polymer gel system developed by IRS for high temperature of Gandhar field was used for water shutoff in well G#681. Post job the well flowed with oil gain of 55m3/d with water cut of 0.6%.
- Rapid Setting Fluid (RSF pill) Loss control material was used in well N12#3Z & HG# 6H of Mumbai offshore that yielded encouraging results.
- Solution to Gassed out in-situ combustion EOR wells of Mehsana by Polymer cement technology
- Field implementation of weighted spacer in oil well cementation was successfully field implemented in respect of preparation and placement of spacer in well RODJ of Agartala Asset. Ready for further field implementation in SADE

**E. Information regarding imported technology for the last five years**

S.No.	Technology Imported	Year of Import
<b>A</b>		
(i)	<ul style="list-style-type: none"><li>● Latest releases of Landmark/ Hampson Russell/ Jason/ GeoQuest/ Paradigm/ Midland Valley/ GOCAD/Drill Works/ Petromod/ Kingdom suite/ OpendTect/ PANSYSTEM &amp; PANMESH Interpretation Software installed</li><li>● 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</li><li>● 100% corporate licensing of Geoframe/ Petrel s/w from M/s GeoQuest and corporate AMC has been finalised</li><li>● 100% corporate licensing of Paradigm interpretation s/w and corporate AMC has been finalised</li><li>● RokDoc software (1D/ 2D/ 3D / Chronoseis) from M/s ICON SCIENCE has been inducted in GEOPIC</li><li>● IES Basin Modelling Technology</li><li>● Auto Counting FT system</li><li>● Landmark's R5000 software was successfully installed in Linux Based workstation</li><li>● Pipe conveyed logging system.</li></ul>	2009-10
(ii)	<ul style="list-style-type: none"><li>● Continuous Flow Isotope Ratio Mass Spectrometer (CF-IRMS)</li><li>● COREVAL-30</li><li>● SKUA software from M/s Paradigm</li><li>● Fugro Jason Work Bench Software</li><li>● SATA-II disks based SAN storage systems</li><li>● PERISCOPE</li></ul>	2010-11
(iii)	<ul style="list-style-type: none"><li>● 3D Visualisation Centre</li><li>● The Fluid Eval</li><li>● Induction of CRAM software from M/s Paradigm</li><li>● Induction of Geo-science core system and seismic interpretation module of petrel software from M/s Geoquest Systems B.V.</li><li>● Induction of MATLAB Software from M/s Designtech Systems Ltd.</li></ul>	2011-12

	<ul style="list-style-type: none"><li>Petrel software for Processing of seismic data from M/s Geoquest Systems B.V.</li><li>Multi-Component Seismic Survey - 3D – 3C</li><li>TuffTRAC- a new generation wire line-conveyed tractor, used for carrying out perforations</li><li>Ultra HP/HT TCP-DST to test wells in very High temperature &amp; Pressure conditions having temperatures beyond 450°F</li><li>RF Safe perforating System</li></ul>	
(iv)	<ul style="list-style-type: none"><li>Sm-Nd Dating facility to date hard rocks like Igneous and metamorphic. It is also helpful in ascertaining the provenance age in sedimentary rocks and correlation of reservoir lithology</li></ul>	2012-13
(v)	<ul style="list-style-type: none"><li>Radial 3D Saturn Probe-used for pressure measurements, downhole fluid analysis and fluid sampling in extremely low mobility reservoir sections.</li><li>Radial Cutter Torch (RCT) used to retrieve the 3 ½” tubing which is clamped with ESP cable in 9 5/8” casing. The thermal Generator System initiates the RCT tool and directs the molten plasma for cutting the pipe.</li><li>Multi sample porosimeter-Permeameter KEYPHI-used for measurement of petrophysical parameters at variable confining pressure.</li><li>UV-Vis Spectrophotometer Lambda-35 (PerkinElmer) is useful in the genetic correlation, depositional environment and maturity of crude oils and source sequences.</li><li>Thermo Fisher Nicolet iS5 FT-IR Spectrophotometer used for the study of structural group analysis of complex hydrocarbon mixtures, genetic correlation of crude oils &amp; bitumens and oil shale &amp;kerogen analysis.</li><li>The e-Permit system to Work (PTW):offers the distinct advantage of a standardized PTW template across the organization and ensures faster permit access to the end user.</li><li>Air Hammer Drilling-used for the first time in ONGC in well Jabera-3, Vindhyan Basin. The technology is based on the under balanced drilling and has an option for change-over to conventional mud system to meet the operational, safety and testing requirements</li></ul>	2013-14
B	Has the technology been fully absorbed?	Yes
C	If not fully absorbed, areas where this has not taken place, reasons thereof, and future plans of action	Not applicable

F Information on Foreign Exchange Earnings and Outgo

(₹ in millions)

	2013-14	2012-13
Foreign Exchange Earnings	74,889.85	74,723.38
Foreign Exchange Outgo	1,83,728.64	182,446.11

G. Environment Protection and Conservation, ecological conservation, Renewable energy developments

Alternate sources of energy

ONGC, has taken the initiative to evaluate various forms of energy to fulfill the country’s growing energy needs. ONGC, through ONGC Energy Center (OEC), a trust established by ONGC, is actively pursuing alternate energy opportunities. OECT is mandated to undertake and assist in programs/ projects of fundamental and applied research for improving and developing commercially viable energy mediums and sources beyond hydrocarbons, especially in clean and/or renewable energy options.

ONGC Energy Centre has been implementing Research projects in several new and alternative sources of energy in collaboration with various national and international academic, research and industrial organizations. These Projects are in advanced stages of implementation. During 2013-14, ONGC Energy Centre has evaluated new options to expand the research and technology development activities and also to focus on optimum utilization of resources available with ONGC. Some of the significant initiatives in developing alternate sources of energy are:

Generation of Hydrogen through Thermochemical Processes:

OECT is working on development of high temperature thermochemical processes for decomposition of water, utilizing waste nuclear and/or solar heat. From amongst various possible options, development of closed-loop Copper-Chlorine (Cu-Cl) and closed/partially open-loop iodine-Sulphur (I-S) cycles have been selected, which require high temperatures (550-900 C) and water to produce hydrogen. Currently, as Institute of Chemical Technology (ICT), Mumbai, is working on development of laboratory scale engineering process using a modified Cu-Cl cycle to demonstrate hydrogen generation @ 25 litres per hour. The initial design and fabrication of indigenous reactor has been completed. The complete close loop process is likely to be demonstrated shortly.

In addition, proof-of-principle experiments of entire I-S cycle have been completed at IIT, Delhi. Several options for modifying the existing routes of I-S cycle including development of partially open-loop I-S cycle H2S splitting process are being investigated. Three International patents on modified Cu-Cl cycle, applicable for six countries (USA, Canada, Japan, Germany, Korea and China) have been filed jointly by OEC and ICT-Mumbai.

Geothermal Power Project in Cambay Basin

Geothermal energy can be harnessed by extracting heat from earth by drilling water or steam wells. OEC

has contemplated a pilot scale Geothermal collaborative Pilot Project in Cambay Basin, Western India with M/s. Talboom, Belgium( as technology partner). The subsurface heat modelling has estimated high geothermal gradient. The initial result of the modelling has also estimated that approx. 2.1MWe geothermal power generation capacity can be set up in Phase-I. OEC has started preliminary work to evaluate feasibility of geothermal power generation using a single well with a view to utilize abandoned / non-flowing high temperature wells.

Kinetic Hydro Power Project

ONGC Energy Center has entered into an agreement with M/S Natural Power Concepts(NPC), Hawaii, USA for the project on Kinetic Hydro Power Generation in Rivers/Water Channels/Tail races of Dams. Floating turbines can be used to harness the kinetic energy of flowing streams or tail race of existing dams to generate electricity. NPC has recently developed in-stream Auger Turbine (IAT) for trials in Indian conditions. Performance evaluation of a 20.5 feet IAT prototype has been completed by NPC. Testing has been done at 6 different speeds in the range of 8.3 Km/hr-12.5 km/hr at 65% submergence. The power generation capacity in reported to be the range of 5 Kw to 14.3 Kw.

During 2013-14 NPC has made further changes for optimization of the design and a 38 ft IAT has been deigned, which is capable of giving output power in 120-200 kW range. OEC team along with NPC representative has identified a site as the tail race of Kolkewadi Dam at Pedambe in Maharashtra. Permissions to conduct the testing at this site has been obtained from Dam authorities.

In addition, CFD simulation studies have been conducted by OEC to explore the possibility of increasing the water velocity in an open water channel, using an appropriately designed floating weir structure.

Bioconversion of Coal to Methane Project

There are many coal/lignite seams, which cannot be mined due to various reasons. There are several types of microbes, acting in tandem (as a consortia), which can generate methane from such coal/lignite and oil. A unique consortium of microbes is required for each coal seam/oil reservoir. Research is underway to identify the specific consortia that can act on different seams/reservoirs.

OEC had taken the initiative to undertake research on development of biotechnological process for conversion of lignite/coal to methane gas and produce humic acid as a by-product which can act as a soil nutrient.

A collaborative project with IIT Kharagpur to generate methane and humic acid from lignite in surface conditions as well as in-situ has recently concluded.



The biotechnology for production of methane and humic acid from lignite has been developed in the laboratory. The laboratory experiments have reported maximum yield of 9.6 L/Kg of biogas with 47% methane content and initial lag of 11-14 days, with fungal pre-treatment. At pilot reactor level the output has been increased to 12.2 L/Kg of lignite used. Maximum yield of 27% humic acid was achieved with fungal strains in incubation period of 15020 days. Successful field test have been conducted with Humic acid on Zea mays & Brinjal.

**Bioconversion of Oil to Methane Project**

Currently available oil recovery techniques can extract about 40% of existing oil resources, leaving the remainder stranded in mature fields. Therefore, it is very important to develop technologies to improve the recovery from the existing oil reservoirs. Apart from employing other improved and enhanced recovery techniques, one of the probable approaches is to convert the unrecovered reservoir oil to methane gas in-situ. In case of reservoirs, where methane producing microbes (methanogens) are already present, the process of methane generation could also possibly be stimulated by providing suitable nutrients to enhance metabolic activity of the microorganisms. In any case reservoirs devoid of methanogens can always be seeded with appropriate microbes and nutrients. It is not possible to recover all oil from any well.

OEC is currently working on a project to develop microbial consortium/consortia, which can convert residual oil to methane under harsh reservoir conditions, such as high temperature and high pressure. Under this project OEC will conduct in house research to isolate/develop thermophilic, anaerobic methanogenic bacterial consortium capable of producing methane gas using oil as carbon substrate. Thereafter, it is proposed to optimize the process of methane gas production from oil using the isolated/developed methanogenic bacterial consortium. This research work is to be

carried out in ONGC laboratories at KDMIPE, Dehradun.

**Solar Thermal Project**

ONGC Energy Center is currently working on field performance of Solar Thermal dish stirling Engine System developed by a US Company. Three units, which generate grid quality AC electricity of 230V, 50HZ, are installed & operational at Solar Energy Center of Ministry of New and renewable Energy at Gurgaon. Each Engine along with their linear alternator is producing upto 2.2 KW peak Power at solar insolation of around 750 W/m<sup>2</sup>.

**Uranium Exploration Project**

ONGC Energy Center is currently engaged in a exploration program for identification of uranium prospects, suitable for exploitation by "In Situ Leaching" (ISL), in collaboration with Atomic Minerals Directorate for Exploration and Research (AMD), the exploratory arm of Department of Atomic Energy, Government of India. OEC has initially identified four regions, with presence of Uranium in excess of 50 ppm. ONGC has successfully completed 10 parametric wells in Cauvery and KG basins at identified locations, cored and logged for Spectral Gamma Ray for confirmations of the presence of Uranium. The cores, recovered from zones of interest, are analyzed in laboratories through geological, geochemical and radiological methods, for determining the actual uranium concentration and its leachability.

During 2013-14 OEC started a project to drill 7 parametric wells in Suket region in Rajasthan. Five wells were completed during the year. Initial results indicate Uranium concentration of about 208 ppm at 270 metres depth, with 90% leachability in Jhalawar High-II and maximum concentration of about 400 ppm at a depth of about 440 m in suket area. R&D efforts are also underway to develop ISL methodology for subsequent exploitation of uranium resources.

**Annexure D**

**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 31ST MARCH, 2014**

The preparation of financial statements of **Oil & Natural Gas Corporation Limited** for the year ended 31 March 2014 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 standards on auditing prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 May, 2014.

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 & Natural Gas Corporation Limited** for the year ended 31st March, 2014. 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 & Auditor General of India

Place : Mumbai  
Date : 8 July, 2014

Sd/-  
Parama Sen  
Principal Director of Commercial Audit  
& ex-officio Member, Audit Board - II, Mumbai

India's  
**energy**  
anchor



# ONGC ENERGY OF INDIA

Management Discussion & Analysis Report

Corporate Governance Report

Auditor's Certificate On Corporate Governance

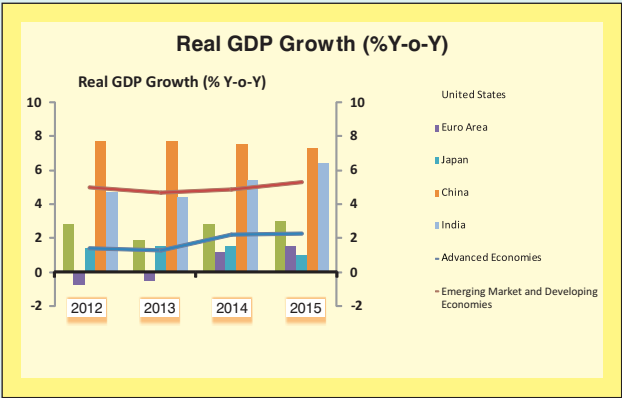


# Management Discussion and Analysis Report

## 1. Global Economy

2013, globally, was a year of recovery, consolidation and fundamental resilience. The year and the early part of 2014 leading upto the first calendar quarter was marked by decidedly distinctive patterns of economic growth across the major economic blocks of the globe that contrasted with the growth trajectories observed in 2012 and early 2013.

If the world economy post-2008 right until 2012 was largely characterized by the robust growth in the emerging economies, achieved in an environment of economic rehabilitation in the more advanced countries, then 2013 marked the re-emergence of the high-income or developed economies as significant contributors to global growth and the recalibration of growth prospects of the emerging or developing economies to more realistic levels.



The US and the Eurozone provided significant impetus to the global economy on the back of domestic demand, improved labour market conditions and favourable market policies as post-crisis remedial interventions made their impact on economic health. The global economy grew at a rate of 3 percent in 2013 backed by a stronger half growth at 3 2/3 percent with much of the pickup, as already mentioned, being accounted for by advanced economies especially US whose economy grew 3 1/4 percent in the second half of 2013.

In contrast, the economic engines of countries like China and India decelerated, to an extent, on account of reshuffling of economic priorities, for the former, and domestic capacity constraints and an unflattering investment outlook which led to capital flight, for the latter. In emerging markets and developing economies growth for 2013 was flat at 4.7 percent, marking the second straight year of sub-5 percent growth. (Reference: IMF World Economic Outlook April

2014;World Bank Global Economic Prospect June 2014)

Looking ahead, global growth is projected to strengthen from 3 percent in 2013 to 3.6 percent in 2014 and 3.9 percent in 2015. In advanced economies, growth is expected to increase to about 2 1/4 percent in 2014–15, an improvement of about 1 percentage point compared with 2013 – with the US, EU and Japan set to expand in sync for the first time since 2010. (Reference: IMF World Economic Outlook April 2014)

Despite their relatively less buoyant and flatter growth profiles compared to the boom years, the emerging markets will continue to be the mainstay in terms of contributing to absolute growth and one of the critical indicators of global economic health. Growth in emerging markets and developing economies is projected to pick up gradually from 4.7 percent in 2013 to about 5 percent in 2014 and 5 1/4 percent in 2015, with growth in emerging Asia remaining the most robust.

In China, growth is projected to remain at about 7 1/2 percent in 2014 as the authorities seek to rein in credit and advance reforms while ensuring a gradual transition to a more balanced and sustainable growth path. China has been the lodestar for the global economy for the better part of the last decade; however, as we enter a period of more circumspect, conservative and internally-oriented (private led consumption instead of state-backed investment) Chinese economic growth, the outlook for Asian regional markets, and the world, by extension is likely to be less-exuberant than it would have been with a China on surge.(Reference: IMF World Economic Outlook April 2014)

India, for the second successive year, registered a below 5 percent GDP growth rate at 4.7 percent in 2013 – just a marginal improvement over the decadal low growth rate of 4.5 percent from the previous year. Decelerating growth compounded further by a depreciating rupee and acute inflationary pressures have combined to make the country's fiscal deficit situation a matter of serious concern. Since falling to an all-time low of 68.36 against the US dollar on August 28, 2013 the rupee has, in recent times, retraced to more manageable levels (at ₹ 60.12/USD on June 18, 2014) – but the currency is far from trading in a stable range as global macroeconomic climate, especially the fiscal and policy situation in the US is still discovering its right dynamic and balance.

Although the weak currency did benefit exporters, it was not enough to lift the overall economy. Also, the country's increasing reliance on energy imports, particularly crude oil, for its domestic energy needs has widened the current account deficit. However, the



A Group Gathering Station : Enhancing production



growth is expected to rise in the next couple of years; 5.4 percent in 2014 and 6.4 percent in 2015 – spurred by the rise in global demand, improvement in domestic consumption and a greater thrust on reforming and rejuvenating the country's business and economic parameters after two sub-optimal years. (Reference: www.rbi.gov.in, IMF World Economic Outlook April 2014)

Latin America and Caribbean is expected to register only moderate economic activity as GDP is anticipated to weaken to 2.5 percent in 2014 from an already subdued growth rate of 2.7 percent in 2013 before recovering to close to 3 percent growth in 2015. In the Middle East and North Africa, regional growth is projected to rise moderately in 2014–15. Most of the recovery is due to the oil-exporting economies, where high public spending contributes to buoyant non-oil activity in some economies and oil supply difficulties are expected to be partly alleviated in others. Near-term and medium term outlook for most of Russia and the CIS region has been dented by the strong geopolitical ramifications which were the results of the Russia-Ukraine stand-off over the annexation of Crimean region by the former. (Reference: IMF World Economic Outlook April 2014)

The emerging market economies have also suffered from the gradual normalization of monetary policies—most notably the easing of US \$85 billion a month bond buying program in the US –and the waning of the recessionary strains in the developed markets. This has contributed to increased investor restraint in terms

on a surer footing as 2013 ended. But the optimism that the economic revival of 2013 fostered was quickly weighed down by the Crimean crisis and then the civilian crisis in Iraq, both of which are ongoing concerns in the global arena. These events ensured the presence of strong countervailing geopolitical and regional forces which have resulted in a bumpy ride for the economy in 2014.

So, global economic conditions, while looking healthier on a more broad-based mend, courtesy the resurgence of the developed economies, will have to continue to contend with uncertainties and upheavals of many different stripes. Also, the flagging growth rates accompanied by the dampened investment climates in the emerging economies, which still are responsible for more than two-thirds of global growth, continue to weigh the future outlook down with a fair degree of uncertainty. As it stands, the road to complete recovery may be a more protracted one than may currently seem.

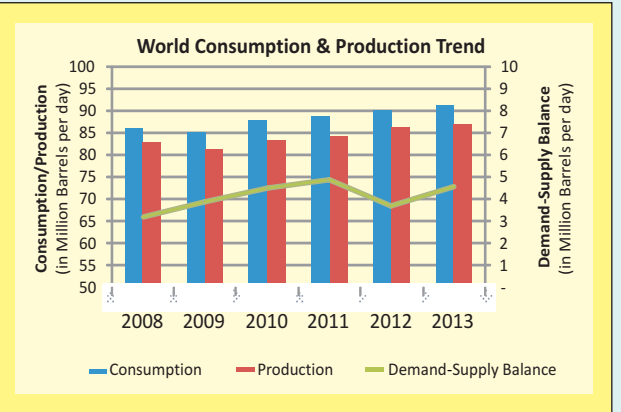
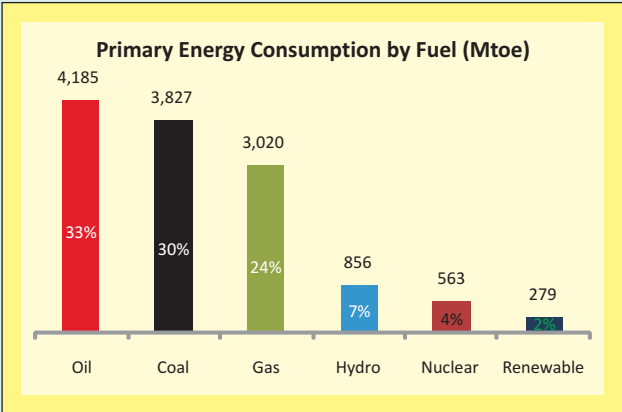
## 2. Global Energy Landscape:

The global energy landscape too has developed its own distinctive strains to keep in step with the evolving patterns of overall economic growth. Emerging supply trends, growing centers of demand, technological revolution and ever-shifting geopolitical strains have come to define and even affect the energy landscape of 2013 and 2014. The industry has entered a period of increased dynamism even as energy consumption and production appear comfortably balanced, and average crude prices continue to settle sufficiently stably well over the high floor level of \$100/bbl, supported mostly by geopolitical flare-ups, thus providing increased incentives for oil & gas companies across the world to bring more volumes to the global energy basket.

### Primary Energy

Global primary energy consumption increased by 2.3% in 2013, an increase of 1.8% over 2012. Emerging economies accounted for 80% of the global increase in energy consumption – even though consumption growth in these countries was below average 3.1%. OECD consumption rose by an above-average 1.2%. Robust US growth (+2.9%) accounted for all of the net increase in the OECD and consumption in the EU and Japan fell by 0.3% and 0.6%, respectively. Natural gas, coal, and oil combined to meet 87 percent of global primary energy demand. Global gas demand grew less last year than did demand for competing fuels: it was up just 1.4% from 2012, while oil demand rose 1.4%, coal was up 3% and renewables were up more than 4%.

(Reference: BP Statistical Review of World Energy 2014)



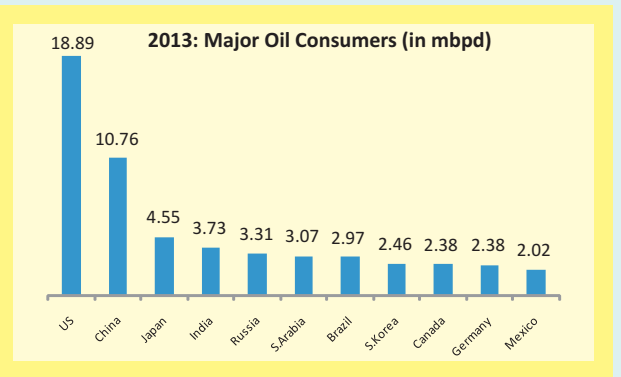
Supported by the now-unsurprising sizeable energy needs of the emerging block of economies and the steady improvement of macroeconomic conditions in key economic nerve centers of the OECD countries, world primary energy consumption picked up healthily in 2013, registering a growth of 2.3 percent over 2012, higher than the 1.8 percent increase in 2012, but below the 10-year average of 2.5 percent. However, despite the slight pickup in demand for the block of developed countries in the west notwithstanding, the locus of energy demand has decisively shifted eastward already with China as the world's largest energy consumer, ahead of the US. The surge in demand from China is followed in tandem by the likes of India, Japan, South Korea and Indonesia. The Middle-East, the traditional powerhouse and hub for global oil supply, has also experienced a significant rise in its domestic energy requirements.

### Global Oil Consumption and Production:

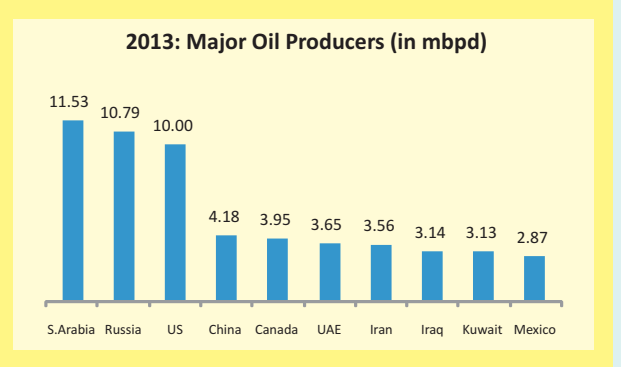
Global oil consumption grew by 1.4 million barrels per day, or 1.4% – this is just above the historical average. Countries outside the OECD now account for the majority (51%) of global oil consumption and they once again accounted for all of the net growth in global consumption. China's net imports of oil totalled 7 million barrels per day in 2013 - the largest net imports in the world, surpassing that of the United States. OECD consumption declined by 0.4%. The US (+400,000 bpd) recorded the largest increment to global oil consumption in 2013, outpacing Chinese growth (+390,000 bpd) for the first time since 1999.

Global oil production did not keep pace with the growth in global consumption, rising by just 560,000 b/d or 0.6%. The US accounted for nearly all (96%) of the non-OPEC output increase of 1.2 million b/d (the strongest since 2002). Non-OPEC reached a record 50 million b/d. Increases in Canada (+210,000 bpd) and Russia (+150,000 bpd) were other notable increases while Syria, the UK, Norway and Australia registered declines. OPEC output fell by 600,000 bpd, the first

decline since 2009. Declines in Libya (-520,000 bpd), Iran (-190,000 bpd), Saudi Arabia (-110,000 bpd) and Nigeria (-100,000 bpd) outweighed an increase in the UAE (+250,000 bpd).



(Reference: BP Statistical Review of World Energy 2014)



(Reference: BP Statistical Review of World Energy 2014)

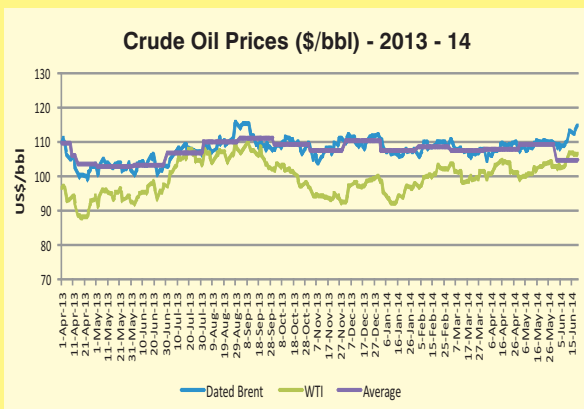
But this era of consistent and substantial growth in energy demand is also one of robust energy supplies. And on the supply front, there is none more compelling a development than the remarkable revolution in the North American supply landscape brought on by the



surge of unconventional oil and gas supplies in the US. And growing North American hydrocarbon output, in a period of gradually weakening or flattening local demand, is indicative of the possibility of strong exports from the region as well, for which action is already underway in the form of LNG export hubs in the US. Once realised, energy supplies from the continent has the potential to redefine, or even significantly alter, the global energy commodity flows.

#### Global Crude Prices

Dated Brent averaged \$108.66 per barrel in 2013, a decline of \$3.01 per barrel from the 2012 level. But they are likely to edge higher in 2014 as reported record-high levels of Chinese crude oil imports in recent



months, the ongoing tensions in Libya and Ukraine have exerted an upward pressure on Brent Crude prices. But it is the eruption of sectarian violence in OPEC's second largest producer, Iraq, which poses the most serious threat to the stability of global crude prices in 2014 as Brent prices hovered around nine-month high levels post the start of the turmoil in the Gulf nation. Although prices since then have weakened, the threat of sudden spikes remains in the system as the situation continues to remain uncomfortably unpredictable with no foreseeable resolution in the offing.

WTI, in 2013, continued to trade at a large discount to Brent (\$10.67 per barrel), driven by growing US production. However, the discount of WTI crude oil to Brent crude oil, which averaged more than \$13/bbl from November 2013 through January 2014, has since fallen to \$7/bbl in May on the back of January 2014 start-up of Trans Canada's Marketlink pipeline, moving crude oil from Cushing to the Gulf Coast, strong refinery runs and continual declines in the storage hub at Cushing.

#### (Reference: BP Statistical Review of World Energy 2014)

The North American unconventional story is expected to remain strong and booming right through till 2020, beyond which, however, the tight oil supplies are expected to plateau. OPEC, meanwhile, will continue to remain a fundamental constituent of the global energy matrix with its abundant reserves of cheap conventional energy. Production from Iraq, currently at around 3.4 mbpd, is estimated to increase to as much as 8.4 mbpd in 2018 further reinforcing the cartel's industry reputation as the 'swing producer' the responsibility of which is now borne singly by the oil-rich kingdom of Saudi Arabia.

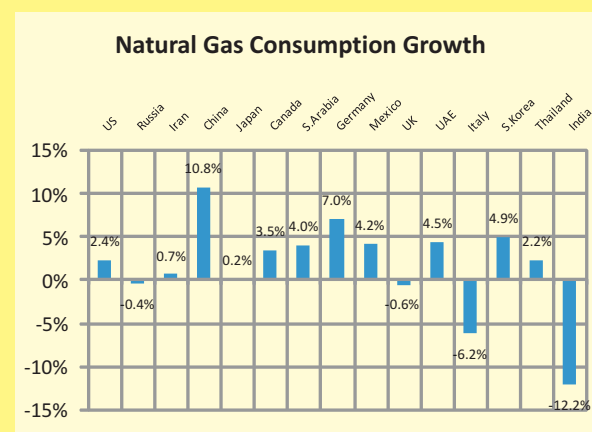
Coming to global oil supplies, energy markets currently look well supplied with liquids despite an anticipated rise of oil demand to 91 mbpd in 2014 from 89 mbpd in 2013. However, the fact that some of major producers of the world – Iran, Syria, Libya, Nigeria and, recently, Iraq – are also hotbeds of geopolitical instability and civilian turmoil, there is a constant downside risk to the global supply outlook. The tensions associated with these potential supply choke-points exert a strong upward pressure on crude prices. This was amply evident in Iraq as crude breached \$115 per barrel cued by the militant operations of Islamic State of Syria and Iraq (ISIS) anti-state group that posed threats to the country's energy infrastructure despite higher production in North America (US & Canada). On the other hand, the North American oil production, along with other high cost supply sources, has provided a price floor for global oil prices and has simultaneously prevented oil prices from rising sharply when there are supply curtailments from other producers – for example, the removal of large supply volumes from Iran post. (Reference: Wood Mackenzie Energy View to 2030)

As fields begin to re-emerge after months of production shutdown due to civilian violence, there is a slight recovery in Libyan output from a low of 250,000 bpd but numbers continue to remain below the peak levels of 1.6 mbpd and production is still highly susceptible to disruptions. Syrian volumes continue to remain at historically low levels under 30,000 bpd as the ongoing political crisis takes its toll. However, supplies from Iran, which were constrained at 1 mbpd as a result of the Western sanctions, are now expected to rise and gradually ease into global markets as relations between the country and the western block of nations, led by the US, have improved reasonably as a result of their ongoing negotiations. (Reference: EIA Short Term Energy Outlook, June 10 2014)

#### Global Natural Gas Consumption and Production

Natural gas registered a relative slowdown in growth in 2013, growing at 1.4 percent, below the historical average of 2.6 percent, and accounted for 23.7 percent of world primary energy use in 2013. The slowdown can be attributed to the surge in demand for coal in the power generation sector of European and Asian economies. Essentially, in 2013, coal's cost competitiveness in a period of rising gas prices in the global gas market have trumped the environmental benefits associated with natural gas.

Growth was below average in all regions except Europe and Eurasia. The US (+1.3%) remained the world's leading producer, but both Russia (+2.4%) and China (+9.5%) recorded larger growth increments in 2013. Nigeria (-16.4%), India (-16.3%), and Norway (-5%) recorded the largest volumetric declines.



Consumption growth was above average in the OECD countries (+1.8%) and below average outside the OECD (+1.1%). China (+10.8%) and the US (+2.4%) recorded the largest growth increments in the world, together accounting for 81% of global growth. India (-12.2%) recorded the largest volumetric decline in the world, while EU gas consumption fell to the lowest level since 1999. Global natural gas production grew by 1.1%, which was well below the 10-year average of 2.6%. Growth was below average in all regions except Europe and Eurasia. The US (+1.3%) remained the world's leading producer, but both Russia (+2.4%) and China (+9.5%) recorded larger growth increments in 2013. Nigeria (-16.4%), India (-16.3%), and Norway (-5%) recorded the largest volumetric declines.

#### (Reference: BP Statistical Review of World Energy 2014)

With growing global consensus, among world leaders, environmentalists and consumers alike, and emphasis on shifting consumption to cleaner energy forms, natural gas, with its cleaner energy profile relative to coal and crude oil, has found just the right context for growth as a 'bridge fuel' in the interim before the world eventually manages its transition to green energy. And, with no immediate sight of commercially scalable renewable energy solutions and alternative sources like nuclear energy still vulnerable to widespread public or governmental aversion (or both), this 'interim period' could well turn out to be an 'era' in itself for natural gas. Besides, the huge impact of shale gas in the Northern Atlantic region on the back of which the US is estimated to become 'energy-independent' by 2018 and the continuing discoveries of huge reserves in recent times – be it the Sichuan Basin of China, Rovuma Offshore fields of Mozambique or Israel's Leviathan field – make gas an exciting and extremely vital energy proposition for the future. Of the new discoveries made in the last decade, gas accounted for 55 percent of the total number of finds. Global natural gas demand will reach 4,600 bcm in 2030, making gas the fastest-growing of the conventional hydrocarbon fuels. (Reference: Wood Mackenzie Energy View to 2030)

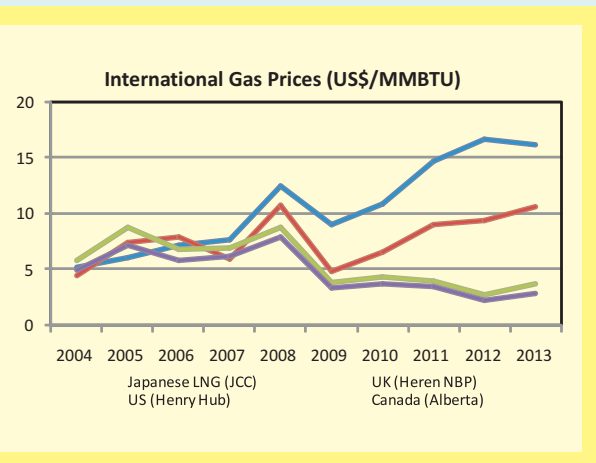
In further extending gas' reach and penetration across the map, the global Liquefied Natural Gas (LNG) industry has played a pivotal role and its participation in the global gas trade is only set to intensify with the advent of Australian and American LNG exports – LNG's share of global gas trade is expected to grow from 31.4 percent in 2013 to over 46 percent by 2035. (Reference: BP Energy Outlook 2035, January 2014)

The remarkable growth of gas has also threatened to upend the domain of gas price as suppliers come under increasing pressure to respond to market realities and eliminate oil-indexation in gas contracts. The prospect of plentiful gas supplies in the form of LNG, especially American supplies indexed to Henry Hub prices, has now placed importers in an advantageous position. The current tightness in the LNG markets is expected to eventually give way to more of a buyer's market in the long run as installed capacity looks all set to outweigh demand by as much as 9 MMT in 2015; this figure will balloon to 128 MMT by the end of the decade in 2020. Oil, which sold for as little as \$10 a barrel in the 1990s, when some current contracts were agreed, now costs over \$100 per barrel, while gas has come under downward pressure, not least from the development of shale gas in North America. (Reference: FG Energy, NY Times Special Report in Energy)

The significance and stature of gas in the global energy narrative has been, in recent memory, further amplified by the Ukraine-Russia standoff over the annexation of Crimea and the landmark 30 year gas deal that China signed with Russian gas major Gazprom.

#### Natural Gas Trade and Prices

Global natural gas trade grew by 1.8% in 2013, well below the historical average of 5.2%. Pipeline shipments grew by 2.3%, driven by a 12% increase in net Russian exports, which offset declines in Algeria (-17.9%), Norway (-4.5%) and Canada (-5.5%). Among importers, growth in Germany (+14%) and China (+32.4%) more than offset a continued decline in the US (-10.9%). Global LNG trade rebounded by 0.6% in 2013. However, LNG's share of the global natural gas trade declined slightly in 2013 to 31.4 percent as LNG trade grew by just 1.8 percent, below the historical average of 5.2 percent. Increased imports in South Korea (+10.7%), China (+22.9%), and South and Central American importers (+44.7%) were partially offset by lower imports in Spain (-35.6%), the UK (-31.9%) and France (-19.4%). Qatar remained the largest LNG exporter (32% of global exports), and accounted for the largest growth increment (+2.7%). LNG's share of global gas trade declined slightly to 31.4% – and international natural gas trade accounted for 30.9% of global consumption.



Natural gas prices at Henry Hub in 2013 averaged \$3.71/mmBtu, increasing by close to 35 percent over 2012 prices. This spike in prices, actually, was more a rationalisation of the unsustainably low gas prices of 2012 which forced operators to move away from dry gas drilling than a worrying precursor to a trend of swift increase in gas prices in the US. Average UK NBP

spot gas prices for 2013 were \$10.63/mmBtu, rising by 12.36 percent over 2012 prices. This was largely due to an unusually cold weather in early 2013. Japanese LNG prices, for the first time in the last 4 years, registered a drop (3.46% over 2012), averaging \$16.17/mmBtu in 2013.

(Reference: BP Statistical Review of World Energy 2014)

The Crimean crisis which started off as a show of Russian muscle-flexing in its 'near-abroad' soon escalated to a full-blown geopolitical standoff encompassing the EU and the US by virtue of the European region's extreme dependence on Russian gas imports of which Ukraine is a major conduit. In 2013, Russia supplied a third of Europe's gas requirements, half of which was transited via Ukraine. Russia, too, is majorly dependent on European export revenues - the 6.6% rise in total Russian gas exports (pipeline and LNG) in 2013 to 234 bcm was largely driven by a significant rise in Russian pipeline exports to Europe. (Reference: IHS Energy)

If the Crimean crisis has helped reinforce the criticality of existing relationships and arrangements in the ever-evolving spectrum of energy security, the 30 year \$400 billion gas deal between China and Russia, two behemoths of the global energy order, is a watershed event in the current era of energy diplomacy and will most certainly introduce radically new strains in the global energy narrative. The deal is a key enabler for China in terms of its goal to increase the share of natural gas in the domestic energy mix. For Russia, this is part of its overall economic and geopolitical 'Pivot to the East' strategy which is aimed at mitigating the country's historically high degree of reliance on Western markets.

The current period in the oil & gas sector is also witness to a curious dichotomy. Most of the oil & gas projects with meaningful reserves come saddled with high break-evens and a massive capital expenditure regime. While the current reality of sufficiently high global energy prices does support these promising capital-intensive projects, investors have also become more vocal in their demands for greater economic recovery and they want to see upstream companies return more cash to the shareholders, in a clear espousal of a new mantra – "Value over Volume". In such a conflicting scenario, developments of new finds suffer as returns from frontier exploration (13%) have lagged those from mature (16%) and emerging basins (15%) over the past five years. In response, major oil companies are curtailing their spending

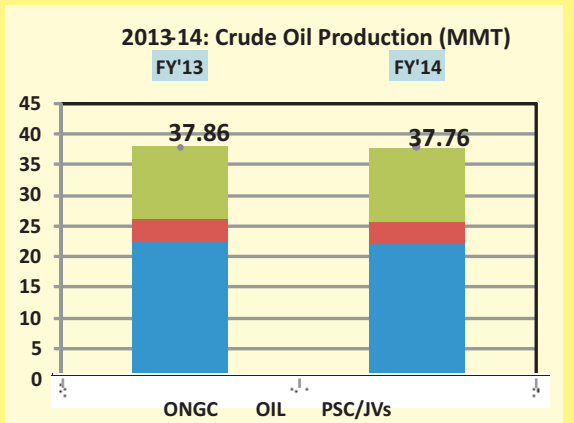
growth. Investor wariness aside, spiralling costs, in combination with operational complexities, have threatened to derail some of the most talked-about projects of recent times – be it the huge Kashagan fields in Kazakhstan or the massive Gorgon LNG project in Australia.

The mining industry, overall, is struggling with high costs. The shift from volume to value means a rebalancing towards a supply outlook more appropriate to a world in which demand growth, while still remarkable in the context of history, is somewhat softer than was expected only a few years ago. Needless to say, cost pressures will remain at the forefront of executive concerns. However the expansion of developing markets, the impact of new techniques and technology on the supply mix, and the increasingly interconnected character of global energy trade provide an endless spread of opportunities for growth over the long term.

### 3. India: Oil & Gas Industry

#### Crude Oil & Natural Gas production

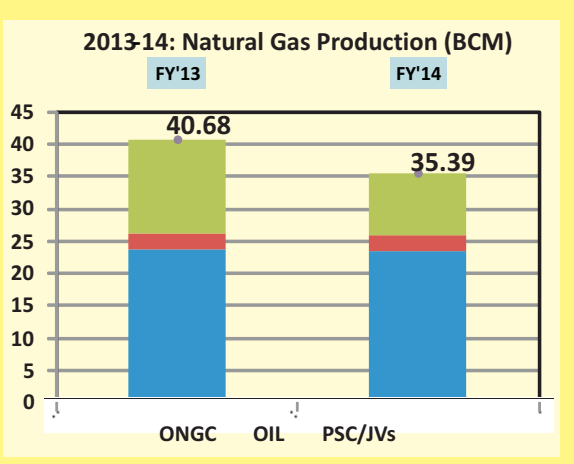
Crude oil production in FY'2013-14 has remained almost flat at 37.77 million metric tonnes (MMT) compared to 37.86 MMT of the previous financial year on a sectoral basis. While there was a drop in production due to the natural decline of the matured fields, from which the majority of the output accrues, that ONGC and Oil India Limited (OIL) operate, production from Pvt Companies/PSC Joint Ventures saw an increase in output by 3.7 percent.



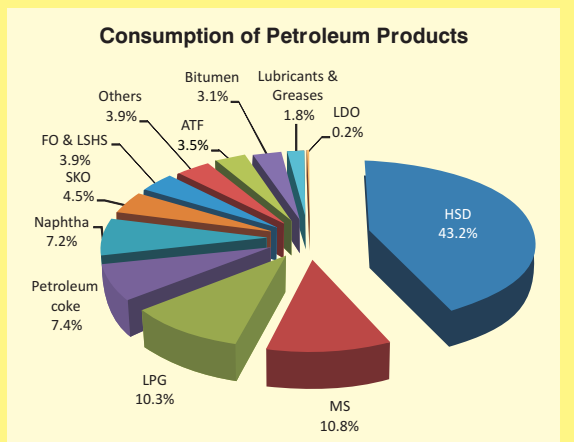
percent respectively, but significant fall in annual gas output from the East Coast field operated by a private consortium contributed to the shortfall in cumulative gas output of the country.

#### Consumption of Petroleum Products

With a total consumption of 158.20 MMT, the petroleum industry registered a volume growth of just 0.7 percent, the lowest it has grown for the past 12 years. Of the three sensitive petroleum products (products with price controls), only LPG registered a positive growth in consumption (+4.7 percent) while SKO consumption decreased by 4.5 percent and HSD plummeted by a percent over last year's volumes. It is the first time in 10 years that demand for the country's most consumed fuel has dropped. The drop could well be the combined effect of the periodic price hikes implemented by the government and the overall drop in activity of the industrial and commercial sector where its usage is the maximum, due to slowdown in



Natural Gas output in FY'2013-14 was 35.39 billion cubic metres (BCM), a 13 percent decrease from FY'2012-13 output of 40.68 BCM. Output of ONGC and OIL, compared to the previous fiscal, was largely flat, with volume decrements of 1.2 percent and 0.5





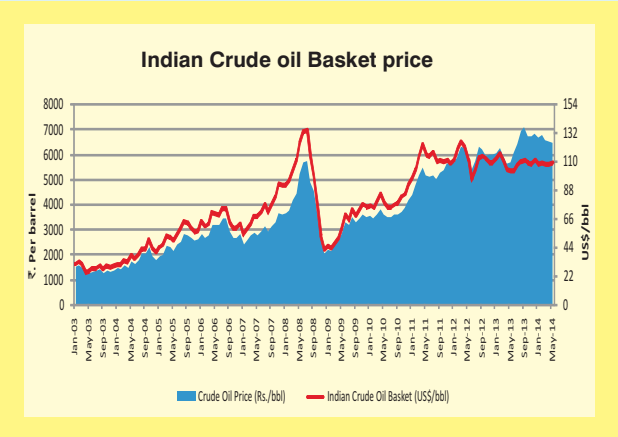
economic growth. However, Motor Spirit or petrol, a major decontrolled product and the primary fuel in the private automobile sector, managed a healthy increment of 8.8 percent in its total volumes over FY'2012-13.

**Import and Export**

Total crude oil import for FY'2013-14 was 189.24 MMT, rising by over 2 percentage points over FY'2012-13's volumes (184.79 MMT). This when combined with total products import of 16.72 MMT (+6.02 percent) and total products exports of 67.86 MMT (+7.01 percent) translates to net import volume of 138.1 MMT for FY' 2013-14.

Over the last five years (FY2008-09 to FY2013-14), product exports have grown from 38.94 MMT to 67.86 MMT (CAGR +11.78 percent) while product imports have come down from 18.59 MMT to 16.72 MMT (CAGR -2.10 percent).

Net import bill for crude oil during FY'2013-14 was ₹8,710.16 billion (US\$ 143.75 billion) against ₹7,846.52 billion (US\$ 144.29 billion) of FY'2012-13 – an increase of 11 percent in terms of the Indian Rupee even as the dollar value of imports registered a



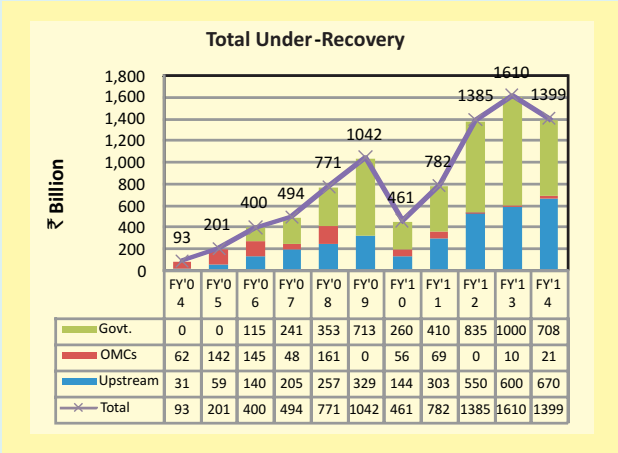
dollar ensured that value of the crude basket actually increased by 8.59 percent in rupee terms – ₹6383.96 in FY'2013-14 against ₹5878.97 in FY'2012-13. In fact, due to the depreciation of rupee value, crude currently, in rupee terms, is trading at a higher level as compared to the highest level of crude prices (in dollars) reached in July 2008 which was US\$ 132.37/bbl.

In 2014, the crude oil prices have edged higher influenced by global geopolitical events, especially in Iraq and Ukraine. The international crude oil price of the Indian basket has averaged above \$ 110 a barrel in the current financial year (till June 2014). Escalation in crude prices does not bode well for an energy-hungry import-dependent country like ours and can seriously compromise the delicate current account balance situation as well as the fiscal balance further.

**Under Recoveries**

The Government imposed price-control mechanism on specific petroleum products – High Speed Diesel (HSD), Liquefied Petroleum gas (LPG) & Superior Kerosene Oil (SKO) - has, over the last decade, resulted in mounting of severe under-recoveries for the OMCs, who retail these products, on non-realisation of Trade/Import Parity prices from their sale. And with the growing consumption of petroleum products in our country, the associated under-recoveries on the sale of the aforementioned sensitive products have grown exponentially– from ₹400 billion in FY'2005-06 under-recoveries has grown to ₹ 1,398.69 billion in the just concluded fiscal year 2013-14. However, what is encouraging is that the under-recoveries figure for last year has actually bucked the general trend with a 13 percent drop over the value for total under-recoveries in FY'2012-13 which was ₹1610.29 billion - this can be construed as the result of the Government's decision to initiate phased-deregulation of diesel, the most consumed fuel in the country, from early 2013.

Furthermore, to mitigate the impact of this on the OMCs, the total under-recoveries are shared primarily amongst the Upstream Companies and the



Government of India (Gol) while a small portion is borne by the OMCs. However, as under-recoveries have risen considerably over the past few years, this under-recoveries sharing mechanism has only managed to dent the profitability and investment outlook of all major public sector oil companies more than cushioning the impact of deficit cashflow on OMCs. In fact, ironically, the burden for sharing the under-recoveries has only increased for the upstream companies in FY'2013-14 compared to the previous year even while total under-recoveries registered a dip– to ₹670 billion (out of ₹1398.69 billion or 47.9 percent of total) in FY'2013-14 from ₹601 billion (out of ₹1,610.29 billion or 37.3 percent of total) in FY'2012-13. The Government's contribution to sharing of under-recoveries for FY'2013-14 was ₹708 billion (or 50.61 percent of total under-recoveries compared to ₹1000 billion and 62.1 percent of the total in FY'2012-13) and OMC's contribution was ₹21 billion (or 1.48percent of total compared to ₹10 billion and 0.64 percent of total in FY'2012-13).

ONGC shared ₹563.84 billion towards the reported under-recoveries of OMCs in FY'2013-14 as per Government of India (Gol) instructions – an increase of 14.1 percent over its share in FY'2012-13 (₹494.21 billion). This translates to 40.31 percent of the total under-recoveries and 84.15 percent of the share for upstream companies.

The average gross price for ONGC's crude oil during FY'2013-14 has been US\$ 106.72/bbl compared to US\$ 110.74 in FY'2012-13, drop of 3.63 percent. However, as per the Government instructions pertaining to the subsidy-sharing mechanism, ONGC offered an effective discount of US\$65.75/bbl (US\$ 62.89/bbl in FY'2012-13) to OMCs on the sale of crude oil. As such, net realized price for every barrel of crude sold in FY'2013-14 for ONGC has been US\$ 40.97, a decrease of 14 percent compared to FY'2012-13 (US\$ 47.85) – a situation where discount offered to OMCs has gone up although the average gross price for a barrel of ONGC crude oil has swung lower compared to the previous year.

**Diesel Price decontrol**

In such a mix of fortunes, the government's persistence with the periodic diesel price hikes with an eye on eventual decontrol of the fuel is highly encouraging. This welcome initiative should provide relief to oil companies in the long run while heralding an era of efficient demand management. A competitive pricing scenario will also increase operational efficiencies and incentivize oil companies to truly leverage the market forces and hone their core competitive strengths.

The initiative has already started easing the burden of under-recoveries, especially diesel under-recoveries, to a significant extent. Under-recovery on diesel was ₹6.52 per litre on April 1, 2013; this has come down to ₹1.62 per litre on June 30, 2014. OMCs, at the end of June 2014, were incurring daily under-recovery of ₹2.49 billion compared to about ₹3.49 billion at the start of April 2013, of on the sale of Diesel, PDS Kerosene and Domestic LPG. In addition to the price hikes, the fact that demand for diesel also decreased in 2013-14, for the first time in 10 years, also contributed to diesel's lower contribution to overall under-recoveries. Minus the price hikes to diesel, the total under-recoveries, otherwise, would have dealt a body blow not only to the financials of oil companies but also the government's plans to salvage the country's fiscal deficit and current account deficit situation. Besides, the hikes also send across the right signals to the global investment and energy community about the country's oil & gas sector which, lately, has suffered from a worrying dearth of external interest.

But, considering the seemingly inter-connected nature of the global oil & gas business, the plans to completely deregulate the fuel is also dependent upon the stability of the global crude prices, to which India's retail fuels are pegged. And there is also the issue of tackling the under-recoveries associated with LPG and SKO, which have until now not been accorded sufficient policy time and bandwidth due to the more pressing demands concerning diesel. However, with results of the diesel price hikes in tow, it is expected that the government will continue to espouse its current temperament on minimizing under-recoveries through effective policy decisions and interventions of the right kind. The management of the Company is in constant dialogue with the Government to reduce the pressure of under-recovery on your Company.

**Revision of Gas Prices**

As an ongoing issue of relevance to the oil & gas sector and the national economy at large, no other subject has raked up as much interest and attracted such widespread participation as the issue of 'gas pricing'. The exercise of the revision of domestic gas prices, which was initiated by the previous government with the expiration of the existing gas pricing policy within sight, under the Rangarajan Committee resulted in the unveiling of a new formula for gas pricing in the

country. The formula that incorporated gas pricing elements of US Henry Hub (for North America), UK's National Balancing Point (for continental Europe) and Japan's Custom Cleared rate (on netback basis) as well as costs of Indian LNG imports under long-term contracts (with removal of charges such as transportation) envisages new gas prices that are representative of current market realities in global gas trade.

The implementation of the new gas price, which was set to come into effect from April 1 2014, however, has been deferred as the new government which assumed power at the Centre is keen on reassessing the legitimacy of the revised gas prices as well the potential ramifications of such a price hike on the other sectors of the economy.

Notwithstanding the final decision on the eventual gas price, a more accommodative gas pricing policy with linkages to open market prices will hugely facilitate the opening up the domestic gas market with build-up of necessary infrastructure. Significantly, it will also incentivize production from new gas finds the development costs of which have steadily increased over the years given that most of the promising finds of recent times, world over, are located in frontier areas. It will attract greater investment and participation from international players for bringing state-of-the-art technology to aid in the endeavours for exploration and development of the domestic gas assets. Such a pricing system can also prepare the industry to move away from the existing multiple pricing regimes before it actually transitions to a completely market-linked uniform pricing regime.

According to a recent report by US-based consultancy IHS, if rates are allowed to increase to \$8.5/mmbtu from the existing rate of \$4.2/mmbtu (for APM gas), as set out in the gas pricing reforms recommended by Rangarajan Committee, an additional output of 1.95 Bcf per day could come in 10 years. Without reforms, at current prices, the production will stagnate at 3 bcf per day and India will need to import around 9.7 bcf per day of LNG to meet demand.

Shale Gas Policy

Buoyed by the amazing unconventional revolution in the US shale industry, India, too, joined a host of countries in its bid to tap the rich unconventional resource base with declaration of the Shale Gas and Oil exploration policy in September 2013. According to US Energy Information Administration, India is estimated to hold as much 96 tcf of recoverable shale gas reserves, equivalent to about 26 years of the country's gas demand. Although potential production from these reserves is still some distance away due to the markedly different set of technologies and expertise that shale oil or gas demands compared to

conventional oil and gas, the policy, nonetheless, marks a strong start to India's quest for unconventional hydrocarbons. The government's policy initially permits your Company and Oil India Ltd to explore shale resources from onland blocks that were allotted to them on a nomination basis before the advent of the New Exploration Licensing Policy in 1999 - under which exploration blocks are offered on a bidding basis. As per available data, six basins have been identified to be the most prospective for shale exploitation - Cambay (in Gujarat), Assam-Arakan (in the North-East), Gondwana (in central India), KG onshore (in Andhra Pradesh), Cauvery onshore and Indo-Gangetic basins.

Keeping in view the country's encouraging potential in shale gas, your company has taken structured initiatives towards shale gas exploration and exploitation. In what can be termed as a positive development in this front for the country's incipient shale gas industry, your Company drilled the first shale well under the Shale pilot project – Jambusar-55, under its shale pilot programme in its Gujarat block (Ankleshwar). Overall, during FY'2013-14, ONGC drilled 7 wells and has, in the process, established the presence of shale gas as well.

Exploration in developed areas and OALP

The government, in a move intended to remove delays associated with processes and permitting that usually hobble the start of promising exploratory opportunities, also formally allowed oil & gas companies to explore oil and gas within the producing fields subject to certain conditions. However, recovery of costs associated with such new exploratory initiatives will be deemed feasible only upon establishment of commerciality of the Mining Lease (ML) area. This essentially means that cost of drilling any well that does not lead to a discovery, or a small find that could not be independently produced, will not be allowed.

This is an important development not just in terms of supplementing current production volumes from the area but also that it enables seamless, continuous and extensive exploration in the area owned by the operator considering the uncertainty and variation associated with geological parameters within a particular area. By allowing cost recovery only upon commerciality it will also preclude not only any possibility of diminishing the government's share of profit due to loading of more costs into cost-recovery calculations but also restrains operators from committing to infructuous expenditures.

Greater exploratory work, that the move aims to foster, will also contribute to augmenting the limited database on the Indian basins. On the matter of limited availability of data for the Indian E&P space, a policy with exclusive emphasis on geo-scientific data

generation for Indian sedimentary basins has been launched which, when realised, would smoothen the switch from the current time-consuming and delay-prone NELP award process to a faster vehicle of awarding blocks such as Open Acreage Licensing Policy (OALP) by offering relevant data to the interested companies to make it convenient for them to submit their bids/interest on fast-track. The creation of the National Data Repository (NDR), under the supervision of DGH, is one of the founding blocks of the intended move towards OALP regime.

Coming back to the approval of additional exploration in current blocks, this initiative is in alignment with the proposed Uniform Licensing Framework for the country's oil & gas industry which aims at the removal of the attendant conflicts and discrepancies arising in the due process of enforcement and execution of separate contractual regimes (such as NELP and CBM blocks with overlapping resources), review of the fiscal frameworks of the current PSC regime and reinstate the government to its more strategic role of ensuring energy security through expeditious development of hydrocarbon resources available in the country instead of having it micro-monitor projects to detect operator profligacy in allocating costs as part of the Cost-recovery model of PSCs.

4. Operational performance

FY'14 saw yet again the improved performance in bringing the planned and anticipated oil & gas volume on the surface. Continuing its dominant position since all those long years, this year too, your Company has been the largest producer of oil and gas in the country (from its domestic operations) contributing 69 per cent of oil and 70 per cent of natural gas production.

Oil & Gas production of ONGC Group, including PSC-JVs and from overseas Assets for FY'14 has been 59.21 MMTon (against 58.71 MMTon during FY'13). The major upsid came from overseas asset at Ajerbaijan and also from resumption of production from Sudan & South Sudan where productions were suspended owing to geopolitical situations.

Out of the total crude oil production of 31.49 MMT, 70.6 per cent production came from the ONGC operated domestic fields, 17.4 per cent from the overseas assets and balance 12 per cent from domestic joint ventures. As far as natural gas production is concerned majority of production (84 per cent) came from ONGC operated domestic fields and of the remaining, 10.4 per cent came from overseas assets and 5.6 per cent from domestic joint ventures.

Oil and gas production profile from domestic as well as overseas assets during last five years are as given below:

Oil and gas production	FY'14	FY'13	FY'12	FY'11	Fy'10
Crude Oil Production (MMT)	31.49	30.47	33.13	34.04	32.95
ONGC	22.25	22.56	23.71	24.42	24.67
ONGC's share in JV	3.75	3.57	3.21	2.86	1.79
OVL	5.49	4.34	6.21	6.76	6.49
Natural Gas Production (BCM)	27.72	28.25	28.05	28.01	27.98
ONGC	2.87	23.55	23.32	23.09	23.11
ONGC's share in JV	1.56	1.78	2.19	2.23	2.49
OVL	23.29	2.92	2.54	2.69	2.38

Proved reserves

During the year, your Company made 14 oil and gas discoveries in domestic fields (operated by ONGC). Out of 14, 7 discoveries are there in Offshore area and 7 in Onshore area. 06 discoveries were made in the new prospects whereas 08 were new pool

discoveries. Four discoveries were made in NELP blocks and ten in the nomination blocks. Out of the discoveries made this year, 2 discoveries are oil bearing, 9 discoveries are gas bearing and 3 discoveries are both oil & gas bearing. Position of proved reserves of your company is as below:

Proved Reserves (MMTon)	FY'14	FY'13	FY'12	FY'11	Fy'10
Estimated Net Proved O+OEG Reserves	961.91	968.81	963.86	961.27	962.90
ONGC	724.13	741.00	737.36	723.56	737.31
JV share	30.65	31.39	33.12	34.80	39.60
OVL	207.13	196.42	193.38	202.91	185.99



5. Financial performance: ONGC (Standalone)

	(₹ Million)		
Particulars	FY'14	FY'13	% Increase/ (Decrease)
<b>Revenue:</b>			
Crude Oil	525,734	533,269	(1.41)
Natural Gas	183,291	165,400	10.82
Value Added Products	125,672	127,046	(1.08)
Other Operating revenue	7,331	7,375	(0.60)
<b>Total Revenue from Operations:</b>	<b>842,028</b>	<b>833,090</b>	<b>1.07</b>
Other Income	67,132	54,367	23.48
EBIDTA	433,582	389,455	11.33
PBT	324,319	305,443	6.18
<b>PAT</b>	<b>220,948</b>	<b>209,257</b>	<b>5.59</b>
EPS	25.83	24.46	5.60
Dividend per share	9.50	9.50	NIL
Net Worth	1,356,311	1,229,674	10.30
% Return on net worth	16.29	17.02	(4.29)
Capital Employed	1,094,412	1,017,636	7.54
% Return on capital employed	39.62	38.27	3.53
Capital Expenditure	324,695	295,079	10.03

ONGC Group

Particulars	FY'14	FY'13	% Increase/ (Decrease)
<b>Revenue:</b>			
Crude Oil	654,451	621,576	5.29
Natural Gas	194,172	174,558	11.24
Value Added Products	921,107	852,983	7.98
Other Operating revenue	12,321	9,365	31.56
<b>Total Revenue from Operations:</b>	<b>1,782,051</b>	<b>1,658,482</b>	<b>7.45</b>
Other Income	68,937	54,907	25.55
EBIDTA	566,186	489,892	15.57
PBT	394,134	367,421	7.27
<b>PAT</b>	<b>265,065</b>	<b>242,196</b>	<b>9.44</b>
EPS	30.98	28.31	9.43
Net Worth	1,710,550	1,510,417	13.25
% Return on net worth	15.50	16.04	(3.36)
Capital Employed	1,447,992	1,183,203	22.38
% Return on capital employed	39.10	41.40	(5.55)

6. Opportunities & Threats

Despite the intensifying scramble for resources globally, there still exists a vast spread of opportunities for oil and gas players to tap into in the inter-connected arena of world energy. And Indian oil & gas Companies, including your Company, is an active participant in this exciting landscape.

Energy being the prime mover of the economy in every part of the world, making that energy accessible to every citizen of the world at affordable prices, in requisite quantities and acceptable quality for ensuring their prosperity, development and well-being is a big challenge. This presents a big opportunity to all the players involved with this industry.

With a projected increase in primary energy demand by 41% between 2012 and 2035, the opportunity available can well be understood by all the stakeholders (Source: IEA database). The task is huge for Indian companies and even moresignificant for your company, ONGC being the flagship company of this highly strategic and nationally critical sector.

India being the 4<sup>th</sup> largest consumer of energy at present after USA, China & Japan is projected to overtake Japan and occupy the third slot in the very near future given recent trends of India's energy demand growth. The country will require an additional 271 MMT of oil and 97 MMT of gas per annum by 2030 (as per IEA estimates) if it wishes to have an average GDP growth rate of 4.6% between 2000 to 2030, the period in which energy consumption requirement is expected to increase @ 3.5% per annum. This huge demand-supply gap offers an enormous opportunity for all the stakeholders in the energy sector in India, particularly to your Company.

BP Energy Outlook 2035, in its January 2014 edition, also brought out the same urgency of demand that the world, including India, is expected to face in the coming years. Interestingly, the energy matrix will continue to be dominated by fossil fuels in distant future, giving the business of hydrocarbons an ample boost and enormous opportunities. In the 2035 outlook, coal, oil & natural gas together will account for 81% share (each having around 27% share) as compared to 87% combined share in 2013.

Giving further fillip to the oil and gas opportunities, global liquid demand (including crude oil, bio-fuels & other liquids) is expected to rise substantially by 19 mbpd to reach 109 mbpd by 2035, with largest demand growth coming from rapidly growing non-OECD economies like China, India & Middle East accounting for nearly all the net global increase in liquid demand.

The same is true with natural gas which is expected to grow the fastest among the fossil fuels @1.9% per annum as compared to growth in oil which stands at 0.8% per annum during the same period of 2012-2035. Once again, the huge demand in natural gas is expected to come from non-OECD economies like India & China.

The facts given above augur well for the oil and gas industry given their critical role in steering the economy forward. Add to this, newer technologies and innovations have made it possible to scale the inaccessible, hard to visualize, geologically complex and challenging frontiers like Deep & ultra-deep-waters, Arctic and the unconventional – such developments definitely fit well within the optimistic outlook for the industry in the long term.

Providing greater substance to the opportunity is the fact that E&P industry continues to offer relatively high return. Over the last five years, the industry has witnessed returns from frontier exploration @13%, from mature fields @ 16% and from emerging basins @15%. Adding to these good returns is the fact that though world remains oversupplied with liquids, oil

prices remain range-bound – US\$ 110-100/bbl thereby amply reflecting that oil prices are not governed by supply-demand equation. The acceptance of high oil price regime, even by developing nations which rely mostly on imports, provides a major push for this trend.

This good price realisation is pushing all major players for recasting their portfolio with substantial portion of core E&P reserves and acreages. As a matter of fact, "Value over Volume" has emerged as the new mantra for E&P industries wherein now they are adjusting their course after the steady march undertaken in last few years towards high-impact frontiers. These high-impact frontiers continued to remain a threat in the sense that break evens for new projects remains very high. Around 1/3rd of new oil projects (~3.5 mbpd) need break-even of US\$ 60-80/bbl. However, some analysts believe that crude oil price may decrease to a level of US\$80-90/bbl.

In low oil price regime new oil projects may be vulnerable. So this shift in paradigm is happening with all major players in the world. This adjustment in portfolio has come due to the pressure from the investors chasing economic recovery which want to see upstream companies return more cash to shareholders. (Source: Wood Mackenzie)

In this emerging backdrop, industry will see upstream operators focusing on harvesting value from recent discoveries and acquisitions through more efficient operations and the application of new technologies. Oil & Gas companies that have acquired large-acreage positions are now focused on optimizing production, streamlining operations and maximizing the return on their assets. Natural gas prices have also firmed over the past year, giving potential sellers incentive to hold on to their assets and focus on production.

Having said so, fossil fuels are expected to face good threat from renewable in medium to long term. Renewables percentage in total energy supply continues to rise growing at the rate of 6.4 % per annum thereby registering a share of 7% by 2035 as compared to around 2% today. Nuclear energy will keep growing @ 1.9% per annum and hydro-electric growing @ 1.8% per annum. All these taken together (39%) will be responsible for much larger contributor of growth during 2025-35 periods as compared to those from liquid or natural gas. As in longer run, this higher percentage of renewable, owing to continued greener push, offers a good threat to fossil fuel based industries like that of ours.

One discerning threat is coming from the emerging trend wherein the power sector in certain South-East Asian countries is shifting away from gas to coal to cut costs to meet soaring electricity needs largely due to the huge price differential between coal and LNG favouring coal for generating power -one megawatt of LNG-fired power is currently around twice as expensive as coal-fired power in Asia, according to the IEA. Power generation capacity in Southeast Asia is set to rise by 50 per cent during the current decade, of

which more than half may be coal-fired and only about a quarter may be gas-fired.

The other engaging factor in recent times, for all importing nations including India, has been the threat arising out of resource nationalism in reserve-rich nations at the same time geopolitics across the globe has taken a disturbing dimension. Oil diplomacy will continue to be a key determinant for oil markets dynamics.

Though good hydrocarbon assets have been located in East Coast Africa and Latin America, clarity on key issues of energy policies, fiscal and regulatory regimes are yet to evolve there hampering the investments besides the rise of soft resource nationalism that is slowly gathering enough momentum to come in the way of getting concessionaire in host nations and this continue to remain a threat.

Industry is facing substantial threat because of low-volume discoveries in recent times despite huge spends on conventional exploration & appraisal, around a record figure of US\$94 billion as per one study conducted by Wood Mackenzie. Further, among the limited discoveries being made, it is only the deep-water discoveries that carry reserves of the magnitude that merit commercial consideration. But, in the absence of technology and innovations at remunerative prices, converting these deep-water reserves into production remains a challenge.

Sub-Sahara Africa turned out to be the dominant region recording 39% of the new resources discovered in the region during 2013. Mozambique again tops the list in terms of resource additions, followed by Egypt, Nigeria, Angola and Tanzania. Monetizing reserves found there still hangs in balance owing to not so supportive policies and regulations.

Further, though LNG offers big opportunity, huge capacity augmentation that is planned and is coming on stream, with Asia-Pacific (Australia), leading the way is rather an area of concern. The concern is that LNG capacity may overshoot the demand and prices of LNG may witness strain if unconventional volumes rises up and climbs the energy chart. On study points out that by 2030 LNG capacity of 663 MMTPA may be on stream was LNG demand is likely to remain at 468 MMTPA; a surplus capacity of 195 MMTPA. This surplus capacity will rather start from the beginning of 2020 where Industry will have surplus capacity of over 128 MMTPA after meeting the expected demand of 353 MMTPA in 2020. This may not augur well for new LNG projects which require huge capital investment and commensurate returns.

Talking specifically for India, huge potential still lies with Indian oil and gas explorers and producers. With more than 28 billion tonnes of prognosticated reserves, Indian sedimentary basins have good potential. However, with 12% areas still unexplored and 22% areas which are poorly explored, huge pools of prognosticated resources are waiting to be converted into in-place volume.

In India, only 7 basins are producing (out of 26) and exploration is yet to be initiated in 11 basins. This provides a huge opportunity for all explorers, like your Company, to convert these remaining basins into a producible proposition.

On production front, so far our recovery factor has been quite low (around 30% or so on average) as compared to matured fields of similar vintage having recovery factor around 45% plus. This offers a huge opportunity as a lot of oil is still left in those reservoirs. ONGC is increasingly pursuing the agenda of improving recovery factor through technology and capital intensive interventions, and aims to increase recovery factor to 40% by 2020. World over, existing assets are getting a new life. Majority of global oil production comes from matured fields; but, the question remains how much we can invest to extract that marginal barrel of oil from the existing assets. Development of new, specific and affordable technology is steering this dynamism further forward.

Unconventional like shale gas continues to provide good opportunity as many nations are pursuing active programs to replicate shale gas successes of USA. In fact, 2014 and 2015 are expected to be the most active years for international shale drilling. Though it may be difficult to replicate similar success in other geographies owing to a host of regulatory and environmental regulations but it is not impossible and future may see some more big successes. Hence, a big opportunity is waiting to be unlocked.

## 7. Risks and Concerns

New risks and concerns emerged in the industry during the year and this has going to have wide ramifications for the industry players; putting them on uncomfortable propositions in years to come.

Leading the new risks and concern is the lack of securing talent ahead of an expected wave of retirements. By 2020, significant crew change is expected in Indian oil & gas sector. ONGC has also been witnessing a large number of retirements over the last few years and significant numbers will be retiring in next 3-4 years. And this phenomenon is being witnessed worldwide. In USA, as per U.S. Department of Labour estimates, 50% of the oil and gas industry's workforce will be eligible for retirement within the next five to ten years. This will lead to industry facing a shrinking pool of talents who have expertise in the area, which in turn is leading to widening of the knowledge gap between new employees and experienced industry leaders. This knowledge gap may affect the efficiency, efficacy and deliverability for the company.

The fall out of this will be that there will be mad rush for hiring of expert & skilled talents which will lead to upward pressure on wages and hence affecting the profit margins of the company. Handling this big "shift change" keeping margins in profitable limits will continue to remain a big area of concern. Though it is very difficult to replace such a huge pool of experience, your Company has taken it as a challenge and has been taking all-out efforts to address the

situation through redeployment of its manpower and also through induction of sizeable number of young executives and training them to take future positions.

The other important concern and risk emerged off-late is the threat arising out of the cyber-security. Last few years have seen many a sabotages in many a companies across the world on the back of cyber threats like hacking or making operations standstill. With such a huge network in which oil & gas companies are operating and with such a wide and open technology supply chain involving so many players and without much of the checks & balances w.r.t their credentials & intentions, threat of cyber risk and hence the cyber-sabotage through hacking etc., is quite high.

Digitisation becoming order of the day in the industry to improve upon efficiency, managing this cyber risk has not only become imperative but costly too. Normally, companies opt for one-size-fits-all approach but in practicality it requires shoes of many a sizes to keep check on varied vulnerabilities that come with varied business processes. Another concern area here will be how to synergise cyber-check measures with the prevailing governmental regulations and with the company's expected profitability. Though India so far has been immune from such threat, one cannot rule out it being a big area of concern in the era of huge digitisation & automation.

Building upon regulatory confidence continues to be a big area of concern. Despite the failed (no breakthrough) Copenhagen summit of 2009, Climate change, Green initiatives, sustainability, environmental issues continue to remain a big area of concern and a big risk as well in fetching good enough investment to explore and operate. In some cases, these are coming in a big way for survival of the industry. BP Deepwater Horizon oil spill in the Gulf of Mexico has rather turned out to be great game changer leading to enforcing tighter safety and environmental guidelines which then requires huge investments and hence a pinch on profit margins.

Adding to our concern is the health, safety and environmental issues arising out of matured fields operation which poses significantly good risk and complex operational challenges. The frontier areas like deep-water and ultra-deep-water have its own risks and concerns because of extreme weather conditions like hurricanes and tropical storms and challenging logistics. Following the regulations and statutory stipulations in place and ensuring a hundred percent compliance is turning out to be very costly propositions thereby slowing down the expansion plans of several oil and gas players, with your company not an exception.

Though the world appears to be committed towards greener options of energy, the cost and affordability in terms of grid-price parity will continue to be areas of concern as no path-breaking technologies that offer mass-solution appear in the pipeline. Though a lot of research and development are underway, their applicability and commercial success will continue to

be an area of concern. 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 situations cannot be totally eliminated. In the event of any such unfortunate events the risk of significant liabilities increases manifold. However, ONGC has implemented improved OISD Standards to improve contingency combat capabilities. ONGC offshore assets have been rated under 'acceptable risk' by international underwriters, enabling a lower-than-peer insurance premium for these assets.

Accreting good quality reserves has turned out to be a major area of concern. Rather, industry has now entered in such a phase where reserves are harder to find as these are now left out to find only in challenging areas like Arctic or in other ecologically sensitive areas having a number of environmental issues. Adding to the concern are the myriad political interventions, constraining regulations, unstable fiscal & regulatory regimes & inadequate or half-cooked energy policies in new reserve destination countries. Besides, the huge competition now-a-days is being witnessed for proven conventional reserves.

Acknowledging these hard facts, nevertheless, your company has intensified its exploratory efforts in challenging areas and is also pursuing emerging opportunities in identified plays particularly High Pressure/High Temperature (HP/HT) plays. Improving seismic imaging and reservoir characterization remains a challenge particularly for the deep-water, ultra deep-water, basement plays and HP/HT reservoirs and subtle traps. As such, viable price realisation is central to economic success of exploration and development in these areas. Economic viability of the small to medium sized discoveries, which have become almost the trend of the new discoveries made in the Indian basins, remains a concern.

Financing Upstream E&P pursuits is turning out to be good hindrance now-a-days owing to a host of factors, both globally as well as in India. For the industry, as of now, stiff competition is being witnessed as far as financing of new projects and completing megaprojects that is taking out huge annual cash flows, is concerned. Adding to the many factors that influence investment decisions in oil & gas projects is the uncertain government and regulatory landscape which might come in the way of maximizing the investments made by the financiers.

Capital investments in upstream E&P are remaining more or less flat though it is seeing good upward trend in downstream & midstream sectors. For your company too, financing its new projects, particularly in matured fields to get remaining oil and in new & marginal fields and also in deep-water areas, is turning out to be a big task. These pursuits are technology driven, cost intensive and fraught with certain uncertainty as well. A good remunerative pricing regime and a stable fiscal regime is a must to exploit these potentials and finance these big projects.



Returns on investment remain an abiding concerns; particularly adhoc under recovery sharing mechanism. Increasing under-recovery, reducing net realization and increasing cost of production for crude oil remain the biggest stumbling blocks on the road to an equitable and transparent regime, much necessary in a risk-prone industry. The depreciation of the Rupee is a current concern of the Company as it increases the quantum of under-recoveries and may lead to higher share of under-recoveries for your Company. Furthermore, 'uncertainty' is an industry characteristic in the global oil market and it is an area that your Company closely tracks gauge well any possible ramifications on the business on account of market events and trends.

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. Further, overlapping of CBM blocks with the mining blocks remain a concern. Your Company is waiting for the award of mining lease (ML) for its UCG pilot project in 'Vastan block' for the last three years. As such, policy framework for exploration and exploitation of new sources of energy remains a concern and it is affecting ONGC's endeavours for unconventional sources.

## 8. Outlook

### a. Exploration acreage & mining Lease

Your Company holds the largest exploration acreage in India as an operator. Despite deregulation and increasing private participation, your Company is still the largest exploration acreage and mining lease holder in India.

As on 1st July 2014, your Company has 12 nomination blocks and is presently operating 56 NELP blocks covering a total area of 200,370 Sq. Km. Besides that ONGC 2 Pre-NELP blocks covering an area of 1,996 Sq.Km has and 4 CBM blocks covering an area of 875 Sq.Km. In addition, ONGC has participative interest in 10 NELP blocks awarded under various NELP rounds wherein other consortia partners are the operator.

ONGC holds 337 Mining Leases (MLs); covering an area of 55,673 Sq.Km. Out of these 337 PML, total 223 PMLs (40,781.53 Sq.Km) have been granted; 103 PMLs (13,074 Sq.Km) have been approved by Gol and are awaiting grant from State Governments; 1 PML (172.24 Sq.Km) has been recommended by DGH for approval of Government of India and 10 PMLs (646 Sq.Km.) are under consideration with DGH for recommendation/grant.

### b. Exploration

During the year, your Company made 14 oil and gas discoveries in domestic fields (operated by ONGC). In addition to these discoveries, 25 more exploratory wells drilled for delineation/appraisal of known pays in existing fields were found to be hydrocarbon bearing and have resulted in field

growth. Out of 7 on-land discoveries made during 2013-14, four discoveries (Gandhar-686, Sobhasan-300, Nandasan-111 & Geddanapalli-3) have already been put on production and efforts are on for bringing the other discoveries on production as early as possible. Five discoveries in NELP blocks (one in onland and four in offshore) are governed by the PSC guidelines and appraisal/development activities will be taken up keeping in view the time lines of the respective blocks.

### c. Deep-water exploration

As on 31st March 2014, your company is holding 18 deep-water blocks in India in water depth ranging from 400 meters to 3,200 meters both at East Coast and at West Coast. Out of these 18 blocks, 14 blocks are from NELP (1-VIII) regime and 4 blocks are from Nomination blocks. Besides this, your company also holds 2 deep-water blocks in PML area. These 18 deep-water blocks represents 67% of the total exploration area which your company has in its fold.

Pursuing these efforts, your company since inception (till 31st March 2014), has drilled a total of 121 deep water exploratory wells (108 exploratory wells in Eastern Offshore deep-waters and 13 exploratory wells in Western offshore deep-waters). In FY'14 alone, your company has drilled 9 deep water wells: 1 in Kerala-Konkan; 6 wells in KG and 2 wells in Mahanadi deep water areas. All these efforts led to your company making 24 deep-water discoveries, all in Eastern Offshore deep-water fields. Out of these 24 deep-water discoveries, 17 discoveries are in Krishna-Godavari deep-waters, 5 in Mahanadi deep-waters and 2 are in Andaman deep-water basins. The fiscal further saw your company completing and successfully putting on production its first deep water sub-sea well G1-11 in Eastern Offshore through an Early Production System (EPS).

### d. Development of new fields

At present (as on July 01, 2014) your Company is developing 33 new fields through 11 projects with an estimated investment of ` 362.85 billion. G-1 & GS-15 fields, off Eastern offshore, are being developed in an integrated manner. Production from both the fields GS-15 & G-1 has already commenced. During FY'14, your Company completed three projects i.e., development of North Tapti, Development of BHE and Development of SB-14. In addition, development of B-46 was completed during May 2014; thus, monetizing 8 new fields. Production from the fields under projects B-22 Cluster, B-46 Cluster, C-Series, North Tapti and additional development of N.B.Prasad (D-1) field has already commenced. Four out of eleven projects are expected to be completed this year and the remaining six in FY'16 and one (development of Vasistha (VA) and S-1 fields) in FY'17.

Considering the potential of C-23, C-26 and B-12 fields (Daman project) ONGC revisited the development schedule of the project and prioritized it to put the field on stream three years earlier than scheduled and now it is expected to come on stream by 2015-16.

### e. IOR/EOR and Redevelopment projects

More than 70 per cent of ONGC's domestic production coming from 15 major fields which are of vintage of 25 to 50 years. Technology intensive Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) through Redevelopment schemes have been adopted for these 15 major fields since 2000 with the objective to maintain production levels and improve recovery factor.

By the end of FY'14, 19 out of 24 IOR/EOR and redevelopment projects have been completed. During FY'14 IOR/EOR projects contributed an incremental oil gain of 7.52 MMT. Cumulative incremental gain so far (till FY'14) has been 87.46 MMT against the envisaged cumulative gain of 170 MMT over the life cycle of these projects. As of March 31, 2014 your Company has invested ` 332.32 billion in these schemes against planned investment of ₹ 413.16 billion.

Buoyed by the success of Mumbai High Redevelopment plans, ONGC has adopted a policy of rolling redevelopment scheme for the major fields. Under this, Mumbai high field itself is planned to undergo third phase of redevelopment. Besides that, continuous efforts in the areas of MEOR (Microbial Enhanced Oil Recovery) application in high temperature reservoirs, development of reservoir specific and crude oil specific thermophilic, anaerobic bacterial culture bank for enhanced oil recovery, exploitation of basement reservoirs, exploitation of tight plays, cyclic steam stimulation to strengthen In-situ combustion process, MEOR flooding, etc., are being made towards improving the recovery factor significantly.

### f. Infrastructure creation

Acknowledging the significance of its existing infrastructure and production pursuits, your company is also investing towards improving the integrity of existing facilities and creating new facilities as well to handle additional production volumes. At present your company is implementing 21 projects with an investment of ₹ 223.91 billion.

### g. Unconventional & alternate sources of energy

Results of recent exploration activities clearly shows that even well explored basins have provided unexpected positive surprises. Among these are HP-HT/Deeper plays and Basement Plays. ONGC plans to continue its endeavour for exploration of Unconventional & other resources like CBM, HP/HT, Fractured Basement plays etc.

### i. Exploration of shale plays

Your Company has the distinction of establishing the first flow of shale gas in the country in Durgapur. ONGC is planning to explore for shale gas in the identified basins such as - Cambay, Krishna-Godavari, Cauvery and Bengal basins.

During the year 2013-14, Government of India notified New Shale Gas Policy for the NOCs on 14.10.2013 according to it, ONGC and OIL to initiate the shale gas and oil exploration activities in their nomination blocks in phased manner. ONGC has identified 50 nomination blocks. Out of the 50 blocks identified in these basins, 28 blocks are in Cambay basin, 10 in KG basin, 9 in Cauvery basin and 3 in Assam Shelf.

Following the notification of the policy, your company drilled its first pilot Shale gas well JMSGa(DD-3305 m) in Cambay basin. Extensive coring (139 m) was carried out in this well and studies on cores and analysis of wire-line logs are in progress which will help in assessing the shale gas and oil potential of Cambay Shale, main source rock in the basin. Identification of prospective shale gas blocks in different basins has been completed and ONGC plans to take up shale gas activities proactively in these basins. Similar pilot wells around 20 are planned to be drilled in Cambay, KG, Cauvery and A&AA basins in 2014-15.

### ii. Coal Bed Methane (CBM)

Your Company has taken concrete steps to discover Coal Bed Methane (CBM) in the country and currently operating in four CBM Blocks i.e., Jharia, Bokaro, North Karanpura and Raniganj. The Development Plans for all the four blocks has been submitted and approved by the Steering Committees. Nearly 400 wells and 2,000 hydro-fracturing jobs have to be carried out in the coming 4-5 years as per timelines of the CBM Contract. In view of the mammoth and time bound task, ONGC has decided to farm-in experienced partners to execute the operations, process for which is in advanced stage.

### iii. Underground Coal Gasification (UCG)

ONGC has selected Vastan Mine block in Surat district, Gujarat for UCG Pilot project. All the ground work and inputs for pilot construction have been finalized for implementation of UCG pilot at Vastan. Gazette notification from Gol for UCG block allocation in the form of Notice Inviting Application (NIA) had been issued on July 29, 2013. The Mining Lease for the block is awaited. The Pilot construction and erection of surface facilities shall be taken up only after the allocation of the Vastan Mine block.

In order to make a dent on the energy front through use of UCG Technology, a number of sites were jointly identified by ONGC & Neyveli Lignite Corporation Limited (NLC) for studying their suitability to UCG. These are Tadkeshwar in

Gujarat and Hodu-Sindhari & East Kurla in Rajasthan. One more site was jointly identified by ONGC & GMDC viz. Surkha in Bhavnagar district, Gujarat. The data of all the fields have already been analysed for evaluating the suitability of these sites for UCG and all the sites have been found suitable for UCG.

#### h. Other exploration initiatives

##### i. HP-HT/Tight/Deeper plays

ONGC has prioritized HP-HT/Tight/Deeper plays in KG onland and shallow water offshore, Cauvery onland and AAFB areas. Good potential has already been established in Bhuvnagiri, Malleswaram, Periyakudi, Kottalanka, Bantimulli South, Yanam shallow offshore, GS-OSN-2004 and G-4-6. All these fields are expected to have large growth components to be established and vast potential area remains unexplored.

Your Company has hired services of M/S Blade Energy Partners, USA to study the six discovered HP-HT/Tight Reservoir Fields. The study includes G&G, Petrophysics drilling, testing, hydro-fracturing and completion of HP-HT wells.

##### ii. Basement Exploration

In India, there is established hydrocarbon potential in Basement in Western Offshore (Archean Basement, Deccan Basalt). In the east Borholla-Champang field are well known basement producers. Commercial presence of hydrocarbons has been established in prospects like Padra, Karjan, Halisa, Chadra and Mansa in Cambay basin. Hydrocarbon occurrences in basement in Mattur, Pundi, Vadatheru and Pondichery Offshore, and recent commercial discoveries around Mandam and Portonova highs have rejuvenated exploration thrusts on Basement exploration.

Future plan of action with regard to Basement exploration work to be extended in the known occurrences of Basement. This would cover Mumbai High, Heera, Neelam, Bassein and North Tapti areas of Western Offshore, Padra, Mansa, Chadra areas of Western Onshore, Mandam and Pandanallur and surrounding areas in Cauvery Basin. The basement would be probed for deeper accumulations.

##### i. Unconventional & alternate sources of energy

Your Company has taken step to evaluate various forms of energy to fulfil the country's growing energy needs. ONGC, through ONGC Energy Center (OEC), a trust setup by ONGC is actively pursuing alternate energy opportunities. Some of the significant initiatives in developing alternate sources of energy are:

##### i. Generation of Hydrogen through Thermochemical Processes:

OEC is working on development of high temperature thermochemical processes for decomposition of water, utilizing waste nuclear and/or solar heat. The initial design and fabrication

of indigenous reactor has been completed. The complete close loop process is likely to be demonstrated by August, 2014.

##### ii. Geothermal Power Project in Cambay Basin

OEC has contemplated a pilot scale Geothermal collaborative Pilot Project in Cambay Basin, Western India with M/s. Talboom, Belgium (as technology partner). The subsurface heat modelling has estimated high geothermal gradient. The initial result of the modelling has also estimated about 2.1 MWe geothermal power generation capacity can be set up in Phase-I. OEC has started preliminary work to evaluate feasibility of geothermal power generation using single well with a view to utilize abandoned / non-flowing high temperature wells.

##### iii. Kinetic Hydro Power Project

ONGC Energy Center has entered into an agreement with M/S Natural Power Concepts (NPC), Hawaii, USA for the project on Kinetic Hydro Power Generation in Rivers/Water Channels/Tail races of Dams. Floating turbines can be used to harness the kinetic energy of flowing streams or tail race of existing dams to generate electricity.

##### iv. Bioconversion of Coal to Methane Project

OEC had taken the initiative to undertake research on development of biotechnological process for conversion of lignite/coal to methane gas and produce humic acid as a by-product which can act as a soil nutrient. A collaborative project with IIT Kharagpur to generate methane and humic acid from lignite in surface conditions as well as in-situ is recently concluded.

##### v. Uranium Exploration Project

ONGC Energy Center is currently engaged in an exploration program for identification of uranium prospects, suitable for exploitation by "In Situ Leaching" (ISL) in collaboration with Atomic Minerals Directorate for Exploration and Research (AMD). OEC has initially identified four regions, with the presence of Uranium. ONGC has successfully completed 10 parametric wells in Cauvery and KG basins at identified locations for confirmations of the presence of Uranium.

During 2013-14 OEC started a project to drill 7 parametric wells in Suket region in Rajasthan. Five wells were completed during the year. Initial results indicate Uranium concentration.

##### j. Non-E&P Business

##### i. Refining

Mangalore Refinery and Petrochemicals Ltd (MRPL), subsidiary of your Company, commissioned its SPM (Single Point Mooring) facility (in August 2013), Delayed Coker Unit, Coker Hydro Treater Unit and one SRU (Sulfur Recovery Unit) unit in April/May 2013. Commissioning of PFCC (Petro Fluid Catalytic Cracking) is in advanced stage and is expected to be commissioned by July 2014.

Polypropylene unit is expected to be commissioned subsequently. Total capital expenditure incurred for expansion project so far has been ₹117.43 billion. With this capacity will enhance to 15MMTPA. MRPL is further considering upgrading capacity to 18 MMTPA.

##### 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 Jan 2015 and December 2014 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. On August 23, 2013, your Company signed a Product Sale Agreements with OPaL for supply of feed-stocks (expected from Q2 2014-15).

##### 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 commercial operation of first unit (363.3 MW) commenced from 4th Jan 2014 and second unit is expected to be commissioned by October 2014.

##### iv. Nuclear power plant

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

##### v. Gas & LNG

ONGC along with Mitsui and BPCL is considering setting up a 2.5 MMTPA LNG regasification terminal (expandable to 5 MMTPA) at Mangalore and is aiming to source LNG from Mozambique. Your Company has signed an MOU with BPCL for CGD (City Gas Distribution) and aims for organic growth. Your Company is also pursuing Greenfield or Brownfield opportunities for participation in LNG value chain projects in several countries like - Mozambique, Russia, Canada, USA, Papua New Guinea etc.

##### vi. Fertilizer

Your Company has signed a Memorandum of Understanding (MoU) with M/s Chambal Fertilizers and Chemicals Ltd (CFCL) and the Government of Tripura for setting up a 1.3 MMTPA capacity urea fertilizer plant in Tripura which aims to monetize recent gas discovery in Tripura.

##### 9. Internal Control Systems

Energy business, particularly oil & gas, has always been a very dynamic business, not just because of its fundamental economic and strategic significance to the nations of the world but also because of the high-

risk nature of the business. The business is challenged by uncertainties, geological surprises, volatile markets and number of external factors like – geo-political uncertainties, fiscal & regulatory regime, etc.

In such scenario, where the uncertainties are the rule, it becomes imperative to have a balanced portfolio. Keeping these in view, your Company adopted the vision to grow as an integrated global energy company. Exploration and production of oil and gas remains the core business of your Company; however, keeping in view the business imperatives, ONGC has meaningfully integrated itself in the hydrocarbon value chain. Now the portfolio of your Company (including overseas assets) is large, diversified and assuring.

To manage this large portfolio, your Company has institutionalized robust internal control systems to continuously monitor critical businesses, functions and operations; particularly field operations.

The top management of your Company monitors and reviews the various activities on continuous basis. A set of standardised procedures and guidelines have been issued for all the facets of activities to ensure that best practices are adopted even up to ground level. Performance of every business unit is monitored by the respective directorates for suitable corrective measures, if any, in time.

Your Company has a dedicated Performance Management and Benchmarking Group (PMBG) which monitors the performance of each business unit against the Key Performance Indicators (KPIs) defined in the Performance Contracts between the top management and the Key Executives. These performance contracts are aligned to the goals and objectives of the organization.

Occupational health, safety and environmental protection are the adopted motto of your Company. Achieving highest standards in these areas remains a priority objective for your Company. Internal and external audits have been institutionalised and are conducted on a continuous basis to ensure compliance to various industry norms and benchmarks.

Your Company has dedicated Internal Audit (IA) group which carries out audits in-house. At the same time, based on requirement, specialized agencies are engaged to carry out audit in the identified areas. Statutory auditors are appointed by Comptroller and Auditor General (CAG) of India for fixed tenures. Audit, Ethics and Financial Management committee of the Board oversees the functioning of Internal Audit and control systems.

Third party safety 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. The system further ensures that financial and other records are fact-based and reliable for preparing the financial statements.

#### 10. Human Resource Development

As on April 1st 2014, a total of 33,988 ONGCians are engaged in realizing your company's vision, mission and objective of securing for the country, year after year, the much needed volumes of oil & gas, as the energy soldiers of the country to steer its developmental and growth goals.

The workforce intake strategy pursued by your Company 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 technology, physically challenging work environment, fluctuating product prices and growing competition. Your Company has in place a scientific manpower induction plan aligned to the business plans as well factoring the manpower profile of the Company.

During the year, HR ensured that adequate numbers with requisite skills-sets were inducted to meet the requirements of the Company as well as replenish the manpower loss on account of high superannuation. Understanding that Skill up-gradation is a very vital component for driving excellence through its Human Resource pool, ONGC has branded the spectrum of its training activities as 'EXPONENT', a comprehensive programme which is nurturing the energy leaders of tomorrow.

Your company believes that continuous development of its human resource fosters engagement and drive competitive advantage. Towards that end, during the year, your Company conducted Business Games to hone the business acumen of its executives. Your Company also conducted the Assessment Development Centre (ADC) for approximately 300 DGM level executives and provided them developmental inputs. Your Company has partnered with global HR consulting firms to create a pool of accredited mentors in the organization. These mentors will support organization's effort to hone young minds to successfully respond to the emerging business needs of your Company. Further to this, on continued basis, Training Institutes of your company have organized training in all dimensions - Technical as well as non-technical and Managerial that is relevant to Petroleum Industry. As a Global player, it is imperative to benchmark our strengths with the world's best. To achieve this company has organized many

International Certification Programs benchmarked to global standards.

Keeping the morale and motivation of our esteemed workforce is continued to be the prime focus of your company. And towards this, your company is providing them (inclusive of their family members) the industry-best comprehensive & inclusive employee welfare benefits in the areas of medical care, education, housing, and social security, suitably revising the terms of engagements thereby keeping benefits abreast with changing business environment and changing times.

Continuing its best maintained tradition of pursuing operations & field/office activities through best of Industrial Relations on Pan-India Pan-Organisation basis, this year also your company did exceedingly well and reported "no" man-days loss due to internal industrial actions. Some of the in-built employer-employee relationship mechanism has helped your company in maintaining the harmony throughout the organisation.

The endeavours of your Company, towards Human Resource development, are well recognized in the industry. This year also, your company has been bestowed with the "Most Attractive Employer" in the energy sector in India, Award instituted by Ma Foi Randstad, in acknowledgement of its sustained efforts to encourage best practices and of building the "Employer Brand".

#### 11. Corporate Governance

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

#### 12. Corporate Social Responsibility (CSR)

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

#### 13. Cautionary Statement

Statements in the Management Discussion and Analysis and Directors Report describing the Company's strengths, strategies, 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.

Your company is cognizant of the potential benefits of unlocking the 'unconventional resource base' of the country and has taken structured initiatives towards shale gas exploration and exploitation. India has good shale gas potential in her fold. In FY'13-14 your company drilled a total of 7 wells for shale exploration. 20 wells have been planned in Cambay, Assam-Arakan, KG and Cauvery Basins in FY'14-15 with a further commitment of 50 shale gas wells by 2016-17.

## CORPORATE GOVERNANCE REPORT

Corporate Governance is a term that refers broadly to compliance of rules, processes, or laws by which businesses are operated, regulated, and controlled. Good Corporate Governance helps to create a healthy culture and climate of Consistency, Responsibility, Accountability, Fairness, Transparency, and Effectiveness throughout the organisation.

The presence of strong governance standards creates awareness among stakeholders about the Company and helps them to access capital and aids in economic growth. Corporate Governance also has broader social and institutional dimensions.

At ONGC, Corporate Governance has moved beyond mere compliance. It ensures trustworthy relations between the Company and its stakeholders. With a view to percolate the values of fairness, transparency, accountability and responsibility among the stakeholders, ONGC has endeavoured to adopt best industry practices.

The main objectives that drive Corporate Governance in ONGC are:

- Adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders, (shareholders, customers, employees and society at large)
- A sound system of internal control to mitigate risks associated with achievement of business objectives, both short term and long term
- Compliance of laws, rules & regulations
- Maintenance of highest standards with reference to Company's financial reporting
- Strategic supervision by the Board of Directors having appropriate composition, size, varied experience, competence and commitment
- Timely and balanced disclosure of all material information to all the stakeholders
- Clearly defined standards against which performance of responsibilities are measured
- A clear delineation of shareholders' rights
- Accuracy and transparency in disclosures regarding operations, performance, risk and financial status

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

ONGC's Corporate Governance practices have secured many accolades, some of which are:

- 'ICSI National Award for Excellence in Corporate Governance for 2013'- Certificate of Recognition by the Institute of Company Secretaries of India. **This is the fourth year in a row that ONGC has bagged this award.**
- 'Best Corporate Governance Award-2012' by the Indian Chamber of Commerce;
- 'Golden Peacock Global Award' for Corporate Governance by World Council for Corporate Governance, U.K. in the years 2005, 2007, 2008, 2009 and 2013

#### 2. BOARD OF DIRECTORS

##### 2.1 COMPOSITION

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

The Board of Directors has an adequate combination of Executive (Functional) and Non-executive Directors. As on 31<sup>st</sup> March, 2014, the Board of Directors had 14 members, comprising of 6 Functional Directors (including the Chairman & Managing Director) and 8 Non-Executive Directors (comprising 1 part-time official nominee Director and 7 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.

Except for the period from 29<sup>th</sup> November, 2013 to 31<sup>st</sup> March, 2014, the composition of the Board of Directors of the Company during the year 2013-14, did not comply with the provisions of Clause 49 of the Listing Agreement i.e., the Board of Directors did not comprise of the required number of Independent Directors as per the terms of the above mentioned Listing Agreement. This was due to the fact that in terms of Article 104 (I) of Articles of Association of the Company, the power to appoint directors on the Board of ONGC vests with the Government of India that has to take necessary action.

## 2.2 Board/ Committee Meetings and Procedures

### (A) Institutionalised decision making process

The Company has defined guidelines for the meetings of the Board of Directors and Committees. These guidelines seek to institutionalise the decision making process at 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) A tentative schedule of the Board Meetings to be held during the ensuing financial year is drawn up and after seeking convenience of the Directors and after approval of the Board, the same is circulated among all the Directors. This helps the management in ensuring that the various agenda items are kept ready in advance and facilitates the Directors to plan their schedule for participation in Board/Committee meetings well in advance. The meetings of the Committees of the Board are held prior to the Board Meeting after seeking convenience of members.
- (ii) The meetings are convened by giving appropriate advance notice after obtaining approval of the Chairman of the Board/ Committee. To address specific urgent needs, meetings are also called at a shorter notice. In case of any exigency, resolutions are passed by circulation.
- (iii) Detailed agenda containing management reports and other explanatory statements are circulated in advance in the agenda format amongst members for facilitating meaningful, informed and focused deliberations and decisions at meetings. Document or agenda of confidential nature, are tabled with the prior approval of CMD. Sensitive subject matters are discussed at the meeting without circulation of written material. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted.
- (iv) The agenda papers are prepared by concerned officials, sponsored by the concerned functional Directors and approved by the CMD. Duly approved

agenda papers are circulated amongst members of the Board/ Committee by the Company Secretary.

- (v) The meetings of the Board/ Committees are generally held at the Company's Registered Office at New Delhi.
- (vi) Presentations are made to the Board/ Committee covering Finance, Production, Operations, major Business Segments, Human Resources, Marketing, Joint Venture operations, whenever required.
- (vii) 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 the agenda for discussion. Senior officials are called to provide additional inputs to the items being discussed by the Board/Committee, as and when required.
- (viii) Each Committee has the authority to engage outside experts, advisers and counsels to the extent it considers appropriate to assist the Committee in its work.

### Safety Snapshots

ONGC is in the hydrocarbon business, therefore, safety is paramount for continued operations. To apprise the Board regarding various safety measures being taken and to seek their guidance on implementation of these measures, periodic presentations are made to the Board of Directors in the form of Safety Snapshots which include all the major incidences related to safety.

### Industry Updates & Presentation

With a view to keep the members of the Board apprised with latest developments in the Industry, Industry updates are tabled and presentations on the subjects relevant to E&P business are made periodically to the Board. This also ensures that the Directors are constantly in touch with the problems being faced by the Industry in general and ONGC in particular in its operations.

### (C) Recording minutes of proceedings at the Board Meeting

Minutes of the proceedings of each Board/Committee meeting are recorded with all necessary details. Draft

minutes are circulated amongst all members of the Board/Committee for their appreciation and comments that are incorporated in the minutes, that 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/decision of 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 concerned Functional Directors who in turn provide updates to be apprised to the Board on areas of their responsibilities in the next meeting. Functional Directors provide follow-up Action Taken Report (ATR) once in a quarter.

### (E) Compliance

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

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

- (a) In line with Clause 3.7 of the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, issued by Government of India, Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises and requirement of Listing Agreement with regard to Training of Directors, the Board of Directors have approved a three tier training policy for Independent Directors:

- Induction Training;
- External Training;
- Board Presentation.

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 is advantageous and fruitful in taking business decisions.

### (b) Policy on Performance Evaluation of Directors

The draft Policy on Performance Evaluation of Directors shall be reviewed in light of the provisions of the Companies Act, 2013 as well as the revised Guidelines of Corporate Governance.

### (G) Board Charter

As per Clause 3.5 of the guidelines on corporate governance for CPSEs, a clear definition of the roles and the division of responsibilities between the Board and the management is necessary to enable the Board to effectively perform its role.

The Board of ONGC has approved in principle a Board Charter and that has been finalised by Independent Directors. However, to incorporate the amendments in the Responsibilities of the Board as well as provisions for Role & Responsibilities of Directors under the Companies Act, 2013, the Board Charter is under review.

## 2.3 BOARD MEETINGS

During 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014, Thirteen Board meetings were held on 30<sup>th</sup> April, 29<sup>th</sup> May, 10<sup>th</sup> June, 5<sup>th</sup> July, 12<sup>th</sup> August, 10<sup>th</sup> September, 25<sup>th</sup> September, 31<sup>st</sup> October, 13<sup>th</sup> November, 6<sup>th</sup> December, 2013, 31<sup>st</sup> January, 13<sup>th</sup> February and 24<sup>th</sup> March, 2014.

The minimum and maximum interval between any two Board meetings was 12 days and 56 days respectively.

The details of number of Board Meetings attended by Directors, attendance at the last Annual General Meeting, Number of other Directorship/Committee Membership in various companies held by them during the year 2013-14 are tabulated below:-



**Attendance:**

Names & Designation	No. of Board meetings attended out of 13 meetings held	Whether attended last AGM held on 25.09.2013	As on 31.03.2014		
			No. of Directorships in other companies#	No. of Committee memberships in companies*	
				Chairman	Member
a) Executive Directors					
Shri Sudhir Vasudeva (Chairman & Managing Director) also holding Additional Charge of Director (Onshore) (up to 28.02.2014)	12	Yes	7	Nil	Nil
Shri Dinesh Kumar Sarraf (Chairman & Managing Director) also holding Additional Charge of Director (Onshore) from 01.03.2014)	1	N.A.	7	Nil	Nil
Shri P.K. Borthakur Director (Offshore) (up to 31.01.2014)	11	Yes	2	Nil	Nil
Shri K. S. Jamestin Director (HR)	13	Yes	6	Nil	2
Shri A. K. Banerjee Director (Finance)	13	Yes	1	Nil	Nil
Shri Shashi Shanker Director (T&FS)	13	Yes	1	Nil	Nil
Shri N. K. Verma Director (Exploration) (from 01.04.2013)	11	Yes	1	Nil	Nil
Shri T. K. Sengupta Director (Offshore) (from 01.02.2014)	2	N.A.	2		
(i) Part-time Official Directors- Govt. Nominees					
Shri Shaktikanta Das, Addl. Secretary, MoP&NG (up to 29.12.2013)	6	No	1	Nil	Nil
Shri Aramane Giridhar Jt. Secretary (E), MoP&NG	6	No	Nil	Nil	Nil

<b>(ii) Part-time Non official Independent Directors</b>					
Dr. D. Chandrasekharam (up to 10.03.2014)	10	Yes	3	Nil	1
Prof. Deepak Nayyar	9	No	2	1	5
Shri Arun Ramanathan	7	No	6	4	4
Prof. S.K.Barua	11	Yes	4	1	4
Shri O.P.Bhatt	10	Yes	4	Nil	8
Shri K.N. Murthy	12	Yes	7	5	3
Shri P Umashankar (From 29.11.2013)	4	N.A.	Nil	Nil	2
Shri S Ravi (From 29.11.2013)	4	N.A.	7	5	5

# Does not include Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

\*Chairmanship/ Membership of the Audit Committee, Remuneration Committee and Shareholders' / Investors' Grievance Committee of Public Limited Companies (including ONGC).

**Notes:**

- The Company being a PSU, all Directors are appointed/ nominated by the President of India;
- Directors are not per se related to each other;
- Directors do not have any pecuniary relationships or transactions with the Company;
- The Directorships/Committee Memberships are based on the latest disclosure received;
- None of the Director is a Member of more than 10 Committees or Chairman of more than 5 Committees, across all the companies in which he is a Director.

**3 STRATEGY MEET**

A Strategy Meet is organised each year at which all members of the Board and senior officials of the Ministry of Petroleum & Natural Gas participate. Intense discussion and deliberation takes place covering areas of concerns and growth for ONGC.

**4. CONCLAVE**

To benefit from cumulative knowledge and experience of seniors of ONGC, an assembly of the past and present members of the Board of the Company is organized each year. To focus on action plan for Perspective Plans and future growth strategies. The

**12<sup>th</sup> ONGC Conclave** was organized from **21-23<sup>rd</sup> February, 2014 at Khajuraho, Madhya Pradesh.**

**5. KEY EXECUTIVES' MEET (VICHAR VISHLESHAN)**

Key Executives are managers placed just below the Directors of the Board and run day- to-day operations of the Company under the direction and supervision of the Directors. While Key Executives, jointly or severally meet CMD and functional directors as when required, an annual meet of all Key Executives with CMD & Directors is held to discuss issues of Management and operations implementation strategies of Strategic Plans are also discussed to find solutions for them.

**6. CHANGE AGENTS' MEET**

To connect with Gen-next ONGCians, billed as 'Change Agents' and engaging and preparing them for future challenges and for realization of Perspective Plan - 2030, the Change Agent Meet is organized. The last meet was held on 22<sup>nd</sup> March, 2013 at Jaipur.

**7. 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 of the 21st Annual General Meeting.

## 8. BOARD COMMITTEES

The Company has the following Committees of the Board:

### 8.1 AUDIT & ETHICS COMMITTEE (Audit, Ethics and Financial Management Committee w.e.f. 13.02.2014)

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(II) 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 by Shri Arun Ramanathan, an Independent Director. Dr. D. Chandrasekharam, Shri O. P. Bhatt, Shri S. K. Barua, Shri K. N. Murthy, Shri P. Uma Shankar and Shri S. Ravi, Independent Directors, were/are the other members of the Committee.

All members of the Committee have requisite financial and management experience and have held or hold senior positions in other reputed organizations.

Director (Finance) and Chief Internal Audit are permanent invitees. Representatives of Statutory Auditors and Cost Auditors are invited to participate in the meetings whenever required. Functional Directors, Executives of Finance and other departments are invited, if required.

Due to the inability of Shri Arun Ramanathan, Chairman A&EC to attend the 20<sup>th</sup> AGM of the Company, Dr. D. Chandrasekharam, senior most Independent Director and member of the A&EC, was unanimously elected by the other members of A&EC, present at the aforesaid AGM, as Interim Chairman to address Investor queries in the 20<sup>th</sup> AGM.

Company Secretary acts as the Secretary to the Committee.

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

- (i) Overseeing company's financial reporting process

and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

- (ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of their fees.

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

- (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 (2A A) 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 on 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.

- (xiii) 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.

- (xiv) 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

#### Audit & Ethics Committee Meetings

During 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014, **eight** meetings of Audit & Ethics Committee were held on 17<sup>th</sup> May, 29<sup>th</sup> May, 05<sup>th</sup> July, 12<sup>th</sup> August, 10<sup>th</sup> September, 13<sup>th</sup> November, 2013 and 23<sup>rd</sup> January and 13<sup>th</sup> February, 2014.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

#### Attendance:

Members	No. of Meetings held during the tenure	No. of Meetings Attended
Shri Arun Ramanathan	8	7
Dr. D. Chandrasekharam (up to 10.03.2014)	8	7
Shri O. P. Bhatt	8	6
Prof. S. K. Barua	8	7
Shri K. N. Murthy	8	7
Shri P. Uma Shankar (from 13.02.2014)	Nil	Nil
Shri S. Ravi (from 13.02.2014)	Nil	Nil
<b>Permanent Invitees:</b>		
Shri A. K. Banerjee, Director (Finance)	8	7
Shri Pradeep Prasad, Chief I.A.	8	8



## 8.2 REMUNERATION COMMITTEE

ONGC, being a Central Public Sector Undertaking, the appointment, tenure and remuneration of directors are decided by the Government of India. However, as per the DPE Guidelines, a Remuneration Committee was constituted to decide the annual bonus/variable pay pool and policy for its distribution within the prescribed limits. The Remuneration Committee of ONGC was headed by Dr. D. Chandrasekharam, Independent Director up to 10.03.2014.

Prof. Deepak Nayyar, Shri Arun Ramanathan, Shri K. N. Murthy and Shri P Uma Shankar, Independent Directors, are the other members of the Committee.

Director (HR) and Director (Finance) are the permanent invitees.

One meeting of the above Committee was held on 23<sup>rd</sup> December, 2013.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

Members	No. of Meetings held during the tenure	No. of Meetings Attended
Dr. D. Chandrasekharam (up to 10.03.2014)	1	1
Prof. Deepak Nayyar	1	1
Shri Arun Ramanathan	1	1
Shri K. N. Murthy	1	1
Shri P.Uma Shankar (from 13.02.2014)	Nil	Nil
<b>Permanent Invitees:</b>		
Shri A. K. Banerjee, Director (Finance)	1	1
Shri K.S.Jamestin, Director (HR)	1	1

### 8.2.1 DIRECTORS' REMUNERATION

ONGC being a Government Company, terms and conditions of appointment and remuneration of 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) or Independent Directors are paid sitting fees@ 20,000/- for each Board/ Committee meeting attended by them.

Remuneration of Directors during 1<sup>st</sup> April 2013 to 31<sup>st</sup> March, 2014 was as follows:

#### (a) Executive Directors

(₹ in Million)

Sl. No.	Names	Salary including DA	Other benefits & perks	Performance Incentives	Contribution to PF & other Funds	Provision for Leave, Gratuity & PRBS as per AS- 15	Grand Total	Term
1.	Shri Sudhir Vasudeva*	1.71	0.87	3.03	0.23	0.00	5.84	28.02.2014
2.	Shri D.K.Sarraf (from 01.03.2014)	0.17	0.08	0.17	0.02	0.03	0.47	30.09.2017
3.	Shri K. S. Jamestin	1.90	0.89	2.85	0.25	0.53	6.42	31.07.2014
4.	Shri A. K. Banerjee	1.80	0.87	2.78	0.24	0.45	6.13	30.04.2015
5.	Shri P.K. Borthakur*	1.53	0.70	1.21	0.20	0.00	3.64	31.01.2014
6.	Shri Shashi Shanker	1.68	0.85	2.14	0.22	0.42	5.31	30.11.2017
7.	Shri T.K.Sengupta (from 01.02.2014)	0.29	0.10	0.22	0.04	0.05	0.71	31.01.2019
8.	Shri N. K. Verma (from 01.04.2013)	1.71	0.83	2.16	0.23	0.31	5.24	31.03.2018

\* Superannuated.

#### Note:

- Performance related pay of Functional Directors (including CMD) is paid as per DPE norms.
- 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 fee@ ₹20,000/-for attending each meeting of the Board/ Committees thereof. Details of sitting fees paid during the period of 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014 under review is as follows:

Names	Sitting fees (₹In Million)
Dr D.Chandrasekharam	0.70
Shri Arun Ramanathan	0.68
Prof Deepak Nayyar	0.64
Prof. S.K.Barua	0.88
Shri O.P.Bhatt	0.76
Shri K. N. Murthy	0.84
Shri P.Uma Shankar	0.14
Shri S. Ravi	0.18
<b>Total</b>	<b>4.82</b>

### 8.2.2 STOCK OPTIONS

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

### 8.2.3 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 Sudhir Vasudeva (up to 28.02.2014)	2,580
Shri D. K. Sarraf (from 01.03.2014)	3,192
Shri K. S. Jamestin	3,600
Shri A. K. Banerjee	3,172
Shri P.K. Borthakur (up to 31.01.2014)	6,228
Shri T. K. Sengupta (from 01.02.2014)	3,672
Shri Shashi Shanker	3,712
Prof. Deepak Nayyar	200

### 8.3 SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/ Investors' Grievance Committee, renamed as Stakeholders' Relationship Committee w.e.f. 13<sup>th</sup> February, 2014, specifically looks into redressal of complaints/ grievances of Shareholders and Investors, 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.

Prof. Deepak Nayyar, an Independent Director, was the Chairman of the Committee up to 12.02.2014. Thereafter, The Committee has been headed by Shri K. N. Murthy, an Independent Director.

Shri K. N. Murthy became the Member of the Committee from 13.02.2014. Other Members of the Committee were/are Shri Arun Ramanathan, Prof. S.K. Barua, Shri O.P.Bhatt and Shri S. Ravi.

Director (HR) & Director (Finance) are the permanent invitees of the Committee. The Company Secretary acts as a Convener of the Committee.

During the year 2013-14, four meetings were held on 29<sup>th</sup> May, 12<sup>th</sup> August and 06th December, 2013 and 24<sup>th</sup> March, 2014.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

#### Attendance:-

Members	Meetings held during the tenure	Meetings attended
Prof. Deepak Nayyar (up to 12.02.2014)	4	4
Shri K. N. Murthy (from 13.02.2014)	1	1
Shri Arun Ramanathan	4	4
Prof. S. K. Barua (up to 12.02.2014)	3	2
Shri O. P. Bhatt	4	3
Shri S. Ravi (from 13.02.2014)	1	1
Permanent Invitees		
Director ( HR)	4	4
Director (Finance)	4	4

### 8.3.1 COMPLIANCE OFFICER

Shri N. K. Sinha, Company Secretary is the Compliance Officer and is primarily responsible to ensure compliance with applicable statutory requirements. He is the interface between the management and the regulatory authorities on governance matters.

### 8.3.2 REDRESSAL OF INVESTORS' GRIEVANCE

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

Except for the complaints pertaining to 'ONGC Offer for Sale - 2004' by Government of India, the Company received 30 shareholders' complaints from Stock Exchanges/ SEBI which inter-alia includes non-receipt of dividend/ annual report, issue of Bonus Shares amongst others. 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, department of Disinvestment 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 2493. The numbers of complaints pending as on 31.03.2014 were NIL.

### 8.3.3 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	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 2006-07 (final) to 2013-14 (2nd interim) and all matters pertaining to Bonus Shares and shares held in Physical mode; <b>For Physical Shares-</b> 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- 4465150, 040- 44655155, Fax No: 040- 44655024. e-mail: mailmanager@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 2006-07 and Interim Dividend 2007-08 before 18th October, 2014 and 21st January, 2015 respectively as the same will be transferred by the Company to the Investor Education & Protection Fund (IEPF) set up by Govt. of India and no claim will lie against IEPF or the Company.
3.	<b>For Dematted Shares-</b> 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.1 & 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.

### 8.3.4 INVESTOR RELATIONS CELL

In line with global practices, the Company is committed towards maintaining, 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](http://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 for seeking information.

A Core Team comprising of senior, experienced

officials, headed by Director (Finance) have been assigned the responsibility of up-keep of the said link and to serve as a platform for the shareholders to express their opinions, views, suggestions, to understand the influencing factors in their investment decision-making process. Besides, this, the team is also instrumental in maintaining close liaison and to share information through periodic meets including tele-conferencing in India and abroad, regular interactions with investment bankers, research analysts and institutional investors. The Company is committed to take such additional steps as may be necessary to fulfil the expectations of the stakeholders.

### 8.4 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.

Prof. S. K. Barua is the Chairman of the Committee. Shri A. Giridhar, Dr. D. Chandrasekharam, Prof. Deepak Nayyar, Shri K. N. Murthy, Shri P. Uma Shankar, Shri S. Ravi, CMD and all Functional Directors were/are the members of the Committee. Director (HR) is the Member-Convener of the Committee.

During 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014, five meetings were held on 29<sup>th</sup> April, 24<sup>th</sup> August, 6<sup>th</sup> and 23<sup>rd</sup> December, 2013 and 24<sup>th</sup> March, 2014.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

Members	No. of Meetings held during the tenure	No. of Meetings attended
Prof. S. K. Barua (Chairman)	5	4
Shri A. Giridhar	5	1
Dr. D Chandrasekharam (Upto 10.03.2014)	4	3
Prof. Deepak Nayyar	5	4
Shri K. N. Murthy	4	4
Shri Sudhir Vasudeva (upto 28.02.2014)	4	4
Shri D. K. Sarraf (from 01.03.2014)	1	1
Shri K. S. Jamestin	5	5
Shri A. K. Banerjee	5	4
Shri P.K. Borthakur (upto 31.01.2014)	4	4
Shri T. K. Sengupta	1	1
Shri Shashi Shanker	5	5
Shri N. K. Verma (from 01.04.2013)	5	4
Shri P.Umashankar (from 13.02.2014)	1	1
Shri S. Ravi (from 13.02.2014)	1	1

#### 8.5 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 O.P. Bhatt, an Independent Director, is Chairman of this Committee. Shri A. Giridhar, Dr. D. Chandrasekharam, Shri Arun Ramanathan, Prof. S.K. Barua, Shri K. N. Murthy, Shri P.Uma Shankar, Shri S. Ravi, Shri A. K. Banerjee, Shri P. K. Borthakur, Shri T. K. Sengupta & Concerned Functional Director were/are the members of the Committee. Director (Offshore) is the Member-Convener of the Committee.

During 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014, **Nine** meetings were held on: 30<sup>th</sup> April, 29<sup>th</sup> May, 10<sup>th</sup> June, 05<sup>th</sup> July, 24<sup>th</sup> August, 31<sup>st</sup> October, 6<sup>th</sup> December, 2013 and 31<sup>st</sup> January and 24<sup>th</sup> March, 2014.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

Members	No. of Meetings held during the tenure	No. of Meetings attended
Shri O. P. Bhatt	9	8
Shri A. Giridhar	9	3
Dr. D Chandrasekharam (Upto 10.03.2014)	8	7
Shri Arun Ramanathan	9	7
Prof. S. K. Barua	9	7
Shri K. N. Murthy	9	8
Shri A. K. Banerjee	9	8
Shri P.K. Borthakur (up to 31.01.2014)	8	8
Shri T. K. Sengupta (from 01.02.2014)	1	1
Shri Shashi Shanker*	2	2
Shri N. K. Verma*	1	1
Shri P.Umashankar (from 13.02.2014)	1	1
Shri S. Ravi (from 13.02.2014)	1	1

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

#### 8.6 HEALTH SAFETY & ENVIRONMENT COMMITTEE (HSE)

The terms of reference includes review of policy, processes and systems on Safety, Health, Environment and Ecology aspects.

Dr. D. Chandrasekharam, an Independent Director, was the Chairman of the Committee up to 12.02.2014. Thereafter, w.e.f 13.02.2014, the Committee was headed by Shri P.Uma Shankar, an Independent Director. The other members of the Committee were/are Shri A. Giridhar, Prof. Deepak Nayyar, Prof. S.K.Barua, Shri O.P. Bhatt, Dr. D. Chandrasekharam, CMD and all functional Directors. Director (I/C-HSE) acts as a Member-Convener

During 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014, one meeting was held on 19<sup>th</sup> June, 2013.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

Members	No. of Meetings held during the tenure	No. of Meetings attended
Dr. D Chandrasekharam (upto 10.03.2014)	1	1
Shri A. Giridhar	1	-
Prof. Deepak Nayyar	1	-
Prof. S. K. Barua	1	1
Shri O. P. Bhatt	1	-
Shri Sudhir Vasudeva (upto 28.02.2014)	1	1
Shri K. S. Jamestin	1	1
Shri A. K. Banerjee	1	1
Shri P.K. Borthakur (upto 31.01.2014)	1	1
Shri Shashi Shanker	1	1
Shri N. K. Verma	1	1
Shri P.Uma Shankar (from 13.02.2014)	-	-
Shri D. K. Sarraf (from 01.03.2014)	-	-
Shri T. K. Sengupta (from 01.02.2014)	-	-

#### 8.7 FINANACIAL MANAGEMENT COMMITTEE

Mandate of the Committee includes examining 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.

Shri Arun Ramanathan, an Independent Director was the Chairman of the Committee, Prof. Deepak Nayyar, Prof. S.K. Barua, Shri O.P. Bhatt, Shri K. N. Murthy, Director (Finance) and Concerned Functional Director were the members and Company Secretary was the Member-Convener.

During 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014, **five** meetings of the Committee were held on 5<sup>th</sup> July, 31<sup>st</sup> October, 13<sup>th</sup> November, 6<sup>th</sup> December, 2013 and 31<sup>st</sup> January, 2014.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

Members	No. of Meetings held during the tenure	No. of Meetings attended
Shri Arun Ramanathan	5	4
Prof Deepak Nayyar	5	4
Prof. S. K. Barua	5	5
Shri O. P. Bhatt	5	4
Shri K. N. Murthy (from 22.04.2013)	5	4
Shri A. K. Banerjee	5	5

**On reconstitution of the Committees of the Board w.e.f 13.02.2014, the Financial Management Committee was merged with Audit & Ethics Committee and rechristened as Audit, Ethics and Financial Management Committee.**

#### 8.8 COMMITTEE ON DISPUTE RESOLUTION

The Committee has been constituted to review the dispute between ONGC and its vendors / contractors for suitable redressal.

Prof. Deepak Nayyar, an Independent Director, was Chairman of the Committee up to 12.02.2014. Thereafter, Prof. S. Ravi became the Chairman of the Committee w.e.f 13.02.2014. Other members of the Committee were / are Dr. D. Chandrasekharam, Shri Arun Ramanathan, Shri O. P.Bhatt, Shri K. N. Murthy, Director (Finance), Director (Onshore), Director

(T&FS) and Concerned Functional Director. Director (T&FS) is the Member-Convener of the Committee.

During 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014, **Six** meetings of the committee were held on 29<sup>th</sup> April, 27<sup>th</sup> August, 25<sup>th</sup> September, 31<sup>st</sup> October, 6<sup>th</sup> December, 2013 and 13<sup>th</sup> February, 2014.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

Members	No. of Meetings held during the tenure	No. of Meetings attended
Dr. D. Chandrasekharam (up to 10.03.2014)	6	5
Prof. Deepak Nayyar (up to 13.02.2014)	6	5
Shri Arun Ramanathan	6	4
Shri O. P Bhatt	6	5
Shri K. N. Murthy	6	4
Shri Sudhir Vasudeva as Member - also holding additional charge of Director (Onshore) up to 28.02.2014	6	2
Shri A. K. Banerjee	6	6
Shri Shashi Shanker	6	6
Shri P.K. Borthakur*	3	3
Shri D. K. Sarraf as Member -also holding additional charge of Director (Onshore) w.e.f 01.03.2014	-	-
Shri S. Ravi (from 13.02.2014)	-	-

\*Attended the meetings as member concerning the Projects of their responsibilities.

#### 8.9 Corporate Social Responsibility and Sustainability Development

The Board in its 246<sup>th</sup> Meeting held on 12<sup>th</sup> August, 2013 approved formation of a Committee on Corporate Social Responsibility and Sustainability Development consisting of CMD, Director (HR), Director (F) and two Independent Directors, namely,

Prof. Deepak Nayyar and Prof. S. K. Barua.

Prof. Deepak Nayyar, an Independent Director, is the Chairman of the Committee. Shri Sudhir Vasudeva, Shri D.K.Sarraf, Shri K. S. Jamestin, Shri A. K. Banerjee, Prof. S.K. Barua, were/are the members the Committee.

The role of the Committee, which is under finalisation, shall inter – alia include the following:

- To oversee the company's activities relating to Corporate Social Responsibility in line with (i) CSR Policy of the Company, (ii) Guidelines of Department of Public Enterprises and (iii) the provisions of Section 135 of the Companies Act, 2013 and schedule VII.
- To Review from time to time and recommend to the Board for the modification in the CSR Policy of ONGC, if any.
- To Recommend Guidelines for implementation of the CSR Policy by ONGC Trust to be formed for the purpose, including and not limited to recommending the powers to be exercised at each level of the management with regard to various CSR activities, from time to time.
- To Recommend formation of Trust(s) to the Board for implementation of the activities of CSR and SD activities of ONGC. This shall include activities relating to:
  - Incorporation of the Trust
  - Finalisation of the Trust Deed and its review from time to time
  - Nomination of Trustees
  - Nomination of Nodal Officer(s) on the Trust
- 4.1 To recommend, if necessary, (i) amendments in the Trust Deed (ii) winding up of the Trust etc.
- To oversee the activities of the CSR Foundation Trust through periodic review of its functioning to ensure effective and appropriate utilization of the funds of ONGC.
- To consider and if thought fit, design suitable projects based on identified focus and / or geographical areas related to CSR for implementation by ONGC / Foundation Trust.
- To approve Annual work plan for CSR of ONGC taking into account:

- Need Assessment studies
  - Footprint Study
  - Projects / Targeted interventions under CSR
  - Impact Assessment Studies / Social Audits of the CSR initiatives
- Based on the Annual Work plan, to work out the Annual Budget for CSR and recommend the same to the Board
  - To approve / Ratify / recommend Project / non-project activities of CSR
  - To Review the Report of the CSR activities of ONGC to be submitted by the Foundation Trust / CSR group on a quarterly basis (within 30 days of the end of first second and third quarter) and on Annual basis (including evaluation report) within 3 months of the end of the Financial Year and recommend the same to the Board.

During 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014, **five** meetings were held on 25<sup>th</sup> September, 12<sup>th</sup> November, 23<sup>rd</sup> December, 2013 and 1<sup>st</sup> and 13<sup>th</sup> February, 2014.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

Members	No. of Meetings held during the tenure	No. of Meetings attended
Shri Sudhir Vasudeva (up to 28.02.2014)	5	5
Shri D. K. Sarraf (from 01.03.2014)	Nil	Nil
Shri K. S. Jamestin	5	5
Shri A. K. Banerjee	5	5
Prof. Deepak Nayyar	5	4
Prof. S. K. Barua	5	5

#### 8.10 OTHER FUNCTIONAL COMMITTEES

Apart from the above, the Board, 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 arises. Time schedule for holding the meetings of such Committees is finalized in consultation with Committee members.

#### MEETINGS OF INDEPENDENT DIRECTORS

Shri Arun Ramanathan is the Lead Independent Director.

During 1<sup>st</sup> April, 2013 to 31<sup>st</sup> March, 2014, **one** meeting of the Independent Directors was held on 13.02.2014.

The details of meeting attended by the Independent Directors are reflected in the table below:-

Members	No. of Meetings held during the tenure	No. of Meetings attended
Shri Arun Ramanathan	1	Nil
Dr. D. Chandrasekharam (up to 10.03.2014)	1	1
Prof. Deepak Nayyar	1	1
Shri O. P Bhatt	1	1
Prof. S. K. Barua	1	1
Shri K. N. Murthy	1	1
Shri P.Uma Shankar (from 13.02.2014)	1	1
Shri S. Ravi (from 13.02.2014)	1	1

#### 9.0 CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT

The Company is committed towards 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:

#### Code of Conduct – Compliance affirmation (Pursuant to Clause 49-I(D)(ii) of the Listing Agreement)

"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 2013-14"



Sd/-

(Dinesh Kumar Sarraf)

Chairman &amp; Managing Director

New Delhi

12<sup>th</sup> June, 2014**9.1 ONGC' CODE ON INSIDER TRADING**

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board has approved the "The Code of Internal Procedures and Conduct in dealing with the Securities of ONGC". The objective of the Code is to prevent purchase and/ or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Insiders (Directors, Advisors, Key Executives, Designated Employees and other concerned persons) are prohibited to deal in the Company's shares/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.

**9.2 CEO/ CFO CERTIFICATION**

In terms of Clause 49 of the Listing Agreement, the certification by the CEO and CFO on the financial statement and internal controls relating to financial reporting for the year 2013-14 was submitted to the Board in its meeting held on 29<sup>th</sup> May, 2014.

**10.0 FINANCE MANUAL**

ONGC's Finance Manual is a compendium based on existing practices and systems, comprehensively covering various finance activities such as accounting, budgeting, costing, pre-audit and treasury management. 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. This manual also helps new incumbents' and Finance officers to enlighten them as well as outside agencies such as Statutory Auditors, Government Auditors associated with ONGC.

**11.0 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. CMD, ONGC is the Chairman of MRPL and OVL.

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 of ONGC as under:

- Financial Statements of the listed and unlisted subsidiary companies, are reviewed by the Audit and Ethics Committee;
- Minutes of the meetings of the Board of Directors are placed before the Company's Board, periodically;
- 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 company in terms of the clause 49 of the Listing Agreement.

**12. ANNUAL GENERAL MEETINGS**

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

Year	Location	Date	Time (IST)
2010-11	Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi- 110049	30.08.2011	10.00 a.m
2011-12	Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi- 110049	24.09.2012	10.00 a.m
2012-13	NDMC Indoor Stadium, Talkatora Garden, New Delhi-110001	25.09.2013	10.00 a.m

There was no special resolution passed by the Company at the last **Three** Annual General Meetings. No resolution requiring Postal Ballot is proposed at the ensuing AGM

**13. DISCLOSURES****13.1 MATERIAL CONTRACTS/ RELATED PARTY TRANSACTIONS**

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

The details of transactions with related parties are disclosed in Note No. 37 of the Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2014. Being a State Enterprise, no disclosure has been made in respect of the transactions with State Enterprises, including subsidiary companies, in line with Accounting Standard-18 on Related Party Transactions.

**13.2 COMPLIANCES**

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

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

**14. MEANS OF COMMUNICATION**

- Quarterly/ Annual Results:** The Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges, immediately after these are approved. These financial results are normally published in the leading English and vernacular dailies having wide circulation across the country. The results are also displayed on the 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 information for shareholders 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.

**15. SHAREHOLDERS' INFORMATION****15.1 ANNUAL GENERAL MEETING**

**Date** Friday, 19<sup>th</sup> September, 2014.

**Time** 10:00 Hrs.

**Venue** NDMC Indoor Stadium, Talkatora Garden, New Delhi – 110001.

**15.2 FINANCIAL CALENDER**

Adoption of Quarterly Results for the Quarter ending	Tentative date of the meeting of the Board
June 30, 2014 (with limited review by Statutory Auditors)	Wednesday, August 13, 2014
September 30, 2014 (with limited review by Statutory Auditors)	Friday, November 14, 2014
December 31, 2014 (with limited review by Statutory Auditors)	Friday, February 13, 2015
March 31, 2015 (audited)	Friday, May 29, 2015

These dates are tentative and 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.

**15.3 Book Closure Period**

The Book Closure period is from Saturday, the 13<sup>th</sup> September, 2014 to Friday, the 19<sup>th</sup> September, 2014 (both days inclusive) for the payment of Final Dividend.

**15.4 DIVIDEND PAYMENT DATE**

Final Dividend would be paid on or after 19<sup>th</sup> September, 2014.

**15.5 LISTING ON STOCK EXCHANGES:**

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

Name & Address	Telephone/Fax/ E-mail ID/Website ID	Trading Symbol
<b>Bombay Stock Exchange (BSE)</b> R.J.Towers, Dalal Street, Fort Mumbai- 400001	Telephone:022-22721233/4 Fax: 022-22721919 E-mail: <a href="mailto:info@bseindia.com">info@bseindia.com</a> Website: <a href="http://www.bseindia.com">www.bseindia.com</a>	500312 ONGC
<b>National Stock Exchange of India Ltd. (NSE)</b> Exchange Plaza,C-1, G Block, Bandra-Kurla Complex, Bandra(E), Mumbai- 400051	Telephone: 022-26598100-8114 Fax: 022-26598120 E-mail: <a href="mailto:cc_nse@nse.co.in">cc_nse@nse.co.in</a> Website: <a href="http://www.nseindia.com">www.nseindia.com</a>	ONGC

15.6 LISTING FEES

Annual listing fees for the year 2013-14, as applicable, have been paid to the above Stock Exchanges.

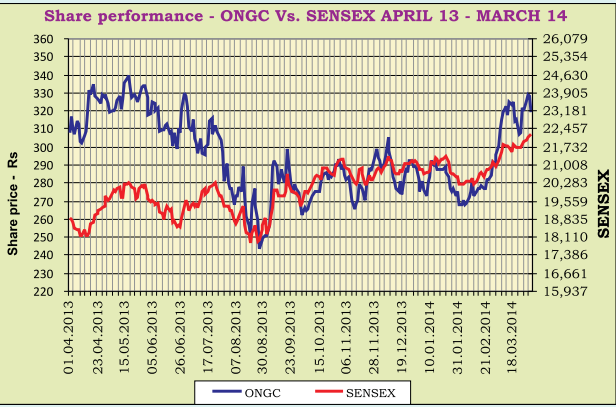
15.7 DEMAT ISIN NUMBERS IN NSDL & CDSL

(Stock Code): INE213A01029

Custody Fee of NSDL and CDSL has been paid for the Financial Year 2013-14

15.8 STOCK MARKET INFORMATION

The stock price performance of ONGC scrip during the period 1st April, 2013 to 31st March, 2014 in comparison to BSE is plotted below:



15.8.1 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
April'13	336.7	295.8	5405833	336.5	295.65	67367160
May'13	345	317.15	7634474	345.2	318.5	78821666
June'13	353	296.15	6409835	353.05	297.06	78971277
July'13	339.25	265.4	6865094	339.25	265.45	81813110
August'13	296.5	234.4	11063225	296.75	244.1	109184929
September'13	302.25	246	7927139	302.5	247.6	82800078
October'13	299.9	261	4715066	300.8	260.8	58663440
November'13	299	263.3	4870089	299.8	263.5	51645013
December'13	307	271.5	4999780	307.45	273.8	60200816
January'14	294.45	270.2	5088537	294.8	270.1	66967918
February'14	292.85	264	3383379	292.75	264.15	50788375
March'14	335.2	287.15	7173637	335.4	287	96751797

Source: Web-sites of BSE and NSE

16. 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)

The transfer of shares received in physical form is overseen by an Officers Committee (constituted by the Board of Directors) which usually meets once in a fortnight to ratify 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 now renamed as Stakeholders' Relationship 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.

With a view to further expedite the process of transfer and transmission of shares in physical mode, the Board of Directors have authorised the Share Transfer Agent to process the transfer / transmission. The details of the transfers etc shall henceforth be placed before the Committee of Officers for ratification.

Pursuant to the Clause 47-C of the Listing Agreement, certificates on half yearly 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 Reconciliation of Share Capital Audit 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
2013-14	1722	23884
2012-13	1,178	24,633
2011-12	2,628	51,931

17. SHAREHOLDING PATTERN AS ON 31st MARCH, 2014

Category	No. of Shares held	Percentage of Shareholding
President of India	5,897,760,333	68.94
Banks, Financial Institutions and Insurance Companies	819,802,594	9.58
Foreign Institutional Investors	569,897,010	6.66
Mutual Funds & UTI	109,513,269	1.28
NRI's	3,179,698	0.04
Qualified Foreign Investor	100	0.00
<b>Bodies Corporate:</b>		
• Government Companies	863,524,496	10.09
• Others	148,534,012	1.73
Employees	5,692,606	0.07
Public	137,586,002	1.61
<b>Total</b>	<b>8,555,490,120</b>	<b>100.00</b>



**17.1 TOP 10 SHAREHOLDERS AS ON 31st MARCH, 2014**

S. No	Name	No. of Shares held	% of total Shareholding
1	President of India	5897760333	68.94
2	Life Insurance Corporation Of India	666702623	7.79
3	Indian Oil Corporation Limited	657923428	7.69
4	GAIL (India) Limited	205601068	2.40
5	Franklin Templeton Investment Funds	76805580	0.90
6	ICICI Prudential Life Insurance Company Limited	46964274	0.55
7	Vanguard Emerging Markets Stock Index Fund, ASERIES of Vanguard International Equity Index Fund	36013384	0.42
8	LIC of India Market Plus 1 Growth Fund	27723200	0.32
9	HSBC GLOBAL INVESTMENT FUNDS A/C HSBC GIF MAURITIUS LIMITED	26352684	0.31
10	CPSE ETF	24786189	0.29

**17.2 Distribution of Shareholding by Size as on 31st March, 2014**

Category	Number of Shareholders	% of Shareholders	Total number of Shares	% of Shareholding
1-500	417513	89.61	52244301	0.61
501-1000	22271	4.78	16190443	0.19
1001-2000	11286	2.42	16425359	0.19
2001-3000	5562	1.19	13889246	0.16
3001-4000	5167	1.11	18377610	0.21
4001-5000	1551	0.33	6888694	0.08
5001-10000	1214	0.26	7921507	0.09
10001 and above	1347	0.29	8423552960	98.46
Total	465911	100.00	8555490120	100.00

**17.3 Geographical Distribution of Shareholders as on 31st March, 2014**

S. No	City	Shareholders		Shareholding	
		Nos	% age	No of shares	%age of Shareholding
1	MUMBAI	110198	23.65	2329769095	27.23
2	NEW DELHI	52465	11.26	6118175725	71.51
3	CHENNAI	17256	3.71	17493349	0.21
4	CALCUTTA	26150	5.61	11931855	0.14
5	AHMEDABAD	28350	6.09	10201999	0.12
6	VADODARA	15110	3.24	6959216	0.08
7	DEHRADUN	5414	1.16	5445316	0.06
8	BANGALORE	20589	4.42	4454656	0.05
9	JORHAT	3953	0.85	4173998	0.05
10	OTHERS	186426	40.01	46884911	0.55
		<b>465911</b>	<b>100</b>	<b>8555490120</b>	<b>100</b>

**17.4 History of Paid-up Equity Share Capital (Face value of 5 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).
2011-12	-	8,555,490,120	President of India (Pol) acting through Ministry of Petroleum & Natural Gas, Govt. of India on 05.03.2012 has sold 420,416,170 number of equity shares (4.91% shares) in ONGC through the offer for sale through Stock Exchange Mechanism.
2012-13	-	8,555,490,120	-
2013-14	-	8,555,490,120	President of India (Pol) acting through Ministry of Petroleum & Natural Gas, Govt. of India on 27.03.2014 has sold 24,786,189 number of equity shares (0.29% shares) in ONGC through Off Market Transaction to Central Public Sector Enterprises Exchange Traded Fund.

**18. CORPORATE BENEFITS****DIVIDEND HISTORY**

Years	Rate (%)	Per Share(₹)	Amount (₹in million)
<b>2008-09</b>			
• Interim	180	18	38,499.66
• Final	140	14	29,944.22
<b>2009-10</b>			
• Interim	180	18	38,499.66
• Final	150	15	32,083.09
<b>2010-11</b>			
• Interim	320	32	68,443.92
• Final	15	0.75	6,416.62
<b>2011-12</b>			
• First Interim	125	6.25	53,471.84
• Second Interim	30	1.50	12,833.23
• Final	40	2.00	17,110.98
<b>2012-13</b>			
• First Interim	100	5.00	42,777.45
• Second Interim	80	4.00	34,221.96
• Final (Proposed)	10	0.50	4,277.75
<b>2013-14</b>			
• First Interim	100%	5.00	42,777.45
• Second Interim	85%	4.25	36,360.83
• Final (Proposed)	5%	0.25	2138.87

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

During the year under report, an amount of 12,187,220.00 and 16,491,906.00 pertaining to unpaid dividend for the financial year 2005-06 (Final) and 2006-07 (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 19th September, 2007 for the financial year 2006-07 and interim dividend declared on 19th December, 2007 for the financial year 2007-08 will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government by 18th October, 2014 and 18th January, 2015 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*
2006-07- Final	19.09.2007	18.10.2014
2007-08-Interim	19.12.2007	21.01.2015

\*Indicative dates, actual dates may vary.

**20. DEMATERIALIZATION OF SHARES AND LIQUIDITY**

S. No.	Description	No. of Share Holders	Shares	% of Equity
1.	CDSL	102,949	6,785,490,159	79.31
2.	NSDL	351,429	1,763,400,613	20.61
3.	PHYSICAL	11,533	6,599,348	0.08
	<b>Total</b>	<b>465,911</b>	<b>8,555,490,120</b>	<b>100.00</b>

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.

**21. OUTSTANDING GDRs/ ADRs / WARRANTS OR CONVERTIBLE INSTRUMENTS**

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

**22. ASSETS/ BASINS/ PLANTS/ INSTITUTES/CODs****A. ASSETS**

- Mumbai High Asset, Mumbai\
- Neelam & Heera Asset, Mumbai
- Bassein & Satellite Asset, Mumbai
- Ahmedabad Asset, Ahmedabad
- Ankleshwar Asset, Ankleshwar
- Mehsana Asset, Mehsana
- Rajahmundry Asset, Rajahmundry
- Karaikal Asset, Karaikal
- Assam Asset, Nazira
- Tripura Asset, Agartala
- Eastern Offshore Asset, Kakinada, Andhra Pradesh

**B. BASINS**

- Western Offshore Basin, Mumbai
- Western Onshore Basin, Vadodara
- KG-PG Basin, Chennai
- Cauvery Basin, Chennai

- Assam & Assam-Arakan Basin, Jorhat
- MBA Basin and CBM Development Project, Kolkata/Bokaro
- Frontier Basin, Dehradun

**C. PLANTS**

- Uran Plant, Uran
- Hazira Plant, Hazira
- C<sub>2</sub>C<sub>3</sub>C<sub>4</sub> Plant, Dahej, Gujarat

**D. INSTITUTES**

- Keshava Deva Malaviya Institute of Petroleum Exploration (KDMIPE), Dehradun
- Institute of Drilling Technology (IDT), Dehradun
- Institute of Reservoir Studies, (IRS) Ahmedabad
- Institute of Oil & Gas Production Technology (IOGPT) Navi Mumbai
- Institute of Engineering & Ocean Technology (IEOT) Navi Mumbai
- Geo- data Processing & Interpretation Center (GEOPIC), Dehradun
- ONGC Academy, Dehradun
- Institute of Petroleum Safety, Health & Environment Management (IPSHEM), Goa
- Institute of Biotechnology & Geotectonics Studies (INBIGS), Jorhat
- School of Maintenance Practices (SMP), Vadodara
- Centre for Excellence in Well Logging (CEWL), Vadodara
- Regional Training Institutes (RTIs) Navi Mumbai, Chennai, Sivasagar & Vadodara
- ONGC Energy Centre

**E. Centres of Deliveries**

- CBM, New Delhi
- Shale Gas, Vadodara
- Deep water, Mumbai
- High Temperature/ High Pressure, Chennai



23. INVESTOR SERVICES AND ADDRESSES FOR SHAREHOLDERS' CORRESPONDENCE.

These have been given at 8.3.3 and 8.3.4 above

24. 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

25. COMPLIANCE CERTIFICATE OF THE AUDITORS

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

26. ADOPTION OF NON-MANDATORY REQUIREMENTS OF CLAUSE - 49

Beside the mandatory requirement of Clause 49 of the Listing Agreement, the following non-mandatory requirements have been implemented and reflected elsewhere in this report:-

- The Company has constituted a Remuneration Committee (refer para 8.2).
- With regard to Shareholders' Rights, communication of financial results are being published widely and also hosted on the Company's website (refer para 14)
- As far as Audit Qualifications are concerned, the Company has not received any qualification on its financial statements.
- A Board Charter has been formulated to define the role of the Board. (2.2(G))

The Policy on Performance of Evaluation of Directors has been formulated and the same shall be finalised by the Independent Directors. (2.2(F)(b)).

WHISTLE BLOWER POLICY

In terms of revised Clause 49 of the Listing Agreement, The company shall establish a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. 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.

27. 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 the period 1st April to 31st March, 2014.

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 General Administrative expenses were 6.57% of total expenses during 2013-14 as against 5.74% during the previous year.

28. SECRETARIAL COMPLIANCE REPORT

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

29. FEE TO STATUTORY AUDITORS

The fee paid/payable to the Statutory Auditors for the year was ₹22.92 million (previous year ₹20.21 million) including ₹1.01 million (previous year ₹1.01 million) as fee for certification of Corporate Governance Report and ₹5.06 million (previous year ₹4.21 million) for limited review report plus reasonable travelling and out of pocket expenses actually incurred / reimbursable.

Auditors' Certificate on Compliance of Conditions of Corporate Governance

M/s S Bhandari & Co.  
Chartered Accountants  
P-7, Tilak Marg, C-Scheme  
Jaipur - 302 005

M/s Ray & Ray  
Chartered Accountants  
6, Church Lane  
Kolkata - 700 001

M/s Mehra Goel & Co.  
Chartered Accountants  
505, Chiranjiv Tower  
43, Nehru Place  
New Delhi - 110 019

M/s Varma & Varma  
Chartered Accountants  
Sreela Terrace, Level - 4  
Unit - D, No. 105 First Main Road  
Gandhi Nagar, Adayar  
Chennai - 600 020

M/s G. D.Apte & Co.  
Chartered Accountants  
9, Kamer Building  
Cawasji Patel Street  
Mumbai - 400 001

To

The Members

Oil And Natural Gas Corporation Limited

1. We have examined the compliance of conditions of Corporate Governance by **Oil And Natural Gas Corporation Limited** ("the company") for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.
2. 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 issued by The Institute of Chartered Accountants of India and was limited to a review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement). It is neither an audit nor an expression of an opinion on financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, **"except that, the Board of Directors did not comprise of the required number of Independent Directors during the period from 1st April, 2013 to 28th November, 2013 and the vacancies caused due to retirement of the Independent Directors have not been filled within 180 days as per terms of the Listing Agreement"**, we certify that the Company, has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.
4. 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 Varma & Varma  
Chartered Accountants  
FR No. 004532S

For S Bhandari & Co.  
Chartered Accountants  
FR No. 000560C

For Ray & Ray  
Chartered Accountants  
FR No. 301072E

P R Prasanna Varma  
Partner  
Membership No. 025854

P P Pareek  
Partner  
Membership No. 071213

B K Ghosh  
Partner  
Membership No. 051028

For Mehra Goel & Co.  
Chartered Accountants  
FR No. 000517N

For G. D. Apte & Co.  
Chartered Accountants  
FR No. 100515W

R K Mehra Partner  
Membership No. 006102

C M Dixit Partner  
Membership No. 017532

Date : July 15, 2014  
Place : New Delhi

India's  
**energy**  
anchor



# ONGC ENERGY OF INDIA



Business Responsibility Report

Secretarial Audit Report



## Business Responsibility Report 2013-14

### Section A: General Information about the Company

1. **Corporate Identity Number (CIN) of the Company** : L74899DL1993GOI054155
2. **Name of the Company** : Oil and Natural Gas Corporation Limited
3. **Registered address** : Jeevan Bharti Building, Tower-II  
124, Indira Chowk, New Delhi India - 110001
4. **Website** : www.ongcindia.com
5. **E-mail id** : secretariat@ongc.co.in
6. **Financial Year reported** : 2013-14

### 7. Sector(s) that the Company is engaged in (industrial activity code-wise):

ONGC is a global Energy Company meaningfully integrated in the entire energy value-chain. Its core business is Exploration and Production of oil and gas; however, its business spread include related areas like - processing of crude oil & natural gas; oil field services, transportation of the oil and natural gas, production of value added products like – LPG, Naphtha, Superior Kerosene Oil, ATF, C2-C3, Refining, Petrochemicals, Power, unconventional and alternate sources of energy. It is present in downstream business through its subsidiary refinery MRPL and in the petrochemical business through Joint Ventures such as ONGC Petro additions Ltd (OPaL) and ONGC Mangalore Petrochemicals Ltd (OMPL) as anchor promoter. In the non-conventional sources, it is aggressively pursuing opportunities such as- Shale and gas hydrates, CBM (Coal Bed Methane) UCG (Underground Coal Gasification). It has ventured into electric power generation through 726MW gas based power project at Tripura (ONGC Tripura Power Company Ltd.) and wind power electricity generation through installing a 51 MW wind power project at Bhuj, Gujarat. It is also pursuing opportunities in alternate energy which has potential to change the landscape of alternate energy business in the country.

### 8. List three key products/services that the Company manufactures/provides (as in balance sheet)

The three key products of the company are: (i) Crude Oil (ii) Natural Gas & (iii) Liquefied Petroleum Gas.

### 9. Total number of locations where business activity is undertaken by the Company

#### i. Number of International Locations (Provide details of major 5)

ONGC's overseas operations are managed by its fully owned subsidiary, ONGC Videsh Limited (OVL), which operates in 16 countries with 32 hydrocarbon assets. ONGC, principally, focuses on domestic operations which have a pan-India spread.

The major five international locations as per oil & gas production are – Vietnam, Russia, Venezuela, Sudan, South Sudan and Colombia

The major five international locations as per oil & gas reserves are – Russia, Venezuela, Sudan, South Sudan, Myanmar and Vietnam.

#### ii. Number of National locations:

ONGC has business activities pan India, spread across the length and breadth of the country, both onshore and offshore. The major locations are detailed as below:

### a) Offshore Locations (Oil & Gas producing including JV) :

1. **Mumbai Offshore in West Coast of India**
2. **Krishna-Godavari and Cauvery Offshore in East Coast of India**

Mumbai High Asset	Bassien & Satellite Asset	Neelam & Heera Asset	NB Prasad (D-1)
Many small & marginal fields	Panna, Mukta, Tapti fields	off Andhra coast	Ravva

### b) Onshore Locations (Oil & Gas producing) :

1. Gujarat
2. Assam
3. Andhra Pradesh
4. Tamil Nadu
5. Tripura
6. Rajasthan
7. West Bengal
8. Madhya Pradesh

Assam	Tripura	Ahmedabad	Ankleshwar	Cambay
Kakinada	Karaikal	Mehsana	Rajahmundry	

### c) Basins : Oil & Gas exploratory locations

Vadodara WON Basin	Mumbai WOFF Basin	Chennai KG & Cauvery Basin	Jorhat, A & AA Basin	Kolkata MBA Basin
Dehra Dun Frontier Basin				

### d) Plants: Processing of Oil & Gas and production of Value added products (LPG, SKO, Naptha, C2-C3, etc.)

Uran (Maharashtra)	Hazira	Ankleshwar	Dahej (Gujarat)	Tatipaka (A P)
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### e) Institutes : Knowledge support and applied R&D for E&P activities

Keshava Deva Malaviya Institute of Petroleum Exploration (KDMIPE), Dehradun	Geo-data Processing & Interpretation Centre (GEOPIC)	Institute of Drilling Technology (IDT)	Institute of Engineering & Ocean Technology (IEOT), Panvel	Institute of Petroleum Safety, Health & Environment Management (IPSHEM)
Institute of Reservoir Studies (IRS)	ONGC Academy (ONGCA)	Regional Training Institutes (RTI's) Navi Mumbai, Chennai, Sivasagar & Vadodara	School of Maintenance Practices (SMP)	Centre for Excellence in Well Logging Technology (CEWELL)
Institute of Biotechnology and Geo-tectonic Studies (INBIGS)				

### f) Subsidiaries

ONGC Videsh Limited (ONGC Videsh), New Delhi	Mangalore Refineries & Petrochemicals Limited (MRPL), Mangalore
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**g) Joint Ventures**

ONGC Tripura Power Company Limited (OTPC), Tripura	ONGC Petro-additions Limited (OPaL), Gujarat	Mangalore Special Economic Limited (MSEZ), Karnataka	ONGC Mangalore Petrochemicals Limited (OMPL), Karnataka	ONGC TERI Biotech Limited (OTBL), New Delhi
Petronet MHB limited (PMHBL), Mangalore	Petronet LNG Limited (PLL), New Delhi	Dahez SEZ Limited, Dahej, Gujarat	Pawan Hans Limited (PHL), New Delhi	

**10. Markets served by the Company:**

ONGC is marketing its domestic products, mainly crude oil to the Public Sector Oil Marketing Companies (OMCs) – Indian Oil, BPCL and HPCL. It also markets its crude oil to MRPL, ONGC's subsidiary. ONGC supplies its produced natural gas

mainly through GAIL; however, part of the gas is also marketed directly by ONGC. It markets Value Added Products directly to the Indian consumers and internally consumes products such as HSD & ATF; however, in case of off-take constraints by the domestic users some products like Naphtha, HSD, ATF, etc., are also exported.

**Section B: Financial Details of the Company**

Sl. No.	Particulars	Amount (₹ Crore)
1	Paid up capital	4277.76
2	Total Turnover	84,203
3	PAT	22,095
4	Total spending on CSR as a % of PAT (2013-14)	₹ 341.25 Crore (1.55% of FY 14 PAT)

**List of activities in which expenditure in 4 above has been incurred:-**

- ONGC spends its Corporate Social Responsibility (CSR) fund across a wide spectrum of socio-economic areas supplementing the Nation's efforts towards inclusive growth. Some focus areas are:
- Providing support in primary & secondary education including vocational courses in backward & rural areas : School buildings; funding; scholarships
- Infrastructure support such as roads, community centre, medical assistances near our operational area
- Promotion of arts, culture and sports by sponsoring artisans, musicians, artists, sports and sports person
- Providing Health Care in remote and rural areas
- Community development
- Fostering entrepreneurship

**Section C: Other Details**

**1. Does the Company have any Subsidiary Company/Companies?**

Yes. ONGC has two subsidiary companies as detailed above in section A 9(ii)f.

**2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

Since these Subsidiaries and the joint ventures are separate entities, they carry out Business Responsibility initiatives on their own as per the policies applicable to the respective companies.

**3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

The BR initiative of ONGC has the cooperation of

all its stakeholders (Govt. of India, employees, contractors, vendors, and the community at large) and these stakeholders help ONGC in achieving its business responsibility. However, it is difficult to establish the extent their support helps in facilitating ONGC's business responsibility initiative.

**Section D: BR Information**

**1. Details of Director/Directors responsible for BR**

**a) Details of the Director responsible for implementation of the BR policy/policies**

Implementation of Policies related to Carbon Management and Sustainability Services are taken care of by Director (Exploration) while policies on Ethics and Transparency and the overall Business Responsibility of the company

lies with the Chairman & Managing Director who gets them implemented through the respective group heads.

- DIN Number : 00147870
- Name : Shri D K Sarraf
- Designation : Chairman & Managing Director
- Telephone No : +91-11-23301101
- E-mail id : cmd@ongc.co.in

**b) Details of the BR heads**

Responsibility of implementing the Sustainability Development (SD) policies of ONGC under the given ambit of BR Policies lies with ED-Chief Carbon Management & Sustainability Services Group. The details are given below:

S.No.	Particulars	Details
1	DIN Number (if applicable)	Nil
2	Name	Shri Narain Lal
3	Designation	ED - CM&SG
4	Telephone number	+91-11-22440829
5	e-mail id	lal_narain@ongc.co.in

**2. Principle-wise {as per National Voluntary Guidelines (NVGs)} BR Policy/policies**

**Nine Business Responsibility Principles**

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

**Principle 1.1**

**Do you have policy/policies for principle 1?**

ONGC, being a listed Public Sector Enterprise, conducts and governs itself with Ethics, Transparency and Accountability as per policies mandated by DPE Guidelines on Corporate Governance, Listing Agreement and other guidelines and policies of the DPE in particular and Govt. of India in general.

ONGC also pursues some policy initiatives voluntarily towards Ethics, Transparency and Accountability:

- The company has well defined and well codified Book of Delegated Powers, HR Manual, Material Management Manual and Works Manual for ensuring continuity, transparency and fairness in following the laid down procedures. The company has an Enterprise Risk Management Cell (ERM), risk framework, risk policy and risk portfolio which are periodically monitored by the Risk Management Committee, Audit & Ethics

Committee and the Board

- Company has a well-structured vigilance department with units spread across the organization at various Regions, Assets, Basins and Plants constantly ushering transparency, efficiency and integrity and best corporate practices in the working of the organization
- The Company has a Whistle Blower Policy meant for employees to raise any ethical issues within the organisation.
- The Company has positioned an Integrity Pact (in association with Transparency International) which is signed with bidders to enable them to raise any issues with regard to tenders floated by the Company. ONGC was the first Indian company to sign the Integrity Pact. People with high repute and integrity are appointed as Independent External Monitors to oversee implementation of the Pact.

**Principle 1.2**

**Has the policy been formulated in consultation with the relevant stakeholders?**

All policies have been formulated after wide consultation and discussion amongst the stakeholders and further the same gets reviewed from time-to-time to cater to emerging and new



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business realities/paradigms, after wider consultations amongst stakeholders. The Company being a Public Sector Enterprise and a National Oil Company, pursues policies laid down by the Government of India and other statutory bodies. It is assumed that those policies are worked out after wider consultations and discussions by the Government of India.

## Principle 1.3

**Does the policy conform to any national/international standards? If yes, specify? (50 words)**

The policy and laid down procedures confirm to statutes and policies of the Govt. of India, DPE and other statutory bodies. It also confirms to mandated applicable international standards. ONGC voluntarily follows principles and policies for transparency which are of international standards like Transparency International.

## Principle 1.4

**Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?**

All policies mandated by the Government of India, DPE and other Indian statutory bodies are followed by ONGC after due approval of the ONGC Board. All other policies/manuals which ONGC pursues come in effect only after ONGC Board or the assigned Competent Authority, as delegated by the Board, approves it.

## Principle 1.5

**Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?**

The Company has an Audit & Ethics Committee of the Board of Directors which is bound by its Terms of Reference as per the Listing Agreement and the Companies Act, 2013 and is approved by the Board. Company also has a well-structured vigilance department with units spread across the organization at various Regions, Assets, Basins and Plants constantly ushering transparency, efficiency and integrity and best corporate practices. However, as the visage of the Principle is very wide, this is overseen by various organs of the Company.

## Principle 1.6

**Indicate the link for the policy to be viewed online?**

The website of the Company ([www.ongcindia.com](http://www.ongcindia.com)) has reference to the various tenets as stated in the principle under the section on Corporate Governance.

## Principle 1.7

**Has the policy been formally communicated to all relevant internal and external stakeholders?**

ONGC policies and operational framework is available on the ONGC website as well as intranet of ONGC.

The engagement routes across all the stakeholders are:

- The Customers are engaged through Crude Oil Sales Agreement (COSA), Gas Sales Agreement (GSA) and regular meeting with B2B partners
- The Communities in and around our areas of operation are engaged through CSR projects
- Business partners/vendors/contractors are engaged through vendor meets, business partners meet and pre-bid conference
- Contract workers are engaged through regular trainings and SAHYOG Scheme
- Employees are engaged through open house forums like–Vichar Manthan, Vichar Dhara, Vichar Vishlesan, Mantrana, etc., and employee web portal and also through various in-house magazines
- Government and regulatory bodies are engaged through meetings with the administrative ministry i.e. Ministry of Petroleum & Natural Gas (MoP&NG), Department of Public Enterprises (DPE) under the Ministry of Heavy Industries & Public Enterprises (HI & PE), Oil Industry Safety Directorate (OISD), Oil Industry Development Board (OIDB)
- Shareholders and investors are engaged through Investor & Analysts' Meet, Investors' Conference, corporate website [www.ongcindia.com](http://www.ongcindia.com) and press release

## Principle 1.8

**Does the company have in-house structure to implement the policy/policies?**

ONGC follows laid down policy for every critical activity such as - procurement, payment, tendering, contracting, HR and other functions that are governed by well documented policies available for reference to all concerned.

## Principle 1.9

**Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?**

Yes. The Company has a structured grievance redressal mechanism in place to address both employees and stakeholders' grievances related to the policy/ policies. For employees, company has a

well laid down CDA rules (Conduct, Discipline and Appeal) and also has structured laid down procedures in place to escalate the matter/issues up the hierarchy to seek justice and redress grievances related to the policies.

For external stakeholders, the company has a well laid down grievance redressal system in place with adequate provisions to escalate the matters up the hierarchy up to the Board (Stakeholders Relationship Committee – a Board level Committee headed by an Independent Director).

ONGC voluntarily facilitates resolving grievances through Independent External Monitors (IEMs) and through Outside Expert Committee (OEC).

## Principle 1.10

**Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?**

The Corporate Governance policy is audited by the Statutory Auditors. Other policies are validated from time to time by the concerned authorities.

## Principle 1

**1. Does the policy relating to ethics, bribery and corruption cover only the company?**

All the policies relating to ethics, bribery and corruption are "inclusive" and covers company as well as its employees and all other external stakeholders.

**2. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others:**

Yes

**3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

ONGC is a pioneer organization in introducing the Integrity Pact (IP) in India. The mechanism of monitoring IP through Independent External Monitors (IEM) has considerably reduced time for resolution of representation/issues coming up during tender processing and has met the objectives set by Transparency International (India) such as greater transparency with regard to integrity between the buyer and seller, improved sense of ethics, reduction in frivolous law suits and representation/complaints from vendors, reduction in external interventions and reduced political/diplomatic/administrative interference.

Representations from bidders/ contractors as well as opinion sought by ONGC against various tenders are referred to IEM. IEMs discuss the issues with ONGC and bidders' representatives

wherever felt necessary by IEMs and give their opinion through a speaking order.

ONGC also has in place a “**Stakeholders Relationship Committee**”. The Committee specifically looks into redressing Shareholders' and Investors' complaints pertaining to transfer/transmission of shares, non-receipt of annual report, dividend payments, issue of duplicate share certificates and other miscellaneous complaints. The committee also monitors implementation and compliance of company's code of conduct for prevention of insider trading in ONGC securities. The committee also oversees and monitors the performance of the registrars and transfer agent and recommends measures for overall improvement in the quality of investor services.

- Number of complaints received during April 2013 to March 2014 from Vendors: 21
- All representations were forwarded to IEMs who promptly gave their opinions in all cases for further action.
- Number of complaints received from investors during 2013-14: 2,493. All complaints/ queries/ correspondence have been replied to/ attended to the satisfaction of the shareholders.

## Principle 2:

**Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

## Principle 2.1:

**Do you have policy/policies for principle 2?**

ONGC pursues its business activities in a safe and sustainable manner. All work practices, procedures and production endeavours comply with the highest Health, Safety and Environment standards as per the Industry norms, Government and relevant statutory bodies. All the products that ONGC make conform strictly to the respective product-making-procedures, laws, statutes and standards governing their production. The exploration & production business activities are pursued and aligned in such a manner that exploitation & production of resources is done in a sustainable manner encompassing their life cycle.

Commitment of ONGC towards Sustainability Development can be gauged from the fact that ONGC is a member of United Nations Global Compact initiative for businesses that are committed to aligning their operations and strategies with the ten universally accepted principles in the area of human rights, labour, environment and anti-corruption.

It is further a matter of privilege for ONGC and a sign

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of unflinching responsive commitment to sustainability development that it's former CMD, Shri. Sudhir Vasudeva was nominated by Secretary-General of United Nations Mr. Ban-Ki-Moon as a member of the UN Global Compact Board chaired by the Secretary General himself. Shri Vasudeva was the first PSE Chief from India to have been conferred this honour.

**Principle 2.2:**

**Has the policy been formulated in consultation with the relevant stakeholders?**

ONGC follows all the work practices, procedures and production endeavours pertaining to its area of activities/operations as mandated by Industry, Government and relevant statutory bodies (as detailed in Principle 1.2).

**Principle 2.3:**

**Does the policy conform to any national/international standards? If yes, specify? (50 words)**

Yes; ONGC follows the international standards, practices and standard operating procedures as followed by other E&P companies across the world. Besides, ONGC being a national oil company adheres to all the statutes and policies of the Govt. of India and other statutory bodies such as DGH & OISD.

**Principle 2.4:**

**Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?**

Ministry of Petroleum & Natural Gas is the apex body for the Hydrocarbon industry in the country. All other areas of operations fall under various laws as enacted by the Govt. of India. Subject to above, all internal policies are approved by the Board or authority delegated for the same by the Board.

**Principle 2.5:**

**Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?**

The Board oversees the compliance and implementation of the policies through its various Committees as detailed in the Corporate Governance Report of the Annual Report.

**Principle 2.6:**

**Indicate the link for the policy to be viewed online?**

The website of the Company ([www.ongcindia.com](http://www.ongcindia.com)) has reference to the various tenets as stated in the principle under various places.

**Principle 2.7:**

**Has the policy been formally communicated to all relevant internal and external stakeholders?**

ONGC's policies and operational framework are available on the ONGC website as well as intranet of ONGC.

**Principle 2.8:**

**Does the company have in-house structure to implement the policy/policies?**

Yes. The company has well-established in-house infrastructure, manpower pool, documented standard operating procedure and other executive & administrative machineries to implement the given policies in the area of safe and sustainable production of goods & services of the company. The HSE (Health, Safety & Environment) and CM&SG (Carbon Management & Sustainability Group) department of company along with apex management, acts as the nodal department to execute and oversee policies pertaining to safe, healthy and environment friendly operations and compliance with sustainability parameters as mandated and desired.

The process of procurement, payment, tendering, risk management, safe remittance, fraud prevention, control self-assessment (internal controls) and various other processes are covered by well documented policies, which are available for reference on the website of the Company.

**Principle 2.9:**

**Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?**

Yes: as detailed earlier in Principle 1.9.

**Principle 2.10:**

**Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?**

ONGC is subject to various audits such as Statutory Audit by firms of Chartered Accountants, CAG Audit, Cost Audit, Secretarial Audit, Technical Audits, Quality Audit, Energy Audit, Safety audit, and these Auditors ensure compliance to various internal and external policies.

**Principle 2**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

**a. Social Concern for contractual workers**

ONGC is a capital and technology intensive organization. Therefore the company employs a large number of secondary work forces in unskilled and semi-skilled areas. These workers are employed for short duration and since they are hired through contractors who do not have formal training program, the workers are exposed to risks of accidents in our operational areas. The company has taken up this responsibility and named the year 2013 as "Year of Safety of Contract Workers". ONGC has provided safety training to offshore going contractual workers. Apart from this contractor worker safety workshop is held at all the major work centres. ONGC has also implemented fair wage policy to its contractual employees. Moreover, the company has also established "Sahyog Trust" to provide financial assistance for marriage / education /medical purpose to dependants of contractual / contingent workers /retired employees.

**b. Rajiv Gandhi Gramin LPG Vitaran Yojana**

The scheme aims at setting up small LPG distribution agencies in order to increase rural penetration and to cover remote as well as low potential areas (locations having a potential of 600 cylinders per month). The scheme is being launched across all States of the country. Salient features of this scheme are:

- The agency requires less infrastructure and finance, and is primarily being set up to penetrate deeper into rural areas.
- It empowers rural womenfolk as the distributorship will be in the joint names of husband and wife.
- The agency will be set up through draw of lots amongst eligible candidates.
- 25% is reserved for SC/ST and another 25% for defence / Para military/ handicapped/sportsmen.

**c. Green Buildings**

Two green building projects at Mumbai and Dehradun have been registered under UNFCCC. With this initiative, ONGC has entered into the CDM arena related to energy efficient buildings. Across the globe there are only a few energy efficient buildings successfully registered so far for their energy efficient features. Various green features have been included and the buildings are designed on sustainable and environmentally friendly architectural concepts resulting in environment protection, water conservation,

energy efficiency, usage of recycled products and use of renewable energy.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

Measurement of usage of water, fuel, per unit is yet to be carried. However the company has put in place all policies and processes to conserve energy and natural resources. Some of the initiatives in this regard are outlined below:

**i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

The company has adequate measures (equipment, machineries, trained manpower) in place at all its installations/ plants and work-centres to mitigate damage or danger to the environment while pursuing its business activities.

Further, the company undertakes "Energy Audits" at every installation and plant on regular basis which helps in reducing the environmental risks & concerns arising out of production of its products. Company also undertakes "Water foot printing" exercise to identify the scope of reduction in water use in pursuing various intended business activities. This year water foot printing studies were carried out at Ankeleshwar, Rajhamundry Assets and at Hazira Plant.

Various proactive initiatives like water foot printing, flare gas emission reduction, methane gas initiatives, reduction of GHG emissions, greening the vendor chain, foray into alternate energy sources particularly wind energy, installation of 20 MLD (Million Litres per Day) desalination plant, establishing wind potential zones in Western Ghats, encouraging video conferencing to mitigate GHG (Green House Gas) emissions due to air/rail travel of employees, reduction of air pollution from our operational equipment particularly DG (Diesel Generator) sets and cogeneration plants, reducing halon based systems in refrigeration units, which is an ozone depleting substance, and many more such initiatives have generated benefits to the company and society at large.

The following works on water conservation have been carried out:

- Six Rain Water Harvesting (RWH) schemes have been completed in Ahmedabad Asset.



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- Ground water recharge wells have been installed at Naika Colony, Ahmedabad
- Four Rain Water Harvesting (RWH) ground water recharge wells have been installed at Saij Colony, Ahmedabad
- One Rain Water Harvesting (RWH) ground water recharge wells have been installed at Avani Bhavan, Ahmedabad
- One Roof top Rain Water Harvesting (RWH) system for ground water recharging through an abandoned bore well is under construction at Tripura Asset
- A 50 m3 per day capacity Sewage Treatment Plant has been installed in CISF Colony at Mehsana Asset,.
- The scope of work for installation of 20 MM LPD sea water desalination plant at Uran has been finalized and is being implemented through ICB process

### ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company has embarked upon a number of measures for reduction in use of energy and water. The company aims to sustain operations with less dependence on fresh water resources. In order to do so the company has embarked on water mapping of onshore operations by adopting the concept of 3R:

Reduce: Identify areas to reduce fresh water usage

Reuse: Identify opportunities to reuse fresh water

Recycle: Identify ways to use produced/ effluent water in place of fresh water. Water foot-printing has commenced and is likely to be completed by 2015

The company is also in the process of setting up of a desalination plant of 20 MLD at Uran in the state of Maharashtra. More information on water usage is available on the Company's corporate website with the following link:<http://www.ongcindia.com/wps/wcm/connect/ongcindia/Home/Initiatives/Corporate+Sustainability/>

A saving to the extent of ₹ 4532 million has been achieved on account of energy conservation measures and efficient energy

usage across ONGC during 2013-14.

Energy audits in ONGC are carried out by the internal team of qualified and certified energy auditors at various work centres. Observations are raised and energy conserving suggestions are given. These observations are, then, recorded in SAP system of ONGC as 'open' and are closed upon implementation/ compliance. The corporate energy cell at Dehradun monitors and co-ordinates timely compliance of such observations.

During the year 2013-14, 210 Energy Audits have been conducted against a target of 195 across work centres of ONGC and a saving of ₹4532 million has been achieved.

- Electricity generated from wind power plant is 88.01 MU from which a revenue of ₹ 471 million was generated
- Observed Oil & Gas Conservation Fortnight (OGCF-2014) at all locations of ONGC and carried out promotional activities such as cycle rally, Quiz programmes for ladies, employees and school children, drawing, slogan & essay competitions, Driver's awareness programmes, workshop on energy conservation, exhibition, free pollution checkup and street play for creating energy conservation awareness and efficient use of energy across ONGC and common masses as well
- Celebrated Rajiv Gandhi Akshay Urja Divas to promote the Nation-wide campaign for utilization of renewable energy
- Celebrated "Energy Conservation Day" at various work centres
- Energy efficient lights have been installed throughout ONGC
- The Project on "Provision to make up LP Gas to KRIBHCO Gas from MP Header instead of HP Header with an aim to increase capacity utilization of LPG Plant has been implemented and validated. The savings worked out to ₹335 million per annum
- Various interactions were carried out and technical supports was provided to implement the projects on renewable energy and energy conservation

### 3. Does the company have procedures in place for sustainable sourcing (including transportation)?

Company has in place a well-devised procedure for sustainable sourcing. Company has a well-documented Material Management Policy (available on the website of ONGC) that helps in sourcing the requisites for operations and business activities in a steady, continuous and sustainable manner. The company is in the process of updating the Materials Management Policy and procedures to reflect the current business paradigm. Company has policies of long-term contracts and rate-contracts to ensure that operations and business pursuits does not suffer owing to externalities

Sustainability and Sustainable Development has been embedded in work practices as a Corporate Mantra and are aligned with Kyoto protocol negotiations, GHG mitigation, Carbon management, sustainability and greening the vendor chain.

The Company is pursuing in letter & spirit the concept of "Greening the vendor in its entire value chain". Through this policy ONGC is seeking to promote efforts lowered carbon footprint not only with in ONGC but also amongst its stakeholders down the vendor's chain (business partners). To this effect ONGC would consider giving preference in course of time to products/services that are eco-friendly, energy efficient that lead to reduced emissions and conservation of natural resources.

#### I. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company at present does not have a process is to place measure this particular parameter. However, in the future, efforts will be made to capture relevant information.

### 4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Being an Indian CPSE (Central Public Sector Enterprise), ONGC's procurement policy and practices are guided by the Govt. Policies and practices. These are based on transparent procurement mechanisms which promote procurement from technically competent suppliers. However, care is also taken for the

interest of local suppliers and contractors within the frame work of CVC's guidelines. For example ONGC has a special policy to encourage small entrepreneurs in North East Region to provide services pertaining to transport.

#### If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

ONGC has always encouraged local suppliers to participate in its tendering process and also promote them through vendor development programs. Our continued pursuit in the direction has seen improved participation of small local players and socio-economic development of communities in and around operational locations. At work centres, Vendors Meet are regularly held to explain procedures and policies pertaining to the procurements of goods and services to help small local vendors. The Company is also in the process of implementing guidelines of MSMEs (Medium, Small and Micro Enterprises) for procurement goods and services. ONGC also provides certain incentive to MSMEs (Medium, Small & Micro Enterprises) such as exemption from tender fee and Exemption from Bid Security. MSMEs (not their dealers/distributors) registered with District Industry Centres or Khadi and Village Industries Commission or Khadi and Village Industries Board or Coir Board or National Small Industries Corporation (NSIC) or Directorate of Handicrafts and Handloom or any other body specified by Ministry of MSME are exempted from payment of tender fees. Further they are also exempted from payment of Bid Security irrespective of monetary limit mentioned in their registration certificate provided they are registered for the items for which they intend to quote.

### 5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

ONGC has a policy for Management of Hazardous Chemicals and Materials that was issued in 2002. As per the policy personnel handling hazardous chemical are to be trained for safe handling practices. Separate designated area are provided for storage of hazardous chemicals and all personnel is to be provided

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Personnel Protective Equipment (PPE) first aid training. Further, instructions were issued for the auction/sale of Hazardous waste in 2004. The Ministry of Environment & Forest regulates the recycling/reprocessing of hazardous wastes such as used/waste oil, used lead acid batteries and other non-ferrous metal waste under registration scheme, with the objective of channelizing such waste to only those units which possess Environmentally Sound Management (ESM) facilities. The registration is being implemented by Central Pollution Control Board that regularly updates the list of registered units in their website <http://cpcb.delhi.nic.in> and the hazardous waste is required to be sold / auctioned only to units registered by CPBP. Thus clear instructions have been issued and the above policy is being followed. For example all lead acid batteries are to be sold back to suppliers at the time of purchase of new batteries.

For disposal of e-waste, the limited tender from the firms registered with Central Pollution Control Board for such items is to be invited and the items of e-waste is to be sold to them only to ensure safe disposal of the items. **We have an e-waste policy to manage our e-waste.**

ONGC is committed to recycling of materials, wherever feasible. ONGC's Mehsana asset has established effective infrastructure to control expenses, non-optimal usage of costly materials, ground water and also to effectively manage waste disposal and has upgraded existing mud preparation plants through enhancing the mud preparation and storage capacity.

Mehsana Asset is now transporting the costly polymer based mud from drill sites to centralized mud plant for treatment and storage and thereafter sent to other drill sites, where new wells are under drilling. Drilling being our most water intensive operation, recycling of drilling mud has effectively reduced our water consumption by 120 million litre of ground water in 13-14.

Waste generated in ONGC during exploration and production operations are primarily drilling mud and mud cuttings (non-hazardous), chemical sludge and tank bottom sludge (hazardous). Chemical sludge is collected in

lagoons having leachate collection facility where water is drained to reduce the quantity of sludge. This chemical sludge is disposed of by land filling in accordance with norms of the State Pollution Control Board. To treat tank bottom sludge, which is mainly organic in content, bio-remediation techniques are employed. Best practices in the oil industry are adopted to manage solid waste arising from operations. Drill mud and cuttings are disposed, re-used in land filling or sold to authorized vendors as per industry practices.

Waste management has been identified as a **material issue** by ONGC for sustainable development activities. Accordingly, ONGC is working toward development of a waste management policy and plans to guide and improve its waste management system. ONGC has been adopting a three way strategy to reduce and manage waste:

- Know your waste footprint – Establish the waste base line
- Undertake waste management project wherever feasible and apply
- Manage waste & reporting

### Solid & Oily waste management

Drill cuttings, drilling fluid and generation of oily sludge from cleaning of storage tanks and from various process units of effluent treatment plants are few important wastes. The tank bottom sludge and oily waste were identified as hazardous waste and is disposed-off according to local statutory guidelines. Oily sludge removed periodically is treated by environmentally sound bioremediation techniques using a consortium of bacteria known as Oil Zappers and is rendered non-hazardous. Approx 21900 MT of oily sludge was treated using the Oil Zapper method of microbe based bioremediation at our plants and installations. Land is normally acquired by ONGC for short duration to carry out its drilling activities. The land degradation takes place during drilling operations due to discharge of waste water from various sources. The land acquired for drilling activities is reclaimed/ restored to its pristine condition before returning to land owners.

### Produced water/ Effluents

The water produced with the oil and gas, is the major effluent for the company as part of its production activities. The produced water, which is part of well fluid is separated and sent to Effluent Treatment Plants (ETPs) for further treatment. ONGC operate twenty two ETPs to treat the effluent generated at onshore Installations. In order to cope up with enhanced liquid production due to high water cut because of aging of oil fields twenty one new/ substitute ETPs have been planned /under construction.

At drill sites waste water generated during drilling activities is collected in a waste pit that lined with High Density Poly Ethylene Sheets (HDPE). The waste water from waste pit is recycled for mud preparation and other uses. In North East Sector, where heavy rainfall takes place, waste water is treated by mobile ETPs and reused to avoid overflow of water from waste pits to nearby areas.

In onshore locations, part of treated produced water is used for water injection into the reservoir for pressure maintenance; the remaining quantities are re-injected into sub surface disposal wells located 1000 mts underground. In offshore location, treated produced water is disposed 40 mts below the sea surface.

**Principle 3: Businesses should promote the wellbeing of all employees.**

### Principle 3.1

#### Do you have policy/policies for principle 3?

Yes. The Company has a wide range of HR policies covering all categories of the employees (workers, officers, women employees, SC/ST employees, sportsperson). It addresses all aspect of professional skill & knowledge up-gradation, employee motivation & welfare measures, employees health & general well being measures, women empowerment, empowerment of SC/ST and other disadvantaged class of employees, separation/superannuation and post-retirement welfare measures.

### Principle 3.2

#### Has the policy been formulated in consultation with the relevant stakeholders?

The HR policies of ONGC are formulated in line with DPE guidelines and after due consultation with the collectives and employees.

### Principle 3.3

#### Does the policy conform to any national/

### international standards? If yes, specify? (50 words)

HR Policies of ONGC conform to the best of International and National standards. The company is perceived to be one of the best employers in the country. Some awards/ recognitions received are:

- Randstand– 2013 (a reputed international HR service company) for being the most attractive employer in the energy sector in India.
- Human Resource Management Excellence Award of the ICC PSE Excellence Awards in 2013
- 'Voice of Employee' award at the Aon Hewitt Best Employers–India in 2013.
- 'Best Enterprise Award' in the Maharatna and Navratna category at WIPS Award of excellence in women empowerment
- Mr. K S Jamestin, Director (HR & BD/JV) was conferred with the following awards–
  - (a) JRD Tata Award for Inspirational Leadership in HR
  - (b) 50 Most Talented Global HR Leaders in Asia
  - (c) HR Leadership Award, Most Powerful HR Professional of India and 30 Best HR Leaders in PSUs at the Asia Pacific HRM Congress in September, 2013
  - (d) Conferred Level –A Certification, i.e. Certified Projects Director by the International Project Management Association (IPMA) in January, 2014.

These National and International awards are testimony to the fact that our HR policies are aligned with National and International standards.

### Principle 3.4

#### Has the policy been approved by the Board? If yes, has it been signed by MD/ owner /CEO / appropriate Board Director?

All HR policies are approved by competent authorities as delegated by the Board and signed accordingly.

### Principle 3.5

#### Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?

The Board of Directors have constituted a Board level



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Human Resource Management Committee to oversee the major decisions in the area of human resources.

### Principle 3.6

#### Indicate the link for the policy to be viewed online?

The intranet of the Company “webice.ongc.co.in” has link to the various HR policies.

### Principle 3.7

#### Has the policy been formally communicated to all relevant internal and external stakeholders?

Yes. ONGC's HR policies are available on-line on the Company website as well as on the Company's internal web-ice portal and on ongcreports.net. All policies, procedures and work-flows are documented and are available on-line for easy access, use and information by all employees. Any new initiatives, changes or new announcements are communicated to employees on-line through internal websites and also through formal orders posted on notice boards and through circulation to individuals.

### Principle 3.8

#### Does the company have in-house structure to implement the policy/policies?

ONGC has a structured Human Resource Department set- headed by Director (HR) who implements the policies throughout the Company with the support of senior HR executives.

### Principle 3.9

#### Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?

Yes. ONGC has a structured employees' grievance redressal mechanism. The mechanism/procedures allow employees to escalate their grievances to the level of Director (HR) of the Company and in some case even to the Executive Committee for justifiable redressal of issues & concerns. Collectives and Officers association are engaged/ associated at every stage to discuss/ negotiate the vexed issues and address their concerns. An Executive Director level position oversees employee relations and industrial relations (ER & IR) and maintains cordial, motivated and a spirited work atmosphere. All the

employees have access to CMD and Directors through e-mails as well.

### Principle 3.10

#### Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?

The HR policies and practices are reviewed at regular intervals taking cognizance of emerging realities. Regular independent audits, both internal & external, gets carried out to gauge level of employee engagement & satisfaction like the one recently got done by M/s Booz & Co. Wherever desired and warranted, expert advice from external agencies/ consultancies is solicited to ramp up our practices/ policies to best of industry standards.

### Principle 3

#### 1. Total number of employees: 33911 (As on 01.04.2014)

#### 2. Total number of employees hired on temporary/contractual/casual basis.

- Temporary workers : NIL
- Contractual workers : 159 (Contract paramedics)
- Tenure based : 1327
- Casual workers/contingent : 588
- In addition to the above, approx. 17115 contract labour were deployed by Contractors providing various services to ONGC during the year. They are employees of the respective Contractors.

#### 3. Please indicate the Number of permanent women employees: 2223

#### 4. Please indicate the Number of permanent employees with disabilities: 147

#### 5. Do you have an employee association that is recognized by management?

Yes

A. **Executive Cadre:** The Association of Scientific and Technical Officers (ASTO) has been recognized to represent the issues related to the officers

B. **Non-Executive Cadre:** Ten recognized unions

Sl. No.	Name of the Union	Affiliation	Work-centre for which recognized
1.	ONGC Employees Mazdoor Sabha, Mehsana	Independent	Vadodara, Mehsana, Cambay, Jodhpur
2.	Oil & Natural Gas Commission (B.O.P) Karmachari Sanghatana, Mumbai	Independent	Mumbai Sector
3.	ONGC Workmens' Association, Kolkata	CITU	Kolkata
4.	ONG Mazdoor Sangh, Ankleshwar	Independent	Ankleshwar
5.	National Union of ONGC Employees, Dehradun	INTUC	Dehradun
6.	Petroleum Employees Union, Rajahmundry	INTUC	Southern Sector
7.	ONGC Workers Union, Agartala	CITU	Agartala
8.	ONGC Purbanchal Employees' Association, Sivasagar, Assam	INTUC	Nazira, Sivasagar, Jorhat
9.	Trade Union of ONGC Workers, Silchar, Assam	CITU	Silchar
10.	Petroleum Mazdoor Sangh, Ahmedabad	Independent	Ahmedabad

#### 6. What percentage of your permanent employees is members of this recognized employee association?

Most executives are member of ASTO. The non-executive cadres of employees are affiliated to various recognised unions. ASTO has a membership of nearly 21750 executives which is about 94% of executives.

Ten recognised unions have been conferred recognition by the Company on the basis of verification through secret ballot. They recognize all the unionized categories of employees in their respective work-centres, though some may hold membership with rival unions

#### 7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as at the end of the financial year.

Sl. No	Category	No of complaints filed during the financial year	No of complaints pending at the end of the financial year
1	Child labour/forced labour/involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

#### 8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

● Permanent Employees ● Permanent Women Employees ● Casual/Temporary/ Contractual Employees ● Employees with Disabilities	Training of 24,207 man-days was provided through our premier institutes of IPSHEM Goa and ONGC Academy, Dehra Dun.
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#### Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

### Principle 4.1

#### Do you have policy/policies for principle 4?

The Company has a number of policies in place to address the interests of all stakeholders. As a PSE under Govt. of India, the company pursues all such policies as mandated by the government. The Corporate Social Responsibility (CSR) and Sustainable Development policy along with a host of policies of the Government of India are directed towards disadvantaged, vulnerable and marginalized section of the society. Moreover, In line with the then DPE Guidelines, ONGC had separate policies on Corporate Social Responsibility (CSR) and Sustainable Development (SD) for guiding these activities during 2012-13. The DPE revised its Guidelines for CSR & SD effective from 01st April 2013. The Companies Act, 2013 (Section 135 related to CSR) and CSR rules have been notified. These shall be effective from 01st April 2014. CSR Policy in line with Companies Act has been drafted and is under Board approval.

To substantiate our stakeholder engagement, ONGC has formulated a 'communication policy for stakeholder engagement'. The goal of the policy is to:

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Connect, Listen, Respond, Sustain’ – leading to business value creation with Economic, Social and Environmental sustainability in view. The policy has

been put up to the Board for approval. The table below depicts the manner in which the Company engages to address the interests of all stake-holders:

Stakeholders	Mode of engagement
Customers	Structured engagement through Crude Oil Sales Agreement (COSA)& Gas Sales Agreement (GSA); Regular / periodic meetings with B2B partners.
Communities	Direct engagement at work centres through CSR programmes and HR departments.
Business partners/ contractors/ vendors	Vendor meets; Business partner meets; Pre-bid conferences
Contract workers	Safety trainings & SAHYOG Scheme
Employees	Open House; Vichar-Manthan; Vichar-Dhara; Vichar-Vishlesan; Mantrana; Employee web portal
Regulatory bodies (DGMS,NSE, BSE,SEBI,OISD,OIDB, etc.)	Structured engagement through meetings with administrative ministry MoP&NG, DPE, HI & PE, OISD, OIDB, etc.
Government bodies	
Shareholders, investors	Investor & Analyst meet; AGM; Investor Conferences; Corporate web site and press release

Principle 4.2

Has the policy been formulated in consultation with the relevant stakeholders?

The CSR policy and policy of Sustainable development is in compliance with DPE Guidelines and other relevant statutory bodies including Companies Act 2013. Separate Stakeholder Engagement policy is also under formulation by ONGC, as part of the CSR Policy.

Principle 4.3

Does the policy conform to any national /international standards? If yes, specify? (50 words)+

ONGC’s policies comply with National Standards. The Stakeholder Engagement policy shall conform to AA1000 Stakeholder Engagement standard, which is an International standard.

Principle 4.4

Has the policy been approved by the Board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director?

All such policies being pursued by ONGC gets approved by the Board through its various Committees or by Director (HR). The existing Corporate Citizenship Policy was approved by Board

and signed by the concerned Director. The revised CSR policy is under approval.

Principle 4.5

Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?

Yes. Director (HR) has been delegated power to implement CSR initiatives of ONGC. The implementation of CSR policy is to be overseen by the CSR Committee of the Board, as per the Companies Act, 2013.

Principle 4.6

Indicate the link for the policy to be viewed online?

The website of ONGC,[www.ongcindia.com](http://www.ongcindia.com), has the link to the CSR and SD activities and to a host of policies directed towards the betterment of disadvantaged, vulnerable and marginalised section of stakeholders.

Principle 4.7

Has the policy been formally communicated to all relevant internal and external stakeholders?

Yes. For internal stakeholders, all these policies are available on-line on Company websites and also perpetuated through its Collectives, Officers Association and other relevant associations. For

external stakeholders, communication in this regard is pursued through interactions at multiple levels.

Principle 4.8

Does the company have in-house structure to implement the policy/policies?

ONGC has the structured framework and a laid down well documented procedures in place to execute & implement its policies. ONGC has separate Departments for (i) CSR - headed by Chief CSR, to implement the CSR activities throughout the organisation and (ii) Carbon Management and Sustainable Development - headed by Chief CM&SG to implement the Sustainability agenda of the Company.

Principle 4.9

Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?

Yes.

Principle 4.10

Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?

Policies directed towards the betterment of disadvantaged, vulnerable and marginalised stakeholders are audited & reviewed regularly by internal groups and by Collectives/Officers Associations to oversee whether it is meeting intended objectives or not. CSR policies are reviewed and revamped periodically depending upon needs and instructions of the Govt. of India. SD policies also get reviewed regularly by the concerned stakeholders through interaction with internal & external agencies. Since 2011-12, the Sustainability Report published by ONGC is third party assured. Also, since 2011-12, ONGC has been carrying out the third party Impact Assessment of select CSR initiatives.

Principle 4

1. Has the company mapped its internal and external stakeholders?

Yes. The company has well mapped internal & external stakeholders and it is reflected in Global Reporting Initiative (GRI) report on the corporate website [www.ongcindia.com](http://www.ongcindia.com). The key stakeholders are shown below.

- Employees
- Customers

- Communities
- Business partners / contractors/vendors
- Contract workers
- Regulatory bodies (DGMS, NSE, BSE, SEBI, OISD, OIDB)
- Government bodies
- Shareholders, investors

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes. ONGC complies with Government directives for upliftment of priority section of the society. It is fully committed to the welfare of the marginalized and vulnerable sections of the society. Each of our strategic business units (SBU) has the responsibility to identify and engage with relevant stakeholder to create a symbiotic relationship.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

CSR activities are planned to maximise benefits to the disadvantaged, vulnerable and marginalized stakeholders. Engagement with these stakeholders is done through their elected representatives, local Government officials and NGOs working in their area. The Company has suitable processes, policies and departments in place to identify and engage with such groups of stakeholders.

Marginalised Categories	Engagement Mode
<ul style="list-style-type: none"><li>• People with disabilities</li><li>• Children and Women</li><li>• Tribal</li><li>• Migrant workers</li><li>• SC/ ST</li><li>• Senior Citizen</li><li>• HIV afflicted people</li><li>• People with serious illness</li></ul>	<ul style="list-style-type: none"><li>• Disability support aids (wheel chairs, hearing aid, etc.),</li><li>• Education,</li><li>• Mid-day meals.</li><li>• Livelihood schemes</li><li>• Health care, Hospitals</li><li>• Water supply schemes.</li><li>• Indirect employment as contractual/casual workers.</li><li>• Company has annual component plan for the SC/ST which is distributed through the various work centres of ONGC. The company also provides scholarship for meritorious SC/ST students to pursue higher professional studies.</li></ul>



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Principle 5: Businesses should respect and promote human rights

Principle 5.1

Do you have policy/policies for principle 5?

All policies of ONGC take into account the Human Rights of not only employees but also people likely to be affected by the operations of the Company.

ONGC is committed to conducting its business operations and strategies with the ten universally accepted principles in the area of Human Rights, Child labour, Anti- corruption and Environment. ONGC embraces and supports those ten principles, particularly that on the Human Rights viz: “Businesses should support and respect the protection of internationally proclaimed human rights” and “Make sure that they are not complicit in human rights abuses”. ONGC is fully committed to the principles of United Nations Global Compact on human rights and subscribe to the international agreements/conventions such as Kyoto protocol, Montreal Protocol, UNCLOS (MMD), SOLAS and MARPOL within the framework of Government of India directives. The Company ensures compliance with various labour protection Acts such as Payment of Wages Act 1936, minimum Wages Act 1948, Equal Remuneration Act 1976, Industrial Dispute Act 1947, ESI Act 1948, Employees Provident fund and Miscellaneous Act 1952, CLRA 1970, Child Labour (Prohibition and Regulation) Act 1986. As a responsible principal employer, ONGC ensures that contract labour is treated fairly as per law and for any complaints or disputes, the contractor is advised to settle the issue in accordance with the law. Various in-house policies like service rules, leave rules, gratuity rule, CPF rules, HBA, conveyance advance, education loans also confirm to Human Right values.

Principle 5.2

Has the policy been formulated in consultation with the relevant stakeholders?

ONGC being a Public Sector Enterprise is primarily guided by Government of India policies. The entire gamut of its policies, rules and regulations which govern its functioning have “people first” as its fulcrum.

Principle 5.3

Does the policy conform to any national/ international standards? If yes, specify? (50 words)

The policies of ONGC are in line with national standards and relevant international standard for its operations and business pursuits.

Principle 5.4

Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?

All the policies are approved either by the Board or designated competent authorities.

Principle 5.5

Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?

Each Policy incorporates safeguards to ensure that its functioning is overseen by a Competent Authority / Committee.

Principle 5.6

Indicate the link for the policy to be viewed online?

The website of ONGC [www.ongcindia.com](http://www.ongcindia.com) has the link to the various policies, rules and regulations of ONGC

Principle 5.7

Has the policy been formally communicated to all relevant internal and external stakeholders?

All the Policies of ONGC have been suitably communicated to concerned stakeholders, both internal as well as the external.

Principle 5.8

Does the company have in-house structure to implement the policy/policies?

Yes. The company has in place a structured set-up with adequate empowerment to implement the requisite policies.

Principle 5.9

Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?

Yes (as detailed earlier).

Principle 5.10

Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?

The policies, rules and regulations in the direction as stipulated by the principle 5 are subject to periodic audit/reviews both by internal and external agencies. Moreover, frequent audits like ISO 9001: 2008, Internal Audit, external audit by government agencies are carried out across the organization.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?

The policies towards upholding the human rights extend to JV's and wholly owned subsidiaries of ONGC

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Stakeholders	Complaint
Customers	
Communities	
Business partners/ contractors/ vendors	21 (referred to IEM)
Contract workers	
Employees	
Regulatory bodies (DGMS,NSE, BSE,SEBI,OISD,OIDB etc.,)	
Government bodies	
Shareholders, investors	As detailed in Principle 1(4).

Principle 6: Business should respect, protect, and make efforts to restore the environment

Principle 6.1

Do you have policy/policies for principle 6?

ONGC has always ensured that it protects and cares for the environment. The Company has an integrated Health, Safety & Environment (HSE) Policy. The company continually strives to mitigate the environmental impact, that may arise from its business activities such as exploration, drilling & production, by investing in state-of-art technologies, effluent & solid waste management, environment monitoring and reporting, bio-diversity conservation

efforts and up-gradation and sustenance of environment management systems. ONGC has a robust process of internal audit and management review for QHSE management system and regularly reviews its QHSE policy and maps risks. Some notable HSE practices are – Regular QHSE internal audit, Fire safety measures, regular fire and earth quake mock drill, health awareness program, Material Safety Data Sheet (MSDS), Personal Protective Equipment, implementation of Environment Management Systems (EMS), Occupational Health Safety (OHS), near miss reporting, Governance, Risk management and Compliance reporting.

Principle 6.2

Has the policy been formulated in consultation with the relevant stakeholders?

Yes. All policies of the company have been formulated in consultation with stakeholders, primarily in consultation with and under the guidelines of MoP&NG and Ministry of Environment, Govt. of India and other statutory bodies.

Principle 6.3

Does the policy conform to any national /international standards? If yes, specify? (50 words)

The HSE policy of ONGC is in line with International Standards and conforms to ISO - 14000 and OSHAS - 18001. Policies confirm to all standards, practices and statutes pertaining to environmental commitments as expected from and as mandated to a company engaged in the oil & gas business.

Principle 6.4

Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?

Yes, the policy has been approved by the Board and signed by Chairman & Managing Director, ONGC.

Principle 6.5

Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?

ONGC has a Committee of Directors (COD) on Health, Safety & Environment chaired by an independent director. This Board level committee oversees and reviews decisions on policy matters concerning HSE Policy.

Principle 6.6

Indicate the link for the policy to be viewed online?

The website of ONGC, [www.ongcindia.com](http://www.ongcindia.com), has a separate link for HSE activities.

Principle 6.7

Has the policy been formally communicated to all

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relevant internal and external stakeholders?

The HSE Policy is displayed at all the work centres and has been communicated to each employee as well as contractual employees. A link to our HSE policy has been provided on ONGC website for external stakeholders. ONGC continuously engages with stakeholders at multiple levels through diverse channels. This engagement helps in the formulation of company policies directed at progressively enriching practices and sustainable operations over time.

Principle 6.8

Does the company have in-house structure to implement the policy/policies ?

ONGC has dedicated HSE Department at Corporate level as well as at the Strategic Business units (SBU's) level comprising of Assets, Basin, Plants and Institutes. Safety officers suitably trained and certified are posted at SBU levels to effectively manage and report safety performance.

Principle 6.9

Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?

Yes.

Principle 6.10

Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?

Company undertakes HSE audit at regular pre-defined intervals. External bodies engaged in granting ISO-14000 and OHSAS and other certification agencies conduct regular audits within the certification period to oversee that pre-requisites are being met before granting extensions to these certification.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The HSE policy and processes cover ONGC and its vendors. All suppliers, NGOs and others Business partners doing business with the Company within the Company's premise subscribes to the Company's policies and commitment to the environment. The policies of the Company extend to its wholly owned subsidiaries and to joint ventures after getting

approval of its JV partners on the tenets & premises of environmental commitment.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?

The Company is aware of the risks arising due to climate change. It has a dedicated Carbon Management & Sustainability Group (CM&SG) with a specific mandate to position ONGC as the leading organisation in sustainable development (SD) and to voluntarily take up carbon management as an activity to synergise all business activities with sustainable development particularly to address issues related to climate change risks and opportunities arising from carbon mitigation initiatives. The management has been active in engaging with national and international climate change forum to ensure that the organization stays current with global climate change negotiations and India's domestic commitments. Fugitive methane emissions from oil and natural gas systems are primarily the result of normal operations and system disruptions. These emissions can be cost-effectively reduced by upgrading technologies or equipment, and by improving operations. The Global Methane Initiative (GMI) is an action-oriented initiative from USEPA to reduce global fugitive methane emissions to enhance economic growth, promote energy security, improve the environment, and reduce greenhouse gases emission. The Global Methane Initiative facilitates cooperative mitigation activities that result in bringing more gas to markets through the Identification, Quantification, and Reduction (IQR) path.

ONGC entered into a MoU with the United States Environment Protection Agency (USEPA) in August 2007, to undertake **Methane to Market (now GMI)** projects in ONGC and ONGC has formed an internal and measurement team procured methane emission detection and measurement equipment in order to undertake Fugitive Emission detection and quantification at its operating facilities in-house and has reduced approx. 14 MMSCM of fugitive methane over the years. ONGC has also drawn an effective plan to map all its production installations for fugitive hydrocarbon emission and make the installations leak free in the near future.

3. Does the company identify and assess potential environmental risks?

Yes. The environmental footprints are mapped during the project planning phase and based on impact assessment remedial measures are put in place during the operational phase. After September, 2006 gazette notification on Environmental Clearance of Ministry of Environment & Forests, all new and expansion projects of ONGC are mandated to obtain prior environmental Clearance from Expert Appraisal Committee (EAC) of MoEF before commencing operational activities. The company has obtained 131 environmental clearances so far. The

company has implemented globally recognized environmental management system like ISO 9001, OHSAS 18001 and ISO 14001 at all its operational work centres.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so

ONGC commenced its CDM journey in 2006. Currently ONGC has 11 registered CDM projects with UNFCCC, that yield Certified Emissions Reductions (CER) approx. 1.9 million yearly. The registered CDM projects are:

SI no	Project	CER/annum
1	Waste heat recovery from Process Gas Compressors (PGCs), Mumbai high south (offshore platform)	5,320
2	Up-gradation of Gas Turbine 1 (GT 1) and Gas Turbine 2 (GT 2) at co-generation plant of Hazira Gas Processing Complex (HGPC)	7,802
3	Flare gas recovery project at Uran plant	97,740
4	Flare gas recovery project at Hazira Gas Processing Complex (HGPC), Hazira plant	8,793
5	Amine Circulation Pumps Energy Efficiency at Hazira Plant	4,043
6	51 MW wind power project of ONGC at Surajbari	85,762
7	Energy Efficient Green Building at Mumbai	544
8	Energy Efficient Green Building at Dehradun	735
9	Gas Flaring Reduction at Neelam&Heera Asset	65,811
10	OTPC Natural gas based combined cycle power plant in Tripura, India	16,12,506
11	Energy Efficient Green Building at Kolkata	1881
	<b>Total</b>	<b>18,90,937</b>



## Business Responsibility Report 2013-14

This is probably the highest registration of CER's by any single entity in India. Two projects are under various stages of registration which will make India the largest Certified Emissions Reductions (CER) earner in Asia/ Europe. Annual CERs earned from these projects are 210,739.

ONGC has registered ONGC Tripura Power Corporation Limited (OTPC) as a Clean Development Mechanism (CDM) project with the United Nations Framework Convention on Climate Change (UNFCCC). This is one of the largest CDM projects in the world.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.**

Yes. The Company has taken a host of initiatives to pursue clean technologies, energy efficiency measures and renewable energy pursuits. Some of these initiatives are spelled out in detail at Principle-2 under questionnaire 2 &3 (please refer to these for our supplementary response against this questionnaire). To name a few, the Company has taken some energy saving initiatives such as:

- Flare gas recovery
- Use of turbo-expanders in LPG production
- Use of wind and solar energy
- Use of Gas gen set/Gas based captive power plant
- Use of wind ventilators/vapour recovery unit
- Waste heat recovery from gas turbines
- Use of solar water heating systems and energy efficient lighting
- Arrest of steam leakages

Focussing on cleaner and renewable sources of energy ONGC has implemented the renewable energy wind project 51 MW at Bhuj, Gujarat commissioned in 2008. The second of wind power project of 102 MW is expected to commence operations in 2014-15. ONGC aims to reduce GHG emissions by focusing on improved energy efficiency. The Company has also established “ONGC Energy Centre”, a Trust set up by ONGC to actively pursue alternate energy opportunities. The Energy Centre is poised to contribute significantly towards ONGC's endeavour to have a healthy portfolio of alternate energy. Some of the significant projects/ initiatives are:

- Generation of Hydrogen through Thermo chemical Processes.

- Geothermal Power Project in Cambay Basin.
- Kinetic Hydro Power Project.
- Bioconversion of Coal/Oil Project
- Solar Thermal Project
- Uranium Exploration Project
- Pilot Solar & Wind Hybrid Power Station

**If yes, please give hyperlink for web page:**  
<http://www.ongcindia.com/wps/wcm/connect/ongcindia/Home/Initiatives/Corporate+Sustainability/>

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes. The emissions & waste generated by the Company is within permissible limits. Annual Environment Compliance reports are submitted by the respective work units to respective State Pollution Control Boards (SPCB). All the installations comply with environmental regulations. Procedures are in place for storage, handling and disposal of hazardous chemicals and wastes.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year:**

Crude oil Leakage in BUT pipeline on 6/10/2013 case pertaining to Uran Work Centre is pending. There are few other accidental instances of environmental pollution as per regulations. All issues have been resolved with CPCB / SPCB, except the Uran case.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**Principle 7.1**

**Do you have a policy/policies for principle 7?**

Public and regulatory policies relating to operation of E&P Companies in India are formulated by the Government of India. ONGC, per se, is not engaged in influencing public and regulatory policy. However, being a PSE and a responsible corporate citizen of India, it conducts its business in a responsible manner and always pursues the best ethical business practices.

**Principle 7.2**

**Has the policy been formulated in consultation with the relevant stakeholders?**

ONGC being a Public Sector Enterprise is under the control of the Government of India, though the Ministry of Petroleum & Natural Gas.

**Principle 7.3**

**Does the policy conform to any national /international standards? If yes, specify? (50words)**

The Company pursues its business in a responsible manner and policies are as per the best of prevailing National & International standards as applicable for E&P industry. ONGC was bestowed with 'Certificate of Recognition' for adopting exemplary corporate governance practices, instituted by the Institute of Company Secretaries of India. ONGC has also received “Excellent” Rating for the year 2012-13 for Compliance of Guidelines on Corporate Governance, issued by Department of Public Enterprises (DPE) for Central Public Sector Enterprises (CPSEs). ONGC has secured 100% Score in this regard and is the only Maharatna to achieve this distinction.

**Principle 7.4**

**Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

ONGC follows policies of the Govt. of India. All its internal policies are approved by the Board of Directors or its designated authority.

**Principle 7.5**

**Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?**

Depending upon the area of operation, the relevant function is under the purview of the concerned Functional Director who ensures that the same is being implemented in a responsible manner. The ONGC Board has constituted a number of Board level Committees to oversee functioning of respective areas which are detailed in the Corporate Governance Report of the Annual Report 2013-14.

**Principle 7.6**

**Indicate the link for the policy to be viewed online?**

The website of ONGC ([www.ongcindia.com](http://www.ongcindia.com)) has links to the various policies of ONGC through which one can assess that ONGC conducts its business in a responsible manner.

**Principle 7.7**

**Has the policy been formally communicated to all relevant internal and external stakeholders?**

ONGC functions in a transparent and ethical manner and its policies are available on-line for all its internal & external stakeholders. Further, being a PSE, it is obliged to provide all information to citizens in line with Right to Information Act, 2005.

**Principle 7.8**

**Does the company have in-house structure to implement the policy/policies?**

ONGC has an elaborate organisation structure comprising of 6 functional directors headed by Chairman & Managing Director to ensure proper implementation of all the policies in place.

**Principle 7.9**

**Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?**

Yes.

**Principle 7.10**

**Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?**

The Company has a dedicated Internal Audit department and concurrently audits are conducted through external agencies on regular basis to ensure that the policies produce the desired results. Further, being a PSE under Govt. of India's ambit. The Company is subjected to scrutiny by the statutory bodies such as CAG.

**Principle 7**

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Yes. Company has association with a number of trade chambers & associations such as

- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Confederation of Indian Industries (CII)
- Standing Conference on Public Enterprises (SCOPE)
- Petroleum Federation of India (PetroFed)

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box:**

## Business Responsibility Report 2013-14

### Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

ONGC has always advocated constructive suggestion in area of taxation matters, pricing policies, subsidy sharing, exploration and licensing policies, policies towards pursuing the energy security, sustainable development, corporate social responsibility, that are beneficial to the Industry in specific and society in general. ONGC, on its own, has made a 'Perspective Plan 2030' intended to provide much needed energy security for the nation. Further, details are available on company site [www.ongcindia.com](http://www.ongcindia.com).

#### Principle 8: Businesses should support inclusive growth and equitable development

##### Principle 8.1

##### Do you have policy/policies for principle 8?

ONGC supports inclusive growth and equitable development. A well-defined set of objectives, beneficiaries, strategy and project activities are undertaken by ONGC through its Corporate Social Responsibility (CSR) and Sustainable Development (SD) projects thereby contributing towards inclusive development of the Nation. The objective is to yield discernible, long-term, sustainable benefit for communities in its operational areas & other backward districts as identified by the Planning Commission, GOI. This principle is one of the main pillars of the existing Corporate Citizenship Policy as well as CSR Policy which is under approval.

##### Principle 8.2

##### Has the policy been formulated in consultation with the relevant stakeholders?

ONGC being a Public Sector Enterprise follows CSR Policy and policy on Sustainable Development as per DPE Guidelines formulated by the Govt. of India. Separate Stakeholder Engagement policy is also under formulation by ONGC.

##### Principle 8.3

##### Does the policy conform to any national /international standards? If yes, specify? (50 words)

The CSR and SD policy is formulated to comply with DPE Guidelines, it conforms to National standards. The Companies Act, 2013 meets International norms on CSR on which the ONGC CSR policy is based.

##### Principle 8.4

##### Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?

All policies/ activities pursued through CSR & SD gets approved by the ONGC Board and are signed by the designated competent authorities as per the instructions of the Board. However, the revised CSR policy is under approval. The existing Corporate Citizenship Policy was approved by Board and signed by the concerned Director.

##### Principle 8.5

##### Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?

The Company has a Committee on CSR & SD chaired by an Independent Director which conforms to the DPE Guidelines on CSR & SD as well as section 135 of the Companies Act, 2013. Director (HR) is the nodal Functional Director for implementation of CSR initiatives of ONGC who executes the activities through corporate and work centre level units.

##### Principle 8.6

##### Indicate the link for the policy to be viewed online?

The website of ONGC – [www.ongcindia.com](http://www.ongcindia.com) has a link to the CSR policy and policy on Sustainable Development and other such activities of ONGC.

##### Principle 8.7

##### Has the policy been formally communicated to all relevant internal and external stakeholders?

Yes. The existing policy has been formally communicated to all relevant stakeholders. Also these policies are available online on the website of DPE and ONGC.

##### Principle 8.8

##### Does the company have in-house structure to implement the policy/policies?

ONGC has dedicated departments for CSR and Carbon Management and Sustainable Development at corporate level as well as work centre level.

##### Principle 8.9

##### Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?

Yes.

##### Principle 8.10

##### Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?

Since 2011-12, the Sustainability Report published by ONGC is third party assured. Also, since 2011-12, ONGC has been carrying out the third party Impact Assessment of its select CSR initiatives. The impact assessment was carried out for the following project: 1) Varisthajan Swasthya Sewa Abhiyan 2) Computer education project 3) Project Utkarsh 4) Project eastern swamp deer 5) Project mangrove restoration and conservation education unit 6) project Haritmoksha. The assessment shows a good correlation with its intended objective.

##### Principle 8

##### 1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?

Yes. ONGC has played an anchor role in meeting the inclusive developmental goals across the country particularly in the north eastern parts of the country. ONGC's operational presence is source of local employment and livelihood generation which improve the overall economic standards of the community and region. Some of the projects and initiatives in the given direction are as follows:

##### Projects on health care

- ONGC- Specialist Palliative and Geriatric Care Out-patient Clinic
- ONGC-PMS & RF - 100 Heart Surgeries
- ONGC-Hope Foundation
- Mahavir International
- Wheel Chairs to Under Privileged in AIIMS
- Indian Red Cross Society, Godda (Jharkhand)
- Indian Red Cross Society, Mehabubnagar

##### Education and vocational courses

- Sri Shanmukhananda Fine Arts & Sangeetha Sabha
- SOS Children's Village
- ONGC-The Akshaya-Patra Foundation
- Aantodaya Prakaalp

##### Projects for Physically and Mentally challenged

- Aids & Appliances to the physically challenged
- Aashirwad Special Education School
- Tamanna
- Cheshire Home India (Mumbai)

##### Self-help and livelihood generation scheme

ONGC – Adharshila Entrepreneurship and Skill Development Initiative

- Udaan
- UTKARSH- an ONGC AROH effort for Economic Upliftment of People in Sibasagar

##### Other CSR Schemes

- Hortoki Water Supply Scheme
- ONGC-Gayatri Pariwar Trust
- Equipment in District Govt. Hospital Kushinagar
- St Joseph of Annecy (India) Society, Tripura
- Adoration Charitable Trust
- Varisthajan Swasthya Sewa Abhiyan
- ONGC-GICEIT Computer Centre
- Harit Moksha
- ONGC-Eastern Swamp Deer Conservation Project in Kaziranga National Park
- ONGC has contributed ₹ 2 Crore aid for flood relief operations in Uttarakhand.
- ONGC has associated with 'Clean India Campaign' initiated by the Ministry of Tourism for restoration and preservation of historical monument.

##### 2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO / government structures/any other organization?

The company undertakes projects through in-house department, NGO's and government agencies. The CSR activities are essentially guided by project based approach in line with the guidelines issued by the Department of Public Enterprises and Ministry of Corporate Affairs of the Government of India. As per DPE Guidelines, PSEs cannot implement the projects through their employees / staff.

##### 3. Have you done any impact assessment of your initiative?

Yes. Since 2011-12, ONGC has been carrying out the third party Impact Assessment of its select CSR initiatives. The impact assessment had been done in FY 2011-12 & 2012-13

##### 4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?



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CSR Expenditure for FY. 2013-14

CSR Expenditure for the FY. 2013-14	
Focuswise	Amt. consumed
Annual Component Plan- SC/ST Welfare	1,90,67,466
Education including Vocational courses	61,58,83,396
Entrepreneurship (self help and livelihood)	1,78,13,995
Environment, ecological conservation, protection	1,64,49,49,553
Grant of Financial aid / assistance	16,74,15,215
Ground water management including recharge	2,73,23,687
Health Care	28,34,15,455
Infrastructural support near our operational areas	15,97,55,012
Initiatives for physically and mentally challenged	27,99,44,532
Promoting sports/sports persons; support	1,30,13,901
Promotion of artisans, craftsmen, musicians	4,11,71,136
Protection of heritage sites, UNESCO heritage sites	5,00,000
Society of Petroleum Geophysicists	9,990
Sponsorship of media / cultural / sports	1,87,80,251
Sponsorship of seminars, conferences, workshops	11,37,55,268
Women's empowerment, girl child development	97,46,312
Grand Total	3,41,25,45,169

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Yes. Successful adoption of community development initiatives by the respective community is ensured through the project implementing agency. The CSR project is developed based on need assessment after due interaction with the opinion makers and / or elected representatives and / or local government agencies. The project implementation strategy includes information dissemination, which helps in adoption of the project by the local community. Moreover, ONGC's operations are not adversely affecting indigenous communities. We have not received

any reported incidents of violation involving rights of local community and indigenous people. CSR policy covers engagement of communities impacted by our operations and activities to come up with solutions that enrich the social capital and enhance positive outcomes of our activities. For instance, we provide elderly health care through 20 mobile medical units operated by HelpAge. We also provide prosthetic support to physically challenged persons. Other community initiatives are Haritmokhsa, education to tribal people, eradication of malnutrition amongst others.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

Principle 9.1

**Do you have policy/policies for principle 9?**

ONGC engages with the customers and consumers in a manner that depicts the best business practises and win-win proposition to all doing business with company as per mutually agreed upon business principles and deliverables. ONGC's main customers are Oil Refining & Gas Marketing Companies to which the company's produce that is oil and gas is allocated by the government of India. Company enters into a Crude Oil Sale Agreement (COSA) with the Oil Marketing Companies (OMCs) and Gas Sales Agreement (GSA)with GAIL to whom it sells the Crude Oil, Natural Gas etc. following the crude oil /gas sales allocations as being done by Govt. of India. The COSA/GSA incorporates suitable provisions with regard to the quality and quantity of the product being supplied by ONGC. Besides this, ONGC also sells its produce to many customers under adequate sales agreement and gets governed by the policies and business principles of that time.

Principle 9.2

**Has the policy been formulated in consultation with the relevant stakeholders?**

The COSA/GSA of ONGC has been arrived at in consultation with OMCs and Gas marketing companies on mutually agreed principles. Other sales or purchase agreement are also agreed mutually. ONGC has therefore laid down policies and guidelines for engaging with and providing value to their customers and consumers in a responsible manner.

Principle 9.3

**Does the policy conform to any national/international standards? If yes, specify? (50 words)**

The specifications of quality, etc., in COSA/GSA are in accordance with the national standards. More over ONGC ensures that the policies followed are as per the guidelines of Government of India.

Principle 9.4

**Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?**

Yes. Policies in practise with regard to engagement with customers and consumers are approved by the Board. Thereafter, COSA/ GSA are signed by the designated authorities.

Principle 9.5

**Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?**

Company has a structured and dedicated marketing department / establishment headed by a General

Manager to oversee implementation of relevant policies in this regard.

Principle 9.6

**Indicate the link for the policy to be viewed online?**

COSA/GSA being a bipartite agreement is a confidential document and is not available for inspection to the public. However, the general guidelines with respect to doing business with ONGC and also the standard business/contract terms & conditions of doing business with ONGC are available on the site [www.ongcindia.com](http://www.ongcindia.com).

Principle 9.7

**Has the policy been formally communicated to all relevant internal and external stakeholders?**

Policies, being an internal policy document, have been circulated within the company (internal stakeholders). The need for circulation to external stakeholders has not been felt; moreover, it may compromise ONGC commercial interests.

Principle 9.8

**Does the company have in-house structure to implement the policy/policies?**

As given in response against 9.5 above.

Principle 9.9

**Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?**

Yes. COSA/GSA has a built in mechanism for stakeholders' grievance redressal.

Principle 9.10

**Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?**

The COSA/GSA is subject to review as may be mutually agreed upon.

Principle 9

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year :**

None. There are no incidents this year for non-compliance with regulations. We have been complying with all laws and regulations concerning the provision of our products and services and have not been imposed any fines for non-compliance this year.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws?**

For crude oil sale, Batch wise certificates are issued for Crude Oil, which includes various quality parameters including the BS&W. Product

Business Responsibility Report 2013-14

labelling related to storage procedures and safety precautions is clearly indicated at the ONGC installation holding the crude.

All VAP's are supplied with batch-wise test reports and standard handling procedures to be followed in line with OISD/other statutory standards. Relevant BIS specifications (if applicable) and quality certificates with parameters are issued while dispatching. Product labelling related to storage procedures and safety precautions are clearly indicated at ONGC installations holding the VAP product.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year:**  
No.

2a. **IF ANSWER TO S.NO. 1 AGAINST ANY PRINCIPLE, IS 'NO', PLEASE EXPLAIN WHY: (TICK UP TO 2 OPTIONS)**

Sl.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	NOT APPLICABLE								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. **Governance related to BR**

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**  
Annually.
- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How**

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

Yes. The Company interacts on regular basis with its B2B customers' with respect to product quality and pricing. This kind of engagement with our partners ensures customer satisfaction. Any concerns related to the product by any of our consumers are addressed immediately. In view of constant interaction and feedback through meetings, no need has been felt to undertake separate surveys to measure customer satisfaction. Recently, first ever meet of customers buying Naphtha exported by ONGC was held on January 16th, 2014. The Meet had active participation from all major trading companies who are regular buyers of Naphtha exported by ONGC. The Meet proved to be a great success and provided an interactive platform for Buyers to voice their feedback on the procedures adopted by ONGC for exporting Naphtha.

**frequently it is published?**

This is the second Report on Business Responsibility and forms part of Annual Report 2013-14.  
ONGC also publishes its 'Sustainability Report' annually based on Global Reporting Initiative's latest reporting guidelines. The Sustainability Report for FY 12-13, FY 11-12, FY 10-11 and FY 09-10 is available on the corporate website of the company [www.ongcindia.com](http://www.ongcindia.com).



Highest ultimate reserve accretion in the last two decades - 84.99 MTOE



## Secretarial Audit Report

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

### Secretarial Audit Report

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Oil and Natural Gas Corporation Ltd ("the Company"). The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, its officers, agent and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2014 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent and in the manner reported hereinafter.

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2014 according to the provisions of:
  - The Companies Act, 1956 and Rules made under that Act and notified sections of the Companies Act, 2013 as applicable for the financial year under report;
  - The Depositories Act, 1996 and the Regulations and Byelaws framed under that Act;
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - 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 14<sup>th</sup> May, 2010 of the Ministry of Heavy Industries and Public Enterprises, Government of India (the DPE Guidelines on Corporate Governance).

2. We report that the Company has in our opinion complied with the provisions of the Companies Act 1956, the rules made under that Act, notified sections of the Companies Act, 2013 as applicable to the financial year under report 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 there under.
  - (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 19<sup>th</sup> September, 2013 to 25<sup>th</sup> September, 2013 (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 20<sup>th</sup> Annual General Meeting held on 25th September, 2013.
  - (h) Minutes of proceedings of General Meeting and meetings of Board and its committees.
  - (i) Constitution of Board of Directors and appointment, retirement and re-appointment of directors;
  - (j) Appointment of Chairman and Managing Director, Whole Time Directors and non-executive Directors and their remuneration.
  - (k) The Directors disclosed their interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities and their disclosures have been noted and recorded by the Board.
  - (l) Transfers and transmission of shares and issue and delivery of original and duplicate certificates of

- shares; dematerialization/ rematerialization of shares;
- (m) Declaration and payment of dividend including interim dividends;
  - (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 25th September, 2013 and interim dividends declared on 06.12.2013 and 24.3.2014, 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;
  - (s) The Company has not made any secured borrowings;
  - (t) The Company has not bought back any shares;
  - (u) The Company has complied with forms of balance sheet and statement of profit and loss as prescribed in Parts I and Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act.
  - (v) The Company has complied with all other applicable provisions of the Act and Rules made under the Act.
  - (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 period under review for any offence under the Act.
3. We further report that the Company has complied with the provisions of the Depositories Act, 1996 and

Regulations framed there-under with regard to dematerialisation/rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

4. We further report that:

- (i) The Company has complied with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with regard to disclosures and maintenance of records required under the Regulations.
  - (ii) 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.
5. The Company has complied with the requirements under the Equity Listing Agreements entered into with the Bombay Stock Exchange Ltd and the National Stock Exchange of India Ltd., except, the Board of Directors did not comprise of the required number of Independent Directors for the period 1<sup>st</sup> April, 2013 to 28<sup>th</sup> November, 2013, and the vacancies caused due to retirement of Independent Directors have not been filled within 180 days as per the terms of Listing Agreements.
  6. We further report that based on the information received and records maintained, there are adequate systems and processes in the Company, commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
  7. In our opinion and to the best of our information and according to explanations given to us by the management, we further certify that the Company has complied with the DPE guidelines on Corporate Governance, except that the Board of Directors did not comprise of the required number of Independent Directors for the period 1<sup>st</sup> April, 2013 to 28<sup>th</sup> November, 2013, as stipulated in Para 3.1.4 of Chapter 3 of DPE Guidelines on Corporate Governance.

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

Sd/-  
(A.N. Kukreja)  
Proprietor  
CP No.2318

July 15, 2014

Details of Subsidiary Companies

		(US\$ in Million)								
		As on 31.03.2014					For the year 2013-14			
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Sr. No.	Name of Subsidiary Company	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 Limited									
2	Mangalore Refinery & Petrochemicals Limited									
3	ONGC Nile Ganga B.V.	0.09	2,808.48	3,097.51	288.94	972.27	671.71	592.78	59.49	
4	ONGC Narmada Limited	0.16	(30.60)	1.75	32.19	-	-	(0.03)	-	
5	ONGC Amazon Alaknanda Limited	227.23	560.56	869.65	81.86	-	351.26	183.27	63.00	
6	ONGC Campos Ltda.	295.03	(114.19)	1,330.25	1,149.42		245.59	(27.26)	(1.67)	
7	ONGC Nile Ganga (Cyprus) Ltd.	0.00	149.54	150.19	0.65		-	4.41	0.45	
8	ONGC Nile Ganga (San Cristobal) B.V.	0.07	487.19	492.46	5.19	191.29	1.66	125.27	-	
9	ONGC Satpayev E&P B.V	0.02	(0.02)	0.00	-		-	(0.00)	-	
10	ONGC Caspian E&P B.V	0.05	126.80	126.85	-	0.04	-	7.33	2.68	
11	Imperial Energy Limited (previously knows as Jarpeno Limited)	0.22	2,507.79	3,484.75	976.74	-	-	(3.46)	-	
12	Biancus Holdings Limited	-	17.02	107.04	90.02	-	-	(0.45)	-	
13	San Agio Investments Limited	-	1.54	20.70	19.16	-	-	(0.26)	-	
14	Redcliffe Holdings Limited	-	60.35	60.44	0.09	-	-	(0.03)	-	
15	Imperial Energy Nord Limited	0.03	1,020.28	1,021.50	1.19	-	-	0.02	-	
16	Imperial Energy (Cyprus) Limited	0.03	245.76	245.95	0.16	-	-	(0.03)	-	
17	Imperial Energy Tomsk Limited	-	10.95	11.16	0.21	-	-	(0.03)	-	
18	Imperial Frac Services (Cyprus) Limited	-	0.19	0.30	0.11	-	-	0.38	-	
19	LLC Nord Imperial	0.01	354.76	414.20	59.43	-	32.36	(10.73)	-	
20	LLC Allianceneftgaz	-	(48.08)	220.18	268.26	-	189.07	(44.94)	-	
21	LLC Sibinterneft	-	(22.51)	-	22.51	-	-	(3.66)	-	
22	LLC Rus Imperial Group	-	7.88	32.41	24.53	-	-	(10.97)	-	
23	Carabobo One AB	5.71	153.56	193.88	34.61	-	-	(0.08)	-	
24	Petro Carabobo Ganga B.V.	0.03	161.61	164.74	3.10	0.03	-	(0.60)	-	
25	ONGC (BTC) Limited	8.00	(14.56)	0.02	6.58	-	16.69	15.19	-	
26	BREML	528.37	(202.71)	370.06	44.40	-	-	0.48	-	

Exchange Rate

As on 31.03.2014 1 US\$ = ₹ 60.06

Average Rate for 2013-14 1 US\$ = ₹ 60.48

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.ongcvidesh.com](http://www.ongcvidesh.com).

		(₹ in Million)									
		As on 31.03.2014					For the year 2013-14				
(l)	(j)	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(l)	(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
		100,000.00	149,305.16	689,791.58	440,486.42	8,841.70	98,564.25	51,327.53	15,805.84	35,521.69	-
		17,526.64	53,162.08	395,176.75	324,488.03	150.02	718,147.92	4,096.96	(1,914.86)	6,011.82	-
533.29	-	5.39	168,677.50	186,036.48	17,353.58	58,394.47	40,624.86	35,851.04	3,597.67	32,253.37	-
(0.03)	-	9.61	(1,837.84)	105.11	1,933.33	-	-	(1.81)	-	(1.81)	-
120.27	-	13,647.43	33,667.23	52,231.18	4,916.51	-	21,244.20	11,084.17	3,810.24	7,273.93	-
(25.59)	-	17,719.28	(6,858.40)	79,894.87	69,033.98	-	14,853.02	(1,648.56)	(100.72)	(1,547.83)	-
3.96	-	0.15	8,981.48	9,020.62	38.99	-	-	266.42	27.18	239.24	-
125.27	30.25	4.47	29,260.71	29,577.07	311.89	11,488.64	100.20	7,576.13	-	7,576.13	1,829.52
(0.00)	-	1.49	(1.24)	0.25	-	-	-	(0.25)	-	(0.25)	-
4.65	-	2.98	7,615.85	7,618.84	-	2.45	-	443.14	161.89	281.25	-
(3.46)	-	13.21	150,617.87	209,294.09	58,663.00	-	-	(209.26)	-	(209.26)	-
(0.45)	-	-	1,022.22	6,428.82	5,406.60	-	-	(27.22)	-	(27.22)	-
(0.26)	-	-	92.49	1,243.24	1,150.75	-	-	(15.72)	-	(15.72)	-
(0.03)	-	-	3,624.62	3,630.03	5.41	-	-	(1.81)	-	(1.81)	-
0.02	-	1.80	61,278.02	61,351.29	71.47	-	-	1.21	-	1.21	-
(0.03)	-	1.80	14,760.35	14,771.76	9.61	-	-	(1.81)	-	(1.81)	-
(0.03)	-	-	657.66	670.27	12.61	-	-	(1.81)	-	(1.81)	-
0.38	-	-	11.41	18.02	6.61	-	-	22.98	-	22.98	-
(10.73)	-	0.60	21,306.89	24,876.85	3,569.37	-	1,957.13	(648.95)	-	(648.95)	-
(44.94)	-	-	(2,887.68)	13,224.01	16,111.70	-	11,434.95	(2,717.97)	-	(2,717.97)	-
(3.66)	-	-	(1,351.95)	-	1,351.95	-	-	(221.36)	-	(221.36)	-
(10.97)	-	-	473.27	1,946.54	1,473.27	-	-	(663.47)	-	(663.47)	-
(0.08)	-	342.94	9,222.81	11,644.43	2,078.68	-	-	(4.72)	-	(4.72)	-
(0.60)	-	1.66	9,706.36	9,894.34	186.33	1.54	-	(36.17)	-	(36.17)	-
15.19	-	480.48	(874.47)	1.20	395.19	-	1,009.41	918.69	-	918.69	-
0.48		31,733.90	(12,174.76)	22,225.80	2,666.66	-	-	29.03	-	29.03	-

Sd/-  
(N K Sinha)  
Company Secretary

Sd/-  
(A K Banerjee)  
Director (Finance)

Sd/-  
(D. K. Sarraf)  
Chairman & Managing Director



India's  
**energy**  
anchor



Auditors' Report - Stand Alone
Balance Sheet and Statement of Profit and Loss - Stand Alone
Cash Flow Statement - Stand Alone
Notes to Accounts - Stand Alone

Auditors' Report

To  
The Members of Oil And Natural Gas Corporation Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Oil And Natural Gas Corporation Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- ii. In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. Emphasis of Matter

We draw attention to Note No. 42.3.2 with regard to the dispute between the company and the Government of Gujarat in respect of payment of Royalty on the crude oil produced in the State. The accrual of the additional liability of ₹ 1,16,326.96 millions, which also includes an amount of ₹ 2,092.23 millions paid with effect from February 1, 2014 and considered as deposit, would depend on the decision of the Hon'ble Supreme Court of India. The amount of ₹ 1,16,326.96 millions has been disclosed as contingent liability.

Our opinion is not qualified in respect of this matter.

6. Other Matters

- i. The financial statements include 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 8 NELPs / JVs accounts have been certified by other firms of Chartered Accountants and 11 NELP / JVs have been certified by the management in respect of NELPs / JVs operated by other operators. Our opinion is based solely on the reports of the other auditors and management certified accounts.
- ii. We have placed reliance on technical / commercial evaluation by the management in respect of categorization of wells as exploratory, development, producing and dry well, allocation of cost incurred on them, depletion of producing properties on the basis of proved developed hydrocarbon reserves, impairment, 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.

Our opinion is not qualified in respect of these matters.

7. Report on Other Legal and Regulatory Requirements

- i. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- ii. As required by section 227(3) of the Act, we report that:
  - a. 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;
  - b. 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;

- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report, comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- e. Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Act is not required as per notification number GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs, Government of India.

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

(P. D. Baid)  
Partner (Mem. No. 072625)

For M/s Varma & Varma  
Chartered Accountants  
Firm Reg No. 004532S

(K. M. Sukumaran)  
Partner (Mem. No. 015707)

For M/s G. D. Apte & Co.  
Chartered Accountants  
Firm Reg No. 100515W

(C. M. Dixit)  
Partner (Mem. No. 017532)

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

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

For M/s Mehra Goel & Co.  
Chartered Accountants  
Firm Reg No. 000517N

(R. K. Mehra)  
Partner (Mem. No. 006102)

Date : May 29, 2014  
Place : New Delhi



### Annexure to the Auditors' Report (Referred to in paragraph 7 (i) of our report of even date)

- i. 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 have been physically verified by the management in a 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 explanation 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.
- ii. a) According to the information and explanations given by the management, 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 intra site 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. According to the information and explanations given by the management and 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 effect of the same on the accounts would be adjusted on completion of reconciliation.
- iii. a) The Company has granted secured loans to three parties covered in the register maintained under section 301 of the Companies Act, 1956. The amount outstanding at the year-end is ₹ 0.50 million and the maximum amount outstanding at any time during the year was ₹ 0.90 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 receipt of principal amount and interest are regular.
- d) There is no overdue amount in respect of loans granted to the above parties.
- 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 reporting requirements of clause (iii) (f) and (iii) (g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.
- iv. 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.
- v. 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 reporting requirement of clause (v) (b) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government 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. However, we have not made a detailed examination of the cost records with the view to determine whether they are accurate or complete.
- ix. a) According to records of the Company, 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 have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period more than six months from the date of becoming payable.

b) According to the information and explanations given to us, the disputed statutory dues in respect of Income Tax, Excise Duty, Customs Duty, Cess, Sales Tax, Service Tax, and Wealth Tax are as under:

Nature of the statute	Nature of the dues	Amount Involved (₹ in million)	Amount Paid under Protest (₹ in million)	Period to which the amount relates (financial year)	Forum where dispute is pending
Income Tax Act, 1961	Income tax/ Penalty/ Interest	50,644.75	32,528.47	2006-2013	Commissioner (Appeals)
		2,748.61	556.50	1995-2011	Income Tax Appellate Tribunal
		947.18	51.27	1991-2012	Hon. High Court
		723.61	-	1983-1987	Hon. Supreme Court
		<b>Total</b>	<b>33,136.24</b>		
Central Excise Act, 1944	Central excise duty / Interest / Penalty	494.16	108.54	2001-2010	Commissioner (Appeals) of Central Excise, Customs and Service Tax
		4,838.14	109.37	2003-2013	Custom, Excise and Service Tax Appellate Tribunal
		1,317.46	-	1996-2014	Hon. High Court
		1,773.30	490.00	1980-2005	Hon. Supreme Court
		<b>Total</b>	<b>707.91</b>		
The Customs Act, 1962	Customs duty / Penalty / Interest	2,324.87	-	1996-2003	Central Board of Excise and Customs
		1,437.47	-	1995-1997	Commissioner of Central Excise, Customs & Service Tax
		5.00	1.00	2007-2008	Custom, Excise and Service Tax Appellate Tribunal
		<b>Total</b>	<b>1.00</b>		
Oil Industries (Development) Act, 1974	Cess / Interest	6.75	-	2004-2010	Custom, Excise and Service Tax Appellate Tribunal
		<b>Total</b>	<b>6.75</b>		
Central Sales Tax Act, 1956 and respective States Sales Tax Act	Sales tax / Turnover Tax / Penalty / Interest	3,108.59	34.48	2000-2010	Joint Commissioner/ Commissioner CT - Appeals
		7,880.43	220.92	1993-2009	Appellate Tribunal
		37,639.98	596.77	1978-2013	Hon. High Court
		<b>Total</b>	<b>852.17</b>		
Finance Act, 1994	Service Tax / Interest / Penalties	2,550.06	4.10	2003-2014	Custom, Excise and Service Tax Appellate Tribunal
		0.11	-	2004-2005	Deputy Commissioner of Central Excise, Customs and Service Tax
		637.40	-	2006-2008	Directorate General of Central Excise Intelligence
		32.48	-	2006-2008	Hon. High Court
		<b>Total</b>	<b>4.10</b>		



- x. 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.
- xi. The Company has not issued any debentures and has not defaulted in repayment of dues to financial institutions or banks.
- xii. 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.
- xiii. The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Accordingly, the reporting requirements of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. 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.
- xv. 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.
- xvi. The company has not availed any term loan during the year.
- xvii. 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.
- xviii. The Company has not made any preferential allotment of shares during the year.
- xix. The Company has not issued any debentures.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

**(P. D. Baid)**  
**Partner (Mem. No. 072625)**

**For M/s Varma & Varma**  
**Chartered Accountants**  
**Firm Reg No. 004532S**

**(K. M. Sukumaran)**  
**Partner (Mem. No. 015707)**

**For M/s G. D. Apte & Co.**  
**Chartered Accountants**  
**Firm Reg No. 100515W**

**(C. M. Dixit)**  
**Partner (Mem. No. 017532)**

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

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

**For M/s Mehra Goel & Co.**  
**Chartered Accountants**  
**Firm Reg No. 000517N**

**(R. K. Mehra)**  
**Partner (Mem. No. 006102)**

Date : May 29, 2014  
Place : New Delhi





Balance Sheet as at 31<sup>st</sup> March, 2014

(₹ in million)

Particulars	Note No.	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	4	42,777.60	42,777.60
(b) Reserves and surplus	5	1,324,472.45	1,201,754.64
<b>2 Non-current liabilities</b>			
(a) Deferred tax liabilities (Net)	6	165,786.78	128,879.81
(b) Other Long term liabilities	7	11,850.17	11,241.67
(c) Long-term provisions	8	257,199.64	221,874.45
<b>3 Current liabilities</b>			
(a) Trade payables	9	63,724.81	53,410.06
(b) Other current liabilities	10	119,261.65	112,226.56
(c) Short-term provisions	11	7,811.19	9,101.88
<b>TOTAL</b>		<b>1,992,884.29</b>	<b>1,781,266.67</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12	302,291.89	274,036.80
(ii) Producing Properties	13	657,832.64	524,407.11
(iii) Intangible assets	14	500.61	797.95
(iv) Capital work-in-progress	15	116,450.34	144,153.69
(v) Exploratory/Development Wells in Progress	16	139,127.59	104,758.75
(b) Non-current investments	17	172,043.06	91,730.54
(c) Long-term loans and advances	18	181,783.61	221,728.46
(d) Deposit under Site Restoration Fund Scheme	19	113,101.59	101,331.21
(e) Other non-current assets	20	11,319.96	14,053.53
<b>2 Current assets</b>			
(a) Inventories	21	58,825.41	57,043.94
(b) Trade receivables	22	81,656.70	68,637.21
(c) Cash and Cash Equivalents	23	107,988.77	132,185.86
(d) Short-term loans and advances	24	43,669.60	37,021.24
(e) Other current assets	25	6,292.52	9,380.38
<b>TOTAL</b>		<b>1,992,884.29</b>	<b>1,781,266.67</b>
The accompanying notes are an integral part of these financial statements	1 to 50		

For and on behalf of the Board

(N. K. Sinha) Company Secretary	(A. K. Banerjee) Director (Finance)	(D.K.Sarraf) Chairman & Managing Director
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In terms of our report of even date attached

For G D Apte & Co. Chartered Accountants Firm Reg. No. 100515W	For Varma & Varma Chartered Accountants Firm Reg. No. 004532S	For S. Bhandari & Co. Chartered Accountants Firm Reg. No. 000560C
(C. M. Dixit) Partner (M.No. 017532)	(K.M. Sukumaran) Partner (M. No. 015707)	(P.D. Baid) Partner (M. No. 072625 )
For Ray & Ray Chartered Accountants Firm Reg. No. 301072E	For Mehra Goel & Co. Chartered Accountants Firm Reg. No. 000517N	
(B.K.Ghosh) Partner (M. No. 051028)	(R.K.Mehra) Partner (M.No. 006102)	

New Delhi  
May 29, 2014Statement of Profit & Loss  
for the year ended 31<sup>st</sup> March, 2014

(₹ in million)

Particulars	Note No.	2013-14	2012-13
<b>I REVENUE</b>			
Revenue from operations (Gross)	26	842,027.80	833,089.58
Less: Excise Duty		3,125.09	3,036.25
Revenue from operations (Net)		838,902.71	830,053.33
Other Income	27	67,131.99	54,367.42
<b>Total Revenue</b>		<b>906,034.70</b>	<b>884,420.75</b>
<b>II EXPENSES</b>			
(Increase)/ Decrease in inventories	28	1,042.80	(230.22)
Purchases of Stock-in-Trade		31.80	31.04
Production, Transportation, Selling and Distribution Expenditure	29	393,334.90	375,338.89
Exploration Costs written off			
- Survey Costs		15,911.62	15,667.71
- Exploratory well Costs		62,445.15	84,763.24
Depreciation, Depletion, Amortisation and Impairment	30	109,258.90	83,735.71
Financing Costs	31	3.57	276.36
Provisions and Write-offs	32	2,188.50	18,863.20
Adjustments relating to Prior Period (Net)	33	(2,501.86)	531.49
<b>Total Expenses</b>		<b>581,715.38</b>	<b>578,977.42</b>
<b>Profit before Exceptional, Extraordinary items and Tax</b>		<b>324,319.32</b>	<b>305,443.33</b>
Exceptional items		-	-
<b>Profit before Extraordinary items and Tax</b>		<b>324,319.32</b>	<b>305,443.33</b>
Extraordinary items		-	-
<b>Profit before Tax</b>		<b>324,319.32</b>	<b>305,443.33</b>
<b>Tax Expense</b>			
- Current Tax		65,500.00	86,300.00
- MAT Credit Entitlement		(2,800.00)	-
- Earlier years		2,145.87	(7,014.76)
- Deferred Tax		38,525.38	16,901.13
- Fringe Benefit Tax		-	-
<b>Profit after Tax</b>		<b>220,948.07</b>	<b>209,256.96</b>
<b>Earnings per Equity Share - Basic and Diluted (₹)</b>	34	<b>25.83</b>	<b>24.46</b>
(Face Value ₹ 5/-Per Share)			
The accompanying notes are an integral part of these financial statements	1 to 50		

For and on behalf of the Board

(N. K. Sinha) Company Secretary	(A. K. Banerjee) Director (Finance)	(D.K.Sarraf) Chairman & Managing Director
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In terms of our report of even date attached

For G D Apte & Co. Chartered Accountants Firm Reg. No. 100515W	For Varma & Varma Chartered Accountants Firm Reg. No. 004532S	For S. Bhandari & Co. Chartered Accountants Firm Reg. No. 000560C
(C. M. Dixit) Partner (M.No. 017532)	(K.M. Sukumaran) Partner (M. No. 015707)	(P.D. Baid) Partner (M. No. 072625 )
For Ray & Ray Chartered Accountants Firm Reg. No. 301072E	For Mehra Goel & Co. Chartered Accountants Firm Reg. No. 000517N	
(B.K.Ghosh) Partner (M. No. 051028)	(R.K.Mehra) Partner (M.No. 006102)	

New Delhi  
May 29, 2014

### Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

(₹ in million)

	Year Ended 31 <sup>st</sup> March, 2014	Year Ended 31 <sup>st</sup> March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax and extraordinary items	324,319.32	305,443.33
Adjustments For:		
- Prior Period Items	(2,501.86)	531.49
- Depreciation, Depletion, Amortisation & Impairment	109,258.90	83,735.71
- Exploratory Well Costs Written off	62,445.15	84,763.24
- Interest on Borrowings	3.57	276.36
- Unrealized Foreign Exchange Loss/(Gain)	341.11	(103.02)
- Provision for Leave Encashment	(17,273.47)	1,998.87
- Provision for other Employee benefits	2,764.16	7,509.95
- Other Provision and Write offs (Net)	2,188.50	18,863.20
- Excess Provision written back	(16,328.86)	(5,323.57)
- Provision for Abandonment	243.56	-
- Interest Income	(33,006.23)	(31,428.20)
- Excess Liability written Back	(2,836.39)	(5,522.81)
- Amortization of Government Grant	(2.87)	(3.28)
- Dividend Income	(3,744.37)	(4,614.75)
	101,550.90	150,683.19
Operating Profit before Working Capital Changes	425,870.22	456,126.52
Adjustments for:-		
- Receivables	2,779.65	(18,667.58)
- Loans and Advances	(2,677.53)	(12,007.98)
- Other Current Assets	3,515.95	(3,709.17)
- Inventories	(2,704.45)	(6,336.33)
- Trade Payable and Other Liabilities	29,225.79	1,711.89
	30,139.40	(39,009.17)
Cash generated from Operations	456,009.63	417,117.35
Direct Taxes Paid (Net of tax refund)	(78,080.58)	(94,582.60)
Cash Flow before prior period	377,929.05	322,534.75
Prior period items (Cash items)	166.71	(522.50)
<b>Net Cash Flow from Operating Activities 'A'</b>	<b>378,095.76</b>	<b>322,012.25</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(101,082.42)	(115,789.59)
Sale of Fixed Assets	7.28	140.00
Exploratory and Development Drilling	(199,047.62)	(166,340.67)
Sale of Investments	-	8,519.07
Advance/Investment in Joint Controlled Entities	(9,910.69)	(103.32)
Loan to Associates	337.88	263.07
Loan and advances to Subsidiary	6,941.01	5,566.41
Investments/Loans to Public Sector Undertakings and Other Bodies Corporate	(26,707.47)	83.03
Deposit in Site Restoration Fund	(11,770.38)	(9,505.49)
Dividend Received from Subsidiary/Associates	11.46	1,255.35
Dividend Received from Others	3,732.91	3,359.40
Interest Received	32,768.93	35,958.20
<b>Net Cash Flow from Investing Activities 'B'</b>	<b>(304,719.11)</b>	<b>(236,594.54)</b>

### Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

(₹ in million)

	Year Ended 31 <sup>st</sup> March, 2014	Year Ended 31 <sup>st</sup> March, 2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Repayment of Short Term Borrowings	-	(45,000.00)
Dividend Paid	(83,399.48)	(94,140.71)
Tax on Dividend	(14,170.69)	(15,060.43)
Interest Paid	(3.57)	(276.36)
<b>Net Cash Flow from Financing Activities 'C'</b>	<b>(97,573.74)</b>	<b>(154,477.50)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(24,197.09)</b>	<b>(69,059.79)</b>
Cash and Cash Equivalents as at 1 <sup>st</sup> April, 2013 (Opening Balance)	132,185.86	201,245.65
Cash and Cash Equivalents as at 31 <sup>st</sup> March, 2014* (Note 24) (Closing Balance)	107,988.77	132,185.86
	(24,197.09)	(69,059.79)

\* Includes restricted amount of ₹ 242.01million (Previous period ₹ 225.43 million) earmarked for payment of unclaimed dividend.

**Notes:**

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
- Brackets indicate cash outflow/ deduction.
- Previous year figures have been re-grouped/re-classified wherever necessary to confirm to the current years presentation.

For and on behalf of the Board		
(N. K. Sinha) <b>Company Secretary</b>	(A. K. Banerjee) <b>Director (Finance)</b>	(D.K.Sarraf) <b>Chairman &amp; Managing Director</b>
<b>In terms of our report of even date attached</b>		
<b>For G D Apte &amp; Co.</b> <b>Chartered Accountants</b> <b>Firm Reg. No. 100515W</b>	<b>For Varma &amp; Varma</b> <b>Chartered Accountants</b> <b>Firm Reg. No. 004532S</b>	<b>For S. Bhandari &amp; Co.</b> <b>Chartered Accountants</b> <b>Firm Reg. No. 000560C</b>
(C. M. Dixit) <b>Partner (M.No. 017532)</b>	(K.M. Sukumaran) <b>Partner (M. No. 015707)</b>	(P D. Baid) <b>Partner (M. No. 072625 )</b>
<b>For Ray &amp; Ray</b> <b>Chartered Accountants</b> <b>Firm Reg. No. 301072E</b>	<b>For Mehra Goel &amp; Co.</b> <b>Chartered Accountants</b> <b>Firm Reg. No. 000517N</b>	
(B.K.Ghosh) <b>Partner (M. No. 051028)</b>	(R.K.Mehra) <b>Partner (M.No. 006102)</b>	

New Delhi  
May 29, 2014



## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2014

### 1. Corporate information

Oil and Natural Gas Corporation Limited ('ONGC' or 'the Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed and traded on Stock Exchanges in India. The Company is engaged in exploration, development and production of crude oil and natural gas.

### 2. Significant Accounting Policies

#### a. Basis of preparation

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 (Revised) issued by the Institute of Chartered Accountants of India and Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act, 1956.

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956.

The financial statements are presented in Indian Rupees and all values are rounded to the nearest million except otherwise stated.

#### b. 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.

#### c. Government Grant

Government Grant related to acquisition of Fixed Assets is treated as 'Deferred Government Grant' and an amount equal to proportionate depreciation of such assets is credited to the Statement of Profit and Loss.

#### d. Fixed Assets

##### d.1 Tangible Assets

d.1.1 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.

d.1.2 All costs, net of applicable tax credits, relating to acquisition of fixed assets till the time of bringing the assets to working condition for intended use are capitalised.

##### d.2 Intangible Assets

Intangible assets are stated at cost of acquisition, net of applicable tax credits, less accumulated amortization and impairment.

#### e. Exploration, Development and Production Costs

##### e.1 Pre-acquisition cost

Expenditure incurred before obtaining the right(s) to explore, develop and produce oil and gas are expensed as and when incurred.

##### e.2 Acquisition Cost

Acquisition costs of an oil and gas property are costs related to right to acquire mineral interest and are accounted/treated as follows:-

**Exploration and Development stage:** Acquisition cost relating to projects under exploration or developments are initially accounted as capital work in progress. Such costs are capitalized by transferring to Producing Property when a well is ready to commence commercial production. In case of abandonment/ relinquishment, such costs are written off.

##### **Production stage:**

Acquisition costs of a producing oil and gas property are capitalized as proved property acquisition cost under producing properties and amortized over the production profile of the underlying asset using the unit of production method over proved reserves.

##### e.3 Survey Cost

Cost of Survey and prospecting activities conducted in the search of oil and gas are expensed as exploration cost in the year in which these are incurred.

##### e.4 Exploratory/ Development Wells in Progress

e.4.1 All exploration costs incurred in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalized as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per note no.2.f.1.1 or expensed as exploration cost (including allocated depreciation) as and when determined to be dry or of no further use, as the case may be.

e.4.2 Costs of exploratory wells are not carried unless there are indications of sufficient quantity of

reserves and sufficient progress is being made in assessing the reserves and the economic and operating viability of the project. All such carried costs are subject to review for impairment as per note no. 2.j.

e.4.3 All costs relating to Development Wells are initially capitalized as 'Development Wells in Progress' and transferred to 'Producing Properties' on "completion" as per note no.2.f.

#### f. Producing Properties

f.1.1 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.

f.1.2 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.

#### g. 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/license/asset/ amortization base by considering the proved developed reserves and related capital costs incurred including estimated future abandonment costs net of salvage value. 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.

#### h. Production Costs

Production costs include pre-well head and post-well head expenses including depreciation and applicable operating costs of support equipment and facilities.

#### i. Side tracking

i.1 The cost of abandoned portion of side tracked exploratory wells is expensed as 'Exploratory Well Cost'.

i.2 The cost of abandoned portion of side tracked development wells is considered as part of cost of development wells.

i.3 The cost of sidetracking in respect of existing producing wells is capitalised if it results in additional proved developed oil & gas reserves or increases the future economic benefits therefrom beyond previously assessed standard of performance, otherwise, expensed as 'Work over Expenditure'.

#### j. Impairment

j.1 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 higher of its 'value in use' or 'net selling price' (if determinable). 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 increase 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.

j.2 Impairment testing during exploratory phase is carried out at area level when further exploration activities are not planned in near future or when sufficient data exists to indicate that although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or by sale. Impairment is reversed subsequently, to the extent that conditions for impairment are no longer present.

#### k. Abandonment Cost

k.1 The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities are recognized in respective assets when the well is complete / facilities are installed. The abandonment cost on dry well is expensed as exploratory well cost.

k.2 Provision for abandonment cost is updated based on the technical assessment at current costs. The effects of changes resulting from revisions to estimated liability are adjusted to the carrying amount of the related Asset and considered for depletion on a prospective basis.

#### l. Jointly Controlled Asset

The Company has Joint Ventures in the nature of Production Sharing Contracts (PSC) with the Government of India and various body corporates for exploration, development and production activities.

l.1 The company's share in the assets and liabilities along with attributable income and expenditure of

the Jointly Controlled Assets is merged on line by line basis 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.

## 1.2 Disposal of Interest

Gain or loss on sale of interest in a cost centre, is recognized in the statement of profit and loss, except that no gain is recognized at the time of such sale if substantial uncertainty exists about the recovery of the costs applicable to the retained interest or if the company has substantial obligation for future performance. The gain in such situation is treated as recovery of cost related to that cost centre.

1.3 The hydrocarbon reserves in such areas are taken in proportion to the participating interest of the Company.

## m. 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.

## n. Inventories

n.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.

n.2 Crude oil in unfinished condition in flow lines up to Group Gathering Stations/platform and Natural Gas in Pipelines is not valued.

n.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.

n.4 Unserviceable and scrap items, when determined, are valued at estimated net realisable value.

## o. Revenue Recognition

o.1 Revenue from sale of products is recognized on transfer of custody to customers.

o.2 Sale of crude oil and gas (net of levies) produced from Wells in Progress is deducted from expenditure on such wells.

o.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.

o.4 Revenue in respect of the following is recognized when there is a reasonable certainty regarding ultimate collection:

- Short lifted quantity of gas
- Gas pipeline transportation charges
- Reimbursable subsidies and grants
- Surplus from Gas Pool Account
- Interest on delayed realization from customers
- Liquidated damages from contractors/suppliers

o.5 Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

## p. Depreciation and Amortisation

p.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.

p.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 ₹ 5,000/- which are fully depreciated at the time of addition.

p.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.

p.4 Depreciation on fixed assets (including support equipment and facilities) used for exploratory/development drilling and on production facilities is initially capitalised as part of drilling cost or producing properties and expensed/depleted as stated in Note no. 2. f and 2.g above. Depreciation on equipment/ assets deployed for survey activities is charged to the Statement of Profit and Loss.

p.5 Leasehold land is amortized over the lease period except perpetual leases.

p.6 Intangible assets are amortized on Straight Line Method (SLM) over the useful life not exceeding five years from the date of capitalization.

## q. 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 Statement of Profit & Loss 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.

## r. Employee Benefits

r.1 All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.

r.2 Employee benefits under defined contribution plans comprising provident fund etc. is recognized based on the undiscounted amount of obligations of the company to contribute to the plan. The same is paid to a fund administered through a separate trust.

r.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.

## s. Voluntary Retirement Scheme

Expenditure on Voluntary Retirement Scheme (VRS) is charged to the Statement of Profit & Loss when incurred.

## t. General Administrative Expenses

General administrative expenses which are directly attributable are allocated to activities and the balance is charged to the Statement of Profit & Loss.

## u. Insurance claims

The company accounts for insurance claims as under:-

u.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 the Statement of Profit & Loss.

u.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.

u.3 As and when claims are finally received from insurer, the difference, if any, between Claims Recoverable-Insurance and claims received is adjusted to the Statement of Profit & Loss.

## v. Research Expenditure

Revenue expenses on Research are charged to the Statement of Profit & Loss, when incurred.

## w. 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 profit 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 reasonable certainty that the asset will be realized in future.

## x. 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 the Statement of Profit & Loss.

## y. Rig Days Costs

Rig movement costs are booked to the next location drilled/planned for drilling. Abnormal Rig days' costs are considered as unallocable and charged to the Statement of Profit & Loss.

## z. Unamortised 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 is amortized over the period of use not exceeding five years and the balance is carried under head "Unamortized Expenditure" in the Balance Sheet.

## za. 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 embodying economic benefits. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are disclosed by way of notes to account.

3. The company has changed the accounting policies to align with the Guidance Note on Accounting for Oil and Gas Producing Activities

(Revised) notified by the Institute of Chartered Accountants of India, with effect from 01.04.2013. This has resulted in an increase in profit before tax by ₹ 10,140.04 million. The detailed impact and adjustments resulting from such changes in policies have been disclosed in Note no. 8.1, 13.1, 13.2, 16.1 (a), 16.1 (b) and 16.1 (c).

4. **Share Capital** (₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Authorised:</b> 30,000,000,000 Equity Shares of ₹ 5 each (Previous Year 30,000,000,000 Equity Shares of ₹ 5 each)	<u>150,000.00</u>	<u>150,000.00</u>
<b>Issued and Subscribed:</b> 8,555,528,064 Equity Shares of ₹ 5 each ( Previous Year 8,555,528,064 Equity Shares of ₹ 5 each)	<u>42,777.64</u>	<u>42,777.64</u>
<b>Paid up :</b> 8,555,490,120 Equity Shares of ₹ 5 each (Previous Year 8,555,490,120 Equity Shares of ₹ 5 each)	<u>42,777.45</u>	<u>42,777.45</u>
Add: Shares forfeited	<u>0.15</u>	<u>0.15</u>
<b>Total</b>	<u>42,777.60</u>	<u>42,777.60</u>

4.1 **Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period:-**

Particulars	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	No. in million	₹ in million	No. in million	₹ in million
Outstanding at the beginning of the year	8,555.49	42,777.45	8,555.49	42,777.45
Changes during year	-	-	-	-
<b>Outstanding at the end of the year</b>	<u>8,555.49</u>	<u>42,777.45</u>	<u>8,555.49</u>	<u>42,777.45</u>

4.2 **Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of ₹5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

4.3 **Details of shareholders holding more than 5% shares in the company are as under:-**

Name of the Share Holders	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	No. in million	% holding	No. in million	% holding
President of India	5,897.76	68.94	5,922.55	69.23
Life Insurance Corporation of India	666.70	7.79	662.85	7.75
Indian Oil Corporation Limited	657.92	7.69	657.92	7.69

- 4.4 Pursuant to the approval of the members dated 28.01.2011, during the financial year 2010-11, one equity share having face value of ₹ 10/- each had been sub-divided into two equity shares of ₹ 5/- each and bonus shares in proportion of one new equity bonus share of ₹ 5/- each for every one fully paid up equity share of ₹ 5/- each held on

09.02.2011 (record date) had been allotted. The company has issued total 4,277.75 million equity shares of face value of ₹ 5 each issued as fully paid up by way of bonus shares during the period of five years immediately preceding the reporting date.

- 4.5 **Shares reserved for issue under option** : Nil (previous year nil)

5. **Reserves and Surplus**

(₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Capital Reserve (Note-5.1)</b>		
As per last Balance Sheet	159.44	159.44
<b>Deferred Government Grant (Note-2.c)</b>		
a) As per last Balance Sheet	27.53	30.81
b) <b>Less:</b> Deduction during the year**	<u>2.87</u>	<u>3.28</u>
	24.66	27.53
<b>General Reserve</b>		
a) As per last Balance Sheet	1,201,567.67	1,086,599.46
b) <b>Less:</b> Impairment loss (net of deferred tax) [Note 16.1(a)]	<u>3,143.02</u>	-
c) <b>Add:</b> Transferred from Surplus	<u>125,863.70</u>	<u>114,968.21</u>
	1,324,288.35	1,201,567.67
<b>Surplus</b>		
a) As per last Balance Sheet	-	-
b) <b>Add:</b> Profit after Tax for the year	220,948.07	209,256.96
c) <b>Less:</b> Proposed Dividend (Note 5.2)	<u>2,138.87</u>	<u>4,277.75</u>
d) <b>Less:</b> Interim Dividend	<u>79,138.31</u>	<u>76,999.41</u>
e) <b>Less:</b> Tax on Dividend	<u>13,807.19</u>	<u>13,011.59</u>
f) <b>Less:</b> Transferred to General Reserve	<u>125,863.70</u>	<u>114,968.21</u>
	-	-
<b>Total</b>	<u>1,324,472.45</u>	<u>1,201,754.64</u>

\*\* Represents the amount equivalent to depreciation transferred to the Statement of Profit and Loss.

- 5.1 Represents assessed value of assets received as gift.

- 5.2 The Board of Directors has recommended a final dividend of ₹ 0.25 per share (previous year ₹ 0.50 per share) which is subject to the approval of the shareholders in the ensuing Annual General Meeting over and above the interim dividend of ₹ 9.25 per share (Previous year ₹ 9.00 per share).

**6. Deferred Tax Liabilities (Net)**

Disclosure under Accounting Standard-22 on 'Accounting for Taxes on Income' is as under:

(₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>(i) Liabilities</b>		
Depletion of Producing Properties	218,766.58	177,977.15
Depreciation Allocated to Wells in Progress and expenses relating to NELP blocks	23,002.57	14,799.59
Unamortised Expenditure written off	3,718.06	5,050.44
Development Wells-in-Progress	10,052.58	12,045.58
Others	7,300.79	3,707.52
<b>Total (i)</b>	<b>262,840.58</b>	<b>213,580.28</b>
<b>(ii) Assets</b>		
Depreciation	19,978.75	13,710.84
Dry wells written off	18,340.46	10,650.76
Provision for Non Moving Inventories	1,876.75	1,584.30
Provision for Doubtful Debts/Claims/Advances/ Interest Accrued	4,270.17	9,501.06
Provision for Abandonment	38,633.84	24,029.48
Provision towards Additional Profit Petroleum & interest thereon	3,426.45	3,102.97
Provisions unpaid u/s 43B of Income Tax Act, 1961	766.87	14,894.03
Others*	9,760.51	7,227.03
<b>Total (ii)</b>	<b>97,053.80</b>	<b>84,700.47</b>
<b>Deferred Tax Liability (Net) (i - ii)</b>	<b>165,786.78</b>	<b>128,879.81</b>

\*Includes ₹1,618.41 million (Previous Year Nil) created consequent to assessment of impairment during exploration phase as at 01.04.2013 in terms of the Guidance Note on Oil and Gas Producing Activities (Revised) as referred to in note no. 16.1

**7. Other Long term Liabilities**

(₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Trade payables</b>		
- Outstanding dues to Micro & Small Enterprises (Note 45)	-	-
- Outstanding dues to other than Micro & Small Enterprises	998.01	1,171.14
<b>Others</b>		
- Deposits from Suppliers and Contractors	31.23	52.48
- Liability for Capital Goods	88.60	79.70
- Liquidated Damages deducted	9,904.05	9,250.07
- Other Liabilities	828.28	688.28
<b>Total</b>	<b>11,850.17</b>	<b>11,241.67</b>

**8. Long Term Provisions**

(₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Provision for Employee benefits (Note 35)</b>		
Unavailed Leave (Note-35.1.2 & 35.1.3)	-	17,963.52
Post Retirement Medical & Terminal Benefits	28,536.99	26,228.20
<b>Provision for Abandonment (Note 41 &amp; 8.1)</b>	<b>228,022.08</b>	<b>177,051.63</b>
<b>Provision for Others (Note 41)</b>	<b>640.57</b>	<b>631.10</b>
<b>Total</b>	<b>257,199.64</b>	<b>221,874.45</b>

**8.1** Change in policy of accounting in respect of provision for abandonment net of salvage value to gross basis (refer accounting policy no. 2.k.1 has resulted in an increase in provision by ₹ 26,969.32 million with corresponding increase in producing

property by ₹ 26,729.88 million, Exploratory wells in Progress by ₹ 59.04 million, Development well in progress by ₹ 42.97 million and increase in expenditure of ₹ 137.43 million as at and for the year ended 31.03.2014.

**9. Trade Payables**

(₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
- Outstanding dues to Micro & Small Enterprises (Note - 45)	81.44	3.60
- Outstanding dues to other than Micro & Small Enterprises	63,643.37	53,406.46
<b>Total</b>	<b>63,724.81</b>	<b>53,410.06</b>

**10. Other current liabilities**

(₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Advance from Customers	26,202.83	3,910.08
Unclaimed Dividend (Note-10.1)	242.01	225.43
Liability for Capital Goods	18,926.10	27,977.03
Liability for Statutory Payments	18,110.13	18,622.15
Deposits from Suppliers and Contractors	6,914.34	3,759.73
Liability for Gratuity	-	60.84
Liability for Employees	9,414.76	6,511.95
Liability for Superannuation Benefits (Note 35.1.6)	427.31	20,204.79
Cash call payable to JV Partners	9,927.26	7,034.34
Liquidated damages deducted	10,666.22	9,061.49
Other Liabilities	18,430.69	14,858.73
<b>Total</b>	<b>119,261.65</b>	<b>112,226.56</b>

**10.1** No amount is due for deposit in Investor Education and Protection Fund.

**11. Short term provisions**

(₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Provision for Employees Benefits (Note-35)</b>		
Unavailed Leave (Note- 35.1.2 & 35.1.3)	2,566.68	1,876.63
Post Retirement Medical & Terminal Benefits	2,092.56	1,637.19
<b>Provision for Abandonment (Note-41 &amp; 8.1)</b>	<b>417.11</b>	<b>402.82</b>
<b>Provision for Others</b>		
Proposed Dividend	2,138.87	4,277.75
Tax on Proposed Dividend	363.50	727.00
Provision for Wealth tax	126.00	102.00
<b>Less: Paid</b>	<b>58.82</b>	<b>52.27</b>
<b>Other Provisions (Note-41)</b>	<b>165.29</b>	<b>130.76</b>
<b>Total</b>	<b>7,811.19</b>	<b>9,101.88</b>



12. Tangible Assets (₹ in million)

Description	Gross Block			Accumulated Depreciation			Accumulated Impairment			Net Block	
	At 1 <sup>st</sup> April, 2013	Additions	Deletion/Adjustments	At 31 <sup>st</sup> March, 2014	At 1 <sup>st</sup> April, 2013	For the year	Deletion/Adjustments	At 31 <sup>st</sup> March, 2014	At 1 <sup>st</sup> April, 2013	For the year	At 31 <sup>st</sup> March, 2014
Land Freehold	3,237.89	1,040.26	21.49	4,256.66	-	-	-	-	4,256.66	-	3,237.89
Land Leasehold	5,689.65	95.07	3.96	5,780.76	526.72	106.18	4.71	628.19	-	-	5,162.93
Building & Bunk Houses	18,767.39	3,965.76	92.11	22,641.04	8,776.38	1,118.52	14.43	9,882.47	87.40	38.45	9,901.61
Plant & Equipment	918,409.21	109,103.68	2,159.08	1,025,363.81	666,426.27	87,002.28	2,166.64	751,261.91	1,934.22	38.70	250,048.72
Furnitures & Fixtures	6,802.37	392.00	219.59	6,974.78	4,175.75	503.81	141.74	4,537.82	11.95	0.59	2,614.67
Vehicles#	5,681.15	1,875.99	242.42	7,314.72	4,055.22	483.98	238.62	4,300.58	10.61	-	1,615.32
Office Equipment	5,253.01	1,886.79	774.96	6,364.84	3,774.70	686.26	774.20	3,686.76	22.65	0.69	1,455.66
Total	963,840.67	118,359.55	3,513.61	1,078,686.61	687,737.04	89,901.03	3,340.34	774,297.73	2,066.83	78.43	302,291.89
Previous Year	899,072.22	137,532.36	72,763.91	963,840.67	681,661.45	78,640.01	72,564.37	687,737.09	1,732.62	774.14	274,036.80
Share in Joint Ventures	67,697.26	6,421.52	29.24	74,089.54	48,775.46	5,749.19	13.14	54,511.51	797.53	24.20	-
Previous Year	62,754.08	4,998.97	55.79	67,697.26	43,769.36	5,060.87	54.77	48,775.46	182.52	615.01	18,124.27

# Vehicles includes Survey Ships, Crew Boats and Helicopters. Vehicles also include cost of 10 immediate support vessels (ISV) amounting to ₹ 1,079.50 million (Previous year Nil) handed over to Indian Navy for manning, maintenance and operations.

Notes

- 12.1 Land includes lands in respect of certain projects for which execution of lease/conveyance deeds are in process.  
12.2 Registration of title deeds in respect of certain Buildings is pending execution.  
12.3 Depreciation for the year includes ₹ 48.02 million pertaining to prior period (Previous Year ₹ 8.99 million).  
12.4 Building includes cost of undivided interest in land.

13. Producing Properties

Particulars	As at		As at	
	31 <sup>st</sup> March, 2014		31 <sup>st</sup> March, 2013	
<b>Gross Cost</b>				
Opening Balance	1,146,652.17		1,018,980.62	
Transfer from Exploratory Wells-in-Progress	8,950.30		3,880.95	
Transfer from Development Wells-in-Progress	92,576.75		65,181.63	
Depreciation on Facilities	64,756.79		59,741.63	
Increase/(Decrease) in estimated Abandonment costs	52,578.56		(1,132.66)	
Other Adjustments	(59.05)	1,365,455.52	-	1,146,652.17
<b>Less: Depletion &amp; Impairment</b>				
<b>Depletion</b>				
Opening Balance	618,948.25		552,657.94	
Depletion for the year (Note 13.3, 30 & 33)	85,076.96	704,025.21	66,290.31	618,948.25
<b>Impairment</b>				
Opening Balance	3,296.81		2,554.40	
Impairment provided during the year	417.20		742.41	
Write back of Impairment	(116.34)	3,597.67	-	3,296.81
<b>Net Producing Properties</b>		<b>657,832.64</b>		<b>524,407.11</b>

- 13.1 Change in policy of capitalising the cost of side tracking of producing wells, only if it results in increased proved developed reserves, to capitalising the cost if it results in increased proved developed reserves or future economic benefits therefrom beyond previously assessed standard of performance(refer accounting policy no. 2.i.3), has the impact of increase in profit before tax by ₹ 7,879.28 million with corresponding increase in Producing Properties by ₹ 7,328.59 million and Development Wells in Progress by ₹ 550.69 million for the year ended 31.03.2014.
- 13.2 Change in policy of transferring development wells to producing properties upon establishment of proved developed reserves and connectivity for production, to only upon establishment of proved developed reserves irrespective of connectivity, has the impact of decrease in profit before tax by ₹ 247.48 million on account of increase in depletion on Producing Properties capitalized from such

- 13.3 During the year, PMT JV has downgraded reserves for the Mid and South Tapti fields due to geological surprises. As a result, the production profile is envisaged only up to 2015-16 and the sale realization (net of statutory levies) will be transferred to Site Restoration Fund pursuant to the Profit Sharing Contract. Under these circumstances, the field has been fully depleted and depletion aggregating to ₹ 9,090.44 million has been charged to the Statement of Profit and Loss. Similarly, a provision for impairment of ₹ 441.87 million representing the salvage value of Tapti field and Capital Work in Progress in Tapti field has been made in the financial statements.

**14. Intangible Assets** (₹ in million)

Application Software	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	Share in Joint Venture	
			As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Gross Block</b>				
Opening Balance	6,300.68	6,051.08	92.76	99.61
Additions during the year	112.03	264.08	7.20	5.15
Deletions/Adjustments	54.92	14.48	-	12.00
Closing Balance	6,357.79	6,300.68	99.96	92.76
<b>Amortisation</b>				
Opening Balance	5,480.46	4,905.53	38.29	36.98
Provided during the year	409.37	589.39	16.64	13.29
Deletions/Adjustments	54.92	14.46	-	11.98
Closing Balance	5,834.91	5,480.46	54.93	38.29
<b>Impairment</b>				
Opening Balance	22.27	22.27	-	-
Provided during the year	-	-	-	-
Closing Balance	22.27	22.27	-	-
<b>Net Block as at the year end</b>	<b>500.61</b>	<b>797.95</b>	<b>45.03</b>	<b>54.47</b>

**15. Capital Works-In-Progress** (₹ in million)

Particulars	As at		As at	
	31 <sup>st</sup> March, 2014		31 <sup>st</sup> March, 2013	
<b>Acquisition Costs-E&amp;P Asset (Note no.15.1)</b>	<b>28.59</b>			
Buildings	4,605.30		3,641.65	
Plant and Equipment (Note-15.2)	106,608.89		139,928.76	
Capital Stores (including in transit)	7,686.30		3,032.07	
Less: Provision for Non-Moving Items	77.51	118,822.98	117.65	146,484.83
<b>Less: Impairment</b>				
Opening Balance	2,331.14		1,295.90	
Provided during the year	686.78		1,377.05	
Other adjustments	-		(22.13)	
Write back of Impairment	(616.69)	2,401.23	(319.68)	2,331.14
<b>Net Capital Works-In-Progress</b>	<b>116,450.34</b>		<b>144,153.69</b>	

15.1 The company has paid a lump sum amount of ₹ 28.59 million (Previous year nil) as commercial bonus to MoP&NG, Government of India which is accounted as acquisition cost for acquiring the right of mining lease in CBM Block (NK-CBM-2001/1 & BK-CBM-2001/1)

8,436.64 million (Previous Year ₹ 8,176.05 million) in respect of Capital Works in Progress (CWIP) for C2-C3 plant which is mechanically complete and will be capitalized on completion of test run. Further, C3-C4 blending facility and recycling facility of C2 is mechanically completed in February 2014 and pending test run the same has been carried forward as CWIP.

15.2 Plant & Equipment includes an amount of ₹

**16. Exploratory/Development Wells in Progress** (₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
<b>A) Exploratory Wells-In-Progress</b>				
Gross Cost				
Opening Balance	86,489.94		67,443.65	
Acquisition cost (Note - 16.2)	-		2,124.44	
Expenditure during the year	116,872.08		96,509.46	
Less : Sale proceeds of Oil and Gas {(Net of levies ₹ 148.65 million) (Previous year ₹ 53.60 million)}	470.54	116,401.54	123.05	96,386.41
Depreciation during the year	2,506.44		1,335.06	
	205,397.92		167,289.56	
<b>Less :</b>				
Transfer to Producing Properties	8,950.30		3,880.95	
Wells written off during the year	62,508.91		76,976.44	
Other adjustments	(16.66)	71,442.55	(57.77)	80,799.62
		133,955.37		86,489.94
<b>Less : Provisions (Note-16.2)/Impairment (Note-16.1)</b>		24,518.71		17,169.78
<b>Exploratory Wells-In-Progress (A)</b>		<b>109,436.66</b>		<b>69,320.16</b>
<b>B) Development Wells-In-Progress</b>				
Opening Balance	35,820.64		28,041.51	
Expenditure during the year	85,188.40		70,118.36	
Depreciation during the year	1,871.16		2,842.40	
Less: Transfer to Producing Properties	92,576.75	30,303.45	65,181.63	35,820.64
<b>Less: Impairment</b>				
Opening Balance	382.05		260.74	
Provided during the year	264.47		121.31	
Write back during the year	(34.00)	612.52	-	382.05
<b>Development Wells-In-Progress (B)</b>		<b>29,690.93</b>		<b>35,438.59</b>
<b>Exploratory/Development Wells-In-Progress (A+B)</b>		<b>139,127.59</b>		<b>104,758.75</b>

16.1 (a) In accordance with policy no.2.j and as per the requirement of the Guidance Note on accounting for oil and gas producing activities (Revised), the company has carried out impairment testing of assets under exploratory phase (Exploratory Wells in Progress) as on 01.04.2013. Accordingly, an amount of ₹ 4,761.42 million has been accounted as provision for impairment with corresponding amount of ₹ 3,143.01 million (net of deferred tax of ₹ 1,618.41 million) has been adjusted against general reserves as on 01.04.2013.

Further, impairment testing of assets under exploratory phase (Exploratory Wells in Progress) has been carried out as on 31.03.2014, and an additional amount of ₹ 2,546.46 million has been provided during the year 2013-14 as impairment

loss in the Statement of Profit & Loss.

(b) Change in policy of expensing the cost of stratigraphic test wells (expendable wells) on their completion irrespective of their status, to carrying the cost of only those stratigraphic test wells having indications of sufficient quantity of reserves (refer accounting policy no. 2.e.4.1 & 2.e.4.2), has an impact of increase in profit before tax by ₹ 2,702.95 million with corresponding increase in Exploratory Wells in Progress during the year ended 31.03.2014.

(c) Change in policy of expensing the cost of exploratory wells which are more than two years from date of completion of drilling to carrying the cost of only those exploratory wells having indications of sufficient quantity of reserves (refer accounting policy no. 2.e.4.2), has an impact of



16.2 increase in profit before tax by ₹ 2,489.18 million with corresponding increase in Exploratory Wells in Progress during the year ended 31.03.2014. During the Financial year 2004-05, the company had acquired 90% Participating Interest in Exploration Block KG-DWN-98/2 from M/s Cairn Energy India Ltd. for a lump sum consideration of ₹ 3,711.22 million which, together with subsequent exploratory drilling costs of wells had been capitalised under 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 (DOC) had been submitted on 21.12.2009 for Southern Discovery Area and on 15.07.2010 for Northern Discovery Area to the Management Committee (MC) for review as per original time lines. The exploration period of this block has been restructured by

Government upto 29.12.2013 in accordance with the Rig Holiday Policy and taking into account the delay in grant of PEL. Additional appraisal drilling along with exploratory drilling is in progress. During the financial year 2012-13, the company had acquired the remaining 10% participating interest in the block from M/s Cairn Energy India Ltd. on actual past cost basis for a consideration of ₹ 2,124.44 million. Revised DOC has been submitted on 26.12.2013 to Directorate of Hydrocarbon (DGH) for review. Further, the Company has applied to DGH for continuation of appraisal / drilling activities for a period of 2 years or till grant of ML. Pending final decision on the DOC by the MC, as a matter of abundant caution, the company has retained a provision of ₹ 17,210.82 million (Previous Year ₹ 17,169.79 million) towards acquisition costs and cost of exploratory wells.

#### 17. Non-Current Investments

(₹ in million)

Particulars	No. of Shares/ Bonds/Units (fully paid)	Face Value per Share/ Bond/Unit (in ₹)	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A. Trade Investments</b>				
<b>Investment in Equity Instruments</b>				
<b>(i) Investment in Subsidiaries</b>				
(a) ONGC Videsh Limited-(Unquoted) (Note 17.3)	1,000,000,000 (500,000,000)	100	100,000.00	50,000.00
(b) Mangalore Refinery and Petrochemicals Limited (Quoted)	1,255,354,097 (1,255,354,097)	10	10,405.73	110,405.73
<b>(ii) Investment in Associate</b>				
(a) Pawan Hans Limited (formerly known as "Pawan Hans Helicopter Ltd") (Unquoted) Extent of holding 49% (previous year 49%)	120,350 (120,350)	10,000	1,203.50	1,203.50
<b>(iii) Investment in Joint Venture Companies Unquoted</b>				
(a) Petronet MHB Limited.	157,841,000 (157,841,000)	10	1,578.41	1,578.41
(b) Mangalore SEZ Limited.	13,000,000 (13,000,000)	10	130.00	130.00
(c) ONGC Mangalore Petrochemicals Limited (Note-17.1)	23,000 (23,000)	10	0.23	0.23
(d) ONGC Petro Additions Limited (Note-17.1)	997,955,639 (637,450,640)	10	9,979.55	6,374.51

(₹ in million)					
Particulars	No. of Shares/ Bonds/Units (fully paid)	Face Value per Share/ Bond/Unit (in ₹)	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	
(e) ONGC Teri Biotech Limited	24,990 (24,990)	10	0.25		0.25
(f) ONGC Tripura Power Company Limited (Note-17.1) - Fully Paid	267,489,998 (267,489,998)	10	2,674.90		2,674.90
(g) Dahej SEZ Limited	23,025,000 (23,025,000)	10	230.25		230.25
<b>Quoted</b>					
Petronet LNG Limited.	93,750,000 (93,750,000)	10	987.50	15,581.09	987.50
<b>(iv) Investment in Others</b>					
(a) Indian Oil Corporation Limited (Quoted)	334,303,814 (212,906,190)	10	40,427.97		13,720.49
(b) GAIL (India) Limited (Quoted)	61,259,323 (61,259,323)	10	2,451.06		2,451.06
(c) Oil Spill Response Limited (Unquoted) (Note-17.2)	100 (100)		0.01	42,879.04	0.01
<b>Total (A)</b>				170,069.36	89,756.84
<b>B. Non-trade investments</b>					
<b>Investment in Government or Trust Securities (Unquoted)</b>					
8.40% Gol Special Bonds 2025	197,370 (197,370)	10,000	1,973.70		1,973.70
<b>Total (B)</b>				1,973.70	1,973.70
<b>Total Non-current Investment (A+B)</b>				172,043.06	91,730.54
<b>Total Quoted Investments</b>				54,272.26	27,564.78
<b>Total Unquoted Investments</b>				117,770.80	64,165.76
				172,043.06	91,730.54
<b>Total Market Value of Quoted Investments</b>				189,917.38	154,356.08

- 17.1 Company is restrained from diluting the investment in the respective companies till the sponsored loans are fully repaid as per the covenants in the loan agreements.
- 17.2 Shares of Oil Spill response limited valued at GBP one each at the time of issuance. Total value in INR at the time of issuance of shares was ₹ 6,885/-.
- 17.3 Loan to ONGC Videsh limited (wholly owned subsidiary) amounting to ₹ 50,000 million (previous year ₹ 40,000 million) has been converted into 500 million (previous year 400 million) fully paid Equity Shares of ₹ 100 each.

18. Long Term Loans and Advances		(₹ in million)	
Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	
<b>(Unsecured, considered good unless otherwise stated)</b>			
Capital Advances	65.39	274.96	
<b>Deposits</b>			
With Customs/Port Trusts etc.	22.96	23.25	
Others			
- Considered Good	3,251.90	3,623.35	
- Considered Doubtful	629.88	608.06	
	3,904.74	4,254.66	
Less : Provision for Doubtful Deposits	629.88	608.06	3,646.60
Advances to Related Party against Equity pending allotment (Note 37.3.1)	18,834.11	12,528.46	
Loans & Advances to Subsidiaries (Note 17.3)	92,343.43	151,398.41	
Loans to Public Sector Undertakings			
- Considered Good	-	-	
- Considered Doubtful	240.50	240.50	
Less : Provision for Doubtful Loans	240.50	240.50	-
Loans & Advances to Associate (Secured)	367.84	745.33	
Loans and Advances to Employees (Note-18.1)			
- Secured and Considered Good	7,612.28	7,253.06	
- Unsecured and Considered Good	502.58	492.70	
- Unsecured and Considered Doubtful	1.73	7.75	
Less : Provision for Doubtful Loans/Advances	1.73	7.75	7,745.76
Advance Recoverable in Cash or in kind or value to be received			
- Considered Good (Note 18.3)	7,354.33	9,690.80	
- Considered Doubtful (Note-18.2)	13,141.40	13,044.32	
Less : Provision for Doubtful Claims/Advances	13,141.40	13,044.32	9,690.80
Cash Call Receivable from JV Partners			
- Considered Good	340.27	257.27	
- Considered Doubtful	6,245.07	5,920.29	
Less : Provision for Doubtful Claims/Advances	6,245.07	5,920.29	257.27
MAT Credit Entitlement	2,800.00	-	
Advance Payment of Income Tax	329,320.26	381,410.63	
Less: Provision for Income Tax	281,031.74	345,969.76	35,440.87
<b>Total</b>	<b>181,783.61</b>	<b>221,728.46</b>	

**18.1** Loans and advances to employees include an amount of ₹ 0.37 million (Previous Year ₹ 0.50 million) outstanding from whole time directors.

**18.2** In Ravva Joint Venture, the demand towards additional profit petroleum raised by the Government of India (Gol), due to differences in interpretation of the provisions of the Production Sharing Contract (PSC) in respect of computation of Post-Tax Rate of Return (PTRR), based on the decision of the Malaysian High Court setting aside an earlier arbitral tribunal award in favour of operator, was disputed by the operator M/s Cairn Energy India Pty Ltd. The company is not a party to the dispute but has agreed to abide by the decision applicable to the operator. The company had made a provision towards the claim made by the Gol in earlier years and the amount of provision outstanding as on 31<sup>st</sup> March, 2014 is ₹ 10,080.75 million (equivalent to USD 167.84 million) after adjustments for interest and exchange rate fluctuations. The Gol had recovered the above amount [including interest thereon USD 54.88 million (₹ 3,296.09 million)] from the company in earlier years which has been carried as recoverable under Long Term Loans and advances in the Balance Sheet as at 31<sup>st</sup> March, 2014.

In subsequent legal proceedings, the Appellate Authority of the Honorable Malaysian High Court of Kuala Lumpur had set aside the decision of the Malaysian High Court and the earlier decision of arbitral tribunal in favour of operator was restored, against which the Gol had preferred an appeal before the Federal Court of Malaysia. The Federal Court of Malaysia, vide its order dated 11<sup>th</sup> October, 2011, had dismissed the said appeal of the Gol.

The company has taken up the matter regarding refund of the recoveries made in view of the favourable judgment of the Federal Court of Malaysia with MoP&NG. However, according to a communication dated 13<sup>th</sup> January, 2012 received, MoP&NG expressed the view that ONGC's proposal would be examined when the issues of ONGC carry under Ravva PSC is decided in its entirety by the Government along with other partners.

In view of the perceived uncertainties in obtaining the refund at this stage, the provision made in the

books as above has been retained and netted off against the amount recoverable as above in the financial statements for the year ended 31<sup>st</sup> March, 2014.

**18.3** During the financial year 2010-11, the Oil Marketing Companies, nominees of the Gol recovered USD 32.07 million (₹1,926.28 million), ONGC's share as per directives of Gol in respect of Jointly Controlled Assets-Panna Mukta & Tapti. The recovery is towards certain observations raised by auditors appointed by the Director General of Hydrocarbons (DGH) under Production Sharing Contract (PSC) for the period 2002-03 to 2005-06 in respect of cost and profit petroleum share payable to Gol. BGEPIIL along with RIL ("Claimants") have served a notice of arbitration on the Gol in respect of dispute, differences and claims arisen in connection with the term of Panna, Mukta and Tapti PSC's. Since the company is not a party to the arbitration proceedings, it had 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 PSC's. Subsequently, vide letter dated July 4, 2011 MoP&NG has advised ONGC not to participate in the arbitration initiated by RIL & BGEPIIL under Panna, Mukta & Tapti PSC's. MoP&NG has also stated that in case of an arbitral award, the same will be applicable to ONGC also as a constituent of the contractor for both the PSC's. Pending final arbitral award, the same has been shown as Receivable from Gol under 'Advance Recoverable in Cash or kind or value to be received' under Long Term Loans and Advances. (Figures in INR is reinstated)

**19. Deposit under Site Restoration Fund Scheme:**

A sum of ₹ 113,101.59 million till 31.03.2014 (previous year ₹ 101,331.21 million) has been deposited with banks under section 33ABA of the Income Tax Act, 1961 and can be withdrawn only for the purposes specified in the Scheme i.e. towards removal of equipments and installations in a manner agreed with Central Government pursuant to an abandonment plan to prevent hazards to life, property, environment etc. This amount is considered as restricted cash and hence not considered as 'cash and cash equivalents'.



20.	Other Non-Current Assets	(₹ in million)			
	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013		
	<b>(Unsecured, Considered Good unless otherwise stated)</b>				
	<b>A. Long Term Trade Receivables</b>				
	- Considered Good	863.62	1,017.68		
	- Considered Doubtful	947.99	16,664.14		
	Less : Provision for doubtful receivables	947.99	16,664.14	1,017.68	
	<b>B. Other Receivables</b>				
	- Considered Good	14.17	14.01		
	- Considered Doubtful	521.48	528.25		
	Less : Provision for doubtful receivables	521.48	528.25	14.01	
	<b>C. Interest Accrued</b>				
	- On Employee Loans and Advances (Secured)	2,951.13	2,872.26		
	On Deposits	26.40	20.57		
	On Other Loans & Advances				
	- Considered Good	100.32	86.12		
	- Considered Doubtful	41.89	41.89		
		168.61	148.58		
	Less : Provision for doubtful interest accrued	41.89	41.89	106.69	
	<b>D. Unamortised Expenditure</b>				
	- Dry Docking Charges	6,621.33	9,026.80		
	- Mobilisation Charges	742.99	1,016.09	10,042.89	
	<b>Total Other Non-Current Assets</b>	<b>11,319.96</b>	<b>14,053.53</b>		

21.	Inventories*	(₹ in million)			
	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013		
	Raw Materials (Condensate)	4.61	2.64		
	Finished Goods (Note 21.1)	6,997.45	8,040.10		
	Traded Goods	0.61	0.76		
	Stores and spare parts				
	- on hand	51,995.52	50,070.09		
	- in transit (including inter-project transfers)	5,111.51	3,299.14		
		57,107.03	53,369.23		
	Less: Provision for non-moving items	5,411.10	4,543.43	48,825.80	
	Unserviceable Items	126.81	174.64		
	<b>Total</b>	<b>58,825.41</b>	<b>57,043.94</b>		

\*valued as per accounting policy no. "n"

21.1 This includes an amount of ₹ 3.66 million (previous year ₹ 0.56 million) in respect of Carbon Credits.

22.	Trade Receivables	(₹ in million)			
	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013		
	<b>(Unsecured, Considered Good unless otherwise stated)</b>				
	- Outstanding for a period exceeding six months from the due date	3,396.05	3,634.93		
	- Others	78,260.65	65,002.28		
	<b>Total</b>	<b>81,656.70</b>	<b>68,637.21</b>		

23.	Cash and Cash Equivalents	(₹ in million)			
	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013		
	Balances with Banks	1,388.09	1,742.54		
	Cash on Hand	6.27	7.90		
	Short Term Investment in Mutual Funds	12,052.40	-		
	Bank Deposits (Note-23.1)	94,300.00	130,210.00		
	Unclaimed Dividend Account (Note-23.2)	242.01	225.42		
	<b>Total</b>	<b>107,988.77</b>	<b>132,185.86</b>		

- 23.1 The deposits maintained by the company with banks comprise time deposit, which can be withdrawn by the company at any point without prior notice or penalty on the principal.
- 23.2 Amount deposited in unclaimed dividend account is earmarked for payment of dividend and cannot be used for any other purpose.

24.	Short Term Loans and Advances	(₹ in million)			
	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013		
	<b>(Unsecured, Considered Good unless otherwise stated)</b>				
	<b>Deposits</b>				
	With Customs/Port Trusts etc.	4.49	4.84		
	Others (Note no. 24.1)	4,809.69	1,376.02	1,380.86	
	Loans to Associate (Secured)	350.45	310.84		
	Loans to Subsidiaries	6,857.20	4,778.57		
	Receivable from Subsidiaries	810.87	775.53		
	Loans to Public Sector Undertakings	-	-		
	Loans and Advances to Employees (Note 24.2)				
	Secured and Considered good	2,030.47	1,919.81		
	Unsecured and Considered good	473.78	391.51	2,311.32	
	Cash Call Receivable from JV Partners	8,389.09	10,153.00		
	Advance Recoverable in Cash or in kind or value to be received	19,943.56	17,311.12		
	<b>Total</b>	<b>43,669.60</b>	<b>37,021.24</b>		

- 24.1 Includes ₹ 2,092.23 million towards differential royalty being deposited from 1<sup>st</sup> February, 2014 as per the interim order of the Hon'ble Supreme Court of India. (also refer Note no. 42.3.2)
- 24.2 Loans and advances to employees include an amount of ₹ 0.13 million (Previous Year ₹ 0.39 million) outstanding from whole time directors.

25. Other Current Assets		(₹ in million)		
Particulars	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
<b>Secured, considered good</b>				
Interest on Loan to Associate	-		9.86	
Interest accrued on Employee Loans and Advances	<u>246.15</u>	<u>246.15</u>	<u>216.65</u>	226.51
<b>Unsecured, considered good</b>				
<b>Interest Accrued</b>				
- On Investments	1.38		1.38	
- On Deposits	<u>1,270.20</u>		<u>3,566.23</u>	
- On Loans & Advances	<u>24.92</u>	<u>1,296.50</u>	<u>5.62</u>	3,573.23
<b>Unamortised Expenditure</b>				
- Dry Docking Charges	<u>2,933.68</u>		<u>3,783.05</u>	
- Mobilisation Charges	<u>640.69</u>	<u>3,574.37</u>	<u>1,032.64</u>	4,815.69
<b>Other Current Assets *</b>		<u>1,175.50</u>		764.95
<b>Total</b>		<u>6,292.52</u>		<u>9,380.38</u>

\* Includes receivable of ₹ 442.80 million from gratuity trust as funded status is more than obligation.

26. Revenue From Operations		(₹ in million)		
Particulars	2013-14		2012-13	
<b>A. Sale of Products</b>				
<b>Own Products</b>	<b>873,702.43</b>		858,422.19	
Less :- Transfer to Wells in Progress {includes levies of ₹148.65 million (Previous year ₹53.60 million)}	<b>522.58</b>		164.55	
Less :- Government of India's (Gol's) share in Profit Petroleum	<u>38,526.99</u>		<u>32,586.55</u>	
	<u>834,652.86</u>		<u>825,671.09</u>	
<b>Traded Products</b>	<u>44.42</u>	<u>834,697.28</u>	<u>43.16</u>	825,714.25
<b>B. Other Operating Revenue</b>				
Contractual Short Lifted Gas Receipts (Note 26.5)	<b>80.21</b>		51.72	
Pipeline Transportation Receipts	<b>691.61</b>		826.90	
North-East Gas Subsidy (Note 26.6)	<b>2,366.91</b>		2,122.91	
Surplus from Gas Pool Account (Note 26.7)	<b>3,720.47</b>		3,597.73	
Production Bonus	<b>57.29</b>		147.90	
Processing Charges	<u>414.03</u>	<u>7,330.52</u>	<u>628.17</u>	7,375.33
<b>Total</b>		<u>842,027.80</u>		<u>833,089.58</u>

**26.1** 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. Diesel, Domestic LPG and PDS Kerosene for the year 2013-14 by extending the discount in the prices of Crude Oil, Domestic LPG and PDS Kerosene based on the rates of discount communicated by Petroleum Planning and Analysis Cell (PPAC) and Ministry of Petroleum and Natural Gas (MoP&NG). The impact of discount is as under:

(₹ in million)		
Decrease in	2013-14	2012-13
Gross Revenue	<b>563,842.85</b>	494,206.50
Less: Value Added Tax (VAT)	<u>17,841.84</u>	<u>14,114.40</u>
Sales Revenue	<b>546,001.01</b>	480,092.10
Less: Statutory Levies	<u>68,440.26</u>	<u>59,502.49</u>
Profit Before Tax	<u>477,560.75</u>	<u>420,589.61</u>

- 26.2**

Crude Oil Sales Agreements (COSA) with Mangalore Refinery and Petrochemicals Ltd. (MRPL) has been signed on 31<sup>st</sup> July, 2013. Since the COSA is made effective from 1<sup>st</sup> April, 2010, necessary adjustments amounting to ₹ 1,118.85 million for the years 2010-11 to 2012-13 considering the revised crude price for supplies made to MRPL for the period from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2013 have been made in books of accounts during Financial Year 2013-14, by way of issue of credit notes.
- 26.3**

For Crude Oil produced in Assam, sales revenue is based on the pricing formula provided by MoP&NG. Revenue from rest of nominated crude is accounted in terms of Crude Oil Sales Agreements (COSAs) already signed and made effective from 1<sup>st</sup> April 2010.
- 26.4**

Based on the directives issued by MoP&NG and Petroleum Planning and Analysis Cell (PPAC) vide letters dated 31<sup>st</sup> May, 2012 and 1<sup>st</sup> June, 2012 respectively, w.e.f. 1<sup>st</sup> April, 2012, refineries started making deductions from ONGC payments towards Octroi/ VAT/ CST on discounts allowed by ONGC to refineries on supplies of crude oil. Total deduction made by refineries on this account from 1<sup>st</sup> April, 2012 to 30<sup>th</sup> September, 2013 amounting to ₹ 25,032.60 million (includes ₹ 15,846.70 million for the year 2012-13) was provided for. During the year, the company has decided to revise the sales revenue and corresponding statutory levies w.e.f. 1<sup>st</sup> April 2012 onwards, considering deductions
- 26.5**

Recognition of revenue on account of Short Lifted Gas amounting to ₹ 1,253.74 million (Previous Year ₹ 571.42 million) has been postponed. This will be recognized when there is reasonable certainty regarding ultimate collection as per the policy of the company.
- 26.6**

For APM consumers in North-East, consumer price is 60% of the producer price, i.e., US\$ 2.52/ mmbtu inclusive of royalty and the difference between producer price and consumer price is paid to the company through Gol Budget up to allocated quantity and shown as 'North-East Gas Subsidy.
- 26.7**

The company is supplying majority of Natural gas to Gas Authority of India Limited (GAIL) which also purchases gas from other sources and sells to APM and non-APM consumers. Based on the Government directives, excess in Gas Pool Account at the end of financial year is transferred to ONGC / OIL in accordance with their contribution. Based on the details received from GAIL, an amount of ₹ 3,508.10 million (Previous year ₹ 3,700.00 million) for Gas Pool Receipts for the current year, ₹ 212.37 million (Previous year ₹ 339.23 million) on account of interest on Gas Pool Account and a reversal of nil (Previous year ₹ 441.50 million) has been considered as 'Surplus from Gas Pool Account'.



**26.8 Quantitative Details of Sales Revenue**

Products	Unit	2013-14		2012-13	
		Quantity	Value (₹ in million)	Quantity	Value (₹ in million)
Crude Oil*	MT	23,605,821	561,680.71	23,685,176	562,494.60
Less: From Exploratory areas		2,339	61.63	6,372	122.10
Less: Government of India's share in Profit Petroleum			35,885.46		29,103.95
Natural Gas*	000M <sup>3</sup>	19,632,724	186,393.70	20,160,374	168,925.00
Less: From Exploratory areas		51,398	460.95	5,274	42.45
Less: Government of India's share in Profit Petroleum			2,641.53		3,482.60
Liquified Petroleum Gas	MT	1,073,413	30,145.14	1,004,721	31,483.86
Naphtha	MT	1,378,894	75,742.79	1,519,702	76,804.48
Ethane/Propane	MT	428,399	14,836.58	425,450	13,439.58
Superior Kerosene Oil	MT	85,187	2,779.17	105,623	3,686.34
Low Sulphur Heavy Stock	MT	28,455	1,295.06	24,394	1,062.53
High Speed Diesel (HSD)	MT	8,369	522.43	2,861	170.22
HSD incl. ULS HSD (Trading)	KL	54	2.95	21	1.16
Motor Spirit (Trading)	KL	542	41.06	559	41.56
Aviation Turbine Fuel (ATF)	MT	3,301	220.03	5,400	317.50
Liquid Diesel Oil		26	1.70	-	-
Mineral Turpentine Oil	MT	1,137	78.02	474	31.29
Others			7.51		7.23
<b>Total</b>			<b>834,697.28</b>		<b>825,714.25</b>

\*Quantity includes share from Joint Ventures

**27. Other Income**

(₹ in million)

Particulars	2013-14	2012-13
<b>Interest on:</b>		
Long Term Investments	165.79	427.52
Deposits with Banks/PSUs	15,125.80	18,474.71
{(Tax deducted at source ₹ 1,511.30 million; Previous year ₹ 1,855.29 million)}		
Loans and Advances to Subsidiaries and Associate	4,937.52	3,508.58
{(Tax deducted at source ₹ 944.11 million; Previous year ₹ 343.91 million)}		
Loans and Advances to Employees	473.44	433.94
Income Tax Refund	2,395.49	94.86
Site Restoration Fund Deposit	9,432.74	8,303.24
Delayed Payment from Customers and Others	475.45	185.34
{(Tax deducted at source ₹ 126.14 million; Previous year ₹ 58.00 million)}	33,006.23	31,428.19
<b>Dividend Income from:</b>		
Investment in Subsidiaries/Associates	11.46	1,255.35
Other Long Term Investments	2,173.11	1,893.12
Short Term -Debt Mutual Funds	1,559.80	1,466.28
	3,744.37	4,614.75
<b>Other Non Operating Income</b>		
Excess Provisions written back (Note 26.4)	16,328.86	5,323.57
Liabilities no longer payable written back	2,836.39	5,522.81
Contractual Receipts	1,310.16	158.74
Profit on sale of Investments	23.59	
Miscellaneous Receipts	9,882.39	7,319.36
	30,381.39	18,324.48
<b>Total</b>	<b>67,131.99</b>	<b>54,367.42</b>

**28. (Increase)/Decrease in Inventories**

(₹ in million)

Particulars	2013-14	2012-13
Closing Stock- Finished Goods and Stock in Trade	6,998.06	8,040.86
Opening Stock- Finished Goods and Stock in Trade	8,040.86	7,810.64
<b>(Increase)/Decrease in Inventories</b>	<b>1,042.80</b>	<b>(230.22)</b>

**28.1 Details of Opening and Closing Inventories:**

Particulars	Unit	As at 31.03.2014		As at 31.03.2013	
		Quantity	Value (₹ in million)	Quantity	Value ₹ in million)
<b>Opening stock</b>					
Crude Oil*	MT	977,410	7,341.29	1,013,741	7,371.16
Liquefied Petroleum Gas	MT	15,529	108.60	11,997	74.44
Naphtha	MT	91,829	482.04	75,868	294.64
Ethane/Propane	MT	477	7.32	586	8.47
Superior Kerosene Oil	MT	9,520	28.26	6,765	1.66
Aviation Turbine Fuel	MT	1,204	8.60	1,192	9.08
Low Sulphur Heavy Stock	MT	565	9.34	456	7.31
High Speed Diesel	MT	4,286	37.95	4,102	25.79
Propane	MT	90	0.34	120	0.43
Mineral Turpentine Oil	MT	164	3.24	76	1.35
High Speed Diesel **	KL	5	0.26	15	0.62
Motor Spirit**	KL	8	0.49	9	0.53
Carbon Credits	Units	10,508	0.56	10,508	0.56
Others			12.57		14.60
<b>Total</b>			<b>8,040.86</b>		<b>7,810.64</b>
<b>Closing stock</b>					
Crude Oil*	MT	1,091,633	6,554.46	977,410	7,341.29
Liquefied Petroleum Gas	MT	10,230	49.39	15,529	108.60
Naphtha	MT	70,545	294.70	91,829	482.04
Ethane/Propane	MT	650	11.01	477	7.32
Superior Kerosene Oil	MT	8,690	30.95	9,520	28.26
Aviation Turbine Fuel	MT	1,775	11.83	1,204	8.60
Low Sulphur Heavy Stock	MT	102	1.64	565	9.34
High Speed Diesel	MT	2,463	20.55	4,286	37.95
Propane	MT	-	-	90	0.34
Mineral Turpentine Oil	MT	144	2.79	164	3.24
High Speed Diesel **	KL	10	0.48	5	0.26
Motor Spirit**	KL	1	0.13	8	0.49
Carbon Credits	Units	140,277	3.66	10,508	0.56
Others			16.48		12.57
<b>Total</b>			<b>6,998.06</b>		<b>8,040.86</b>

\* Includes Corporation's share in stock of Joint venture.

\*\* Purchased for trading.

**29. Production, Transportation, Selling And Distribution Expenditure**

(₹ in million)

Particulars	2013-14	2012-13
Royalty	114,889.79	108,094.31
Cess	99,736.74	99,970.75
National Calamity Contingent Duty	1,097.40	1,101.05
Excise Duty on stock (Net) (Note-29.1)	(48.87)	57.10
Sales Tax	3,122.96	3,834.14
Service Tax	438.76	352.81
Education cess	2,348.31	3,111.09
Octroi and Port Trust Charges	4,896.60	4,057.30
Staff Expenditure	19,356.57	19,452.24
Work over Operations	20,944.08	19,135.41
Water Injection, Desalting and Demulsification	11,794.01	12,854.60
Consumption of Stores and Spares	5,753.24	4,219.45
Consumption of Raw Materials	887.53	1,878.42
Pollution Control	6,189.78	5,901.46
Transport Expenses	3,971.37	3,517.40
Insurance	2,090.83	1,444.17
Power and Fuel	1,935.40	1,705.52
Repairs and Maintenance	9,143.15	8,454.43
Contractual payments including Hire charges etc.	14,403.13	9,365.62
Other Production Expenditure	5,100.75	4,740.74
Transportation and Freight of Products	11,559.67	11,821.98
Research and Development	6,014.37	6,002.02
General Administrative Expenses	38,236.23	33,257.04
Exchange Loss (Net)	1,020.68	921.53
Other Expenditure	8,452.42	10,088.31
<b>Total</b>	<b>393,334.90</b>	<b>375,338.89</b>

**29.1** Excise duty on sale of product has been deducted from Sales revenue and Excise duty shown above represents the difference between Excise duty on opening and closing stock of finished goods.



**29.2 Details of Nature wise Expenditure**

(₹ in million)		
Particulars	2013-14	2012-13
<b>Manpower Cost (Note - 29.2.1)</b>		
(a) Salaries, Wages, Ex-gratia etc.	64,241.44	68,170.10
(b) Contribution to Provident and other funds	9,026.52	4,459.99
(c) Provision for gratuity	(495.95)	61.15
(d) Provision for leave	5,153.04	5,321.12
(e) Provision for Post Retirement Medical & Terminal Benefits	2,721.44	7,487.18
(f) Staff welfare expenses	23,404.04	17,802.12
<b>Sub Total:</b>	<b>104,050.53</b>	<b>103,301.65</b>
Consumption of Raw materials, Stores and Spares (Note - 42.6)	51,246.56	41,960.50
Cess	99,737.56	99,971.66
National Calamity Contingent Duty	1,097.39	1,101.05
Excise Duty	3,076.23	3,093.46
Royalty	114,889.82	108,166.71
Sales Tax	3,122.99	3,836.02
Octroi and Port Trust Charges	4,896.64	4,057.75
Service Tax	438.76	352.81
Education cess	2,349.09	3,115.73
Rent	3,454.80	3,634.99
Rates and taxes	93.86	88.45
Hire charges of equipments and vehicles	142,686.33	121,363.98
Power, fuel and water charges	3,807.67	3,349.63
Contractual drilling, logging, workover etc.	58,279.47	44,013.36
Contractual security	4,030.52	3,532.55
Repairs to building	726.24	961.99
Repairs to plant and machinery	5,737.39	5,987.84
Other repairs	2,410.41	1,906.75
Insurance	4,064.91	3,055.39
Expenditure on Tour / Travel	3,709.08	3,381.32
Contribution	1,805.31	2,073.91
Exchange Loss (Net)	1,020.68	921.53
Miscellaneous expenditure (Note - 29.2.2)	15,369.70	14,252.06
	<b>632,101.94</b>	<b>577,481.10</b>
<b>Less:</b>		
Allocated to exploration, development drilling, capital jobs, recoverables etc.	233,032.75	198,880.04
Excise duty adjusted against sales revenue	3125.09	3,036.25
Prior Period Adjustment	2609.21	225.92
<b>Production, Transportation, Selling and Distribution Expenditure</b>	<b>393,334.90</b>	<b>375,338.89</b>

**29.2.1** During the previous year, the Company had recognised additional liability of ₹ 5,079.53 million towards revision in Long Service Rewards Scheme. Further, in terms of DPE guidelines, the company had also recognized liability of ₹ 18,504.79 million towards superannuation benefits to employees. These had been allocated to activities as per the policy of the company.

**29.2.2** An amount of ₹ 16,108.86 million has been provided during quarter ended 30th June, 2013 (Cumulative ₹ 16,108.86 million till 31st March, 2014) towards contribution for conversion of Post Retirement Benefit Scheme (PRBS) from Defined Benefit Scheme to Defined Contributory Scheme based on guidelines of Department of Public Enterprise. The said amount has been allocated to different activities as per the policy of the Company.

**29.2.3 Miscellaneous Expenditure in Note no 29.2 includes Statutory Auditors Remuneration as under:**

(₹ in million)		
Particulars	2013-14	2012-13
<b>Payment to Auditors (including service tax)</b>		
Audit Fees	11.24	11.24
Certification and Other Services	11.68	8.97
Travelling and Out of Pocket Expenses	21.44	16.02
<b>Total</b>	<b>44.36</b>	<b>36.23</b>

**29.3** The expenditure incurred by various in house R&D institutes on scientific research eligible for deduction under section 35(2AB) of Income Tax Act, 1961 is as under:

(₹ in million)		
Particulars	2013-14	2012-13
Capital Expenditure	213.31	118.66
Revenue Expenditure	5,296.06	5,263.16

**30. Depreciation, Depletion, Amortization and Impairment**

(₹ in million)			
Particulars	2013-14	2012-13	
<b>Depletion</b>	<b>85,106.88</b>		
<b>Depreciation &amp; Amortisation</b>	<b>90,262.39</b>		
<b>Less : Allocated to :</b>			
Exploratory Drilling (Note - 16)	2,506.43		1,335.06
Development Drilling (Note - 16)	1,871.16		2,842.40
Depreciation on Facilities (Note - 13)	64,756.79		59,741.63
Others	162.25	20,965.76	113.94
			15,187.37
<b>Impairment Loss (Note - 40 &amp; 13.3)</b>			
Provided during the year	3,993.34		3,014.50
<b>Less: Reversed during the year</b>	<b>807.08</b>	<b>3,186.26</b>	<b>756.47</b>
			2,258.03
<b>Total</b>	<b>109,258.90</b>		<b>83,735.71</b>

**31. Finance Cost**

(₹ in million)		
Particulars	2013-14	2012-13
i) Interest Expense	3.18	276.04
ii) Others	0.39	0.32
<b>Total</b>	<b>3.57</b>	<b>276.36</b>

32.	Provisions and Write Offs	(₹ in million)	
	Particulars	2013-14	2012-13
	<b>Provisions</b>		
	For Doubtful Debts	130.55	16,855.66
	For Doubtful Claims/Advances	771.45	1,247.72
	For Diminution in value of Investment	-	(375.68)
	For Non-Moving Inventories	976.04	927.08
	For Others	96.16	65.01
	<b>Sub-Total</b>	<b>1,974.20</b>	<b>18,719.79</b>
	<b>Write-offs</b>		
	Disposal/Condemnation of Fixed Assets (Net)	157.79	56.80
	Claims/Advances	1.20	1.76
	Inventory	55.31	84.83
	Bad debts	129.96	1,101.31
	<b>Less: Provisions</b>	<b>129.96</b>	<b>1,101.31</b>
		-	-
	Others	-	0.02
	<b>Sub-Total</b>	<b>214.30</b>	<b>143.41</b>
	<b>Total</b>	<b>2,188.50</b>	<b>18,863.20</b>
33.	Adjustments Relating to Prior Period (Net)	(₹ in million)	
	Particulars	2013-14	2012-13
	<b>A. Expenditure</b>		
	Statutory levies	-	40.47
	Other production, selling & distribution expenditure	(255.98)	173.02
	Excess Abandonment Provision written back (Refer Note No. 41)	(2,353.23)	-
	Exchange Rate Difference	-	(58.47)
	Interest -Others	-	12.43
	Survey	(6.30)	0.47
	Dry Wells	82.55	455.38
	Depletion	(29.93)	-
	Depreciation	48.02	8.99
	<b>Sub-Total</b>	<b>(2,514.87)</b>	<b>632.29</b>
	<b>B. Income</b>		
	Sales	(13.36)	(193.96)
	Interest -Others	0.22	3.22
	Other Income	0.13	291.54
	<b>Sub-Total</b>	<b>(13.01)</b>	<b>100.80</b>
	<b>Total (A-B)</b>	<b>(2,501.86)</b>	<b>531.49</b>

34.	Earning Per Equity Share		
	Particulars	2013-14	2012-13
	Net Profit after Tax (₹ in million)	220,948.07	209,256.96
	Weighted average number of equity shares (No. in million)	8,555.49	8,555.49
	<b>Basic &amp; Diluted earnings per equity share( ₹ )</b>	<b>25.83</b>	<b>24.46</b>
	Face Value per equity share ( ₹ )	5.00	5.00
35.	<b>Disclosure under the Revised Accounting Standard -15 on "Employee Benefits"</b>		
35.1	<b>Brief Description:</b> A general description of the type of Employee Benefits Plans is as follows:		
35.1.1	<b>All the employee benefit plans of the Company are run as Group administration plans (Single Employer Scheme) including employees seconded to ONGC Videsh Limited (OVL), 100% subsidiary.</b>		
35.1.2	<b>Earned Leave (EL) Benefit</b>		
	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		
	During the year, the Company has changed the Earned leave benefit scheme from unfunded to funded scheme. Scheme is funded through Life Insurance Corporation of India. (LIC).		
35.1.3	<b>Good Health Reward (Half pay leave)</b>		
	Accrual - 20 days per year		
	Encashment while in service - Nil		
	Encashment on retirement - 50% of Half Pay Leave balance.		
	During the year, the Company has changed the Earned leave benefit scheme from unfunded to funded scheme. Scheme is funded through Life Insurance Corporation of India. (LIC).		
35.1.4	<b>Gratuity</b>		
	15 days salary for each completed year of service. Vesting period is 5 years and the payment is restricted to ₹ 1.00 million.		
35.1.5	<b>Post-Retirement Medical Benefits -</b>		
	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.		
35.1.6	<b>Terminal Benefits</b>		
	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 gold coins also, depending upon their level and years of service.		
35.1.7	In terms of DPE Guidelines, The Company has formulated a Post-Retirement Benefit Scheme (PRBS) as a defined contribution scheme.		
35.2	The amounts recognized in the financial statements for defined contribution plans are as under:		

(₹ in million)		
Defined Contribution Plans	Amount recognized during the period	Contribution for Key Management Personnel
Contributory Provident Fund (CPF)	3,544.51 (3,287.18)	1.27 (1.12)
Employee Pension Scheme-95 (EPF)	208.54 (209.54)	0.02 (0.01)
Composite Social Security Scheme (CSSS)	633.09 (963.27)	0.14 (0.16)
Post Retirement Benefit Scheme (PRBS)	20,747.66 (18,504.79)	1.59 (NA)



**35.3 The amounts recognized in the balance sheet for post-employment benefit plans are as under:**

(₹ in million)

SI No.	Particulars	Gratuity	Leave	Post-Retirement Medical Benefits	Terminal Benefits
1.	Present Value of Funded Obligation	20,890.48 (21,067.89)	21,867.14 (19,840.15)	NA	NA
2.	Present Value of Unfunded Obligation	-	-	24,319.03 (21,562.76)	6,310.52 (6,302.64)
3.	Fair Value of Plan Assets	21,333.28 (21,079.98)	19,300.46	NA	NA
4.	Unrecognized Past Service Cost	-	-	-	-
5.	Net Obligation	-442.80 (-12.09)	2,566.68 (19,840.15)	24,319.03 (21,562.76)	6,310.52 (6,302.64)
6.	<b>Total Provision</b>	<b>-442.80 (-12.09)</b>	<b>2,566.68 (19,840.15)</b>	<b>24,319.03 (21,562.76)</b>	<b>6,310.52 (6,302.64)</b>

**35.4** 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)

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

(₹ in million)

SI No.	Particulars	Gratuity	Leave	Post-Retirement Medical Benefits	Terminal Benefits
1.	Opening defined benefit obligation	20,990.07 (20,534.66)	20,030.97 (17,841.28)	21,518.98 (19,203.33)	6,277.36 (1,152.11)
2.	Current Service Cost	861.99 (843.88)	1,076.57 (869.42)	393.04 (329.58)	400.75 (371.02)
3.	Past Service Cost	-	-	-	-
4.	Interest Cost	1,784.16 (1,745.45)	1,752.71 (1,516.51)	1,882.87 (1,632.28)	533.58 (97.93)
5.	Actuarial losses/(-) gains	-1,432.31 (-1,052.98)	2,946.96 (2,943.62)	1,729.36 (1,714.98)	-884.01 (4,695.45)
6.	Exchange differences on foreign plans	-	-	-	-
7.	Benefits paid	1,313.43 (1,003.12)	-3,940.06 (3,330.67)	1,205.22 (1,317.41)	17.15 (13.87)
8A	Current Obligation	20,890.48 (21,067.89)	2,195.06 (1,876.64)	1,403.44 (1,296.03)	689.11 (341.17)
8B	Non-Current Obligation	-	19,672.08 (17,963.52)	22,915.59 (20,266.73)	5,621.41 (5,961.48)
	<b>Total (8A+8B)</b>	<b>20,890.48 (21,067.89)</b>	<b>21,867.14 (19,840.16)</b>	<b>24,319.03 (21,562.76)</b>	<b>6,310.52 (6,302.64)</b>

**35.6 The total amount recognized in the financial statements before allocation is as follows:**

(₹ in million)

SI No.	Particulars	Gratuity	Leave	Post-Retirement Medical Benefits	Terminal Benefits
1.	Current Service Cost	861.99 (843.88)	1,076.57 (869.42)	393.04 (329.58)	400.75 (371.02)
2.	Interest on Obligation	1,784.16 (1,745.45)	1,752.71 (1,516.51)	1,882.87 (1,632.28)	533.58 (97.93)
3.	Expected return on plan assets	1,825.97 (1,772.05)	1,752.71 (NA)	NA	NA
4.	Net actuarial Losses/ (-) Gains recognized in period	-1,432.31 (-830.25)	4,231.68 (2,943.61)	1,729.36 (1,714.98)	-884.01 (4,695.45)
5.	Past Service Cost	-	-	-	-
6.	Losses (Gains) on curtailments and settlement	-	-	-	-
7.	Total included in 'employee benefit expense'.	-462.78 (-12.97)	5,308.25 (5,329.55)	4,005.27 (3,676.84)	50.31 (5,164.41)
8.	Actual return on plan assets	1,676.61 (1,549.33)	467.99 (NA)	NA	NA

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

(₹ in million)

Particulars	2013-14	2012-13
Fair Value of Plan Asset at Beginning	21,079.98	20,114.96
Adjustment in opening corpus consequent to audit	(115.90)	(0.88)
Expected Return on Plan Assets	1,825.97	1,772.05
Contribution by employer	-	419.69
Benefits Paid	-1,307.41	-1,003.12
Actuarial gain/loss on Plan Assets	-149.36	-222.72
<b>Fair Value of Plan Asset at the end of the period (Unaudited)</b>	<b>21,333.28</b>	<b>21,079.98</b>

**35.8 Other disclosures:-**

(₹ in million)

Gratuity	As at 31-03-2014	As at 31-03-2013	As at 31-03-2012	As at 31-03-2011	As at 31-03-2010
Present Value of Funded obligation as at the end of the period	20,890.48	21,067.89	20,534.65	19,674.39	17,772.42
Fair Value of plan assets as at the end of the period	21,333.28	21,079.98	20,114.96	18,171.17	17,469.42
Surplus/(Deficit)	442.80	12.09	(419.69)	(1,503.22)	(303.00)
Experience Adjustment on plan Liabilities (loss)/gain	1,107.26	1,052.97	526.08	(903.84)	(234.16)
Experience Adjustment on plan Assets (loss)/gain	-170.32	(164.39)	(217.84)	(118.25)	(176.08)

Expected Contribution in respect of Gratuity for next year will be ₹ 318.68 million (Previous Year ₹ 651.86 million)  
The company has recognized a gratuity liability of ₹ 75.28 million as on 31.03.2014 (Previous year ₹ 72.92) as per actuarial valuation for 589 Contingent Employees engaged in different work centres.

(₹ in million)

Leave Encashment	As at 31-03-2014	As at 31-03-2013	As at 31-03-2012	As at 31-03-2011	As at 31-03-2010
Present Value of Funded obligation as at the end of the period (Note No. 35.1.2 & 35.1.3)	21,867.14	NA	NA	NA	NA
Experience Adjustment on plan Liabilities (loss)/gain	(2,946.96)	-	-	-	-

(₹ in million)

Leave Encashment	As at 31-03-2014	As at 31-03-2013	As at 31-03-2012	As at 31-03-2011	As at 31-03-2010
Present Value of unfunded obligation as at the end of the period (Note No. 35.1.2 & 35.1.3)	NA	19,840.16	17,841.28	16,180.23	13,740.85
Experience Adjustment on plan Liabilities (loss)/gain	NA	(2,943.61)	(2,062.27)	(2,917.77 )	(2,440.88)

(₹ in million)

Post Retirement Medical Benefits	As at 31-03-2014	As at 31-03-2013	As at 31-03-2012	As at 31-03-2011	As at 31-03-2010
Present Value of Unfunded obligation as at the end of the period	24,319.03	21,562.76	19,203.33	16,495.66	14,077.09
Experience Adjustment on plan Liabilities (loss)/gain	(1,729.36)	(1,714.98)	(2,072.83)	(2,010.67 )	(3,392.32 )

(₹ in million)

Sensitivity Analysis ( In respect of Post-Retirement Medical Benefits)	As at 31-03-2014	
	1.00 % (+)	1.00 % (-)
Effect on service and interest cost	338.82	(218.01)
Effect on PBO (Closing)	3,281.81	(2,207.33)

(₹ in million)

Terminal Benefits	As at 31-03-2014	As at 31-03-2013	As at 31-03-2012	As at 31-03-2011	As at 31-03-2010
Present Value of Unfunded obligation as at the end of the period	6,310.52	6,302.64	1,152.11	1,058.67	642.39
Experience Adjustment on plan Liabilities (loss)/gain	884.01	(4,695.45)	(23.05)	(356.15)	(132.45)

**35.9 Investments of Gratuity Trust**

Particulars	% of Investment	
	As at 31.03.2014	As at 31.03.2013
Central Govt. Securities	28.83	29.54
State Govt. Securities	15.47	14.53
PSU Bonds	28.82	30.25
Treasury Bills	0.11	0.33
Insurance Investment	26.55	24.92
Equity Mutual Fund	0.22	0.43
<b>Total</b>	<b>100.00</b>	<b>100.00</b>



**35.10 Principal actuarial assumption at the balance sheet date (expressed as weighted averages):**

SI No.	Particulars	Gratuity	Leave	Post-Retirement Medical Benefits	Terminal Benefits
1.	Discount rate	8.75% (8.5%)	8.75% (8.5%)	8.75% (8.5%)	8.75% (8.5%)
2.	Expected return on plan assets	8.71% (8.81%)	9.50% (NA)	NA	NA
3.	Annual increase in costs	NA	NA	6.00% (6.00%)	6.00% (6.00%)
4.	Annual Increase in Salary	6.00% (6.00%)	6.00% (6.00%)	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.

**36. Disclosure under Accounting Standard -17 on "Segment Reporting"**

The segment information is presented under the Notes to the Consolidated Financial Statements as required under the standard.

**37. Disclosure under Accounting Standard -18 on "Related Party Disclosure":****37.1** Name of related parties and description of relationship:

Jointly Controlled Entity			
i.	ONGC Mangalore Petrochemicals Limited	v.	ONGC Petro-additions Limited
ii.	Petronet LNG Limited	vi.	ONGC Tripura Power Co. Limited
iii.	ONGC Teri Biotech Limited	vii.	Dahej SEZ Limited
iv.	Mangalore SEZ Limited		

**37.2 Key Management Personnel:****Whole-time Functional Directors:**

- i) Shri D K Sarraf, Chairman and Managing Director from 01.03.2014
- ii) Shri K.S. Jamestin
- iii) Shri A. K. Banerjee
- iv) Shri Shashi Shanker
- v) Shri N. K. Verma
- vi) Shri T K Sengupta from 01.02.2014
- vii) Shri Sudhir Vasudeva Chairman and Managing Director up to 28.02.2014
- viii) Shri P.K. Borthakur up to 31.01.2014

**37.3 Details of Transactions:****37.3.1 Joint Ventures / Jointly Controlled Entities**

(₹ in million)

Details	2013-14	2012-13
<b>Sale of Gas-</b> ONGC Tripura Power Co. limited	<b>1,236.49</b>	184.79
<b>Services Received from :</b>		
a) ONGC Teri Biotech Limited	<b>112.42</b>	182.34
b) Dahej SEZ Ltd.	<b>9.12</b>	9.33
c) ONGC Mangalore Petrochemical Limited	-	0.02
d) Petronet LNG Limited	-	0.78
e) Mangalore SEZ Limited	<b>0.09</b>	0.09
f) ONGC Tripura Power Co. Limited	<b>0.10</b>	-
<b>Services Provided to :</b>		
a) ONGC Petro-additions Limited	<b>117.63</b>	117.50
b) ONGC Teri Biotech Limited	<b>0.12</b>	-
c) ONGC Mangalore Petrochemical Limited	<b>5.90</b>	5.01
d) Petronet LNG limited	-	1.32
e) Mangalore SEZ Limited	-	2.27
f) ONGC Tripura Power Co. Limited	<b>235.96</b>	-
<b>Dividend Income -</b> Petronet LNG Limited	<b>234.38</b>	234.38
<b>Advance against Equity during Year:</b>		
a) ONGC Petro-additions Limited	<b>6,985.60</b>	-
b) ONGC Tripura Power Co. Limited	<b>2,925.10</b>	103.32
<b>Amount Receivable :</b>		
a) ONGC Petro-additions Limited	<b>54.69</b>	42.96
b) ONGC Mangalore Petrochemical Limited	<b>1.85</b>	4.97
c) Mangalore SEZ Limited	-	0.64
d) ONGC Tripura Power Co. Limited	<b>373.80</b>	-
<b>Amount Payable :</b>		
a) ONGC Teri Biotech Limited	<b>51.55</b>	115.98
b) Dahej SEZ Ltd.	<b>7.54</b>	7.00
c) ONGC Tripura Power Co. limited	<b>0.02</b>	0.86
d) Mangalore SEZ Limited	<b>0.09</b>	-
<b>Advance towards equity pending allotment :</b>		
a) ONGC Petro-addition Limited	<b>6,709.24</b>	3,328.69
b) ONGC Tripura Power Co. Limited	<b>2,925.10</b>	-
c) ONGC Mangalore Petrochemicals Limited	<b>9,199.77</b>	9,199.77

**37.3.2 Key Management Personnel**

(₹ in million)

Particulars	2013-14	2012-13
Remuneration to Directors	<b>33.75</b>	21.55
Amount Receivable	<b>1.25</b>	1.47
Amount Payable	<b>10.32</b>	6.33

**38. 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 ₹ 934.64 million (Previous year ₹ 914.03 million) had been paid towards cancellable Operating Lease.

**39. Disclosure under Accounting Standard - 27 on 'Financial Reporting of Interest in Joint Ventures':****39.1 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 31.03.2014 are as under:

Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
<b>A</b>	<b>Jointly Operated JVs</b>		
1	Panna, Mukta and Tapti	40% (40%)	BGEPIL 30%, RIL 30%
2	AN-DWN-2009/3	60% (60%)	OIL 40%
<b>B</b>	<b>ONGC Operated JVs</b>		
3	CB-OS/1 Development Phase**	55.26% (55.26%)	TPL 6.7%, HOEC 38.04%
4	MN-DWN-98/3**	100% (60%)	(PIBBV 40%)
5	MN-OSN-2000/2	40% (40%)	GAIL 20%, IOC 20%, OIL 20%
6	AA-ONN-2001/2	80% (80%)	IOC 20%
7	AA-ONN-2001/3	85% (85%)	OIL 15%
8	KK-DWN-2002/2	80% ( 80%)	HPCL 20%
9	CY-ONN-2002/2	60% (60%)	BPRL 40%
10	AA-ONN-2002/4	90% (90%)	OIL 10%
11	CY-DWN-2004/3	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
12	CY-PR-DWN-2004/1	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
13	CB-ONN-2004/1**	60% (50%)	GSPC 40%, (HERA-MEC LTD 10%)
14	CB-ONN-2004/2	55% (55% )	GSPC 45%
15	CB-ONN-2004/3	65% (65%)	GSPC 35%
16	CY-ONN-2004/1	80% (80%)	BPRL 20%
17	CY-ONN-2004/2	80% (80%)	BPRL 20%
18	MB-OSN-2005-1	80% (80%)	GSPC 20%
19	MB-OSN-2005-5	70% (70% )	GSPC 30%
20	MB-OSN-2005-6	80% (80% )	GSPC 20%
21	KG-DWN-2005/1	70% (70% )	IOC 20%, GSPC 10%
22	KK-DWN-2005/2	90% (90%)	GSPC 10%
23	KG-OSN-2005/1	60%(60% )	HMEL 20%, GSPC 20%
24	KG-OSN-2005/2	80% (80%)	HMEL 20%
25	Raniganj	74% (74%)	CIL 26%
26	Jharia	90% (90%)	CIL 10%

Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
27	NK-CBM-2001/1	80% (80%)	IOC 20%
28	BK-CBM-2001/1	80% (80%)	IOC 20%
29	CB-ONN-2005/4	51% (51%)	GSPC 49%
30	CB-ONN-2005/10	51% (51%)	GSPC 49%
31	PR-ONN-2005/1	80% (80%)	TPL 20%
32	WB-ONN-2005/4	75% (75%)	OIL 25%
33	AA-ONN-2005/1	60% (60%)	OIL 30%, ACIL -10%
34	GV-ONN-2005/3	80% (80%)	TPL 20%
35	AN-DWN-2009/2	60% (60%)	OIL 40%
36	AN-DWN-2009/1	70% (70%)	OIL 30%
37	AN-DWN-2009/5**	100%(90%)	(GSPC 10%)
38	AN-DWN-2009/13**	80% (70%)	GAIL 10%, NTPC 10%, (GSPC 10%)
39	AN-DWN-2009/18	60% (60%)	OIL 30%, GAIL 10%
40	GK-OSN-2009/1	40%(40%)	AWEL 20%, GSPC 20%, IOC 20%
41	GK-OSN-2009/2	40%(40%)	AWEL 30%, IOC 30%
42	KG-OSN-2009/1	80% (80%)	APGIC 10%, NTPC 10%
43	KG-OSN-2009/2	90% (90%)	APGIC 10%
44	KG-OSN-2009/4	50% (50%)	APGIC 10%, OIL 30%, NTPC 10%
45	AA-ONN-2009/3	50% (50%)	OIL 50%
46	CB-ONN-2009/4	50% (50%)	GSPC 50%
47	GK-OSN-2010/1	60% (60%)	OIL-30%, GAIL-10%
48	GK-OSN-2010/2	90% (90%)	GAIL- 10%
49	CB-ONN-2010/6	80% (80%)	IOC- 20%
<b>C</b>	<b>Operated by JV Partners</b>		
50	Ravva	40% (40%)	Cairn India (Operator) 22.5% , VIL 25%, ROPL 12.5%
51	CY-OS-90/1 (PY3)	40% (40%)	HEPI (operator) 18%, HOEC 21% TPL 21%
52	RJ-ON-90/1	30% (30%)	Cairn India (Operator) 35%, CEHL 35%
53	CB-OS/2 -Development Phase	50% (50%)	Cairn India (operator) 40% , TPL 10%
54	CB-ON/7 -Development Phase	30% (30%)	HOEC (Operator) 35%, GSPC 35%
55	CB-ON/3 - Development Phase	30% (30%)	EOL (Operator)70%
56	AA-ONN-2002/3	70% (70%)	OIL (Operator) 30%
57	AN-DWN-2003/2	45%(45%)	ENI (Operator) 40% GAIL 15%
58	KG-ONN-2003/1	51% (51%)	Cairn India 49% (Operator),



Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
59	PR-OSN-2004/1	35% (35%)	Cairn India (Operator) 35%, TPL 30%
60	CB-ON/2- Development phase	30% (30%)	GSPC (Operator) 56%, Geo-Global Resources 14%
61	RJ-ONN-2005/3	40% (40%)	GSPC (Operator) 60%
62	AA-ONN-2009/4	50% (50%)	OIL(Operator) 50%
63	CY-OSN-2009/2	50% (50%)	OIL 50% (Operator)
64	KG-DWN-2009/1	45% (45%)	BGEPIL 30%(Operataor), OIL 15%, APGIC 10%
65	RJ-ON/6 - Development phase	30% (30%)	Focus Energy Ltd (Operator) 7% I services Investment Ltd, Mauritius 45.5% Newbury Oil Co. Ltd, Cyprus 17.5%
66	AA-ONN-2010/2	30% (30%)	OIL -40%, GAIL-20%, EWP-10%
67	AA-ONN-2010/3	40%(40%)	OIL-40%, BPRL-20%

\* PI - Participating Interest

\*\* Approval towards assignment of PI is awaited from Gol

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

**Abbreviations:-** ACL- Assam Company (India) Ltd, APGIC- AP Gas Infrastructure Corporation Ltd, AWEL- Adani Wels pun Exploration Ltd, BGEPIL- British Gas Exploration & Production India Ltd, BPRL- Bharat Petro Resources Ltd, Cairn India-Cairn India Ltd, CEHL- Cairn Energy Hydrocarbons Ltd, CIL- Coal India Ltd, ENI- Ente Nazionale Idrocarburi, Ensearch- Enserach, EWP- East west Petroleum Canada, GAIL- Gas Authority of India Ltd, GGR- Geo Global Resources, GSPC- Gujarat State Petroleum Corporation Ltd, HEPI- Hardy Exploration & Production India Ltd, Heramec- Heramec Ltd, HEPI-Hardy Exploration & Production (India), HEIBV-Hydro Oil & Enery India BV, HMEL- HPCL Mittal Energy Ltd, HOEC- Hindustan Oil Exploration Company Ltd, HPCL- Hindustan Petroleum Corporation Ltd, IOC- Indian Oil Corporation Ltd, INPEX- INPEX Offshore East India Ltd, NTPC- National Thermal Power Corporation Ltd, OIL- Oil India Ltd, PIBBV-Petrobras International Braspero BV, VIL- Videocon Industries Ltd, RIL- Reliance Industries Ltd, ROPL- Ravva Oil (Singapore) Private Ltd, SRL- Sunterra Resources Ltd, TPL- Tata Petrodyne Ltd

39.2 List of the blocks surrendered during the year are given below:

Sl. No.	Joint Ventures / PSCs	Company's PI *
1.	PA-ONN-2004/1	100% (100%)
2.	CB-ONN-2004/4	60%(60%)
3.	CY-DWN-2004/1	70% (70%)
4.	CY-DWN-2004/2	70% (70%)
5.	CY-DWN-2004/4	70% (70%)
6.	CY-PR-DWN-2004/2	70% (70%)
7.	GV-ONN-2004/1	100%(100%)
8.	KG-DWN-2004/1	70% (70%)
9.	KG-DWN-2004/2	60% (60%)
10.	KG-DWN-2004/3	70% (70%)
11.	KG-DWN-2004/5	50% (50%)
12.	KG-DWN-2004/6	34% (34%)
13.	AN-DWN-2005/1	90% (90%)

\* PI - Participating Interest

39.3 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
<b>NELP Block-100% PI*</b>	19 (21)	37,773.90 (15,654.33)	341.84 (368.09)	96.45 (71.51)	20,154.93 (26,243.39)	-20,058.48 (-26,171.88)
<b>Blocks with other partners</b>	67 (78)	103,668.42 (92,348.44)	44,450.57 (28,134.96)	182,462.92 (170,084.17)	142,405.71 (106,303.27)	40,057.21 (63,780.91)
<b>Surrendered</b>	49 (41)	5,209.85 (3,346.44)	9,565.83 (8,979.16)	0.37 (613.22)	2,045.23 (8,646.73)	-2,044.86 (-8,033.51)
<b>Total</b>	<b>135 (140)</b>	<b>146,652.16 (111,349.21)</b>	<b>54,358.23 (37,482.21)</b>	<b>182,559.73 (170,768.90)</b>	<b>164,605.87 (141,193.38)</b>	<b>17,953.87 (29,575.52)</b>

**39.3.1** The financial statements of 124 (previous year 129) out of 135 (previous year 140) JVs/NELP 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 in respect of balance 11 (previous year 11) JVs/NELP, the figures have been incorporated on the basis of uncertified statements prepared under the production sharing contracts. Both the figures have been adjusted for changes as per Note No. 2.1.1.The financial positions of JV/NELP are as under:

(₹ in million)

	No. of JVs/ NELP Blocks	Assets	Liabilities	Income	Expenditure	Profit / (-) Loss before tax
<b>Audited</b>	124 (129)	145,807.09 (110,369.47)	51,823.77 (34,943.33)	182,255.94 (170,599.99)	163,656.37 (139,865.63)	18,599.58 (30,734.36)
<b>Unaudited</b>	11 (11)	845.07 (979.74)	2,534.46 (2,538.89)	303.79 (168.91)	949.50 (1,327.76)	-645.71 (-1,158.85)
<b>Total</b>	<b>135 (140)</b>	<b>146,652.16 (111,349.21)</b>	<b>54,358.23 (37,482.21)</b>	<b>182,559.73 (170,768.90)</b>	<b>164,605.87 (141,193.38)</b>	<b>17,953.87 (29,575.52)</b>

**39.3.2** In respect of 12 NELP blocks (previous year 16) which have expired as on 31st March, 2014, the Company's share of Unfinished Minimum Work Programme (MWP) amounting to ₹ 18,014.12 million (previous year to ₹ 19,560.95 million) has not been provided for since the company has already applied for further extension of period in these blocks as 'excusable delay'/ special dispensations citing technical complexities, within the extension policy of NELP Blocks, which are under active consideration of Gol. The delays have occurred generally on account of pending statutory clearances from various Govt. authorities like Ministry of Defense, Ministry of Commerce, environmental clearances, State Govt. permissions etc. The above MWP amount of ₹ 18,014.12 million (previous year ₹ 19,560.95

million) is included in MWP commitment under note no.42.2.1.

**39.3.3** As per the Production Sharing Contracts signed by the Company with the Gol, 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 Gol. LD amounting to ₹ 245.65 million (Previous year ₹ 293.30 million) and cost of unfinished MWP (net of reversal) ₹ (-) 59.14 million (Previous year ₹ 217.14 million), paid/payable to the Gol is included in survey and wells written off expenditure respectively.

**39.3.4** The company had acquired Participating Interest (PI) of British Gas Exploration & Production India Ltd (BGEPI) in the following blocks, effective from the following dates as approved by the board of directors.

Name of the Block	PI	Date of Transfer of PI
KG OSN 2004/1	45%	25.11.2011
KG DWN 98/4	30%	18.05.2011
MN DWN 2002/2	25%	01.12.2011

British Gas has agreed to pay a lump sum amount of USD 50 Million, towards full and final settlement of carry costs/cash calls due in all the above blocks, subject to government approval for transfer of PI in all the above blocks. Since the government approval in respect of MN DWN 2002/2 is pending, no adjustment is made in the accounts towards the lump sum amount due as above.

**39.4 Jointly Controlled Entities:**

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

Name	Country of Incorporation	Ownership Interest (%)	
		As at 31.03.2014	As at 31.03.2013
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	49.36	49.00
ONGC Tripura Power Co. Limited	India	49.52	49.52
ONGC Teri Biotech Limited	India	49.98	49.98
Dahej SEZ Limited	India	50.00	50.00

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

(₹ in million)

Description	As at 31.03.2014	As at 31.03.2013
<b>i) Assets</b>		
Fixed Assets	136,189.25	107,541.52
Other Non-Current Asset	19,794.25	20,755.45
Deferred Tax Assets	256.91	218.05
Current Asset	13,334.56	8,478.52
<b>ii) Liabilities</b>		
Long Term Borrowings	104,535.79	36,146.92
Other Non-Current liabilities and provisions	6,819.94	4,998.55
Deferred Tax Liability	896.17	603.43
Current liabilities and provisions	26,507.16	72,212.46
<b>iii) Income</b>	49,208.33	40,469.92
<b>iv) Expenses</b>	47,442.17	37,924.79
<b>v) Contingent liabilities</b>	8,868.61	7,749.88
<b>vi) Capital commitments</b>	18,372.56	29,017.22

**40. Disclosure under Accounting Standard - 28 and Guidance note on Accounting for Oil and gas producing Activities (Revised) on "Impairment of Assets"**

**40.1** The Company is engaged mainly in the business of oil and gas exploration and production in On-shore and Offshore. In case of onshore assets, the fields are using common production/transportation facilities and are sufficiently economically interdependent to constitute a single cash generating unit (CGU). Accordingly, impairment test of all onshore fields are performed in aggregate of all those fields at the Asset Level. In case of Offshore Assets, a field is generally considered as CGU except for fields which are developed as a Cluster, for which common facilities are used, in which case the impairment testing is performed in aggregate for all the fields included in the cluster.

**40.2** The Value in Use of producing/developing CGUs is determined under a multi-stage approach, wherein future cash flows are initially estimated based on Proved Developed Reserves. Under circumstances where the further development of the fields in the CGUs is under progress and where the carrying value of the CGUs is not likely to be recovered through exploitation of proved developed reserves alone, the Proved and probable reserves (2P) of the CGUs are also taken for the purpose of estimating future cash flows. In such cases, full estimate of the expected cost of evaluation/development is also considered while determining the value in use.

**40.3** In assessing value in use, the estimated future cash flows from the continuing use of the assets and from its disposal at the end of its useful life are discounted to their present value. The present value of cash flows are determined by applying discount rates of 19.10% (previous year 20.10%) for Rupee transactions and 13.00% (previous year 14.00 %) for crude oil and value added products

revenue, which are measured in USD. Future cash inflows from sale of crude oil and value added products are computed using the future prices, on the basis of market-based average prices of the Dated Brent crude oil as per assessment by 'Platt's Crude Oil Marketwire' and its co-relations with benchmark crudes and other petroleum products. Future cash flows from sale of natural gas is also computed based on the expected future prices on the basis of the notification issued by the Government of India.

**40.4** During the year ₹ 1,025.48 million (Previous Year ₹ 3,014.50 million) is provided as impairment loss. Out of this, an amount of ₹ 355.97 million (Previous Year ₹ 45.36 million) has been provided as additional impairment in respect of onshore CGUs - Jodhpur and Silchar. ₹ 91.25 million (Previous Year ₹ 38.00 million) has been provided for already impaired offshore CGU- Ratna, D18, B 121 due to increase in the estimate of abandonment cost has been provided. In addition, ₹ 30.42 million (Previous Year ₹ 23.40 million) pertaining to block CY-OS-90/1 (PY-3) has been provided as presently the field does not have any potential to produce. An amount of ₹ 79.40 million (Previous Year ₹ 453.11 million) mainly represents additional impairment charge in respect of certain onshore Pre- NELP joint venture blocks (RJ ON 6, CB ON 2 and CB ON 3) due to adjustment of cost recovery from revenue and sharing of 100% royalty. Balance amount of ₹ 441.87 million, ₹ 15.90 million and ₹ 10.68 million has been provided for Tapti, Hazira Plant and CBX respectively.

**40.5** Further, ₹ 806.08 million (Previous Year ₹ 756.47 million) impairment loss has been reversed based on the impairment test carried out as at the balance Sheet date. The reversal as at 31.03.2014 is in respect Offshore CGU G1-GS15 and Hazira SBM.

**40.6** The following 2P reserves for the respective CGU considered as a basis for the impairment assessment.

Name of the CGU	Quantity of Reserves used for Impairment Assessment(In Mmt)
G1-GS 15	6.13
Jodhpur Onshore Asset	1.99
Silchar Onshore Asset	0.80
RJ-ON-06 (Pre NELP PSC Block)	0.88
CB-ON-02 (Pre NELP PSC Block)	0.08
Cluster B-193	13.36



**41. Disclosure under Accounting Standard - 29 on "Provisions, Contingent Liabilities and Contingent Assets":  
Movement in Provisions for Abandonment and others:**

Other provisions represent provision for Court cases, arbitration and others, where the timing of expected outflows is upon settlement of the proceedings :

(₹ in million)

Particulars	Provision for Abandonment		Others	
	2013-14	2012-13	2013-14	2012-13
Opening Balance	177,454.45	176,529.96	761.86	914.57
Add: Provision made during the year	53,337.97	924.49	96.16	65.01
Less: Provision written back/ reclassified/ reduction during the year	2,353.23	-	52.16	217.72
Closing Balance	228,439.19	177,454.45	805.86	761.86

**42. Other Disclosures under Schedule VI to the Companies Act, 1956:**

**42.1 Capital Commitments:**

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

i) In respect of Company - ₹ 83,351.44 million (Previous year ₹ 87,601.57 million).

ii) In respect of Joint Ventures - ₹ 4,367.54 million (Previous year ₹ 5,611.71 million).

**42.2 Other Commitments**

**42.2.1** Estimated amount of Minimum Work Programme (MWP) committed under various 'Production Sharing Contracts' with Government of India/ Nominated Blocks:

l) In respect of Nominated Blocks ₹ 441.59 million (Previous year ₹ 958.54 million).

ii) In respect of NELP blocks in which the Company has 100% participating interest - ₹ 9,600.47 million (Previous year ₹ 12,305.38 million).

iii) In respect of NELP blocks in Joint Ventures, company's share - ₹ 62,247.39 million (Previous year ₹ 62,127.36 million).

**42.2.2** The Company has given an undertaking to The State Bank of India, for a Rupee term loan agreement amounting to ₹ 30,350 million (previous year ₹ 2,223.80 million through Power Finance Corporation limited) in respect of ONGC Tripura Power Co. Limited (OTPC) for not to dilute the shareholding till two years after Commercial Operation Date (COD) of the project and to bear any cost overrun to the extent of 10% of the estimated project cost of ₹ 40,470 million.

**42.3 Contingent Liabilities:**

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

(₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>I. In respect of Company</b>		
i. Income Tax	55,087.45	30,315.36
ii. Excise Duty	9,406.06	8,498.82
iii. Custom Duty	1,599.77	1,452.76
iv. Royalty (Note - 42.3.2)	117,301.90	90,178.00
v. Cess	6.57	6.57
vi. AP Mineral Bearing Lands (Infrastructure) Cess	2,211.27	1,962.84
vii. Sales Tax	46,086.36	45,853.77
viii. Service Tax	4,225.07	5,036.08
ix. Octroi	68.54	68.54
x. Specified Land Tax (Assam)	3,528.89	3,194.73
xi. Claims of contractors (Incl. LAQ) in Arbitration / Court	50,783.08	29,270.46
xii. Employees Provident Fund	66.35	66.35
xiii. Others	53,911.41	36,596.25
<b>Sub Total (A)</b>	<b>344,282.72</b>	<b>252,500.53</b>
<b>II. In respect of Joint Ventures</b>		
i. Income Tax	8.91	8.91
ii. Excise Duty	4.17	-
iii. Custom Duty	3,798.73	3,744.00
iv. Sales Tax and Service Tax	2,879.82	3,115.13
v. Claims of contractors in Arbitration / Court	5,095.94	333.24
vi. Others	854.74	5,193.84
<b>Sub Total (B)</b>	<b>12,642.31</b>	<b>12,395.12</b>
<b>Total (A + B)</b>	<b>356,925.04</b>	<b>264,895.65</b>

**42.3.1** The above claims / demands are at various stages of appeal. In the opinion of the management, these claims / demands are not tenable.

**42.3.2** In terms of the statutory provisions of Oilfields (Regulation and Development) Act, 1948 (ORDA), Petroleum & Natural Gas (PNG) Rules 1959 and Notifications issued thereunder; the Company is liable to pay royalty to Central Government and State Governments, on production of Crude Oil and Natural Gas from offshore fields and onshore fields, respectively. Since 2008-09, the company has been paying royalty on crude oil at realized price which is net of under-recovery of the OMCs shared by the Company as per GoI directives. On an application filed by the State of Gujarat, the Hon'ble High Court of Gujarat in its order dated 30.11.2013 has directed the company to pay the shortfall of royalty on crude oil produced from the onshore fields in the State of Gujarat on pre-discount prices from 01.04.2008 onwards. Based on the Special Leave Petition filed by the Company, pending further orders, Hon'ble

Supreme Court vide order dated 13.02.2014 stayed the operation of the impugned judgment subject to the condition that the company pays royalty to the State of Gujarat on pre-discounted price of crude oil w.e.f. 01.02.2014 onwards. Accordingly, possible obligation on this account for the period from April 2008 to March 2014 has been disclosed as Contingent Liability for ₹ 116,326.96 million. Differential royalty (royalty on pre-discount price minus royalty on post-discount price) being deposited w.e.f. Feb'14 in terms of court order has been shown as deposit.

**42.4 Corporate Guarantees executed by the Company on behalf of its wholly owned subsidiary, ONGC Videsh Limited (OVL) and Mangalore refinery and Petrochemical Limited (Subsidiary):**

**42.4.1 Guarantees executed for financial obligations:**

i) Amount of Guarantee ₹ 321,657.40 million (Previous year ₹ 91,285.50 million)

ii) Amount outstanding ₹ 314,417.66 million (Previous year ₹ 73,774.85 million)

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

- i) Amount of Guarantee ₹ 13,513.50 million (Previous year ₹ 12,237.75 million)  
 ii) Amount outstanding ₹ 7,370.56 million (Previous year ₹ 11,262.75 million)

**42.5 Quantitative Details****42.5.1 Production Quantities (Certified by the Management):**

Products	Unit	2013-14	2012-13
Crude Oil	MT	25,994,105	26,127,115
Natural Gas	000 M <sup>3</sup>	24,851,248	25,335,211
Liquefied Petroleum Gas	MT	1,067,230	1,006,623
Ethane/Propane	MT	430,447	427,708
Naphtha	MT	1,358,414	1,533,817
Superior Kerosene Oil	MT	84,305	108,326
Aviation Turbine Fuel	MT	9,658	11,466
Low Sulphur Heavy Stock	MT	27,992	24,503
High Speed Diesel	MT	36,311	36,786
Mineral Turpentine Oil	MT	1,117	562
Light Diesel Oil	MT	50	-

**Notes:**

- Production includes internal consumption and intermediary losses.
- Production of 1,521 MT (Previous year 0.206 MT) Crude Oil and 26,596 TM<sup>3</sup> (Previous year 16,436 TM<sup>3</sup>) of Natural Gas is included being the difference between participating interest and entitlement interest in respect of CB-ON/3, CB-ON/2 and RJ-ON/6 JVs.
- Crude oil production includes condensate of 1.819 MMT (Previous year 2.076 MMT).

**42.5.2 Purchases (Traded Products):**

Particulars	Unit	2013-14		2012-13	
		Quantity	Value ( ₹ in million )	Quantity	Value ( ₹ in million )
High Speed Diesel	KL	59	2.68	12	0.57
Motor Spirit	KL	541	28.80	562	30.05
Others			0.32		0.42
<b>Total</b>			<b>31.80</b>		<b>31.04</b>

**42.5.3 Raw Material Consumed:**

For production of Liquefied Petroleum Gas, Ethane/Propane, Naphtha, Superior Kerosene Oil, Low Sulphur High Stock, Aviation Turbine Fuel and High Speed Diesel.	Unit	2013-14		2012-13	
		Quantity	Value at cost ( ₹ in million )	Quantity	Value at cost ( ₹ in million )
<b>Out of own production:</b>					
Crude Oil	MT	89,117	654.94	90,334	601.12
Natural Gas	000M <sup>3</sup>	864,774	5,671.75	784,446	4,636.50
Gas Equivalent Condensate	000M <sup>3</sup>	482,772	2,132.78	506,778	1,631.74
<b>Purchases</b>					
Gas Equivalent Condensate	MT	20,329	889.73	39,008	1,878.42

**42.6 Consumption of Raw Material, Stores and Spare Parts:**

	2013-14		2012-13	
	Amount ( ₹ in million )	%	Amount ( ₹ in million )	%
Imported	10,766.35	21.01	11,819.27	28.17
Indigenous	40,480.21	78.99	30,141.23	71.83
<b>Total</b>	<b>51,246.56</b>	<b>100.00</b>	<b>41,960.50</b>	<b>100.00</b>

**42.7 Value of Imports on CIF Basis :**

(₹ in million)

	2013-14	2012-13
Capital items *	182,105.92	177,094.61
Stores and Spare Parts	18,009.91	16,768.58
<b>Total</b>	<b>200,115.83</b>	<b>193,863.19</b>

\*Includes stage payments made against capital works.

**42.8 Expenditure in Foreign Currency:**

(₹ in million)

Particulars	2013-14	2012-13
Services	182,380.14	178,750.38
Others	1,348.49	3,695.73
<b>Total</b>	<b>183,728.64</b>	<b>182,446.11</b>



**42.9 Earnings in Foreign Currency:**

(₹ in million)

Particulars	2013-14	2012-13
Interest	-	58.92
Services	53.46	2.14
FOB value of Sales	74,818.30	74,121.51
Others	18.08	540.81
<b>Total</b>	<b>74,889.85</b>	<b>74,723.38</b>

**43. Disclosure under Guidance Note on Accounting for "Oil & Gas Producing Activities" (Revised)**  
**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 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Offshore	Opening	222.98	215.77	203.245	208.179	426.22	423.95
	Addition	4.71	22.79	18.652	14.917	23.36	37.71
	Production	15.54	15.58	19.174	19.851	34.71	35.43
	<b>Closing</b>	<b>212.16</b>	<b>222.98</b>	<b>202.723</b>	<b>203.245</b>	<b>414.87</b>	<b>426.22</b>
Onshore	Opening	190.81	190.46	155.897	156.074	346.71	346.53
	Addition	7.94	9.87	0.020	5.170	7.96	15.04
	Production	9.44	9.51	5.321	5.348	14.76	14.86
	<b>Closing</b>	<b>189.31</b>	<b>190.81</b>	<b>150.595</b>	<b>155.897</b>	<b>339.90</b>	<b>346.71</b>
Total	Opening	413.79	406.23	359.142	364.253	772.93	770.48
	Addition	12.65	32.66	18.671	20.087	31.33	52.75
	Production	24.97	25.10	24.496	25.199	49.47	50.29
	<b>Closing</b>	<b>401.47</b>	<b>413.79</b>	<b>353.318</b>	<b>359.142</b>	<b>754.78</b>	<b>772.93</b>

**43.1 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 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Offshore	Opening	160.62	153.50	110.254	114.690	270.87	268.19
	Addition	13.90	22.70	41.630	15.431	55.53	38.13
	Production	15.54	15.58	19.174	19.867	34.71	35.45
	<b>Closing</b>	<b>158.99</b>	<b>160.62</b>	<b>132.710</b>	<b>110.254</b>	<b>291.70</b>	<b>270.87</b>
	Opening	150.81	148.73	110.010	110.364	260.81	259.09
Onshore	Addition	5.18	11.57	2.225	4.933	7.40	16.50
	Production	9.39	9.49	5.251	5.287	14.64	14.78
	<b>Closing</b>	<b>146.60</b>	<b>150.81</b>	<b>106.984</b>	<b>110.010</b>	<b>253.58</b>	<b>260.81</b>
	Opening	311.43	302.23	220.264	225.055	531.69	527.28
	Addition	19.09	34.27	43.855	20.364	62.93	54.63
Total	Production	24.93	25.07	24.425	25.154	49.36	50.22
	<b>Closing</b>	<b>305.58</b>	<b>311.43</b>	<b>239.694</b>	<b>220.264</b>	<b>545.28</b>	<b>531.69</b>

\*MMTOE denotes "Million Metric Tonne Oil Equivalent" and for calculating Oil equivalent of Gas, 1000 M3 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.

**43.2**

The year-end reserves of the company have been estimated by the Reserves Estimation Committee (REC) which follows international reservoir engineering procedures consistently.

The company has adopted deterministic approach for reserves estimation and is following Society of Petroleum Engineers (SPE) - 1997 guidelines which defines reserves as "estimated volumes of crude oils, condensate, natural gas, natural gas liquids and associated substances anticipated to be commercially recoverable from known accumulations from a given date forward, under existing economic conditions, by established operating practices, and under current Government regulations."

Volumetric estimation is the main procedure in estimation, which uses reservoir rock and fluid properties to calculate hydrocarbons in-place and then estimate that portion which will be recovered from it. As the field gets matured with reasonably good production history is available then performance method such as material

balance, simulation, decline curve analysis are applied to get more accurate assessments of reserves.

The Company uses the services of third party agencies for due diligence and it gets the reserves of its assets audited by third party periodically by internationally reputed consultants who adopt latest industry practices for their evaluation.

The annual revision of estimates is based on the yearly exploratory and development activities and results thereof. New In place Volume and Ultimate Reserves are estimated for new field discoveries or new pool discoveries in already discovered fields. Also, appraisal activities lead to revision in estimates due to new subsurface data. Similarly, reinterpretation exercise is also carried out for old fields due to necessity of revision in petro-physical parameters, updating of static & dynamic models and performance analysis leading to change in reserves. Intervention of new technology, change in classifications and contractual provisions also necessitates revision in estimation of reserves.

**44. Disclosure pursuant to clause 32 of the Listing Agreement:**

(₹ in million)

Particulars	Outstanding as at 31.03.2014	Maximum Amount Outstanding during the year 2013-14	Outstanding as at 31.03.2013	Maximum Amount Outstanding during the year 2012-13
<b>a) Loans to Subsidiaries:*</b>				
i) ONGC Videsh Limited (OVL)*	52,914.93	119,576.99	119,576.99	170,619.29
ii) Mangalore Refinery & Petrochemicals Limited (MRPL)	46,285.70	50,700.00	36,600.00	37,500.00
<b>b) Loan to Associate:</b>				
i) Pawan Hans Limited (formerly Pawan Hans Helicopter Ltd) (PHL)	718.17	1,056.17	1,056.17	1,319.24
<b>c) Where there is no repayment schedule:</b>				
i) ONGC Videsh Limited (OVL)	52,914.93	119,576.99	119,576.99	170,619.29
<b>d) Having repayment schedule of beyond seven years :</b>				
i) Employees	10,379.28	10,379.28	9,854.79	9,854.79
<b>e) Where no interest or interest below Section 372A of Companies Act:</b>				
i) ONGC Videsh Limited (OVL)*	52,914.93	119,576.99	119,576.99	170,619.29
ii) Mangalore Refinery & Petrochemicals Limited (MRPL)	Nil	Nil	Nil	Nil
<b>f) In the nature of loans to Firms\ companies in which directors are interested:</b>	Nil	Nil	Nil	Nil

\*Excludes Current account transactions

**g) Investments by the ONGC Videsh Limited (OVL), loanee:**

Name of Subsidiary	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	No. of Shares	₹ in million	No. of Shares	₹ in million
a) ONGC Nile Ganga B.V. Equity Shares				
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	227,216,319	10,486.04	306,611,613	14,150.13
d) Imperial Energy Limited (formerly Jarpeno Limited)				
Equity Shares	1,450	15,574.46	1,450	15,574.46
Preference Shares	192,210	86,744.37	192,210	86,744.37
e) Carabobo One AB Equity Shares	377,678	2,822.02	377,678	2,822.02
f) ONGC (BTC) Limited	8,000,001	2,529.66	8,000,001	2,519.86
g) Beas Rovuma Energy Mozambique Limited	7,680	94,289.92	-	-

**Notes :**

1. Loan to OVL is repayable within a notice period of minimum one year and carries no interest during the year 2012-13 and 2013-14.
2. Loan to MRPL carries interest @ SBI Prime Lending Rate (SBAR) with a spread of minus 385 basis points. Repayment of the loan will start in 28 equal instalment starting from 31.03.2014. ONGC can call these loans on notice of 90 days. MRPL can also prepay whole or part of the loan to ONGC as per its requirement.
3. The Company has not advanced any money to its employees for the purposes of investment in the securities of the Company.

**45. 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 or Small Enterprises. Based on the information available, the required disclosure for Micro & Small Enterprises under the above Act is given below:

Particulars	(₹ in million)	
	2013-14	2012-13
a) Principal amount remaining unpaid but not due as at year end	81.44	3.60
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	-	-

**46. Disclosure on Foreign currency exposures at year end that have not been hedged by derivative instrument or otherwise:**

The Company has receivables and payables in foreign currency at the balance sheet date. These foreign currency exposures are not hedged by any derivative instruments or otherwise.

**47. The Company has a system of physical verification of Inventory, Fixed Assets and Capital Stores in a phased manner to cover all items over a period of three years. Adjustment of differences, if any, is carried out on completion of reconciliation.**

**48. Some balances of Trade/Other Receivables, Trade/Other Payables 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.**

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

**50. Figures in parenthesis as given in these Notes to Financial Statement relate to previous year.**



## Segment Information - Stand Alone

(₹ in million)

Particulars	2013-14					2012-13				
	Offshore	Onshore	Total Segments	Unallocated	Grand Total	Offshore	Onshore	Total Segments	Unallocated	Grand Total
Segment Revenue	599,403	242,612	842,015	-	842,015	576,643	256,252	832,895	-	832,895
Segment Results										
Segment Result Profit(+)/Loss(-)	266,862	35,847	302,709		302,709	243,197	40,953	284,150		284,150
Unallocated Corporate Expenses			-	15,137	15,137			-	14,464	14,464
Operating Profit	266,862	35,847	302,709	(15,137)	287,572	243,197	40,953	284,150	(14,464)	269,686
Interest Expenses			-	4	4			-	289	289
Interest/Dividend Income			-	36,751	36,751			-	36,046	36,046
Income Taxes			-	103,371	103,371			-	96,186	96,186
Profit from Ordinary Activities	266,862	35,847	302,709	(81,761)	220,948	243,197	40,953	284,150	(74,893)	209,257
Extraordinary Gain			-		-			-		-
Net Profit	266,862	35,847	302,709	(81,761)	220,948	243,197	40,953	284,150	(74,893)	209,257
Other Information										
Segment Assets	941,101	469,261	1,410,362		1,410,362	843,121	410,941	1,254,062		1,254,062
Unallocated Corporate Assets			-	582,522	582,522			-	527,205	527,205
Total Assets	941,101	469,261	1,410,362	582,522	1,992,884	843,121	410,941	1,254,062	527,205	1,781,267
Segment Liabilities	325,744	101,478	427,222		427,222	291,247	100,901	392,148		392,148
Unallocated Corporate Liabilities			-	198,412	198,412			-	144,586	144,586
Total Liabilities	325,744	101,478	427,222	198,412	625,634	291,247	100,901	392,148	144,586	536,734
Capital Expenditure	151,060	137,440	288,500	4,328	292,828	177,526	91,298	268,824	2	268,826
Depreciation, Depletion, Amortisation & Impairment	87,195	21,326	108,521	756	109,277	66,550	16,487	83,038	707	83,745
Non-cash Expenses	1,595	646	2,241	(53)	2,188	10,138	8,694	18,833	31	18,863





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**Statement Pursuant to Section 212  
of the Companies act, 1956**

**ONGC Group Performance at A Glance**

**Auditors' Report - ONGC Group**

**Consolidated Financial Statement of ONGC Group**



Statement Pursuant to Section 212 of The Companies Act, 1956, Relating to Company's interest in The Subsidiaries

Sl. No.	Name of the Subsidiaries	1. The Financial Year of the Subsidiary ends on	2. Date from which it became Subsidiary	3.(a) Number of shares held by Oil and Natural Gas Corporation Ltd. in the Subsidiary at the end of the financial year of the Subsidiary*
1	ONGC Videsh Limited	31 <sup>st</sup> March, 2014	1 <sup>st</sup> February, 1994	100,000,000 Equity shares of Rs. 100 each
2	Mangalore Refinery and Petrochemicals Limited	31 <sup>st</sup> March, 2014	30 <sup>th</sup> March, 2003	1,255,354,097 Equity shares of Rs. 10 each
3	ONGC Nile Ganga B.V.	31 <sup>st</sup> March, 2014	12 <sup>th</sup> 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	31 <sup>st</sup> March, 2014	7 <sup>th</sup> December, 2005	20 Million shares of one Naira each
5	ONGC Amazon Alaknanda Limited	31 <sup>st</sup> March, 2014	8 <sup>th</sup> August, 2006	12,000 Equity & 227,216,319 Preference shares of one USD each
6	ONGC Campos Ltda.	31 <sup>st</sup> December, 2013	16 <sup>th</sup> March, 2007	667,644,626 quotas of BRL 1 each
7	ONGC Nile Ganga (Cyprus) Ltd.	31 <sup>st</sup> December, 2013	26 <sup>th</sup> November, 2007	242,191 Shares of 0.01 USD each
8	ONGC Nile Ganga (San Cristobal) B.V.	31 <sup>st</sup> March, 2014	29 <sup>th</sup> February, 2008	54,000 shares of Euro 1 each
9	ONGC Satpayev E & P B.V	31 <sup>st</sup> December, 2013	7 <sup>th</sup> June, 2010	18,000 shares of Euro 1 each
10	ONGC Caspian E & P B.V	31 <sup>st</sup> March, 2014	7 <sup>th</sup> June, 2010	36,000 shares of Euro 1 each
11	Imperial Energy Limited (previously knows as Jarpeno Limited)	31 <sup>st</sup> March, 2014	12 <sup>th</sup> August, 2008	1,450 Equity shares of 1 USD each & 192,210 Optionally Convertible Redeemable Preference shares of USD 1 each
12	Biancus Holdings Limited	31 <sup>st</sup> March, 2014	13 <sup>th</sup> January, 2009	1,000 shares of 1.71 EUR each
13	San Agio Investments Limited	31 <sup>st</sup> March, 2014	13 <sup>th</sup> January, 2009	1,000 shares of 1.71 EUR each
14	Redcliffe Holdings Limited	31 <sup>st</sup> March, 2014	13 <sup>th</sup> January, 2009	2,620 shares of 1 USD each
15	Imperial Energy Nord Limited	31 <sup>st</sup> March, 2014	13 <sup>th</sup> January, 2009	25,920 shares of 1 USD each
16	Imperial Energy (Cyprus) Limited	31 <sup>st</sup> March, 2014	13 <sup>th</sup> January, 2009	25,720 shares of 1 USD each
17	Imperial Energy Tomsk Limited	31 <sup>st</sup> March, 2014	13 <sup>th</sup> January, 2009	2,411 shares of 1 USD each
18	Imperial Frac Services (Cyprus) Limited	31 <sup>st</sup> March, 2014	13 <sup>th</sup> January, 2009	1,000 shares of 1.71 EUR each
19	LLC Nord Imperial	31 <sup>st</sup> December, 2013	13 <sup>th</sup> January, 2009	Full charter capital 300,000 RUR
20	LLC Allianceneftgaz	31 <sup>st</sup> December, 2013	13 <sup>th</sup> January, 2009	Full charter capital 50,000 RUR
21	LLC Sibinterneft	31 <sup>st</sup> December, 2013	13 <sup>th</sup> January, 2009	Charter capital 55,900 RUR
22	LLC Rus Imperial Group	31 <sup>st</sup> December, 2013	13 <sup>th</sup> January, 2009	Full charter capital 100,000 RUR
23	Carabobo One AB	31 <sup>st</sup> March, 2014	25 <sup>th</sup> February, 2010	377,678 ordinary shares of SEK 100 each
24	Petro Carabobo Ganga B.V.	31 <sup>st</sup> March, 2014	26 <sup>th</sup> February, 2010	18,000 shares of 1 Euro each 2,000 Cumulative Preference Shares (5.25%) of Euro 1 each
25	ONGC (BTC) Limited	31 <sup>st</sup> March, 2014	28 <sup>th</sup> March, 2013	8,000,001 shares of 1 USD each
26	BREML	31 <sup>st</sup> March, 2014	7 <sup>th</sup> January, 2014	7,680 shares of No Par value

\*At the closing rate of exchange, there is a Foreign Exchange Translation Reserve of ₹ 22,232.44 million, which has not been adjusted.

(N K Sinha)  
Company Secretary

(A K Banerjee)  
Director (Finance)

(D K Sarraf)  
Chairman & Managing Director

3.(b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary	4. The net aggregate amount of the Subsidiary's Profit/(Loss) so far it concerns the members of the Holding Company:			
	4.(a) Not dealt within the Holding Company's accounts		4.(b) Dealt within the Holding Company's accounts:	
	4.(a)(I) For the period 1 <sup>st</sup> April, 2013 to 31 <sup>st</sup> March, 2014 (₹ in million)	4.(a)(ii) For the previous period(s) of the Subsidiary since it became the Holding Company's Subsidiary (₹ in million)	4.(b)(I) For the period 1 <sup>st</sup> April, 2013 to 31 <sup>st</sup> March, 2014 (₹ in million)	4.(b)(ii) For the previous period(s) of the Subsidiary since it became the Holding Company's Subsidiary (₹ in million):
100%	25,140.49	108,380.09	-	1,050.00
71.63%	6,011.82	39,424.96	-	9,164.06
" Class A & B 100% Class C 77.491% "	32,253.37	84,556.00	-	15,966.28
100%	(1.81)	(1,387.19)	-	-
100%	7,273.93	27,188.73	-	-
100%	(1,547.83)	(812.12)	-	-
100%	239.24	632.53	-	-
100%	7,576.13	19,662.32	-	-
100%	(0.25)	(0.76)	-	-
100%	281.25	186.01	-	-
100%	(209.26)	(20,015.88)	-	-
100%	(27.22)	100.13	-	-
100%	(15.72)	18.67	-	-
100%	(1.81)	(172.95)	-	-
100%	1.21	(1,325.40)	-	-
100%	(1.81)	(1,012.18)	-	-
100%	(1.81)	(122.12)	-	-
100%	22.98	(4.01)	-	-
100%	(648.95)	(17,587.96)	-	-
100%	(2,717.97)	(6,298.12)	-	-
55.9%	(221.36)	(768.16)	-	-
100%	(663.47)	(1,724.30)	-	-
100%	(4.72)	(155.19)	-	-
100%	(36.17)	(19.56)	-	-
1.00	918.69	-	-	-
60%	29.03	-	-	-

### ONGC Group Performance at a Glance

(₹ in million unless otherwise stated)	2013-14	2012-13	2011-12	2010-11	
<b>FINANCIAL</b>					
Income from Operations	1,782,051	1,658,482	1,511,003	1,252,873	
Other Non-operating Income	68,937	54,907	47,934	37,180	
<b>Total Revenue</b>	<b>1,850,988</b>	<b>1,713,389</b>	<b>1,558,937</b>	<b>1,290,053</b>	
Statutory Levies	299,175	284,369	269,402	247,631	
Operating Expenses	901,396	824,465	639,629	488,606	
Exchange Loss/(Gain)	(650)	4,206	11,925	42	
Exploration costs written off *	84,881	110,457	105,136	92,620	
<b>Profit Before Interest, Depreciation &amp; Tax (PBIDT)</b>	<b>566,186</b>	<b>489,892</b>	<b>532,845</b>	<b>461,154</b>	
Depreciation, Depletion, Amortisation and Impairment	165,809	117,633	131,866	113,644	
<b>Profit Before Interest &amp; Tax (PBIT)</b>	<b>400,377</b>	<b>372,259</b>	<b>400,979</b>	<b>347,510</b>	
Interest Payment	6,243	4,838	4,349	4,377	
<b>Profit before Tax and Exceptional Items</b>	<b>394,134</b>	<b>367,421</b>	<b>396,630</b>	<b>343,133</b>	
Exceptional item	-	-	31,405	-	
<b>Profit before Tax</b>	<b>394,134</b>	<b>367,421</b>	<b>428,035</b>	<b>343,133</b>	
Corporate Tax	127,604	127,519	143,746	114,883	
<b>Profit after Tax</b>	<b>266,530</b>	<b>239,902</b>	<b>284,289</b>	<b>228,250</b>	
Share in Associates for the year	118	38	(11)	30	
Profit relating to minority	1,583	(2,256)	2,842	3,720	
<b>Group Profit after Tax</b>	<b>265,065</b>	<b>242,196</b>	<b>281,436</b>	<b>224,560</b>	
Dividend	81,277	81,277	83,416	74,859	
Tax on Dividend	13,842	13,053	13,611	12,528	
Share Capital	42,778	42,778	42,778	42,778	
Net Worth (Equity)	1,710,550	1,510,417	1,352,666	1,145,312	
Long-term Borrowings	316,810	88,428	52,086	39,771	
Working Capital	(45,799)	63,899	96,213	75,237	
Capital Employed	1,447,992	1,183,203	1,003,223	909,267	
<b>FINANCIAL PERFORMANCE RATIOS</b>					
PBIDT to Turnover (%)	31.77	29.54	35.26	36.81	
PBDT to Turnover (%)	31.42	29.25	34.98	36.46	
Profit Margin (%) - incl. exceptional items	14.87	14.60	18.63	17.92	
ROCE(PBIDT to Capital Employed) (%)	39.10	41.40	53.11	50.72	
Net Profit to Equity (%) - incl. exceptional items	15.50	16.04	20.81	19.61	
<b>BALANCE SHEET RATIOS</b>					
Current Ratio	0.93:1	1.13:1	1.21:1	1.21:1	
Debt Equity Ratio	0.19	0.06	0.04	0.03	
Debtors Turnover Ratio (Days)	32.83	33.88	28.31	29.05	
<b>PER SHARE DATA</b>					
Earning Per Share (₹)	30.98	28.31	32.90	26.25	
Dividend (%)	190	190	195	175	
<b>Book Value Per Share (₹)</b>	<b>200</b>	<b>177</b>	<b>158</b>	<b>134</b>	

\* Exploration Costs written off towards Survey & Dry Wells have been regrouped from Depreciation, Depletion and Amortization since these represents cash expenditure and shown as a separate item.

In view of the Notification no. S.O 447(E) dated 28.02.2011, issued by Ministry of Corportae Affairs, the Balance sheet of the Company is mandatorily required to be prepared in Revised Schedule VI w.e.f 1<sup>st</sup> April, 2011 onwards. Accordingly, the figures of FY 2013-14, FY 2012-13, 2011-12 and FY 2010-11 are given as per the requirement of Revised Schedule VI and earlier years figures are as per Old Schedule VI.

### ONGC Group Performance at a Glance

(₹ in million unless otherwise stated)	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>FINANCIAL</b>						
Income from Operations (Gross)	1,085,787	1,105,621	1,036,483	898,872	755,854	630,663
Statutory Levies	213,391	229,963	240,025	216,411	175,823	155,922
Operating Expenses	407,693	430,150	374,072	307,502	255,258	186,967
Exchange Loss/(Gain)	(10,671)	11,716	1,018	(2,675)	(463)	203
<b>Profit Before Interest Depreciation &amp; Tax (PBIDT)</b>	<b>475,374</b>	<b>433,792</b>	<b>421,368</b>	<b>377,634</b>	<b>325,236</b>	<b>287,571</b>
Recouped Costs	187,391	155,705	139,533	124,154	103,549	73,940
<b>Operating Income (PBIT)</b>	<b>287,983</b>	<b>278,087</b>	<b>281,835</b>	<b>253,480</b>	<b>221,687</b>	<b>213,631</b>
Interest (Net)	(16,431)	(32,950)	(27,375)	(19,241)	(11,715)	(10,991)
<b>Profit before Tax and Extraordinary Items</b>	<b>304,414</b>	<b>311,037</b>	<b>309,210</b>	<b>272,721</b>	<b>233,402</b>	<b>224,622</b>
Extraordinary Items- Excess of Insurance Claims over Book Value	-	658	-	4,751	6,405	-
<b>Profit before Tax</b>	<b>304,414</b>	<b>311,695</b>	<b>309,210</b>	<b>277,472</b>	<b>239,807</b>	<b>224,622</b>
Corporate Tax	107,138	110,094	106,999	98,454	84,932	79,416
<b>Profit after Tax</b>	<b>197,276</b>	<b>201,601</b>	<b>202,211</b>	<b>179,018</b>	<b>154,875</b>	<b>145,206</b>
Share in Associates for the year	78	99	21	102	107	114
Profit relating to minority	3,319	3,747	3,509	1,424	1,006	1,930
<b>Group Profit after Tax</b>	<b>194,035</b>	<b>197,953</b>	<b>198,723</b>	<b>177,696</b>	<b>153,976</b>	<b>143,390</b>
Dividend	70,583	68,444	68,444	66,305	64,167	57,535
Tax on Dividend	11,992	12,017	12,014	10,383	9,172	8,156
Share Capital	21,389	21,389	21,535	21,416	14,259	14,259
Net Worth (Equity)	1,005,653	915,729	774,127	661,994	564,017	480,583
Borrowings	51,769	13,091	9,427	12,964	22,342	23,870
Working Capital	192,787	172,257	240,202	202,408	173,164	135,348
Capital Employed	869,009	752,781	693,329	618,263	513,037	430,333
<b>FINANCIAL PERFORMANCE RATIOS</b>						
PBIDT to Turnover (%)	43.78	39.2	40.7	42.0	43.0	45.6
PBDT to Turnover (%)	45.29	42.2	43.3	44.2	44.6	47.3
Profit Margin (%) - incl. extraordinary items	17.87	17.9	19.2	19.8	20.4	22.7
ROCE(PBIDT to Capital Employed) (%)	54.70	57.6	60.8	61.1	63.4	66.8
Net Profit to Equity (%) - incl. extraordinary items	19.29	21.6	25.7	26.8	27.3	29.8
<b>BALANCE SHEET RATIOS</b>						
Current Ratio	1.38:1	1.31:1	1.75:1	1.79:1	1.97:1	1.74:1
Debt Equity Ratio	0.05	0.01	0.01	0.02	0.04	0.05
Debtors Turnover Ratio (Days)	24	24	25	20	21	27
<b>PER SHARE DATA</b>						
Earning Per Share (Rs.) - before extraordinary items*	22.68	23.09	23.23	20.40	17.50	16.76
Earning Per Share (Rs.) - after extraordinary items*	22.68	23.14	23.23	20.77	18.00	16.76
Dividend (%)	330	320	320	310	450	400
<b>Book Value Per Share(Rs.)*</b>	<b>118</b>	<b>107</b>	<b>90</b>	<b>77</b>	<b>66</b>	<b>56</b>

\*restated Post Bonus & split



### Statement of Income and Retained Earnings of ONGC Group

(₹ in million)	2013-14	2012-13	2011-12	2010-11	
<b>REVENUES</b>					
<b>Sales</b>					
Crude Oil	654,451	621,576	640,041	558,993	
Natural Gas	194,172	174,558	151,320	135,329	
LPG	30,145	31,484	23,711	18,368	
Naptha	75,743	76,805	72,167	56,342	
Ethane/Propane	14,837	13,440	12,741	8,796	
Superior Kerosene Oil	2,779	3,686	1,520	679	
HSD	522	170	103	134	
Motor Spirit	-	-	30	-	
Others	797,037	727,355	599,982	447,972	
Price Revision Arrears	-	-	-	-	
<b>Sub- Total</b>	<b>1,769,686</b>	<b>1,649,074</b>	<b>1,501,615</b>	<b>1,226,613</b>	
Traded Products	44	43	34	172	
Other Operating Revenue	12,321	9,365	9,354	26,088	
<b>Total Revenue from Operations</b>	<b>1,782,051</b>	<b>1,658,482</b>	<b>1,511,003</b>	<b>1,252,873</b>	
Other Non-operating Income	68,937	54,907	47,934	37,180	
<b>Total Revenues</b>	<b>1,850,988</b>	<b>1,713,389</b>	<b>1,558,937</b>	<b>1,290,053</b>	
<b>COST &amp; EXPENSES</b>					
Statutory Levies					
(a) Royalties	150,102	137,210	155,316	126,529	
(b) OIDB Cess	99,734	99,971	57,831	56,963	
(c) Motor Spirit Cess	3	-	-	-	
(d) Excise Duty	37,432	34,732	37,427	51,544	
(e) Natural Calamity Contingent Duty -Crude Oil	1,097	1,101	1,097	1,114	
(f) Sales Tax	3,123	3,834	3,339	3,112	
(g) Service Tax	439	353	8,337	2,018	
(h) Education Cess	2,348	3,111	1,871	1,828	
(i) Octroi & Port Trust Charges	4,897	4,057	4,184	4,523	
<b>Sub-Total (a to i)</b>	<b>299,175</b>	<b>284,369</b>	<b>269,402</b>	<b>247,631</b>	
(Accretion)/Decretion in stock	(7,193)	(11,205)	(4,641)	(8,917)	
Production, Transportation, Selling and Distribution Expenditure	900,449	813,428	632,912	487,776	
Provisions and Write-offs	10,563	22,243	11,599	9,635	
Exchange Loss	(650)	4,206	11,925	42	
Adjustments relating to Prior Period (Net)	(2,423)	(1)	(241)	112	
Exploration Costs Written off					
- Survey Costs	17,471	18,078	14,947	19,542	
- Exploratory Well Costs	67,410	92,379	90,189	73,078	
<b>Profit Before Depreciation, Interest &amp; Tax</b>	<b>566,186</b>	<b>489,892</b>	<b>532,845</b>	<b>461,154</b>	
Depreciation, Depletion, Amortisation and Impairment	165,809	117,633	131,866	113,644	
<b>Total Cost &amp; Expenses</b>	<b>1,450,611</b>	<b>1,341,130</b>	<b>1,157,958</b>	<b>942,543</b>	
<b>Operating Income Before Interest &amp; Tax</b>	<b>400,377</b>	<b>372,259</b>	<b>400,979</b>	<b>347,510</b>	
<b>Interest Payment</b>	<b>6,243</b>	<b>4,838</b>	<b>4,349</b>	<b>4,377</b>	
<b>Profit before Tax and Exceptional Items</b>	<b>394,134</b>	<b>367,421</b>	<b>396,630</b>	<b>343,133</b>	
Exceptional item	-	-	31,405	-	
<b>Profit before Tax</b>	<b>394,134</b>	<b>367,421</b>	<b>428,035</b>	<b>343,133</b>	
Corporate Tax ( Net)	127,604	127,519	143,746	114,883	
<b>Profit after Tax</b>	<b>266,530</b>	<b>239,902</b>	<b>284,289</b>	<b>228,250</b>	
Share in Associates for the year	118	38	(11)	30	
Profit relating to minority	1,583	(2,256)	2,842	3,720	
<b>Group Profit after Tax</b>	<b>265,065</b>	<b>242,196</b>	<b>281,436</b>	<b>224,560</b>	
Profit & Loss Account Balance brought forward	205,773	179,959	144,332	116,377	
Adjustments due to change in share holding /other adjustment	36	59	44	(137)	
Transfer to Capital Redemption Reserve	-	46	46	-	
Dividend	81,277	81,277	83,416	74,859	
Tax on Dividend	13,842	13,053	13,611	12,528	
Transfer to general Reserve	132,250	117,757	144,461	104,773	
Transfer to Debenture Redemption Reserve	10,400	4,308	4,319	4,308	
<b>Retained Earnings For The Year</b>	<b>233,105</b>	<b>205,773</b>	<b>179,959</b>	<b>144,332</b>	

In view of the Notification no. S.O 447(E) dated 28.02.2011, issued by Ministry of Corporate Affairs, the Balance sheet of the Company is mandatorily required to be prepared in Revised Schedule VI w.e.f 1<sup>st</sup> April, 2011 onwards. Accordingly, the figures of FY 2013-14, FY 2012-13, 2011-12 and FY 2010-11 are given as per the requirement of Revised Schedule VI and earlier years figures are as per Old Schedule VI.

### Statement of Income and Retained Earnings of ONGC Group

(₹ in million)	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>REVENUES</b>						
<b>Sales</b>						
Crude Oil	527,312	491,127	543,631	475,295	382,311	299,765
Natural Gas	81,405	82,835	78,560	80,117	73,383	57,759
LPG	21,924	22,752	20,169	14,867	16,279	12,066
Naptha/Aromatic Rich Naptha	47,137	48,406	43,848	37,907	35,679	29,260
Ethane/Propane	10,249	9,890	9,291	9,095	7,401	5,705
Superior Kerosene Oil	3,255	16,701	10,775	15,754	10,605	16,896
HSD	156	61,910	48,621	42,037	23,403	29,277
Motor Spirit	27	11,062	9,159	4,530	3,797	6,846
Others	370,250	349,257	254,297	183,064	188,892	164,217
Price Revision Arrears	-	-	-	11	156	584
<b>Sub- Total</b>	<b>1,061,715</b>	<b>1,093,940</b>	<b>1,018,351</b>	<b>862,677</b>	<b>741,906</b>	<b>622,375</b>
Write Back of Excess Liability	-	-	-	-	-	-
Pipeline Revenue	3,126	5,267	4,644	3,351	3,214	23
Other Receipts	17,217	9,858	12,387	23,029	11,279	6,989
Accretion /(Decretion) in stock	3,729	(3,444)	1,101	9,815	(545)	1,276
<b>Total Revenues</b>	<b>1,085,787</b>	<b>1,105,621</b>	<b>1,036,483</b>	<b>898,872</b>	<b>755,854</b>	<b>630,663</b>
<b>COST &amp; EXPENSES</b>						
<b>Operating, Selling &amp; General</b>						
(a) Royalties	103,561	111,574	121,057	104,558	85,242	65,692
(b) OIDB Cess/ Excise Duty	98,831	103,571	108,838	100,160	76,755	68,556
(c) Natural Calamity Contingent Duty - Crude Oil	1,062	1,081	1,127	1,149	1,080	1,138
(d) Sales Tax	3,734	7,823	2,947	6,009	10,299	17,405
(e) Education Cess *	1,719	1,784	1,861	1,303	-	-
(f) Octroi & Port Trust Charges	4,484	4,130	4,195	3,232	2,447	3,131
(g) VAT	816	800	685	1,063	927	410
<b>Sub-total (a to f)</b>	<b>213,391</b>	<b>229,963</b>	<b>240,025</b>	<b>216,411</b>	<b>175,823</b>	<b>155,922</b>
Pipeline Operations (Excluding Depreciation)	11,967	10,725	10,343	9,122	7,732	10,320
Other Operating Costs	395,726	419,425	363,729	298,380	247,526	176,647
Exchange Loss/(Gain)	(10,671)	11,716	1,018	(2,675)	(463)	203
<b>Recouped Costs</b>						
(a) Depletion	62,242	55,883	49,259	46,439	34,318	27,802
(b) Depreciation	20,767	21,822	27,874	29,060	28,556	10,223
(c) Amortisation	104,815	81,110	62,837	46,925	41,001	35,774
(d) Impairment	(433)	(3,110)	(437)	1,730	(326)	141
<b>Sub-Total (a to d)</b>	<b>187,391</b>	<b>155,705</b>	<b>139,533</b>	<b>124,154</b>	<b>103,549</b>	<b>73,940</b>
<b>Total Cost &amp; Expenses</b>	<b>797,804</b>	<b>827,534</b>	<b>754,648</b>	<b>645,392</b>	<b>534,167</b>	<b>417,032</b>
<b>Operating Income Before Interest &amp; Tax</b>	<b>287,983</b>	<b>278,087</b>	<b>281,835</b>	<b>253,480</b>	<b>221,687</b>	<b>213,631</b>
<b>Interest</b>						
- Payments	5,564	2,386	1,135	1,906	1,597	1,644
- Receipts	21,995	35,336	28,510	21,147	13,312	12,635
<b>Net Interest</b>	<b>(16,431)</b>	<b>(32,950)</b>	<b>(27,375)</b>	<b>(19,241)</b>	<b>(11,715)</b>	<b>(10,991)</b>
<b>Profit before Tax and Extraordinary Items</b>	<b>304,414</b>	<b>311,037</b>	<b>309,210</b>	<b>272,721</b>	<b>233,402</b>	<b>224,622</b>
Extraordinary Items- Excess of Insurance Claims over Book Value	-	658	-	4,751	6,405	-
<b>Profit before Tax</b>	<b>304,414</b>	<b>311,695</b>	<b>309,210</b>	<b>277,472</b>	<b>239,807</b>	<b>224,622</b>
Corporate Tax ( Net)	107,138	110,094	106,999	98,454	84,932	79,416
<b>Profit after Tax</b>	<b>197,276</b>	<b>201,601</b>	<b>202,211</b>	<b>179,018</b>	<b>154,875</b>	<b>145,206</b>
Share in Associates for the year	78	99	21	102	107	114
Profit relating to minority	3,319	3,747	3,509	1,424	1,006	1,930
<b>Group Profit after Tax</b>	<b>194,035</b>	<b>197,953</b>	<b>198,723</b>	<b>177,696</b>	<b>153,976</b>	<b>143,390</b>
Profit & Loss Account Balance brought forward	93,335	58,990	28,795	8,848	1	1
Adjustments	(21)	(107)	-	-	-	-
Dividend	70,583	68,444	68,444	66,305	64,167	57,535
Tax on Dividend	11,992	12,017	12,014	10,383	9,172	8,156
<b>Retained Earnings For The Year</b>	<b>204,774</b>	<b>176,375</b>	<b>147,060</b>	<b>109,856</b>	<b>80,638</b>	<b>77,700</b>

\* upto 2005-06 Education Cess is included in respective heads of levies

## Statement of Financial Position of ONGC Group

(₹ in million)	2013-14	2012-13	2011-12	2010-11
<b>RESOURCES</b>				
<b>A. Own</b>				
<b>Net Worth</b>				
(a) Equity				
i) Share Capital	42,778	42,778	42,778	42,778
ii) Reserves & Surplus	1,678,732	1,482,498	1,321,614	1,110,495
<b>Sub-Total</b>	<b>1,721,510</b>	<b>1,525,276</b>	<b>1,364,392</b>	<b>1,153,273</b>
(b) <b>Less:</b> Miscellaneous Expenditure	<b>10960</b>	<b>14,859</b>	<b>11,726</b>	<b>7,961</b>
<b>Net Worth</b>	<b>1,710,550</b>	<b>1,510,417</b>	<b>1,352,666</b>	<b>1,145,312</b>
<b>B. Long-term Borrowings</b>	<b>316,810</b>	<b>88,428</b>	<b>52,086</b>	<b>39,771</b>
<b>C. Deferred Tax Liability (Net)</b>	<b>178,635</b>	<b>142,251</b>	<b>121,846</b>	<b>111,526</b>
<b>D. Minority Interest</b>	<b>29,126</b>	<b>19,466</b>	<b>22,240</b>	<b>19,891</b>
<b>TOTAL RESOURCES ( A+B+C+D )</b>	<b>2,235,121</b>	<b>1,760,562</b>	<b>1,548,838</b>	<b>1,316,500</b>
<b>DISPOSITION OF RESOURCES</b>				
<b>A. Non-current assets</b>				
1. Fixed Assets( Net)				
i) Tangible assets	462,254	406,745	306,080	266,924
ii) Producing Properties	912,681	705,395	608,004	571,896
iii) Intangible assets	754	1,041	1,364	1,735
<b>Total Block Capital</b>	<b>1,375,689</b>	<b>1,113,181</b>	<b>915,448</b>	<b>840,555</b>
2. Goodwill on consolidation	183,545	83,255	77,976	89,928
3. Long-term Loans and Advances(Excluding Capital Advance)	82,876	67,002	51,029	58,250
4. Deposit with Bank Under Site Restoration Fund Scheme	120,830	106,349	94,753	81,262
5. Other non-current Assets (Excluding DRE)	53,474	19,642	20,302	5,619
<b>6. Sub-Total = (1+2+3+4+5)</b>	<b>1,816,414</b>	<b>1,389,429</b>	<b>1,159,508</b>	<b>1,075,614</b>
7. <b>Less:</b> Non-current Liabilities				
a) Other Long Term Liabilities	18,525	17,163	10,758	9,731
b) Liability for Abandonment Cost	274,266	207,255	203,982	198,469
c) Long Term Provisions	29,832	45,707	37,758	33,384
<b>Sub-Total (7)</b>	<b>322,623</b>	<b>270,125</b>	<b>252,498</b>	<b>241,584</b>
<b>Net Non Current Asset (A)=(6)-(7)</b>	<b>1,493,791</b>	<b>1,119,304</b>	<b>907,010</b>	<b>834,030</b>
<b>B. Net Working Capital</b>				
<b>1. Current Assets</b>				
i) Inventories	148,015	127,726	131,680	85,676
ii) Trade Receivables	160,284	153,956	117,181	99,730
iii) Cash & Cash equivalents	244,801	196,190	278,914	208,158
iv) Short-term Loans & Advances	68,199	59,766	52,210	40,124
v) Others Current Assets (Excluding DRE)	6,422	9,082	19,643	5,955
<b>Sub-Total</b>	<b>627,721</b>	<b>546,720</b>	<b>599,628</b>	<b>439,643</b>
<b>Less:</b>				
<b>2. Current Liabilities</b>				
i) Short-term borrowings	139,073	115,271	100,538	20,843
ii) Trade payables	306,783	186,148	176,036	155,863
iii) Other current liabilities	218,194	170,869	202,917	176,615
iv) Short-term provisions	9,470	10,533	23,924	11,085
<b>Sub-Total</b>	<b>673,520</b>	<b>482,821</b>	<b>503,415</b>	<b>364,406</b>
<b>Net Working Capital</b>	<b>(45,799)</b>	<b>63,899</b>	<b>96,213</b>	<b>75,237</b>
<b>C. Capital Employed</b>	<b>1,447,992</b>	<b>1,183,203</b>	<b>1,003,223</b>	<b>909,267</b>
<b>D. Investments</b>				
i) Non-current Investments	47,205	20,453	20,412	28,920
ii) Current Investments	254	829	8,795	2,080
<b>E. Capital Works in Progress (Including Capital Advance)</b>	<b>557,603</b>	<b>419,676</b>	<b>399,855</b>	<b>273,854</b>
<b>F. Exploratory/Development Wells in Progress</b>	<b>182,067</b>	<b>136,401</b>	<b>116,553</b>	<b>102,379</b>
<b>TOTAL DISPOSITION (C+D+E+F)</b>	<b>2,235,121</b>	<b>1,760,562</b>	<b>1,548,838</b>	<b>1,316,500</b>

In view of the Notification no. S.O 447(E) dated 28.02.2011, issued by Ministry of Corporate Affairs, the Balance sheet of the Company is mandatorily required to be prepared in Revised Schedule VI w.e.f 1<sup>st</sup> April, 2011 onwards. Accordingly, the figures of FY 2012-13, 2011-12 and FY 2010-11 are given as per the requirement of Revised Schedule VI and earlier years figures are as per Old Schedule VI.

(₹ in million)	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
<b>RESOURCES</b>						
<b>A. Own</b>						
1. Net Worth						
(a) Equity						
i) Share Capital	21,389	21,389	21,535	21,416	14,259	14,259
ii) Reserves & Surplus	992,677	900,846	759,331	645,719	553,421	471,941
<b>Sub-Total</b>	<b>1,014,066</b>	<b>922,235</b>	<b>780,866</b>	<b>667,135</b>	<b>567,680</b>	<b>486,200</b>
(b) <b>Less:</b> Deferred Revenue Expenditure	<b>8,413</b>	<b>6,506</b>	<b>6,739</b>	<b>5,141</b>	<b>3,663</b>	<b>5,617</b>
<b>Net Worth</b>	<b>1,005,653</b>	<b>915,729</b>	<b>774,127</b>	<b>661,994</b>	<b>564,017</b>	<b>480,583</b>
2. Long Term Liabilities						
Net Deferred Tax Liability	102,912	92,231	87,376	81,119	71,633	57,894
<b>Total Own Funds ( 1 + 2 )</b>	<b>1,108,565</b>	<b>1,007,960</b>	<b>861,503</b>	<b>743,113</b>	<b>635,650</b>	<b>538,477</b>
<b>B. Minority Interest</b>	<b>16,432</b>	<b>14,113</b>	<b>11,448</b>	<b>8,321</b>	<b>7,230</b>	<b>6,204</b>
<b>C. Outside</b>						
1. Unsecured Loans						
a) Indian Loans	34,550	6,015	2,079	1,881	1,745	1,643
b) Foreign Loans	10,260	1,492	1,458	4,526	13,181	11,718
Total Unsecured Loans	44,810	7,507	3,537	6,407	14,926	13,361
2. Secured Loans	6,959	5,584	5,890	6,557	7,416	10,509
<b>Total Outside Resources</b>	<b>51,769</b>	<b>13,091</b>	<b>9,427</b>	<b>12,964</b>	<b>22,342</b>	<b>23,870</b>
<b>TOTAL RESOURCES ( A+ B+C )</b>	<b>1,176,766</b>	<b>1,035,164</b>	<b>882,378</b>	<b>764,398</b>	<b>665,222</b>	<b>568,551</b>
<b>DISPOSITION OF RESOURCES</b>						
<b>A. Goodwill on consolidation</b>	<b>95,385</b>	<b>114,039</b>	<b>25,777</b>	<b>30,616</b>	<b>17,103</b>	<b>13,683</b>
<b>B. Block Capital</b>						
1. Fixed Assets	243,762	184,956	193,961	185,355	138,806	116,689
2. Producing Properties (Gross)	511,665	452,980	362,714	351,741	312,639	245,554
<b>Less:</b> Liability for Abandonment Cost	<b>174,590</b>	<b>171,451</b>	<b>129,325</b>	<b>151,857</b>	<b>128,675</b>	<b>80,941</b>
<b>Total Block Capital</b>	<b>580,837</b>	<b>466,485</b>	<b>427,350</b>	<b>385,239</b>	<b>322,770</b>	<b>281,302</b>
<b>C. Working Capital</b>						
a) Current Assets						
i) Inventories	82,400	65,424	72,985	58,744	49,432	43,730
ii) Debtors (Net of Provision)	71,424	71,814	70,469	48,167	44,271	47,091
iii) Cash & Bank Balances	149,704	156,331	186,525	150,653	45,721	66,035
iv) Deposit with Bank Under Site Restoration Fund Scheme#	74,138	69,624	64,034	56,103	45,336	36,180
v) Loans & Advances and Others	127,998	143,953	81,332	74,738	120,683	77,192
<b>Sub-Total</b>	<b>505,664</b>	<b>507,146</b>	<b>475,345</b>	<b>388,405</b>	<b>305,443</b>	<b>270,228</b>
<b>Less:</b>						
(b) Current Liabilities and Provisions and Short Term Loans	312,877	334,889	235,143	185,997	132,279	134,880
<b>Working Capital</b>	<b>192,787</b>	<b>172,257</b>	<b>240,202</b>	<b>202,408</b>	<b>173,164</b>	<b>135,348</b>
<b>D. CAPITAL EMPLOYED</b>	<b>869,009</b>	<b>752,781</b>	<b>693,329</b>	<b>618,263</b>	<b>513,037</b>	<b>430,333</b>
<b>E. INVESTMENTS</b>	<b>51,593</b>	<b>34,803</b>	<b>44,821</b>	<b>35,832</b>	<b>35,579</b>	<b>26,555</b>
<b>F CAPITAL WORKS IN PROGRESS</b>	<b>176,039</b>	<b>165,222</b>	<b>86,351</b>	<b>64,055</b>	<b>76,292</b>	<b>87,775</b>
<b>G. EXPLORATORY/DEVELOPMENT WELLS IN PROGRESS</b>	<b>80,125</b>	<b>82,358</b>	<b>57,877</b>	<b>46,248</b>	<b>40,314</b>	<b>23,888</b>
<b>TOTAL DISPOSITION</b>	<b>1,176,766</b>	<b>1,035,164</b>	<b>882,378</b>	<b>764,398</b>	<b>665,222</b>	<b>568,551</b>

# Excluded for Current Ratio.



Auditors' Report - ONGC Group

To  
The Board of Directors  
Oil and Natural Gas Corporation Limited

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Oil and Natural Gas Corporation Limited ("the Company") and its subsidiaries, joint ventures and associate (hereinafter referred to as "Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the audit reports of the other auditors in case of audited financial statements and management certified accounts in case of unaudited financial statements referred to in "Other Matters" below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

5. Emphasis of Matter

We draw attention to Note No. 45.2.4 with regard to the dispute between the company and the Government of Gujarat in respect of payment of Royalty on the crude oil produced in the State. The accrual of the additional liability of ₹ 1,16,326.96 millions, which also includes an amount of ₹ 2,092.23 millions paid with effect from February 1, 2014 and considered as deposit, would depend on the decision of the Hon'ble Supreme Court of India. The amount of ₹ 1,16,326.96 millions has been disclosed as contingent liability.

Our opinion is not qualified in respect of this matter.

6. Other Matters

- The consolidated financial statements include 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 8 NELPs / JVs accounts have been certified by other firms of Chartered Accountants and 11 NELP / JVs have been certified by the management in respect of NELPs / JVs operated by other operators. Our opinion is based solely on the reports of the other auditors and management certified accounts
- We did not audit the consolidated financial statements of Mangalore Refinery and Petrochemicals Limited (MRPL), a subsidiary, whose consolidated financial statements reflect total assets of ₹ 3,96,184.94 million as at March 31, 2014, total revenues of ₹ 7,18,744.06 million and net cash inflows amounting to ₹ 90,971.86 million for the year then ended. These consolidated financial statements and other financial information of MRPL have been audited by other auditors whose audit report has been furnished to us by the Management, and our opinion is based solely on the report of those auditors. These consolidated financial statements includes total assets of ₹3,562.74 million as at March 31, 2014, total

Auditors' Report - ONGC Group

revenues of ₹ 6,624.37 million and net cash inflows amounting to ₹ 585.66 million of Shell MRPL Aviation Fuel and Services Limited, a Joint Venture company of MRPL, whose financial statements have been audited by auditor other than the auditors of MRPL.

- We did not audit the consolidated financial statements of ONGC Videsh Limited (OVL), a subsidiary, whose consolidated financial statements reflect total assets of ₹ 9,42,986.92 million as at March 31, 2014, total revenues of ₹ 2,22,242.00 million and net cash outflows amounting to ₹ 22,232.89 million for the year then

ended. These consolidated financial statements and other financial information of OVL have been audited by other auditors whose audit report has been furnished to us by the Management, and our opinion is based solely on the report of those auditors.

These consolidated financial statements of OVL comprise of:

- The consolidated financial statements of the following Subsidiaries/Joint Venture Company which are prepared under respective local laws /Production Sharing Contract/Joint Operating Agreement:

I. Subsidiaries audited by local firm of auditors:

(₹ in million)

Name of the Subsidiary	Total Assets as at 31.03.2014	Total Liabilities as at 31.03.2014	Total Revenue for the year ended 31.03.2014	Profit/ (loss) after tax for tax for the year ended March 31, 2014 (Consolidated)
ONGC Nile Ganga B.V.	2,49,853.29	66,575.02	84,904.51	10,794.29
ONGC Amazon Alaknanda Limited	52,231.18	4,916.66	21,244.42	7,290.88
Imperial Energy Limited (Earlier Jarpeno Limited)	85,271.95	8,236.18	14,131.10	(4,447.86)
Carabobo One AB	11,644.94	2,078.81	810.24	(4.72)
Beas Rovuma Energy Mozambique Limited	22,225.73	2,666.60	-	(29.00)

II. Subsidiaries unaudited, as certified by the Management:

(₹ in million)

Name of the Subsidiary	Total Assets as at 31.03.2014	Total Liabilities as at 31.03.2014	Total Revenue for the year ended 31.03.2014	Profit/ (loss) after tax for tax for the year ended March 31, 2014 (Consolidated)
ONGC Narmada Limited	104.96	1,933.12	-	(1.59)
ONGC (BTC) Limited	0.94	395.28	1,009.30	918.67

III. Joint Venture Company unaudited, as certified by the Management:

(₹ in million)

Name of the Subsidiary	Total Assets as at 31.03.2014	Total Liabilities as at 31.03.2014	Total Revenue for the year ended 31.03.2014	Profit/ (loss) after tax for tax for the year ended March 31, 2014 (Consolidated)
ONGC Mittal Energy Limited	1,003.88	9,164.73	-	(161.78)

In Respect of:

- Item no. (i) above so far it relates to amounts included, is based solely on the report of the other auditors; and
  - Item no. (ii) & (iii) above so far it relates to amounts included, is based solely on the financial statements certified by the management.
- b. Group's share of Assets, Liabilities, Revenues and Expenditure in the joint ventures of OVL include 35

projects held in the books of the respective Subsidiaries /Joint Venture Company as mentioned in 8 (a) above, out of which financial statements of 23 projects certified under respective local laws/Production Sharing Contract/ Joint operating Agreement by local audit firms and financial statements of 12 projects certified by the management.



Auditors' Report - ONGC Group

iv. We did not audit the financial statements of the following Joint Ventures, whose financial statements reflect group's total assets as at March 31, 2014, group's total revenues and group's net cash flows for the year then ended as per the table given below. Financial statements of 5 Joint Ventures have been audited by other auditors whose report has been

furnished to us by the Management and financial statements of 3 Joint Ventures are unaudited and have been certified by the management of the respective Joint Venture, and our opinion, so far as it relates to the amounts included in respect of these Joint Ventures, is based solely on the report of those auditors or management certified accounts.

(₹ in million)

Sl. No.	Name of the Joint Venture	Group's share of Total Assets	Group's share of Total Revenue	Group's share of Net Cash Flows	Audited / Unaudited
I	Petronet LNG Limited	14,890.85	47,289.16	(44.75)	Audited
II	Petronet MHB Limited	1,461.64	378.02	53.94	Audited
III	Mangalore SEZ Limited (Consolidated Financial Statements)	3,402.47	65.98	(125.10)	Unaudited
IV	ONGC Mangalore Petrochemicals Limited	28,146.80	0.12	487.62	Audited
V	ONGC Petro Additions Limited	96,356.62	-	3,375.61	Audited
VI	ONGC Tripura Power Company Limited (Consolidated Financial Statements)	20,322.54	1,123.74	(20.84)	Unaudited
VII	ONGC Teri Biotech Limited	186.42	77.19	31.75	Audited
VIII	Dahej SEZ Limited	4,718.45	279.69	(47.86)	Unaudited

v. For the purpose of considering the investment in Pawan Hans Limited, an associate, in the consolidated financial statements, the share of profit for the year ended March 31, 2014 amounting to ₹118.15 million, is based on unaudited accounts as certified by the management. We did not audit the financial statements of this associate, and 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.

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 on the basis of proved developed hydrocarbon reserves, impairment, 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.

Our opinion is not qualified in respect of other matters.

vi. We have placed reliance on technical / commercial

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

For M/s G. D. Apte & Co.  
Chartered Accountants  
Firm Reg No. 100515W

For M/s Mehra Goel & Co.  
Chartered Accountants  
Firm Reg No. 000517N

(P. D. Baid)  
Partner (Mem. No. 072625)

(C. M. Dixit)  
Partner (Mem. No. 017532)

(R. K. Mehra)  
Partner (Mem. No. 006102)

For M/s Varma & Varma  
Chartered Accountants  
Firm Reg No. 004532S

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

(K. M. Sukumaran)  
Partner (Mem. No. 015707)

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

Date : May 29, 2014  
Place : New Delhi





### Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014

(₹ in million)			
Particulars	Note No.	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	4	42,777.60	42,777.60
(b) Reserves and surplus	5	1,678,732.26	1,482,498.10
<b>2 Minority Interest</b>		29,125.42	19,466.49
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	6	316,808.58	88,427.47
(b) Deferred tax liabilities	7	185,521.07	148,490.07
(c) Other Long term liabilities	8	18,525.31	17,163.11
(d) Long-term provisions	9	304,098.13	252,962.77
<b>4 Current liabilities</b>			
(a) Short-term borrowings	10	139,072.72	115,270.96
(b) Trade payables	11	306,783.08	186,147.80
(c) Other current liabilities	12	218,193.90	170,869.13
(d) Short-term provisions	13	9,469.90	10,532.92
<b>TOTAL</b>		<b>3,249,107.97</b>	<b>2,534,606.42</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	14	462,253.51	406,744.58
(ii) Producing Properties	15	912,681.47	705,395.44
(iii) Intangible assets	16	754.36	1,041.25
(iv) Capital work-in-progress	17	538,269.85	397,449.18
(v) Exploratory/Development Wells in Progress	18	182,066.98	136,400.94
(b) Goodwill on consolidation	19	183,544.90	83,254.88
(c) Non-current investments	20	47,204.63	20,452.81
(d) Deferred tax Asset	7	6,885.97	6,238.88
(e) Long-term loans and advances	21	102,208.45	89,229.01
(f) Deposit under Site Restoration Fund Scheme		120,829.56	106,349.19
(g) Other non-current assets	22	60,859.14	29,685.30
<b>2 Current assets</b>			
(a) Current investments	23	254.37	829.02
(b) Inventories	24	148,014.59	127,725.91
(c) Trade receivables	25	160,283.56	153,956.09
(d) Cash and Cash Equivalents	26	244,801.26	196,190.51
(e) Short-term loans and advances	27	68,199.41	59,766.09
(f) Other current assets	28	9,995.96	13,897.34
<b>TOTAL</b>		<b>3,249,107.97</b>	<b>2,534,606.42</b>
Accompanying Notes are an integral part of this Financial Statements.			
	1 to 50		

For and on behalf of the Board

(N. K. Sinha) <b>Company Secretary</b>	(A K Banerjee) <b>Director (Finance)</b>	(D.K.Sarraf) <b>Chairman &amp; Managing Director</b>
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In terms of our report of even date attached

For G D Apte & Co. Chartered Accountants Firm Reg. No. 100515W	For Varma & Varma Chartered Accountants Firm Reg. No. 004532S	For S. Bhandari & Co. Chartered Accountants Firm Reg. No. 000560C
(C. M. Dixit) Partner (M. No. 017532)	(K.M. Sukumaran) Partner (M. No. 015707)	(P.D. Baid) Partner (M. No. 072625 )
For Ray & Ray Chartered Accountants Firm Reg. No. 301072E	For Mehra Goel & Co. Chartered Accountants Firm Reg. No. 000517N	
(B.K.Ghosh) Partner (M. No. 051028)	(R.K.Mehra) Partner (M.No. 006102)	

New Delhi  
May 29<sup>th</sup>, 2014

### Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2014

(₹ in million)			
Particulars	Note No.	2013-14	2012-13
<b>I REVENUE</b>			
Revenue from Operations (Gross)	29	1,782,051.84	1,658,481.91
Less: Excise Duty		37,281.28	34,456.70
<b>Revenue from Operations (Net)</b>		<b>1,744,770.56</b>	<b>1,624,025.21</b>
Other Income	30	68,937.11	54,906.91
<b>TOTAL REVENUE</b>		<b>1,813,707.67</b>	<b>1,678,932.12</b>
<b>II EXPENSES</b>			
(Increase)/ Decrease in Inventories	31	(7,192.63)	(11,205.01)
Purchases of stock-in-trade		0.32	0.42
Production, Transportation, Selling and Distribution Expenditure	32	1,161,692.53	1,067,545.05
Exploration Costs written off			
- Survey costs		17,471.47	18,077.72
- Exploratory well costs		67,409.85	92,378.82
Depreciation, Depletion, Amortisation and Impairment	33	165,809.04	117,633.04
Finance Costs	34	6,243.35	4,837.97
Provisions and Write-offs	35	10,563.05	22,243.59
Adjustments relating to Prior Period (Net)	36	(2,423.37)	(1.14)
<b>TOTAL EXPENSES</b>		<b>1,419,573.61</b>	<b>1,311,510.46</b>
<b>Profit before Exceptional, Extraordinary items and Tax</b>		<b>394,134.06</b>	<b>367,421.65</b>
Exceptional items		-	-
<b>Profit before Extraordinary items and Tax</b>		<b>394,134.06</b>	<b>367,421.65</b>
Extraordinary items		-	-
<b>PROFIT BEFORE TAX</b>		<b>394,134.06</b>	<b>367,421.65</b>
<b>Tax Expenses</b>			
- Current Tax		90,449.09	112,139.08
- Earlier years		2,449.89	(4,849.02)
- MAT Credit		(2,872.04)	19.34
- Deferred Tax		37,576.92	20,209.62
<b>PROFIT AFTER TAX</b>		<b>266,530.20</b>	<b>239,902.63</b>
<b>Add: Share of Profit/(Loss) in Associate</b>	20.4	<b>118.15</b>	<b>37.94</b>
<b>Less: Share of Profit - Minority Interest</b>		<b>1,583.02</b>	<b>(2,255.87)</b>
<b>GROUP PROFIT AFTER TAX</b>		<b>265,065.33</b>	<b>242,196.44</b>
<b>Earning per Equity Share-Basic and Diluted (₹)</b>	37	<b>30.98</b>	<b>28.31</b>
(Face Value ₹ 5/- per Share)			
Accompanying Notes are an integral part of this Financial Statements.			
	1 to 50		

For and on behalf of the Board

(N. K. Sinha) <b>Company Secretary</b>	(A K Banerjee) <b>Director (Finance)</b>	(D.K.Sarraf) <b>Chairman &amp; Managing Director</b>
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In terms of our report of even date attached

For G D Apte & Co. Chartered Accountants Firm Reg. No. 100515W	For Varma & Varma Chartered Accountants Firm Reg. No. 004532S	For S. Bhandari & Co. Chartered Accountants Firm Reg. No. 000560C
(C. M. Dixit) Partner (M. No. 017532)	(K.M. Sukumaran) Partner (M. No. 015707)	(P.D. Baid) Partner (M. No. 072625 )
For Ray & Ray Chartered Accountants Firm Reg. No. 301072E	For Mehra Goel & Co. Chartered Accountants Firm Reg. No. 000517N	
(B.K.Ghosh) Partner (M. No. 051028)	(R.K.Mehra) Partner (M.No. 006102)	

New Delhi  
May 29<sup>th</sup>, 2014

### Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

	(₹ in million)	
	Year Ended 31 <sup>st</sup> March, 2014	Year Ended 31 <sup>st</sup> March, 2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax and extraordinary items	394,134.06	367,421.65
Adjustments For:		
- Prior Period Items	(2,423.37)	(1.14)
- Depreciation, Depletion and Amortisation & Impairment	165,809.04	120,942.32
- Exploration Well Costs Written off	67,409.85	92,378.82
- Interest on Borrowings	6,243.35	4,837.97
- Foreign Exchange Loss/Translation Adjustment	21,188.73	11,109.43
- Provision for Employee Benefits	(14,509.31)	9,508.82
- Provision for Abandonment	243.56	-
- Profit/Loss on sale of fixed assets	15.55	27.97
- Lease Income (Net)	-	-
- Other Provision and Write offs	10,563.05	22,243.59
- Excess Provision/Liability written Back	(19,216.85)	(11,002.81)
- Interest Income	(32,434.34)	(31,218.82)
- Deferred Government Grant	(2.87)	(3.28)
- Dividend Received	(3,550.25)	(3,187.34)
- Miscellaneous Expenditure written off	-	0.03
- Provision for Mark to Market loss on Derivative contracts	2,244.85	-
- Profit on sale of investment	(14.50)	-
<b>Operating Profit before Working Capital Changes</b>	<b>595,700.55</b>	<b>583,057.21</b>
Adjustments for:-		
- Receivables	5,713.05	(44,305.25)
- Loans and Advances	(1,371.97)	(8,810.72)
- Other Current Assets	(148,012.35)	(11,757.97)
- Inventories	(22,016.15)	2,921.88
- Trade Payable and Other Liabilities	207,718.63	1,886.04
Cash generated from Operations	637,731.75	522,991.19
Direct Taxes Paid (Net of tax refund)	(105,666.61)	(124,162.45)
Cash Flow before prior period and Extra ordinary Items	532,065.14	398,828.74
Prior period items	638.65	(86.96)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES 'A'</b>	<b>532,703.79</b>	<b>398,741.78</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(149,385.04)	(179,608.84)
Sale of Fixed Assets	29.04	172.44
Acquisition, Exploration and Development Cost	(466,269.90)	(243,193.21)
Purchase of Investments	-	(825.50)
Sale of Investments	651.49	8,791.86
Advance/Investment in Joint Controlled Entities/Associates	(4,664.61)	263.07
Loans to Public Sector Undertakings and Other Bodies Corporate	(26,707.48)	83.03
Gain on Foreign Exchange Forward exchange Contract	797.15	704.76
Deposit in Site Restoration Fund	(14,480.37)	(11,596.32)
Project Development/ Preoperative expenditure (net of advances)	(11,297.24)	(26,125.67)
Dividend Received	3,551.30	3,199.07
Interest Received	31,450.08	35,936.50
<b>NET CASH FLOW FROM INVESTING ACTIVITIES 'B'</b>	<b>(636,325.59)</b>	<b>(412,198.81)</b>

### Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

for the year ended 31<sup>st</sup> March, 2014

		(₹ in million)	
	Note	Year Ended 31 <sup>st</sup> March, 2014	Year Ended 31 <sup>st</sup> March, 2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Proceeds from issue of Share Capital		-	574.68
Advance Against Equity		1,781.72	1,462.94
Proceeds from Borrowings		331,987.96	104,318.58
Repayment of Borrowings		(84,764.56)	(58,640.99)
Dividend Paid		(83,453.45)	(94,960.30)
Tax on Dividend		(14,170.69)	(15,060.42)
Interest Paid		(7,090.21)	(6,870.82)
Change in Minority Interest		7,955.45	(93.94)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES 'C'</b>		<b>152,246.22</b>	<b>(69,270.27)</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>		<b>48,624.42</b>	<b>(82,727.30)</b>
<b>Cash and Cash Equivalents as at 1<sup>st</sup> April, 2013 (Opening Balance)</b>	26	196,007.99	278,735.07
<b>Add: Other Adjustments to Cash and Cash Equivalent *</b>		-	0.23
		196,007.99	278,735.30
<b>Cash and Cash Equivalents as at 31<sup>st</sup> March, 2014 (Closing Balance) **</b>	26	244,632.41	196,008.00
		48,624.42	(82,727.30)

\*Adjustment on account of increase in shareholding in OPAL & OTPC

#### Notes:

- 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.
- Cash and Cash equivalent excludes ₹ 168.85 million (Previous year ₹ 182.51 million) in current account/deposit account of interest warrant/refund accounts, under lien, pledge with banks/Govt. authorities in respect of MRPL.
- \*\* Cash and Cash equivalent includes restricted amount of ₹ 389.69 million (Previous year ₹ 388.68 million) earmarked for payment of unclaimed dividend.
- Cash Balance includes ₹ 7,769.03 million share of jointly controlled entity. (Previous year ₹ 3,389.43 million).
- Bracket indicates cash outflow.
- 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) <b>Company Secretary</b>	(A K Banerjee) <b>Director (Finance)</b>	(D.K.Sarraf) <b>Chairman &amp; Managing Director</b>
<b>In terms of our report of even date attached</b>		
<b>For G D Apte &amp; Co.</b> <b>Chartered Accountants</b> <b>Firm Reg. No. 100515W</b>	<b>For Varma &amp; Varma</b> <b>Chartered Accountants</b> <b>Firm Reg. No. 004532S</b>	<b>For S. Bhandari &amp; Co.</b> <b>Chartered Accountants</b> <b>Firm Reg. No. 000560C</b>
(C. M. Dixit) <b>Partner (M. No. 017532)</b>	(K.M. Sukumaran) <b>Partner (M. No. 015707)</b>	(P.D. Baid) <b>Partner (M. No. 072625)</b>
<b>For Ray &amp; Ray</b> <b>Chartered Accountants</b> <b>Firm Reg. No. 301072E</b>	<b>For Mehra Goel &amp; Co.</b> <b>Chartered Accountants</b> <b>Firm Reg. No. 000517N</b>	
(B.K.Ghosh) <b>Partner (M. No. 051028)</b>	(R.K.Mehra) <b>Partner (M. No. 006102)</b>	

New Delhi  
May 29<sup>th</sup>, 2014



## Notes to Financial Statements for the year ended 31<sup>st</sup> March, 2014

### 1. Group information

Oil and Natural Gas Corporation Limited ('ONGC' or 'the Company') is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its Shares are listed and traded on Stock exchanges in India. The Consolidated financial statements relate to the Company, its Subsidiaries, Joint Venture Entities and Associate. The Group (comprising of Company and its subsidiaries), Joint Venture Entities and Associate are mainly engaged in Exploration & Production (E&P) of Oil & Gas in India and abroad including Refinery, Power Generation, Petrochemicals, LNG supply, Pipeline Transportation, SEZ development and Helicopter services.

### 2. Significant Group Accounting Policies

#### 2.1 Principles of Consolidation

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 eliminating intra-group balances and intra-group transactions resulting in unrealized 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) 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".
- iv) 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.
- v) 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/joint ventures is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be.

- vi) Minorities' share in Net Profit/Loss of subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the Net Profit/Loss attributable to the shareholders of the Company.
- vii) Minorities' share of Net Assets of subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and the equity of the Company's shareholders.
- viii) 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.
- ix) The difference between the proceeds from disposal of investments in a subsidiary and the carrying amount of its net assets as on the date of disposal is recognized in the Consolidated Statement of Profit and Loss.

#### 2.2 Other significant Accounting Policies

##### a. Basis of preparation

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 (Revised) issued by the Institute of Chartered Accountants of India and Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act, 1956.

As the operating cycle cannot be identified in normal course due to the specific nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. The financial statements are presented in Indian Rupees and all values are rounded to the nearest million except otherwise stated.

### b. 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.

### c. Government Grants

Government Grant related to acquisition of Fixed Assets is treated as 'Deferred Government Grant' and amount equal to proportionate depreciation of such assets is credited to Statement of profit and loss.

### d. Fixed Assets

#### d.1 Tangible Assets

d.1.1 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.

d.1.2 All costs, net of applicable tax credits, relating to acquisition of fixed assets till the time of bringing the assets to working condition for intended use are capitalised.

#### d.2 Intangible Assets

Intangible assets are stated at cost of acquisition, net of applicable tax credits, less accumulated amortization and impairment.

### e. Exploration, Development and Production Costs

#### e.1 Pre-acquisition cost

Expenditure incurred before obtaining the right(s) to explore, develop and produce oil and gas are expensed as and when incurred.

#### e.2 Acquisition Cost

Acquisition costs of an oil and gas property are the costs related to right to acquire mineral interest and are accounted/treated as follows:-

**Exploration and Development stage:** Acquisition cost relating to projects under exploration or developments are initially accounted as capital work in progress. Such costs are capitalized by transferring to Producing Property when a well is ready to commence commercial production. In case of abandonment/ relinquishment, such costs are written off.

**Production stage:** Acquisition costs of a producing oil and gas property is capitalized as proved property acquisition cost under producing properties and amortized over the production profile of the underlying asset using the unit of production method over proved reserves.

### e.3 Survey Cost

Cost of Survey and prospecting activities conducted in the search of oil and gas are expensed as exploration cost in the year in which these are incurred.

### e.4 Exploratory/Development Wells in Progress

e.4.1 All exploration costs incurred in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalized as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per Note no. 2.2.f.1 or expensed as exploration cost (including allocated depreciation) as and when determined to be dry or of no further use, as the case may be.

e.4.2 Costs of exploratory wells are not carried unless there are indications of sufficient quantity of reserves; sufficient progress is made in assessing the reserves and the economic & operating viability of the project. All such carried costs are subject to review for impairment as per Note no. 2.2.j.

e.4.3 All costs relating to Development Wells are initially capitalized as 'Development Wells in Progress' and transferred to 'Producing Properties' on completion as per Note no 2.2.f.1 and 2.2.f.2.

### f. Producing Properties

f.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.

f.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.

### g. 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/ license/asset/amortization base by considering the proved developed reserves and related capital costs incurred including estimated future abandonment costs net of salvage value. In case of acquisition cost, 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.			
h.	<b>Production Costs</b> Production costs include pre-well head and post-well head expenses including depreciation and applicable operating costs of support equipment and facilities.			
i.	<b>Side tracking</b>			
i.1	The cost of abandoned portion of side tracked exploratory wells is expensed as 'Exploratory Well Cost'.			
i.2	The cost of abandoned portion of side tracked development wells is considered as part of cost of development wells.			
i.3	The cost of sidetracking in respect of existing producing wells is capitalised if it results in additional proved developed oil & gas reserves or increases the future economic benefits therefrom beyond previously assessed standard of performance, otherwise expensed as 'Workover Expenditure'.			
j.	<b>Impairment</b>			
j.1	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 higher of its 'value in use' or 'net selling price' (if determinable). 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 increase in the recoverable amount and	<p>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.</p> <p>j.2 Impairment testing during exploratory phase is carried out at area level when further exploration activities are not planned in near future or when sufficient data exists to indicate that although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or by sale. Impairment is reversed subsequently, to the extent that conditions for impairment are no longer present.</p> <p>k. <b>Abandonment Cost</b> k.1 The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities are recognized in respective assets when the well is completed / facilities are installed. The abandonment cost on dry well is expensed as exploratory well cost.</p> <p>k.2 Provision for abandonment cost is updated based on the technical assessment at current costs. The effects of changes resulting from revisions to estimated liability are adjusted to the carrying amount of the related Asset and considered for depletion on a prospective basis.</p> <p>l. <b>Jointly Controlled Assets</b> Unincorporated Joint Ventures in the nature of Production Sharing Contracts (PSC) has been entered with the Government of India/other countries and various bodies corporate for exploration, development and production and other activities. These unincorporated joint ventures have been classified as Jointly controlled Asset.</p> <p>l.1 The share in the assets and liabilities along with attributable income, and expenditure, of the Jointly Controlled Assets is merged on line by line basis with the similar items in the Consolidated Financial Statements and adjusted for depreciation, depletion, survey, dry wells, abandonment, impairment and</p>	<p>sidetracking in accordance with the accounting policies.</p> <p>l.2 <b>Disposal of Interest</b> Gain or loss on sale of interest in a cost centre, is recognized in the statement of profit and loss, except that no gain is recognized at the time of such sale if substantial uncertainty exists about the recovery of the costs applicable to the retained interest or if the company has substantial obligation for future performance. The gain in such situation is treated as recovery of cost related to that cost centre</p> <p>l.3 The hydrocarbon reserves in such areas are taken in proportion to the participating interest.</p> <p>m. <b>Investments</b> 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.</p> <p>n. <b>Inventories</b> n.1 Finished goods (other than Sulphur) and stock in pipelines/tanks and carbon credits are valued at Cost or net realizable value whichever is lower. Cost of Finished goods is determined on absorption costing method. Sulphur is valued at net realizable value. The value of inventories includes excise duty, royalty (wherever applicable) but excludes Cess.</p> <p>n.2 Crude oil in unfinished condition in flow lines up to Group Gathering Stations/ platform and Natural Gas in Pipelines is not valued.</p> <p>n.3 Inventory of stores and spare parts is valued at Weighted Average Cost or net realizable value, whichever is lower. Provisions are made for obsolete and non-moving inventories.</p> <p>n.4 Raw material and Stock in Process is valued at lower of cost or net realizable value. Crude oil as raw material is valued based on First in First Out (FIFO) cost, Condensate &amp; LNG as raw material is valued on weighted average cost. Cost of Stock in Process comprise of raw material cost and proportionate Conversion cost.</p> <p>n.5 Unserviceable and scrap items, when determined, are valued at estimated net realizable value.</p>	<p>o. <b>Revenue Recognition</b> o.1 Revenue from sale of products is recognized on transfer of custody to customers.</p> <p>o.2 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 group'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 over-lift quantity of crude oil with corresponding charge to the Statement of Profit &amp; Loss.</p> <p>o.3 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.</p> <p>o.4 Sale of crude oil and gas (net of levies) produced from Wells in Progress is deducted from expenditure on such wells.</p> <p>o.5 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.</p> <p>o.6 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.</p> <p>o.7 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.</p> <p>o.8 Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.</p>



- o.9 Lease Premium from the lease of land is recognized over primary lease period as per the agreement. Lease rental income is accounted for on the time proportion basis as per the terms agreed with lessees.
- o.10 Revenue in respect of the following is recognized when there is reasonable certainty regarding ultimate collection:
- Gas pipeline transportation charges
  - Reimbursable subsidies and grants
  - Surplus from Gas Pool Account
  - Interest on delayed realization from customers
  - Liquidated damages from contractors/suppliers
- p. Depreciation and Amortization**
- p.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.
- p.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 ₹ 5,000/- which are fully depreciated at the time of addition.
- p.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.
- p.4 Depreciation on fixed assets (including support equipment, facilities and those taken on lease) used for exploratory/development drilling and on production facilities is initially capitalised as part of drilling cost or producing properties and expensed/ depleted as stated in note no 2.2.f & 2.2.g above. Depreciation on equipment/ assets deployed for survey activities is charged to Statement of Profit and Loss.
- p.5 Leasehold land is amortized over the lease period except perpetual leases.
- p.6 Right of way/Right of use of land are amortized on Straight Line Method (SLM) over the estimated life of associated Asset.

- p.7 Other Intangible Assets ( software, copy right, patents etc.)are amortized on Straight Line Method (SLM) over the useful life not exceeding ten years from the date of capitalization
- q. Foreign Exchange Transactions**
- q.1 Foreign currency transactions on initial recognition in the reporting currency are accounted for at the exchange rates prevailing on the date of transaction.
- q.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.
- q.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 statement of profit & loss 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.
- q.4 In respect of integral foreign operations:**
- q.4.1 The foreign currency transactions on initial recognition in the reporting currency are recorded following the note no2.2.q.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.
- q.4.2 At each Balance Sheet date, monetary and non-monetary items are translated following the policy stated in note no. 2.2.q.2.
- q.4.3 All exchange differences are treated following the policy stated in note no.2.2.q.3.
- q.5 The financial statements of the non-integral foreign operations are incorporated in the financial statements using the following principles:**
- q.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;
- q.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.
- q.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.
- q.5.4 Exchange differences arising on 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.
- q.6 In the case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortized 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.
- r. Employee Benefits**
- r.1 All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.
- r.2 Employee Benefit under defined contribution plans comprising provident fund etc. is recognized based on the undiscounted amount of obligations of the group to contribute to the plan. The same is paid to a fund administered through a separate trust.
- r.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 in the statement of profit & loss.
- s. Voluntary Retirement Scheme**
- Expenditure on Voluntary Retirement Scheme (VRS) is charged to statement of profit & loss when incurred.

- t. General Administrative Expenses**
- General administrative expenses which are directly or specifically attributable are allocated to activities and the balance is charged to Statement of Profit & Loss.
- u. Insurance claims**
- The insurance claims are accounted for as under :-
- u.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 statement of profit & loss.
- u.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.
- u.3 As and when claims are finally received from insurer, the difference, if any, between Claims Recoverable-Insurance and claims received is adjusted to statement of profit & loss.
- v. Research Expenditure**
- Revenue expenses on Research are charged to statement of profit & loss, when incurred.
- w. 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 difference' between book profit 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 reasonable certainty that the asset will be realized in future.
- x. 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 statement of profit & loss.

**y. Rig Days Costs**

Rig movement costs are booked to the next location drilled/planned for drilling. Abnormal Rig days' costs are considered as un-allocable and charged to statement of profit & loss.

**z. Unamortized Expenditure**

**z.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 amortized over the period of use not exceeding five years and balance is carried under head "Unamortized Expenditure" in the balance sheet.

**za. Transportation Costs**

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.

**zb. Lease**

**zb.1 Assets given on Lease:**

**zb.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.

**zb.1.2** Initial direct costs incurred in respect of finance leases are recognized in the statement of profit and loss in the year in which such costs are incurred.

**zb.2 Assets taken on Lease**

**zb.2.1** Assets taken on finance lease are capitalized and recognized 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 recognized in the statement of profit & loss in accordance with the lease installments.

**zb.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 statement of profit & loss on accrual basis.

**zc. 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.

**zd. 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 embodying economic benefits. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are disclosed by way of notes to accounts.

**ze. Accounting for derivatives**

Accounting for Derivatives, other than those covered under Accounting Standard (AS) 11, is done on mark to market basis and the losses are charged to statement of Profit & Loss. Unrealized gains are ignored.

**zf. Goodwill on Consolidation**

Goodwill arising on Consolidation of Companies having Hydrocarbon reserves are amortized based on "Unit of Production Method" considering the related Proved Reserves. Other goodwill on consolidation is not amortized

**3. The consolidated financial statements represent consolidation of accounts of "Oil and Natural Gas Corporation Limited", its subsidiaries, Joint ventures entities and associate as detailed below:-**

SI No.	Name of the Subsidiaries/ Joint Venture and Associates	Country of Incorporation	Proportion Ownership Interest As on		Status of Audit As on 31.03.2014
			31.03.2014	31.03.2013	
A	Subsidiaries				
1	ONGC Videsh Limited (OVL)	India	100%	100%	Audited
1.1	ONGC Nile Ganga B.V. (ONGBV)	The Netherlands	Class A and Class B 100%	Class A and Class B 100%	Audited
1.1 (i)	ONGC Campos Ltda.	Brazil	100%	100%	Audited
1.1 (ii)	ONGC Nile Ganga (Cyprus) Ltd.	Cyprus	100%	100%	Audited
1.1 (iii)	ONGC Nile Ganga (San Cristobal) B.V.	The Netherlands	100%	100%	Audited
1.1 (iv)	ONGC Satpayev E&P B.V.	The Netherlands	100%	100%	Audited
1.1 (v)	ONGC Caspian E&P B.V.	The Netherlands	100%	100%	Audited
1.2	ONGC Nile Ganga B.V. (ONGBV)	The Netherlands	Class C 55% direct (balance 45% held by OMEL)	Class C 55% direct (balance 45% held by OMEL)	Audited
1.3	ONGC Narmada Limited (ONL)	Nigeria	100%	100%	Unaudited
1.4	ONGC Amazon Alaknanda Limited (OAAL)	Bermuda	100%	100%	Audited
1.5	Imperial Energy Limited (*)	Cyprus	100%	100%	Audited
1.5 (i)	Imperial Energy Tomsk Limited	Cyprus	100%	100%	Audited
1.5 (ii)	Imperial Energy (Cyprus) Limited	Cyprus	100%	100%	Audited
1.5 (iii)	Imperial Energy Nord Limited	Cyprus	100%	100%	Audited
1.5 (iv)	RK Imperial Energy (Kostanai) Limited (\$)	Cyprus	100%	100%	Unaudited
1.5 (v)	Freshspring Investments Limited (\$)	Cyprus	100%	100%	Unaudited
1.5 (vi)	Nefsilius Holdings Limited (\$)	Cyprus	100%	100%	Unaudited
1.5 (vii)	Biancus Holdings Limited	Cyprus	100%	100%	Audited
1.5 (viii)	Redcliffe Holdings Limited	Cyprus	100%	100%	Audited
1.5 (ix)	Imperial Energy Gas Limited (\$)	Cyprus	100%	100%	Unaudited
1.5 (x)	Imperial Frac Services (Cyprus) Limited	Cyprus	100%	100%	Audited
1.5 (xi)	San Agio Investments Limited	Cyprus	100%	100%	Audited
1.5 (xii)	LLC Sibinterneft (**)	Russia	47.52%	47.52%	Audited up to 31.12.13
1.5 (xiii)	LLC Allianceneftegaz	Russia	100%	100%	Audited up to 31.12.13
1.5 (xiv)	LLC Nord Imperial	Russia	100%	100%	Audited up to 31.12.13
1.5 (xv)	LLC Imperial Trans service (\$\$)	Russia	100%	100%	Audited up to 31.12.13
1.5 (xvi)	LLC Rus Imperial Group	Russia	100%	100%	Audited up to 31.12.13
1.5 (xvii)	LLC Stratum (\$\$)	Russia	100%	100%	Audited up to 31.12.13
1.5 (xviii)	LLC Imperial Frac Services	Russia	50%	50%	Audited up to 31.12.13
1.6	Carabobo One AB	Sweden	100%	100%	Audited
1.6 (i)	Petro Carabobo Ganga B.V.	The Netherlands	100%	100%	Audited
1.7	ONGC (BTC) Ltd	Cayman Islands	100%	100%	Unaudited
1.8	Beas Rovuma Energy Mozambique Ltd	British Virgin island	60%	-	Audited
1.9	ONGC Hydrocarbons Ltd (#)	Mauritius	100%	-	Unaudited
1.10	Krishna Rovuma Energy Mozambique Ltd (# )	Mauritius	100%	-	Unaudited
2.	Mangalore Refinery and Petrochemicals Ltd. (MRPL)	India	71.63%	71.63%	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) (note 3.1)	India	26.46%	26.46%	Unaudited
4.	ONGC Mangalore Petrochemicals Ltd. (OMPL) (note 3.2)	India	48.15%	48.15%	Audited
5.	ONGC Petro Additions Ltd. (OPaL)	India	49.36%	49%	Audited
6.	ONGC Tripura Power Company Ltd. ( OTPC)	India	49.52%	49.52%	Unaudited
7.	ONGC Teri Biotech Ltd. (OTBL)	India	49.98%	49.98%	Audited
8.	Dahej SEZ Limited (DSEZ)	India	50.00 %	50.00 %	Unaudited
9.	ONGC Mittal Energy Limited (OMEL) (through OVL)	Cyprus	49.98%	49.98%	Unaudited
10.	Shell MRPL Aviation Fuels & Services Pvt. Limited (SMASL)(through MRPL)	India	50%	50%	Audited
11.	North East Transmission Company Ltd. (NETC) (through OTPC)	India	30.00%	30.00%	Unaudited
12.	Mangalore STP Limited (through MSEZ)	India	70.00%	70.00%	Unaudited
C	Associates				
1.	Pawan Hans Ltd. (PHL)	India	49.00 %	49.00 %	Unaudited



- (\*) Jarpeno Limited has been rechristened as Imperial Energy Limited with effect from 19<sup>th</sup> April 2013.
- (\*\*) Although the Company has 47.52 percent effective ownership interest, it has 55.9 percent of voting rights in LLC Sibinterneft. LLC Sibinterneft is therefore a subsidiary of the Company, in accordance with the Companies Act, 1956 of India and included in consolidation of accounts accordingly.
- (\$) These companies have been liquidated w.e.f. 23<sup>rd</sup> March, 2014
- (\$\$) These two companies have now merged with LLC Nord Imperial w.e.f. 29<sup>th</sup> November, 2013
- (#) These companies are under liquidation.
- 3.1 Includes holding of 0.96% by OMPL.
- 3.2 Includes holding of 3% by MRPL
- 3.3 In view of different sets of environment/prevalent laws in respect of respective countries in which the subsidiaries/JV are operating, the accounting policies followed (for treatment of depreciation of Tangible Assets, sales revenue and royalty etc.) by the subsidiaries/JVs are different from the accounting policies of the Company. For consolidation of financial statement, the transactions reported which have been arrived using such different accounting policies by the group companies have been considered and disclosed at Note no. 9.2, 14.2, 14.5, & 14.6, 15.2, 16.2, 17.1(c), 17.1(d), 17.1(e), 17.1(f), 24.3, 24.4, 24.5, 28.2, 29.6, 29.7, 32.2, 32.6, 45.2.3 & 48.
- 3.4 During the period group has changed the accounting policies to align with the Guidance Note on Accounting for Oil and Gas Producing Activities (Revised) notified by the Institute of Chartered Accountants of India and Expert advisory opinion of ICAI on treatment of right of way. The impact of such changes in policies resulted in net increase of profit before tax by ₹10,128.20 million and same has been disclosed in note no. 5.8, 9.3, 15.3, 15.4, 16.1 (c), 18.1(b), 18.1(c) & 18.1(d).

#### 4. Share Capital

(₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Authorised:</b>		
30,000,000,000 Equity Shares of ₹ 5 each (Previous Year 30,000,000,000 Equity Shares of ₹ 5 each)	<b>150,000.00</b>	150,000.00
<b>Issued and Subscribed:</b>		
8,555,528,064 Equity Shares of ₹ 5 each (Previous Year 8,555,528,064 Equity Shares of ₹ 5 each)	<b>42,777.64</b>	42,777.64
<b>Paid up :</b>		
8,555,490,120 Equity Shares of ₹ 5 each (Previous Year 8,555,490,120 Equity Shares of ₹ 5 each)	<b>42,777.45</b>	42,777.45
<b>Add: Shares forfeited</b>	<b>0.15</b>	0.15
<b>Total</b>	<b>42,777.60</b>	<b>42,777.60</b>

#### 4.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	No. in million	₹ in million	No. in million	₹ in million
Outstanding at the beginning of the year	8,555.49	42,777.45	8,555.49	42,777.45
Changes during year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>8,555.49</b>	<b>42,777.45</b>	<b>8,555.49</b>	<b>42,777.45</b>

#### 4.2 Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### 4.3 Details of shareholders holding more than 5% shares in the company are as under:-

Name of the share holder	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	No. in million	% holding	No. in million	% holding
President of India	5,897.76	68.94	5,922.55	69.23
Life Insurance Corporation of India	666.70	7.79	662.85	7.75
Indian Oil Corporation Limited	657.92	7.69	657.92	7.69

- 4.4 Pursuant to the approval of the members dated 28.01.2011, during the financial year 2010-11, one equity share having face value of ₹ 10/- each had been sub-divided into two equity shares of ₹ 5/- each and bonus shares in proportion of one new equity bonus share of ₹5/- each for every one fully paid up equity share of ₹ 5/- each held on 09.02.2011 (record date) had been allotted. The company has issued total ₹ 4,277.75 million equity shares of face value of ₹ 5 each issued as fully paid up by way of bonus shares during the period of five years immediately preceding the reporting date.

- 4.5 Shares reserved for issue under option : Nil (previous year Nil)

#### 5 Reserves and Surplus

(₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
<b>Capital Reserve (Note 5.1)</b>				
a) As per last Balance Sheet	1,154.05		1,104.97	
b) Addition/(deduction) during the year	80.92	1,234.97	49.08	1,154.05
<b>Capital Redemption Reserve (Note 5.3)</b>				
a) As per Last Balance Sheet	91.95		46.02	
b) <b>Add:</b> Transfer from FE Translation Reserve	0.02		-	
c) <b>Add:</b> Transferred from P&L Account	-	91.97	45.93	91.95
<b>Securities Premium Account</b>				
a) As per last Balance Sheet	144.33		144.33	
b) <b>Less:</b> Bonus Share issued	-	144.33	-	144.33
<b>Debenture Redemption Reserve (Note no. 5.4)</b>				
a) As per Last Balance Sheet	14,088.91		9,781.27	
b) <b>Add:</b> Transferred from Surplus Account	10,399.95	24,488.86	4,307.64	14,088.91
<b>Deferred Government Grant (Note 2.2.c)</b>				
a) As per last Balance Sheet	27.53		30.82	
b) Addition during the year	17.07		-	
c) <b>Less:</b> Deduction during the year (note 5.5)	2.87	41.73	3.29	27.53
<b>Foreign Exchange Translation Reserve (Note 5.6)</b>				
a) As per Last Balance Sheet	37,554.33		24,639.98	
b) Addition/(deletion)	33,209.48		12,914.35	
c) <b>Less:</b> Transfer to Capital Redemption Reserve	0.02	70,763.79	-	37,554.33
<b>Foreign Currency Monetary Item Exchange Account (note 5.7)</b>		(3,925.56)		-
<b>Hedging Reserve (note 32.6)</b>		15.53		-
<b>General Reserve</b>				
a) As per last Balance Sheet	1,223,664.23		1,105,907.56	
b) <b>Add:</b> Adj. with opening reserve (Note no. 5.8)	(3,143.02)		-	
c) <b>Add:</b> Transferred from Surplus Accounts	132,250.48	1,352,771.69	117,756.67	1,223,664.23
<b>Surplus</b>				
a) As per last Balance Sheet	205,772.77		179,958.75	
b) <b>Add:</b> Transferred from Statement of Profit and Loss	265,065.33		242,196.44	
c) <b>Add:</b> Adjustment due to change in holding/other adjustment	36.06		58.45	
d) <b>Less:</b> Proposed Dividend (note 5.2)	2,138.87		4,277.75	
e) <b>Less:</b> Interim Dividend	79,138.31		76,999.41	
f) <b>Less:</b> Tax on Dividend	13,841.60		13,053.47	
g) <b>Less:</b> Transfer to Capital Redemption Reserve	-		45.93	
h) <b>Less:</b> Transfer to Debenture redemption Reserve	10,399.95		4,307.64	
i) <b>Less:</b> Transferred to General Reserve	132,250.48	233,104.95	117,756.67	205,772.77
<b>Total</b>		<b>1,678,732.26</b>		<b>1,482,498.10</b>

- 5.1 Includes ₹ 159.44 million (Previous year ₹ 159.44 million) being assessed value of assets received as gift and ₹ 4.18 million (Previous year ₹ 4.18 million) being Capital Reserve on Consolidation.
- 5.2 The Board of Directors have recommended a final dividend of ₹ 0.25 per share (previous year ₹ 0.50 per share) which is subject to the approval of the
- 5.3 Includes ₹ 91.86 Million (Previous year ₹ 91.86 million) Capital Redemption Reserve towards redemption of Preference share capital during 2011-12 and 2012-13 in respect of subsidiary, MRPL.

#### 5.4 Debenture Redemption Reserve: -

Debenture Redemption Reserve includes ₹ 24,470.11 million in respect of subsidiary company OVL, as follows:

(₹ in million)

Particulars	Balance as on 31 <sup>st</sup> March, 2013	Addition during the period	Balance as on 31 <sup>st</sup> March, 2014
8.40 % 5 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series I	12,892.38	3,937.84	<b>16,830.22</b>
8.54 % 10 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series II	1,196.53	369.80	<b>1,566.33</b>
<b>Total (A)</b>	<b>14,088.91</b>	<b>4,307.64</b>	<b>18,396.55</b>
Unsecured 3.75% 10 years USD Bonds	-	3,312.85	<b>3,312.85</b>
Unsecured 2.50% 5 years USD Bonds	-	2,760.71	<b>2,760.71</b>
<b>Total (B)</b>	-	<b>6,073.56</b>	<b>6,073.56</b>
<b>Total (A+B)</b>	<b>14,088.91</b>	<b>10,381.20</b>	<b>24,470.11</b>

- 5.5 Represents the amount equivalent to depreciation transferred to the Statement of Profit and Loss.
- 5.6 **Foreign Exchange Translation Reserve:**  
The subsidiary, ONGC Videsh Limited has followed the Accounting Standard (AS) 11 - Effects of Changes in Foreign Exchange Rates (revised 2003) for incorporating in the consolidated financial statements following the principles for translation of the financial statements of Non-integral Foreign Operations. Accordingly, the foreign exchange difference of ₹ 33,209.48 Million (Previous year ₹ 12,914.34 Million) has been accounted as foreign currency translation reserve.
- 5.7 **Foreign Currency Monetary Item Exchange Account:**  
The subsidiary, ONGC Videsh Limited has foreign exchange difference on the foreign currency bonds till 31.03.2014 amounting to ₹ 4,616.00 million (refer note no. 6.3.2) has been amortized over the outstanding tenure of the loan as per the provision of paragraph 46A of AS 11 as below:-

(₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Opening Balance</b>	-	-
Additions during the year	<b>(4,616.00)</b>	-
Amortized during the year	<b>690.44</b>	-
<b>Closing Balance</b>	<b>(3,925.56)</b>	-

- 5.8 The Company has implemented the Guidance note on Oil & Gas Producing activities (revised) issued by the Institute of Chartered Accountants of India w.e.f. 01.04.2013. The company has carried out impairment testing of assets in exploratory phase (Exploratory Wells in Progress) as on 01.04.2013 and accordingly, an amount of ₹ 3,143.01 million (net of deferred tax of ₹ 1,618.41 million) has been accounted as provision and adjusted against reserve as on 01.04.2013. (Refer note no. 18.1.b)
- 5.9 Above Reserve and Surplus includes ₹ (-) 3,575.69 million share of jointly controlled entities (Previous year ₹ (-) 3,532.52 million).

#### 6 Long-term borrowings

(₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A. Secured</b>	<b>3.64</b>	27.29
(a) Zero Coupon Bond (note no. 6.2.1)		
(b) Term Loan		
- From Banks	<b>100,654.50</b>	34,089.49
- From Others	<b>42,450.65</b>	18,323.14
<b>B. Unsecured</b>	<b>48,423.00</b>	-
(a) Non Convertible Redeemable Bonds ( Note 6.3.1)	<b>3,700.00</b>	23,400.00
(b) Non Convertible Redeemable Debentures		
(c) Term Loan		
- From Banks	<b>106,606.50</b>	-
- From Others	<b>8,000.00</b>	6,999.98
(d) Non - Recourse deferred credit (Note 6.3.4)	-	134.98
(e) Non-current maturities of finance lease obligations ( note 6.3.5)	<b>4,811.12</b>	2,759.08
(f) Sales Tax Deferment Loan ( Note 6.3.7)	<b>2,159.17</b>	2,693.51
<b>Total Long Term Borrowing (A+B)</b>	<b>316,808.58</b>	<b>88,427.47</b>

- 6.1 Above include Secured long term borrowings of ₹ 112,385.66 million share of jointly controlled entities (Previous year ₹ 43,595.31 million) and Unsecured long term borrowings of ₹ 7,823.39 million share of jointly controlled entities (Previous year ₹ 6,881.69 million).
- 6.2 **Secured Loan**
- 6.2.1 **Zero coupon bond (ZCB):** The Joint Venture, PMHBL has issued Zero Coupon Bonds to Lenders as per Corporate Debt Restructuring (CDR) Approved Scheme, repayable in 36 quarterly installments commencing from Sept 2006 and ending on June, 2015. The ZCBs are secured by first mortgage on Immovable Properties- present & future, first charge on movable properties - present & future and charge on all receivables from the project on pari-passu basis. Balance outstanding as on 31<sup>st</sup> March, 2014 is ₹ 12.65 million (Previous year ₹ 94.88 million) out of which Group's share is ₹ 3.64 million (Previous year ₹ 27.29 million).
- 6.2.2 The Subsidiary, MRPL has external commercial borrowing (ECB) of ₹ 38,948.00 million (Previous year ₹ 16,293.00 million), secured by first pari-passu charge over immovable and movable fixed assets both present and future. The interest rate for ECB are based on 6 month LIBOR plus spread. The effective interest rate are 3.26%, 3.63%, 2.82%, 2.44% and 2.79% on ₹ 5,992.00 million, ₹ 8,988.00 million, ₹ 17,976.00 million, ₹ 2,996.00 million and ₹ 2,996.00 million respectively to be repaid by 2020-21.
- 6.2.3 The Joint Venture, PLL has outstanding loan from Banks, secured by first ranking mortgage and first charge on pari-passu basis on all movable and immovable properties, both present and future including current assets except on trade receivables on which second charge is created on pari-passu basis at an average interest rate of 10.02% p.a. applicable on 31<sup>st</sup> March, 2014. Balance outstanding as on 31<sup>st</sup> March, 2014 is ₹ 9,706.30 million (Previous year ₹ 10,941.10 million) out of which group's share is ₹ 1,213.29 million (Previous year ₹ 1,367.64 million)
- 6.2.4 The joint venture, OMPL has external commercial borrowing (ECB) arrangement from a consortium of banks for USD 310 million, secured by first charge on all fixed asset and second charge of the current assets. The rate of interest for ECB-I (USD 250 million) and ECB-II (USD 60 million) are LIBOR+3.13% and LIBOR+3.15% respectively. ECB-I & ECB-II are repayable in 14 equal half yearly installments commencing from 1<sup>st</sup> April, 2015 and 31<sup>st</sup> October, 2015 respectively. Balance outstanding as on 31<sup>st</sup> March 2014 is ₹ 18,618.60 million (Previous year ₹ 13,597.50 million) out of which group's share is ₹ 89,64.65 million (Previous year ₹ 6,547.05 million)
- 6.2.5 The Joint venture, OMPL has borrowed Rupee Term Loan from a Consortium of Banks at the interest rate which is "SBI base rate+1.25%" secured by first charge on all fixed assets and second charge on the current assets. The Rupee Term Loan is repayable in 36 equal quarterly installments from 31<sup>st</sup> December, 2014. Balance outstanding as on 31<sup>st</sup> March 2014 is ₹ 17,293.90 million (Previous year ₹ 10,000.00 million) out of which group's share is ₹ 8,326.82 million (Previous year ₹ 4,814.89 million).



6.2.6 The joint venture, OPaL has borrowed Secured term loan from a Consortium of Banks & External Commercial Borrowings (ECB), by first ranking pari-passu mortgage / charge on immovable and movable properties and assets both present and future and second ranking pari-passu charge on the current assets. The details of rate, repayable period & outstanding amount are as below:-

(₹ in million)						
Type of loan	Effective Rate	Repayable period	Outstanding Amount as on		Group's share in outstanding on	
			31.03.2014	31.03.2013	31.03.2014	31.03.2013
Bank-Medium Term loan	11.00%	By 31.12.2014	-	16,740.00		8,262.86
Bank-Long Term Loan	11.75%	41 quarterly installments starting from Q4 FY 2015-16 to Q4 FY 2025-26	110,303.61	-	54,445.86	-
Sub Debt	Base rate+ spread 0.75% (11.00% effectively)	Repayable after 3 year from date of disbursement (i.e. Dec, 2016).	16,434.62	-	8,112.13	-
External commercial borrowings USD 50 Million	6 month USD LIBOR +324 basis points	9 half yearly installment starting from Q4 FY 2015-16 to Q4 FY 2019-20	3,024.50	-	1,492.89	-
External commercial borrowings USD 250 Million	6 month USD LIBOR +range 347 to 355 basis points	15 half yearly installments starting from Q4 FY 2015-16 to Q4 FY 2022-23	10,283.30	-	5,075.84	-
Total			140,046.03	16,740.00	69,126.72	8,262.86

6.2.7 The Joint Venture, MSEZ has term loan from a Consortium of Banks at the interest rate "base rate+agreed spread (i.e. at 11.25%) " secured by mortgage and hypothecation of immovable and movable assets repayable in 36 unequal quarterly installment commencing after moratorium period of 6 month from commercial operation date (COD is expected to be 1<sup>st</sup> April, 2015). Balance outstanding as on 31<sup>st</sup> March, 2014 is ₹ 5,546.62 million (Previous year ₹ 4,333.00 million) out of which group's share ₹ 1,467.76 million (Previous year ₹ 1,146.61 million).

6.2.8 The Rupee term loan (RTL) of the Joint Venture, OTPC executed with Power Finance Corporation Ltd (PFC) has been repaid by OTPC on 31<sup>st</sup> Jan, 2014 and has been taken over by the State Bank of India (SBI). The outstanding loan from SBI is secured by first rank pari-passu charge on all immoveable properties - present and future, relating to the project and first charge by way of

hypothecation on all moveable properties - present and future, relating to project and first charge on all the receivables, Letter of credit and Escrow Account. Interest on the RTL is at SBI base rate (floating)+ 0.50% (spread) and is repayable in 60 equal quarterly installments commencing from the 31<sup>st</sup> March, 2014. Balance outstanding for the same on 31<sup>st</sup> March, 2014 is ₹ 23,131.10 million (Previous year ₹ 20,142.65 million) out of which group's share is ₹ 11,455.49 million (Previous year ₹ 9,975.43 million). Further, the Joint venture company NETC of OTPC (NETC), still continue to avail loan from PFC by creating a first charge on its immovable properties acquired for the project along with the revenue and receivables from the project - present and future against which Group's share is ₹1,885.86 million (previous year ₹ 2,035.27 million) as on 31<sup>st</sup> March, 2014.

6.2.9 The Joint Venture, PLL has external commercial borrowings from International Finance

Corporation Washington D.C., USA, Proparco, France and Asian Development Bank at an average cost of 8.85% p.a. (inclusive of hedge cost) and loan from Bajaj Allianz Life Insurance Company Ltd (Indian lender) at an average interest rate of 10.02% p.a. as applicable as on 31<sup>st</sup> March, 2014. In respect of external commercial borrowings from International Finance Corporation Washington D.C., USA and Proparco, France, PLL, has entered into derivative contracts to hedge the loan including interest. Balance outstanding as on 31<sup>st</sup> March, 2014, is ₹ 13,771.10

million (Previous year ₹ 16,241.10 million) out of which group's share is ₹ 1,721.39 million (Previous year ₹ 2,030.14 million).

6.3 Unsecured Loan

6.3.1 Non-convertible redeemable debenture (Rupee Bonds):

During the financial year 2009-10, the subsidiary, OVL, had raised funds from the financial markets by issuance of non-convertible redeemable debenture (Rupee Bonds) in the nature of debentures as per following:-

Particulars	Amount (₹ in million)	Date of issue	Date repayable on
8.54 % 10 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series II	3,700.00	6-Jan-2010	6-Jan-2020
8.40 % 5 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series I (refer note no 12.3)	19,700.00	23-Dec-2009	23-Dec-2014
Total	23,400.00		

The above securities have been listed in National Stock Exchange of India Ltd. (NSE). Further the Company is required to maintain 100% asset cover as per SEBI guidelines. There is no put / call option on these bonds. The bonds are repayable in full (bullet repayment) on maturity date.

6.3.2 Foreign Currency Bonds

During the year 2013-14, the subsidiary, OVL, had raised funds from the international financial markets by issuance of non-convertible redeemable Reg-S foreign currency bonds as per following:

Particulars	Amount (₹ in million)	Date of issue	Date repayable on
USD 500Million Unsecured Non-Convertible Reg S Bonds ( Coupon-3.75% payable semi-annually in arrears)	27,145.00	7-May-2013	7-May-2023
USD 300Million Unsecured Non-Convertible Reg S Bonds ( Coupon-2.50% payable semi-annually in arrears)	16,287.00	7-May-2013	7-May-2018
Foreign Exchange difference (note 5.7)	4,616.00		
Total	48,048.00		

The above securities have been listed in Singapore Exchange (SGX). The USD 300 million Reg S bonds were issued at price of 99.655% and USD 500 million Reg S bonds were issued at price of 99.950% . The bonds have been issued in denomination of USD 200,000 and integral multiples of USD 1,000 in excess thereof. There is no periodical put/call option. The bonds are repayable in full (bullet repayment) on maturity date.

6.3.3 The Subsidiary, MRPL has unsecured term loan from Oil Industry Development Board (OIDB) of ₹ 8,000.00 million (previous year ₹ 6,999.98 million). The interest rates on the same are 8.89%, 9.04%, 8.73%, 8.98%,

8.94%, 9.27%, 9.06%, 9.15% and 9.27% on ₹ 2,737.50 million, ₹ 262.50 million, ₹ 1,250.00 million, ₹ 2,750.00 million, ₹ 87.90 million, ₹ 1,537.50 million, ₹ 399.60 million, ₹ 282.50 million and ₹ 692.50 million respectively, repayment up to 2018-19.

6.3.4 The Subsidiary, OVL has unsecured non-recourse deferred credit ₹ nil (previous year ₹ 134.98 million) from contractors of pipeline project executed in Sudan. The Non recourse deferred credit is repayable from the instalments of pipeline lease rentals from the Ministry of Energy and Mining (MEM), Sudan. The position of non-recourse deferred credit is as under:-

(₹ in million)		
Non - Recourse Deferred (unsecured)	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Current (Note 12.3)	1,043.37	809.89
Non-Current (Note 6)	-	134.98
<b>Total</b>	<b>1,043.37</b>	<b>944.87</b>

- 6.3.5 The subsidiary, OVL has unsecured non-current maturity of finance lease obligation of ₹ 4,811.12 million (Previous year ₹ 2,759.08 million).
- 6.3.6 The subsidiary, OVL has availed a term loan from Bank amounting to ₹ 106,606.50 million (USD 1,775 million) (Previous year ₹ nil) for the purpose of acquisition of block in Mozambique.
- 6.3.7 The Subsidiary, MRPL, has deferred payment liability on account of sale tax deferment liability of ₹ 2,159.17 million (Previous year ₹ 2,693.51 million) with nil interest rate, to be repaid by 2019-20.
- 6.3.8 The Joint Venture, PLL has raised the fund by issuing "Bonds- 8.35% Debenture - Series I" which are unsecured, non-convertible debentures repayable in financial year 2018-19. Balance outstanding as on 31<sup>st</sup> March, 2014 is ₹ 3,000.00 million (Previous year Nil) out of which group's share ₹ 375.00 million (Previous year Nil).

#### 7. Deferred Tax Liabilities

The Deferred Tax Liability/Asset of the company, its subsidiaries and joint ventures as at 31<sup>st</sup> March, 2014 comprises of the major components of Deferred Tax Liabilities and Deferred Tax Assets under Accounting Standard-22 on 'Accounting for Taxes on Income' the details of the same given here under:

(₹ in million)		
Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>(i) Liabilities</b>		
Depletion of Producing Properties	218,766.58	177,977.15
Depreciation Allocated to Wells in Progress & expenses relating to NELP	23,002.57	14,799.59
Deferred Revenue Expenditure written off	3,718.06	5,050.44
Development wells-in Progress	10,052.58	12,045.58
Depreciation	18,419.18	7,898.11
Others	7,300.79	3,707.51
Deferred tax liability of ONGBV, OAAL- Subsidiary of OVL	7,347.57	11,714.50
<b>Total (i)</b>	<b>288,607.33</b>	<b>233,192.88</b>
<b>(ii) Assets</b>		
Depreciation	22,690.58	13,710.90
Unabsorbed losses and allowances	(1,581.49)	-
Dry wells written off	18,340.46	10,650.76
Provision for Non-Moving Inventories	1,876.75	1,584.30
Provision for Doubtful Debts/ Claims /Advances/ Interest	4,270.17	9,501.06
Provision for Abandonment	38,633.84	24,029.48
Provision for Leave Encashment\PRBS	1.73	1.56
Provision toward Additional Profit Petroleum & interest	3,426.45	3,102.97
Statutory duties unpaid u/s 43B	778.74	14,894.44
Others (note no. 7.1)	14,649.07	7,227.40
Deferred tax asset of ONGBV - Subsidiary of OVL	6,885.93	6,238.82
<b>Total (ii)</b>	<b>109,972.23</b>	<b>90,941.69</b>

- 7.1 Includes deferred tax asset of ₹ 1,618.41 million (Previous Year Nil) created consequent to assessment of impairment during exploration phase as at 01.04.2013 in terms of the Guidance Note on Oil and Gas Producing Activities (Revised) as referred at note no. 5.8 & 18.1(b)

- 7.2 The above includes Deferred Tax Asset of ₹ 6,885.97 million (Previous year ₹ 6,238.88 million) and Deferred Tax Liability of ₹ 185,521.07 million (Previous Year ₹ 148,490.07 million) in respect of various components of entities consolidated as below:

(₹ in million)		
Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Net Deferred Tax Liability of ONGC	165,786.79	128,879.81
Net Deferred Tax Liability of OVL	6,921.94	3,649.86
Net Deferred Tax Liability of ONGBV	6,965.31	7,733.56
Net Deferred Tax Liability of OAAL	328.23	261.47
Net Deferred Tax Liability of Carabobo One AB	54.02	69.61
Net Deferred Tax Liability of MRPL	4,703.24	7,343.14
Net Deferred Tax Liability of PLL	691.25	488.75
Net Deferred Tax Liability of OTC	70.29	63.87
Net Deferred Tax Liability of DSL	-	-
<b>Consolidated Net Deferred Tax Liability</b>	<b>185,521.07</b>	<b>148,490.07</b>
Net Deferred Tax Asset of ONGBV	6,763.69	5,840.86
Net Deferred Tax Asset of OAAL	-	230.79
Net Deferred Tax Asset of PMHBL	122.24	167.17
Net Deferred Tax Asset of OTBL	0.04	0.06
<b>Consolidated Net Deferred Tax Asset</b>	<b>6,885.97</b>	<b>6,238.88</b>

#### 8. Other Long Term Liabilities

(₹ in million)		
Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Trade payables</b>		
- Outstanding dues to Micro & Small Enterprises	-	-
- Outstanding dues to other than Micro & Small Enterprises	1,020.45	1,301.85
<b>Others</b>		
- Advance from customers	3,374.39	3,275.51
- Deposits from Suppliers and Contractors	31.23	52.49
- Liability for Capital Goods	1,773.16	1,662.97
- Liabilities for Liquidated Damages	9,904.05	9,250.07
- Other Liabilities	2,422.03	1,620.22
<b>Total</b>	<b>18,525.31</b>	<b>17,163.11</b>

- 8.1 Above other long term liabilities includes ₹ 7,261.96 million share of jointly controlled entities (Previous year ₹ 6,244.16 million).



9. Long Term Provisions		(₹ in million)	
Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	
<b>Provision for Employee benefits</b>			
- Unavailed Leave	386.24	18,509.05	
- Gratuity	3.52	3.85	
- Post Retirement Medical & Terminal Benefits	28,778.25	26,563.42	
<b>Provision for Abandonment (Note no. 9.3 &amp; 44)</b>	<b>274266.03</b>	207,255.35	
<b>Other Provisions (Note no. 44)</b>	<b>664.09</b>	631.10	
<b>Total</b>	<b>304,098.13</b>	<b>252,962.77</b>	

- 9.1 Above long term provisions includes ₹ 15.73 million share of jointly controlled entities (Previous year ₹ 11.07 million).
- 9.2 Subsidiaries and the Joint Venture Companies of OVL provide for the retirement benefits in accordance with the laws of Countries of their respective jurisdictions. The net impact on account of the difference in accounting policy is not ascertainable.
- 9.3 Change in policy of accounting in respect of provision for abandonment net of salvage value to gross basis (refer accounting policy no. 2.2.k.1) has resulted in an increase in provision by ₹ 26,969.32 million with corresponding increase in producing property by ₹ 26,729.88 million, Exploratory well in Progress by ₹ 59.04 million, Development well in progress by ₹ 42.97 million as on 31.03.2014 and decrease in profit before tax amounting to ₹ 137.43 million for the year ended 31.03.2014.

10. Short Term Borrowings		(₹ in million)	
Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	
<b>Secured</b>			
Short Term Loans from Banks	810.75	738.30	
<b>Unsecured</b>			
Loans Repayable on demand from Bank	3,868.75	66,479.09	
Other Short Term Loans :			
From Banks	133,633.50	48,053.57	
From Others	759.72	-	
<b>Total</b>	<b>139,072.72</b>	<b>115,270.96</b>	

- Above Secured short term borrowing includes ₹ 810.75 million (Previous year ₹ 696.46 million) shares of jointly controlled entities and unsecured short term borrowing includes ₹ 3,868.75 million (Previous year ₹ 54,530.89 million) shares of jointly controlled entities.
- 10.1 **Short Term Loan - Secured**
- 10.1.1 The subsidiary, MRPL has outstanding secured short term Loan of ₹ 471.51 million (Previous year ₹ 158.95 million) from Bank secured by way of hypothecation of MRPL's stock of raw materials, finished goods, stock-in-process, stores, spares, components, book debts, outstanding moneys receivable, claim, bills, contracts, engagements, securities, both present and future and further secured by second ranking pari-passu charge
- 10.1.2 The Joint venture company, OTPC has borrowed short term loan from bank repayable within one year from date of first disbursement, that is by 30<sup>th</sup> September, 2014 unless otherwise extended further. The short term loan is secured by first rank pari-passu charge on all immovable properties, present and future relating to project and first charge on all the receivable, letter of credit and Escrow Account at interest rate SBI base rate (floating)+.75% (spread). The balance outstanding as on 31.03.2014 is of ₹ 685.00 million

- (Previous year ₹ 1,169.84 million) out of which group's share is ₹ 339.24 million (Previous year ₹ 579.35 million).
- 10.2 **Short term Loan-Unsecured**
- 10.2.1 The Joint venture, OPaL has borrowed short term loan from bank repayable on demand of ₹ Nil (Previous year ₹ 104,003.95 million) out of which group's share is ₹ Nil (Previous year ₹ 50,961.94 million).
- 10.2.2 The Joint venture, OMPL has borrowed short term loan from bank repayable on demand of ₹ 7,389.26 million (Previous year ₹ 7,412.31 million) out of which group's share is ₹ 3,557.85 million (Previous year ₹ 3,568.95 million).
- 10.2.3 The Joint venture, PLL has borrowed short term buyers credit from bank repayable on demand of ₹ 2,487.20 million (Previous year ₹ Nil) out of which group's share is ₹ 310.90 million (Previous year ₹ Nil).
- 10.2.4 The Subsidiary, MRPL has availed ₹ Nil (Previous year ₹ 11,948.20 million) in the form of buyers credit from banks.
- 10.2.5 The subsidiary OVL has availed bridge/short term loan of ₹ 133,633.50 million (Previous year ₹ 48,053.57 million) for the purpose of participating interest in Area 1 offshore, Mozambique. Borrowings in previous year were taken for acquisition of participating interest in ACG fields and BTC pipeline, Azerbaijan which has been repaid in current year.

11. Trade Payables		(₹ in million)	
Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	
- Outstanding dues to Micro & Small Enterprises	82.20	3.60	
- Outstanding dues to other than Micro & Small Enterprises (note 11.3)	291,894.47	185,848.16	
- Deferred Credit on Gas Sale (note 11.2)	14,806.41	296.04	
<b>Total</b>	<b>306,783.08</b>	<b>186,147.80</b>	

- 11.1 Above trade payable includes ₹ 3,597.75 million share of jointly controlled entities (Previous year ₹ 5,109.40 million).
- 11.2 Deferred credit on gas sales represents amounts received from gas customers against "Take or Pay" obligations under relevant gas sales agreements. The amounts are to be utilized to supply gas in subsequent year(s) free of charge to such customers.
- 11.3 In case of subsidiary MRPL, the trade payables includes ₹ 79,141.99 million being overdue amount payable to National Iranian Oil Company (NIOC) pending settlement due to non finalisation of remittance channel arising out of UN/US/EU backed sanctions.

12. Other Current liabilities		(₹ in million)	
Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	
Current Maturity of Long Term Borrowings (note 12.2 & 12.3)	34,028.47	2,268.60	
Current Maturity of Finance Lease Obligations	1,217.72	889.04	
Interest Accrued but not due on Borrowings	2,098.79	1,181.89	
Interest Accrued and due on Borrowings	135.33	272.99	
Advance from Customers	27,087.38	5,184.07	
Unclaimed Dividend ( note 12.4)	248.59	232.11	
Liability for Capital Goods	28,044.22	40,037.21	
Liability for Statutory Payments	19,634.39	19,954.87	
Liability for Gratuity	18.22	155.98	
Deposits from Suppliers and Contractors	7,061.07	4,024.10	
Cash Call payable to JV Partners	31,299.06	22,186.46	
Liability for Employees	9,641.61	6,586.84	
Liability for Superannuation Benefits	427.31	20,204.79	
Liabilities for Liquidated Damages	10,666.22	9,061.49	
Other Liabilities ( note 12.5)	46,585.52	38,628.69	
<b>Total</b>	<b>218,193.90</b>	<b>170,869.13</b>	

12.1	Above other current liabilities includes ₹18,812.81 million share of jointly controlled entities (Previous year ₹11,812.55 million).	(unsecured) of ₹ 1,043.37 million (Previous year ₹809.89 million) (refer note 6.3.1 & 6.3.4).
12.2	Above includes, outstanding current maturity of unsecured Long Term Borrowings of ₹ 2,534.34 million (Previous year ₹ Nil) in respect of the subsidiary, MRPL. Refer note no. 6.3.3.	No amount is due for payment to Investor Education and Protection Fund.
12.3	Above includes, in respect of Subsidiary company, OVL, outstanding current maturity of non-convertible redeemable debentures amounting to ₹ 19,700 million(Previous year ₹ Nil), which are due for redemption on Dec 23, 2014 and current maturity of non-recourse deferred credit	The joint venture OTPC has transferred the equity share (16,456,000 no. of ₹ 10/- each fully paid-up) of North East Transmission Company Ltd (OTPC's JV Company) to the Govt of Nagaland during current year against amount received of ₹ Nil (Previous year ₹ 164.56 million) from Govt of Nagaland out of which group share included above is ₹ Nil (Previous year ₹ 81.66 million) as transfer of these shares were pending, under "other liabilities" above.

13. Short Term provisions (₹ in million)		
Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Provision for Employees Benefits</b>		
Unavailed Leave	2,701.14	2,015.05
Gratuity	0.33	59.76
Post Retirement Medical & Terminal Benefits	2,142.42	1,677.22
Provision for Abandonment (note 9.3 & 44)	424.39	436.77
<b>Provision for Others</b>		
Proposed Dividend	2,138.87	4,277.75
Tax on Proposed Dividend	397.92	768.88
Provision for wealth Tax	126.00	102.00
<b>Less: Paid</b>	<b>58.82</b>	<b>52.27</b>
Provision for taxation	1.33	1.60
MAT Payable	72.32	44.81
Other Provisions (note no. 13.2 & 44)	1,524.00	1,201.35
<b>Total</b>	<b>9,469.90</b>	<b>10,532.92</b>

13.1	Above short term provisions includes ₹ 324.85 million share of jointly controlled entities (Previous year ₹ 206.76 million).	based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31 <sup>st</sup> March, 2014 for ₹ 1,155.18 million (Previous year ₹ 961.75 million).
13.2	<b>Other provisions</b> The subsidiary, MRPL, had recognized liability	

14. Tangible Assets

Description	Gross Block			Accumulated Depreciation			Accumulated Impairment			Net Block	
	At 1 <sup>st</sup> April, 2013	Additions	Deletion/Adjustment	At 31 <sup>st</sup> March, 2014	For the year April, 2013	Deletion/Adjustment	At 31 <sup>st</sup> March, 2014	At 1 <sup>st</sup> April, 2013	For the year April, 2013	Written back classification	Re March, 2014
Land Freehold	3,260.44	1,077.86	18.10	4,320.20	-	-	1,517.65	-	-	-	4,320.20
Land Leasehold	17,733.63	191.68	(23.20)	17,948.51	1,146.23	(40.22)	13,092.13	-	-	-	16,430.86
Building & Bunk Houses	31,636.57	8,077.01	46.06	39,667.52	11,497.02	31.78	902,743.26	87.40	38.45	0.01	26,449.55
Plant & Equipment	1,154,129.54	156,257.62	2,529.90	1,307,857.26	793,960.43	2,489.52	11,541.45	1,915.69	38.70	(12.17)	403,186.82
Furnitures & Fixtures	15,361.76	707.29	(287.83)	16,356.88	10,648.73	(32.66)	4,575.04	11.81	0.59	0.35	4,803.56
Office Equipment	6,248.71	2,483.26	736.20	7,995.77	4,495.35	738.34	5,852.43	22.65	0.69	1.40	3,398.92
Vehicles includes Survey Ships, Crew Boats and Helicopters (note 14.1 (k))	7,614.25	2,184.20	272.17	9,526.28	5,444.56	295.75	939,321.96	10.45	-	(0.16)	3,663.60
<b>Total</b>	<b>1,235,984.90</b>	<b>170,978.92</b>	<b>3,291.40</b>	<b>1,403,672.42</b>	<b>827,192.32</b>	<b>3,482.51</b>	<b>827,192.32</b>	<b>2,048.00</b>	<b>76.43</b>	<b>40.05</b>	<b>462,253.51</b>
Previous Year	1,114,091.87	193,130.20	71,237.17	1,235,984.90	806,279.39	71,848.85	827,192.32	1,732.62	755.35	2.75	406,744.58
The above includes the company's share in Joint Venture Assets	222,828.42	46,552.29	1,645.20	267,735.51	131,477.52	(948.56)	153,228.04	797.53	-	-	113,709.94
Previous Year	183,855.28	37,133.99	(751.50)	221,740.77	118,380.73	48.90	131,309.45	182.52	615.01	-	89,633.79

14.1 Above includes:-

- (a) Additions to Tangible Fixed Assets are net of ₹ 2,195.48 million on account of foreign currency translation adjustment during the year (Previous year ₹ 1,107.95 million).
- (b) Land includes land in respect of certain projects for which execution of lease/conveyance deeds are in process.
- (c) Registration of title deeds in respect of certain Buildings is pending execution.
- (d) In respect of subsidiary MRPL, ₹ 249.66 million (Previous year ₹ 253.74 million) which has not been amortized in view of the fact that eventually the ownership will get transferred to the company on expiry of the lease period, of which ₹ 7.75 million (Previous year ₹ 11.52 million) is in the process being surrendered to competent Authority. Net Block ₹ 7.75 million (Previous year ₹ 11.52 million).
- (e) Plant & Equipment 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 ₹ 38.04 million (Previous year ₹ 79.39 million).
- (f) In respect of subsidiary MRPL Lease land value ₹ 36.56 million (previous year ₹ 40.34 million) which is in possession of the company towards which formal lease deeds are yet to be executed. Net block ₹ 36.56 million (previous year ₹ 40.34 million).
- (g) Net Tangible Assets include ₹ 30,606.58 million share of jointly controlled entities (Previous year ₹ 16,308.36 million).

- (h) Depreciation for the year includes ₹ (-) 85.79 million pertaining to prior period (Previous year ₹ (-) 20.24 million).
- (i) Plant & Equipment includes Jetty & Trestle having Gross block of ₹ 8,368.90 million (Previous year ₹ 4,543.80 million) (Dahe) and ₹ 3,825.20 million (Previous year ₹ Nil) (Kochi) in the books of Joint Venture Company, Petronet LNG Ltd, out of which Group share is ₹ 1,046.11 million (Previous year ₹ 567.98 million) (Dahe) and ₹ 478.15 million (Previous year ₹ Nil) (Kochi). As per the agreement, ownership of Jetty & Trestle (Dahe) would be transferred to the Gujarat Maritime Board in the year 2035 and ownership of Jetty & Trestle (Kochi) would be transferred to the Cochin Port Trust in the year 2039.
- (j) Building includes cost of undivided interest in land.
- (k) Vehicles include Survey Ships, Crew Boats and Helicopters. Vehicles also include cost of 10 Immediate support vessels (ISV) amounting to ₹ 1,079.50 million (previous year ₹ Nil) handed over to Indian Navy for manning, maintenance and operations.
- (l) The subsidiary company, MRPL is in possession of certain land provisionally measuring 39.76 acres ceded by HPCI for use by MRPL Phase III expansion and upgradation work. The consideration for such land is mutually agreed to be by way of swapping land in possession of MRPL. The final documentation in this regards is pending to be executed.



- 14.2 The accounting policies for treatment of depreciation of fixed assets by the subsidiaries/ Joint Venture/Associate Entities are different from the accounting policies of the Group. Such different policy of depreciation of Fixed Assets have been adopted in respect of the following:-

(₹ in million)

Name of Subsidiaries / JV/ Associate	Accounting Policies		Proportionate Depreciation		Proportionate Net block	
	Company	Subsidiaries/ JV	2013-14	2012-13	2013-14	2012-13
MRPL	Written Down Value Method at the rates specified in Schedule XIV.	Straight Line Method	7,044.75	6,008.29	59,929.42	57,776.45
Petronet LNG Ltd.			381.97	231.47	7,826.58	2,939.98
Petronet MHB Ltd.			144.37	140.35	306.25	443.46
Mangalore SEZ Ltd.			0.54	0.52	927.61	926.50
OMPL			30.78	27.95	1,230.69	1,252.98
OPaL			202.77	202.72	5,008.17	5,159.23
OTPC*			206.57	33.01	11,578.79	1,863.17
Total- Proportion			8,011.75	6,644.31	86,807.51	70,361.77
<b>Group Total</b>			<b>115,612.15</b>	<b>92,804.83</b>	<b>462,303.70</b>	<b>406,857.57</b>

\* Depreciation has been provided on the basis of CERC Tariff Regulations 2009 with effect from 1<sup>st</sup> April, 2009, as notified by Central Electricity Regulatory Commission.

**14.3 Title to Fixed Assets under Production Sharing Agreements**

The Subsidiary OVL and its subsidiaries and joint ventures, 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 OVL'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 OVL during the currency of the respective agreements.

14.4 Apart from the above assets, the joint venture company, Petronet MHB Limited (PMHBL) has taken lease land from HPCL for its stations at Mangalore, Hassan and Devangonthi on a long term lease basis for the period of 30 years on annual rental basis. Also, there are six pieces of land acquired by PMHBL through KIADB for sectionalized valve stations for which absolute sale deeds are yet to be registered in the name of the PMHBL and the amount paid ₹ 0.28 million (Previous year ₹ 0.53 million) is shown as capital advance under note 21.

14.5 The Subsidiary of OVL "OAAL" and joint venture company of OVL "OMEL" provide depreciation on fixed assets using the straight line method. The amount involved is ₹ 1,132.80 million (Previous year ₹ 981.73 million) shown as depreciation under Note 33.

14.6 Due to different nature of their operation, PHL, an Associate of the Company, follows different accounting policies in respect to depreciation. Depreciation is charged by PHL on straight line method rates specified in Schedule XIV whereas the company provides 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.

**15 Producing Properties**

(₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>Gross Cost</b>		
Opening Balance	1,486,412.69	1,298,462.89
Expenditure during year	56,865.77	32,418.91
Transfer from Exploratory Wells-in-Progress	12,159.44	5,417.69
Transfer from Development Wells-in-Progress	124,450.52	84,202.26
Depreciation on Facilities	64,756.79	59,741.63
Increase/(Decrease) in estimated Abandonment costs (note 9.3)	68,078.85	1,168.42
Foreign Currency Translation Adjustments (note 15.2)	10,825.86	5,000.89
Other Adjustments	(59.05)	-
<b>Less: Depletion &amp; Impairment</b>	<b>1,823,490.87</b>	<b>1,486,412.69</b>
<b>Depletion</b>		
Opening Balance	777,720.44	687,904.12
Depletion for the year (note 15.5)	121,130.77	86,228.54
Foreign Currency Translation Adjustments	8,118.80	3,533.72
Other Adjustments (refer note no. 42.5.4)	241.72	54.06
<b>Impairment</b>		
Opening Balance	3,296.81	2,554.40
Impairment provided for the period	417.20	742.41
Write back of Impairment	(116.34)	-
<b>NET PRODUCING PROPERTIES</b>	<b>912,681.47</b>	<b>705,395.44</b>

15.1 Above includes ₹ Nil share of jointly controlled entities (previous year ₹ Nil)

15.2 In respect of subsidiary OVL, above includes Foreign currency translation differences in respect of sakhlian-1, in pursuance to para 46A of Accounting standard 11 (change in foreign exchange rate) as follows:-

(₹ in million)

Particulars	Year ended 31 <sup>st</sup> March, 2014	Year ended 31 <sup>st</sup> March, 2013
<b>Exchange loss arising on reporting of long-term foreign currency monetary items relating to depreciable assets:</b>		
Amount remaining to be amortized at the beginning of the year	1,120.37	-
Exchange loss/(gain) arising during the year	2,231.12	1,246.83
<b>Less: Depletion charged to statement of profit and loss for the year</b>	<b>285.36</b>	<b>126.46</b>
<b>Amount remaining to be amortized at the end of the year</b>	<b>3,066.13</b>	<b>1,120.37</b>

- 15.3 Change in policy of capitalizing the cost of side tracking of producing wells, only if it results in increased proved developed reserves, to capitalizing the cost if it results in increased proved developed reserves or future economic benefits therefrom beyond previously assessed standard of performance (refer accounting policy no. 2.2.i.3), has the impact of increase in profit before tax by ₹ 7,879.28 million with corresponding increase in Producing Properties by ₹ 7,328.59 million and Development Wells in Progress by ₹ 550.69 million during the year ended 31.03.2014.
- 15.4 Change in policy of transferring development wells to producing properties upon establishment of proved developed reserves and connectivity for production, to only upon establishment of proved developed reserves irrespective of connectivity, has the impact of decrease in profit before tax by ₹ 247.48 million on account of increase in depletion on Development wells in progress

- 15.5 During the year, in respect of Company's Joint Asset, PMT JV has downgraded reserves for the Mid and South Tapti fields due to geological surprises. As a result, the production profile is envisaged only up to 2015-16 and the sale realization (net of statutory levies) will be transferred to Site Restoration Fund pursuant to the Profit Sharing Contract. Under these circumstances, the field has been fully depleted and depletion aggregating to ₹ 9,090.44 million has been charged to the Statement of Profit and Loss. Similarly, a provision for impairment of ₹ 441.87 million representing the salvage value of Tapti field and Tapti Capital Work in Progress has been made in the financial statements.



## 16. Intangible Assets

16. Intangible Assets													(₹ in million)
Description	Gross Block			Accumulated Depreciation				Accumulated Impairment				Net Block	
	At 1 <sup>st</sup> April, 2013	Additions	Deletion/ Adjustment	At 31 <sup>st</sup> March, 2014	At 1 <sup>st</sup> April, 2013	For the year	Deletion/ Adjustment	At 31 <sup>st</sup> March, 2014	At 1 <sup>st</sup> April, 2013	For the year	Written back classification	At 31 <sup>st</sup> March, 2014	At 31 <sup>st</sup> March, 2013
Computer Software	6,795.58	188.65	81.85	6,902.38	5,831.62	509.84	79.49	6,261.97	22.27	-	-	618.14	941.69
Copyrights & Patents	-	-	(56.50)	56.50	-	-	(56.50)	56.50	-	-	-	-	-
Goodwill (note 16.4)	20.13	-	-	20.13	12.07	2.01	-	14.08	-	-	-	6.05	8.06
Right of way	142.10	9.93	5.49	146.54	50.60	14.45	48.68	16.37	-	-	-	130.17	91.50
Total	6,957.81	198.58	30.84	7,125.55	5,894.29	526.30	71.67	6,348.92	22.27	-	-	754.36	1,041.25
Previous Year	6,667.51	339.92	49.62	6,957.81	5,281.14	664.76	51.61	5,894.29	22.27	-	-	1,041.25	
The above includes the Company's share in Joint Venture Assets	508.96	88.95	58.23	539.68	299.63	103.61	49.22	354.02	-	-	-	185.66	149.77
Previous Year	303.00	76.09	6.70	372.39	230.79	(6.68)	1.49	222.62	-	-	-	149.77	

### 16.1 Above includes:-

- (a) Addition to Intangible Asset are net of ₹ (-) 24.28 million on account of foreign currency translation adjustment during the year (previous year ₹ (-) 24.28 million).
- (b) Net Intangible asset include ₹ 91.21 million shares of jointly controlled entities (previous year ₹ 101.72 million).
- (c) In respect of Joint Venture Company, Petronet MHB Ltd (PMHBL), Cost of Right of way for laying pipeline amounting to ₹ 38.86 million (previous year ₹ 38.86 million) as group share included above is capitalized as intangible asset and said amount is being amortized over period of 35 years being the estimated design life of pipeline. The company has changed its accounting policy on depreciation of intangible asset in case of right of way (refer revised accounting policy no. 2.2.p.6) in line with recent ICAI opinion on "Accounting of right of way". This change in policy has resulted in decrease in profit before tax by ₹ 11.84 million.
- 16.2 The Associate, Pawan Hans Ltd, is charging cost of software purchased/ developed in-house up to ₹ 0.50 million each to statement of profit & loss in the year of purchase.
- 16.3 The Joint Venture Company, OTPC has paid amount of ₹ 197.40 million (previous year ₹ 109.65 million) out of which group's share is ₹ 97.76 million (previous year ₹ 54.29 million) to take possession of Forest land which has been accounted as "right to use land" by the OTPC. The said amount is being amortized over a period of 25 years being the estimated operating life of the Project.
- 16.4 Represents consideration for purchase of business (Nitrogen Plant) in excess of book value of net assets acquired by subsidiary MRPL.



17 Capital Works in Progress		(₹ in million)	
Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	
<b>A Tangible Assets In Progress</b>			
Buildings	6,935.01	5,331.81	
Plant and Equipment	368,822.19	369,415.20	
Others	4,996.12	7,332.35	
Capital Stores (including in transit)	7,686.30	3,032.07	
<b>Less: Provision for Non-Moving Items</b>	<b>77.51</b>	<b>117.65</b>	384,993.78
<b>B Less: Impairment</b>			
Opening Balance	2,331.14	1,295.90	
Provided for the year	686.78	1,377.05	
Write back of Impairment	(616.69)	(319.68)	
Other adjustments	-	(22.13)	2,331.14
<b>C Intangible Assets In Progress</b>			
Acquisition Costs-E&P Asset (note no. 17.1.h & 17.1.g)	149,005.00	11,917.47	
Intangible Asset under Development	3,303.97	2,869.07	14,786.54
<b>NET CAPITAL WORKS-IN-PROGRESS(A-B+C)</b>	<b>538,269.85</b>	<b>397,449.18</b>	

- 17.1 Above includes:-**
- (a) Plant & Equipment includes an amount of ₹ 8,436.64 million (Previous Year ₹ 8,176.05 million) in respect of Capital Works in Progress (CWIP) for C2-C3 plant which is mechanically complete and will be capitalized on completion of test run. Further, C3-C4 blending facility and recycling facility of C2 is mechanically completed in February 2014 and pending test run the same has been carried forward as CWIP.
- (b) CWIP of ₹ 106,279.69 million share of jointly controlled entities (Previous year ₹ 91,845.88 million).
- (c) In respect of subsidiary company, MRPL, an amount of ₹ 1,710.35 million (previous year ₹(-) 56.88 million) has been capitalized under CWIP on account of exchange difference arising on reporting of long term foreign currency monetary items pursuant to Notification no. GSR (914)E dated 29<sup>th</sup> December, 2011 issued by MCA, from the financial year ending 31<sup>st</sup> March, 2012, to adjust exchange difference arising on reporting of long term foreign currency monetary items, in so far as , they relate to the acquisition of depreciable assets, against the cost of such assets and depreciate the said adjustment, over the balance life of the assets.
- (d) In respect of Joint Venture Company, OPaL, an amount of ₹ 10.28 million (Previous year ₹ 98.70 million) has been capitalized under CWIP on account of exchange difference arising on reporting of long term foreign currency monetary items instead of charging to Statement of profit & loss.
- (e) In respect of Joint Venture Company, OMPL, an amount of ₹ 825.05 million (Previous year ₹ Nil)
- (f) In respect of Joint Venture Company, OTPC, an amount of ₹ 108.51 million (Previous year ₹ 181.87 million) has been capitalized under CWIP on account of exchange difference arising on reporting of long term foreign currency monetary items instead of charging to Statement of profit & loss, pursuant to notification no. GSR(914)E dated 29<sup>th</sup> December, 2011 issued by Ministry of Corporate Affairs, Govt. of India.
- (g) The subsidiary OVL computes acquisition cost relates to the cost for acquiring property or mineral right of proved or unproved oil and gas properties which are currently under exploration/Development stage, such cost will be transferred to producing property on commercial production from the project or written off in case of relinquishment of project. Accordingly, acquisition cost of ₹ 137,058.94 million (Previous year ₹ 11,917.47 million) has been capitalized during the year under CWIP.
- (h) The company has paid lump sum amount of ₹ 28.59 million (previous year nil) as commercial bonus to MoPNG, Govt. of India which is accounted as acquisition cost for acquiring the right of mining lease in CBM Block (NK-CBM-2001/1 & BK-CBM-2001/1).
- (i) In respect of Joint Venture Company, MSEZ, has an obligation vide Government order no. RD 309REH dated 20.06.2007 to provide various compensation to the Project Displaced Families (PDFs) including

one job per family and site for construction. The PDFs can opt for cash in lieu of site and cash in lieu of job.

The estimated provision in respect of various compensations is included in capital work in progress of ₹ 59.50 million (previous year ₹ 74.35 million) as group share. Capital work in progress includes of

₹ 168.34 million (previous year ₹ 165.82 million) as group share on account of mandatory and unavoidable expenditure incurred on creation of infrastructure at R&R colony, pursuant to Government of Karnataka Order no. KE309REH, 2006, Bangalore dated 20.06.2007. The expenditure will be transferred to the cost of land in the year in which the obligation is completed.

18 Exploratory/Development Wells In Progress		(₹ in million)	
Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	
<b>A) EXPLORATORY WELLS-IN-PROGRESS</b>			
<b>Gross Cost</b>			
Opening Balance	99,601.32	82,929.40	
Acquisition Cost	-	2,124.44	
Expenditure during the year	131,660.13	102,699.83	
<b>Less : Sale proceeds of Oil and Gas (Net of levies)</b>	<b>470.54</b>	<b>123.05</b>	102,576.78
Depreciation during the year	2,506.44	1,335.06	
	<b>233,297.35</b>	<b>188,965.68</b>	
<b>Less :</b>			
Transfer to Producing Properties	12,159.44	5,417.69	
Wells written off during the year	67,473.61	84,592.02	
Foreign Currency Translation Adjustments	(10,828.10)	(587.58)	
Other adjustments	(16.66)	(57.77)	89,364.36
	<b>164,509.06</b>	<b>99,601.32</b>	
<b>Less : Provision/Impairment</b> (Note 18.1 (a), (b), (e) & (f))	<b>27,935.56</b>	<b>20,579.93</b>	
<b>EXPLORATORY WELLS-IN-PROGRESS (A)</b>	<b>136,573.50</b>	<b>79,021.39</b>	
<b>B) DEVELOPMENT WELLS-IN-PROGRESS</b>			
Opening Balance	57,845.32	44,775.19	
Expenditure during the year	109,654.09	94,175.85	
Depreciation during the year	1,871.16	2,842.41	
Foreign Currency Translation Adjustments	1,269.70	254.14	
<b>Less: Transfer to Producing Properties</b>	<b>124,450.52</b>	<b>84,202.26</b>	13,070.14
	<b>46,189.75</b>	<b>57,845.33</b>	
<b>Less: Impairment</b>			
Opening Balance	465.78	260.73	
Provision for the year	264.49	205.05	
Write back during the year	(34.00)	-	465.78
	<b>45,493.48</b>	<b>57,379.55</b>	
<b>DEVELOPMENT WELLS-IN-PROGRESS (B)</b>	<b>45,493.48</b>	<b>57,379.55</b>	
<b>EXPLORATORY/DEVELOPMENT WELLS-IN-PROGRESS (A+B)</b>	<b>182,066.98</b>	<b>136,400.94</b>	

- 18.1 Above includes:-**
- (a) During the Financial year 2004-05, the company had acquired 90% Participating Interest in Exploration Block KG-DWN-98/2 from M/s Cairn Energy India Ltd. for a lump sum consideration of ₹ 3,711.22 million which, together with subsequent exploratory drilling costs of wells had been capitalised under 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 (DOC) had been submitted on 21.12.2009 for Southern Discovery Area and on 15.07.2010 for Northern Discovery Area to the Management Committee (MC) for review as per original time lines. The exploration period of this block has been restructured by Government upto 29.12.2013 in accordance with the Rig Holiday Policy and taking into account the delay in grant of PEL. Additional appraisal drilling along with

exploratory drilling is in progress. During the financial year 2012-13, the company had acquired the remaining 10% participating interest in the block from M/s Cairn Energy India Ltd. on actual past cost basis for a consideration of ₹2,124.44 million

Revised DOC has been submitted on 26.12.2013 to Directorate General of Hydrocarbon (DGH) for review. Further, the Operator has applied to DGH for continuation of appraisal / drilling activities for a period of 2 years or till grant of ML. Pending final decision on the DOC by the MC, as a matter of abundant caution, the company has retained a provision of ₹ 17,210.82 million (Previous Year ₹ 17,169.79 million) towards acquisition costs and cost of exploratory wells.

- (b) In accordance with policy no. 2.2.j and as per the requirement of the Guidance Note on accounting for oil and gas producing activities (Revised), the company has carried out impairment testing of assets under exploratory phase (Exploratory Wells in Progress) as on 01.04.2013. Accordingly, an amount of ₹ 4,761.42 million has been accounted as provision for impairment with corresponding amount of ₹ 3,143.01 million (net of deferred tax of ₹ 1,618.41 million) adjusted against reserves as on 01.04.2013.

Further, additional impairment testing of assets under exploratory phase (Exploratory Wells in Progress) has been carried out as on 31.03.2014, and an additional amount of ₹ 2,546.46 million has been provided during the year 2013-14 as impairment loss in the statement of profit & loss.

- (c) Change in policy of expensing the cost of stratigraphic test wells (expendable wells) on their completion irrespective of their status to carrying the cost of only those stratigraphic test wells having indications of sufficient quantity of reserves (refer accounting policy no. 2.2.e.4.1 & 2.2.e.4.2), has an impact of increase in profit before tax by

- (d) Change in policy of expensing the cost of exploratory wells which are more than two years from date of completion of drilling to carrying the cost of only those exploratory wells having indications of sufficient quantity of reserves (refer accounting policy no. 2.2.e.4.2), has an impact of increase in profit before tax by ₹ 2,489.18 million with corresponding increase in Exploratory Wells in Progress during the year ended 31.03.2014.

- (e) In respect of Farsi Block, Iran, the Subsidiary company, OVL in consortium with other partners entered into an Exploration Service Contract (ESC) with National Iranian Oil Company (NIOC) on 25<sup>th</sup> December, 2002. After exploratory drilling, FB area of the block proved to be a gas discovery and was later rechristened as Farzad-B. NIOC announced the Date of Commerciality for Farzad-B as 18<sup>th</sup> August, 2008. However, the Development Service Contract is pending. Provision has been made in respect of the OVL's investment in exploration in the Farsi Block amounting to ₹ 1,502.56 million till 31.03.2014 (previous year ₹ 1,495.85 million).

- (f) The Subsidiary company OVL, has 60% PI in Block XXIV, Syria where the development is currently suspended. In view of deteriorating law and order situation in Syria, operations of the project are temporarily suspended since May 2012. In view of the same provision has been made in respect of cost of development wells in progress amounting to ₹ 83.74 million (Previous year: ₹ 83.74 Million) and successful exploratory wells amounting to ₹ 1,914.29 million (Previous year: ₹ 1,914.29 Million) in respect of the project.

- 18.2 Above Exploratory well in progress/ Development well in progress includes ₹ Nil share of jointly controlled entities (previous year ₹ Nil).

#### 19. Goodwill on Consolidation:

(₹ in million)

Particulars	31.03.2014	31.03.2013
Gross Goodwill	244,982.36	136,424.74
<b>Less : Accumulated Amortization</b>	<b>41,903.77</b>	33,636.17
<b>Less : Provision for Impairment</b>	<b>19,533.69</b>	19,533.69
<b>Total</b>	<b>183,544.90</b>	<b>83,254.88</b>

- 19.1 The Subsidiary Company, OVL has carried out impairment assessment as on 31<sup>st</sup> March, 2014 as per Accounting Standard (AS) 28 viz. Impairment of Assets and no impairment provision was

required to be created as the value in use of the Cash Generating Units (CGU) were higher than the carrying cost in respect of CGUs for which indication was noticed (Refer note no. 43.5).

#### 20 Non-Current Investment

(₹ in million)

Particulars	No. of Shares/ Bonds/Units	Face Value per Share/ Bond/Unit (in ₹)	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>A TRADE INVESTMENTS</b>				
<b>Investment in Equity Instruments</b>				
<b>(i) Investment in Associate</b>				
(a) Pawan Hans Limited- (Unquoted) Extent of holding 49% (previous year 49%) (Net of Capital reserve of ₹ 285.32 million) (note 20.3)	120,350	10,000.00	2,189.39	2,082.70
<b>(ii) Investment in Others</b>				
(a) Indian Oil Corporation Limited- (Quoted) (212,906,190)	334,303,814	10.00	40,427.97	13,720.49
(b) GAIL (India) Limited (Quoted)	61,259,323	10.00	2,451.06	2,451.06
(c) Oil Spill Response Ltd. (Unquoted)	100	(note 20.1)	0.01	0.01
(d) Adani Petronet (Dahej) Port Pvt. Ltd.(Unquoted) (note 20.5)	11,250,000	10.00	112.50	112.50
(e) Bharuch Dahej Railway Company Limited (BDRCL)-(Unquoted)	5,000,000	10.00	50.00	50.00
<b>B NON-TRADE INVESTMENTS</b>				
<b>Investment in Government or Trust Securities (Unquoted)</b>				
(i) 8.40% Oil Co. GOI Spl. Bonds 2025	197,370	10,000.00	1,973.70	1,973.70
(ii) Other Central Govt Securities			-	62.35
<b>Total Non-current Investment</b>			<b>47,204.63</b>	<b>20,452.81</b>
Total Quoted Investments			42,879.03	16,171.55
Total Unquoted Investments			4,325.60	4,281.26
<b>Total</b>			<b>47,204.63</b>	<b>20,452.81</b>
<b>Total Market value of Quoted Investments</b>			<b>117,188.95</b>	<b>79,450.16</b>

- 20.1 Shares of Oil Spill response limited valued at GBP one each at the time of issuance. Total value in INR at the time of issuance of shares was ₹ 6,885/-.

- 20.2 Above includes:-

- (a) Figures in parenthesis relate to previous year.  
(b) Long term investment includes ₹ 299.99 million share of jointly controlled entities (previous year ₹ 349.57 million).  
(c) Long-term investments are valued at cost. Provision is made for any diminution, other than temporary, in the value of such investments.

- 20.3 In the financial year 2010-11, Company had acquired an additional number of 95,850 equity shares of ₹ 10,000/- each in its Associate Pawan Hans Ltd. (PHL) 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'.

- 20.4 In respect of PHL (Associate), the Audited Accounts

for the Financial year 2013-14, have not been received. For the purpose of consolidation of PHL, the audited Annual Accounts for the year 2012-13 and unaudited accounts for the year 2013-14 have been considered. The difference in share of profit amounting to ₹ 19.57 million between audited Profit After Tax (PAT) and unaudited PAT for the year 2012-13 has been considered as share of profit in Associate. The share of profit (unaudited) for the year 2013-14 amounting to ₹ 98.58 million has also been considered as share of profit in Associate. During the year, dividend of ₹ 11.46 million has been received from Associate and same has been adjusted against carrying value of investment.

20.5 The joint venture company PLL has investment in its joint venture company "Adani Petronet (Dahej) Port Pvt. Ltd. This investment is under lock in for a period of 5 years from the date of commercial operation (i.e. 01.09.2010) of the investee as per the Dahej LNG Port Terminal Concession Agreement dated 20<sup>th</sup> December, 2005 with Gujarat Maritime Board.



## 21 Long - Term Loans And Advances

(₹ in million)

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	
<b>Secured and Considered good</b>			
Loans & Advances to Associates	367.84	745.33	
Loans and Advances to Employees	7,612.28	7,253.06	
Loans and advances to Others	119.17	119.55	8,117.94
<b>Unsecured (Considered Good unless otherwise stated)</b>			
Capital Advances	19,332.69	22,227.16	
Public Sector Undertakings			
Considered Good	-	-	
Considered Doubtful	240.50	240.50	
<b>Less : Provision for doubtful Advances</b>	240.50	240.50	-
Advances against Equity pending allotment	9,953.78	6,779.42	
Loans and Advances to Employees			
Considered Good	739.16	688.79	
Considered Doubtful	1.73	7.75	
<b>Less : Provision for Doubtful Loan/Advances</b>	1.73	7.75	688.79
Adv Recoverable in Cash or in kind			
Considered Good ( note no. 21.3)	8,220.40	10,378.73	
Considered Doubtful (Note 21.2 )	13,141.40	13,044.32	
<b>Less : Provision for Doubtful Claims/Advances</b>	13,141.40	13,044.32	10,378.73
Loans & Advances to Others			
Considered Good	27.67	27.48	
Considered Doubtful (Note 21. 4)	1,687.30	1,022.10	
<b>Less : Provision for Doubtful Loan/Advances</b>	1,687.30	1,022.10	27.48
Cash Call Receivable from Jv partners			
Considered Good	340.27	257.27	
Considered Doubtful	6,245.07	5,920.29	
<b>Less : Provision for Doubtful cash call</b>	6,245.07	5,920.29	257.27
MAT Credit Entitlement	2,909.32	24.65	
Advance payment of Tax	329,690.97	382,492.76	
<b>Less : Provision for Taxation</b>	281,031.74	345,969.76	36,523.00
<b>Deposits</b>			
With Customs/Port Trusts etc.	37.89	37.97	
Security Deposits	157.81	86.37	
Other Deposit			
Considered Good	3,730.94	4,080.23	
Considered Doubtful	629.88	608.06	
<b>Less: Provision for Doubtful Deposits</b>	629.88	608.06	4,204.57
<b>Total</b>	<b>102,208.45</b>	<b>89,229.01</b>	

21.1 Above long term loan & advances includes ₹ 9,898.49 million share of jointly controlled entities (Previous Year ₹ 13,932.37 million).

21.2 In Ravva Joint Venture, the demand towards additional profit petroleum raised by the Government of India (Gol), due to differences in interpretation of the provisions of the Production Sharing Contract (PSC) in respect of computation of Post-Tax Rate of Return (PTRR), based on the decision of the Malaysian High Court setting aside an earlier arbitral tribunal award in favour of operator, was disputed by the operator M/s Cairn Energy India Pty Ltd. The company is not a party to the dispute but has agreed to abide by the decision applicable to the operator. The company had made a provision towards the claim made by the Gol in earlier years and the amount of provision outstanding as on 31<sup>st</sup> March, 2014 is ₹ 10,080.75 million (equivalent to USD 167.84 million) after adjustments for interest and exchange rate fluctuations. The Gol had recovered the above amount [including interest thereon USD 54.88 million (₹ 3296.09 million )] from the company in earlier years which has been carried as recoverable under Long Term Loans and advances in the Balance Sheet as at 31<sup>st</sup> March, 2014.

In subsequent legal proceedings, the Appellate Authority of the Honorable Malaysian High Court of Kuala Lumpur had set aside the decision of the Malaysian High Court and the earlier decision of arbitral tribunal in favour of operator was restored, against which the Gol had preferred an appeal before the Federal Court of Malaysia. The Federal Court of Malaysia, vide its order dated 11<sup>th</sup> October, 2011, had dismissed the said appeal of the Gol.

The company has taken up the matter regarding refund of the recoveries made in view of the favourable judgment of the Federal Court of Malaysia with MoP&NG. However, according to a communication dated 13<sup>th</sup> January, 2012 received, MoP&NG expressed the view that ONGC's proposal would be examined when the issues of ONGC carry under Ravva PSC is decided in its entirety by the Government along with other partners.

In view of the perceived uncertainties in obtaining the refund at this stage, the provision made in the books as above has been retained and netted off against the amount recoverable as above in the financial statements for the year ended 31<sup>st</sup> March, 2014.

21.3 During the financial year 2010-11, the Oil Marketing Companies, nominees of the Gol recovered USD 32.07 million (₹1,926.28 million), ONGC's share as per directives of Gol in respect of Jointly Controlled Assets-Panna, Mukta & Tapti. The recovery is towards certain observations raised by auditors appointed by the Director General of Hydrocarbons (DGH) under Production Sharing Contract (PSC) for the period 2002-03 to 2005-06 in respect of cost and profit petroleum share payable to Gol. BGEPIL along with RIL ("Claimants") have served a notice of arbitration on the Gol in respect of dispute, differences and claims arisen in connection with the term of Panna, Mukta and Tapti PSC's. Since the company is not a party to the arbitration proceedings, it had 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 PSC's. Subsequently, vide letter dated July 4, 2011 MoP&NG has advised ONGC not to participate in the arbitration initiated by RIL & BGEPIL under Panna, Mukta & Tapti PSC's. MoP&NG has also stated that in case of an arbitral award, the same will be applicable to ONGC also as a constituent of the contractor for both the PSC's. Pending final arbitral award, the same has been shown as Receivable from Gol under 'Advance Recoverable in Cash or kind or value to be received' under 'Long Term Loans and Advances. (Figures in INR is reinstated).

21.4 The subsidiary company OVL has 25% participating interest (PI) in the exploration Block Satpayev Area Kazakhstan, and 75% PI is hold by KMG the national oil company of Kazakhstan. As per the carry agreement, OVL is financing KMG's share of expenditure in the exploration block during the exploratory period (carry loan). The amount of carry loan will be refunded by KMG along with accrued interest in the event of commercial discovery and production from the project. The KMG's share of expenditure financed by OVL in the Block has been accounted for as loan to KMG. The interest on the carry loan has not been accounted for in view of uncertainty of recovery. Provision has been made towards the amount of carry loan of ₹ 1,687.30 million as on 31<sup>st</sup> March, 2014 (Previous year ₹ 1,022.10 million) to KMG in view of the block being under exploration as there is no certainty of commercial discovery and has been depicted as other loans and advances-Doubtful. (Refer note 35.2)

22	Other Non - Current Assets	(₹ in million)			
	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013		
	<b>A Secured and Considered good</b>				
	Investment in Lease	-	675.83		
	Interest accrued on loan & advances - Employees	<u>3,029.45</u>	<u>2,934.90</u>	3,610.73	
	<b>Unsecured, Considered Good unless otherwise stated</b>				
	<b>B Trade Receivables</b>				
	- Considered Good	<u>38,287.59</u>	10,638.68		
	- Considered doubtful	<u>3,712.40</u>	16,666.44		
	<b>Less : Provision for doubtful receivables</b>	<u>3,712.40</u>	<u>16,666.44</u>	10,638.68	
	<b>C Other Receivables</b>				
	- Considered Good	<u>12,029.84</u>	5,283.30		
	- Considered Doubtful	<u>4,932.46</u>	4,563.40		
	<b>Less : Provision for doubtful receivables</b>	<u>4,932.46</u>	<u>4,563.40</u>	5,283.30	
	<b>D Interest Accrued</b>				
	- On Deposits	<u>26.40</u>	23.58		
	- On Loans & Advances				
	- Considered Good	<u>100.32</u>	86.12		
	- Considered doubtful	<u>41.89</u>	41.89		
	<b>Less : Provision for interest Accrued</b>	<u>41.89</u>	<u>41.89</u>	109.70	
	<b>E Unamortised Expenditure</b>				
	- Dry Docking Charges	<u>6,621.33</u>	9,026.80		
	- Mobilisation charges	<u>764.21</u>	<u>1,016.09</u>	10,042.89	
	<b>Total Other Non-current Assets</b>	<u>60,859.14</u>	<u>29,685.30</u>		

22.1 Above other non-current Asset includes ₹ 29.92 million share of jointly controlled entities (previous year ₹ 3.02 million).

23	Current Investments (Valued at the lower of Cost and Fair Value):	(₹ in million)			
	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013		
	<b>Non Trade</b>				
	Current Maturity of Long Term Investment	-	-		
	<b>Other Investments</b>				
	Investments in Mutual Funds (Quoted)	-	421.21		
	Investments in Govt. Securities (unquoted)	<u>62.35</u>	-		
	Other Investments (unquoted)	<u>192.02</u>	407.81		
	<b>Total Current investments</b>	<u>254.37</u>	<u>829.02</u>		
	<b>Total Quoted Investments</b>	-	421.20		
	<b>Total Unquoted Investments</b>	<u>254.37</u>	407.81		

23.1 Above Current investment includes ₹ 254.37 million share of jointly controlled entities (previous year ₹ 829.02 million).

24	Inventories	(₹ in million)			
	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013		
	Raw Material	<u>26,856.29</u>	4,305.19		
	Raw Material in transit	<u>13,515.24</u>	<u>26,029.22</u>	30,334.41	
	Stock in Process	<u>4,661.66</u>	2,351.30		
	Finished Goods (note 24.2)	<u>42,575.23</u>	39,624.96		
	<b>Less: Provision for Stock loss</b>	<u>5.91</u>	<u>5.91</u>	39,619.05	
	Traded Goods	<u>0.61</u>	0.76		
	Stores and spare parts				
	- on hand	<u>62,498.54</u>	57,642.41		
	- in transit	<u>5,276.40</u>	<u>3,468.33</u>		
		<u>67,774.94</u>	<u>61,110.74</u>		
	<b>Less: Provision for non-moving Unserviceable Items</b>	<u>7,490.28</u>	<u>5,864.99</u>	55,245.75	
		<u>126.81</u>	174.64		
	<b>Total</b>	<u>148,014.59</u>	<u>127,725.91</u>		

24.1 Above inventories includes ₹ 1,930.74 million share of jointly controlled entities (Previous year ₹1,354.56 million).

24.2 This includes an amount of ₹ 3.66 million (Previous year ₹ 0.56 million) in respect of Carbon Credits.

24.3 In respect of joint venture arrangements of OVL, where the property in crude oil produced does not pass on up-to a specific delivery point,

the stock of crude oil till such delivery point is not recognized.

24.4 The subsidiary company, MRPL has valued its finished good including sulfur at lower of cost or net realizable value of ₹ 19.99 million (previous year ₹ 25.02 million).

24.5 The subsidiary company, MRPL does not quantify or value the scrap and unserviceable items.

25	Trade Receivables	(₹ in million)			
	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013		
	<b>(Unsecured, Considered Good unless otherwise stated)</b>				
	Trade Receivables - Outstanding for a period exceeding six months :				
	- Considered Good	<u>10,054.53</u>	19,014.97		
	- Considered Doubtful	<u>759.35</u>	666.86		
	<b>Less: Provision for Doubtful debts</b>	<u>759.35</u>	<u>666.86</u>	19,014.97	
	<b>Other:</b>				
	- Considered Good	<u>150,229.03</u>	134,941.12		
	- Considered Doubtful	<u>126.56</u>	220.84		
	<b>Less: Provision for Doubtful debts</b>	<u>126.56</u>	<u>220.84</u>	134,941.12	
	<b>Total</b>	<u>160,283.56</u>	<u>153,956.09</u>		

25.1 Above trade receivable includes ₹ 3,942.17 million share of jointly controlled entities (Previous year ₹ 3,446.69 million).



26	Cash and Cash Equivalents		(₹ in million)	
	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	
	Balance with Bank on Current Accounts	8,533.78	11,655.54	
	Cash on hand	4,529.90	17.31	
	Short Term Investment in Mutual Funds	12,372.59	19.75	
	Bank Deposit	218,904.03	183,322.00	
	Deposit towards margin money against guarantees issued	66.51	62.44	
	On Deposit Accounts for more than 12 months maturity	4.76	724.79	
	Unclaimed Dividend Account (Note 26.2 & 26.3)	389.69	388.68	
	<b>Total</b>	<b>244,801.26</b>	<b>196,190.51</b>	

26.1	Amount deposited in unclaimed dividend account is earmarked for payment of dividend and cannot be used for any other purpose	26.3	Above Cash and Bank balance include ₹ 7,769.03 million share of jointly controlled entities (Previous year ₹ 3,389.43 million).
26.2	Unpaid dividend includes ₹ 140.91 million (previous year ₹ 156.38 million) is pertaining to minority shares in subsidiary company MRPL.	26.4	The deposits maintained by the company with banks comprise time deposit, which can be withdrawn by the company at any point without prior notice or penalty on the principal

27	Short Term Loans And Advances		(₹ in million)	
	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	
	<b>(Secured, Considered Good)</b>			
	Loan & Advances to Associate	350.45	310.84	
	Loans and Advances to Employees	2085.35	1966.37	2,277.21
	<b>(Unsecured, Considered Good unless otherwise stated)</b>			
	Loan to Public Sector Undertakings	2,367.70	-	
	Loan & advances to Employees	517.38	429.94	
	Balance with Tax Authorities	228.73	319.21	
	Cash Call Receivable from JV Partners	8,359.22	10,153.00	
	Prepaid expenses for underleft	1,667.24	262.94	
	Adv Recoverable in Cash or in kind			
	Considered Good	35,263.56	30,807.31	
	Considered Doubtful	3,030.84	3,476.94	
	<b>Less: Provision for doubtful</b>	<b>3,030.84</b>	<b>3,476.94</b>	<b>30,807.31</b>
	Advance payment of Tax	20,419.24	22,227.91	
	<b>Less : Provision for Taxation</b>	<b>12,833.84</b>	<b>12,987.79</b>	<b>9,240.12</b>
	MAT Credit	28.21	-	
	Deposits			
	With Customs/Port Trusts etc.	3,295.19	3,063.91	
	Other Deposits ( note no. 27.2)	6,450.98	3,212.45	6,276.36
	<b>Total</b>	<b>68,199.41</b>	<b>59,766.09</b>	

27.1	Above, short term loans And advances includes ₹ 362.28 million share of jointly controlled entities (Previous year ₹ 748.92 million).		royalty being deposited by the company from 1 <sup>st</sup> February, 2014 as per the interim order of the Hon'ble Supreme Court of India. (also refer Note no. 45.2.4).
27.2	Includes ₹ 2,092.23 million towards differential		

28	Other Current Assets		(₹ in million)	
	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013	
	<b>Secured and Considered good</b>			
	<b>Interest Accrued on Loans &amp; Advances</b>			
	- Employee	246.15	216.65	
	- Associates	-	9.86	226.51
	<b>(Unsecured, Considered Good unless otherwise stated)</b>			
	Interest Accrued	1.38	1.38	
	- On Investments	2,214.85	4,023.11	
	- On Deposits	793.02	769.13	4,793.62
	- On Loans & Advances	3,009.25		
	Other Current Assets (note 28.3)	3,103.32	4,011.55	
	Cost of Ongoing Project (note 28.2)	62.87	49.97	
	<b>Unamortised Expenditure</b>			
	- Dry Docking Charges	2,933.68	3,783.05	
	- Mobilisation charges	640.69	1,032.64	4,815.69
	<b>Total</b>	<b>9,995.96</b>	<b>13,897.34</b>	

28.1	Above other current assets includes ₹ 335.08 million share of jointly controlled entities (Previous year ₹ 237.40 million).		recognized on full completion or substantial completion. Till the time of completion of project same are being carried as costs of ongoing project.
28.2	In respect of Joint venture Company OTBL, revenue from projects based on execution and costs attributable and allocable thereto are	28.3	The subsidiary company, OVL has lease investment in Khartoum-Port Sudan Pipeline Project. (refer note 41.1).

29	Revenue From Operations		(₹ in million)	
	Particulars	2013-14	2012-13	
	<b>A. Sale of Products</b>			
	<b>Own Product</b>	<b>1,808,736.23</b>	<b>1,681,824.57</b>	
	<b>Less :</b>			
	Transfer to Exploratory Wells in Progress	522.58	164.55	
	Government of India's (Gol's) share in Profit Petroleum	38,526.99	32,586.55	32,751.10
		<b>1,769,686.66</b>	<b>1,649,073.47</b>	
	<b>Traded Products Revenue</b>	<b>44.42</b>	<b>43.16</b>	
	<b>B. Other Operating Revenue</b>			
	Pipeline Transportation Receipts	4,170.92	1,057.92	
	Contractual Short Lifted Gas Receipts	80.21	51.72	
	Surplus from Gas pool Account (note 29.8)	3,720.47	3,597.73	
	North-East Gas Subsidy (note 29.7)	2,366.91	2,122.91	
	SEZ Lease Income	234.77	209.06	
	Other Operation Income	1,276.16	1,556.35	
	Processing Charges	414.03	621.69	
	Production Bonus	57.29	147.90	9,365.28
	<b>Total</b>	<b>1,782,051.84</b>	<b>1,658,481.91</b>	

- 29.1 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. Diesel, Domestic LPG and PDS Kerosene for the year 2013-14 by extending the discount in the prices of Crude Oil, Domestic LPG and PDS Kerosene based on the rates of discount communicated by Petroleum Planning and Analysis Cell (PPAC) and Ministry of Petroleum and Natural Gas (MoP&NG). The impact of discount is as under:

	(₹ in million)	
Decrease in	2013-14	2012-13
Gross Revenue	563,842.85	494,206.50
Less: Value Added Tax (VAT)	17,841.84	14,114.40
Sales Revenue	5,46,001.01	480,092.10
Less: Statutory Levies	68,440.26	59,502.49
Profit Before Tax	4,77,560.75	420,589.61

- 29.2 For Crude Oil produced in Assam, sales revenue is based on the pricing formula provided by MoP&NG. Revenue from rest of nominated crude is accounted in terms of Crude Oil Sales Agreements (COSAs) already signed and made effective from 1<sup>st</sup> April, 2010.
- 29.3 Based on the directives issued by MoP&NG and Petroleum Planning and Analysis Cell (PPAC) vide letters dated 31<sup>st</sup> May, 2012 and 1<sup>st</sup> June, 2012 respectively, w.e.f. 1<sup>st</sup> April, 2012, refineries started making deductions from ONGC payments towards Octroi/ VAT/ CST on discounts allowed by ONGC to refineries on supplies of crude oil. Total deduction made by refineries on this account from 1<sup>st</sup> April, 2012 to 30<sup>th</sup> September, 2013 amounting to ₹ 25,032.60 million (includes ₹15,846.70 million for the year 2012-13) was provided for. During the year, the company has decided to revise the sales revenue and corresponding statutory levies w.e.f. 1<sup>st</sup> April, 2012 onwards, considering deductions made by refineries based on MoP&NG directives. Aforesaid provision made by the Company till 30<sup>th</sup> September, 2013 has also been written back.
- 29.4 Recognition of revenue on account of Short Lifted Gas amounting to ₹ 1,253.74 million (Previous Year ₹ 571.42 million) has been postponed. This will be recognized when there is reasonable certainty regarding ultimate collection.
- 29.5 For APM consumers in North-East, consumer price is 60% of the producer price, i.e., US\$ 2.52/ mmbtu inclusive of royalty and the difference between producer price and consumer price is paid to the company through Gol Budget up to allocated quantity and shown as 'North-East Gas Subsidy'.
- 29.6 In respect of Joint venture company PLL, revenue from services of ₹ 253.83 million (previous year ₹ 213.10 million) are net of service tax.
- 29.7 The OVL's Subsidiary- ONGBV 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 reported using such method is ₹ 39,747.98 Million (previous year ₹ 28,534.95 million).
- 29.8 The company is supplying majority of Natural gas to Gas Authority of India Limited (GAIL) which also purchases gas from other sources and sells to APM and non-APM consumers. Based on the Government directives, excess in Gas Pool Account at the end of financial year is transferred to ONGC/ OIL in accordance with their contribution. Based on the details received from GAIL, an amount of ₹ 3,508.10 million (Previous year ₹ 3,700.00 million) for Gas Pool Receipts for the current year, ₹ 212.37 million (Previous year ₹ 339.23 million) on account of interest on Gas Pool Account and a reversal of nil (Previous year ₹ 441.50 million) has been considered as 'Surplus from Gas Pool Account'.
- 29.9 Above revenue from operation includes ₹ 50,232.74 million share of jointly controlled entities (previous year ₹ 42,411.52 million).

30 Other Income		(₹ in million)	
Particulars	2013-14	2012-13	
<b>Interest Income</b>			
Long Term Investments	169.59		439.76
Deposits with Banks/PSUs	18,388.08		20,333.50
Loans and Advances to Associate	493.81		144.62
Loans and Advances to Employees	100.92		450.84
Income Tax Refund	2,395.65		95.00
Site Restoration Fund Deposit	9,432.74		8,303.24
Delayed Payment from Customers and Others	523.60	31,504.39	1,250.16
			31,017.12
<b>Dividend Income</b>			
Long Term Investments	1,938.74		1,658.74
Short Term -Debt Mutual Funds	2,444.30	4,383.04	1,644.53
			3,303.27
<b>Other Non Operating Income</b>			
Excess Provisions written back ( note 29.3)	16,343.62		5,340.34
Liabilities no longer required written back	2,873.23		5,663.20
Profit on sale of investment	38.09		-
Contractual Receipts	1,486.27		650.06
Miscellaneous Receipts	12,308.47	33,049.68	8,932.92
			20,586.52
<b>Total</b>		68,937.11	54,906.91

- 30.1 Above other income includes ₹345.06 million share of jointly controlled entities (previous year ₹ 302.11 million).

31 (Increase)/Decrease Inventories		(₹ in million)	
Particulars	2013-14	2012-13	
<b>Closing Stock</b>			
- Stock in Process	4,661.66		2,351.30
- Finished Goods and Stock in trade	44,471.54	49,133.20	39,625.72
			41,977.02
<b>Opening Stock</b>			
- Stock in Process	2,351.30		3,525.35
- Finished Goods and Stock in trade	39,625.72		28,838.12
Less: Adjustment	36.45	41,940.57	1,591.46
			30,772.01
<b>NET (INCREASE)/DECREASE IN INVENTORIES</b>		(7,192.63)	(11,205.01)

- 31.1 Above includes ₹ (-) 26.59 million share of jointly controlled entities (previous year ₹ (-) 2,303.21 million).



32	Production, Transportation, Selling and Distribution Expenditure		(₹ in million)
	Particulars	2013-14	2012-13
	Royalty (Note 32.2)	150,101.83	137,209.63
	Cess	99,733.91	99,970.75
	Motor Spirit Cess	2.83	-
	Natural Calamity Contingent Duty	1,097.40	1,101.05
	Excise Duty on stock (Net) (Note 32.3)	150.76	275.09
	Sales Tax	3,122.96	3,834.14
	Service Tax	438.76	352.81
	Education cess	2,348.31	3,111.09
	Octroi and Port Trust Charges	4,896.60	4,057.30
	Staff Expenditure	25,308.78	24,579.93
	Workover Operations	20,944.08	19,135.41
	Water Injection, Desalting and Demulsification	11,794.01	12,854.60
	Consumption of Raw Materials, Stores and Spares	682,767.17	617,263.53
	Pollution Control	6,133.59	5,810.33
	Transport Expenses	9,419.99	8,891.83
	Insurance	2,516.25	1,653.25
	Power and Fuel	2,865.98	2,182.51
	Repairs and Maintenance	10,787.12	9,603.95
	Contractual payments including Hire charges etc.	14,407.07	9,418.05
	Other Production Expenditure	35,608.46	27,205.00
	Transportation and Freight of Products	11,559.67	11,821.98
	Research and Development	6,014.37	6,002.02
	General Administrative Expenses	38,401.83	33,369.51
	Exchange Loss (Net)	(2,894.69)	2,599.04
	Provision for mark to market loss on derivative contracts ( note-32.7)	2,244.85	1,606.76
	Adjustments for overlift/(underlift)	503.46	546.00
	Loss on sale of investment	16.12	28.79
	Other Expenditure	21,401.06	23,060.70
	<b>Total</b>	<b>1,161,692.53</b>	<b>1,067,545.05</b>
32.1	Above production, transportation, selling and distribution expenditure includes ₹ 43,919.03 million, share of jointly controlled entities (previous year ₹ 36,997.64 million).	from Sales revenue and Excise duty shown above represents the difference between excise duty on opening and closing stock of finished goods.	
32.2	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 of royalty reported in respect of Sudan and Syrian concession is ₹15,863.65 Million under Royalty above (previous year ₹ 11,833.19 million).	32.4	During the previous year, the Company had recognised additional liability of ₹ 5,079.53 million towards revision in Long Service Rewards Scheme. Further, in terms of DPE guidelines, the company had also recognized liability of ₹ 18,504.79 million towards superannuation benefits to employees. These had been allocated to activities as per the policy of the company.
32.3	Excise duty on sale of product has been deducted	32.5	An amount of ₹ 16,108.86 million has been provided during quarter ended 30 <sup>th</sup> June, 2013 (Cumulative ₹ 16,108.86 million till 31 <sup>st</sup> March, 2014) towards contribution for conversion of Post Retirement Benefit Scheme (PRBS) from Defined Benefit Scheme to Defined Contributory Scheme based on guidelines of Department of Public Enterprise. The said amount has been allocated to different activities as per the policy of the Company.

32.6

Derivative Contracts

The Joint venture company (SMASL) through subsidiary company MRPL, in line with its risk management policy, the financial risks mainly relating to changes in the exchange rates are hedged by using forward contracts.

The Joint venture company (SMASL) through subsidiary company MRPLhas adopted, during the year under review, the principles of hedge accounting as per the Accounting Standard(AS) 30 "Financial instruments: Recognition and Measurement" in respect of those derivative transactions which are not covered by the existing Accounting Standard (AS) 11. This treatment has resulted in net gain of ₹15.53 million (group share) (previous year ₹ Nil) arising out of fair valuation of outstanding derivative contracts which has been recognized in "Hedging Reserve" under "Reserve and Surplus".

Particulars of derivative contracts entered into for hedging foreign currency exchange risks, which are outstanding as at 31<sup>st</sup> March, 2014 are as under:-

(₹ in million)

Category of derivative Instruments	Group share as on 31 <sup>st</sup> March, 2014
Forward contracts for receivables including firm commitments and highly probable forecasted transactions	389.45

Un-hedged foreign currency exposures as at 31<sup>st</sup> March,2014 are as under :-

(₹ in million)

Particulars	Group share as on 31 <sup>st</sup> March, 2014
Receivables, including firm commitments and highly probable forecasted transactions	3.24

32.7

Derivative instruments and un-hedged foreign currency exposure:

The subsidiary company, OVL has entered into cross currency swap transactions with various banks whereby it has swapped the principal and interest amounts payable towards Bonds issued in domestic markets into USD liability as follows:

Underlying	Notional Principal Amount (₹ in Million)	Notional Principal Amount ( USD in Million)	Termination Date
8.40% 5 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series I	15,000.00	299.23	23 <sup>rd</sup> Dec., 2014
8.54% 10 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series II	3,700.00	73.93	6 <sup>th</sup> Jan., 2020
<b>Total</b>	<b>18,700.00</b>	<b>373.16</b>	

The business of the subsidiary company, OVL is carried out entirely outside India. The revenues of the OVL are received entirely in foreign currency and substantially all the expenses are incurred in foreign currency. Accordingly, the Company has swapped the Bonds issued in Indian Rupees into USD so as to align the currency of its liabilities and assets, thereby hedging the resulting exposure.

The above swap positions were outstanding on 31<sup>st</sup> March, 2014 and have been revalued on that date based on Mark-to-market positions reported by counter-party banks. During the year ended 31<sup>st</sup> March, 2014 Mark-to-market loss amounting to ₹ 2,244.85 Million (Previous period ₹ 1606.76 Millions) has been charged in the Statement of Profit and Loss.

**33 Depreciation, Depletion, Amortization And Impairment** (₹ in million)

Particulars	2013-14	2012-13
Depletion (refer note 15.5)	121,160.69	86,228.54
Amortisation of Goodwill	4,544.99	4,161.72
Depreciation	115,896.63	93,227.56
<b>Less : Allocated to :</b>		
Exploratory Drilling	2,506.43	1,335.06
Development Drilling	1,871.16	2,842.40
Depreciation on Facilities	64,756.79	59,741.63
Others	9,845.15	4,323.72
	36,917.10	24,984.75
<b>Impairment Loss (note 18.1(b) &amp; 43)</b>		
During the year	3,993.34	3,014.50
<b>Less:</b> Reversal during the period	807.08	756.47
	3,186.26	2,258.03
<b>Total</b>	<b>165,809.04</b>	<b>117,633.04</b>

33.1 Above depreciation, depletion, amortization and impairment, includes ₹ 832.44 million share of jointly controlled entities. (previous year ₹ 522.82 Million).

**34 Finance Costs** (₹ in million)

Particulars	2013-14	2012-13
i) Interest expenses	4,776.07	3,492.98
ii) Other borrowing costs	392.66	175.55
iii) Lease Finance Charges	411.55	388.73
iv) Foreign Exchange Fluctuation considred as Borrowing Cost	663.07	780.71
<b>Total</b>	<b>6,243.35</b>	<b>4,837.97</b>

34.1 Above finance Costs includes ₹ 765.03 million share of jointly controlled entities (previous year ₹ 494.19 Million).

**35 Provisions And Write Offs** (₹ in million)

Particulars	2013-14	2012-13
<b>PROVISIONS</b>		
For Doubtful Debts ( note-35.2)	3,305.11	16,940.14
For Doubtful Advances	4,483.48	2,461.97
For Non-Moving Inventory	1,780.50	1,066.51
For Others	102.88	2,079.73
<b>Sub-Total</b>	<b>9,671.97</b>	<b>22,548.35</b>
<b>WRITE-OFFS</b>		
Disposal/Condemnation of Fixed Assets (Net)	157.79	56.80
Claims/Advances	1.22	2.18
Inventory	55.31	84.83
Bad debts	129.96	1,101.31
<b>Less:</b> Provisions	129.96	1,101.31
Acquisition Cost Written off	-	254.37
Others	676.76	(702.94)
<b>Sub-Total</b>	<b>891.08</b>	<b>(304.76)</b>
<b>Total</b>	<b>10,563.05</b>	<b>22,243.59</b>

35.1 Above provisions and write offs includes ₹ 26.68 million shares of jointly controlled entities (previous year ₹ 5.97 million).

35.2 In respect of subsidiary company OVL, provision for doubtful debts/claims includes carry loan of ₹ 665.20 million (previous year ₹ 487.94 million) to KMG in view of the block being under exploration and there is no certainty of commercial discovery and hence the recovery of the loan. (refer note 21.4)

**36 Adjustments Relating to Prior Period (Net) :** (₹ in million)

Particulars	2013-14	2012-13
<b>A. EXPENDITURE</b>		
Statutory levies	-	51.86
Other production, selling & distribution expenditure	(188.93)	(434.96)
Excess Abandonment Provision written back (note no.44)	(2,353.23)	-
Interest -Others	343.82	12.43
Exchange Fluctuation	-	(58.47)
Survey	(6.30)	0.47
Dry Wells	82.55	455.38
Depletion	164.56	82.55
Depreciation	(85.79)	(20.24)
<b>Sub-Total</b>	<b>(2,043.32)</b>	<b>89.02</b>
<b>B. INCOME</b>		
Sales	(104.88)	(193.96)
Interest -Others	0.23	3.22
Other Income	484.70	280.90
<b>Sub-Total</b>	<b>380.05</b>	<b>90.16</b>
<b>Total (Net)</b>	<b>(2,423.37)</b>	<b>(1.14)</b>

36.1 Above adjustments relating to prior period include ₹ 64.28 million share of jointly controlled entities (Previous year ₹ 22.04 million).

**37 Earnings Per Equity Share**

Particulars	2013-14	2012-13
Net Profit after Tax ( ₹ in million)	265,065.33	242,196.44
Weighted Average Number of Shares (Nos. in million)	8,555.49	8,555.49
<b>Basic &amp; Diluted earnings per equity share( ₹ )</b>	<b>30.98</b>	<b>28.31</b>
Face Value per equity Share ( ₹ )	5.00	5.00

**38 Disclosure under Accounting Standard-16 on "Borrowing Costs" :**

Borrowing cost capitalized during the period is ₹13,659.16 million (previous year ₹ 8,413.24 million).



339 Disclosure under Accounting Standard -17 on "Segment Reporting"													(₹ in million)
339.1 The Consolidated Segment Information as per Accounting Standard AS-17 for the Company is given below :													
2013-14													
Particulars	In India			Grand Total	Unallocated	Outside India	In India			Unallocated	Outside India	Grand Total	
	E&P						E&P						
	Offshore	Onshore	Refining				Offshore	Onshore	Refining				
Revenue													
External Sales	525,036.94	239,788.50	752,463.76	1,781,946.96	46,886.24	217,771.52	499,727.85	254,709.05	688,329.15	39,943.65	175,578.25	1,658,287.95	
Inter Segment Sales	74,365.85		39.58	74,405.43	-	-	76,915.36	-	30.61	-	-	76,945.97	
Total Revenue	599,402.79	239,788.50	752,503.34	1,856,352.39	46,886.24	217,771.52	576,643.21	254,709.05	688,359.76	39,943.65	175,578.25	1,735,233.92	
Results													
Segment Result Profit (+)/Loss(-)	266,862.14	33,957.36	6,603.10	380,414.26	-	72,991.66	243,196.92	40,217.27	(1,600.02)	-	68,136.20	349,950.37	
Unallocated Corporate Expenses				15,580.67								11,118.12	
Operating Profit	266,862.14	33,957.36	6,603.10	384,833.59	(15,580.67)	72,991.66	243,196.92	40,217.27	(1,600.02)	(11,118.12)	68,136.20	338,832.25	
Interest Expenses				6,587.18						4,850.40		4,850.40	
Interest/Dividend Income				35,887.65						33,439.77		33,439.77	
Income Taxes				127,603.86						127,519.02		127,519.02	
Profit from Ordinary Activities	266,862.14	33,957.36	6,603.10	266,530.20	(113,884.06)	72,991.66	243,196.92	40,217.27	(1,600.02)	(110,047.77)	68,136.20	239,902.60	
Extraordinary Gain				-									
Net Profit	266,862.14	33,957.36	6,603.10	266,530.20	(113,884.06)	72,991.66	243,196.92	40,217.27	(1,600.02)	(110,047.77)	68,136.20	239,902.60	
Other Information													
Segment Assets	941,100.53	469,170.12	377,393.24	2,730,650.81	-	942,986.92	843,120.65	410,709.23	254,979.85	594,095.28	-	2,102,905.01	
Unallocated Corporate Assets				518,457.16						431,668.36		431,668.36	
Total Assets	941,100.53	469,170.12	377,393.24	3,249,107.97	518,457.16	942,986.92	843,120.65	410,709.23	254,979.85	594,095.28	431,668.36	2,534,573.37	
Segment Liabilities	325,744.15	101,389.08	299,210.81	1,200,515.21	-	474,171.17	291,247.23	100,824.29	184,961.53	182,509.89	-	759,542.94	
Unallocated Corporate Liabilities				327,082.90							249,750.38	249,750.38	
Total Liabilities	325,744.15	101,389.08	299,210.81	1,527,598.11	327,082.90	474,171.17	291,247.23	100,824.29	184,961.53	182,509.89	249,750.38	1,009,293.32	
Capital Expenditure	151,060.11	137,423.11	19,205.29	556,834.48	34,257.28	214,888.69	177,525.61	91,283.07	28,079.41	73,537.67	42,819.52	413,245.28	
Depreciation*	87,194.91	21,326.18	7,063.03	165,887.81	1,561.29	48,742.40	66,550.20	16,393.35	6,140.16	27,367.22	1,244.42	117,695.35	
Other Non-cash Expenses	1,595.17	645.85	164.54	10,563.02	(52.55)	8,210.01	10,138.48	8,694.15	92.42	2,912.30	406.22	22,243.57	

\* Also Includes Depletion, Amortization and Impairment Loss.

**39.2 Notes :**

- 39.2.1 The annexed matrix presentation depicts the geographical segments based on assets as primary segments and business segments as secondary segments.
- 39.2.2 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
- 39.2.3 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.
- 39.2.4 Inter Segment Sales have been priced at prevailing market rates.
- 39.2.5 Segment Assets includes ₹ 754.36 million of Intangible Assets (Previous year ₹ 1,041.25 million).

**39.2.6 Reconciliation of the Segment Revenue with the Revenue as per note 29 & 36 is given below:**

(₹ in million)

Particulars	Note	2013-14	2012-13
Revenue from operation (Gross)	29	1,782,051.84	1,658,481.91
Prior period Sales	36	(104.88)	(193.96)
<b>Total</b>		<b>1,781,946.96</b>	<b>1,658,287.95</b>
<b>Segment Revenue as per note no. 39.1</b>		<b>1,781,946.96</b>	<b>1,658,287.95</b>

**40 Disclosure under Accounting Standard -18 on "Related Party Disclosure" :****40.1 Name of related parties and description of relationship :****40.1.1 Joint Ventures/Jointly Controlled Entities :**

SI No.	Name	Relationship
<b>A</b>	<b>Jointly Controlled Entities in India</b>	
i	ONGC Mangalore Petrochemicals Ltd	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
viii	North East Transmission Company Ltd. Limited (NETC) (through OTPC)	Jointly Controlled Entity in India
ix	Mangalore STP Limited (through MSEZ)	Jointly Controlled Entity in India
x	Adani Petronet (Dahej) Port Pvt. Ltd	Jointly Controlled Entity in India
xi	Shell MRPL Aviation Fuels & Services Pvt. Limited (through MRPL)	Jointly Controlled Entity in India
xii	Mangalam Retail Services Limited (through MRPL)	Jointly Controlled Entity in India
<b>B</b>	<b>Joint Ventures/Associates of Subsidiary</b>	
i	ONGC Mittal Energy Limited, Cyprus	Joint Venture (Outside India) through OVL

**40.2 Key Management Personnel:**

Sl No.	Whole-time Functional Directors:
<b>A</b>	<b>Parent Company</b>
i)	Shri. D K Sarraf, Chairman and Managing Director from 01.03.2014.
ii)	Shri. K.S. Jamestin
iii)	Shri. A K Banerjee
iv)	Shri. Shashi Shankar
v)	Shri. N K Verma
vi)	Shri. T K Sengupta from 01.02.2014
vii)	Shri. Sudhir Vasudeva, Chairman and Managing Director up to 28.02.2014.
viii)	Shri. P K Borthakur, up to 31.01.2014.
<b>B</b>	<b>Subsidiaries and Joint Ventures</b>
i)	Shri. D K Sarraf, Managing Director , OVL (up to 28.02.2014)
ii)	Shri. S P Garg, Director (Finance)& Managing Director, OVL
iii)	Shri. S Bhattacharya, Director (Operations) OVL
iv)	Shri. Anil Bhandari, Director (Exploration) from 6 <sup>th</sup> March, 2014
v)	Shri. P.P.Upadhya, Managing Director , MRPL
vi)	Shri. Vishnu Agarwal, Director (Finance), MRPL
vii)	Shri. V.G.Joshi, Director (Refinery), MRPL from 04.04.2013
viii)	Ir. A R Baron Mackay Holding B.V., Director, ONGC Nile Ganga B.V.
ix)	Mr. Costas Christoforou, Director, Imperial Energy Limited
x)	Ms. Arlene Nahikian, Director, Imperial Energy Limited
xi)	Ms. K. Antoniadou, Director, Imperial Energy Limited
xii)	Ms. E. Chrysanthou, Director, Imperial Energy Limited
xiii)	Mr. A. Loizou, Director, Imperial Energy Limited
xiv)	Mr. Roland Göransson, Director, Carabobo One AB
xv)	Mr. Richard Chindt, Director, Carabobo One AB
xvi)	Dr. A.K. Balyan, (Managing Director & CEO), PLL
xvii)	Shri. R K Garg, Director - Finance, PLL
xviii)	Shri. Rajendra Singh, Director(Technical), PLL
xix)	Shri. Rajiv Banga, Managing Director & CEO, MSEZ
xx)	Shri. Anil Khurana, Managing Director, PMHBL
xxi)	Shri. Sudhindra Kumar Dube, Managing Director, OTPC
xxii)	Dr. P.S. V. Rao, CEO, OPaL

**40.3 Details of Transactions****40.3.1 Joint Ventures/ Jointly Controlled Entities :**

(₹ in million)

Details	2013-14	2012-13
<b>Sale of Products to</b>		
a) Shell MRPL Aviation Fuels & Services Pvt. Limited	<b>5,877.10</b>	4,022.24
b) ONGC Mangalore Petrochemicals Ltd	<b>2,564.58</b>	-
c) ONGC Tripura Power Co. limited	<b>1236.49</b>	184.79
<b>Services Received from :</b>		
a) ONGC Teri Biotech Ltd	<b>112.42</b>	182.34
b) Dahej SEZ Ltd.	<b>9.12</b>	9.33
c) ONGC Mangalore Petrochemicals Ltd.	<b>1.01</b>	1.03
d) Petronet MHB Ltd	<b>62.57</b>	-
e) Mangalore SEZ Ltd.	<b>13.68</b>	1.42
f) Petronet LNG Ltd	<b>-</b>	0.78
<b>Services Provided to :</b>		
a) ONGC Petro-additions Ltd.	<b>117.63</b>	117.50
b) ONGC Teri Biotech Limited	<b>0.12</b>	-
c) Mangalore SEZ Ltd.	<b>-</b>	5.80
d) ONGC Tripura Power Co. Ltd.	<b>235.96</b>	220.35
e) ONGC Mangalore Petrochemicals Limited	<b>7.16</b>	11.75
f) Petronet MHBLtd	<b>29.18</b>	-
g) Petronet LNG Ltd	<b>-</b>	1.32
h) Shell MRPL Aviation Fuels & Services Pvt. Limited	<b>0.33</b>	0.29
<b>Advance against Equity during year :</b>		
a) ONGC Petro-addition Ltd	<b>6,985.60</b>	-
b) Dahej SEZ Ltd	<b>-</b>	-
c) ONGC Tripura Power Co. Limited	<b>2,925.10</b>	103.32
<b>Dividend Income</b>		
a) Petronet LNG Limited	<b>234.38</b>	234.38
b) Shell MRPL Aviation Fuels & Services Pvt. Limited	<b>12.00</b>	-
<b>Amount Receivable :</b>		
a) ONGC Petro-additions Limited	<b>54.69</b>	42.96
b) ONGC Tripura Power Co. Ltd	<b>373.80</b>	-
c) Mangalam Retail Services Limited	<b>-</b>	0.05
d) Mangalore SEZ Ltd.	<b>119.37</b>	134.19
e) ONGC Mangalore Petrochemicals Limited	<b>685.32</b>	17.42
f) Shell MRPL Aviation Fuels & Services Pvt. Limited	<b>622.96</b>	406.91
g) Petronet MHBLtd	<b>6.59</b>	-
<b>Amount Payable :</b>		
a) ONGC Teri Biotech Ltd	<b>51.55</b>	115.98
b) Petronet MHBLtd	<b>-</b>	1.83
c) Dahej SEZ Ltd.	<b>7.54</b>	7.00
d) ONGC Tripura Power Co. Ltd	<b>0.02</b>	-
e) Mangalore SEZ Ltd	<b>0.09</b>	-
<b>Advance against Equity outstanding :</b>		
a) ONGC Petro-addition Limited	<b>6709.24</b>	3,328.69
b) ONGC Tripura Power Co. Ltd	<b>2925.10</b>	-
c) ONGC Mangalore Petrochemicals Ltd.	<b>9,799.76</b>	9,799.76
d) Mangalam Retail Services Ltd	<b>0.50</b>	0.50

**40.3.2 Key Management Personnel**

Remuneration Paid to Key Management Personnel ₹ 69.08 million (previous year ₹ 70.86 million).



41 Disclosure under Accounting Standard - 19 on 'Leases'

41.1 Khartoum - Port Sudan Pipeline Project:

The subsidiary company , OVL had completed 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 payment under the contract with GOS were scheduled to be received over a period of 10 years including a moratorium of one year from the date of the contract (30<sup>th</sup> 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 under the contract due till 30<sup>th</sup> December, 2010 have been received. The 12<sup>th</sup>,13<sup>th</sup>, 14<sup>th</sup>, 15<sup>th</sup>, 16<sup>th</sup> and 17<sup>th</sup> installment of ₹ 5,091.89 Million (Company's share ₹ 4,582.70 Million ) due on 30<sup>th</sup> June, 2011, 30<sup>th</sup> December, 2011, 30<sup>th</sup> June, 2012, 30<sup>th</sup> December, 2012, 30<sup>th</sup> June, 2013, 30<sup>th</sup> December, 2013 respectively have not yet been received. As per an insurance policy, the company has received the claim for the 12<sup>th</sup> and 13<sup>th</sup> installments from ECGC. No insurance is available for further installments (14<sup>th</sup> to 18<sup>th</sup>).

The disclosure in accordance with the Accounting Standard (AS) 19 viz. Leases is as under:

(₹ in million)

Particulars	31 <sup>st</sup> March, 2014		31 <sup>st</sup> March, 2013	
	Gross	Net	Gross	Net
a) Reconciliation between the total gross investment in the lease and the present value of minimum lease payments as at year end				
- Not later than one year	1,516.48	1,504.53	4,119.95	4,035.15
- Later than one year and not later than five years	-	-	686.65	675.83
- Later than five years	-	-	-	-
<b>Total</b>	<b>1,516.48</b>	<b>1,504.53</b>	<b>4,806.60</b>	<b>4,710.98</b>
b) Unearned Finance Income	11.95		95.62	
c) Unguaranteed residual value accruing to OVL's benefit	Nil		Nil	
d) Accumulated provision for uncollectible minimum lease payments receivable	Nil		Nil	
e) Contingent rents recognised in the statement of profit and loss for the period	Nil		Nil	
f) General description of the significant leasing arrangement	As described in para above		As described in para above	
g) Accounting Policy followed in respect of initial direct costs	As per note no. 2.2.zb.1		As per note no. 2.2.zb.1	

The EPC contractor executing the project claimed additional costs aggregating to ₹ 2,231.23 million (Previous year ₹ 2,020.59 million), Company's 90% share being ₹ 2,008.11 million (Previous year ₹ 1,818.53 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 ₹ 2,773.57 million (Previous year ₹ 2,511.73 million), Company's share being ₹ 2,496.21 million (Previous year ₹ 2,260.56 million). No revenue in respect of the claim on GOS has been recognized since the claim has not been accepted by GOS. OVL has served a pre-arbitral notice on GOS which is a requirement prior to initiating any legal proceedings in Sudan. The EPC contractor has initiated arbitration with a claim for ₹ 1,530.93 million (Previous year ₹ 1,386.40 million) plus interest against the Company. Pending settlement with the EPC contractor, an amount of ₹ 1,377.84 million (Previous year ₹ 1,247.76 million), being the Company's 90% share out of total claim of ₹ 1,530.93 million (Previous year ₹ 1,386.40 million) has been accounted as liability in the relevant year of claim. The arbitration award has been pronounced on 27<sup>th</sup> March, 2014. The award provides for the payment of ₹ 204.88 million (US\$ 3.31 million) and interest ₹ 15.78 million (US\$ 0.26 million). The parties have option to go to court within 90 days of the arbitration award. Since the company has already accounted for the claim amount as expenditure for ₹ 2,008.11 million (Previous year ₹ 1,818.53 million). The differential of the amount accounted for and award will be adjusted subject to further action on the expiry of 90 days period. The estimated reversal of expenditure is ₹ 1,334.23 million (US\$ 22.21

million). The interest amount would be treated on clarity of further action by either parties within 90 days of the arbitration award.

41.2 Financial Lease for BC-10 Project

ONGBV owns 15% equity shares in Tamba B.V. The Netherlands; with the balance held by Shell E & P Offshore Services B.V., The Netherlands ("SEPBV"), and Petrobras 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 a major oil field equipment (FPSO) and constructed other sub-sea assets for onwards lease to BC-10 Project. Both financial leases commenced on 31<sup>st</sup> December, 2008.

Tamba B.V. leases part of its assets from a third party, Brazilian Deepwater and re-leased these to BC-10 joint venture operated by Shell Brasil Ltda. The risks and rewards incidental to ownership are largely transferred to the lessee. These assets are capitalised and recognized in the balance sheet of BC-10 as from the date the lease contract is concluded, at the lower of the fair value of the asset and the discounted value of the minimum lease installments. The lease installments payable are broken down into repayment and interest components, based on a fixed interest rate and installments as derived from the underlying agreement. The lease commitments are carried under long-term liabilities exclusive of interest. The interest component is recognized in the profit and loss account in accordance with the lease installments.

Revenue of finance lease contracts represents the transfer of economic ownership from Tamba B.V. (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 = ₹ 61.84) are is tabulated below:-

(₹ in million)

Lease liability	
Opening balance as at 01.04.2013	3,648.12
Interest	399.19
Lease Payments	1,161.14
Addition of Lease Liabilities due to increase of Shares by 12%	2,776.34
Foreign Currency Translation Adjustment	820.38
<b>Closing balance as at 31.03.2014</b>	<b>6,028.83</b>

The Company's 27% share of future estimated minimum lease expenses in the year and their present values are scheduled to be as follows:

(₹ in million)

Particulars	< 1Year	1-5 Years	>5Years	Total
Future minimum lease payments	1,258.65	4,827.72	1,994.30	8,080.68
Present value of minimum lease payments	1,217.72	3,768.86	1,042.26	6,028.84

- 41.3 Tamba B.V., JV company of ONGBV (27%) has entered into a 15-year lease contract for the supply of the FPSO 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. The interest rate implicit in the lease is 9.5% (Previous year 9.5%).
- 41.4 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 ₹ 1,020.78 million (Previous year ₹ 1,011.83 million) had been paid towards cancellable Operating Lease.
- 41.5 The Joint venture company, OTPC, has certain office premises under operating lease non-cancellable agreements. The lease rental expense recognized in the Statement of Capital Work-in-Progress for the period ended 31<sup>st</sup> March, 2014 is ₹ 9.24 million (previous year ₹ 9.24 million) as group share. Liability amounting to ₹ 3.73 million (previous year ₹ 2.79 million) as group share has been provided for rent equalization reserve till 31<sup>st</sup> March, 2014.

The group share in future minimum lease payments and payment profile under the non-cancelable operating leases are as follows:

Particulars	As at 31.03.2014	As at 31.03.2013
Not later than one year	11.55	9.24
Later than one year and not later than five years	43.91	46.22
Later than five years	-	6.93
<b>Total</b>	<b>55.46</b>	<b>62.39</b>

42. Disclosure under Accounting Standard - 27 on Financial Reporting of Interest in Joint Ventures:
- 42.1 Jointly Controlled Assets in India

In respect of certain blocks, the Company's Joint Ventures (JV) with certain body corporates have entered into Production Sharing Contracts (PSCs) with GoI. Details of these blocks and JVs as on 31.03.2014 are as under:

Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
<b>A</b>	<b>Jointly Operated JVs</b>		
1	Panna, Mukta and Tapti	40% (40%)	BGEPIL 30%, RIL 30%
2	AN-DWN-2009/3	60% (60%)	OIL 40%
<b>B</b>	<b>ONGC Operated JVs</b>		
3	CB-OS/1 Development Phase**	55.26% (55.26%)	TPL 6.7%, HOEC 38.04%
4	MN-DWN-98/3**	100% (60%)	(PIBBV 40%)
5	MN-OSN-2000/2	40% (40%)	GAIL 20%, IOC 20%, OIL 20%
6	AA-ONN-2001/2	80% (80%)	IOC 20%
7	AA-ONN-2001/3	85% (85%)	OIL 15%
8	KK-DWN-2002/2	80% (80%)	HPCL 20%
9	CY-ONN-2002/2	60% (60%)	BPRL 40%
10	AA-ONN-2002/4	90% (90%)	OIL 10%
11	CY-DWN-2004/3	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
12	CY-PR-DWN-2004/1	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
13	CB-ONN-2004/1**	60% (50%)	GSPC 40%, (HERA-MEC LTD 10%)
14	CB-ONN-2004/2	55% (55%)	GSPC 45%
15	CB-ONN-2004/3	65% (65%)	GSPC 35%
16	CY-ONN-2004/1	80% (80%)	BPRL 20%

Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
17	CY-ONN-2004/2	80% (80%)	BPRL 20%
18	MB-OSN-2005-1	80% (80%)	GSPC 20%
19	MB-OSN-2005-5	70% (70%)	GSPC 30%
20	MB-OSN-2005-6	80% (80%)	GSPC 20%
21	KG-DWN-2005/1	70% (70%)	IOC 20%, GSPC 10%
22	KK-DWN-2005/2	90% (90%)	GSPC 10%
23	KG-OSN-2005/1	60%(60%)	HMEL 20%, GSPC 20%
24	KG-OSN-2005/2	80% (80%)	HMEL 20%
25	Raniganj	74% (74%)	CIL 26%
26	Jharia	90% (90%)	CIL 10%
27	NK-CBM-2001/1	80% (80%)	IOC 20%
28	BK-CBM-2001/1	80% (80%)	IOC 20%
29	CB-ONN-2005/4	51% (51%)	GSPC 49%
30	CB-ONN-2005/10	51% (51%)	GSPC 49%
31	PR-ONN-2005/1	80% (80%)	TPL 20%
32	WB-ONN-2005/4	75% (75%)	OIL 25%
33	AA-ONN-2005/1	60% (60%)	OIL 30%, ACIL -10%
34	GV-ONN-2005/3	80% (80%)	TPL 20%
35	AN-DWN-2009/2	60% (60%)	OIL 40%
36	AN-DWN-2009/1	70% (70%)	OIL 30%
37	AN-DWN-2009/5**	100%(90%)	(GSPC 10%)
38	AN-DWN-2009/13**	80% (70%)	GAIL 10%, NTPC 10%, (GSPC 10%)
39	AN-DWN-2009/18	60% (60%)	OIL 30%, GAIL 10%
40	GK-OSN-2009/1	40%(40%)	AWEL 20%, GSPC 20%, IOC 20%
41	GK-OSN-2009/2	40%(40%)	AWEL 30%, IOC 30%
42	KG-OSN-2009/1	80% (80%)	APGIC 10%, NTPC 10%
43	KG-OSN-2009/2	90% (90%)	APGIC 10%
44	KG-OSN-2009/4	50% (50%)	APGIC 10%, OIL 30%, NTPC 10%
45	AA-ONN-2009/3	50% (50%)	OIL 50%
46	CB-ONN-2009/4	50% (50%)	GSPC 50%
47	GK-OSN-2010/1	60% (60%)	OIL-30%, GAIL-10%
48	GK-OSN-2010/2	90% (90%)	GAIL- 10%
49	CB-ONN-2010/6	80% (80%)	IOC- 20%
<b>C.</b>	<b>Operated by JV Partners</b>		
50	Ravva	40% (40%) 25%, ROPL 12.5%	Cairn India (Operator) 22.5% , VIL
51	CY-OS-90/1 (PY3)	40% (40%) TPL 21%	HEPI (operator) 18%, HOEC 21%
52	RJ-ON-90/1	30% (30%) CEHL 35%	Cairn India (Operator) 35%,
53	CB-OS/2 -Development Phase	50% (50%) TPL 10%	Cairn India (operator) 40% ,
54	CB-ON/7 -Development Phase	30% (30%)	HOEC (Operator) 35%, GSPC 35%
55	CB-ON/3 - Development Phase	30% (30%)	EOL (Operator)70%
56	AA-ONN-2002/3	70% (70%)	OIL (Operator) 30%
57	AN-DWN-2003/2	45%(45%)	ENI (Operator) 40% GAIL 15%
58	KG-ONN-2003/1	51% (51%)	Cairn India 49% (Operator)



Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
59	PR-OSN-2004/1	35% (35%) TPL 30%	Cairn India (Operator) 35%,
60	CB-ON/2- Development phase	30% (30%)	GSPC (Operator) 56%, Geo-Global Resources 14%
61	RJ-ONN-2005/3	40% (40%)	GSPC (Operator) 60%
62	AA-ONN-2009/4	50% (50%)	OIL(Operator) 50%
63	CY-OSN-2009/2	50% (50%)	OIL 50% (Operator)
64	KG-DWN-2009/1	45% (45%) APGIC 10%	BGEPIL 30%(Operataor), OIL 15%,
65	RJ-ON/6 - Development phase	30% (30%)  45.5%,	Focus Energy Ltd (Operator) 7% I services Investment Ltd, Mauritius Newbury Oil Co. Ltd, Cyprus 17.5%
66	AA-ONN-2010/2	30% (30%)	OIL-40%, GAIL-20%, EWP-10%
67	AA-ONN-2010/3	40%(40%)	OIL-40%, BPRL-20%

\* PI - Participating Interest

\*\* Approval towards assignment of PI is awaited from Gol

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

**Abbreviations:-**ACL- Assam Company (India) Ltd, APGIC- AP Gas Infrastructure Corporation Ltd, AWEL- Adani Welspun Exploration Ltd, BGEPIL- British Gas Exploration & Production India Ltd, BPRL- Bharat Petro Resources Ltd, Cairn India-Cairn India Ltd, CEHL- Cairn Energy Hydrocarbons Ltd, CIL- Coal India Ltd, ENI Ente Nazional eldrocarburi, Ensearch- Enserach, EWP- East west Petroleum Canada, GAIL- Gas Authority of India Ltd, GGR- Geo Global Resources, GSPC- Gujarat State Petroleum Corporation Ltd, HEPI- Hardy Exploration & Production India Ltd, Heramec- Heramec Ltd, HEPI-

Hardy Exploration & Production (India), HEIBV-Hydro Oil & Energy India BV, HMEL- HPCL Mittal Energy Ltd, HOEC- Hindustan Oil Exploration Company Ltd, HPCL- Hindustan Petroleum Corporation Ltd, IOC- Indian Oil Corporation Ltd, INPEX- INPEX Offshore East India Ltd, NTPC- National Thermal Power Corporation Ltd, OIL- Oil India Ltd, PIBBV-Petrobras International Braspero BV, VIL- Videocon Industries Ltd, RIL- Reliance Industries Ltd, ROPL- Ravva Oil (Singapore) Private Ltd, SRL- Sunterra Resources Ltd, TPL- Tata Petrodyne Ltd.

42.2 List of the blocks surrendered during the year are given below:

Sl. No.	Joint Ventures / PSCs	Company's PI *
1	PA-ONN-2004/1	100% (100%)
2	CB-ONN-2004/4	60%(60%)
3.	CY-DWN-2004/1	70% (70%)
4.	CY-DWN-2004/2	70% (70%)
5.	CY-DWN-2004/4	70% (70%)
6.	CY-PR-DWN-2004/2	70% (70%)
7.	GV-ONN-2004/1	100%(100%)
8.	KG-DWN-2004/1	70% (70%)
9.	KG-DWN-2004/2	60% (60%)
10.	KG-DWN-2004/3	70% (70%)
11.	KG-DWN-2004/5	50% (50%)
12.	KG-DWN-2004/6	34% (34%)
13.	AN-DWN-2005/1	90% (90%)

\* PI - Participating Interest

42.3 The Financial position of the JV/NELP blocks are as under :

(₹ in million)

Particulars	No. of Jvs/ NELP Blocks	Assets	Liabilities	Income	Expenditure	Profit / (-) Loss before tax
NELP Block-100% PI*	19 (21)	37,773.90 (15,654.33)	341.84 (368.09)	96.45 (71.51)	20,154.93 (26,243.39)	-20,058.48 (-26,171.88)
Blocks with other partners	67 (78)	103,668.42 (92,348.44)	44,450.57 (28,134.96)	182,462.92 (170,084.17)	142,405.71 (106,303.27)	40,057.21 (63,780.91)
Surrendered	49 (41)	5,209.85 (3,346.44)	9,565.83 (8,979.16)	0.37 (613.22)	2,045.23 (8,646.73)	-2,044.86 (-8,033.51)
<b>Total</b>	<b>135 (140)</b>	<b>146,652.16 (111,349.21)</b>	<b>54,358.23 (37,482.21)</b>	<b>182,559.73 (170,768.90)</b>	<b>164,605.87 (141,193.38)</b>	<b>17,953.87 (29,575.52)</b>

42.3.1 The financial statements of 124 (previous year 129) out of 135 (previous year 140) JVs/NELP 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 in respect of balance 11 (previous year 11) JVs/NELP, the figures have been incorporated on the basis of uncertified statements prepared under the production sharing contracts. Both the figures have been adjusted for changes as per Note No. 2.I.1.

The financial positions of JV/NELP are as under:

(₹ in million)

Particulars	No. of JVs/ NELP Blocks	Assets	Liabilities	Income	Expenditure	Profit / (-) Loss before tax
Audited	124 (129)	145,807.09 (110,369.47)	51,823.77 (34,943.33)	182,255.94 (170,599.99)	163,656.37 (139,865.63)	18,599.58 (30,734.36)
Unaudited	11 (11)	845.07 (979.74)	2,534.46 (2,538.89)	303.79 (168.91)	949.50 (1,327.76)	-645.71 (-1,158.85)
<b>Total</b>	<b>135 (140)</b>	<b>146,652.16 (111,349.21)</b>	<b>54,358.23 (37,482.21)</b>	<b>182,559.73 (170,768.90)</b>	<b>164,605.87 (141,193.38)</b>	<b>17,953.87 (29,575.52)</b>

42.3.2 In respect of 12 NELP blocks (previous year 16) which have expired as on 31<sup>st</sup> March, 2014, the Company's share of Unfinished Minimum Work Programme (MWP) amounting to ₹ 18,014.12 million (previous year to ₹ 19,560.95 million) has not been provided for since the company has already applied for further extension of period in these blocks as 'excusable delay/' special dispensations citing technical complexities, within the extension policy of NELP Blocks, which are under active consideration of Gol. The delays have occurred generally on account of pending statutory clearances from various Govt. authorities like Ministry of Defense, Ministry of Commerce, environmental clearances, State Govt. permissions etc. The above MWP amount of ₹ 18,014.12 million (previous year ₹ 19,560.95 million) is included in MWP commitment under note no. 45.1.2.

42.3.3 As per the Production Sharing Contracts signed by the Company with the Gol, 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 Gol. LD amounting to ₹ 245.65 million (Previous year ₹ 293.30 million) and cost of unfinished MWP (net of reversal) ₹ (-) 59.14 million (Previous year ₹ 217.14 million), paid/payable to the Gol is included in survey and wells written off expenditure.

42.3.4 The company had acquired Participating Interest (PI) (BGEPIIL) in the following blocks, effective from the of British Gas Exploration & Production India Ltd following dates as approved by the board of directors.

Name of the Block	PI	Date of Transfer of PI
KG OSN 2004/1	45%	25.11.2011
KG DWN 98/4	30%	18.05.2011
MN DWN 2002/2	25%	01.12.2011

British Gas has agreed to pay a lump sum amount of USD 50 Million, towards full and final settlement of carry costs/cash calls due in all the above blocks, subject to government approval for transfer of PI in all the above blocks. Since the government approval in respect of MN DWN 2002/2 is pending, no adjustment is made in the accounts towards the lump sum amount due as above.

42.4 Company's share in Joint Ventures (Outside India) through Subsidiary - OVL

Sl. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members	Operator	Status
1	Block 06.1 Vietnam, Offshore	45%	TNK Vietnam B.V. -35% Petrovietnam - 20%	TNK Vietnam B.V.	The project is under development and production
2	Block 2a, 2b & 4, GNPOC. Sudan, Onshore (Through ONGC Nile Ganga B.V.)Onshore	25%	CNPC - 40% Petronas - 30% Sudapet - 5%	Joint Operatorship (GNPOC)	The project is under production.
3	Block 1a, 1b, & 4, GPOC South Sudan, Onshore (Through ONGC Nile Ganga B.V.)Onshore	25%	CNPC - 40% Petronas - 30% Nilepet - 5%	Joint Operatorship (GPOC)	The project is under production. Currently under temporary shutdown due to security situation
4	Block 5A South Sudan, Onshore	24.125%	Petronas - 67.875% Nilepet - 8%	Joint Operatorship (SPOC)	The project is under development and production. Currently under temporary shutdown due to security situation.
5	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
6	AFPC Project Syria, Onshore (Through ONGC Nile Ganga B.V.) *	38.75%	Fulin - 50% Mittals - 11.25%	SSPD *	The project is under production.
7	MECL Colombia, Onshore (Through ONGC Amazon Alaknanda Limited)	50%	Sinopec - 50%	Joint Operatorship	The project is under exploration, development and production
8	Block BC-10 Brazil, Offshore (Through ONGC Nile Ganga B.V.)**	27%	Shell - 73%	Shell	The project is under development and production
9	OOO Imperial Frac Service (Through Imperial Energy Ltd)	50%	Mr. Vladimir Aleksandrovich Borisov - 50%	OVL	The company provides Fracking Services
10	San Cristobal Project Venezuela, Onshore (Through ONGC Nile Ganga B.V.)	40%	CVP- 60%	Joint Operatorship	The project is under development and production

Sl. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members	Operator	Status
11	Block A-1 Myanmar, Offshore	17%	Daewoo - 51% MOGE- 15% KOGAS - 8.5% GAIL - 8.5%	Daewoo	The project is under production.
12	Block A-3 Myanmar, Offshore	17%	Daewoo - 51% KOGAS - 8.5% GAIL - 8.5% MOGE- 15%	Daewoo	The project is under production.
13	Farsi Block Project Iran, Offshore	40%	IOC - 40% OIL - 20%	OVL	The project 's exploration period ended on 24 June 2009. Agreement on MDP and Development service contract is pending.
14	Block XXIV Syria, Onshore	60%	IPRMEL - 25% Triocean-15%	IPR MEL	IPRMEL the Operator declared Force Majeure effective 29 April 2012
15	Khartoum-Port Sudan Pipeline Project Sudan, Onshore	90%	OIL - 10%	OVL	The pipeline has been completed and 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, Offshore (Through ONGC Nile Ganga B.V)	25%	Petrobras- 75%	Petrobras	The project is under exploration
20	LLA - 69 (Through MECL)	50%	SINOPEC- 50%	Joint Operatorship	The project is under exploration
21	Block SSJN-7 Colombia, Onshore	50%	Pacific - 50%	Pacific	The project is under exploration
22	Block CPO-5 Colombia, Onshore	70%	Petro Dorado - 30%	OVL	The project is under exploration
23	SHWE Offshore Pipeline Project, Myanmar, Offshore	17%	Daewoo - 51% KOGAS - 8.5% GAIL - 8.5% MOGE - 15%	Daewoo	Pipeline is completed and transportation of Block Myanmar A1/A3 Gas
24	Onshore Gas Pipeline Project (SEAGPCL), Myanmar, Onshore (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 operation.
25	Carabobo Project, Venezuela Onshore (Through Carabobo One AB)	11%	CVP - 60% Petronas Ve-11% Repsol Exp-11% INDOIL-7%	Joint operatorship	The project is under development and production.
26	Satpayev Contract Area 3575, Kazakhstan, Offshore	25%	KMG - 75%	SOLLP	The project is under Exploration



Sl. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members	Operator	Status
27	Azeri, Chirag, Guneshli fields Azerbaijan, Offshore	2.72%	BP - 35.79% SOCAR - 11.65% Chevron - 11.27% Inpex - 10.96% Statoil - 8.56% Exxon-Mobil - 8.00% TPAO - 6.75% Itochu - 4.30%	BP	The project is under development and production
28	BTC Pipeline Azerbaijan, Onshore (Through ONGC (BTC))	2.36%	BP - 30.1% SOCAR - 25% Chevron - 8.9% Statoil - 8.71% TPAO - 6.53% Eni - 5% Total - 5% Itochu - 3.40% Inpex - 2.5% Conoco Philips -2.5%	BP	The project is under operation
29	Area 1 offshore Block, Mozambique***	16.00%	Anadarko- 26.5% Mitsui-20% PTTEP-8.5% BPRL-10% OIL-4% ENH-15%	Anadarko	The project is under development
30	Block SS 04, Bangladesh offshore	45.00%	OIL-45% BAPEX-10%	OVL	The project is under exploration
31	Block SS 09, Bangladesh offshore	45.00%	OIL-45% BAPEX-10%	OVL	The project is under exploration

**Abbreviations used:** CNPC - China National Petroleum Corporation; CNPC-SEAP-CNPC South-East Asia Pipeline Co Ltd; CVP - CorporacionVenezolana Del Petroleo S.A.; Daewoo - Daewoo International Corporation; ENL - Exxon Neftegas Limited; Fulin - Fulin Investments Sarl; GAIL - GAIL (India) Limited; GNPOC - Greater Nile Petroleum operating Company; GPOC - Greater Pioneer Operating Company; SPOC - Sudd Petroleum Operating Company;IOC - Indian Oil Corporation Limited; INDOIL- Indoil Netherlands B.V.; IPRMEL - IPR Mediterranean Exploration Limited; KMG KazMunayGas; KOGAS - Korea Gas Corporation; B.V; Mittals - Mittal Investments Sarl; MOGE- Myanmar Oil and Gas Enterprise; Nilepet - Nilepet Limited, South Sudan; OCL - ONGC Campos Ltda.. OIL - Oil India Limited; Pacific - Pacific Stratus Energy, Colombia; Petrobras - PetroleoBrasileiro S.A.; Petro-Dorado - Petro-Dorado South America S.A.; Petronas - Petronas Carigali Overseas Sdn Bhd; PetronasVe: 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; SMNG -

Sakhalinmorneftegas Shelf; SODECO - Sakhalin Oil Development Company Limited; SOLLP - Satpayev Operating Company LLP (100% subsidiary of KMG); SSPD: Syria Shell Petroleum Development B.V.; Sudapet - Sudapet Limited; Triocean: Tri-Ocean Mediterranean; SOCAR: State Oil Company of Azerbaijan Republic; TPAO - Turkish Petroleum Corporation; BREML - Beas Rovuma Energy Mozambique Ltd; ENH - Empresa Nacional De Hidrocarbonates, E.P  
# Ovl holds 60% shares in BREML  
\* 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.  
\*\*In case of Block BC-10 Brazil, Offshore additional 12% stake was acquired on 30<sup>th</sup> December, 2013.  
\*\*\*In case of Area 1 offshore Block, Mozambique, 10% is directly held by ONGC Videsh Ltd. and 6% through subsidiary BREML.

42.5 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	Asset	Liabilities	Income	Expenditure* (Including depreciation)	Profit/(-) Loss before Tax
<b>A. Audited as of 31<sup>st</sup> March, 2014</b>					
Block 06.1, Vietnam	10,194.97	1,571.18	8,951.34	5,698.91	3,252.43
Farsi Block, Iran	(0.30)	62.23	0.24	12.59	(12.35)
Sudan Pipeline, OVL's Share (90%)	689.96	4,618.35	93.21	3,372.35	(3,279.14)
LLC Imperial Frac Service-Jarpeno	310.96	11.22	465.95	332.51	133.44
Block 2a, 2b & 4, Sudan	24,736.09	5,967.80	31,872.39	25,491.99	6,380.40
Block 1a, 1b, & 4, South Sudan	6,785.99	1,032.52	8,752.55	6,395.05	2,357.50
Block BC-10 & Exploratory Blocks, Brazil	73,934.48	37,064.75	14,853.02	12,764.99	2,088.03
PIVSA (San Cristobal), Venezuela	22,570.80	38,054.57	27,615.66	17,070.72	10,544.94
Pipeco 1 onshore Project, Myanmar (SEAGP)	5,923.11	681.28	403.30	413.40	(10.10)
Tamba B.V.	26,685.63	7,653.40	7,373.96	5,363.00	2,010.96
AFPC, Syria	5,166.20	742.90	-	202.82	(202.82)
MECL, Colombia	27,344.03	4,916.66	20,104.51	10,143.26	9,961.25
Petro Carabobo, Venezuela**	11,641.94	2,078.81	699.71	851.77	(152.06)
BREML, Mozambique	16,776.06	2,666.60	-	29.00	(29.00)
<b>Total (A)</b>	<b>232,759.93</b>	<b>107,122.28</b>	<b>121,185.84</b>	<b>88,142.36</b>	<b>33,043.48</b>
<b>B. Audited as of 31<sup>st</sup> December, 2013</b>					
Sakhalin 1 Russia	169,247.67	46,714.49	69,417.10	32,601.99	36,815.11
Block RC-8, Colombia	(0.48)	583.08	-	124.29	(124.29)
Block RC-10, Colombia	0.98	789.72	-	183.31	(183.31)
Block RC-9, Colombia	40.49	6.26	0.34	122.76	(122.42)
Blocks 25-29, & 36, Cuba	2.39	(470.59)	0.02	(70.23)	70.25
Block A-1, Myanmar	13,950.01	3,212.85	331.53	1,097.98	(766.45)
Block A-3, Myanmar	4,824.51	745.03	2,091.78	1,270.92	820.86
CPO 5 Block, Colombia	1,004.02	386.55	0.37	718.44	(718.07)
SHWE Offshore Pipeline Myanmar	2,006.39	(35.31)	453.92	1,967.31	(1,513.39)
<b>Total (B)</b>	<b>191,075.98</b>	<b>51,932.08</b>	<b>72,295.06</b>	<b>38,016.77</b>	<b>34,278.29</b>
<b>C. Unaudited</b>					
Block XXIV, Syria	28.68	498.93	-	403.21	(403.21)
Block GUA offshore, Colombia	6.71	59.81	-	51.60	(51.60)
Block SSJN-7, Colombia	-	7.58	0.35	56.46	(56.11)
Block 81 (1), Libya	0.03	125.96	-	0.02	(0.02)
Block Area 1, Mozambique	163,373.85	453.82	-	3.91	(3.91)
Block 128, Vietnam	165.41	286.34	-	36.66	(36.66)
Block 6 North Ramadan, Egypt	-	71.49	-	(2.12)	2.12
Block 5A, South Sudan	10,426.66	805.80	744.99	1,464.73	(719.74)
Block NC-188, Libya	1.89	(0.81)	-	3.55	(3.55)
Block NEMED, Egypt	-	(2.21)	-	0.07	(0.07)
Satpayev Block, Kazakhstan	4,838.79	6.83	-	740.61	(740.61)
ACG, Azerbaijan	50,274.72	262,308.30	18,480.13	5,539.22	12,940.91
<b>Total (C)</b>	<b>229,116.74</b>	<b>264,621.84</b>	<b>19,225.47</b>	<b>8,297.92</b>	<b>10,927.55</b>
<b>Grand Total</b>	<b>652,952.65</b>	<b>423,676.20</b>	<b>212,706.37</b>	<b>134,457.05</b>	<b>78,249.32</b>

\* 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.

\*\* Excludes signature bonus paid by Subsidiary and classified under capital work-in-progress

42.5.1 The OVL's share of assets, liabilities, income and expenses has been converted into the reporting currency at the average exchange rate 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, where the details are provided by the Operator on quarterly basis.

42.5.2 **Block 5A, Blocks 1,2 &4 in Republic of South Sudan**

The subsidiary company, OVL has 24.125% participating interest in Block 5A, South Sudan. The project is jointly operated by the partners Petronas Carigali Nile Ltd, ONGC Videsh Limited and Nilepet, the national oil company of South Sudan..

In view of security situation due to internal conflict in the country all petroleum operation in Block 5A is temporarily shut down from 22<sup>nd</sup> December, 2013. However recently ceasefire agreement has been signed by the waring parties & the negotiations is under progress under the mediation of African union countries and inter government authorities on development (IGAD). All actions are taken by the partners to resume production swiftly on security clearance by the host government. In view of above there is an indication of impairment in the project & impairment test was conducted considering 2 years deferment of production. Based on the impairment evaluation as per the procedure of the company in accordance with the requirement of Accounting Standard-28 (AS-28), no impairment provision is required.

42.5.3 **Satpayev Block, Kazakhstan:**

Effective 12<sup>th</sup> October, 2011, the subsidiary Company, OVL has acquired 25% Subsoil use rights from National Company JSC KazMunayGas (KMG) in the Contract for Exploration and Production of Hydrocarbon (Contract) in Satpayev Area which was signed on 15 June, 2010 between Ministry of Oil and Gas (MOG), Kazakhstan and KMG. KMG now holds subsoil use rights of 75% in the Block. The amounts paid toward initial payment and signature bonus amounting to ₹ 4,753.53 million (Previous year: ₹ 4,753.53 million) are disclosed as Capital-Work-in-Progress in Note 19, as part of acquisition cost to be treated as per the final status of the project.

42.5.4 **AFPC, Syria**

ONGC Nile Ganga BV (ONGBV) and Fulin Investments Sarl, a subsidiary of China National Petroleum Company International (CNPCI), hold 50% shareholding each in the Dutch joint venture company, named Himalaya Energy Syria B.V. (HESBV). HES B.V. in turn through three German entities i.e. HES Sham, HES Dez and HES Gas Syria holds 33.33% to 37.5% Participating Interest (PI) in four Production Sharing Contracts (PSCs) in Syria. The Syria business for the above PSC of ONGBV is structured as separate class of business (Class C).

Effective 1<sup>st</sup> December 2011, Al Furat Petroleum Company (AFPC) an Operating Company jointly held by the Syria Shell Petroleum Development B.V. (SSPD) a company acting as an operator for the Contractor and HESBV (collectively the Contractor) and General Petroleum Company (GPC), Syria, which represents Government of Syria in the Operating Company, were included in the list of sanctioned enterprises by the European Union (EU) as part of the strengthening of the sanctions on Syria. Due to the sanctions, HESBV, as an EU company, has been forbidden to directly or indirectly make funds or resources available to or for the benefit of AFPC and GPC

On the 16<sup>th</sup> May, 2012, the Syrian court (the 1<sup>st</sup> degree court) ruled in favour of "single management", provided that Contractor will be kept informed of all transactions. In addition the court considered that Contractor's share of profits should be set aside in a separate bank account. AFPC Chairman appealed for three motives (i) to challenge the above two court-determined measures that allows Contractor to monitor the Chairman powers; (ii) to exercise all powers required for running AFPC and solely operate the bank accounts; and to (iii) challenge the requirement to set aside profits. On 28<sup>th</sup> of November, 2012, the Court of appeal in Syrian Court rejected the appeal of the Chairman. As a result, the first degree court judgment became final.

As per the financials prepared by HESBV for the year ended 31<sup>st</sup> March, 2014, ONGBV's share of net fixed assets in HESBV is USD 40.97 million (Previous year USD 38.05 million) and net trade receivables of USD 31.01 million (Previous year USD 30.28 million). Due to the prevailing political situation in Syria and the EU sanction, this Cash Generating Unit (CGU), including the above mentioned assets and receivables was tested for impairment by comparing the carrying value with the recoverable value as on 31<sup>st</sup> March, 2014. No

impairment provision was required in view of the recoverable value being higher than the carrying value. Although there is no production due to Force Majeure, a provision towards depletion amounting to USD 3.99 million (₹ 241.72 million) has been made based on the estimated % of depletion for previous year.

42.5.5 **Blocks SS-04 & SS-09, Bangladesh:**

The subsidiary company, OVL in consortium with Oil India Ltd. (OIL) was awarded two shallow water Blocks SS-04 and SS-09 located in the offshore area in People's Republic of Bangladesh on 20<sup>th</sup> August, 2013 and the Production Sharing Contracts (PSCs) of the Blocks were signed by Government of People's Republic of Bangladesh represented by Ministry of Power, Energy and Mineral Resources, Bangladesh Oil and Gas & Mineral Corporation (PETROBANGLA), consortium of OVL & OIL and Bangladesh Petroleum Exploration and Production Company Limited (BAPEX) on 17<sup>th</sup> February, 2014. PSCs envisage the exploration, appraisal, development and production of petroleum in contract area of the Blocks SS-04 and SS-09 measuring 7,269 square kilometers and 7,026 square kilometers respectively. The exploration term consists of 8 (eight) consecutive contract years comprising 5 (five) years as Initial exploration term and 3 (three) years as Subsequent exploration term. OVL will act as the Operator of the Blocks and has PI of 45%, OIL holds 45% PI and BAPEX 10% PI. BAPEX's 10% PI shall be carried by OVL and OIL in proportion to their respective interests in respect of all expenditure up to the date of first commercial discovery and shall be re-paid from the first available cost recover Petroleum.

42.5.6 **ACG Abandonment Cost:**

The subsidiary company, OVL, has provided Abandonment Provisions for ACG project as on 31.03.2014 based on the total Capital Cost incurred on the project since inception till 31.03.2014. The Total Capital Cost till 31.03.2014 is USD 28,397.70 million for the AIOC joint venture. OVL's share of the cost (@ 2.7213 %) is USD 772.78 million. Accordingly, maximum provision of 10 % i.e. USD 77.28 million towards Abandonment Fund as per PSA provisions has been made on 31.03.2014.

42.5.7 **Mozambique Offshore Area 1:**

(a) The company has acquired 10% participating interest (PI) in the Rovuma Area 1 offshore Block, Mozambique from Anadarko Moçambique Area 1 Limitada (Anadarko) during the year. The transaction has been completed on 28<sup>th</sup> February, 2014 and total purchase consideration was USD 2,640 Million (₹ 163,944.00 Million).

The Rovuma Area 1 offshore Block is in development stage. As per Note No 2.2.e.2 of the significant accounting policies, the net assets less liabilities pertaining to Company's 10% PI in Area 1 offshore block as on 28<sup>th</sup> February, 2014 was accounted for in the respective assets and liabilities. The difference between the purchase consideration and net book value of assets less liabilities has been accounted as acquisition cost as per the significant accounting policy 2.2.e.2.

Details	( USD in Million )	( ₹ in Million)
Purchase Price	2,640.00	163,944.00
<b>Less:</b> Net share of assets as on closing date (28 <sup>th</sup> February 14)	316.75	19,670.22
Acquisition Cost	2,323.25	144,273.78

(b) **Capitalization of borrowing cost:**

The consideration amount of USD 2,640 million was financed by way of USD 725 million one year term bridge loan, USD 1,775 million five year term Loan and balance through the Company's internal resources. The total borrowing cost upto to 31<sup>st</sup> March 2014 with respect to the loans, amounts to ₹ 2,140.58 million. As per Note No. 2.2.x of the accounting policy of the group, borrowing cost of ₹ 2,092.85 million directly related to the assets under construction has been capitalised to the related assets.

(c) **Foreign exchange variation on long term foreign currency monetary items:**

The subsidiary company, OVL, the exchange difference amounting to ₹ 3,543.16 million arising on the USD 1,775 million five year term loan has been capitalised to the related assets.

(d) The subsidiary Company, OVL, in joint venture with Oil India Limited (OIL) acquired 6% PI in the Rovuma Area 1 offshore Block, Mozambique from Videocon Mauritius Energy Limited (Videocon) by acquiring 60% shares and OIL acquiring 40% shares of Videocon Mozambique Rovuma 1 Limited (renamed as Beas Rovuma Energy Mozambique Limited (BREML) with effect from 30<sup>th</sup> January, 2014). BREML holds 10% PI in the Rovuma Area 1 offshore Block, Mozambique. The transaction was completed on 7<sup>th</sup> January, 2014.

(e) As per the condition of sale and purchase agreement with Videocon for acquiring the shares of BREML, the consideration is subject to adjustment for the seller's final statements of accounts which will be submitted within 120 days from the date of closing i.e. by 7<sup>th</sup> May, 2014.



Closing Statement has been received from Videocon on 2<sup>nd</sup> May, 2014. The adjustment to the purchase price of USD 31.457 million payable to seller was received from seller on 2<sup>nd</sup> May, 2014. The same is under review and the response has to be submitted within 30 days from the date of receipt

of statements. Adjustment to the consideration, if any, shall be accounted on finalization of seller's final statement of accounts.

**42.6 Jointly Controlled Entities:**

42.6.1 Group ownership interests in Jointly Controlled Entities are as mentioned in note 3.B.

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

₹ in million		
Particulars	As at 31.03.2014	As at 31.03.2013
<b>i) Assets</b>		
Fixed Assets	136,977.47	108,255.96
Other Non Current Asset	19,929.43	20,815.01
Deferred Tax Assets	256.91	168.92
Current Asset	15,196.41	10,124.66
<b>ii) Liabilities</b>		
Long Term Borrowings	112,760.66	43,595.31
Other Non Current liabilities and provisions	7,431.17	6,369.02
Deferred Tax Liability	896.72	554.18
Current liabilities and provisions	28,271.87	72,775.81
<b>iii) Income</b>	52,520.52	42,832.21
<b>iv) Expenses</b>	50,824.14	40,508.05
<b>v) Contingent liabilities</b>	8,868.61	7,749.88
<b>vi) Capital commitments</b>	18,372.56	29,017.22



**43 Disclosure under Accounting Standard-28 and Guidance note on Accounting for Oil and gas producing Activities (Revised) on "Impairment of Assets"**

43.1 The Company is engaged mainly in the business of oil and gas exploration and production in On-shore and Offshore. In case of onshore assets, the fields are using common production/ transportation facilities and are sufficiently economically interdependent to constitute a single cash generating unit (CGU). Accordingly, impairment test of all onshore fields are performed in aggregate of all those fields at the Asset Level. In case of Offshore Assets, a field is generally considered as CGU except for fields which are developed as a Cluster, for which common facilities are used, in which case the impairment testing is performed in aggregate for all the fields included in the cluster.

43.2 The Value in Use of producing/developing CGUs is determined under a multi-stage approach, wherein future cash flows are initially estimated based on Proved Developed Reserves. Under circumstances where the further development of the fields in the CGUs is under progress and where the carrying value of the CGUs is not likely to be recovered through exploitation of proved developed reserves alone, the Proved and probable reserves (2P) of the CGUs are also taken for the purpose of estimating future cash flows. In such cases, full estimate of the expected cost of evaluation/development is also considered while determining the value in use.

43.3 In assessing value in use, the estimated future cash flows from the continuing use of the assets and from its disposal at the end of its useful life are discounted to their present value. The present value of cash flows are determined by applying discount rates of 19.10% (previous year 20.10 %) for Rupee transactions and 13.00% (previous year 14.00 %) for crude oil and value added products revenue, which are measured in USD. Future cash inflows from sale of crude oil and value added products are computed using the future prices, on the basis of market-based average prices of the Dated Brent crude oil as per assessment by 'Platt's Crude Oil Marketwire' and its co-relations with benchmark crudes and other petroleum products. Future cash flows from sale of natural gas is also

computed based on the expected future prices on the basis of the notification issued by the Government of India.

43.4 During the year ₹ 1,025.48 million (Previous Year ₹ 3,014.50 million) is provided as impairment loss. Out of this, an amount of ₹ 355.97 million (Previous Year ₹ 45.36 million) has been provided as additional impairment in respect of onshore CGUs - Jodhpur and Silchar. ₹ 91.25 million (Previous Year ₹ 38.00 million) has been provided for already impaired offshore CGU- Ratna, D18, B 121 due to increase in the estimate of abandonment cost has been provided. In addition, ₹ 30.42 million (Previous Year ₹ 23.40 million) pertaining to block CY-OS-90/1 (PY-3) has been provided as presently the field does not have any potential to produce. An amount of ₹ 79.40 million (Previous Year ₹ 453.11 million) mainly represents additional impairment charge in respect of certain onshore Pre- NELP joint venture blocks (RJ ON 6, CB ON 2 and CB ON 3) due to adjustment of cost recovery from revenue and sharing of 100% royalty. Balance amount of ₹ 441.87 million, ₹ 15.90 million and ₹ 10.68 million has been provided for Tapti, Hazira Plant and CBX respectively.

Further, ₹ 806.08 million (Previous Year ₹ 756.47 million) impairment loss has been reversed based on the impairment test carried out as at the balance Sheet date. The reversal as at 31.03.2014 is in respect of offshore CGU G1-GS15 and Hazira SBM

**The following 2P reserves for the respective CGU are considered as a basis for the impairment assessment:-**

Name of the CGU	Quantity of Reserves used for Impairment Assessment (in MMT)
G1-GS 15	6.13
Jodhpur Onshore Asset	1.99
Silchar Onshore Asset	0.80
RJ-ON-06 (Pre NELP PSC Block)	0.88
CB-ON-02 (Pre NELP PSC Block)	0.08
Cluster B-193	13.36

43.5 The subsidiary company OVL, has assessed indicators for impairment and carried out impairment test in respect of Cash Generating Units (CGUs) based on value in use method as on 31<sup>st</sup> March, 2014 where indicators were observed. However, no impairment in any of the CGU was required since the value in use of the CGU's is higher than their respective carrying value. In respect of the projects Imperial Energy, Russia, AFPC, Syria, GPOC and Block 5A, South Sudan operations are carried out with common production and transportation facilities, catering the various fields in the project which are sufficiently economically interdependent and hence constitute a single cash generating unit for the purposes of Accounting Standard 28 (AS-28) -Impairment of Assets and impairment test is performed in aggregate for all the fields in the respective project which are

considered as single cash generating unit. The following 2P reserves for the respective CGU considered as a basis for the impairment assessment:-

Projects (CGU)	Proved and Probable Reserves (MMT)
Imperial Energy , Russia	90.063
AFPC, Syria	3.108
Block 5A, South Sudan	4.774
GPOC, South Sudan	5.705

**44 Disclosure under Accounting Standard - 29 on "Provisions, Contingent Liabilities and Contingent Assets": Movement in Provisions - Abandonment liability & others**

For Court cases, arbitration and others, where the timing of expected outflows is upon settlement of the proceedings and in case of provision for abandonment expected out flow after end of :

Particulars	Provision for Abandonment		Others	
	2013-14	2012-13	2013-14	2012-13
Opening Balance	207,692.12	204,138.82	1,832.45	1,942.45
Add: Provision made during the year	69,351.54	3,553.30	355.64	351.25
Less: Provision written back/ reclassified/ reduction during the year	2,353.23	-	-	461.25
<b>Closing Balance</b>	<b>274,690.43</b>	<b>207,692.12</b>	<b>2,188.09</b>	<b>1,832.45</b>

**45 Disclosures under Schedule VI to the Companies Act, 1956:**

**45.1 Capital Commitment not provided for:-**

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

- i) In respect of the Company, its subsidiaries and Joint Venture Entities- ₹260,496.14 million (previous year ₹ 146,670.94 million).
- ii) In respect of Joint Ventures - ₹ 27,708.70 million (previous year ₹ 27,834.64 million).

**45.1.2 Estimated amount of Minimum Work Programme (MWP) committed under various 'Production Sharing Contracts':-**

- i) In respect Nominated Blocks ₹ 441.59 million (previous year ₹ 958.54 million).
- ii) In respect of NELP blocks in which the Company has 100% participating interest of ₹ 9,600.47million (previous year ₹12,305.38 million) .
- iii) In respect of NELP blocks in Joint Ventures, company's share is ₹ 62,247.39 million (previous year ₹ 62,127.36 million).

**45.2 Contingent Liabilities:**

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

(₹ in million)

Sl. No.	Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>I.</b>	<b>In respect of Company :</b>		
i.	Income tax matters	63,951.09	39,121.76
ii.	Excise Duty matters	9,702.14	8,840.67
iii.	Custom Duty matters	2,319.33	2,219.95
iv.	Royalty	117,301.90	90,178.00
v.	Cess	6.57	6.57
vi.	Sales Tax	46,118.72	45,853.77
vii.	Octroi	68.54	68.54
viii.	AP Mineral Bearing Land (Infrastructure) Cess	2,211.27	1,986.94
ix.	Specified Land Tax (Assam)	3,528.89	3,194.73
x.	Claims of contractors in Arbitration/Court.	55,814.99	30,583.20
xi.	In respect of other matters	73,906.78	54,182.76
xii.	Service Tax	53,768.09	44,859.97
xiii.	EPF	66.35	66.35
	<b>Sub Total</b>	<b>428,764.66</b>	<b>321,163.21</b>
<b>II</b>	<b>In respect of Joint Ventures :</b>		
i.	Income tax matters	8.91	8.91
ii.	Excise Duty matters	4.17	-
iii.	Custom Duty matters	3,798.73	3744.00
iv.	Cess	-	-
v.	Sales Tax	2,649.81	2,950.00
vi.	Claim of Gol for additional profit petroleum	4,732.63	4286.17
vii.	Claims of contractors in Arbitration/Court	363.31	333.24
viii.	Service Tax	230.02	165.13
ix.	In respect of other matters	854.74	907.67
	<b>Sub Total</b>	<b>12,642.32</b>	<b>12,395.12</b>
	<b>Total (I+II)</b>	<b>441,406.98</b>	<b>333,558.32</b>

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

45.2.2 In addition, in respect of the company, liability for payment to contractual workers for regularization of their services is pending with labour court under civil suit. The amount of liability is not ascertainable.

45.2.3 In respect of subsidiary company OVL, all known contingent liabilities have been indicated. The contingent liabilities, if any, in respect of joint ventures, where the Company is the non-operator are not ascertainable except Sakhalin-1 where the Operator has intimated that the status of contingent liability is Nil.

45.2.4 In terms of the statutory provisions of Oilfields (Regulation and Development) Act, 1948 (ORDA), Petroleum & Natural Gas (PNG) Rules 1959 and Notifications issued thereunder; the Company is liable to pay royalty to Central Government and State Governments, on production of Crude Oil and Natural Gas from offshore fields and onshore fields, respectively. Since 2008-09, the company has been paying royalty on crude oil at realized price which is net of under-recovery of the OMCs shared by the Company as per Gol directives. On an application filed by the State of Gujarat, the

Hon'ble High Court of Gujarat in its order dated 30.11.2013 has directed the company to pay the shortfall of royalty on crude oil produced from the onshore fields in the State of Gujarat on pre-discount prices from 01.04.2008 onwards. Based on the Special Leave Petition filed by the Company, pending further orders, Hon'ble Supreme Court vide order dated 13.02.2014 stayed the operation of the impugned judgment subject to the condition that the company pays royalty to the State of Gujarat on pre-discounted price of crude oil w.e.f. 01.02.2014 onwards. Accordingly, possible obligation on this account for the period from April 2008 to March 2014 has been disclosed as Contingent Liability for ₹ 1,16,326.96 million. Differential royalty (royalty on pre-discount price minus royalty on post-discount price) being deposited w.e.f. Feb'14 in terms of court order has been shown as deposit.

45.2.5 In respect of joint venture company, Petronet MHB Limited, there are 127 cases (previous year 127 cases) regarding enhancement of land compensation pending with Karnataka High Court against Order of Principal Judge Bangalore Rural District Court. 34 Cases for enhancement of land and malkies Compensation was dismissed by Hassan District Court, against 15 dismissed cases



- the petitioners filed their Writ petition in High Court of Karnataka. Out of 3 cases for enhancement of land and malkies compensation & damage outside the ROU pending with Mangalore District Court, one case is dismissed and 02 cases are in progress. In the dismissed case petitioner filed the writ petition in Hon'ble High Court of Karnataka of which the proceedings is in progress. The contingent liability are not ascertainable at present in above cases.
- 45.2.6 In respect of joint venture company, Petronet MHB Limited, had submitted onetime settlement (OTS) Proposal for payment of balance outstanding Zero Coupon Bond (ZCB) to lenders as per CDR. The Lender Banks have raised the issue of payment of recompense amount. As per Legal Opinion, the liability for the recompense amount has triggered. The liability on this amount is ascertainable only at the time of final acceptance of the proposal.
- 45.2.7 In respect of joint venture company, Petronet MHB Limited, party "Petronet India Ltd (PIL)" has initiated Arbitration proceedings for recovery of their Operationalization Fees. The company has contested the liability on this account.
- 45.2.8 Performance Guarantees executed under the contracts:**
- i. The Company has given an undertaking to State bank of India (SBI), for an additional funding up to ₹ 2,223.50 million (previous year ₹ 2,234.00 million) in respect of joint venture company "ONGC Tripura Power Co. Limited (OTPC)" for cost overrun, if any.
- ii. The subsidiary, OVL 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 1,333 million. The outstanding guarantee obligation of the OVL was ₹ 80,059.98 million as at 31<sup>st</sup> March, 2014 (previous year ₹ 72,501.87 million) The Company is confident that Petro Carabobo Ganga B.V. will be able to honor its obligations.
- iii. The OVL subsidiary, ONGBV has given counter guarantee to the State Bank of India for the issue of performance bonds in favour of Nigerian National Petroleum Corporation, on behalf of ONGC Mittal Energy Limited, with a maximum of 51% of the guaranteed amounts. The outstanding guarantee obligation of the company was ₹ 4,594.59 million (USD 76.50 million) (previous year ₹ 4,160.84 million (USD 76.50 million) as at 31.03.2014.
- iv. The subsidiary company OVL, 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.
- v. The OVL subsidiary, ONGBV has given performance guarantee to ANP, the regulatory authority in Brazil, favoring ONGC Campos Ltda (OCL) for BC-10 Project where OCL has a 27% participating interest (previous year 15%) and Shell Brazil is the operator.

**46 Disclosure under Guidance Note on "Accounting for Oil & Gas Producing Activities" (approved by Reserve Estimates Committee):**

**46.1 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) (note 46.2.1)	
		As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13
<b>A. In India</b>							
<b>Offshore</b>	<b>Opening</b>	<b>222.98</b>	215.77	<b>203.245</b>	208.179	<b>426.22</b>	423.95
	Addition	<b>4.71</b>	22.79	<b>18.652</b>	14.917	<b>23.36</b>	37.71
	Production	<b>15.54</b>	15.58	<b>19.174</b>	19.851	<b>34.71</b>	35.43
	<b>Closing</b>	<b>212.16</b>	<b>222.98</b>	<b>202.723</b>	<b>203.245</b>	<b>414.87</b>	<b>426.22</b>
<b>Onshore</b>	<b>Opening</b>	<b>190.81</b>	190.46	<b>155.897</b>	156.074	<b>346.71</b>	346.53
	Addition	<b>7.94</b>	9.87	<b>0.020</b>	5.170	<b>7.96</b>	15.04
	Production	<b>9.44</b>	9.51	<b>5.321</b>	5.348	<b>14.76</b>	14.86
	<b>Closing</b>	<b>189.31</b>	<b>190.81</b>	<b>150.595</b>	<b>155.897</b>	<b>339.90</b>	<b>346.71</b>
<b>Total in India</b>	<b>Opening</b>	<b>413.79</b>	406.23	<b>359.142</b>	364.253	<b>772.93</b>	770.48
	Addition	<b>12.65</b>	32.66	<b>18.671</b>	20.087	<b>31.33</b>	52.75
	Production	<b>24.97</b>	25.10	<b>24.496</b>	25.199	<b>49.47</b>	50.29
	<b>Closing</b>	<b>401.47</b>	<b>413.79</b>	<b>353.318</b>	<b>359.142</b>	<b>754.78</b>	<b>772.93</b>

Details		Crude Oil (MMT)		Gas (Billion Cubic Meter)		Total Oil Equivalent (MMTOE) (note 46.2.1)	
		As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13
<b>B. Outside India</b>							
<b>GNOP, Sudan</b>	<b>Opening</b>	<b>9.956</b>	16.971	-	-	<b>9.956</b>	16.971
	Addition	<b>0.286</b>	0.176	-	-	<b>0.286</b>	0.176
	Ded/Adj	-	6.595	-	-	-	6.595
	Production	<b>0.741</b>	0.596	-	-	<b>0.741</b>	0.596
	<b>Closing</b>	<b>9.501</b>	<b>9.956</b>	-	-	<b>9.501</b>	<b>9.956</b>
<b>GPOC, South Sudan</b>	<b>Opening</b>	<b>6.595</b>	-	-	-	<b>6.595</b>	-
	Addition	-	-	-	-	-	-
	Ded/Adj	-	(6.595)	-	-	-	(6.595)
	Production	<b>0.218</b>	-	-	-	<b>0.218</b>	-
	<b>Closing</b>	<b>6.377</b>	<b>6.595</b>	-	-	<b>6.377</b>	<b>6.595</b>
<b>Block 5A, South Sudan</b>	<b>Opening</b>	<b>5.921</b>	6.348	-	-	<b>5.921</b>	6.348
	Addition	-	(0.428)	-	-	-	(0.428)
	Ded/Adj	-	(0.001)	-	-	-	(0.001)
	Production	<b>0.034</b>	-	-	-	<b>0.034</b>	-
	<b>Closing</b>	<b>5.887</b>	<b>5.921</b>	-	-	<b>5.887</b>	<b>5.921</b>
<b>Sakhalin-1, Russia</b>	<b>Opening</b>	<b>32.894</b>	34.261	<b>70.531</b>	71.182	<b>103.425</b>	105.443
	Addition	<b>5.499</b>	0.003	<b>3.399</b>	(0.001)	<b>8.898</b>	0.002
	Ded/Adj	-	-	-	-	-	-
	Production	<b>1.488</b>	1.370	<b>0.576</b>	0.650	<b>2.064</b>	2.020
	<b>Closing</b>	<b>36.905</b>	<b>32.894</b>	<b>73.354</b>	<b>70.531</b>	<b>110.259</b>	<b>103.425</b>
<b>Block 06.1, Vietnam</b>	<b>Opening</b>	<b>0.598</b>	0.635	<b>6.414</b>	8.518	<b>7.012</b>	9.153
	Addition	-	-	-	-	-	-
	Ded/Adj	-	-	<b>0.001</b>	-	<b>0.001</b>	-
	Production	<b>0.032</b>	0.037	<b>1.851</b>	2.104	<b>1.883</b>	2.141
	<b>Closing</b>	<b>0.566</b>	<b>0.598</b>	<b>4.562</b>	<b>6.414</b>	<b>5.128</b>	<b>7.012</b>
<b>AFPC, Syria</b>	<b>Opening</b>	<b>2.581</b>	2.707	-	-	<b>2.581</b>	2.707
	Addition	-	-	-	-	-	-
	Ded/Adj	-	-	-	-	-	-
	Production	-	0.126	-	-	-	0.126
	<b>Closing</b>	<b>2.581</b>	<b>2.581</b>	-	-	<b>2.581</b>	<b>2.581</b>
<b>BC-10, Brazil</b>	<b>Opening</b>	<b>4.717</b>	4.778	<b>0.334</b>	0.399	<b>5.051</b>	5.177
	Addition	<b>3.342</b>	0.230	<b>0.335</b>	(0.053)	<b>3.677</b>	0.177
	Ded/Adj	-	-	-	-	-	-
	Production	<b>0.318</b>	0.291	<b>0.013</b>	0.012	<b>0.331</b>	0.303
	<b>Closing</b>	<b>7.741</b>	<b>4.717</b>	<b>0.656</b>	<b>0.334</b>	<b>8.397</b>	<b>5.051</b>
<b>MECL, Colombia</b>	<b>Opening</b>	<b>3.453</b>	3.504	-	-	<b>3.453</b>	3.504
	Addition	<b>0.626</b>	0.501	-	-	<b>0.626</b>	0.501
	Ded/Adj	<b>(0.001)</b>	-	-	-	<b>(0.001)</b>	-
	Production	<b>0.597</b>	0.552	-	-	<b>0.597</b>	0.552
	<b>Closing</b>	<b>3.483</b>	<b>3.453</b>	-	-	<b>3.483</b>	<b>3.453</b>

Details		Crude Oil (MMT)		Gas (Billion Cubic Meter)		Total Oil Equivalent (MMTOE) (note 46.2.1)	
		As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13
IEC, Russia	Opening	14.970	15.530	4.721	4.683	19.691	20.213
	Addition	-	-	-	0.109	-	0.109
	Ded/Adj	-	-	-	-	-	-
	Production	0.387	0.560	0.036	0.071	0.423	0.631
	Closing	14.583	14.970	4.685	4.721	19.268	19.691
PIVSA, Venezuela	Opening	10.966	11.766	-	-	10.966	11.766
	Addition	-	-	-	-	-	-
	Ded/Adj	-	-	-	-	-	-
	Production	0.767	0.800	-	-	0.767	0.800
	Closing	10.199	10.966	-	-	10.199	10.966
Carabobo - 1, Venezuela	Opening	0.022	-	-	-	0.022	-
	Addition	3.795	0.023	-	-	3.795	0.023
	Ded/Adj	-	-	-	-	-	-
	Production	0.021	0.001	-	-	0.021	0.001
	Closing	3.796	0.022	-	-	3.796	0.022
BLOCK-XXIV, Syria	Opening	1.803	1.804	-	-	1.803	1.804
	Addition	-	-	-	-	-	-
	Ded/Adj	-	-	-	-	-	-
	Production	-	0.001	-	-	-	0.001
	Closing	1.803	1.803	-	-	1.803	1.803
BLOCK-A1 & A3, Myanmar	Opening	-	-	10.297	10.297	10.297	10.297
	Addition	-	-	1.595	-	1.595	-
	Ded/Adj	-	-	-	-	-	-
	Production	-	-	0.201	-	0.201	-
	Closing	-	-	11.691	10.297	11.691	10.297
ACG, Azerbaijan	Opening	9.646	-	-	-	9.646	-
	Addition	-	9.656	-	-	-	9.656
	Ded/Adj	-	-	-	-	-	-
	Production	0.883	0.010	-	-	0.883	0.010
	Closing	8.763	9.646	-	-	8.763	9.646
Total Outside India	Opening	104.122	98.304	92.297	95.079	196.419	193.383
	Addition	13.548	10.161	5.329	0.055	18.877	10.216
	Ded/Adj	(0.001)	0.003	0.001	0.001	-	0.004
	Production	5.486	4.343	2.677	2.837	8.163	7.180
	Closing	112.185	104.119	94.948	92.296	207.133	196.415

## 46.2 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) (note 46.2.1)	
		As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13
<b>A. In India</b>							
Offshore	Opening	160.62	153.50	110.254	114.690	270.87	268.19
	Addition	13.90	22.70	41.630	15.431	55.53	38.13
	Production	15.54	15.58	19.174	19.867	34.71	35.45
	Closing	158.99	160.62	132.710	110.254	291.70	270.87
Onshore	Opening	150.81	148.73	110.010	110.364	260.81	259.09
	Addition	5.18	11.57	2.225	4.933	7.40	16.50
	Production	9.39	9.49	5.251	5.287	14.64	14.78
	Closing	146.60	150.81	106.984	110.010	253.58	260.81
Total in India	Opening	311.43	302.23	220.264	225.055	531.69	527.28
	Addition	19.09	34.27	43.855	20.364	62.93	54.63
	Production	24.93	25.07	24.425	25.154	49.36	50.22
	Closing	305.58	311.43	239.694	220.264	545.28	531.69
<b>B. Outside India</b>							
GNOP, Sudan	Opening	2.784	6.707	-	-	2.784	6.707
	Addition	0.413	1.203	-	-	0.413	1.203
	Ded/Adj	-	4.530	-	-	-	4.530
	Production	0.741	0.596	-	-	0.741	0.596
	Closing	2.456	2.784	-	-	2.456	2.784
GPOC, South Sudan	Opening	4.530	-	-	-	4.530	-
	Addition	-	-	-	-	-	-
	Ded/Adj	-	(4.530)	-	-	-	(4.530)
	Production	0.218	-	-	-	0.218	-
	Closing	4.312	4.530	-	-	4.312	4.530
Block 5A, South Sudan	Opening	2.599	2.599	-	-	2.599	2.599
	Addition	-	-	-	-	-	-
	Ded/Adj	-	-	-	-	-	-
	Production	0.034	-	-	-	0.034	-
	Closing	2.565	2.599	-	-	2.565	2.599
Sakhalin-1, Russia	Opening	13.391	9.122	10.163	10.794	23.554	19.916
	Addition	-	5.638	0.689	0.019	0.689	5.657
	Ded/Adj	-	(0.001)	-	-	-	(0.001)
	Production	1.488	1.370	0.576	0.650	2.064	2.020
	Closing	11.903	13.391	10.276	10.163	22.179	23.554



	Details	Crude Oil (MMT)		Gas (Billion Cubic Meter)		Total Oil Equivalent (MMTOE) (note 46.2.1)	
		As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13
Block 06.1, Vietnam	Opening	0.598	0.626	6.414	4.963	7.012	5.589
	Addition	-	0.009	-	3.555	-	3.564
	Ded/Adj	-	-	-	-	-	-
	Production	0.032	0.037	1.851	2.104	1.883	2.141
	Closing	0.566	0.598	4.563	6.414	5.129	7.012
AFPC, Syria	Opening	2.206	2.332	-	-	2.206	2.332
	Addition	-	-	-	-	-	-
	Ded/Adj	-	-	-	-	-	-
	Production	-	0.126	-	-	-	0.126
	Closing	2.206	2.206	-	-	2.206	2.206
BC-10, Brazil	Opening	1.626	1.437	0.137	0.155	1.763	1.592
	Addition	2.016	0.480	0.120	(0.006)	2.136	0.474
	Ded/Adj	-	-	-	(0.001)	-	(0.001)
	Production	0.318	0.291	0.013	0.012	0.331	0.303
	Closing	3.324	1.626	0.244	0.138	3.568	1.764
MECL, Colombia	Opening	3.000	3.371	-	-	3.000	3.371
	Addition	0.787	0.181	-	-	0.787	0.181
	Ded/Adj	-	-	-	-	-	-
	Production	0.597	0.552	-	-	0.597	0.552
	Closing	3.190	3.000	-	-	3.190	3.000
IEC, Russia	Opening	4.831	5.391	1.131	-	5.962	5.391
	Addition	-	-	-	1.202	-	1.202
	Ded/Adj	-	-	-	-	-	-
	Production	0.387	0.560	0.036	0.071	0.423	0.631
	Closing	4.444	4.831	1.095	1.131	5.539	5.962
PIVSA, Venezuela	Opening	1.660	1.019	-	-	1.660	1.019
	Addition	1.154	1.440	-	-	1.154	1.440
	Ded/Adj	-	(0.001)	-	-	-	(0.001)
	Production	0.767	0.800	-	-	0.767	0.800
	Closing	2.047	1.660	-	-	2.047	1.660
Carabobo - 1, Venezuela	Opening	0.022	-	-	-	0.022	-
	Addition	0.534	0.023	-	-	0.534	0.023
	Ded/Adj	-	-	-	-	-	-
	Production	0.021	0.001	-	-	0.021	0.001
	Closing	0.535	0.022	-	-	0.535	0.022

Details		Crude Oil (MMT)		Gas (Billion Cubic Meter)		Total Oil Equivalent (MMTOE) (note 46.2.1)	
		As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13
BLOCK-XXIV, Syria	Opening	0.049	0.050	-	-	0.049	0.050
	Addition	-	-	-	-	-	-
	Ded/Adj	-	-	-	-	-	-
	Production	-	0.001	-	-	-	0.001
	Closing	0.049	0.049	-	-	0.049	0.049
BLOCK-A1 & A3, Myanmar	Opening	-	-	-	-	-	-
	Addition	-	-	2.815	-	2.815	-
	Ded/Adj	-	-	-	-	-	-
	Production	-	-	0.201	-	0.201	-
	Closing	-	-	2.614	-	2.614	-
ACG, Azerbaijan	Opening	4.267	-	-	-	4.267	-
	Addition	-	4.277	-	-	-	4.277
	Ded/Adj	-	-	-	-	-	-
	Production	0.883	0.010	-	-	0.883	0.010
	Closing	3.384	4.267	-	-	3.384	4.267
Total Outside India	Opening	41.563	32.654	17.845	15.912	59.408	48.566
	Addition	4.904	13.251	3.624	4.770	8.528	18.021
	Ded/Adj	-	-	-	(0.001)	-	(0.001)
	Production	5.486	4.343	2.677	2.837	8.163	7.180
	Closing	40.981	41.562	18.792	17.846	59.773	59.408



46.2.1 MMTOE denotes "Million Metric Tone Oil Equivalent" and for calculating Oil equivalent of Gas, 1000 M3 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.

46.2.2 The year-end reserves of the company and its subsidiary, OVL have been estimated by the Reserves Estimation Committee (REC) which follows international reservoir engineering procedures consistently.

The company and its subsidiary, OVL has adopted deterministic approach for reserves estimation and is following Society of Petroleum Engineers (SPE) - 1997 guidelines which defines reserves as "estimated volumes of crude oils, condensate, natural gas, natural gas liquids and associated substances anticipated to be commercially recoverable from known accumulations from a given date forward, under existing economic conditions, by established operating practices, and under current Government regulations."

Volumetric estimation is the main procedure in estimation, which uses reservoir rock and fluid properties to calculate hydrocarbons in-place and then estimate that portion which will be recovered from it. As the field gets matured with reasonably good production history is available then performance method such as material balance, simulation, decline curve analysis are applied to get more accurate assessments of reserves.

The Company uses the services of third party agencies for due diligence and it gets the reserves of its assets audited by third party periodically by internationally reputed consultants who adopt latest industry practices for their evaluation.

The annual revision of estimates is based on the yearly exploratory and development activities and results thereof. New In place Volume and Ultimate Reserves are estimated for new field discoveries or new pool discoveries in already discovered fields. Also, appraisal activities lead to revision in estimates due to new subsurface data. Similarly, reinterpretation exercise is also carried out for old fields due to necessity of revision in petro-physical parameters, updating of static & dynamic models and performance analysis leading to change in reserves. Intervention of new technology, change in classifications and contractual provisions also necessitates revision in estimation of reserves.

47. The figures in respect of the company, Subsidiaries/Joint Venture Companies have been

regrouped/rearranged based upon the details obtained from the management as part of consolidation process, Audited/unaudited accounts of respective group companies.

48. 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 disclosure, the information required under Accounting Standard (AS) -15 on Employee Benefit is not disclosed in Consolidated Financial statement due to impracticability.

49. Disclosure on Foreign currency exposures at year end that have not been hedged by derivative instrument or otherwise:

The Company has receivables and payables in foreign currency as at the balance sheet date. These foreign currency exposures are not hedged by any derivative instruments or otherwise (Refer note 32.6 & 32.7).

50. Some balances of Trade/Other Receivables, Trade/Other Payables 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.







Electronic Clearing Services (ECS) Request Form

The Company extends the ECS facility to shareholders so as to enable them to receive dividend through electronic mode to their bank. This facility will be available in the following centres: Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, Patna, Thiruvananthapuram, Agra, Allahabad, Amritsar, Aurangabad, Baroda, Bhopal, Calicut, Cochin, Coimbatore, Dehradun, Erode, Gorakhpur, Gwalior, Hubli, Indore, Jabalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kolhapur, Lucknow, Ludhiana, Madurai, Mangalore, Mysore, Nasik, Panjim, Pune, Raipur, Rajkot, Salem, Shimla, Surat, Trichur, Trichy, Udaipur, Varanasi, Vijayawada, Visakhapatnam. Those who wish to avail the facility may fill up the ECS form given below and send the same to the Share Transfer Agent of the Company - M/s Karvy Computershare Private Limited in case of shares held in physical form and to their respective Depository Participant in case of shares held in Electronic/Demat form.

Electronic Clearing Services (ECS) Request form  
(Note: If you are already receiving through ECS, please ignore this form)

SHAREHOLDERS IN PHYSICAL FORM	SHAREHOLDERS IN DEMAT FORM
Karvy Computershare Pvt. Ltd Unit - ONGC, 17-24, Vittal Rao Nagar Madhapur, Hyderabad - 500 081 Andhra Pradesh - India Tel: 040 23420818 Fax: 040 23420814	To be sent to your Depository participant (DP)

Dear Sir,  
**Subject : ECS Mandate/ Bank form for Dividend Payment**  
I the undersigned, shareholder of Oil and Natural Gas Corporation Limited (ONGC), wish to opt for ECS facility for payment of dividend. The following is a confirmation of my details and I hereby confirm my choice to opt for payment of dividend payable to me by a physical dividend warrant/demand draft, on account of any circumstances beyond the control of ONGC, that may affect payment of dividend through ECS.

1) For shares held in physical form  
Folio No:

2) For shares held in Electronic form  
**[Shareholders holding shares in electronic form should forward this form to their respective Depository Participant (DP)].**

DP ID 

--	--	--	--	--	--	--	--

Client ID 

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

3) Name & Address :

4) 

Bank Particulars :
Bank Name
Branch Name & Address
Account No. (as appearing in cheque book)
Account type
9 digit MICR code as appearing on the cheque





OIL AND NATURAL GAS CORPORATION LIMITED  
CIN: L74899DL1993GOI054155  
Reg. office: JEEVAN BHARATI, 124 INDIRA CHOWK, NEW DELHI- 110001  
Website: www.ongcindia.com email: secretariat@ongc.co.in Tel: 011-23301277/1299

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):  
Registered address:  
E-mail Id:  
Folio No/ Client Id:  
DP ID:  
I/We, being the member (s) of ..... shares of the above named company, hereby appoint  
1. .... of ..... having e-mail Id..... or failing him  
2. .... of ..... having e-mail Id..... or failing him  
3. .... of ..... having e-mail Id..... or failing him

And whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the company, to be held on **Friday, 19th September, 2014 at 10.00 A.M. at NDMC Indoor Stadium, Talkatora Garden, New Delhi** and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl No.	RESOLUTIONS
ORDINARY BUSINESS	
1	To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended 31st March, 2014, together with the Reports of the Directors and the Auditors' thereon and comments of the Comptroller & Auditor General of India, in terms of Section 143(6) of the Companies Act, 2013.
2	To confirm the payment of two interim dividends and declare final dividend on equity shares for the year 2013-14.
3	To appoint a Director in place of Shri A K Banerjee (DIN-05287459) who retires by rotation and being eligible, offers himself for re-appointment.
4	To authorise Board of Directors of the Company to fix the remuneration of the Joint Statutory Auditors of the Company for the Financial Year 2014-15, in terms of the provisions of section 139(5) read with section 142 of the Companies Act, 2013.
SPECIAL BUSINESS	
5	To appoint Shri Tapas Kumar Sengupta (DIN-06802877) as Director of the Company.
6	To appoint Shri Dinesh Kumar Sarraf (DIN-00147870) as Director of the Company.
7	To appoint Dr. Subhash C. Khuntia (DIN-05344972) as Director of the Company.
8	To appoint Shri Ashok Varma (DIN-06909494) as Director of the Company.
9	To appoint Shri Desh Deepak Misra (DIN-06926783) as Director of the Company.
10	To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2015.

Signed this ..... day of ..... 2014

Signature of shareholder

Signature of first Proxy holder    Signature of second Proxy holder    Signature of third Proxy holder

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

Affix revenue stamp of ₹1

OIL AND NATURAL GAS CORPORATION LIMITED  
CIN: L74899DL1993GOI054155  
Reg. office: JEEVAN BHARATI, 124 INDIRA CHOWK, NEW DELHI- 110001  
Website: www.ongcindia.com email: secretariat@ongc.co.in Tel: 011-23301277/1299

Attendance Slip

Please fill in this attendance slip and hand it over at the entrance of the meeting venue.

D.P ID*		Folio No.	
Client ID*		No. of share(s) held	

I certify that I am a member/proxy for the member of the Company.  
I hereby record my presence at the 21st Annual General Meeting of the Oil And Natural Gas Corporation Limited held on **Friday, 19th September, 2014 at 10.00 A.M. at NDMC Indoor Stadium, Talkatora Garden, New Delhi.**

Members/proxy's name in Block Letters

\*Applicable for investor holding Share(s) in electronic form.

Signature of Member/Proxy


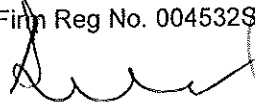

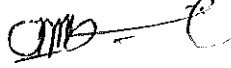




## Notes





**FORM A****Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company:	OIL AND NATURAL GAS CORPORATION LTD
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not applicable
5.	<p>To be signed by- </p> <p><input type="checkbox"/> Chairman &amp; Managing Director A.K. Bhatnagar</p> <p><input type="checkbox"/> Director(Finance)</p> <p><input type="checkbox"/> Joint Statutory Auditors of the Company</p> <div style="display: flex; justify-content: space-between;"><div style="width: 45%;"><p><b>For M/s Varma &amp; Varma</b> Chartered Accountants Firm Reg No. 004532S  (K M Sukumaran) Partner (Mem. No. 015707)</p><p><b>For M/s Ray &amp; Ray</b> Chartered Accountants Firm Reg No. 301072E  (B. K. Ghosh) Partner (Mem. No. 051028)</p><p><b>For M/s G D Apte &amp; Co.</b> Chartered Accountants Firm Reg No. 100515W  (C.M. Dixit) Partner (Mem. No. 017532)</p></div><div style="width: 45%;"><p><b>For M/s S. Bhandari &amp; Co.</b> Chartered Accountants Firm Reg No. 000560C  (P. P. Pareek) Partner (Mem. No. 071213)</p><p><b>For M/s Mehra Goel &amp; Co.</b> Chartered Accountants Firm Reg No. 000517N  (R. K. Mehra) Partner (Mem. No. 006102)</p></div></div> <p><input type="checkbox"/> Chairman, Audit &amp; Ethics Committee</p>	